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**NRI** **2014**  
**Corporate**  
**Social**  
**Responsibility**

# 未来創発

Dream up the future.

Dream up the future.

Dream up the future. That's the Nomura Research Institute Group corporate philosophy.

Today, the world is changing so fast that no one can read the future. We have placed ourselves on the leading edge, creating and innovating for the future while keeping an eye focused on society.

By creating new value, we will make a positive contribution to society that will benefit our world.

"Dream up the future" is about creating and innovating the future, which is how the Nomura Research Institute Group continues to enhance our strength and challenge the status quo.

## NRI CSR Report 2014

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## Editorial Policy

Nomura Research Institute has published a CSR Report since 2005 to give our stakeholders an understanding of the NRI Group's corporate social responsibility commitments. The report also aims to facilitate internal and external communication and to achieve a flow-on effect that will raise the level of our CSR initiative.

Our CSR Report comes in two forms: a digital pdf file, which is available on our website, and the CSR Book, which is the print version.

We have tried to ensure that the CSR Book contains articles of interest to our stakeholders, along with the information that NRI Group wants to convey, presenting this in an interesting and easy-to-read format. The digital version contains detailed information and data related to our material CSR themes. We also have an online report on our important CSR activities for achieving sustainable development for the NRI Group and society, which are presented in the form of specific examples and of views expressed by our executive managers and employees (the CSR Activities File).

Lastly, starting in 2014 the NRI Group has released integrated reports prepared using plain language, in connection with important financial and non-financial information about NRI's corporate value. This CSR Report accordingly contains detailed information about non-financial information in particular.

The year's CSR activities summarized in plain, clear language	The year's CSR activities and relevant information related to our three material CSR themes explained in detail	A detailed and up-to-date explanation of NRI's businesses and activities from a CSR perspective
		
CSR Book 2014	CSR Report 2014, in pdf format <a href="http://www.nri.com/global/csr/contribution.html#Report">http://www.nri.com/global/csr/contribution.html#Report</a>	The online CSR Activity File (only available in Japanese) <a href="http://www.nri.com/jp/csr/activities/">http://www.nri.com/jp/csr/activities/</a>

**Organizations covered by this report**

This report focuses on NRI's CSR activities, but also covers some activities of the NRI Group as a whole and of individual companies with the Group.

**Period covered by this report**

This report primarily covers fiscal 2013 (April 1, 2013 through to March 31, 2014), but also describes some events from the past, some activities after April 1, 2014, and certain plans for future activities.

**Web version publication date**

February 2015 (the previous report was published in December 2013; the next report is scheduled for publication in January 2015).

**Trademarks**

All proper names, including names of companies and products, found in the web version of the Report are trademarks or registered trademarks of the respective companies.

**Disclaimer**

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of October 2014, the date of publication of the CSR Report 2014 in Japanese. Changes in assumed conditions may accordingly mean that future outcomes and events for our business activities differ from these plans and forecasts.

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## Message from the President

"Dream up the future."  
with our communities  
and groups everywhere.



The NRI Group's corporate philosophy is "Dream up the future." This message incorporates our desire to work together with the broader community and companies in designing recommendations on the future of society, and to live up to our responsibility as part of achieving the goal of developing a brighter future for Japan and the world.

Fulfilling our responsibility to society by creating new value through our business activities. This is the purpose at the essence of NRI's existence.

### Results of Vision 2015, and the Benefits for Society

Six years have passed since the start in fiscal 2008 of Vision 2015, our long-term management strategy. The businesses of the NRI Group have reliably delivered results during this period, and I believe we have also made a contribution to bringing about a better society.

Especially in the finance sector, the increase in the number of companies' using our "industry-standard business platforms" with shared online services has been a major outcome. STAR, our back-office solution for the securities sector, is currently servicing 66 companies, including Nomura Securities, the biggest in the business, and is on its way to becoming the industry de facto standard. As a contribution to society, the spread of shared online services is leading to reduced social costs, in the form of lower costs for the industry as a whole, and enhanced back-office efficiency. In addition, in terms of the environment, the slashing of both electricity consumption and corresponding CO<sub>2</sub> emissions helps achieve a smaller environmental impact than if securities companies were to maintain their own

systems.

With respect to our global expansion, overseas transactions now account for around 30% of our consulting business. Our systems development and similar business for the overseas subsidiaries of Japanese companies is steadily expanding. Utilizing the experience and track record that we built up in our domestic market enables us to make a contribution to industry and the communities in those overseas local markets.

## Initiatives for tackling today's issues

In today's world, with its exponential growth in information, the threat from computer viruses and of cyber-attacks on networks has become a global issue. A particularly major challenge is guarding financial systems and other vital services on which society relies against cyber-attacks.

The NRI Group has been at the forefront of responses to this threat, employing the highest standard of security technology to ensure that society and companies can have peace of mind when using the crucial service that information systems provide. In addition to strengthening the security of those information systems that NRI itself develops and operates, NRI is joining the broader fight against cyber-attacks through many forms of information security support for governments and financial institutions.

One issue often cited concerning the future of the information services industry is the need to raise the appeal of the sector as a whole. It must be said that in Japan the information services industry generally has a negative image for being a grueling environment to work in, and we in the industry are concerned that this impacts on our ability to attract and retain talented people. Our industry needs to both reform its work practices and respond to demands from the society for greater diversity within its ranks. NRI will also be active in tackling these issues by becoming involved in industry association programs.

## Vision for growth

For the NRI Group to achieve sustainable growth, two abilities are key: a dialogue capability involving lines of communication for our various stakeholders to voice their expectations and demands, and a response capability allowing those expectations and demands to be met. In order to overcome the communication gap between the NRI Group and the "society", we have been conducting different dialogues with our stakeholders on a continuing basis. In addition, in April 2014 we appointed an executive officer in charge of "increasing corporate value," and put in place a system allowing that officer to devote time to thinking about our relationships with stakeholders and the society from a business management perspective, and to play a leadership role related to this issue.

We are also strengthening our governance structure at a global level. The NRI Group is accelerating its expansion overseas, particularly in Asia, as seen in our M&A transactions involving systems development partner companies in India, and currently close to one-tenth of the Group's entire workforce are local hires from the particular region where that overseas base is located. We are building the sort of governance system that global companies are demanding, and we will conduct our business activities in a fair and responsible manner in accordance with internationally applicable rules and codes of conduct.

Turning to the next stage of Vision 2015, I believe that by developing in tune with the NRI Group's stakeholders rather than just pursuing growth alone, we will be able to achieve better outcomes for the broader public.

As a leader in the information services industry we want to promote innovation within the industry as a whole, and through our business operations we want to contribute to innovation in the finance industry as well as other industries. It is our intention to fulfill an active role in realizing "dream up the future" from the dual aspects of the development of society, whereby we make recommendations about blueprints for the future of society and work to achieve those recommendations; and we successfully develop human resources in order to foster the talented professionals who will take the lead in building our society in the future.

Next year marks the fiftieth anniversary of NRI's founding. On the topic of "From the last fifty years, to the next fifty years - what are we to hand down?", three things can run through the minds of NRI Group employees: "progressive," "trust," and "quality".

Thinking ahead of the curve, and always putting the client at the top. A high quality in our outcomes is what must be maintained as the prerequisite for that core thinking. The NRI Group and its employees will carry this etched in their hearts as we embark on the task of "dreaming up the future."

We sincerely look forward to your continued and solid support for our endeavors.

Nomura Research Institute, Ltd.  
President & CEO,  
Representative Director,  
Member of the Board



# NRI Group's Businesses and Value Creation Process

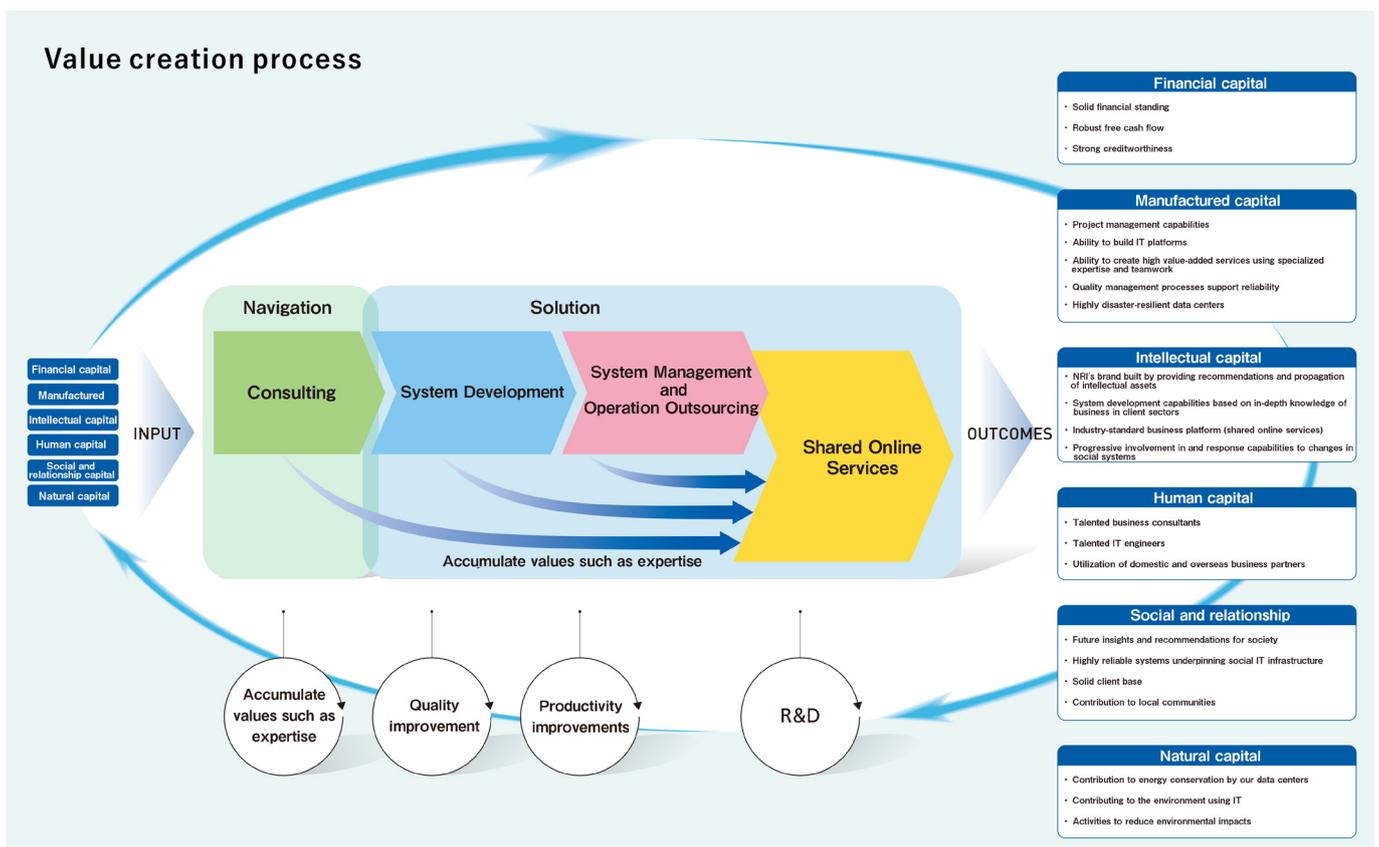
## NRI Group's businesses

The NRI Group was formed in 1988 when Nomura Research Institute, Japan's first private-sector think-tank established in 1965, merged with Nomura Computer Systems, Co., Ltd., a systems integrator pioneer that was established in 1966. The Group's principal businesses today are consulting services (such as business management consulting and system consulting), and IT solutions (such as system development, system management, operation outsourcing, and shared online services). It is through these business activities that we are supporting the core functions of society and the way our clients do business, while improving the amenity of people's lives.

## NRI Group's value creation process (Navigation X Solution)

The defining characteristic of the NRI Group's business is its dual functions: Navigation, a process that leads from the point of identifying an issue to its solution through forecasting, analysis, and policy recommendations; and Solution, the process of implementing that solution through reform of our clients' business processes and the design, development, and operation of improved systems.

We will continue to fulfill our mission to society and enhance our corporate value by expanding our business operations to deliver the synergistic effects of "Navigation" and "Solution."



Note: The value creation process including the above 6 "capitals" is referenced from the International Integrated Reporting Framework released by the International Integrated Reporting Council (IIRC) in December 2013.

Reference: "Unique Business Models" on p.6 of the [NRI Integrated Report 2014](#)

# Materiality and Materiality Assessment Process

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## Materiality

Societies today face challenges in a host of areas, such as population, the environment, resources, and social inequality. Demands are being made on all organizations, including companies, to come up with solutions for these social issues. As our materiality, referencing international standards and guidelines such as ISO26000, we selected three CSR themes where we at the NRI Group could deploy the special characteristics and strengths of our businesses to best effect. We are pursuing business activities responsibly in line with these material themes in order to contribute to achieving a sustainable society.

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### 1 Building a sustainable society for the future

While society has sought to become affluent and has continued along the path of growth to that end, limits to that approach can also be seen. From "macro" problems such as overpopulation, the depletion of natural resources, and global warming, to "micro" problems pertaining to the economies, industries, and living standards in each country and region, issues have piled up which cannot be just passed on to future generations. We will contribute to finding solutions for these issues facing society through the recommendations we make based on our surveys and research, and our efforts at building frameworks for a new society.

**[Specific issues involved]**

2030 Japanese Value Creation Project / Research on developments in IT / Number Systems / NISA / Global business development

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### 2 Providing the information infrastructure that is vital to people's lives

Information systems in modern-day society are one of the services essential for the nation's economy and industry, and therefore for people's lives to function. They also enable limited resources to be applied efficiently, and generate new processes and value. The planning, development, and reliable operation of such information systems are at the core of the NRI Group's business. By continuing to build, operate and safeguard trusted information systems, we will be providing a support on which society and people's lives can rest.

**[Specific issues involved]**

Business continuity / Information security / Data center business / Shared online services / Collaboration with partners

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### 3 Developing human resources who can generate innovation

In order to realize our corporate philosophy of dreaming up the future, people skilled in creative innovation and in exploring new value and frameworks will be essential. In order to develop these human resources, we are proceeding with efforts, which include building structures and environments receptive to different modes of work for different people, and establishing processes for training those people and evaluating their work. It is also important to us to foster today's students, on whose shoulders the future of this country and the world rest. We have committed ourselves to a range of different policies that will serve as support for the training of young people.

**[Specific issues involved]**

Work-life balance / Workplace environment / Career development / Innovative human resources / Development of human resources for the future

## Materiality Assessment Process

The starting point for this process is the dialogues that we conduct with our stakeholders. From there we go on to select and assess materiality from two perspectives: "impact of the NRI Group's business activities on society" and "impact on our Group's business activities." Because material issues can change in line with trends in society and changes in the business environment, we re-examine them each year through a four-step process.

### Step 1 Stakeholder dialogues

We conducted dialogues with a range of stakeholders to hear their views on the NRI Group's activities. Through these dialogues, as well as gaining awareness of how the NRI Group is viewed externally and of the gap between that and how we see ourselves, we were able to gauge the demands and expectations placed on our Group.

#### [Examples of dialogues]

##### **Expert Dialogues**

The experts we invited to these dialogues had some connection to the NRI Group, and come from a variety of backgrounds. We asked for their frank views from different perspectives on issues such as the NRI Group's business activities, our communication activities, and our CSR activities.

##### **Employees Dialogues**

These dialogues were attended by NRI Group managerial-level employees, where we shared the conclusions produced at the Experts Dialogues, and discussed how we were to respond to society's expectations and demands. These managers then ensure that this discussion was taken further at their respective workplaces.

##### **Student Dialogues**

The NRI Group held dialogues with under- and post-graduate university students in five cities: Sapporo, Tokyo, Nagoya, Osaka, and Fukuoka. As well as learning how students view the information services industry and the NRI Group in particular, we got to hear how these students assess companies, how they see their career development, and what they think about work-life balance issues.

### Step 2 Identifying relevant issues

Based on the views of stakeholders obtained through these dialogues, we assessed the relative importance of various issues involved based on CSR-related global standards and guidelines such as ISO26000, and identify issues highly relevant to the NRI Group.

#### [Issues raised in the dialogues]

##### **Labour practices and human rights**

Improving and raising working conditions / equal opportunities for women in relation to training and job promotion / developing global human resources, etc.

**Fair operating practices**

Mutual development with our partners / avoiding unfair trade in developing countries / addressing labor and human rights issues concerning offshore partners, etc.

**Consumer issues**

Impact of system failures on financial transactions and citizens' lives / theft by cyber-criminals of personal data / reducing social costs through shared online services, etc.

**The environment**

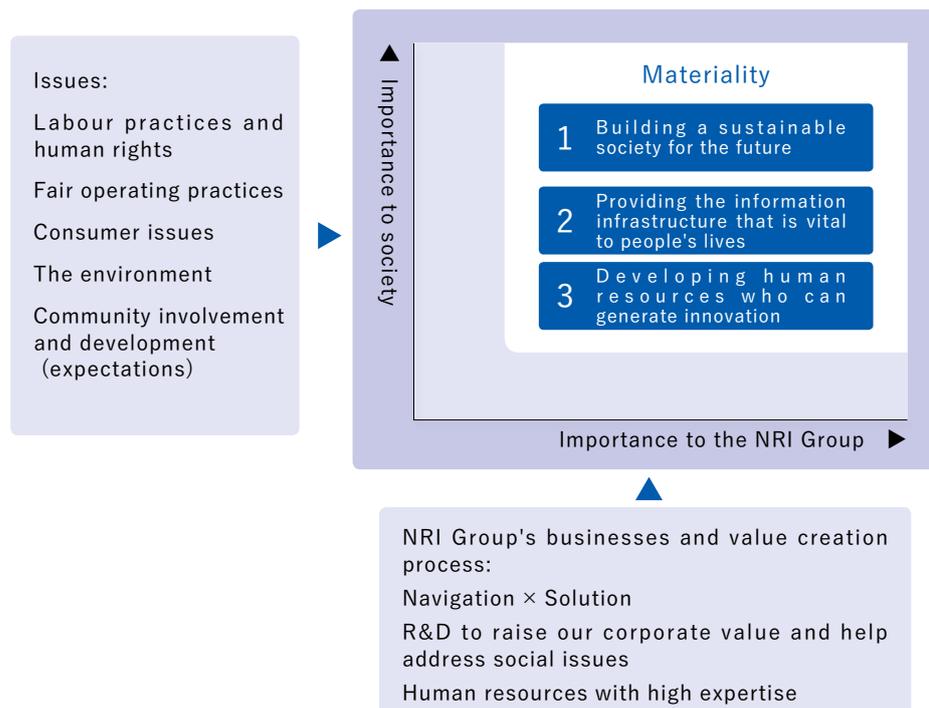
Initiatives to prevent global warming through greater energy savings at data centers / reducing environmental loads throughout our entire value chain / caring for biodiversity, etc.

**Community involvement (expectations)**

Recommendations for the economy and society: communicating the results of our research / supporting the development of human resources for the next generation of young people / building information infrastructure that makes the best use of ICT (information and communication technology), etc.

**Step 3 Determining materiality**

Based on the "NRI Group's Businesses and Value Creation Process" and Step 2: "Identifying relevant issues", we determined three material CSR themes that were judged to be of high importance from two perspectives: "impact of the NRI Group's business activities on society" and "impact on our Group's business activities."



#### Step 4 Approval and review

After the material CSR themes were carefully gone over with the relevant departments involved in CSR, they were approved by NRI's executive management.

We prepared reports on the activities we conducted in fiscal 2013 in keeping with these material CSR themes, which we gave to outside experts for their opinion.

- Approval by our executive management
- Third party opinions
- Endorsement (an external verification of our materiality assessment process)

## Stakeholder dialogues

### Stakeholder dialogues

The NRI Group continually undertakes initiatives that let stakeholders' voices enhance its management practices.

We are increasing the opportunities for dialogues where we get to hear views on NRI's activities from a wide range of stakeholders, which include our clients, business partners, and employees, as well as from students and CSR experts. We always place great emphasis on the perspectives of third parties that these dialogues reveal, since this helps stop us from becoming too complacent.

### Dialogues 1 Expert Dialogues (1)

Topic: NRI Group's activities overall

Participants: Clients, academic specialists, securities analysts, media representatives, and others



Kazutaka Okubo (Senior partner, Ernst & Young ShinNihon LLC); Kenichiro Ozeki (Specially Appointed Professor, Meiji Gakuin University); Nagako Kobayashi (Editor-In-Chief, Nikkei Information Strategy, Nikkei Business Publications, Inc.); Kentaro Tokumaru (Manager, Digital Business Planning Department, Domestic Cosmetics Business Division, Shiseido Co., Ltd.); Masaharu Miyachi (Executive Director, Morgan Stanley MUFG Securities Co., Ltd.); Etsuro Yamada (Senior Vice President, Fujitsu Network Solutions Limited)  
Note: Data on participants' organization and position is current as of the present date.

#### Main opinions raised in the dialogues:

- NRI needs to show, in a way that's easy to understand, what kind of society it wants to build. In that respect NRI's CSR Book is excellent at presenting what kind of social issues are current, and what kind of solutions NRI is offering.
- People expect NRI to employ its knowledge to provide solutions for the issues facing Japan and its particular regions. One example would be support that makes it easier for older people to use information technology (IT).
- The importance of dispelling the negatives surrounding the information services industry. Both NRI and the industry as a whole should communicate that you provide balanced working conditions for employees.
- The decline in recent years in students' interest in the information services industry is a cause for alarm. The industry needs to tell students that working in systems development and programming can be enjoyable.
- While NRI is putting much energy into the dialogues and into building networks with a range of stakeholders in order to foster innovation, the general public unfortunately is barely aware of this.

## Dialogues 2 Expert Dialogues (2)

**Topic:** Materiality

**Participants:** CSR experts



Hitoshi Suzuki (President, Institute for International Socio-Economic Studies);  
Makoto Teranaka (Lecturer, Tokyo Keizai University)

Note: Data on participants' organization and position is current as of the present date

### Main opinions raised in the dialogues:

- The information systems business, which underpins the operation of financial and other pieces of infrastructure vital for society, is an extremely important one. The industry needs to think about initiatives in three areas: information security, business continuity strength, and the environment.
- Cyber attacks on information systems have become a problem around the world, and the question of how to protect financial infrastructure against these attacks is extremely important.
- Ensuring the reliability of the employees who work in partner companies in the value chain is also an important element for information security. Initiatives to create employee-friendly environments and to keep morale high will be increasingly important.
- NRI should be getting the message out more strongly that its data centers and shared online services are having a big effect in reducing Japan's environmental load as a whole.
- It would be good to incorporate CSR perspectives that take stakeholders' views into account into NRI's risk management structures in order to achieve better consistency with its materiality.

## Dialogues 3 Employees Dialogues

**Topic:** Listening to stakeholders

**Participants:** 23 managerial-level NRI Group employees (3 Dialogues held)



**Main opinions raised in the dialogues:**

- As society comes to rely on information systems more and more, the impact on society when they crash is growing, with resulting increases in liability, risk, and costs.
- The Group's workforce as a whole has grown to 9,000 people, and NRI needs to give serious thought to developing an organizational structure appropriate to this scale, and to methods for making more effective use of its assets.
- NRI doesn't have many employees with a good understanding of the culture of the countries where its overseas offices are located, which is an issue for its global strategy.
- The Group has grown bigger, which has generated a demand for greater productivity. In return, however, time available for deeper thinking as well as inter-employee communication has tended to decrease. This has become an issue if NRI wishes to cultivate a corporate culture of a willingness to take on new fields.
- Is there a mismatch between new employees' perception of a systems engineer's work before they join the company, and the subsequent reality?

**Dialogues 4 Student Dialogues**

**Topic:** Work and CSR

**Participants:** 34 under- and post-graduate students; six Dialogues held, in five cities (Tokyo, Nagoya, Fukuoka, Osaka, and Sapporo)

**Main opinions raised in the dialogues:**

- Because of the high skill level demanded of the work that NRI does, students have the impression that its employees end up working long hours.
- NRI is seen as having a corporate culture where people are given work with responsibility from an early age, and where employees are cultivated as professionals.
- Whether or not a company has a female-friendly work environment is important to students when selecting an employer. Rather than just

hearing the company describes its programs as female-friendly, students want to hear about the real situation directly from current employees.

- Students want a job where they do good for society through the company's business. They want jobs contributing to the public, such as those that involve solving social issues.
- Because NRI doesn't make tangible objects (that is, because it's not a manufacturer of products), students have trouble picturing what it actually does.
- They want to give their careers a boost for example by working in those developing countries which are becoming much stronger economically.

## Multi-stakeholder engagement initiatives

As exemplified by the United Nations Human Rights Council's endorsement in 2011 of the Guiding Principles on Business and Human Rights, there is a growing trend in the international community of assigning greater importance to human rights, and the NRI Group too will have to work out how to address the human rights risk. For that reason since fiscal 2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan. We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies and NGO/NPOs.\*

\* In 2014, 36 companies and 13 NGO/NPOs participated in the programs currently in progress.

### Main participants:

[NGO/NPOs]

Amnesty International Japan; Action against Child Exploitation (ACE), Friends of the Earth Japan; Oxfam Japan; Greenpeace Japan; Lighthouse: Center for Human Trafficking Victims; Save the Children Japan; Change Fusion, and others.

[Industry type of the companies participating]

Food and retail; apparel and textiles; paper and printing; chemicals; pharmaceuticals; manufacturing; finance; logistics; information, communications and technology (ICT)



### Key human rights issues in the ICT sector (in fiscal 2013)

- Personal data breach risk
- Information systems users negatively impacted by system failures
- Privacy protection and the relationship with governmental authority
- Concerns over the de-anonymization and exploitation of personal data in the conduct of big data business
- Environmentally friendly energy use in data centers (energy saving measures, responsibility to select power generated from appropriate energy sources)
- Contributing to setting up information systems infrastructure to redress the information deficit in regional communities.
- Concerns over long working hours, and resulting mental health issues.

# Our Approach to Material CSR Themes

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## Material CSR Theme

## 1

# Building a sustainable society for the future

The NRI Group's first contribution to society is building a sustainable future. From the time the NRI Group was established we have conducted research and developed policy recommendations aimed at longer-term progress in Japan and the wider world, and work that helps usher in a brighter future for society is precisely the area where the NRI Group performs best. In its current ongoing maturation phase, Japanese society will be facing a multitude of challenges as its birth rate drops, its citizens grow older, and its population falls. At the same time around the world, as certain countries and regions continue to grow economically at remarkable rates, the negative consequences of that growth, such as income disparities and environmental degradation, are becoming more serious. In order to overcome these challenges and create a sustainable future, we at the NRI Group will continue our efforts to signpost paths to the future, such as through the following 5 programs.

## 1 Making recommendations about Japan's future image beyond the 2020 Olympics



NRI's annual Dream up the future Forum

Since its founding, the NRI Group has conducted surveys and research in a number of different fields, and put forward recommendations to governments and businesses alike on policies designed to achieve long-term growth and development in Japan and the world. The 2020 Olympic and Paralympic Games, which will be

held in Tokyo, are expected to be major events that will bring new vitality to Japan. But what about when the Games are over? In order for Japan to remain a dynamic society far into the future, we are looking beyond the Games and putting our recommendations for the shape of Japan in the future out into the community through reports, papers, and forums. For example, under the 2030 Japanese Value Creation Project run by the 2030 Japanese Value Creation Department in our Center for Strategic Management & Innovation, we are searching for pointers for that value creation through a dialogue with 100 "innovators" who are using innovative ideas to undertake businesses that ought to generate good-quality, attractive jobs by the 2030s. Through these means we are continuing to contribute our voice as we focus our gaze on Japan's future.

### Innovators Showing the Way to the Japan of Tomorrow

We have presented our recommendations for the future image of Japan through the work of our 2030 Japanese Value Creation Department in a book entitled *Japan in 2020: The Age of the Innovator*. Its central argument is that Japanese society is seeing the rise of many "innovators" – individuals who use innovative ideas to build a business and who are prepared for the changes affecting society. This book uses actual examples of these innovators to demonstrate a path for Japan to take in order to remain vibrant in the years following 2020.



## 2 The results of NRI's steady R&D are helping to create value for the years ahead



NRI's semi-annual IT Roadmap Seminar

In order to develop a strong and vibrant future, "value creation" for society's longer-term growth and for raising our corporate value will be essential. To that end the NRI Group places importance on medium- to long-term research and development

(R&D) across a range of areas. With respect to technology development NRI's IT Platform Innovation Division conducts surveys on information technology (IT) trends, along with research into advanced and fundamental technologies, the results of which it both gives back to society and applies in the information systems that we offer to our clients. All NRI Divisions engage in business development and new product development from a medium- to long-term perspective, which includes investigating products' business feasibility and undertaking demonstration projects. As we steadily build up this body of wide-ranging R&D, we believe that applying the results of that R&D to the benefit of both society and business is another positive step towards a better tomorrow.

### Releasing our survey and research results on the latest IT trends in public forums

Twice a year we hold the IT Roadmap Seminar, where we announce the results of our IT analysts' surveys and research on the latest IT trends. In fiscal 2013 the Seminars were held in May and November in Tokyo, attracting around 1,000 attendees in all. Following that in December, we published a book through Toyo Keizai, Inc. called *IT Roadmap 2014 Information and Communications Technology 5 Years From Now*.

## 3 Helping to build new and optimum ways for organizing societies with a falling birth rate and aging population

Since the time it was founded the NRI Group has devoted much energy to gaining insight into the issues that society faces, and to developing policies and mechanisms designed to solve these. Today many countries around the world including Japan are experiencing falling birth rates and aging societies. This is generating many concerns, including labor shortages and squeezing governments' finances, since tax revenues will start to fall just as countries' social welfare and other liabilities start to increase. In the years ahead it will be necessary for societies to develop systems and ways of organizing themselves that keeps a check on government taxes and services as much as possible. One of those is Japan's social security and tax number system which started in 2013. 2016 is when Japan's taxation and social security systems are scheduled to start operating on individual ID numbers. We undertook research and made recommendations to the Japanese government and companies to help ensure the efficient and optimal introduction of this scheme in Japan. We are proud of the role we play in providing support for the creation of optimal forms of organization for societies undergoing change.

## Publishing books to help people understand the Social Security and Tax Number System

The decision has been made to implement a social security and tax number system in Japan, which has been the object of study in this country for many years. The NRI Group turned its attention to this system early on, and has undertaken research on it ever since. In April 2012 we published a book on the results of that research called *Issues with the Single ID Number System and How to Solve Them* (ASCII Media Works). This has become the ultimate guide for understanding the scheme, providing an explanation about the scheme's purpose, the workings behind the scheme, and the challenges involved in ensuring its efficient and orderly implementation.



## 4 Supporting the design of mechanisms that will bring strength and vibrancy to Japan's society and markets.



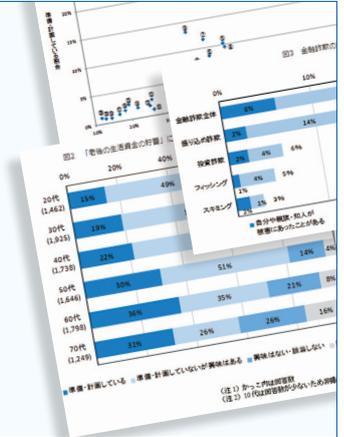
NISA research and recommendations by NRI Group employees

In order to make Japan a strong and vibrant nation, building the mechanisms for developing a new society and markets will be essential. One such mechanism is the Nippon Individual Savings Account (NISA) scheme, which began in 2014. This system is modelled on the United Kingdom's individual savings account (ISA) scheme and aims to broaden people's opportunities for building their asset wealth and to reinvigorate Japan's financial and capital markets. ISAs first came to our attention over five years ago, and we have conducted many surveys and research studies into how they work and what effects they have once introduced. In collaboration with the relevant authorities we also pushed for the establishment of a regulatory framework in expectation of a Japanese version of ISAs being introduced. We have also been providing support for those financial institutions

planning to introduce ISAs by putting in place at an early stage the solutions that they will need for NISAs.

### NRI's Financial Survey of 10,000 Consumers: Monitoring Japanese Consumer Sentiment and Behavior

NRI conducts its Surveys of 10,000 Consumers on a regular basis. In 2013 we conducted a Survey on financial issues. When the Survey asked about "saving up funds to live on in your old age," it found a high level of concern among younger people, with around 50% of people in their 20s and 30s responding with "I have made no preparations or plans, but I am interested in this issue." This survey also researched financial scams, conveying a picture to the community of what's really happening with that issue.



## 5 Contributing to Asia's longer-term growth through support for the development of markets and infrastructure

Consumption and investment are continuing to grow strongly throughout Asia, particularly in the ASEAN countries and India. These countries will need to put in place infrastructure and other environments in order to sustain their economic growth. Last year NRI Financial Technologies India, which is one of NRI Group's Indian bases, joined forces with local companies in India and Mongolia to provide shared online services to Mongolian securities companies. This arrangement has succeeded in bringing about major efficiency improvements in how securities business is conducted in Mongolia. The NRI Group designated NRI Asia Pacific (NRI APAC) in Singapore as its core base in Asia, and by working together with other overseas offices, such as the newly established NRI Thailand and NRI APAC's Manila Branch, our Group has put in place a programs system that is more closely connected with local regions. We had 22 overseas offices as of April 2014, and through our overseas business operations we will continue to support the development of markets and the growth of industry in countries and regions in the area.

### A go-between for markets in the Middle East and Africa

NRI is working to entice Japanese companies to countries in the Middle East such as Saudi Arabia, which are seeking to diversify their industrial base. We spotted the potential of markets in Africa early on, and are supporting Japanese companies with their entry into that continent. We also publicize the attractions of business in Africa and trends in African markets through a range of different events, including Media Forum for the mass media, an event which we sponsor.



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## Issues for the future

Operating around the world today in a range of different collaborations, companies, governments, international organizations, and NGOs are attempting to take on many different challenges with the aim of achieving sustainable societies of the future.

We at the NRI Group are conscious of the expectations from our stakeholders to build sustainable societies, and will fulfil our responsibility to contribute actively in this regard by deploying our own special attributes to best effect.

- By harnessing the Navigation× Solution functions, which together are one of the NRI Group's strengths, we expect to be able to implement business models that help solve the issues that societies face. For example, developing countries suffer from environmental degradation and the loss of arable lands to deserts. We believe initiatives are necessary to introduce into these countries the sophisticated environmental remediation technology that Japanese companies possess, and to propose new business frameworks and IT applications for them to help improve the lives of their citizens, specifically their BOP (base of the pyramid) populations.

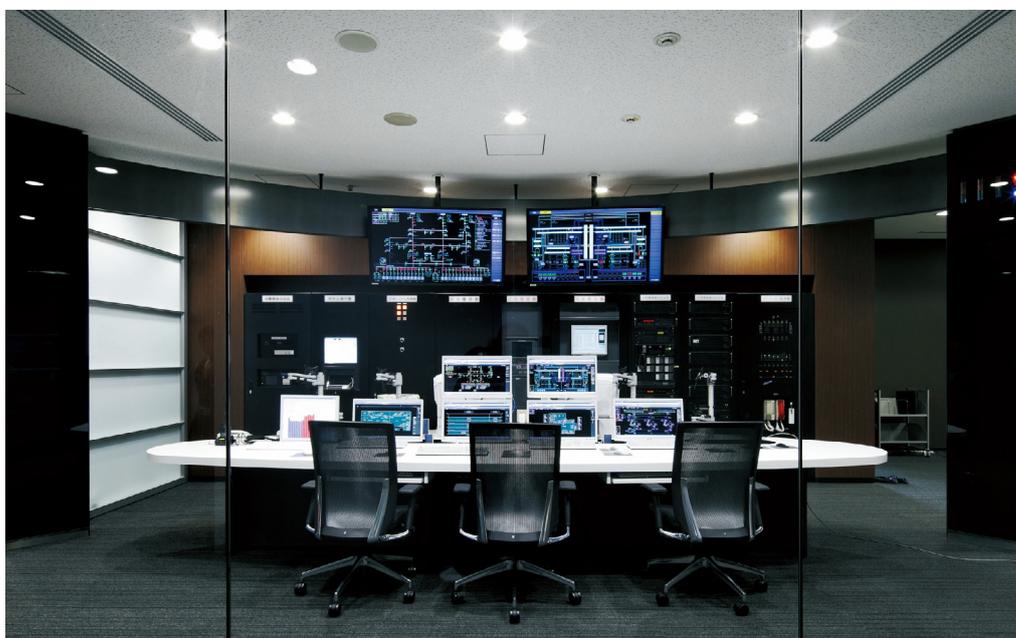
## Material CSR Theme

## 2

## Providing the information infrastructure that is vital to people's lives

As well as being a part of the infrastructure that underpins economic activity within the industry's entire value chain, information systems are vital services on which people's lives are entirely dependent. Having its origins in a company that was the first in the country to deploy a commercial computer, the NRI Group has been an information services industry pioneer in the building and supplying of systems. Today many of the information systems that we develop and manage have become the standard platform for the finance industry and other sectors. The following are some of the activities that we undertake in our role as a supplier of such information infrastructure, which demonstrate both our many innovative ideas and the responsibility with which we do business.

### 1 Keeping the vital service of information systems up and running



Tokyo Data Center I

NRI's origins can be traced back to Nomura Securities' Accounting Division, which was the first in the country to deploy a commercial computer. NRI was a pioneer in the use of computers in Japan, making a contribution to the subsequent development of the country's information services industry. Today's economy, along with industrial and commercial activities such as manufacturing, distribution, and finance, is built on a wide range of information systems. As well

as offering several shared online services, we provide support for a diverse range of companies through our operation of large data centers that house information systems. In 2012 we opened our fifth data center in the country, Tokyo Data Center 1, which provided exponential improvements in security, capacity for expansion, and environmental performance. As a company that has played a leading role in Japan's information services industry, it is deeply ingrained in our minds that it is our social responsibility to maintain the entirely reliable operation of information systems, along with thorough business continuity preparedness.

### The NRI Agenda for Pursuit of Quality

At the NRI Group, which provides systems that underpin important areas of society and industry, we view steadfast quality as the cornerstone of our existence as a company. Since 2013 in order to strictly observe our quality requirements and to aim to further improve in this regard, we have been extending the application of the NRI Agenda for Pursuit of Quality. Initiatives carried out under the Agenda include conducting appropriate training at data centers where we operate our systems, zero tolerance toward system breakdowns when systems are operating, and making improvements to employees' working environment in support of quality, all of which are achieving results.



## 2 Supporting security and peace of mind within society as a pioneer in information security

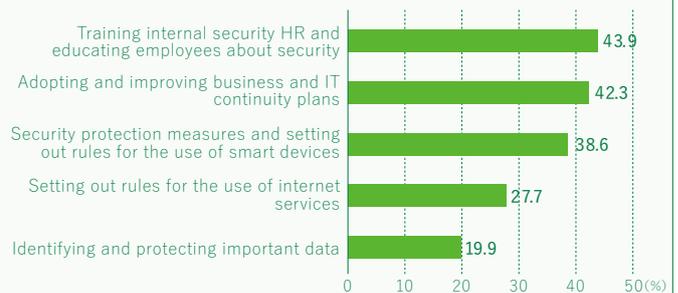


A 3D holographic scanner installed at a data center entry/exit point

As information systems become important pieces of infrastructure to society, new threats are emerging on the information security front. In recent years there has been a particular rise in malicious threats, such as cyber-attacks which specifically target companies' information systems. As a company that provides information infrastructure which underpins society, the NRI Group's biggest responsibility has been to protect its clients' important information and to prevent any disruption to their services. NRI Secure Technologies was spun off as an independent company from NRI in 2000, and it too has been an information security pioneer in Japan for the services it delivers. As a leading company in today's security industry, NRI Secure Technologies is working to support the security of Japan's information systems and networks. In 2014 it took on NRI's information security-related business operations, greatly expanding the role that it fulfills for society. The NRI Group's management of information security is in a constant state of thorough preparedness, in order to uphold security and ensure peace of mind in society.

### NRI Secure's Information Security Survey

Each year NRI Secure Technologies (NRI Secure) surveys companies about trends in information security, publishing the results in an effort to promote awareness about security issues. The most recent survey highlighted the need for specialist security professionals. By addressing these needs from society, NRI Secure is also supporting efforts to educate on security.



The top 5 information security measures regarded as important by companies in 2013

## 3 Reducing environmental impacts with energy-saving technology and shared online services



NRI's Data Centers are environmentally progressive

Information systems today are becoming both larger and more complicated, and the volumes of data they handle continue to balloon, meaning that they need enormous quantities of energy to operate. These systems consume increasing amounts of electricity and emit correspondingly increasing amounts of CO<sub>2</sub>, a principal cause of global warming. The NRI Group is continuing with its efforts to alleviate its environmental impact by using the latest energy-saving technologies at data centers, and by offering shared online services to its clients. For example our Tokyo Data Center 1, which opened in 2012, was fitted out to deliver advanced environmental performance, in order to achieve strong power savings. Specifically, the double-decking layout employed to completely separate its server and equipment areas helps to achieve air-conditioning efficiencies. In addition, the use of high-temperature chilled water\*<sup>1</sup> and free cooling\*<sup>2</sup> are sophisticated technologies that enable the Center's systems to be operated at around half of their previous electricity usage.

\*<sup>1</sup> Water temperature is around 14 - 15°C. Electricity consumption can be kept in check more than with the cold water of around 7°C which is normally used.

\*<sup>2</sup> This is the term used to describe the technology or corresponding device that in winter uses cool external air to produce chilled water.

### Cutting our environmental impact through a double-decking layout and free cooling

NRI's Tokyo Data Center 1 has been recognized for its environmental features, winning a METI Minister's Award at the Green IT Awards 2013 held by the Green IT Promotion Council and the Japan Electronics and Information Technology Industries Association (JEITA). It also won a 2013 Good Design Award. The NRI Group is employing such cutting-edge energy-saving technologies and IT to enhance its initiatives for helping the global environment.



The double-decking layout, which is about 4 meters high

## 4 Offering services that constrain cost and time inputs, and enhance investment efficiency

NRI has offered shared online services since launching them more than 40 years ago, when the idea that multiple companies could share a single operations information system was not the norm. Today many of the NRI Group's services are used by a large number of companies as the industry standard in a range of sectors. In addition to our well-known retail securities system STAR, other examples of these services are BESTWAY/JJ, an account management system for over-the-counter sales of investment trusts, and Value Direct, which provides support for online banking operations. By using these shared online services instead of maintaining their own systems, companies are able to reduce their costs and time, allowing them to invest more resources into raising the value of their core business. They are also able to greatly reduce both their energy consumption and CO<sub>2</sub> emissions. By expanding the spread of these shared online services, the NRI Group is continuing to work to eliminate waste in society as a whole, and to raise

Examples of NRI's industry standard business platforms for financial sector, and number of companies using them (as of March 31, 2014)

STAR	Integrated back-office system for retail securities companies	63 <sup>*1</sup>
I-STAR	Integrated back-office system for the wholesales securities companies	28 <sup>*2</sup>
T-STAR	Trust asset management system for investment trust management companies	68
BESTWAY	Account management system for over-the-counter sales of investment trusts	109
Value Direct	Internet banking system	13

\*1: Including companies partially using STAR

\*2: Excludes companies using sub-systems

## 5 Working together with our business partner with the goal of our mutual prosperity



NRI's annual NRI Group Management Seminar

NRI supplies large-scale information systems that support how companies and society operate. Many processes, from design to development, are required to get an information system up and running. A particularly large and complicated information system will require a range of expertise and strengths for each process. NRI contracts some of these processes out to business partners located both in Japan and overseas, and by working together with our partners we produce

information systems that offer strong reliability. In order to achieve high levels of quality and productivity, we need to become one with our business partners when we embark on our work. In addition to undertaking joint programs to raise our quality and productivity and providing support with training for our business partners' employees, by engaging in business with our partners that accords with legal compliance and sound business practices, the NRI Group is building a relationship between equals for our mutual benefit. Strengthening our ties with our business partners to achieve our mutual prosperity will contribute to the long-term growth and development of our industry as a whole.

### NRI Group Management Seminars

NRI holds a regular NRI Group Management Seminar for our business partners to assist our mutual progress. Around 100 NRI Group managers and employees were joined at the 2013 Seminar by 213 people from 103 of our business partners from Japan and overseas. Sharing the Group's management policies and priority projects with our partners at the Seminar allowed us all to align our thinking with regard to improvement measures and new initiatives.

## Issues for the future

While an information society brings major benefits to economic activity and the lives of most people, it also has major negative impacts, such as issues surrounding information security and environmental impacts.

The NRI Group has the responsibility to watch for the negative impacts of an information society; to think about the issues on which its stakeholders have expressed concern; and to take appropriate measures in response.

#### \* The right to privacy

This is the right of an individual to choose him- or herself when, in what circumstances, and to what degree to share with and not reveal to others his or her attitudes, beliefs, behavior, and/or opinions. As the role of information in society continues to advance, the idea of the right to privacy as a right to control information about oneself has emerged.

- As a human rights issue in our information societies, the right to privacy\* has been the subject of debates around the world. As a member of the information industry's value chain, the NRI Group also needs to heed developments surrounding this issue.
- In response to social issues concerning labor, human rights, and the environment, people are demanding action not just from NRI alone, but from its entire value chain. With respect to how to address these social issues, the NRI Group needs to work with a shared understanding and in concert with its business partners.

## Material CSR Theme

## 3

# Developing human resources who can generate innovation

In order to realize our corporate philosophy of Dream up the future, people who can create new value and paradigms and generate innovation will be essential. As well as train our employees to be future-oriented and to bring ideas to fruition, the NRI Group has organized its work environments to allow our employees to realize the potential of their abilities. We also run a number of career education programs for today's young people, from elementary school students to university students, who will lead society in the future, as well as other events including a contest where they can bring their own thoughts before a wider audience. These are the forms that the NRI Group's engagement with the broader community takes, and providing opportunities to younger generations to get them thinking about the future lies at the core of NRI's unique contributions to society.

## 1 Continuing to grow by developing rewarding work environments for a diverse range of employees



A family enjoying "Bring Your Child to NRI Day!"

With the aim of creating a healthy and rewarding workplace environment for its employees, the NRI Group is implementing a number of different measures, such

as deploying the different talents of its diverse workplace to best effect, training employees to be "global" professionals, and always looking at how to improve our employees' work environments. In 2013, in order to enhance our hiring of people with disabilities and to promote better health and prevent fatigue among our employees, we set up massage rooms in four of our Japanese offices. We employ qualified masseuses for this task, whose work has received approval from our employees. In addition, with the aim of instilling a sense of attachment among employees and their families to the Group and their work, we hold "Bring Your Child to NRI Day!", when we invite our employees' families to visit, and publish a special edition of NRI Wave "Family." By curbing long working hours and getting employees to change their attitudes, the NRI Group is encouraging its employees to achieve a better work-life balance. That way our employees will be able to properly fulfill their potential while taking care of both their health and their home life. The development of such workplace environments will help the NRI Group continue on the path of growth.

### The NRI Women's Network:

#### Aiming for a Company where Women Thrive

The NRI Women's Network (NWN) continues to work to foster a better corporate culture for the NRI Group's female employees by helping them to develop their careers and strike a balance between their work and being a mother. The NWN has its own internal company webpage, which provides updated information as it occurs along with support in building a company environment where women can do their best work.

We are also actively working on initiatives to employ women, as well as to promote our female employees and develop their skills.

	FY2009	FY2010	FY2011	FY2012	FY2013
Percentage of NRI's female employees(%)	16.1	16.6	16.9	17.5	17.7
Percentage of NRI's female senior specialists(%)	3.2	3.7	4.1	4.7	4.9

(As of 31 March of each FY)



Certification logo (called "Kurumin") under the Act on Advancement of Measures to Support Raising Next-Generation Children

## 2 Fair employment and HR practices are a source of the NRI Group's strength

The people who work at the NRI Group apply the full potential of their diverse range of abilities in their work. It is these professionals who help our Group realize our corporate philosophy of "Dream up the future". An aim of the NRI Group is to implement fair employment and HR practices as well as the treatment befitting professionals, in order to attract the best employees and let them excel by demonstrating their full capabilities. For example, as well as hiring people

without discriminating on the basis of gender or age, the NRI Group employs and compensates its employees on the basis of an appropriate evaluation of an individual's various abilities, expertise, and skills. In addition to recruiting new graduates, NRI hires mid-career candidates and people with disabilities throughout the year. When describing itself in interviews with prospective employees, NRI describes what its work involves, its work environments and its company culture all as is, based on facts. The seriousness with which the NRI Group conducts its HR practices is a source of its strength, and is also instrumental in making a contribution to society.

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### 3 Supporting career and skills development for success in many different areas

Contributing to society by creating new value, based on scanning future horizons. We believe this is the impression that the NRI Group should project. For that reason our employees are required to possess both high levels of expertise and goals that they have set themselves, and to continue to pursue challenges boldly. In order to develop the trained professionals who can thrive in a diverse range of areas, we provide our employees with a human resource development program centered on on-the-job training (OJT), which raises employees' knowledge and skills through a variety of jobs, combined with formal training programs and a regime of self-development. We have also established the Challenge & Act (C&A) program for our employees' self-motivated and systematic skill development. The career fields that form the basis of this program, where employees choose their own areas and level of expertise, were revised in April 2013. This was done to further strengthen our Group's initiatives in human resources training programs and in developing the mechanisms to allow employees with a wide range of skills to thrive in their careers.

### Re-defining and sub-dividing career fields, and supporting the acquisition of formal qualifications

As part of the C&A program, employees are urged to have more than one career field, which encompasses their current areas of expertise and skill levels. They share this information, along with their future goals, with their supervisor. Under the revisions made in fiscal 2013, the old fields were re-defined and further sub-divided into 22 career fields that reflect industry standards, in order to better align with what our employees actually do and to clarify our professionals' image in people's minds and their categorization outside the Company. The concept of levels was also added to the fields. We also pushed ahead with putting in place and developing the formal training that we provide internally in line with this system of career fields, in order to advance more systematic training and utilization of our human resources. NRI is also providing its employees with support in obtaining both formal qualifications and qualifications closely tied to their professional work. (For more details see p.55.)

<b>New Career Fields</b>	1	Corporate Strategy Consultant
	2	Business Consultant
	3	Systems Consultant
	4	Business Strategist
	5	Sales Representative/Marketing Manager
	6	Project Manager (Construction)
	7	Project Manager (Enhancement)
	8	Application Architect
	9	IT Infrastructure Architect
	10	Application Specialist
	11	Common Applications Infrastructure Specialist
	12	IT Platform Specialist
	13	IT Services Manager
	14	IT Security Specialist
	15	Researcher
	16	Data Scientist
	17	Project Management Specialist
	18	Quality Control Specialist
	19	Business Administration Staff
	20	Corporate Management/Head Office Staff
	21	Systems Engineer
	22	Consultant

## 4 NRI employees link up to swap ideas and raise awareness



A Global session of NRIInnovation! Forum

The NRI Group's philosophy is "Dream up the future." "Dream up" involves bouncing a whole range of different ideas and concepts off each other and considering numerous factors in order to come up with new value and paradigms. Employees at the NRI Group realize the philosophy of "Dream up the future" through their own knowledge and actions, undertaking a variety of initiatives that will allow them to become individuals who help society. One of those initiatives is the NRInnovation! Forum, where through bottom-up projects and activities organized outside formal structures, volunteering employees can make recommendations to management and other employees under the three themes of "Human resource development," "NRI Women's Network (NWN)," and "Global business." In addition, in order to nurture active leaders in global business with the aim of cementing the NRI Group's business base, we also run practice-based training programs that include overseas work experiences. By means of these measures, the NRI Group continues to rise to the challenge of getting its employees to raise each other's awareness through the organic forming of mutual groupings, for better business outcomes and a better working environment.

### Global human resources overseas traineeship program

In order to assist with its aim of developing global human resources, the NRI Group has set up an overseas trainee scheme where it sends its employees to different countries on long-term assignments. Trainees are placed with our corporate clients or NRI Group overseas subsidiaries, where they get to experience different work from what they normally do at NRI, and where they also gain experience in doing business with people of different nationalities. It is a practical training program designed to link into doing actual business at a global level.



## 5 Providing opportunities to shine a light on young people's talents and desires

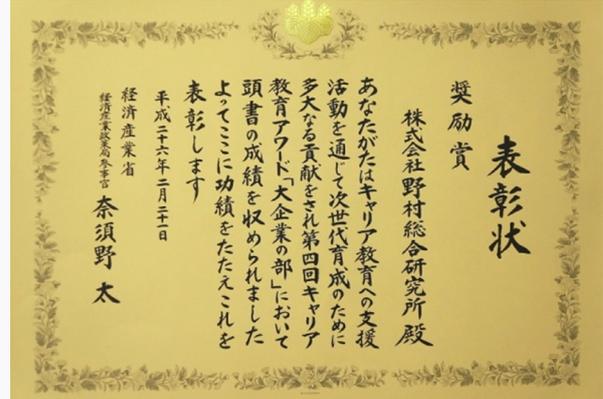


NRI Student Essay Contest 2013 prize winners

Developing the human resources who will drive society in the future is essential for realizing the NRI Group's philosophy of "Dream up the future." The NRI Group regards providing support for the "development of human resources" as an important objective of its contribution to society, and it undertakes a range of programs to that end. One such project is the NRI Student Essay Contest for university students, international students, and senior high school students, in which people from younger generations can set out their recommendations for Japan's future. The Contest in 2013 saw a record number of more than 1,500 essays submitted. For elementary, junior and senior high school students, the NRI Group offers a Career Education Program designed around the knowledge and know-how that the Group has accumulated to date. Highlighting the connection between study and work, this program for the development of human resources involves the collaboration of schools, local communities, industry, and business. Lastly for university undergraduate and graduate school students, we hold NRI Dream up the Future Campuses, where students and NRI Group employees come together for talks and discussion panels to pursue a deeper discussion of the future. In fiscal 2013 we held Campuses in Tokyo and Osaka, attracting over 400 students altogether.

## Success in the Career Education Awards

The NRI Group offers career education programs to schools that harness the experience and know-how we have built up in our business. For elementary and junior high school students we provide Information Systems Secrets-supporting our convenience, a learning program about information systems, and for junior and senior high school students we offer the IT Strategic Experience Program. The results of our activities have been formally recognized, with both these programs being honored with the Award for Encouragement as part of the Ministry of Economy, Trade and Industry's Fourth Career Education Awards.



The Fourth Career Education Awards "Award for Encouragement" certificate

## Issues for the future

Against a backdrop of growing globalized competition, companies are facing tougher demands in a number of areas, including issues surrounding employee working conditions, health and psychological care; employee training and skills development; respect for diversity; and the elimination of discriminatory practices.

The NRI Group monitors trends in society concerning labor and human rights issues. We know we have a responsibility to look at the issues about which our stakeholders are expressing their concern, and to take appropriate measures to address these.

- Given the nature of our business, namely developing information systems by way of assignments from clients, employees on a particular assignment tend to spend many hours working on that project, even if the project is for a fixed period. We need to properly manage our employees' work input for each and every project, and we need to rank this as the company's most important issue, and continue to address this issue appropriately.

- As we continue to expand our business activities overseas, training employees who can function successfully on a global stage will become more and more important. Finally, as a global company, fully understanding social norms demanded internationally in areas such as diversity, human rights and labor practices, as well as building organizational structures and a culture where differing values and everyday customs are respected, will also be essential.

# CSR Activities and Data Files

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<ul style="list-style-type: none"> <li>• Quality management</li> <li>• Information security management</li> <li>• Intellectual property management</li> <li>• Environmental protection</li> </ul>	
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Material CSR Theme **1** Building a sustainable society for the future

**Research and development**

The NRI Group believes that research and development (R&D) is an important area for investment in order to sustain and transform its business and raise its corporate value. We undertake our R&D from multiple perspectives, so that its results lead to greater corporate value for our clients and the NRI Group, and to society's greater progress. Through our IT solutions that apply the fruits of our R&D, and through our recommendations which are based on surveys which we conduct by way of fundamental research, the NRI Group aims to relieve any anxieties that our clients may feel and to address issues affecting society.

**Our R&D organization**

The NRI Group pursues R&D in three areas: pure research, technology, and business. The NRI organizations responsible for the various areas of our R&D are as follows, but as needed they pursue collaboration across different organizations within our Group.

**Research and Development Committee:** As well as propose and discuss R&D strategies, this Committee reviews individual projects from a whole-company perspective, from planning through to application of the results.

**Center for Strategic Management & Innovation:** Responsible for government policy recommendations and advanced research functions, this Center conducts surveys on new systems for society.

**IT Platform Innovation Division:** Responsible for the NRI Group's technologies development, this Division conducts research into cutting-edge technologies and base technologies in the area of information technology.

**Our business divisions:** Responsible for medium- to long-term business development and new product development, these investigate product business feasibility, conduct product development, and undertake demonstration projects.

**R&D focus areas and past results**

From a medium- to long-term perspective, the NRI Group has set three areas for the focus of its R&D: Finance, Information Technology, and Global. Finance R&D specifically deals with financial institutions and the adoption of industry-standard business platforms that will cast a wide net in meeting the needs of markets. Information Technology involves continually monitoring cutting-edge technologies and strengthening IT's power to offer individual solutions that apply those technologies to society at large and people's lives. Global aims to

contribute to solutions to the different challenges that the world faces from the dual perspectives of Navigation and Solution.

In fiscal 2013, the NRI Group conducted a total of 140 R&D projects.

**Some of our main R&D projects**

**Project Finance: Engagement in adoption of the NISA program**

[Click here for more](#)

**Project Information Technology: Application of advanced technology to raise the level of airline companies' safe flight management operation and services**

As part of NRI Future Garage, a project that aims to develop new services in collaboration with other companies, we have been working with airline companies to research advanced operating regimes for aircraft maintenance and the loading and unloading of cargo using wearable devices\*. In May 2014 we conducted a demonstration project where we used Google Glasses and other wearable devices to provide command center support for remotely located ground staff, with the aim of raising efficiency and alleviating the burdens involved in ground operations. We are continuing to conduct sophisticated demonstration projects that will contribute to "ongoing efficiency improvements in work practices and better client services," by pursuing greater efficiencies and safety in working environments by freeing up workers' hands.

\*Miniature devices worn on the head or hand fitted with a camera and/or other sensors.

**Project Global: Acting as a bridge between Japan and China in the environmental sphere**

As represented by the high levels of fine particulate matter (PM2.5) in its skies, air pollution has been an environmental problem in China for some time. Now, however, as the country urbanizes and its industrial structure changes, soil contamination has emerged as its latest environmental problem. NRI has been conducting surveys on the ground in China of its soil contamination issue, as well as on the developments in its measures to deal with the problem. NRI has presented the results of its research to the Chinese government, which is shifting its policy focus towards protection of the environment. In addition, as part of our contributing to building a mutually beneficial relationship between Japan and China, together with the Japan International Cooperation Agency (JICA) we have been working as an intermediary between Chinese authorities and Japanese corporations, which have developed know-how in this area coming as they do from a country that already experienced the problems.

**R&D Costs**

	FY 2011	FY 2012	FY 2013
R&D costs (billions of yen)	36.4	36.4	39.0

## Surveys, recommendation projects, Information communication

**Communicating the results from our surveys and research**  
 NRI produces survey and research results and recommendations for society's future on a wide range of topics such as industry, business management, IT, and broader social issues. It communicates these results and recommendations to the broader community through various forms of media including books, periodicals, reports, and its website.

Almost all of the periodicals and reports that NRI publishes can be downloaded for free from its website.

[Click here for NRI's periodical publications \(only available in Japanese\)](#)

[Click here for NRI's recommendations and research reports \(only available in Japanese\)](#)

[Click here for a list of books produced by NRI \(only available in Japanese\)](#)

### **Project** Research on the impact of the introduction of Japan's ID number system on private sector companies' operations

NRI is conducting research on the different ways in which the introduction of Japan's social security and tax number system will impact on private sector companies' business operations. NRI also publishes the results of this research.

[Click here for more \(only available in Japanese\)](#)

### **Project** Survey of companies' information security

[Click here for more](#)

## Holding seminars and forums

NRI holds seminars and forums for shareholders, clients, and the general public in order to communicate its recommendations for the future to a broader audience. Its [Dream up the future Forums](#) in particular are among the largest of these events, and have been held each year since 2003. In October 2013 we held these Forums in Tokyo and Osaka under the theme of "Now, to Create our Future," and they attracted a total of 2,720 attendees.

## Our information communication record in recent years

	FY2011	FY2012	FY2013
No. of books published	15	14	12
No. of contributions to newspapers and magazines	377	304	278
No. of public lectures given	967	861	943
No. of TV / radio appearances	92	88	117
No. of press releases	115	96	97
No. of seminars / forums held	9	9	9

## Supporting disaster rebuilding

### Supporting disaster rebuilding through our business activities

#### **Project** Supporting the launch of mutual support activities in local communities

In Watari Town in Miyagi Prefecture, we have provided ongoing support since the triple disasters of March 2011 designed to forestall issues arising such as shut-in (hikikomori) syndrome, by arranging opportunities for agricultural work for affected residents.

Working with Keio University, in fiscal 2013 we conducted a survey of disaster victims to get a summary of the results from three years. This survey showed clearly and quantitatively that these agricultural experiences contributed to an increase in the physical and psychological health of the participants. Separately, we are also acting as the administrative office for rebuilding support projects that Watari's local government conducts in partnership with NPOs and similar organizations.

#### **Project** Supporting the development of an urban space that draws on the town's history (developing a center for more valuable exchanges with outside visitors)

The disaster-affected town of Bandai in Yama County, Fukushima Prefecture, operated a hot baths facility, and when this was to be relocated to Michi-no-eki Bandai, a roadside special service area, NRI took on the job of conducting the research needed to draw up the plans for the facility's relocation and construction works, as well as the administrative office duties involved in putting that building plan together. Our work in this area has helped advance efforts for the community's recovery.

### Supporting disaster rebuilding through our social contribution activities

#### **Project** Donations of emergency relief money

In fiscal 2013, we donated a total of around ¥13.04 million to the Central Community Chest, which was the combined amount of monies raised from our employees together with a matching amount from NRI itself. Emergency relief and assistance funds from the NRI Group for Tohoku Earthquake victims have now totaled around ¥177.04 million.

#### **Project** Donating used computers and books

In order to support IT education and vocational training, we have been donating used PCs from our offices since 2007. Since fiscal 2012 we have been selling books that we no longer use and donating the proceeds to elementary and junior high schools hit by the disaster, and to NPOs helping children in the disaster areas. In fiscal 2013 we collected and sold a total of 3,521 books, donating the ¥253,989 raised to an NPO that provides career education support

to schoolchildren in the disaster areas.

## Development of society

### Building the frameworks for a better society

In addition to the recommendation projects that are undertaken as blueprints for society's future, working together with business and industry organizations, Japan's central and local governments, and independent administrative corporations, NRI provides support for the development of frameworks for a better society.

#### Project Programs designed to "realize an ICT society wanted by all"

As one of its strategies for growth, the Japanese government is championing the opportunities for Japanese industry to develop through the active use of personal data in this era of big data, and of histories of consumer behavior. In order to put in place a proper environment for companies' use of such data and the protection of consumers' privacy, the government is undertaking a review in 2015 with the aim of revising the Act on the Protection of Personal Information. NRI is taking part as a member of the government's Personal Data Commission of the Strategic Headquarters for the Advanced Information and Telecommunications Network Society (or IT Strategic Headquarters). In addition, in the area of international standardization for technology information security, NRI is chairing Working Group 5 of the ISO/IEC JTC 1/SC 27, "Identity Management and Privacy Technologies," and has also made recommendations on "the proper form of society mechanisms needed to promote the use of big data." It is in these ways that the NRI Group is active in developing better mechanisms for society, and in providing education about these.

#### Project A go-between for markets in the Middle East and Africa

[Click here for more](#)

#### Project Acting as a bridge between Japan and China in the environmental sphere

[Click here for more](#)

### Other social contribution activities

#### Project Participation in TABLE FOR TWO program

Since 2008 NRI has been participating in a program where it donates the cost of a meal for a child in a developing country via the [NPO TABLE FOR TWO International](#). Under this program, once a week NRI's employee cafeterias in Kiba and Yokohama offer a menu of healthy options. For each option that an employee purchases, ¥20 from the employee, plus ¥20 from NRI making a total of ¥40, is donated to TABLE FOR TWO.

#### Project Other donation drives

In November 2013 the Philippines central island of Leyte was hit by Typhoon Haiyan. In the desire to see the affected areas recover as soon as possible, in January 2014 NRI donated ¥10 million to the Japanese Red Cross. This figure represented monies donated by 643 NRI Group employees including those in our overseas offices, together with an almost matching figure from NRI itself.

#### Project Group company activities

NRI FT India gives its depreciated PCs to NGOs that provide support for orphanages and socially vulnerable people in India. (In fiscal 2013 it gave 18 PCs and 1 projector.)

### Summary of NRI's development of society activities

	FY2011	FY2012	FY2013
Total expenditure on social contribution activities (¥ million)	705	549	792
Donations to TABLE FOR TWO (no. of meals)	16,658	15,878	15,650

## Material CSR Theme 2 Providing the information infrastructure that is vital to people's lives

### Quality Management

Since its founding, the NRI Group has made a commitment to quality as a key component of its management style. The Group employees recognize the gravity of its responsibility as a company providing the information systems that society relies on, as well as offering consulting services that are intimately connected to each client's management and general business activities. The sense of responsibility drives our efforts to continually enhance the quality of systems and services.

We do not simply develop information systems. The NRI Group provides total support, extending to maintenance and operation, for the systems that we produce for a variety of business sectors, including the securities, banking, insurance, distribution, and communications industries. Being important pieces of infrastructure on which society relies, any disruption that occurs to these information systems is quite likely to have a direct and serious impact on the country's economy and on people's lives.

As well as develop a high-quality system within the time and for the cost agreed with the client, another important role the NRI Group has is ensuring the quality of our maintenance and operation of the system once it is up and running.

From this perspective, in order to increase the reliability of our information systems underpinning the infrastructure on which the broader community depends, we at the NRI Group are directing our efforts towards the following priorities:

1. Quality management in the development of information systems
2. Quality management in the maintenance and operation of information systems
3. Increasing the reliability of the data centers that support the systems' operation
4. Raising productivity predicated on a high level of quality

#### Quality management in the development of information systems

In order to achieve success in our projects for developing large-scale, complex information systems, we have incorporated into our projects a system of supervision for implementing organized risk management and project support.

Based on know-how that we have amassed through our campaigns over many years, we have developed a quality

management system to raise the quality we deliver. We use the results of our [customer satisfaction surveys](#) and internal audits on quality to review our quality management system periodically in an ongoing effort to raise our standards.

With the aim of raising project quality and productivity, NRI shares on its intranet the NRI Standard Framework, its guideline for standard project processes and activities, and the work to be executed in each process.

For information systems development projects that exceed a certain pre-determined size, NRI has also obtained ISO90001 certification, a quality management standard.

#### Quality management in the maintenance and operation of information systems

Because our maintenance and operation services for systems more often involve the provision of support by "people" rather than "technology," since 2005 we have continually promoted enhancement\* service reforms, a team reorganization exercise that emphasizes our "people."

\*Enhancement: the term we use to describe our maintenance and operation services for information systems. Since enhancement also includes improvements and proposals, we see it more as a full service operation providing support for our clients' entire business operations and systems.

We use a five-level system of classification to describe failures in our information systems, depending on what impact a failure has. We have a reporting process and response mechanism in place for each of these levels. We also conduct training on the methods for analyzing failures, in order to raise the skills and awareness of NRI Group employees and the employees of our business partners.

#### Increasing the reliability of the data centers that support the systems' operation

We have Data Center Contingency Plans in place, and have also drafted plans that anticipate how people might behave at a time of crisis, such as in a major earthquake or other natural disaster, or following a system-related equipment failure.

[Click here for more](#)

#### Raising productivity predicated on a high level of quality

As information systems become more complex through modification or have functions added over the years, or because their networks have grown and spread, in order to lift productivity while continuing to prioritize quality, the NRI Group undertakes production innovation programs that bring together five elements: development methodology, system infrastructure, production infrastructure, human resources training program, and development partner training.

### ISO20000\* certification history

Date obtained	Scope of the certification
December 2007	Infrastructure total support services
October 2008	Comprehensive desktop service for Nomura Securities Co., Ltd.
April 2009	Yokohama Data Centers I and II
September 2010	Osaka Data Center
April 2014	Tokyo Data Center I

\*ISO20000: an international standard for the operation, maintenance, and management of IT services

## Information Security Management

The NRI Group operates important information infrastructure that underpins the finance, distribution, and other important sectors of society. In order to keep services running and protect important data at all times, the NRI Group undertakes a variety of measures to prevent information security failures from happening in the first place and, in the remote event of a failure, to minimize its impact.

### Information security governance structure

The NRI Group has appointed a Chief Information Security Officer, who is also a Senior Managing Director and who has developed a system of information security management for our organization as a whole. All of our divisions and Group companies have appointed an information security manager and an information security person-in-charge (PIC), who have developed a "mesh structure" that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, our measures will enable us to respond swiftly in the event of cyber-attacks and other security emergencies.

The NRI Group includes a company that specializes in conducting surveys and research into advanced information technologies, and another company that specializes in information security. NRI uses their technology, know-how, and knowledge to enhance the drafting and implementation of its information security policies.

### Policies to prevent information security failures from happening in the first place

#### Adoption of rules on information security

As well as adopting our Information Security Management Rules, Confidential Information Management Rules, Personal Information Management Rules, and Information Asset Management Rules, we have prepared summaries, guidelines, and detailed manuals for implementing each of these Rules, ensuring that our actions are consistent

with them and carry out their intended effect. When we adopt new rules or revise existing rules, we also have translations prepared for our non-Japanese-speaking employees.

#### Providing information security education

For the purpose of ongoing education about security awareness, and in order to raise the level of security quality in our design and development processes, the NRI Group engages in information security education on an ongoing basis. In addition to conducting specific training tailored to the particular characteristics of our Divisions and Group companies, we arrange training for our overseas offices that can be undertaken in English and/or Chinese. We also actively incorporate group training and e-learning methods into our training programs.

#### Ensuring the security of our clients' systems

In order to lower the risk of security breaches of our clients' business data, we set rules for each project governing matters such as access to the production environment and the removal of business data from our premises as well as from our clients'. We also employ the PDCA cycle to implement a constant process of incremental improvements. The same rules also deal with the tampering of data through cyber-attacks for example, and initiatives to tackle system shutdowns. These rules are reviewed each year, with a supervisory department ascertaining their appropriateness.

We also carry out a range of other measures in order to ensure the security of our clients' systems. For example in fiscal 2013, in order to strengthen security measures for projects involving the storage of large volumes of personal information, we raised our action level for the relevant systems to higher than PCI-DSS\*, the standard level of security employed for credit cards.

\*PCI-DSS: Payment Card Industry Data Security Standard. The standard designed to secure and maintain security levels for protecting the credit card information of businesses engaged in credit payment services and payment processing information.

#### Company-wide responses to cyber-attacks

The NRI Group uses system-based defenses against cyber-attacks, such as installing anti-virus software, hard drive encryption, and installing different security devices (such as firewalls, and IDS\*<sup>1</sup>). In addition, so that responses to operating systems that are easily exploited by attacks and vulnerabilities such as middleware are implemented in an organized, swift, and effective manner, every day we check information about vulnerabilities, share this information throughout our entire Group, and respond accordingly. Recent years have seen an increase in targeted phishing emails – attacks where a particular company or organization is targeted by emails which contain a link or come with an attachment which if clicked on or opened by

an employee respectively opens a website or document infected with malware\*<sup>2</sup> of one kind or another. We are providing all our employees with hands-on training to counter these emails, which we can confirm has been very effective.

\*1 IDS: Intrusion Detection System. A system for detecting unauthorized access to a computer or system.

\*2 Malware, or "malicious software," is a software program that upon infecting a computer automatically takes remote control of that computer, either stealing data that it stores or causing it to attack other computers.

**Personal Data Protection Statement**

NRI has a [Personal Data Protection Statement](#), and in accordance with that Policy our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; with other relevant laws and regulations; and with our [Privacy Policy](#). Breaches of personal information affect not just the economy and broader sections of the community – we are very much aware that they are human rights issues and serious invasions of privacy, and we are working to prevent them. We have introduced a personal data management register system which is audited by the relevant supervisory department. This enables us to visualize what personal information is registered and how it is being used, which assists in determining if it is being used appropriately.

**Managing human error**

We have implemented layer upon layer of defenses designed to prevent email-related problems, such as installing software that prevents emails being sent to wrong recipients, and applying rigorous management of emails being sent to multiple destinations. In projects involving the handling of highly sensitive information, we sometimes also require employees to get their supervisor's approval before sending certain emails.

**Policies for our overseas offices**

We have appointed a CISO\* and an information security PIC at our 18 principal offices overseas, who are directing the development of an appropriate information security system and the drafting of an information security plan for their office. We are also putting together and expediting the rollout of "security package" infrastructure which takes local factors into consideration such as civil disorders, the power supply, and the quality of telecommunication lines.

\*CISO: Chief Information Security Officer

**Strengthening management of information security at our business partners**

As with our own employees, we also undertake information security programs for our business partners. These include requiring our partners to undertake security defense

measures, providing them with information sessions on security guidelines, conducting surveys on their security measures, and requesting annual reports from them on how they corrected problems that they found and on their security plans and programs in general.

**Policies for minimizing the impact of information security failures**

The NRI Group has rolled out a centralized information security failure management system. A feature of this system is that a failure is not just reported one-way from where it has occurred – the system employs interactive communication, which allows decisions to be made based on a bigger picture formed from a range of perspectives. As well as achieving swift and appropriate responses to an individual failure, this feature helps to extend the take-up of improvement policies throughout the company.

In the event of a cyber-attack, in accordance with our Contingency Plan we use our emergency notification network to call a meeting of our Crisis Management Committee, which then monitors the situation and works on achieving a resolution.

**New or revised rules on information security for FY2013**

	New	Revised
Rules (no.)	3	50

**Main information security training programs (FY2013)**

	No. of times held	No. of participants
For new employees	11	315
Job-specific training	9	1,538
Practical training in security	3	94
Security training for overseas offices	1	781
Security training for temporary employees	1	1,447
Personal information (Privacy Mark®) training	1	5,645
Special training for individual Divisions	4 Divisions	Not recorded

**Audits undertaken to ensure the security of clients' systems, and corrections taken (FY2013)**

	No. of audits	No. of areas for correction	No. of corrections completed
Verification assessments conducted of project security rules	167	-*	-*
Audits of public Web systems	42	-*	-*
Audits of responses to cyber-attacks	239	13	13
Audits of live productions and development management	136	25	25
Real-time audits of usage of cloud-based environments	98	71	68
Real-time audits of systems involving the storage of large volumes of personal information	136	3	3

\*Because correction guidance was given in the course of the audit, number not recorded

**Company-wide responses to cyber-attacks (FY2013)**

Anti-virus software installed	On around 26,000 terminals
Danger determination made in response to a vulnerability, and sharing of and follow-through on that danger	7 times
Targeted phishing email response training	10 times, given to 12,795 employees in all

**Personal Data Protection (FY2013)**

No. of cases recorded in our personal information management register	Around 1,300
Departments audited	All Departments (220)

**Managing human error (FY2013)**

Effect of installing software to prevent emails being sent to wrong recipients	These emails cut by around 45% (compared to FY2011)
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**Policies for our overseas offices (FY2013)**

Overseas offices security managers liaison group	Met 4 times
No. of overseas offices given an on-site assessment	18
No. of overseas offices where a security package was rolled out	15

**Assessments of business partners undertaken (FY2013)**

	No. of business partners	No. receiving correction orders	No. where corrections completed
Assessments of business partners	More than 100, including Chinese partners (Details are not made public)	90 companies, for 212 corrections	88 companies, for 206 corrections

**Certification on information security**

ISMS certification (Information Security Management System)	Tokyo Data Center I Yokohama Data Center I Yokohama Data Center II Osaka Data Center Securities IT Solution Division (partial business) System Consulting Division (partial business) Data Center Security Management Department (partial business) NRI Secure Technologies
Privacy Mark®	NRI Ltd., NRI Net Com, Ltd., NRI Data I Tech, Ltd.

**Information security failures (FY2013)**

Information security failures	Increased by around 8% (compared to FY2012) (An increase in the no. of viruses (all quarantined))
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**Intellectual property management**

The NRI Group develops and delivers information systems, which serve as important pieces of infrastructure on which society depends, to a wide range of industries, including the securities, banking, insurance, distribution, and communications sectors. If we were to breach the patents or other intellectual property of others, this might impact on our delivery of these information systems. Alongside its efforts to avoid such

infringements, the NRI Group also believes that obtaining and exploiting its own intellectual property fully will enable it to offer the reliability with which it needs to supply such important infrastructure on which society relies.

From this perspective, we have put in place a proper system for managing intellectual property issues, directing our efforts towards the following priorities:

- Preventing our infringement of other people's IP rights
- Gaining legal protection for our own intellectual property, and defending and exploiting those rights
- Conducting education and awareness campaigns

**Management system**

Our Legal and Intellectual Property Department leads the assertive management processes that we apply to the intellectual property that is generated and/or used in the course of our R&D, our project planning, and our development of information systems. We conduct reviews of new business and R&D projects as soon as possible to detect the seeds of new technologies and other new businesses, conducting patent searches and expediting our own acquisition of any legal protections. The Legal and Intellectual Property Department currently has five employees who are qualified patent attorneys.

**Preventing our infringement of other people's IP rights**

The following are some of the legal practices we engage in to prevent our infringement of other people's intellectual property. Our central aim is to avert such infringements in the first place.

- Conducting patent and trademark searches very early on at the R&D and/or conceptual planning stage.
- Upon becoming aware of any possibility of a conflict with someone else's intellectual property, conducting a fair investigation of the facts before developing an appropriate response.
- Conducting periodic checks to verify which software we have installed on our computers and whether that complies with the licenses we have acquired.

**Gaining legal protection for our own intellectual property, and defending and exploiting those rights**

The Legal and Intellectual Property Department works in close communication with our business divisions, spurring them to acquire and fully utilize the benefits of our intellectual property, as it pursues its work in the following way:

- Acquiring patents early on in any R&D or business planning process for any ideas and technologies that arise.
- Preparing inventories of our existing patents so that they can be more actively exploited.
- Putting in place regulations and systems for managing IP issues at new domestic or overseas members of the NRI Group joining for example by way of a merger or acquisition.

### Education and awareness campaigns

The NRI Group works to fix the habit in our employees' minds of always seeking IP protection for ideas, such as patents and copyright. We also have a program to have our employees instinctively respect the IP rights of others, so as to avoid IP infringements. Areas of priority during fiscal 2013 in this regard were reinforcing awareness of revisions to the Copyright Act, and embedding understanding in our employees' minds of the fundamentals of copyright law and practice. Internal seminars were again held throughout the NRI Group to raise employees' awareness. We are also enthusiastic supporters of industry association programs that aim to raise awareness of IP issues and to bring new energy to the information services industry through the enhanced use of intellectual property assets.

## Environmental Protection

The community's consumption of electricity has expanded due to the rapid spread of ICT (information and communications technology) devices. NRI has been working to reduce the environmental impact of this phenomenon by developing efficient information systems and providing shared online services and data center services. We also contribute to reducing society's overall environmental impact through our consulting work for companies and with our recommendation projects for society in general, which draw on the results of our studies and research into the environment.

Our Data Centers account for 80% of our company's entire energy use. We obtained ISO14001 certification for all our Data Centers, focusing our efforts on reducing their environmental impact based on our environmental management system. We are also steadily implementing programs to reduce the environmental impact of our offices, through steps to avoid the daily peak electricity demand, general ongoing energy-saving practices, and buying renewable energies.

The NRI Group's business activities impact on the environment in the following ways:

- The environmental impact of CO<sub>2</sub> emissions generated from our operation of data centers.
- The environmental impact of CO<sub>2</sub> emissions generated from our offices' business activities.

NRI is therefore directing its efforts towards the following priorities designed to reduce its environmental impact:

- Reducing our environmental impact through the efficient operation of our data centers.
- Reducing our company-wide environmental impact through NRI Green Style activities

Additional contributions that we are making to reduce society's overall environmental impact include carrying

out studies and research on the environment which we use as the basis of our recommendations; developing efficient information systems; and providing clients with shared online services and data center services.

### Reducing our environmental impact through the efficient operation of our data centers

#### Energy efficiency improvements achieved for our data centers

- Obtaining ISO14001 certification for our environmental management system for all of our data centers.
- Committing more heavily to natural energy sources, such as electricity produced by solar panels, and geothermal heating systems.
- Systematic upgrading to the latest equipment designed for the future.
- Achieving greater energy efficiencies through improvements to how we install our racks and devices by concentrating our ICT equipment in the one room.
- Installing the newest type of monitoring systems that monitor our ICT appliance environment in real time.

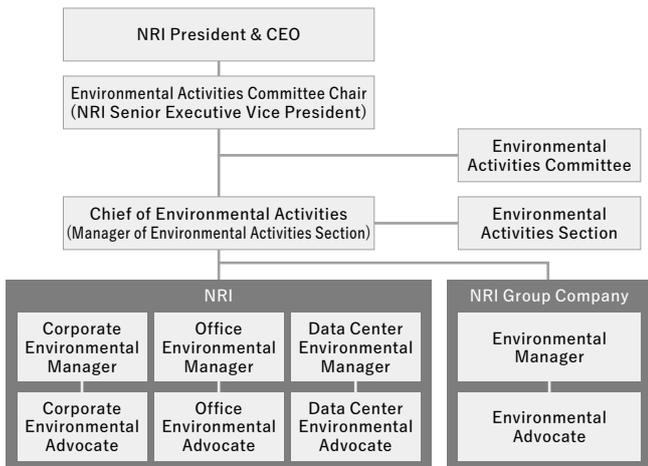
#### Our environmental achievements for our data centers

- All waste sorted according to laws and local government ordinances.
- Environmental education for our employees — over 1,200 have undertaken e-learning programs.
- Training employees to be ISO14001 internal auditors — 7 auditors now trained (FY2013).
- Renewal audit by ISO certification body — undertaken in November 2013.
- Local community cleanup activities — participating each month near our data centers in the greater Tokyo area.
- Promoting green purchasing for our office supplies — continuing quantitative monitoring of our green purchasing.
- Continuing our office supplies reuse program.

### Reducing our company-wide environmental impact through NRI Green Style activities

#### Personnel organization for promoting environmental activities

In July 2014 we set up an Environmental Activities Committee and Environmental Activities Section to strengthen our organizational structure for advancing our environmental activities.



**The NRI Group's Environmental Policy**

The NRI Group has adopted an Environmental Policy, the standpoint for all of our executives and employees to follow regarding our initiatives for reducing our impact on the environment.

[Click here for our environmental policy.](#)

**Biodiversity Action Agenda**

NRI has adopted a Biodiversity Action Agenda. Incorporating initiatives into our business activities that engage with biodiversity and other environmental measures leads to reduced environmental impacts, biodiversity preservation, and sustainable exploitation.

[Click here for our Biodiversity Action Agenda.](#)

**Project Offering "Make-your-own Personal Chopsticks" environmental education workshops as community interaction events**

Make-your-own Personal Chopsticks events are informal workshops where families with children in particular can learn or practice making their own personal reusable chopsticks from Japanese cypress forest thinnings. These events provide both an environmental education program on protecting and promoting biodiversity, as well as an opportunity for people to interact with others from the broader community. A talk is also given at these events explaining how thinning forests makes them healthier, and marine life becomes more abundant too because rivers flowing into the sea are coming from healthier forests upstream. These events provide enjoyment to the many young families who attend them.



Parents and children eagerly making their own chopsticks



Proudly holding their handiwork aloft

**Project Buying Green Certificates to help counter global warming**

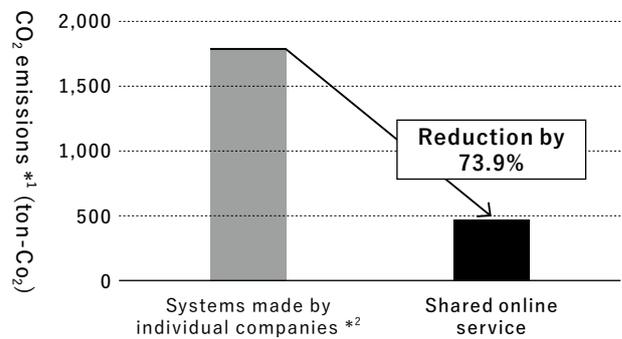
NRI has purchased Green Power Certifications issued by the Japan Natural Energy Company Limited. These bought us "green" electricity produced from biomass that contributed ten percent of the total electricity used last fiscal year by our Marunouchi Center in Tokyo, where our Head Office is located.

**Cutting our CO<sub>2</sub> emissions generated by our business activities**

**Project Achieving major reductions to CO<sub>2</sub> emissions through the use of shared online services**

NRI provides shared online services, where several companies in a variety of fields make use of one information system. In the case of STAR, our integrated back-office system for retail securities companies, our preliminary estimates indicate that using STAR allows these clients to cut their CO<sub>2</sub> emissions by around 70% compared to if they each operated a similar system of their own.

**Comparison of Annual CO<sub>2</sub> Emissions between Shared Online Service and Proprietary Systems Made by Individual Companies**



\*1 Calculated by multiplying electricity usage by the real emission factor of Tokyo Electric Power Company released by the Ministry of Economy, Trade and Industry

\*2 Calculated using an estimate of the approximate curve from a regression analysis of sample data, assuming that a client using STAR operates a similar system on their own.

[For more click here](#)

**Project Playing a core role in the campaign to have data center energy conservation indicators developed in Japan adopted as the international standards**

At the EU-US-Japan Public-Private Trilateral Conferences since 2009, and more broadly under the auspices of the International Organization for Standardization (ISO) since 2012, NRI has pursued negotiations to have the data center energy conservation indicators developed in Japan adopted as the international standard. NRI has been acting in a principal role, chairing committees at the domestic level and serving as a task force leader on international committees. At an international workshop convened in Korea in May 2014, two of the data center energy efficiency assessment indicators proposed by Japan were approved

as the WD (Working Draft) for an ISO standard. These indicators constitute the DPPE\* that was developed at the Green IT Promotion Council (GIPC) with NRI's participation as well. The plan is to ultimately adopt this WD as the international standard in the future after it has passed through the CD (Committee Draft) and DIS (Draft International Standard) stages.

In its capacity as a data center operator, NRI also has headed up the Data Center Working Group and served as Chair of the Environment Committee at the Japan Information Technology Services Industry Association (JISA), where it played a central role in demonstrating the effectiveness of DPPE.

\*DPPE

Datacenter Performance Per Energy. Matrix for data center energy efficiency.

Support measures for user companies to promote the transition to cloud data centers, which are fiscal 2014 measures of the Ministry of Economy, Trade and Industry, and support measures for the introduction of DPPE at data centers, have been successfully enacted through the programs by the Japan Data Center Council (JDCC) as well, by verifying that data centers contribute to lower carbon emissions by society as a whole.



DPPE being discussed at international forums

#### **Project** Contribution to mitigating environmental impact through consulting activities

Project to verify the feasibility of contributions by Japanese companies with superior technology in sectors where such technology can be adapted to address the effects of climate change

NRI has helped verify the feasibility of projects aiming to provide support to developing countries which are vulnerable to climate change. These projects would make use of the various superior technologies that Japanese corporations possess, as adapted to address the effects of climate change. Japanese companies for example possess outstanding technologies that could be adapted to re-forest deserts. NRI collected a wide range of proposals for projects from different private-sector companies, and provided support as a bridge between these companies and the Ministry of Economy, Trade and Industry.

#### Net Zero Energy Home pilot project

NRI provided support for an experiment building "net-zero energy home," which use energy conservation features

and off-grid renewable energy sources such as solar panels. The purpose of the experiment was to try to reduce the amount of energy consumed by Japanese homes, which is a growing portion of Japan's energy consumption. After generally recruiting universities wishing to participate, NRI selected 5 who took up the offer. The experiment took the form of a competition, with the universities partnering up with companies to compete against each other in designing and building a model house, the environmental benefits of which were then formally scrutinized. NRI provided support from the stage when the universities were publicly invited to participate.



The line-up of the model houses

#### Assistance for construction activities under the Top Runner Program for Building Materials

To date, the Japanese government's Top Runner program has been applied to cars and home appliances, and has been regarded as a success in raising the standard of Japan's energy conservation technologies. NRI provided support in designing a scheme for applying this Top Runner program to building materials such as insulation materials, which contribute indirectly to energy conservation.

[Click here for more on these three projects.](#)

#### Other projects

NRI is also engaged in the following projects.

- A joint research project in India on policies to promote energy conservation in the transport sector.
- A research project aiming to develop a system for training skilled professionals in international energy and environmental issues.
- An experimental project on energy local production for local consumption, using urban greenery.

**Environmental impact INPUT (resources used)**

		FY 2011	FY 2012	FY 2013
Energy resources	Electricity (10,000 kwh)* <sup>3</sup>	18,641	18,497	18,134
	Kerosene (kl)	16	12	31
	Fuel oil A (kl)	87	43	106
	Mains gas (10,000 m <sup>3</sup> )	55	51	50
	Cooling water, steam (x103Gj)	109.5	105.1	93.1
Water resources * <sup>1</sup>	Mains water (10,000 m <sup>3</sup> )	15.7	17.5	18.4
Paper resources * <sup>2</sup>	Office paper supplies(t)	291	307	255

\*1 Only the water resources used at our data centers.

\*2 Only the paper resources used at our offices; the figures starting from FY2012 are the total amount used by the NRI Group domestically.

\*3 The figures starting from FY2013 are the amount for the entire NRI Group, including our overseas offices.

**Environmental contribution activities (neighbourhood clean ups around our offices)**

Office:	Frequency	No. of participants (yearly total)
Kiba	Once a month	227
Yokohama (YBP)	Once a month	331
Yokohama Data Center II	Once a month	98
Hiyoshi Data Center	Once a month	54
Tokyo Data Center I	Once a month	379

**Environmental impact OUTPUT (impact on environment)**

		FY 2011	FY 2012	FY 2013
Greenhouse gases	Electricity consumed (10,000t CO <sub>2</sub> )	7	8.2	9.5
	Gas/fuel consumed (10,000t CO <sub>2</sub> )	0.8	0.7	0.7
Water discharged in operations * <sup>1</sup>	Water discharged (10,000 m <sup>3</sup> )	7.3	16.3	15.0
Paper waste * <sup>2</sup>	Total waste (t)	297	288	287
	Sent to landfill (t)	0	0	0
	Percentage recycled (%)	100	100	100
Industrial waste	Total waste (t)	979	369	257
	Sent to landfill (t)	63	22	22
	Percentage recycled (%)	93.6	94	91.4
PC disposal	No. of PCs	3,949	16,667	4,804
Reusing and recycling	Greenhouse gas reductions (t-CO <sub>2</sub> )	351	1,537	402

\*1 Only the water discharged from our data centers.

\*2 Only the volume of waste from our offices; the figures starting from FY2012 are the total amount from the NRI Group domestically.

**Data center energy consumption efficiency improvements achieved in FY2013 (against FY2012)**

	Rate increased/ decreased	Change in CO <sub>2</sub> emissions
Yokohama Data Center I	▲1.83%	748 t
Yokohama Data Center II	1.25%	2,295 t
Hiyoshi Data Center	0.87%	▲1,231 t
Osaka Data Center	▲5.56%	371 t
Total for four data centers	▲1.12%	2,183 t

**CO<sub>2</sub> emission data for offices**

	FY 2011	FY 2012	FY 2013
Tokyo area (t)	4,867	5,496	6,614
Yokohama area (t)	9,374	9,714	11,550
Other office buildings (t)	723	876	1,549
Total (t)	15,243	17,400	19,713

## Material CSR Theme **3** Developing human resources who can generate innovation

### Fair employment and human resource practices

The NRI Group's basic policies are to treat our employees' individuality and human rights with dignity and respect, and to apply fair HR practices based on individual performance and ability. Our management of human resources has three main components: assessments based on performance, outcomes, and ability; a variable work arrangement known as a "discretionary labor scheme"; and a program of employee appraisals linked to human resource development. The aims of this management system are to allow our employees to demonstrate higher levels of skills and to be treated in a manner appropriate for professionals.

The NRI Group believes that the high level of expertise that each employee has is the very foundation on which we can deliver high added value services to our clients. When our securing and training of the right professionals does not proceed as envisioned, however, those services' "progress" and "trust" decline along with our ability to meet our clients' exacting requirements every time, which could in turn have consequences for the broader community. In order to avoid such a scenario, we make our hiring and employee remuneration decisions on the basis of a considered evaluation of each individual employee's various abilities, expertise, and skills, without discriminating for example on the basis of gender.

#### Our hiring practices

In addition to its annual recruiting of new graduates, throughout the year NRI hires mid-career candidates, and people with disabilities. In the information sessions it holds for potential new personnel, NRI presents facts and information about itself in keeping with the concept of RJP\*.

\*RJP: Realistic Job Previews. A hiring process concept involving of being frank and open description of both positive and negative aspects of a job and corporate culture at the employer to prospective employees.

In order to expand the occasions for learning about both our industry and our company, through internships we offer an opportunity to gain exposure to our workplaces, and we also show videos that explain NRI and what we do on our graduate hire homepage, allowing those students who cannot attend our job seminars to gain a greater understanding of our company and industry.

In order to ensure that we have a diverse group of employees, NRI also actively engages in hiring human

resources globally, for example by conducting recruitment campaigns overseas.

#### NRI and employees with disabilities

In fiscal 2013 NRI hired another 11 individuals with disabilities, who made up 2.1% of our entire workforce.

In fiscal 2012 we installed a massage room in one of our offices where two people are employed under the new job category of in-house alternative health therapist (known as "health keepers" in Japanese). In fiscal 2013 we put in massage rooms in three more of our offices in Japan, and hired 6 new "health keepers."

#### NRI and female employees

Female employees accounted for 17.7% of NRI's workforce as of March 31, 2014.

With the aim of achieving a workplace where our female employees can flourish, since fiscal 2008 the NRI Women's Network (NWN) has been developing activities with the three objectives of supporting career development for women at NRI; providing support to achieve a balance between work and raising a family; and cultivating a corporate culture that is inclusive of women. One of those activities is the NWN Annual Conference, the sixth of which was held in fiscal 2013. Around 200 employees of both genders and all ages attended, hearing talks by guest speakers and exchanging views with their "fellow" attendees on the Conference's theme of "What You Can Do Today."

Individual talks and training programs are also conducted on a regular basis for those female employees who are pregnant or raising a family, as well as for their managers.

#### Dialogue with the labor union

NRI has a union shop contract with the Nomura Research Institute Labor Union (3,701 members as of April 1, 2014).

Through collective bargaining and informal meetings, NRI frequently discusses various issues with the union, including financial benefits and aspects involving human resources management and the work environment. Findings from the annual survey of employees' attitudes conducted by the Union as well as the issues that have come to light in deliberations at the Union branch meetings and seminars are reported to NRI's executive management so as to inform its drafting of HR policies.

### Employment trends by type

	FY2011	FY2012	FY2013
Total number of employees	5,739	5,823	5,938
Women	971	1,018	1,053
(%)	16.9	17.5	17.7
Specialists and trainees	5,124	5,247	5,349
Women	628	666	699
Senior specialists	1,976	2,081	2,208
Women	82	98	109
Employees with disabilities	91	100	109
Employees with disabilities (% of total)	1.8	1.9	2.1
New hires for the year	380	357	308
Women	100	97	83
Turnover (% of total)	3.1	2.7	2.4
New graduate hires retention rate after 3 years (%)	93.4	95.4	96.6
Average employment period (years)	12.0	12.5	13.0
Average salary (thousand yen)	10,518	10,712	10,911

Note: Figures are as of March 31 of each fiscal year

### The NRI Group's workforce

	FY2011	FY2012	FY2013
No. of employees	6,881	7,738	8,123

Note: Figures are as of March 31 of each fiscal year

### No. & percentage of NRI Group employees by region (as of March 31, 2014)

	Total	Men	Women
Overall total (no.)	8,123	6,432	1,691
	100%	100%	100%
Japan (no.)	7,302	5,901	1,401
	89.9%	91.7%	82.9%
Outside Japan (no.)	821	531	290
	10.1%	8.3%	17.1%
Europe (no.)	13	7	6
	0.2%	0.1%	0.4%
Americas (no.)	33	17	16
	0.4%	0.3%	0.9%
Asia (no.)	775	507	268
	9.5%	7.9%	15.8%
Of which China (no.)	331	162	169
	4.1%	2.5%	10.0%

Note: Percentages are based on the overall total = 100%

## Diversity

The NRI Group works to provide workplace environments where employees with the will and skills to so do can thrive, and where they can achieve a sound work-life balance.

As the number of both our employees and our Group companies grows, so too has the importance of having the right workplace environments where individual employees can thrive. If we fail to develop such environments, however, individuals can become disengaged, their mutual bonds with their colleagues break down, and the NRI Group fails to deliver increased value to its clients and

the broader community. For this reason the NRI Group is embracing the creation of strong, supportive workplace environments that support our employees' potential.

### Supporting employees who are pregnant, raising young children, or caring for invalid relatives

NRI complies with the certification criteria under the Act on Advancement of Measures to Support Raising Next-Generation Children, allowing it to maintain its use of the relevant certification logo (called "Kurumin"). NRI has been working to put in place arrangements to allow employees with parental responsibilities to achieve full, assured working lives, and to communicate childcare information to all of its employees.

In fiscal 2013, based on idea developed in fiscal 2012 by an [NRI Women's Network \(NWN\)](#) working group, in order to introduce some flexibility into the start and finish work times of employees raising children or caring for invalid relatives, some revisions were made to our childcare and nursing care-related schemes.

### Promoting a good work-life balance

NRI has operated its company-wide Smart Work Style Campaign since fiscal 2006, to get employees to take another look at how they work so as to help them work smarter, and at the same time to find time away from work to spend in ways that enrich their life. In fiscal 2014, through initiatives controlled by employees themselves aimed at raising the quality of their lives and creating time for their self-improvement, we ran this Campaign with the goals of reducing the long hours that employees spent working and making sure that they took consecutive periods of leave.

Since 2008 we have published *NRI Wave "Family"*, a magazine for our employees and their families to promote greater understanding of NRI and to provide useful information. During the summer and winter vacations we also hold Bring Your Child to NRI Day!, and the children of our employees are invited to see their parents at work.

### Numbers of employees who took childcare leave, nursing care leave, or other similar leave

	FY2011	FY2012	FY2013
Paid maternity leave	7	9	9
Childbirth leave	55	56	53
Childcare leave	60	54	66
Of whom were male employees	10	7	8
Nursing care leave	3	2	3
Percentage of (female) employees returning to work after childcare leave	97.1	95.1	98.0
Percentage of (female) employees remaining in work after childcare leave	94.7	91.7	92.9

Note: This is the number of employees who started a period of leave by the end of the fiscal year in question.

Percentage of (female) employees returning to work: This is the number of (female) employees returning to work in the relevant fiscal year after taking childcare leave, divided by the number of (female) employees expected to return to work after taking childcare leave in the fiscal year, multiplied by 100.

Percentage of (female) employees remaining in work: This is the number of (female) employees who in the previous fiscal year returned to work after taking childcare leave and who were employed with NRI as of March 31 of the current fiscal year, divided by the number of (female) employees who in the previous fiscal year returned to work after taking childcare leave, multiplied by 100.

**Percentage of employees taking annual paid leave**

	FY2011	FY2012	FY2013
Percentage of employees taking annual paid leave (%)	63.8	59.0	58.6

Note: The percentage of employees taking annual paid leave is the number of days' annual paid leave taken that fiscal year, divided by the number of days' annual paid leave allotted for that fiscal year

**Occupational health and safety**

One of the NRI Group's core policies is to provide its employees with safe, sound workplace environments. We spare no effort in initiatives to manage our employees' working hours, for putting in place proper workplace environments, and for managing our employees' individual health.

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group. Should it happen that owing to an occupational health and safety issue an employee cannot exploit the full potential of their abilities in a sound workplace, the resulting drop in productivity and/or poorer quality of outcomes may impact on our delivery of the information systems that are important foundations underpinning the society, or of the consulting services that play an important part in our clients' management and businesses.

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

- 1 Complying with laws and regulations on overtime work and holidays.
- 2 Eliminating long hours worked consecutively.
- 3 Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
- 4 Reducing the amount of night work that employees perform.
- 5 Ensuring that employees are disciplined about taking extended consecutive periods of leave (such as an August summer break, and "recharge leave")

**Proper workplace environment**

With the aim of achieving proper work environments, NRI has set up a Health and Safety Committee and also put in place a hygiene management system in each business division. With these arrangements we are developing proper work environments appropriate to the particular business and operating processes of each business division.

**Management of work hours**

NRI's engagement in fair labor management practices is reflected in its adoption of internal management standards governing hours of work, night work, and holiday work in compliance with labor laws.

We have mechanisms in place to accurately monitor our

employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened.

**Health Management**

All NRI Group employees are instructed to get regular medical examinations and a full physical examination. We have set up a system where employees can consult an occupational health physician (OHP) at a health management office within our principal offices.

Our OHPs check the results of employees' medical and full physical examinations, offering health counseling to employees when requested. If an employee's overtime work exceeds the stipulated internal levels, an appointment with an OHP becomes mandatory out of consideration for the impact on the employee's physical and mental health.

We provide all employees with a psychological health checkup every two years. Employees who receive a checkup can consult with a psychiatrist or a clinical psychologist, and so can their families.

We have set up PraNet (Professional Assist Network), a service allowing our employees to obtain advice on a wide range of issues, including job-related ethical and compliance issues, workplace environments, and health.

In addition to a range of topic-specific internal helpdesks, we have also set up external helpdesks for example for health, as well as hotlines for work-related compliance issues and sexual harassment inquiries.

**No. of work accidents**

	FY2011	FY2012	FY2013
No. of work accidents	0	0	0

Note: Number represents the number of either fatal accidents or incidents necessitating 4 or more days' leave due to a casualty accident.

**Supporting career and skills development, and fostering corporate culture**

Human assets" are the foundation stone of the NRI Group – namely, its employees: individuals who possess a high degree of expertise, who work with a spirit of autonomy for goals they themselves have set, and who boldly leap at challenges to the status quo. In order to cultivate such "human assets," NRI believes it is necessary to create mechanisms and environments that cause talents to bloom and deliver in the form of outcomes at the coalface.

As Japan experiences great change, and as the rate of social change increases, it has become important to train human resources who can comfortably adapt to change. For this reason we have implemented measures focusing on: the adoption of career fields to clarify the type of human

resource we are aiming for; responding to globalization; and cultivating an innovation mindset within our company and fostering a corporate culture of innovation.

### Career and skills development support framework

The NRI Group takes an active role in training its employees for fulfilling careers as professionals. The human resource development program that the Group provides to its employees incorporates three fields: training programs; self-development; and, most importantly, on-the-job training (OJT).

#### C&A Program

The C&A (Challenge & Act) Program supports the systematic and self-directed development by employees of their skill set. Under this Program specialist and trainee employees meet with their manager every six months, to set individual goals and to assess their achievement of goals set earlier.

#### AHEAD\* program (diagnosing the work of our Human Resources Training Program)

Once a year NRI conducts AHEAD, a questionnaire-based survey of its employees to assess its Human Resources Training Program. The survey allows supervisors and internal organizations to gauge the impact of the guidance and training being given to junior employees. The AHEAD program serves to raise employees' awareness of the need for skills development.

\*AHEAD: Assist Human Expertise Ability Development

#### Aspirations Program

Under this program all employees meet directly with the General Manager of the Personnel Department every six months, to discuss issues relating to current work responsibilities, the workplace environment, and the employee's future career path. This is used to support employees' self-awareness and to ensure that the right employee is assigned to the right position.

#### Group training

The Center for Human Resources Development works together with the Human Resources Training Program PIC from each Division to plan and hold both lectures for the entire company, as well as lectures suited to the particular needs of the relevant Division. They also inform employees about external training programs. In fiscal 2013 we continued to review our existing policies, and consolidated a human resource development structure which makes it easier for employees to map out their long-term career goals.

- Reviewing training at the time of a promotion  
Through renewing employees' awareness of our corporate philosophy when they are promoted and getting them to understand their role and the

expectations of them, we are supporting them with their self-directed career development.

- Expanding our IT Professional Training Course  
We expanded and began the full-scale operation of this career-segmented development program, which provides training for both young systems engineers and engineers at a middle stage in their careers.

#### NRI's Internal Certification Program

This is a scheme that the NRI Group has created for the certification of its employees who have particularly high levels of expertise. The scheme serves as a set of signposts to help guide employees through their career. 239 employees had received certifications under this program as of April 2014.

#### Global human resources development

In fiscal 2011 we began an [overseas trainee scheme](#) to provide practice-based training that incorporates on-the-job experience overseas. Under this scheme, an employee is sent to an overseas office of the NRI Group or one of its corporate clients for a period of one year. In addition to practical business training the employee also undertakes outside training, for example in the relevant foreign language.

17, 22 and 29 employees were sent on this scheme in fiscal 2012, 2013, and 2014 respectively, to countries in North America, Europe, and Asia. From now on we expect to send around 30 employees continually each year.

In addition to this scheme, for some years now NRI has also been conducting an overseas study program, which allows an employee to gain a degree from an overseas university, as well as an overseas training program where an employee enrolls in a short course at an overseas business school to study business administration, or spends a few months in China or India learning the basics of systems development in Chinese or English.

We will be bolstering these programs, and along with the overseas trainee scheme, our plan is to send between 100 and 150 employees overseas for training each year.

#### Career fields (classifying different areas and levels of expertise)

As part of the C&A program, employees are urged to take on more than one career field, encompassing their current area and level of expertise. They share this information, along with their future goals, with their supervising manager. Under the revisions made in fiscal 2013, the old fields were re-defined and further sub-divided into 22 career fields that reflect industry standards, in order to better align with what our employees actually do and to clarify our professionals' image in people's minds and their categorization outside the Company. The concept of levels was also added to the fields.

Our purpose in setting career fields was to make

employees aware of the need to strike a balance between "pursuing considerable expertise" and "having diverse areas of expertise" that their organization demands, and to use that in their own work and career plan. In addition we are also putting in place and building up in-house training programs in line with the system of career fields, in order to advance an organized structure for our development and deployment of human resources.

### New Career Fields

List of career field	
1	Corporate Strategy Consultant
2	Business Consultant
3	Systems Consultant
4	Business Strategist
5	Sales Representative/Marketing Manager
6	Project Manager (Construction)
7	Project Manager (Enhancement)
8	Application Architect
9	IT Infrastructure Architect
10	Application Specialist
11	Common Applications Infrastructure Specialist
12	IT Platform Specialist
13	IT Services Manager
14	IT Security Specialist
15	Researcher
16	Data Scientist
17	Project Management Specialist
18	Quality Control Specialist
19	Business Administration Staff
20	Corporate Management/Head Office Staff
21	Systems Engineer
22	Consultant

### Cultivating an innovation mindset within our employees and fostering a corporate culture of innovation

#### NRInnovation! Forum (NIF)

NIF is a program that we launched in fiscal 2011 to cultivate innovation in our employees' thinking and within our corporate culture. It is a forum for our employees to build networks with each other, and to discuss, explore, and raise proposals regarding internal company issues. NIF is made up of three theme-based groups: "Human Resource Development", "[NWN \(NRI Women's Network\)](#)", and "Global Business." Each runs its own forums and bottom-up activities organized by employees on a volunteer basis.

Outside experts are invited to give lectures at forums, which also see shared discussions on messages from NRI President & CEO Tadashi Shimamoto and on case studies from within and outside the organization, all of which helps deepen awareness of each NIF topic. Employees form new

networks with their colleagues through these discussions. The bottom-up activities principally bring together younger employees from different divisions, while in the process serving as occasions to promote debate on issues and ideas on an ongoing basis.

#### Dream up the future Awards

"Dream up the future" is the NRI Group's corporate philosophy, and in keeping with that the Dream up the future Awards were launched in fiscal 2004 to encourage NRI Group employees to engage in activities to "dream up the future." The awards are given in January each year.

#### No. of NRI Group employees who have obtained the following professional qualifications (as of March 31, 2014)

Type of Certification	Number of Certification Holders
Information processing engineer (advanced)	2,560
IT Coordinator	172
Project Management Professional	192
ITIL Manager/Expert	48
Chartered Member of the Securities Analysts Association of Japan	224
US-certified Financial Analyst (CFA)	3
Certified Public Accountant	9
US-certified Public Accountant	7
Certified Tax Accountant	3
Patent Attorney	7
Small and Medium sized Enterprise Consultant	36
Actuary (full & assistant)	2
First-class Registered Architect	11
Chief Telecommunications Engineer	119

Note: Information processing engineers (advanced): The NRI Group classifies information processing engineers, excluding IT passport engineers, basic IT engineers, and applied IT engineers, as "advanced."

#### Training expenditure and time taken

	FY2012	FY2013
Expenditure on training (for the NRI Group as a whole) (¥ million)	1,843	1,853
Per person time spent in training (NRI employees only) (hours/person)	—	63

Note: Per person time spent in training for fiscal 2012 could not be calculated owing to a lack of data.

## Development of Human Resources

With the aim of realizing our corporate philosophy of "Dream up the future," NRI has developed a range of programs that use the know-how that we have acquired through our business activities to good effect, to support the development of the human resources who will lead future generations.

[For more click here \(only available in Japanese\)](#)

**Project** [Nomura School of Advanced Management](#)

The Nomura School of Advanced Management (NSAM) is a business school established in 1981 to train company managers and executives. In 2009 it became a certified public interest incorporated foundation.

**Project** [NRI Student Essay Contest](#)

NRI has held the NRI Student Essay Contest since 2006, to give university and senior high school students and international students an opportunity to consider how Japan and the world's future should be.

**Project** [Supporting career education](#)

NRI provides a range of different career education programs to elementary, junior, and senior high schools. We are assisted in our development and conduct of the programs for elementary and junior high school students by the non-profit organization S.A. Net (School Advice Network). We also hold workshops and other programs for university under- and post-graduate students.

**Project** [Giving lectures and talks at universities](#)

We send our consultants and system engineers out to universities to give lectures on topics that include corporate management and IT. In fiscal 2013 NRI Chairman Akihisa Fujinuma gave a lecture entitled "Japan's information services industry and NRI's management" to post-graduate students at his alma mater, Tokyo Institute of Technology.

**Project** [Practical business training for school teachers](#)

At the request of the Keizai Koho Center, NRI has been running a training program for elementary, junior high, and senior high school teachers. Each year we invite a number of teachers to our Head Office with the following goals: giving the teachers a greater understanding of the culture of what corporations do in general and what corporations are doing in particular about environmental issues; teaching their students about their own personal experience of getting training at a corporation; and applying what they learn in how they operate their schools in the future.

**Project** [NRI Dream up the future Campus](#)

These are mutual discussion forums that we hold for students with our employees. In fiscal 2013 we held Campuses in Tokyo and Osaka, on the topic of "Getting to know the global leaders whose stage is the whole world." 464 people attended these events in all.

**Project** [Support for JFA's Kokoro Project](#)

This Project is run by the Japan Football Association (JFA) with the aim of making a contribution to children's sound psychological and physical growth. NRI is providing support for the Project in its work.

**Project** [NRI supports Japanese language studies at Tsinghua University in Beijing](#)

NRI holds an annual speech contest for Chinese students studying Japanese at Tsinghua University. 12 students took part in the contest for fiscal 2013, giving speeches on what they think are the more unusual characteristics of Japanese people.

**Outcomes for our development of human resources projects**

	FY2011	FY2012	FY2013
No. of people enrolled in NSAM courses	193	199	189
No. of Student Essay Contest applications	1,037	1,363	1,518
Supporting career education programs			
No. of schools	33	29	35
No. of students	Over 1,300	Over 900	Over 1,600
Giving lectures at universities			
No. of universities	26	29	32
No. of employees sent	54	57	47

## Governance

### Corporate Governance/Internal Controls

NRI considers that the key objective of corporate governance is to increase our corporate value by making prompt and accurate decisions for our business execution and implementing fair and efficient management, which is transparent to all our stakeholders. NRI is a company with Audit & Supervisory Board. NRI makes effective use of Audit & Supervisory Board Members and the Audit & Supervisory Board, while building the system to further enhance NRI's corporate governance. We believe that NRI's corporate governance system, underpinned by the organizational arrangements of a company with an Audit & Supervisory Board, is functioning effectively.

#### Measures aimed at ensuring meaningful meeting of shareholders

To help invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, we take steps such as setting meeting dates with the aim of maximizing shareholder attendance and sending meeting notices early on, and have adopted an internet-based system for exercising voting rights and a platform that allows institutional investors to exercise voting rights electronically. We also undertake activities to improve communications with shareholders. One example is the holding of management debriefing sessions following the General Meeting of Shareholders to explain the status of NRI's business and future initiatives primarily to individual investors.

#### Business management and execution system

As of July 2014, NRI has nine Members of the Board, including two Outside Members of the Board. Members of the Board are elected for a one-year term, creating a management system that can respond quickly to changes in the business environment and clarifying all management responsibilities for each fiscal year. By inviting Outside Members of the Board, NRI will energize the Board of Directors and realize fairer, more transparent management. In selecting these Members of the Board, NRI places particular emphasis on independence, considerable experience and the ability to provide an objective perspective on NRI's business execution.

The Board of Directors, in principle, convenes once a month and on an extraordinary basis as needs dictate. As of July 2014 the Chairman, who does not engage in the execution of business, serves as Chairman of the Board. Jurisdiction and responsibility for business execution are largely delegated to Senior Managing Directors, while the Board of Directors is responsible for decisions that become

the basis for our business execution and for the supervision of business execution. NRI has established the Reward Advisory committee, made up of the outside experts to provide advice on Members of the Board compensation.

Senior Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on policies adopted by the Board. Representative directors hold a Senior Management Committee with Senior Managing Directors once a week and deliberate on the key issues for general business to coordinate our business activities and build consensus in executing business operations.

#### Audit & supervisory system

NRI has five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members. In addition to participating on the Board of Directors and on other important committees, Audit & Supervisory Board Members may request reports from executives and employees to provide impartial supervision of business execution by the Members of the Board. The Outside Audit & Supervisory Board Members are selected for their ability to formulate fair opinions and to audit the Member of the Board business execution objectively, in order to maintain the impartiality and independence of the corporate auditing system.

The Audit & Supervisory Board discusses and decides on auditing policy and other important matters related to auditing, and formulate and express audit opinions. In carrying out audits, Audit & Supervisory Board Members coordinate with the accounting auditors and Internal Audit Department over such matters as receiving reports on the audit plans and current status of audits from the accounting auditors as well as the results of internal audits from the Internal Audit Department, which is responsible for promoting internal controls. In addition, the Audit & Supervisory Board Members appropriately receive internal control status reports providing information such as monitoring results on compliance with various regulations from the Risk Management Supervisory Department.

To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audits' Department has been established to support the work of the Audit & Supervisory Board Members. To determine the personnel for this department, the representative directors or directors responsible for personnel consult with the Audit & Supervisory Members, while maintaining the independence of the department.

#### Internal controls

In order to develop an effective internal control system for the entire NRI Group and to provide continuous improvements to the system, we have appointed a director in charge of risk management and established the Risk Management Supervisory Department. In addition, the

Integrated Risk Management Committee meets to check company-wide internal control status as appropriate. The Business Promotion Committee, which each business divisions and Group companies attend, also works to ensure that the internal control system is implemented. Each of the major risks associated with our business activities is discussed and addressed by a committee with the necessary expertise as occasions arise, and is controlled by the representative department in collaboration with the business division and Group companies in an appropriate manner.

[Click here for our Basic Policy on Building an Internal Control System.\(only available in Japanese\)](#)

### Information disclosure

In order to improve management transparency and achieve accountability to shareholders, investors and other stakeholders, NRI is striving to enhance the level of information disclosure and IR functions, as well as ensuring the timely disclosure of information. To enhance the reliability of disclosure materials, we have formed the Disclosure Committee to assist in the preparation process of financial statements and financial reports and confirm their fairness. Moreover, targeting individual investors, we hold several company presentation meetings as well as expanding the NRI website by adding pages targeting individual investors.

### Executive compensation (for the fiscal year ended March 31, 2014)

	Total amount of compensation, etc. (¥ million)	Basic compensation (¥ million)	Bonus (¥ million)	Stock options (¥ million)	Other*1 (¥ million)	No. of eligible individuals **2
Members of the Board (excluding Outside Members of the Board)	512	269	126	114	3	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	85	66	17	0	1	2
Outside Members of the Board and Audit & Supervisory Board Members	95	86	8	0	0	7

\*1 "Other" includes contributions for the defined contribution pension plan and insurance premiums for casualty insurance.

\*\*2 "No. of eligible individuals" is the number of eligible individuals, and not the number of individuals currently in office.

### Data for our Board Members in recent fiscal years

	As of July 2012	As of July 2013	As of July 2014
Total number	8	9	9
No. of Outside Members of the Board	2	3	2
No. of women Members	0	0	0
No. of non-Japanese Members	0	0	0

### Data for Board meetings in recent fiscal years

	FY2011	FY2012	FY2013
No. of times held	18	15	14
Average attendance by Outside Members of the Board (%)	97	87	97

\*Figures are for the period from the general shareholder meeting (GSM) for the said fiscal year to just prior to the GSM for the following fiscal year.

[More details can be found in our Annual Securities Report \(for the fiscal year ended March 31, 2014\)\(only available in Japanese\).](#)

## Risk Management

NRI is keenly aware of the broader social significance of its role as a company that provides a range of shared online services as well as information systems that support the business operations of our corporate clients. It regards keeping those services and systems operating securely as its greatest mission, and it dedicates its attention to engaging in risk management.

### Risk management System

NRI places the management of its risks in the hands of its Risk Management Director and Risk Management Supervisory Department, dividing its risks into three broad categories: company-wide risks, business activity risks, and disaster / accident crisis risks.

The Risk Management Supervisory Department monitors for company-wide risks, and works with representative departments to optimize overall risk management in accordance with management's intentions.

NRI assigns a representative department and adopts relevant regulations for managing each category of business activity risk. Meetings attended by members with expertise are held as needed to deliberate the management of these risks. The representative departments work with the Business Divisions to develop an appropriate response plan and to improve the effectiveness of our management of these risks.

Under the lead of the Risk Management Supervisory Department, our plans of action for managing disaster / accident crisis risks include a response system and predetermined processes to be followed for three categories of such risks: major business failures or failings, serious data security breaches, and natural disasters and similar emergency situations.

### Risk management based on an annual prioritized theme

NRI inspects and evaluates company-wide risks each year through company-wide monitoring of the state of compliance and internal audit results. Top management defines the priorities to be addressed in the following year based on these results.

In addition, risk prevention measures that are necessary to maintain operations for key businesses and services are

monitored on a regular basis, as part of efforts to reinforce our BCP\*<sup>1</sup> and DR\*<sup>2</sup> programs.

- Fiscal 2013 prioritized theme: "Raising the level of quality of the operation of our Data Centers."
- Fiscal 2014 prioritized theme: "Achieving the thorough and appropriate management of project risk and quality risk."

\*1 BCP: Business continuity plan

\*2 DR (disaster recovery): Measures for recovering from disasters

### Response plans for large-scale disasters, accidents and incidents, and epidemics

In the event of a disaster or accident, we will confirm that Group employees are alive and safe, protect our clients' important information systems and information assets, and endeavor to keep our operations functioning.

In order to prepare for a major natural disaster, an epidemic, or an adverse incident involving the NRI Group, the Risk Management Supervisory Department and the representative departments for the relevant risk will work together to respond as necessary. Their work also includes examining preventive action plans.

In fiscal 2013 we implemented the following initiatives:

- Maintained our peak demand avoidance energy saving efforts in the face of constricted power supplies, and widened the net of our energy usage cuts to all our bases in Japan.
- Prompted by the adoption of the Tokyo Metropolitan Government's Post-Disaster Stranded Commuter Countermeasures Ordinance in readiness for a major earthquake, we built up stocks of emergency supplies at all our Japanese bases.
- Established a contingency control room at all of our Centers, and built on and expanded our supplies of equipment, such as emergency batteries and satellite telephones.
- In order to extend our employees' emergency first-aid knowledge, at several bases we organized short training courses in cardiopulmonary resuscitation (CPR), as well as practical drills using AED simulators.

A Contingency Plan in a Handbook has been distributed to all employees of the NRI Group, for a detailed understanding of the action guidelines in case of a disaster or any other emergency. We have also developed an "employee safety confirm system" that confirms the safety and ability to come in to work in the event of a disaster by e-mail and phone. Training is conducted each year to ensure that this confirmation process is carried out rapidly. From the perspective of safety management, this system was expanded to cover temporary employees where they have given their approval.

### Crisis management

NRI has prepared a Contingency Plan containing its advance preparations in anticipation of potential

emergency situations and its master systems and processes for response.

In the case of a large-scale system failure or information security breakdown, an emergency command center will be set up swiftly to coordinate with the relevant divisions and clients and to take action including failure recovery, cause investigation, informing relevant parties, and examining how to prevent a recurrence, based on the circumstances of the particular failure.

## Compliance

The NRI Group strives to ensure total compliance with ethical codes and law and regulations, and to help maintain society's confidence in the Group. As a corporate member of Nippon Keidanren (Japanese Business Federation), NRI respects the spirit of the Federation's Charter for Corporate Behavior and puts it into practice.

The NRI Group's mission as a company is to earn our clients' trust so as to "prosper together with clients." To achieve this, as we state in our Code of Business Principle, "the NRI Group will observe both the letter and the spirit of the law and regulations, and we will respect social equality as well as the fair and equitable principle in its business activities. We will never have any kind of relationships with antisocial forces. The NRI Group builds mutually beneficial business relationships with its external contractors and suppliers in accordance with laws, regulations, and sound business customs." As a company that delivers services and systems vital to the society, NRI is very much aware that any untoward conduct on its part will have a major social impact, and it is investing resources into the prevention of such incidents through the compliance hotlines it has set up and the training and other awareness-raising programs that it has organized.

[Click here for the NRI Group's Code of Business Principle](#)

[Click here for the NRI Group's Employees' Code of Business Conduct](#)

### Compliance system

For its system of ethics and compliance, the NRI Group has appointed a Chief Ethics Officer and Compliance Officer, established the Compliance Committee, and set a compliance program consisting of our corporate philosophy, Code of Business Principle, Employees' Code of Business Conduct and Compliance Rules. NRI continuously carries out training and educational activities on risk management and compliance to enhance the system and improve efficiency. The Basic Policy establishes the scope of these activities and states that the NRI Group will maintain absolutely no relationship with any antisocial forces including any business activities. Representative departments are in charge of gathering information on these issues and preventing our dealing with such

organizations.

With the objectives of discovering and redressing any misconduct quickly, we have set up various reporting hotlines, including some to an outside service (an attorneys' office). These hotlines receive reports and provide advice on an anonymous basis. Efforts have been taken to protect reporting parties, who are not permitted to suffer any reprisals for making a report, such as being dismissed or having their contract cancelled. All reports are investigated, with swift action being taken in response, along with other measures to prevent a recurrence.

Each year, the NRI Group selected key risks and defines the priorities that are to be addressed in the following year, based on the results of monitoring the state of compliance companywide and the results of internal audits. Defined as the priorities by top management, energy is focused on comprehensive implementation of compliance.

Details on the key rules that take priority, as well as their legal background, case studies, etc., were compiled as Fundamental Rules for Executive Officers and General Staff in leaflet form for portability. Copies were distributed to all employees of the NRI Group. The Fundamental Rules for Executive Officers and General Staff is used to monitor the state of compliance. If a problem is found, headquarters coordinate with relevant business divisions to make improvements.

**Compliance awareness surveys**

The NRI Group surveys all of its employees on their compliance awareness every second year.

**Compliance training**

In addition to providing training targeting all NRI Group employees, we also hold lectures and run exercises on compliance as part of our job-specific and executive-function specific training.

**Reports or requests for advice made to hotlines**

	FY2011	FY2012	FY2013
No. of reports / requests for advice made	5	17	1

**Compliance awareness surveys completed and returned**

	FY2010	FY2012
Percentage completed and returned (for the NRI Group)	88.1	74.4

Note: Surveys are conducted every second year

**Data on our compliance check testing of the Fundamental Rules for Executive Officers and General Staff (an e-learning format test)**

	FY2011	FY2013
Percentage of employees completing the test (for the NRI Group)	99.5	96.1

Note: Testing is conducted every second year

**Incidents involving corruption, and measures taken**

No such incidents applicable.

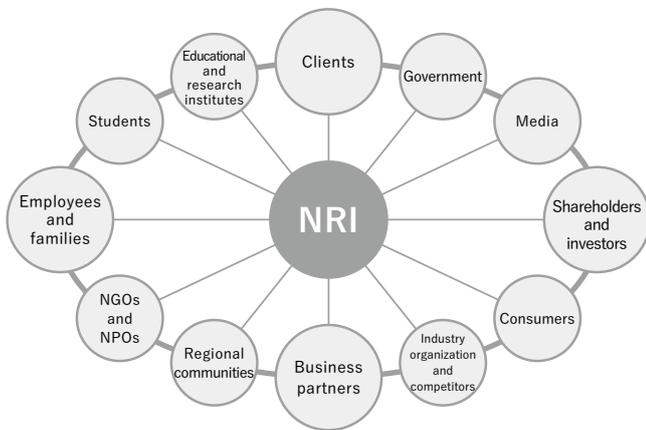
**Total no. of incidents where NRI was subject to legal action for unfair business conduct (such as anti-competitive conduct or monopolistic practices), and the outcome of such incidents**

No such incidents applicable.-

## Stakeholder Engagement

### Stakeholder Engagement

Our stakeholders are our clients, employees and their families, shareholders and investors, and business partners, but in a broader sense, our stakeholders encompass consumers, the media, regional communities, industry organizations, competitors, governments, educational and research institutes and students as well as NGOs and NPOs. While maintaining close communication with our various stakeholders in ways suited to their particular qualities, we intend to build a better future society and stronger bonds of trust with society.



### Engagement with Clients

The NRI Group aims to act with integrity in its business with clients, and it strives to fulfill its contracts and provide its clients with exactly the services they want.

#### Due diligence assessment of client assignments

We decide to accept an assignment from a client only after giving due consideration to both the responsibilities we would thereby be incurring, such as quality standards and deadlines, as well as to the legal, ethical, and business risks involved with the project. Specifically, we do this through:

- Conducting a credit investigation of a potential client using information from credit reporting agencies and similar sources.
- Deliberating on each individual project at the management meeting and the meetings of relevant business divisions.
- Making comprehensive assessment of a project based on factors including the long-term business potential for us, the relevant growth potential, and the project's social impact.

#### Holding forums for clients

We hold forums and seminars on management and social issues to assist clients with their business and operations. (See "[Surveys, recommendation projects, information communication](#)" under Material CSR Theme 1.)

#### Using client satisfaction surveys to raise the quality of our services

NRI surveys its clients for their satisfaction with the projects we carry out for them. These surveys serve as an opportunity for clients to make an overall evaluation of a project, and also to provide specific comments on NRI's ability to devise solutions and address the client's particular problems. The Quality Management Department compiles and analyzes the survey results to unearth any overall trends. The divisions that handled the relevant project are given the survey responses as feedback, and follow-up is undertaken along with any specific service improvement measures. This process does help us to raise the quality of our services.

#### Results of analysis of fiscal 2013 CS surveys

Areas receiving a favorable assessment
<ul style="list-style-type: none"> <li>• Understanding clients' needs and issues</li> <li>• Giving clients project progress and issues reports</li> <li>• Specialized knowledge and technical skills relating to systems</li> <li>• Adherence to schedules and deadlines</li> </ul>
Areas of expectations for improvements
<ul style="list-style-type: none"> <li>• Greater intelligibility of manuals</li> <li>• Clarity of the basis for estimates and pricing</li> </ul>

### Engagement with Shareholders and Investors

The NRI Group's basic policy is to meet the expectations of its shareholders and investors by pursuing growth and profit targets that are stable and sustainable in the medium- to long-term.

It will be important to gain the trust of shareholders and investors through conscientious dialogue, and to receive an appropriate evaluation from capital markets. For that reason, taking fair disclosure as our fundamental policy, we are working to promote understanding of both our business and our medium- to long-term strategies for growth, and to add to and expand our shareholder and investor base.

#### Capital and dividend policies

NRI's basic dividend policy is to achieve consistency in its payments while being mindful of the need to have substantial internal reserves available to fund its medium- to long-term business development. For these reasons it sets the amount of its dividends based on factors such as its operating revenue and cash flow. In an effort to raise shareholder returns, in January 2014 NRI raised the

general target for its consolidated payout ratio to 35%, up from 30%. As a consequence, in fiscal 2013 NRI paid an annual dividend per share of ¥56, an increase of ¥4 on the previous year.

**Enhancing the role of General Meetings of Shareholders**

NRI undertakes the following measures to make general meetings of shareholders (GMS) more convenient for participants.

- Sending GMS notifications by e-mail to those shareholders who have agreed in advance to this method.
- Allowing shareholders to exercise their voting rights via the internet.
- Preparing GMS notices in English (first done in fiscal 2009).
- Taking part in the electronic voting platform operated by Investor Communications Japan (ICJ), which gives many shareholders and investors, including those overseas, another means for exercising their voting rights.
- Following the conclusion of a GMS, NRI senior management holds an information session for shareholders in order to increase their understanding of the Group's business.

**Augmenting direct communication with shareholders and investors**

With aim of expanding our investor base, NRI is working to advance greater understanding of its business activities and strategies for growth through direct forms of communication.

- Holding information sessions and meetings for institutional investors and analysts both in and outside Japan — through this we engaged with a total of 544 investors and analysts in fiscal 2013.
- Holding information sessions for retail investors — through these sessions held in Osaka and Nagoya, we engaged with a total of 420 such investors in fiscal 2013.
- Participating in forums for Japanese and non-Japanese institutional investors — in fiscal 2013 we participated in five such forums held in Tokyo.

**Conducting shareholder surveys**

As an opportunity to receive feedback, NRI asks its shareholders to fill out questionnaires.

- Two surveys were conducted in fiscal 2013.
- In the first, reason(s) for buying NRI shares and portfolio policy in general were gathered — surveys were sent to 15,428 shareholders, of whom 972 (6.3%) responded.
- In the second, shareholders' views on the layout of our bulletin for shareholders Letter from NRI were canvassed — surveys were sent to 13,467 shareholders,

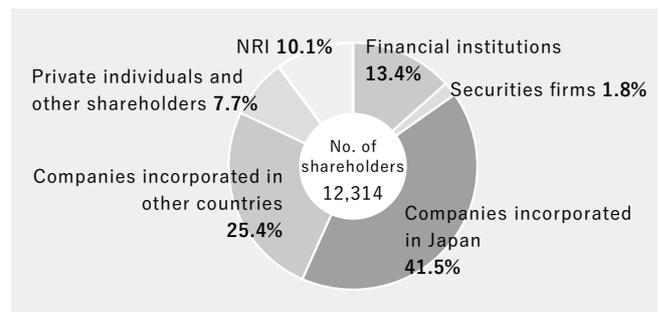
of whom 2,220 (16.5%) responded.

**Providing appropriate information disclosure**

NRI strives to enhance its integrity through the timely public disclosure of information, in order to fulfill its accountability to shareholders, investors, and markets.

- Disclosing information for the purpose of ongoing communication with our shareholders and investors.
- Having set up a Disclosure Committee to improve the credibility of the data it discloses. The Committee checks the company's procedures for preparing data to be disclosed, and also checks that it contains no inaccuracies.
- Publishing its final financial results promptly under [Investor Relations](#) on its website. It is also pressing ahead with improvements to enhance the content of its disclosed information, and to make it easier to understand.

**Breakdown of NRI shareholders (as of March 31, 2014)**



**Engagement with Business Partners**

The NRI Group believes that its business is built on collaboration with its business partners such as its external contractors and suppliers. For that reason, the NRI Group's basic policy is to build business relationships that comply with both the law and sound business practices, to the benefit of both parties.

In order to maintain the services that it delivers that act as foundations for the society, it is essential that the NRI Group continues to have good relationships with its business partners, and to grow together as partners.

To that end the NRI Group:

- Shares its management policies with its business partners.
- Provides information and opportunities for its business partners to grow together with the NRI Group.
- Provides rules and procedures to maintain a sound operating environment with its business partners, which it also monitors periodically.

**Building strong and equitable business relationships**

Before embarking on business with a potential partner, we conduct a comprehensive assessment of the company,

investigating among other matters its technological capabilities; the quality, delivery timeframes, and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its compliance and information security management initiatives. With a potential overseas partner, we conduct such additional investigations as required by law, for example those demanded by the Foreign Exchange and Foreign Trade Act.

We also sign "e-partnership" agreements with companies that possess particularly sophisticated operational know-how and IT capabilities. We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development. As of March 31, 2014, we had seven such e-partners in Japan and two in China.

To ensure fair and sound business relationships with its partner companies, the NRI Group forbids all its employees from abusing NRI's dominant bargaining position, in accordance with Japan's Anti-Monopoly Act. In addition, NRI checks with its persons responsible for projects on NRI's compliance with the Act against Delay in Payment on Subcontract Proceeds, etc. to Subcontractors (the "Subcontractor Payment Act"). Lastly, NRI informs its partner companies in writing that it does not accept gifts or other services, and also works to instill this policy in its employees' minds.

The partner companies engaged in business with NRI employ just over 15,000 employees between them, and around 45% are full-time at NRI's facilities. In order to govern situations where we are performing operations with the involvement of these partner company employees, NRI has devised Subcontracted Operations Guidelines to maintain appropriate conditions for operations involving subcontractors. In addition, having the employees of subcontracting agreement partner companies work in separate locations away from our own employees is an endeavor we are undertaking to prevent "sham contracting", as this could arise if NRI employees were to give orders or instructions directly to partner company employees. We voluntarily and diligently inspect our practices each year.

### Projects for prospering hand in hand with partner companies

When the NRI Group outsources part of the operations for a project to a partner company in or outside Japan, the status of the outsourced processes as a whole, along with any issues and anticipated risks, are identified during regular joint meetings of the project team and responsible officers. With our principal partner companies, quality management officers from both sides also meet regularly, and aim to ensure and raise quality levels.

The NRI Group is engaged in enhancement service reforms\* to further improve quality and productivity. We are undertaking these activities in each project on an ongoing basis in collaboration with our e-partners and other partner companies. In fiscal 2008, we set up a system for certifying "extended e-partners" ("e-e partners") for their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2014, we have three e-e partners in Japan.

\*For our specific enhancement services, see the section on Quality Management in Material CSR Theme 2.

We offer training sessions to our partner companies that feature the NRI Group's own original content. Covering topics including project management, quality management, and systems engineer education, the goal of the sessions is to achieve efficient and seamless collaboration on systems development.

This training also serves as an opportunity for the development of our partner companies' human resources. In fiscal 2013 we ran 19 different sessions on 37 occasions, which were completed by a total of 149 employees from 21 of our partner companies.

NRI invites senior managers of its business partners to the [NRI Group Management Seminar](#) that it holds each year, and where it shares its management policies and priority policies for that fiscal year. Some 200 senior managers from around 100 of NRI's business partners in Japan and overseas attended the Seminar in fiscal 2013.

### Promoting offshoring

Our offshore\*<sup>1</sup> partner companies now account for more than 30% of our total outsourced operations. The number of Chinese partner companies in our IT solutions business stands at 20 companies in nine regions as of March 31, 2014.

The NRI Group is proceeding to diversify its outsourcing destinations. It is moving to press forward with its offshoring in China not just in its larger cities such as Beijing and Shanghai but also in regional bases in China, in collaboration with its Chinese partner companies. NRI is also proceeding with "nearshoring"\*<sup>2</sup> in Japan itself, as well as offshoring in Southeast Asia as a "China + 1" strategy.

\*1 Offshoring: Outsourcing software development and systems development to companies and subsidiaries overseas.

\*2 Nearshoring: Outsourcing software development and systems development to companies and subsidiaries in more remote domestic locations.

### Ensuring information security at our business partners

To ensure that its partner companies provide the same level of security, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also checks regularly on their companies.

[Click here for related information.](#)

**Recent trajectory of NRI's spending on outsourcing to Chinese partner companies**

	FY2011	FY2012	FY2013
(in ¥ billion)	168	169	213

# GRI Index

## GRI Index

This report is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

### Standard Disclosures

Standard Disclosures	Reference	ISO26000 Sub-clause
<b>Strategy and Analysis</b>		
G4-1	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.  <a href="#">P5-7 Message from the President Integrated Report 2014 P25-27</a>	6.2 Organization governance 7.4 Practices for integrating social responsibility throughout an organization
<b>Organizational Profile</b>		
G4-3	The name of the organization.  <a href="#">Integrated Report 2014 P2-9 About NRI</a>	7.3.3 An organization's sphere of influence
G4-4	The primary brands, products, and services.  <a href="#">Integrated Report 2014 P116 NRI Group</a>	
G4-5	The location of the organization's headquarters.  <a href="#">Integrated Report 2014 P117 Corporate Data</a>	
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.  <a href="#">Services and Solutions</a>	
G4-7	The nature of ownership and legal form.	
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	
G4-9	Report the scale of the organization, including: <ul style="list-style-type: none"> <li>• Total number of employees</li> <li>• Total number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>• Quantity of products or services provided</li> </ul>	
G4-10	a.The total number of employees by employment contract and gender b.The total number of permanent employees by employment type and gender c.The total workforce by employees and supervised workers and by gender d.The total workforce by region and gender e.Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f.Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)  <a href="#">P53 Employment trends by type</a> <a href="#">P53 The NRI Group's workforce</a> <a href="#">P53 No. &amp; percentage of NRI Group employees by region</a>	
G4-11	The percentage of total employees covered by collective bargaining agreements.  <a href="#">P52 Dialogue with the labor union</a>	
G4-12	The organization's supply chain.  <a href="#">P63-65 Engagement with business partners</a>	7.3.3 An organization's sphere of influence
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. <ul style="list-style-type: none"> <li>• Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</li> </ul>	Not applicable
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.  <a href="#">P48-51 Environmental protection</a>	6.5.2 The environment: Principles and considerations
G4-15	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.  Not Applicable	7.8 Voluntary initiatives for social responsibility
G4-16	A list of membership of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul> Board member of Japan Information Technology Services Industry Association (JISA)	

Identified Material Aspects and Boundaries			
G4-17	a.All entities included in the organization's consolidated financial statements or equivalent documents b.Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	<a href="#">Annual Securities Report</a> (for fiscal year 2013 ended March 31, 2014) P7-8 Information concerning the affiliated entities (only available in Japanese) <a href="#">Integrated Report 2014</a> P77 Description of Business, Basis of Consolidation and Application of Equity Method <a href="#">Integrated Report 2014</a> P122 NRI Group	7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.4 Establishing priorities for addressing issues
G4-18	a.The process for defining the report content and the Aspect Boundaries b.How the organization has implemented the Reporting Principles for Defining Report Content	<a href="#">P10-11 Materiality</a> <a href="#">P12-14 Materiality Assessment Process</a>	
G4-19	A list of all the material Aspects identified in the process for defining report content.		
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: · Whether the Aspect is material within the organization · If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspect is material · Specific limitation regarding the Aspect Boundary within the organization	<a href="#">P3-4 Editorial policy</a> <a href="#">Integrated Report 2014</a> P116 NRI Group	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: · Whether the Aspect is material outside of the organization · If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified · Specific limitation regarding the Aspect Boundary outside the organization	<a href="#">P62 Stakeholders Engagement</a> <a href="#">Integrated Report 2014</a> P2-9 About NRI	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable	
Stakeholder Engagement			
G4-24	A list of stakeholder groups engaged by the organization	<a href="#">P15-18 Stakeholder dialogues</a>	5 Recognizing social responsibility and engaging stakeholders
G4-25	The basis for identification and selection of stakeholders with whom to engage	<a href="#">P19 Multi-stakeholder engagement initiatives</a> <a href="#">P52-53 Fair employment and human resource practices</a>	7.5 Communication on social responsibility
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	<a href="#">P62 Stakeholder engagement</a> <a href="#">P62 Engagement with clients</a> <a href="#">P62-63 Engagement with shareholders and investors</a>	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns.	<a href="#">P63-65 Engagement with business partners</a>	
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	<a href="#">P3-4 Editorial policy</a>	7.6 Enhancing credibility regarding social responsibility
G4-29	Date of most recent previous report (if any).		
G4-30	Reporting cycle (such as annual, biennial).		
G4-31	The contact point for questions regarding the report or its contents.		
G4-32	a.The "in accordance" option the organization has chosen b.The GRI Content Index for the chosen option c.The reference to the External Assurance Report, if the report has been externally assured	This Index Table	
G4-33	a.The organization's policy and current practice with regard to seeking external assurance for the report b.The scope and basis of any external assurance provided if not included in the assurance report accompanying the sustainability report c.The relationship between the organization and the assurance providers d.Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	<a href="#">P72 Endorsement</a> <a href="#">P73-74 The third-party opinions</a>	

Governance			
G4-34	The governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">P58-59 Corporate governance/ internal control Integrated Report 2014</a> P44-47 Corporate Governance <a href="#">Basic Policy on Building an Internal Control System (only available in Japanese)</a>	6.2 Organizational governance 7.4 Practices for integrating social responsibility throughout an organization
Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<a href="#">Corporate philosophy</a> <a href="#">NRI Group's Principles of Corporate Conduct</a> <a href="#">NRI Group's Code of Business Conduct</a>	6.2 Organizational governance 7.4 Practices for integrating social responsibility throughout an organization

Specific Standard Disclosures

Material Aspects	DMA and Indicators	Reference	ISO26000 Sub-clause	
<b>Material CSR Theme 1. Building a sustainable society for the future</b>				
	DMA	Disclosures on management approach.	<a href="#">P21-26 Material CSR Theme 1</a>	7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.4 Establishing priorities for addressing issues
Economic Performance	EC1	Direct economic value generated and distributed.	<a href="#">P8 NRI Group's Businesses and Value Creation Process Integrated Report 2014</a> P10-11 Financial and Non-financial Highlights <a href="#">Integrated Report 2014</a> P102 Selling, General and Administrative Expenses	6.8.7 Wealth and income creation
	EC3	Coverage of the organization's defined benefit plan obligations.	<a href="#">Annual Securities Report</a> (for fiscal year 2013 ended March 31, 2014) P23-27 Retirement and Severance Benefits(only available in Japanese)	6.4.4 Conditions of work and social protection
Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts.	<a href="#">P21-26 Material CSR Theme 1</a> <a href="#">P42 Surveys, Recommendation Projects, Information Communication</a> <a href="#">P42-43 Supporting disaster rebuilding</a> <a href="#">P43 Development of Society</a> <a href="#">P56-57 Development of Human Resources</a>	6.8 Community involvement and development
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<a href="#">P42 Supporting disaster rebuilding</a> <a href="#">P43 Development of Society</a> <a href="#">P56-57 Development of Human Resources</a>	6.8 Community involvement and development
	SO2	Operations with significant actual and potential negative impacts on local communities.	<a href="#">P48 Reducing our environmental impact through the efficient operation of our data centers</a>	
<b>Material CSR Theme 2. Providing the information infrastructure that is vital to people's lives</b>				
	DMA	Disclosures on management approach.	<a href="#">P27-32 Material CSR Theme 2</a>	7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.4 Establishing priorities for addressing issues
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation.	<a href="#">P64 Promoting offshoring</a>	6.8.7 Wealth and income creation
Materials	EN1	Materials used by weight or volume.	<a href="#">P51 Environmental impact INPUT : Paper resources</a>	6.5.4 Sustainable resource use
Energy	EN3	Energy consumption within the organization.	<a href="#">P51 Environmental impact INPUT : Paper resources</a>	6.5.4 Sustainable resource use
	EN5	Energy intensity.	<a href="#">P51 Data Center energy consumption efficiency improvements achieved</a>	
	EN6	Reduction of energy consumption.	<a href="#">P51 Environmental impact INPUT : Energy resources</a>	
	EN7	Reductions in energy requirements of products and services.	<a href="#">P49 Achieving major reductions to CO<sub>2</sub> emissions through the use of shared online services</a>	
Water	EN8	Total water withdrawal by source.	<a href="#">P51 Environmental impact INPUT : Water resources</a>	6.5.4 Sustainable resource use

Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	<a href="#">P51 Environmental impact OUTPUT : Greenhouse Gases</a> <a href="#">P51 CO<sub>2</sub> emission data for offices</a>	6.5.5 Climate change mitigation and adaption
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		
	EN18	Greenhouse gas (GHG) emissions intensity.	<a href="#">P51 Data center energy consumption efficiency improvements achieved</a>	
	EN19	Reduction of greenhouse gas (GHG) emissions.	<a href="#">P51 Environmental impact OUTPUT : Greenhouse Gases</a> <a href="#">P51 CO<sub>2</sub> emission data for offices</a>	
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services.	<a href="#">P49 Achieving major reductions to CO<sub>2</sub> emissions through the use of shared online services</a>	6.5.5 Climate change mitigation and adaption
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	<a href="#">P51 Environmental impact OUTPUT : Reusing/Recycling</a>	6.5.4 Sustainable resource use
Supplier Assessment for Labor Practices	LA14	Percentage of new suppliers that were screened using labor practices criteria.	<a href="#">P63-65 Engagement with business partners</a>	6.4 Labor practices 6.6.6 Promoting social responsibility in the value chain
Anti-corruption	SO5	Confirmed incidents of corruption and actions taken.	<a href="#">P61 Incidents involving corruption, and measures taken</a>	6.6.3 Anti-corruption
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<a href="#">P61 Total no. of incidents when NRI was subject to legal action for unfair competition, and the outcome of such incidents</a>	6.6.5 Fair competition
Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	<a href="#">P44-45 Quality management</a> <a href="#">P45-47 Information security management</a>	6.7.8 Access to essential services
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	<a href="#">P47 Information security failures</a>	
Product and Service Labeling	PR5	Results of surveys measuring customer satisfaction.	<a href="#">P62 Results of analysis of fiscal 2013 CS surveys</a>	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<a href="#">P47 Information security failures</a>	6.7.7 Consumer data protection and privacy
<b>Material CSR Theme 3. Developing human resources who can generate innovation</b>				
	DMA	Disclosures on management approach.	<a href="#">P33-39 Material CSR Theme 3</a>	7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.4 Establishing priorities for addressing issues
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	<a href="#">P53 Employment trends by type</a>	6.4.3 Employment and employment relationships
	LA3	Return to work and retention rates after parental leave, by gender.	<a href="#">P53 No. of employees who took childcare leave, nursing care leave, or other similar leave</a>	6.4.4 Conditions of work and social protection
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<a href="#">P54 Proper workplace environment</a>	6.4.6 Health and safety at work
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	<a href="#">P54 No. of work accidents</a>	
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category.	<a href="#">P56 Training expenditure and time taken</a>	6.4.7 Human development and training in the workplace
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<a href="#">P54-56 Supporting career and skills development, and fostering corporate culture</a>	
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	<a href="#">P53 Employment trends by type</a> <a href="#">P53 No. &amp; percentage of NRI Group employees by region</a> <a href="#">P59 Data for our board members in recent fiscal years</a>	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	<a href="#">P54 Health management</a> <a href="#">P61 Reports or requests for advice made to hotlines</a>	6.3.6 Resolving grievances

# Endorsement Third-Party Opinions

## Endorsement —Third Party Confirmation Concerning the Reporting Process—

The Caux Round Table Japan (CRT Japan) herewith confirms that Nomura Research Institute, Ltd. (NRI) has implemented the following initiatives, based on its understanding of the Sustainable Navigation framework (see figure below).

NRI participated in the Stakeholder Engagement Program (Human Rights Due Diligence Workshop) organized by the Nippon CSR Consortium, and through discussions with NGOs, experts and other companies has taken steps to identify human rights issues along the value chain in the information and communications industry (Step A,B). We also confirmed that NRI has used the materiality analysis methodology developed by CRT Japan to determine its material CSR themes (Step C). Furthermore, we confirmed that NRI has mapped its existing activities at company level in accordance with its material CSR themes, and held discussions with experts concerning actions and activities it will implement in the future (Step F, G).

NRI's next step will be to formulate a policy and action



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Executive Director  
Caux Round Table Japan



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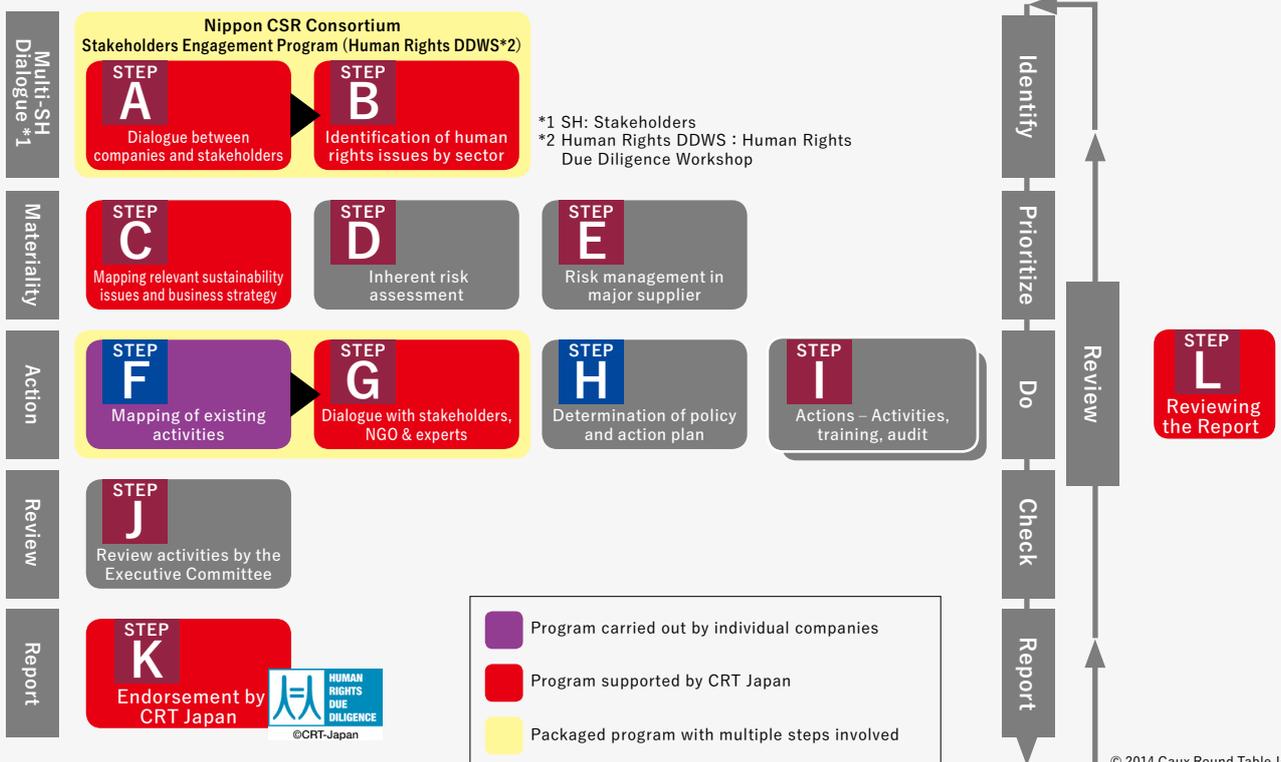
plan concerning its high priority issues, which can be expected to be linked to the implementation and review of its activities (Step H, I, J).

### Sustainable Navigation

Sustainable Navigation, a framework developed by CRT Japan, highlights the initiatives that will be required for practice of CSR activities. Beginning with objectively identifying what issues are relevant for a

company, the framework is comprised of 12 steps from A to L, with each step serving to clarify measures to be taken while engaging in dialogue with stakeholders and reporting on the process and progress.

\* For details of Sustainable Navigation, see the [Caux Round Table Japan website](#).



## Third-Party Opinions

I am pleased to provide a third-party opinion as follows regarding the CSR activities and information reporting at Nomura Research Institute, Ltd. (NRI) from the standpoint of integrated CSR theory and practices at private corporations and at universities, academic conferences and other academic venues.

### Praise:

#### **Providing effective information disclosure through four reporting media.**

In fiscal 2014, the NRI Group revised its annual report into an Integrated Report that, in combination with its CSR Report print and digital versions, CSR Book and CSR Activity File, effectively disseminates CSR information through four media. Information is disclosed appropriately by also further compartmentalizing the contents according to the needs of the stakeholders receiving the reports. Compared with the financial information-centered annual reports prepared in the past, the Integrated Report is an extremely meaningful publication that combines financial information for shareholders and investors with non-financial information such as CSR. One result is that there also are firms that have opted to disclose their CSR report, which should be disseminated to all employees and customers, only on their website. From the standpoint of accessibility (browsing ability), this is a half step backwards. The NRI Group prepares a booklet version of its easy-to-understand CSR Book to supplement its Integrated Report and the print and digital versions of its CSR Report, and this plays an effective role in deepening the understanding and empathy of its multiple stakeholders. Such information disclosure utilizing four media may be said to have highlighted one format CSR reports should adopt for the future.

#### **Details of material CSR themes and process for establishing them have been "visualized".**

In NRI's Report, materiality assessment and the review process are "visualized" in accordance with the Global Reporting Initiative (GRI) G4 Sustainable Reporting Guidelines.

In recent years the CSV (Creating Shared Value) premise advocated by Michael E. Porter has become a major topic. I have taken every opportunity to propose to firms as well as to society that companies ascertain "societal needs" yet also sharply distinguish their own "core competence", and view the area where these two are aligned as the "region for CSV with a high social impact."



## Junichi Mizuo, Ph.D.

Professor, Graduate School of Surugadai University  
The Vice Chairman, Japan Society for Business Ethics Study

The process the NRI Group has recently used to set its material CSR themes (see (1) through (3) below) conforms to this assertion.

- (1) Ascertaining "societal needs" by means such as dialog with stakeholders or ISO26000 benchmarking
- (2) Verifying the sectors that can be entered based on personnel, product and financial resources, and furthermore analyzing "core competencies" through selection of feasibly applicable technologies and entry areas based on the NRI Group strengths
- (3) Based on the above, determining materiality for the NRI Group from a strategic point of view through approval and review, while also taking into consideration factors such as the business conditions and environment in which the company operates

### Suggestion:

#### **"Visualization" of the improved results for stakeholders expected.**

Last year I proposed a comparison with ISO26000. For this year's report, NRI has been able to benchmark its activities against the GRI, and this has played a key role in understanding and organizing societal issues, as described above. NRI's reports are already reported in accordance with the PDCA management cycle, and the issues NRI faces for the next fiscal year also are clear. In the future this is expected to clarify what was improved over the course of a year as a result of the company's CSR activities to resolve these issues. The reason is this effort is connected with the Act (appraisal and review) stage of the PDCA management cycle. Moreover, by disclosing and "visualizing" the results internally and outside the organization, it also will be linked to enhancing the understanding and empathy from NRI's various stakeholders, and to improving NRI's reputation.

It is my sincere hope that with the NRI Group driving these advanced CSR Report-related initiatives through four media, a new CSR model for Japan will be created as a result.

## Third-Party Opinions

### Praise:

#### **A consistent approach to realize "Dream up the future"**

Beginning from this year, NRI will issue its annual report as an Integrated Report, and has revised the editorial policy for its CSR Report as well. NRI strives continuously to review and improve its efforts in response to society's demands for information disclosure, and I feel the company has adopted a sincere stance toward reporting.

In this year's CSR Report, NRI has focused on three material themes and reported its efforts for each issue, including the process followed in setting each topic. After the social challenges relevant to NRI were understood and organized, the material themes were set based on topics that should be addressed using the characteristics and strengths of NRI's business. These issues are selected based on the input NRI gathered through the various dialogs it maintains with its stakeholders. By also receiving external verification of this establishment process (endorsement), NRI adheres to a stance that emphasizes communications with society and external checks.

The three material CSR themes of "building a sustainable society for the future," "providing information infrastructure that is vital to people's lives," and "developing human resources who can generate innovation" emphasized by NRI are aligned with its Navigation x Solution strengths. While the reporting framework has been shifted from NRI's traditional approach of "Proactive CSR," "Fundamental CSR" and "NRI's Unique Contributions to Society," the orientation sought by NRI remains in sharp focus, and the initiatives taken to realize NRI's corporate philosophy of "Dream up the future" are consistent.

In concrete actions, together with expansion of its existing business of helping to solve the problems facing society through shared online services, NRI is implementing projects aimed at the creation of new services through cooperation with other firms, and further development is anticipated. In addition, as a firm that supports social infrastructure in the form of information systems, NRI continues to pursue unflinching initiatives to protect information and keep systems operating. Information security might be said to be nothing less than the foundation of NRI's obligation to society, and together with the thorough management of its own information security, NRI is expected to contribute to the maintenance of society's information security as well, including the provision of security-related technical assistance and training support.



### One Akiyama

President  
Integrex, Inc.

### Suggestion:

#### **Fusion with society and internal fusion**

As the extent to which social risks and corporate risks are intertwined has increased, the magnitude of the impact on society when a firm's risk controls fail has grown, making it ever more important for firms to control risk and work hand in hand with society to resolve social issues.

On the other hand, the more a firm proceeds with integration (internal fusion) centered on its own philosophy, the more regular employees whose sense of values does not align with the orientation sought by the firm increases, and the more the mobility of dispatch, contract, and outsource employees also increases, adding to the number of individuals who find it difficult to share the firm's philosophy. The number of employees whose sense of values is based on vastly different backgrounds also climbs as firms pursue overseas expansion. These developments hamper the sharing and penetration of the corporate philosophy throughout the entire organization.

The diversity of individuals' sense of values, and the fact these values can be at cross-purposes with a firm's policies, have become both the backdrop to and cause of problems that threaten information security through information thefts and leaks, and can be said to present a new problem for corporate risk management.

As a firm supporting the social infrastructure of information systems, NRI is expected to control its own risks as a matter of course and comply with the demands of society to establish information security in terms of both hard aspects (mechanisms) and soft aspects (individuals' minds and feelings), while respecting the aspirations, goals and values of diverse individuals and maintaining an environment where each individual can work to "Dream up the future."

## Response to the third-party opinions in *CSR Report 2013*

For our *CSR Report 2014*, we have responded to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, expanded our stakeholder dialogues and revised our materiality by using ISO26000. For our new material CSR themes, we've prepared a chapter entitled Our Approach to Material CSR Themes, which communicates in easy to understand language our efforts and results in each area, and created a CSR Activities and Data Files chapter that explains these actions in greater detail. In addition, our response to ISO26000-related items is described in the GRI Index.

We responded, as stated above, to the "benchmarking vis-à-vis ISO26000" suggested in last year's third-party opinions. However, with regard to the anticipation noted last year concerning "efforts at the forefront of big data, which has the potential to become the main engine for sustainable growth," we regrettably did not extend our research and development into this area, and were unable to discuss this issue in this report.