

NRI CSR Report 2016



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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 2016

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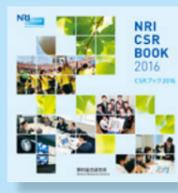
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Editorial Policy

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 (this report), 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.

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 2016, issued in June 2016 (only available in Japanese) https://www.nri.com/jp/csr/report/	CSR Report 2016, in pdf format https://www.nri.com/global/csr/contribution.html#Report	The online Sustainability topics https://www.nri.com/global/csr/activities/index.html

Share the Next Values!

In April 2016, Mr. Shingo Konomoto became President & CEO of Nomura Research Institute (NRI).

Last year NRI marked 50 years in business. In this year's President's Message, Mr. Konomoto will talk about the projects that the NRI Group has undertaken to achieve strong and sustainable growth and to fulfill its responsibilities to society. He will also talk about NRI's philosophies at the heart of those projects.

I would firstly like to express my sympathies for the people who are still suffering from both the Great East Japan Earthquake and the 2016 earthquake in Kumamoto. It is my fervent hope that the regions affected recover as soon as possible.

Following the Kumamoto earthquake, NRI provided Kumamoto Prefecture with help in designing specific projects for the region's recovery, including studying the means with which to achieve those projects. It also sent employees to Mashiki Town in Kumamoto Prefecture to help with recovery projects there, principally in the form of extra ideas and input into the drafting of recovery plans. The NRI Group is also providing parallel support in other ways, such as producing recommendations for government policies on disaster prevention and reduction and on earthquake resistance, all of which were elements at play in the Kumamoto earthquake.

Turning to a different subject, information technology (IT) is incorporated into all aspects of our lives and economic activity, and a whole new IT "digital revolution" is spreading around the world.

Examples of this revolution are: digital marketing; fintech for the finance sector; the internet of things (IoT); and artificial intelligence. All these make use of "big data". Advanced technologies like these have the potential to fundamentally change the way people live and how we do business.

NRI sees that the world is now on the cusp of an era of pivotal change, brought about by the confluence of two major currents: increasing globalization, and the march of digitization. Through its consulting and IT services, the NRI Group will be at the forefront of

these forces re-shaping society, and it will be active in fulfilling its responsibilities as it strives to realize its corporate philosophy of Dream up the future.

Taking on the challenges under Vision 2022

Our long-term management strategy Vision 2015 covered the eight years between 2008 and 2015. Our outcomes for Vision 2015 included achieving growth that exceeded our industry's average, while maintaining high levels of profitability for our industry.

Vision 2022 is our long-term management vision that began in fiscal 2015. Under it we have raised our sights again, setting ourselves the ambitious targets of quadrupling our current overseas sales to ¥100 billion, and doubling our current operating profit similarly to ¥100 billion, by fiscal 2022, the last year under Vision 2022. The companies that are NRI's clients are pursuing big picture changes. We believe that by further strengthening our responsiveness to globalization and digitization with the goal of sustainable growth, we are adopting the best approach needed to meet our clients' trust and to respond to the expectations of our stakeholders and communities in the future. Realizing that approach will necessitate complying with global standards in all respects, including our business model and HR systems. We believe we will need to pursue reform of our mindsets and systems so that our workforce, comprised as it is of people with different nationalities, creeds and philosophies, will take on new challenges so as to generate innovation.

Responsibility for building sustainable societies

We have chosen "Share the Next Values!" to represent our vision statement for achieving Vision 2022. The word "Share" is linked in particular to the philosophy of Creating Shared Value, or CSV. Also advocated by Michael E. Porter of Harvard Business School, CSV is very much characteristic of NRI, in that the work that we have been conducting in partnership with our clients since we first started has underpinned changes that have transformed our society.

For the purpose of advancing Vision 2022, NRI's expansion of its overseas business will only increase further. To that end it will be important to undertake assignments that are linked to building societies of the future in the countries where we are to expand. We believe that undertaking precisely those business

assignments rooted in those countries, as well as participating in finding solutions to the problems they face, can build relationships of trust and let our business projects make a contribution to society. This is the very spirit of our desire to "fulfill our responsibility to society through our business activities".

"Strengthening governance" will be important, not just in the "proactive" (business) domain which has been described, but also as an initiative in the "fundamental" domain. NRI will therefore not just stop at putting in place the corporate governance regimes required by law – another important prerequisite to our doing business will be complying with international community norms on ESG (environment, society, and governance). One example of that is following an environmental initiative, in 2015 NRI was entered on CDP's* climate disclosure leadership index (CDLI). And in the area of society, NRI received a Management & Operations (M&O) Stamp of Approval, a global data center operating standard, for both its Tokyo Data Center I (in December 2014 – the first M&O SoA for Japan) and its Yokohama Data Center II (in February 2016).

As NRI develops its business globally in the future, it will need to respond to international demands on issues such as responsible supply chains and business and human rights.

* An international non-profit organization that assesses and ranks companies on their disclosure of climate change information.

Forever working to Dream up the future

In order to achieve Vision 2022 and contribute to society's long-term development, NRI will hone its unique strengths that bring together its consulting and IT services. We also plan to expand our areas of business, and undertake initiatives to extend the scope of our activities onto a global stage.

Precisely because we are now entering an opaque era of unpredictability, we plan to explore and take on the responsibility of realizing new paradigms for society. As we ourselves change, we will create new value together with our diverse stakeholders, and contribute to finding solutions for the issues that our society faces.



Shingo Konomoto
President & CEO,
Member of the Board
Nomura Research Institute, Ltd.

Vision Statement

We included the phrase “Share the Next Values!” in our ideas about the realization of Vision 2022. Each and every NRI employee works to realize new value with these ideas in mind.



Share the Next Values!

Share the Next Values!
Diverse human resources pool their strengths and share achievements and joys

Share the Next Values!
Have insight for future paradigms and create new business models

Share the Next Values!
Innovation creates completely new value and different sets of values among many people

The NRI Group's origins

In 2015 the NRI marked 50 years of being in business. It traces its origins back to the original Nomura Research Institute, Japan's first private-sector think tank founded in April 1965, and Nomura Computer Systems, a pioneer systems integrator founded in January 1966. These two companies merged in 1988 to form today's NRI.

Timeline

The merger turned NRI into a company that can offer its clients an integrated range of advanced services, from research and consulting to IT solutions.

Research and Consulting

Research Division of Nomura Securities Co., Ltd. Corporate split April 1965 (former) Nomura Research Institute, Ltd.

IT solutions

Electronic Data Processing Division of Nomura Securities Co., Ltd. Corporate split January 1966 Nomura Computer Systems Co., Ltd. established



Principal areas of business

NRI's principal business areas are Consulting, Financial IT Solutions, Industrial IT Solutions, and IT Platform Services. A Consulting assignment might involve working hand in hand with a corporate client to draft its growth strategies or reform its business processes. With the aim of helping a corporate client with support for its business and for improving the amenity of society and people's everyday lives, an IT Solutions assignment might involve developing and operating advanced information systems for different areas such as finance or distribution, which nowadays form a part of the infrastructure essential for both society and our own lives.

Understanding the current conditions of society, industry and businesses, and navigating toward the future

Consulting

- Management consulting
- Systems consulting

Providing systems and services essential to industry

Financial IT Solutions

- IT solutions for the securities business
- IT solutions for asset management
- IT solutions for the banking business
- IT solutions for the insurance business

Supporting transformation and growth, across existing boundaries and structures of industry

Industrial IT Solutions

- IT solutions for the service and manufacturing industries
- IT solutions for the distribution industry
- Package integration

Unending pursuit of security, reliability and cutting-edge technology

IT Platform Services

- Advanced technology domain
- IT infrastructure service domain
- Information security domain

[Click here for more information on NRI's business areas](#)

Materiality and Materiality Assessment Process

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Materiality

As materiality, the NRI Group identified three CSR themes to facilitate our CSR activities.

We will fulfill our active role in pursuing business activities responsibly in line with these material themes in order to contribute to achieving a sustainable society.

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, the negative consequences of 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]

Innovation management / Supporting community development / Our duty to help prevent global warming

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]

The conveniences that information systems bring / The reliability of information systems / Information security

3 Developing human resources who can generate innovation

In order to realize our corporate philosophy of “Dream 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, the NRI Group is 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]

Promoting diversity / Developing human resources / Training today's people – the generations of the future

Materiality Assessment Process

The starting point for all our material CSR themes is dialogue with our stakeholders. We identify and scrutinize our Materiality through the following 4-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 gauge the demands and expectations placed on our Group. (See the 13~17 pages for more details)

[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.

Employee Dialogues

The former NRI President & CEO Tadashi Shimamoto visited NRI's offices around Japan, where he held dialogues with employees on "Thoughts from Top Management" and exchanged opinions with them.

Student Dialogues

The NRI Group held dialogues with under- and post-graduate university students in three cities: Tokyo, Nagoya, and Osaka. 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

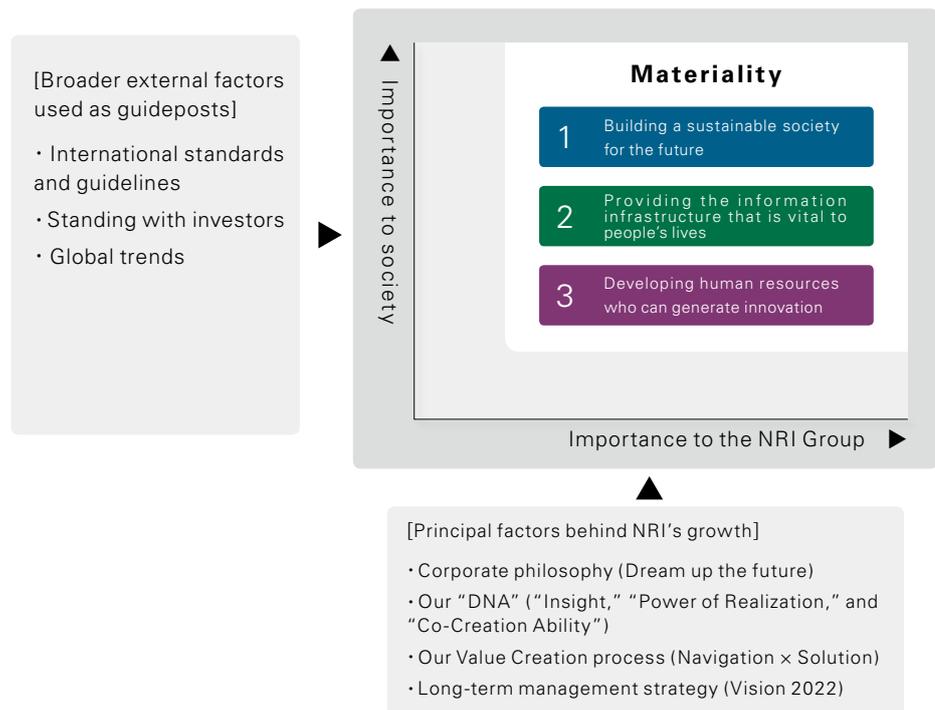
Based on the views of stakeholders obtained through these dialogues, we assess the relevant importance of various issues based on international CSR standards and guidelines such as ISO 26000, and identify issues highly relevant to the NRI Group.

[Broader external factors taken into consideration]

- International standards and guidelines (ISO 26000, GRI G4 Guidelines)
- Standing with investors (studying socially responsible investing (SRI) indices such as the DJSI (Dow Jones Sustainability Index) and FTSE4Good)
- Global trends (UN Sustainable Development Goals)

Step 3 Determining materiality

Based on the “NRI Group’s Businesses” and “Identifying relevant issues of Step 2”, we identified 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. The activities that NRI undertakes based on this Materiality are reported at dialogues for feedback from stakeholders, which then become an opportunity for any review of the Materiality.

[Approval and review process]

- Approval by our executive management
- Endorsement (third party verification of NRI’s CSR activity process)

Stakeholder Dialogues

In 2015 the NRI Group held the following stakeholder dialogues.

Dialogues 1 Expert Dialogues (1)

Topic **Raising the NRI Group's corporate value and the importance of its businesses**

Experts Hitoshi Suzuki, President, Institute for International Socio-Economic Studies

Makoto Teranaka, Lecturer, Tokyo Keizai University

Note: The organizations and positions stated above are current as of the time of publication.



Yoshio Usumi, an NRI Senior Corporate Managing Director and then director responsible for NRI's CSR, and Corporate Communications Department Manager Naoko Noro, invited these two experts to an NRI Experts Dialogue, to hear their suggestions and expectations and to exchange opinions about the NRI Group's business activities and future initiatives.

[The experts' expectations of NRI]

- NRI is one of Japan's leading companies in the area of IT, and it also wears the hats of consulting company and think-tank. We would therefore like NRI to continue to make recommendations that sketch a picture of Japanese society and Japan's future. In particular reducing Japan's public debt of more than one quadrillion yen is a major challenge, and very important in that regard will be improving the efficiency of Japanese government operations through the My Number system, as well as making use of IT wherever possible, as seen with the developing phenomenon of the IoT. We therefore very much hope that NRI will continue to provide recommendations with great insight.
- Japan's My Number system poses some interesting challenges. A number of safeguards are going to be required for this system to be used properly, and they will need designing. However matters in that regard are still lacking, and many citizens oppose the scheme, which is stymying its greater uptake. Entities

responsible for developing and operating systems are the people who can offer solutions to this problem, so much is expected of NRI in this regard. NRI's work in operating systems and providing solutions is at the front line of how the whole of Japanese society works, and not just the My Number scheme. We want NRI to show leadership in this area.

Dialogues 1 Expert Dialogues (2)

Topic **NRI Group's activities overall**

Experts **Makoto Ueno**, Chief Analyst Equity Research Dept. Daiwa Securities
Shinji Kiyosue, Director, Custom Planning & Production, Business Promotion Office, Toyo Keizai Inc.

Norio Masuda, Director of Strategic Branding and CSR Department, Brand and Communications, Hitachi Information and Telecommunication Systems

Junichi Mizuo, Professor, Graduate School of Surugadai University

Note: The organizations and positions stated above are current as of the time of publication.



NRI Corporate Communications Department Manager Naoko Noro exchanged opinions with these four experts on topics including the NRI Group's business overall, and what it does to get its message out.

[The experts' main opinions]

- NRI will need to innovate more if it is to expand overseas. On the subject of diversity, rather than having a certain number of female or non-Japanese directors, we hope it would achieve a system of diversity in a new form that is more characteristically Japanese, promoting "vertical diversity" by employing senior managing directors in their twenties and experts in their seventies.
- We think of CSR as building new systems and mechanisms, and as an activity that is exhaustive and apparently without end. On the other hand as the leading company in its industry, if NRI produces breakthrough advanced programs, we expect it would have tremendous communication power. We want it to use that power to make things brighter for society and industry, which are currently described as being in an "era lacking in dreams".

- We want NRI to make use of the strengths of its Navigation x Solution and expand the business it does that contributes to providing core national infrastructure ahead of information infrastructure. We also want NRI to get young people interested in jobs in the IT industry, by providing them with aspirations through its career guidance programs for elementary, junior high, and senior high school students.
- We think that NRI is always taking on new ventures, and in a certain sense it is presenting these as new models for society. In the future we want NRI to take the initiative on introducing reforms from the perspectives of CSR, human rights, and work-life-balance. We want it to demonstrate to people that whereas this industry was once said to be a tough place to work in, it is no longer.

Dialogues 2 Employee Dialogues

Topic **Communicating “Thoughts from Top Management.”**

Participants

NRI Group employees; No. of dialogues held: 42; No. of participants: 568



Mr. Tadashi Shimamoto, the former President and CEO of NRI, visited NRI offices around Japan, holding dialogues with employees on “Thoughts from Top Management”. Mr. Shimamoto spoke directly with employees about his own “50 Thoughts I Want to Convey to Our Employees”; and engaged in an exchange of opinions with them.

[Main topics of questions and opinions exchanged]

- NRI Group Code of Business Principle
- Overcoming internal strains from too rapid growth
- Promoting NRI’s globalization
- Developing human resources with the ability to respond to change

As part of the events to mark NRI’s 50 years in business, Mr. Shimamoto’s “50 Thoughts” were included in the booklet “NRI Shima-Cube” and distributed to all NRI Group employees (in Japanese, English and Chinese).



Dialogues 3 Student Dialogues

Topic Work and CSR

Participants

Under- and post-graduate university students; No. of dialogues held: 3 (one each in Tokyo, Nagoya, and Osaka); No. of participants: 18



[The students' image of NRI]

- Compared to other systems integrators, its services are expensive, but it offers a lot of added value
- It's hard to understand just exactly what work it does
- It's Japan top integrated think-tank

[What is a good company? What kind of company would you want to work for?]

- A company with people I want to work with, with people who show good leadership
- A place where I can grow
- A company where my colleagues maintain good personal relations with each other
- A company where I can work for a long time; a company where my work gives me a sense of purpose
- The company that is my first choice

Other stakeholder voices

In an online third-party questionnaire, 354 people said they had read our CSR Book 2015 and digital CSR Report 2015. They gave some opinions of the NRI Group's image and our CSR activities.

[Online opinions of the NRI Group's CSR activities]

- NRI is keen in its efforts for the future, and is concerned about the environment and people, which is commendable (a student in their 20s)
- The omnidirectional approach to its projects is commendable. But I would like to see them focus more on a set number of fields. (a freelancer in their 40s)
- As an IT company, I would like NRI to bring its activities that contribute to society more to the fore (a company employee in their 50s)

- I think what it does is good, but I think it should have new forms of CSR to suit its 50th anniversary (a small business owner in their 60s)
- I think concerns about data security are only going to grow with the implementation of the My Number system. I would hope that NRI could provide research and recommendations from a perspective on this point that has more sway in other countries (public servant in their 40s)

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. Working out how to handle human rights risks properly will be an issue for the NRI Group too as it expands its businesses globally.

For that reason every year 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, NGOs and NPOs, and industry and academic experts.

(In fiscal 2015, 45 companies and 18 organizations took part in this Program.)

[Principal participants]

[NGOs & NPOs] Amnesty International Japan; Solidarity Network with Migrants Japan (SMJ); WaterAid Japan; Friends of the Earth Japan; Consumer Conference for Sustainability; Social Investment Forum Japan; Gender Action Platform; Save the Children Japan; Japan Tropical Forest Action Network (JATAN); Rainforest Action Network; Rainbow Action; The Japan Association for Advancement of ILO Activities; Business & Human Rights Resource Centre

[Industry type of the companies participating]

Manufacturing: electrical machinery, precision machinery; manufacturing: infrastructure related; information and communications; logistics; finance; chemicals and construction materials; pharmaceuticals; apparel; food manufacturers; paper and printing; auditing and consulting



[Key human rights issues for the ICT sector (extract for fiscal 2015)]

- The potential for employees to work long hours and/or unpaid overtime when working on developing information systems
- The potential threat from service shutdowns to users' activities and daily lives
- The potential for damage to people's privacy from personal data breaches
- The potential for damage to people's personal rights from malicious websites and/or information and communications technologies (ICT)

- The risk of being unable to resist state demands to hand over personal information
- The potential risk in overseas business activities of bribery and corruption involving government officials
- Environmentally sensitive usage of energy and water
- Exerting a positive influence on improving people's lives by bridging the information divide between communities

Our Approach to Material CSR Themes

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Material CSR Theme

1

Building a sustainable society for the future



NRI's annual Dream up the future Forum

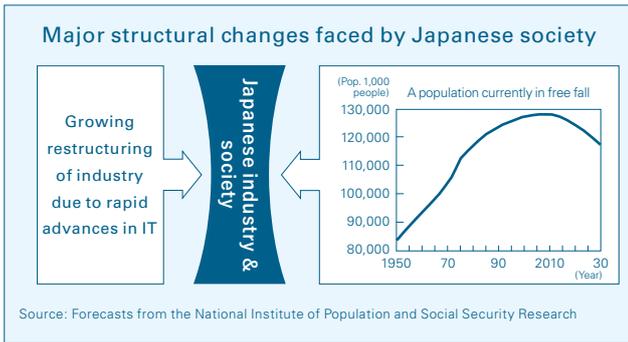
Our societies have continued headlong down the path of growth in their pursuit of affluence, but the negative consequences of that approach have become apparent. From “macro” problems such as overpopulation, the depletion of natural resources and global warming, to “micro” problems pertaining to the economies, industries and living standards in each country, problems that represent global risks to future generations are only getting worse. The Sustainable Development Goals, which the United Nations adopted in 2015, represent 17 targets for sustainable economic development to be realized by 2030. The world has now started to work together to achieve those targets.

“Dream up the future” is the corporate philosophy of the NRI group. We will demonstrate our leadership in building sustainable societies through our business activities, among other things through the recommendations we prepare based on surveys and research we conduct and by creating new fundamental frameworks for societies.

Trends in society

2 structural changes that Japan is facing

Japanese society is presently facing two major processes of change. The first is the shrinking of its population, which for the present shows no signs of stopping. (Omitted) The Japanese government has made a start on adopting policies aimed at putting a brake on the country's falling population, including efforts to revitalize its regional areas and to reverse its low birth rate. Time will be needed before these policies have any effect, however, and the nation's population is virtually assured of falling below 120 million by 2030. The harsh reality is that there are few means available to reverse



a declining population once it has started. The other major change is the ‘disruptive’ transformations affecting Japan’s industries, as a result of advances in information technology. Professor Cathy Davidson of Duke University said the following in 2011, which truly captures the speed of the structural changes affecting business and industry today: “65% of children entering grade school this year will end up working in careers that haven’t even been invented yet”

— Taken from Designing the Japan of 2030, the keynote address at the NRI Dream up the future Forum 2015, by Shiro Tanikawa, Nomura Research Institute Chief Counselor

NRI’s general approaches to Materialities

General approach 1 Innovation management

R&D expenses
¥5.11 billion

Thinking outside the box so as to re-order the landscape within society will require a strong presence for leading innovation. The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development. In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules. We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.

General approach 2 Supporting community development

Total cumulative donations for the Great East Japan Earthquake; no. of employees who made donations
Approx.
¥212.60 million
Around
7,597 employees

Important elements for realizing sustainable societies are (1) providing developmental support to emerging economies and developing countries whose economies and societies are in transition, and (2) helping regional communities rebuild as they work to get back on their feet after suffering a major natural catastrophe. The NRI Group’s consulting skills are among the strong resources in its possession, and we use these skills to provide support with emerging countries’ development and for countries recovering from disasters. Another powerful resource we possess is our IT solutions capabilities, which we utilize to support regional communities with their development. Another important activity we undertake is our contributing to society programs which help local communities.

* As of February 2016

General approach **3**

Our duty to help prevent global warming

FY2022 target
Greenhouse gas
emissions
(Compared to
FY2013)

25% cut

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO₂ emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector. The NRI Group's Data Centers account for around 80% of the energy that our business activities consume. We have raised the environmental performance of these Centers to world's best practice, which is driving down our energy consumption. In addition we are expanding our range of joint-use systems, which allow several companies to share the use of a single information system and which enable our clients to greatly reduce the estimated CO₂ emissions they would otherwise produce. In February 2016 NRI set clear targets for a systematic reduction in the volume of greenhouse gases its energy use represents, as part of [environmental goals](#) it set itself for fiscal 2022.

Progress and issues

Outcomes from [NRI's environmental management](#) efforts to help prevent global warming have been rated highly by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change information. [CDP placed NRI on its Climate Disclosure Leadership Index \(CDLI\)](#) for fiscal 2015.

As an initiative in the area of society, in fiscal 2015 we revised both the [NRI Group's Code of Business Principles](#) and the [NRI Group Employees' Code of Business Conduct](#). NRI is aware that the increasingly global nature of our business activities from now on will require us to develop both an internal organization and a practice of information disclosure that comply with international community norms.

NRI's actions in finding solutions

Support with “creative reconstruction” following the Kumamoto Earthquake

General approach 2 Supporting community development



NRI has been providing assistance to Japan's Kumamoto region following the earthquake here in 2016. NRI is providing assistance in Kumamoto based on the concept of “creative reconstruction”, by making use of the experiences it gained when it drew up recommendations for emergency recovery plans of action following the 2011 Great East Japan Earthquake, and when it helped Miyagi Prefecture draw up its recovery plans. One example of that support was for Mashiki Town in Kumamoto Prefecture, which suffered damage in the 2016 earthquake without precedent in its recorded history. NRI consultants were dispatched to Mashiki for a certain time, during which they provided support with the drafting of the “Mashiki Town Earthquake Recovery Basic Guidelines”. These set out the basic principles and general direction of programs for rebuilding Mashiki, with the aim of getting it back on its feet after sustaining such enormous damage. NRI's consultants will from now on contribute to the drafting of the town's recovery plans in accordance with these principles. NRI will also be providing support in order to realize projects undertaken by Kumamoto Prefecture employees, such as the conceptual planning of projects to help the Prefecture recover from the earthquake. These include industry, human resources, medical and welfare, community development, and infrastructure projects. NRI will also be investigating methods for realizing these plans that involve the public and private sectors working together.

[Click here for more](#)



A "talking" vending machine in the demonstration project

***Omotenashi* demonstration project for foreign tourists visiting Japan, using the latest speech technology**

General approach 1 Innovation management

With an eye to the 2020 Tokyo Olympic Games and the influx of foreign tourists they will bring, in January 2016 the Asahi Group and NRI began a joint demonstration project involving a "talking" vending machine.

As the locale for this demonstration project we used an open innovation ideathon. These forums are where NRI aims to create new business services jointly with other companies. Using the latest voice recognition technology, the vending machine in the project purported to provide information about the products it contained in everyday conversational English for the foreign participants, who could not necessarily read the machine's Japanese signage, with the aim of increasing their understanding of the products. We will now analyze the data accumulated on how people interacted with the machine in order to get some measure on this particular need among the rapidly increasing number of foreign tourists to Japan. We will develop a number of measures, including multilingual functionality, to advance the sale of products to foreign tourists and which can also make their purchases a more "fun" experience. Using these machines could therefore provide these visitors to our shores with a small taste of *omotenashi*, or Japanese hospitality.



Supporting the development of critical national infrastructure in Vietnam and Myanmar

General approach 2 Supporting community development

Building national infrastructure will be essential to advancing sustainable economic and social development in newly emerging economies and developing countries. As part of Japan's growth strategy and international development strategy, the Japanese government is promoting "Infrastructure Systems Exports" as part of its economic and fiscal policies.

NRI has been conducting surveys and research on business infrastructure exports in newly emerging economies since 2013, and since fiscal 2014 it has been commissioned by the Ministry of Internal Affairs and Communications to provide support with the introduction of postal infrastructure in such countries including Vietnam and Myanmar. Specifically, on behalf of the information and communication ministries and postal entities of these countries NRI has been studying various proposals for new business projects based on existing postal business ventures in Japan, along with the capacity of those postal entities to implement any such proposals. NRI will continue to support development platforms for industrial and technological advances in newly emerging economies, and will also help Japanese businesses with their overseas expansion.

Nominated on the Climate Disclosure Leadership Index

General approach 3 Our duty to help prevent global warming

The NRI Group's executives and employees will all engage in systematic and ongoing activities to reduce our impact on the environment, in accordance with our



Environmental Policy. Our aims here are to help future generations to prosper, and to preserve the Earth's environment with harmony between humanity and nature. The NRI Group's data centers account for around 80% of all the electricity its business activities consume. It has therefore put environmental management systems (EMS) in place at all of its centers, for which it has also obtained certification under the international ISO14001 standard.

NRI's efforts in helping to prevent global warming have been appraised highly by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change information. In 2015 NRI was entered on CDP's climate disclosure leadership index (CDLI) for that year. NRI is committed to ensuring the transparency of its information disclosure, and will obtain third-party assurances for the environmental data it discloses from fiscal 2015. In addition, it has set express [environmental targets](#) for systematically cutting its greenhouse gas emissions.

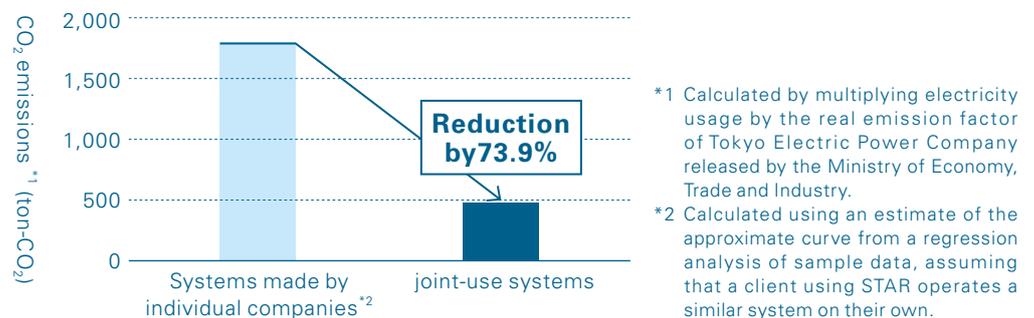
[Click here for more](#)

Using NRI's joint-use systems cuts CO₂ emissions

General approach 3 Our duty to help prevent global warming

NRI offers a number of different joint-use systems, including STAR-IV, BESTWAY, and Value Direct. Instead of developing and maintaining their own systems, and by sharing the use of these systems with others, companies are able to significantly reduce the amount of electricity they consume along with the CO₂ emissions they would have produced, saving themselves considerable money in the process. NRI's preliminary estimates point to a potential reduction effect of around 73.9% in CO₂ emissions.

Comparison of Annual CO₂ Emissions between joint-use systems and Proprietary Systems Made by Individual Companies



Material CSR Theme

2

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



Tokyo Data Center I's operations and management center

In today's society, information systems are pieces of economic activity infrastructure that support the value chains of every industry. They also allow limited resources to be used more efficiently, and by creating new fundamental frameworks and services, they greatly contribute to realizing innovation in the community.

***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.

On the other hand, as the use of information systems spreads to furthest corners of economic life, they throw up a new set of serious issues for personal freedoms including the right to privacy*. These issues include the impact on society and the community of data hacking, and system and security failures.

Designing, developing and operating dependable information systems lie at the core of the NRI Group's business. NRI Group will support society and people's everyday lives by building, operating and continuing to maintain information systems that people can trust.

Trends in society

The Internet of Things in 2030

In recent years we have seen the spread of the internet linking up people, and before very long we will be seeing networks linking up devices, industries, and communities. These two major trends will not just require the usual new technological developments, such as transmission speeds, data formats and protocols, which are currently the focus of consumers and businesses' attention – they are going to compel big re-adjustments in many areas outside of technology,



such as business models (which extends to how companies will make money from these changes), commercial practices, and legal mechanisms. In addition, securing the reliability of national infrastructure systems will be of the utmost importance, due to their nature as systems on which people's very lives could well depend. With respect to the internet of things, which is one of these new requirements, it is predicted that by its nature an extremely long lead time will apply before it becomes widespread in the community. (Omitted) In all likelihood with the internet of things, one, the initiative for its take-up is going to be stronger from users rather than from device suppliers, and two, it is very likely that overcoming the requirements and challenges involved in establishing business models incorporating the internet of things will be of greater importance than any issues regarding its technology requirements or technological potential.

— Excerpt from *The Internet of Things in 2030*, by Kotaro Kuwazu, Nomura Research Institute. Published by Toyo Keizai Inc.

NRI's general approaches to Materialities

General approach 1 The conveniences that information systems bring

Reducing costs to the community such as the expense and time involved in economic transactions is an important element for the smooth and sustained growth of economic activity. The NRI Group is contributing to a major reduction in indirect costs, by promoting the introduction of its industry-standard joint-use systems into the financial services industry (which might be considered to deliver the lifeblood of economic activity); through reduced systems costs for industries as a whole; and through improved efficiencies in back-office operations. Furthermore by applying this know-how to other industrial areas, NRI is raising the competitive strengths of companies across a broader area, which is leading to long-term growth and development in the economy and the community.

In FinTech Rankings*1

10th in the world

In FinTech Forward Rankings*2

9th in the world

*1 Rankings produced by IDC Financial Insights (September 15, 2015)

*2 Rankings produced by American Banker and BAI (October 13, 2015)

General approach 2 The reliability of information systems

Information systems are pieces of infrastructure that today's societies rely on, and if one breaks down, it can have a major impact on economic activity and people's daily lives. The NRI Group places the ultimate importance on preventing stoppages to systems, giving an exhaustive commitment to quality from a system's design stage through to its maintenance and operation. It also takes the strictest precautions with backup and business continuity arrangements should one of its information systems break down. Because lifting the quality of its supply chains as a whole is essential

No. of disruption incident response drills at our 5 Data Centers

2,859

for further raising the quality of its information systems, NRI is investing resources into activities designed to achieve mutual long-term improvements with its business partners.

General approach **3**

Information security

No. of Group
companies / offices
assessed by NRI

4 in Japan

18 overseas

Cyber-attacks targeting vital infrastructure and corporations and large-scale hacking of sensitive information are examples of the increasing risk to information security around the world. The NRI Group recognizes that these risks need to be tackled at the highest level. For that reason, as well as putting in place strong governance systems and multiple safeguards for information security, we have adopted policies to minimize the impact when breaches of information security occur. We are also strengthening our business partners' management of information security.

Progress and issues

* A Management and Operations (M&O) Stamp of Approval is a set of data center operating standards set by the Uptime Institute, a private-sector organization in the United States

The Management & Operations (M&O) Stamp of Approval* is a global standard for the operation of data centers set by a private-sector organization in the United States. Following on from the M&O Stamp of Approval we obtained for our Tokyo Data Center I, we have now obtained one for our Yokohama Data Center II. This is evidence that these two Data Centers exhibit world class reliability.

Information systems today constitute infrastructure of national importance, and NRI believes that their reliability requires sophisticated and responsible action on a constant basis. Such action encompasses the growing worldwide threats to information security, as well as issues such as the right to privacy, which is discussed around the world as a human right in our increasingly digital societies.

NRI's actions in finding solutions

High global recognition for the operation of two of its Data Centers

General approach 2 The reliability of information systems



Yokohama Data Center II



M&O certification mark
(from the Uptime Institute)

Business activities such as finance and banking, distribution, and manufacturing, and the systems that help people go about their daily lives – these are all supported by an array of information systems. When the information system breaks down, it has an impact over a wide area. While companies will obviously suffer damage, the fact that the broader community and ordinary people will also be hit badly became evident from the Great East Japan Earthquake. NRI operates major data centers in five locations in Japan. As well as operate information systems for many companies, NRI provides many companies with joint-use services. In December 2014 our Tokyo Data Center I was the first in Japan to obtain a Management and Operations (M&O) Stamp of Approval, signifying its compliance with data center operating standards set by the Uptime Institute, a private-sector organization in the United States. Following on from this, in February 2016 we obtained another Stamp of Approval for our Yokohama Data Center II. This recognition is given according to a number of criteria for a data center's day-to-day operations, including "organizational response," "maintenance and management plan," "staff training," "operations policy," and "impact management".

[Click here for more](#)



Information systems transition from ownership to use

General approach 1 The conveniences that information systems bring

NRI does not just develop and operate stand-alone information systems for individual companies. It has also developed standardized information systems for use in different businesses, offering industry-standard business platforms in a range of sectors, which can be joint-use by multiple companies. These platforms allow clients to both reduce the costs involved with an information system, and eliminate the need to deal with system changes on their own.

One of those joint-use services is [I-STAR](#), a comprehensive service for wholesale securities operations. Since NRI launched this service in 1987 it has been taken up by more than 100 financial institutions, and has now become the standard program for wholesale securities business in Japan. One of its features is I-STAR/LC. This supports the management of payments and settlements through the Bank of Japan Financial Network System (BOJ-NET), the system operated by the Bank of Japan for funds transfers and the settlement of Japanese government bonds (JGBs) transactions between financial institutions. It is used by around half the financial institutions subscribing to BOJ-NET, and it serves as a critical resource underpinning the system of payments settlement in Japan.



PFI certification logo of the PCI Security Standards Council

Helping to protect credit card holders and merchants

General approach 3 Information security

With the increase in recent years in the number of foreign tourists coming to Japan, the demand for the settlement of card payments is predicted to grow along with the number of businesses in Japan accepting credit cards. Credit cards however contain valuable personal information, which means they will be targeted by criminals of all kinds, including cyber criminals.

Since 2006 NRI SecureTechnologies, Ltd. ("NRI Secure") has been offering an Incident Response Support Service, which has helped clients deal in many different ways with incidents such as the theft of their customers' personal data. In December 2015 NRI Secure was certified as a PCI Forensic Investigator (PFI) by the PCI SSC*, an industry body which engages in the ongoing development, storage, dissemination and implementation of credit card security standards. A PFI is an organization certified by the PCI SSC to investigate incidents such as the theft of card information. This certification has bolstered the security support that NRI Secure provides to companies and businesses handling people's credit card information, and if any participating merchant is the victim of a hacking attack, NRI Secure can now help it recover from the incident, starting with a formal investigation. The NRI Group is helping to protect credit card merchants and cardholders against both internal theft incidents and the growing wave of cyber-attacks.

* [The PCI SSC](#) (Payment Card Industry Security Standards Council, LLC.) is a limited liability company founded by five international credit card brands. It engages in the ongoing development, storage, dissemination and implementation of credit card security standards.

Material CSR Theme

3

Developing human resources who can generate innovation

The prize winners in the NRI Student Essay Contest for 2015



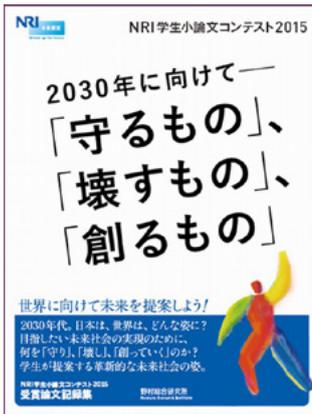
As companies' businesses become more global, they will face more demands from the public for greater diversity in their HR management practices. Diversity has also become an important issue from the viewpoint of companies' own long term growth.

For the NRI Group, its human resources are an important core resource. In order to achieve "Dream up the future," people who can think up new values and paradigms and create ground-breaking change are essential. In order to nurture such human resources, NRI is building systems and creating environments that embrace different modes of working, and is pursuing the creation of related mechanisms for training and evaluation in consideration of each individual. NRI also believes that it is important to foster today's students who hold Japan and the world's futures in their hands, and we will be engaging in a number of different initiatives to support the education of younger people.

Trends in society

A proposal for future Society from a student today

University education plays a very important role in a society's accumulation of human capital. Japan is far from the only country that recognizes the importance of tertiary education, and many countries invest much in it also. But In Japan's case, in May 2015 its Ministry of Education, Culture, Sports, Science and Technology (MEXT) announced a proposal for the attention of the country's national universities, which



in short appeared to urge the universities to shut down their humanities and social sciences (HSS) faculties and graduate schools or reduce their student number quotas for HSS courses. Personally this notice shocked me. (Omitted) How did this look from the perspective of the fundamental objectives we attribute to learning? The value of learning cannot be measured just by the equation “human capital = present value of future profits (that is, its monetary value)”. If the value of learning is to be measured by future monetary value, doesn’t that mean that universities are mere factories churning out components for capitalism that can be used to create monetary value? If that is so, then we must reconsider the role that universities are to fulfil in any society.

— An extract from “The Faculty of Problem Solutions – From the Spirit of ‘Shuhari’”, by Li Chao-jun (PRC), a first year master’s program student at the Hokkaido University Graduate School for Economics and Business Administration, and winner of the Grand Prize in the international students category of the NRI Student Essay Contest 2015

NRI’s general approaches to Materialities

General approach 1 Promoting diversity

A workforce that engages in multi-faceted thinking and behavior from the perspective of different cultural backgrounds is essential for the long-term development of the NRI Group’s business. Diversity has become an important factor for the NRI Group’s growth. NRI has been helping its female employees flourish at work through a number of different activities. Since fiscal 2008 its programs to that end have been based on the three pillars of: helping our female employees to develop their careers; helping them strike a balance between their work and being a mother; and fostering a better internal corporate culture for women. In fiscal 2010 NRI also set up an internal organization to advance its internal diversity. In addition, as is appropriate for a global corporation, to promote our diversity we are putting in place policies and systems for human rights and work practices based on international community norms, and we are working to build an organization that converts that diversity into a strength for our growth as a company.

FY2018 target
Percentage
of women in
management
positions

Over **7%**

General approach 2 Developing human resources

The key to the NRI Group’s long-term growth will be employees who possess a high degree of expertise, who can work independently towards self-set goals, and who can pursue challenges boldly without fear of disruptive change. In order to bring greater certainty to our human resources development strategy, we have adopted a system of “career fields” (comprising different areas and levels of specialization)

Training
expenditure in
FY2015

¥1.712 billion

that spell out the different visions of human resources that we are aiming for. It is an endeavor on our part to align our organization's growth with that of our individual employees, and it is designed to promote a form of skills development that is both planned and gives ownership to the employee. Lastly, we are putting energies into training global human resources who will be able to develop and conduct business in different countries, as part of our response to the globalization processes we face. We are also working to improve our employees' workstyles, based on changing internal mindsets and fostering a better corporate culture.

General approach **3**

Training today's people – the generations of the future

NRI Student Essay
Contest 2015
Total number of
applicant essays

2,622

In order to realize the NRI Group's corporate philosophy of Dream up the future, NRI believes it will be important to provide training for our young people today, who will lead our workforces in the future, and to generate a greater community ripple effect for the future. The NRI Group has developed a range of education programs for all students, from elementary school students to university students and international students, based on its know-how and tailored to the needs of each particular group. Through its Student Dialogues and Student Essay Contest it also provides forums for students to turn their minds to the future. The NRI Group also engages in collaborations with educational institutions, with its employees for example giving classes and talks at universities, and arranging for teachers to receive training at companies in the private sector.

Progress and issues

With the aims of raising our employees' vitality and productivity and reinvigorating our own organization, in 2015 we put in place a system that facilitates Health and Productivity Management, which included the appointment of a chief health officer (CHO).

As one policy for advancing our diversity, we have drafted an action plan for FY2016-2018 in accordance with [the Act on Promotion of Women's Participation and Advancement in the Workplace](#). In addition in July 2015 we established a "special-purpose subsidiary" NRI Mirai, to promote the employment of people with disabilities.

NRI believes that its diversity must be advanced and its human resources management reformed even further from now on at a global level.

NRI's actions in finding solutions

Offering opportunities for people and companies to collaborate on "open innovation"

General approach 3 Training today's people - the generations of the future



In October 2015, NRI held the NRI Hackathon CEATEC JAPAN 2015. The theme of this year's event was Money x IoT, and 140 participants attended.

'Hackathon' is a portmanteau of 'hack' and 'marathon'. The NRI Hackathon consists of teams of many diverse individuals, from students to engineers and programmers, who transform new ideas into a tangible shape in one or two days. This co-creation venue, packed full of free, unconventional ideas and novel wonders, help develop people who will give rise to innovation.

NRI establishes a new company, NRI Mirai, to promote the employment of people with disabilities

General approach 1 Promoting diversity

In July 2015 NRI established a new subsidiary, NRI Mirai, Ltd., to promote the employment of people with disabilities. In October that year NRI Mirai was designated officially as a "special-purpose subsidiary"*. By helping people with disabilities to get work through NRI Mirai and therefore gain greater autonomy, the NRI Group is broadening and deepening the scope of its diversity. During August and September 2015, NRI and NRI Mirai joined forces to conduct two surveys: one, of listed companies on the hiring of people with disabilities, and two, of "special-purpose subsidiary" companies on the hiring of people with disabilities, and of the management policies and practices of "special-purpose subsidiary" companies. NRI has since published the results of both surveys.



* "Special-purpose subsidiary" company: a subsidiary that gives special consideration in its business operations to the hiring of people with disabilities, and which also meets certain other statutory requirements. As a special case" (tokurei) it is deemed to be a "place of business" (instead of a regular "subsidiary") of its parent company, and its employees are therefore deemed to be employees of the parent company when calculating the parent company's quota of employees with disabilities.



Harvard Business School discussion members enjoying a meal

Overseas training schemes improving our employees' business abilities through overseas work experiences

General approach 2 Developing human resources

With the aim of cementing our business base overseas and in order to nurture successful global business leaders, NRI runs practice-based training programs that include work experiences in international business projects. We place our employees with a client company or an NRI overseas subsidiary for around one year, in order to improve their business abilities through an overseas work experience.

For one year from December 2014, employees were sent to NRI America's New York office, where they gained practice-based experience in groups offering consulting services to car company and manufacturing clients. For off-the-job training they participated in Executive Education programs at Harvard Business School and Columbia Business School, where they studied concepts such as global strategy and corporate value. Through these experiences the employees came to really understand the importance of different backgrounds and different ways of thinking, and of treating each other with respect.

Over 5 years NRI has selected and sent more than 100 employees out on global training projects, to 21 cities in 13 different countries.

CSR Activities and Data Files

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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 incorporate multiple perspectives in our R&D, so that its results lead to greater corporate value for our clients and the NRI Group, and to society's greater progress. The NRI Group aims to relieve any anxieties that our clients may feel and to help solve issues affecting society in a number of ways: by achieving advanced solutions through R&D; by operating high-quality and reliable information systems that improve on existing basic IT technologies; and through our recommendations which are based on surveys which we conduct by way of fundamental research.

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 engage in collaboration with different organizations both within and outside our Group.

Research & 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 (service) development, these investigate product business feasibility, conduct product development, and undertake demonstration projects.

R&D focus areas and past results

We conduct R&D for different segments. Our Consulting R&D looks at next-generation business and strategies. Finance & Industry R&D deals with financial institutions and the adoption of industry-standard business platforms that fully meet markets' broad needs. IT Platform Services R&D involves continually monitoring cutting-edge technologies, and strengthening IT's power to provide solutions that apply those technologies to people's lives and to society at large.

In fiscal 2015, the NRI Group conducted a total of 176 R&D

projects.

Open innovation initiatives

In 2012 NRI launched an organization for creating new business, called NRI Mirai (Future) Garage. It is a forum for NRI to think together with our clients about how IT can be harnessed to create new business frameworks, and what sort of problem-solving can be achieved. It is also a forum for testing these issues through experimental trials and demonstration projects. In order to pursue "open innovation" on a global scale, we are building up our network of connections with venture companies on the U.S. West Coast, including for example taking part in research projects at Stanford University.

Some of our main R&D projects

Projects Open Innovation: NRI Future Garage

NRI conducted a demonstration project using service robots, with the aim of improving services for airport users. We also conducted another experimental trial of "talking" vending machines using the latest voice recognition technology, as part of an omotenashi (Japanese hospitality) campaign for foreign tourists to Japan.

[Click here for more on the service robot demonstration project](#)
For more go to P.25

Projects Consulting: "Restarting Regional Japan" innovation and future prediction

As part of efforts to "restart regional Japan", NRI is conducting a project that aims to create new businesses by getting regional and local business people and entrepreneurs to engage in exchanges with innovative business managers from around the country in order to gain inspiration. On a separate note, Japan's workforce is expected to shrink in line with its falling population. NRI has been conducting research on the social impacts that arise when artificial intelligence (AI) and robots are used to make up for an insufficient number of workers.

Projects Finance & Industry: Business innovation using IT

For Finance R&D, NRI conducted a survey of new digital finance ("fintech"^{*1}) companies. It also conducted research on how finance will look in the future as a result of fintech, as well as a [demonstration project aimed at finding practical uses for blockchain technology in the banking sector](#).

For Industry R&D, as well as undertake surveys of foreign markets, NRI conducted a survey of cross-border e-commerce (EC), which has started to draw attention in both Japan and China.

*1 "fintech": a portmanteau of "finance" and "technology". It refers mainly to new financial services delivered using IT, and the companies providing those services.

*2 Cross-border e-commerce refers to electronic transactions occurring between two different countries via online retail websites.

Projects **IT Platform Services: IT Roadmap and Projects for Production Innovation**

NRI produced IT Roadmap, which attempts to make predictions for critical technologies like AI by the year 2020, including how far it will advance, and what if any practical applications can be developed for them. NRI also conducted a survey of searches for production reform technologies and of cross-browser functionality*3.

*3 Cross-browser functionality: the ability of a website, web application, etc. to work as intended in different online environments (specifically, on different browsers).

R&D expenditure in recent years (¥100m)

	FY2013	FY2014	FY2015	Figures for:
Total R&D expenditure	35.75	39.86	51.10	non-consolidated
Consulting	7.81	8.14	10.56	non-consolidated
Financial IT Solutions	15.02	18.55	26.18	non-consolidated
Industrial IT Solutions	3.76	4.41	7.00	non-consolidated
IT Platform Services	9.16	8.76	7.34	non-consolidated

Surveys, recommendation projects, and 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 recommendations and research reports](#)

Projects **Survey of companies’ information security**

Projects **Cyber-security: Trend analysis report**

Projects **Survey of 10,000 Consumers**

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, which NRI has held each year since 2003, have proved to be an annual occasion for a deepening of debate between pioneers from a variety of fields where NRI itself has been involved in creating new “value.”

In October of fiscal 2015 NRI held Dream up the future Forums in Tokyo, Nagoya and Osaka, on the subject of

“Designing the Japan of 2030.” The events attracted 4,180 people in all.

Our information communication record in recent years

	FY2013	FY2014	FY2015	Figures for:
No. of books published	12	19	25	consolidated
No. of contributions to newspapers and magazines	278	210	229	consolidated
No. of public lectures given	943	1,088	1,161	consolidated
No. of TV/radio appearances	117	81	126	consolidated
No. of press releases	97	88	107	consolidated

Supporting disaster rebuilding

Supporting disaster rebuilding through our business activities

Projects **Supporting disaster rebuilding in Kumamoto Prefecture and MashikiTown**

[For more go to p.24](#)

Projects **Supporting 12 Fukushima town communities in developing a vision for their future**

The NRI Group was contracted by Japan’s Reconstruction Agency in fiscal 2015 to provide support for setting up and managing a study group that would realize future visions, for principally 12 town communities in Fukushima Prefecture which had been ordered to evacuate by the government. The visions were to be developed from a short-term, and from a mid- to long-term perspective (to around 2020, and 30 – 40 years from today, respectively). For the purpose of progress management, we have provided support with the drafting of a Fukushima 12 Towns Future Visions Realization Roadmap 2020, with the aim of realizing individual aspects described in these future visions. As part of our support for the planning of the reconstruction of these communities, we have conducted surveys asking decommissioning-related business operators for their views, including their projections for long-term responses.

Projects **Donations of emergency relief money**

In fiscal 2015, we donated a total of around ¥16 million to the Disaster Relief Volunteer & NPO Support Fund 2 operated by the Central Community Chest. This 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 ¥212,60 million.

Projects **Raising donations for elementary schools from selling our old books**

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 2014 we collected and sold

a total of around 20,000 books, and used the ¥1.44 million raised to purchase 2 electronic blackboards for the Okuma Town school board, which has been temporarily relocated to Aizu Wakamatsu City. The blackboards have been installed in classrooms at two Okuma elementary schools (Ono Elementary and Kumamachi Elementary), where they are being made good use of in lessons.

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.

Projects **Supporting the development of critical national infrastructure in Vietnam and Myanmar**
[For more go to p.25](#)

Projects **Safeguarding financial institutions against cyber-attacks**

Projects **Activities by NRI Group companies**
 Since its founding in July 2012, NRI FT India has been actively involved in supporting local communities and helping them develop. It has been giving its used PCs to NGOs that provide support for local orphanages and for vulnerable people in society. In fiscal 2015 it sponsored two soccer teams with 63 young people between the ages of 7 and 14 years. NRI FT India plans to continue its support for these projects.

Projects **Participation in TABLE FORTWO program**
 Since 2008 NRI has been donating the cost of a meal for a child in a developing country via the NPO TABLE FOR TWO International. 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.

Summary of NRI’s development of society activities

	FY2013	FY2014	FY2015	Figures for
Total expenditure on social contribution activities (¥ million)	792	581	688	non-consolidated
Donations to TABLE FORTWO (no. of meals)	15,650	14,404	13,842	non-consolidated

Environmental Protection

Climate change is becoming a serious problem, and many companies around the world are taking measures to cut their greenhouse gas emissions. In the field of IT solutions, which is NRI’s area of business, the rapid spread of information and communications technology (ICT) devices has driven up consumption levels of electricity. To tackle such environmental problems the NRI Group has adopted an Environmental Policy, and in fiscal 2014 it created a new internal cross-organizational body, the Environmental Activities Committee, and organized an Environmental Activities Section as the NRI body tasked exclusively with environmental issues. In organizational terms the Environmental Activities Committee conducts studies and investigations for solving environmental issues, and the Environmental Activities Section implements NRI’s environmental policies.

In November 2015 the 21st yearly session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP21) was held in Paris. In the spirit of international developments as represented by COP21, NRI has set environmental targets for its Group.

In fiscal 2015 we also obtained independent assurances to ensure that our disclosure of environmental information complies with international standards, in order to provide information with a high degree of precision.

NRI has obtained certification under the international ISO14001 standard for the environmental management systems (EMS) at all of its centers. It has also rolled out its own environmental management system (NRI-EMS) for its principal offices, where it undertakes permanent efforts to reduce its environmental impact, such as cutting its overall consumption of electricity, and curbing its electricity use to avoid reaching daily peak demand.

Making a difference for the environment

The expanding consumption of electricity is a matter of concern for the IT sector, as ever more IT products come into use. NRI has therefore devised a business strategy to curb electricity consumption through the use of IT products in its entire value chain, including its own corporate clients. This strategy involves expanding its industry-standard business platforms, or specifically, its joint-use system services.

NRI developed these services, incorporating technology and know-how that it amassed through the large number of systems it has built for individual clients. They are offered exclusively by NRI as standardized systems providing our clients with the operational services they need. They are a line of business with strong continuity, and they are one of the sources of NRI’s strong revenue potential.

The best examples of these joint-use system services are STAR, our integrated back office system for retail securities companies, and BESTWAY, an account management system

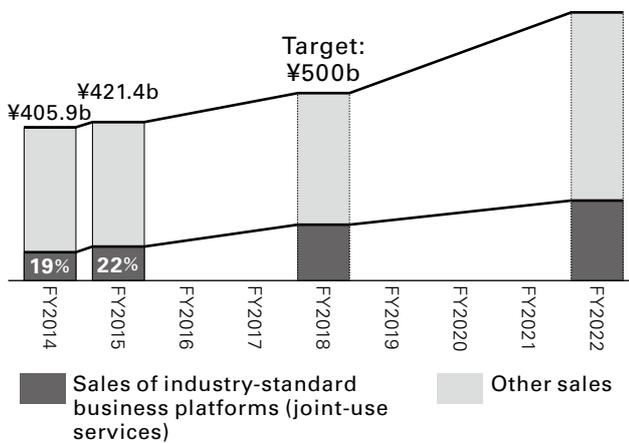
for banks for over-the-counter sales of investment trusts. We are proud of how strong their share is among domestic financial institutions, rising to between 60% and 70%.

Joint-use system services are major strength for NRI, and we are building their further expansion into our business strategies. The proportion of our total sales of these services (which can be called “green revenue” sales) has grown over the past 8 years, from 12% in fiscal 2007 to 22% in fiscal 2015. NRI is aiming for further growth in these services as part of its medium-term business plan and its long-term management vision, Vision2022.

Using our joint-use services makes our clients better able to rein in the overall amount of electricity that they use, than if they were to build and operate their own system independently. Using these services is believed to allow our clients to cut their CO₂ emissions by around 70%.

These services are accessed from a cloud environment that NRI operates. In addition to being better at curbing CO₂ emissions than existing cloud environments, this system is better at curbing CO₂ emissions precisely when it is used for joint-use services.

Total sales; percentage of our industry-standard business platforms

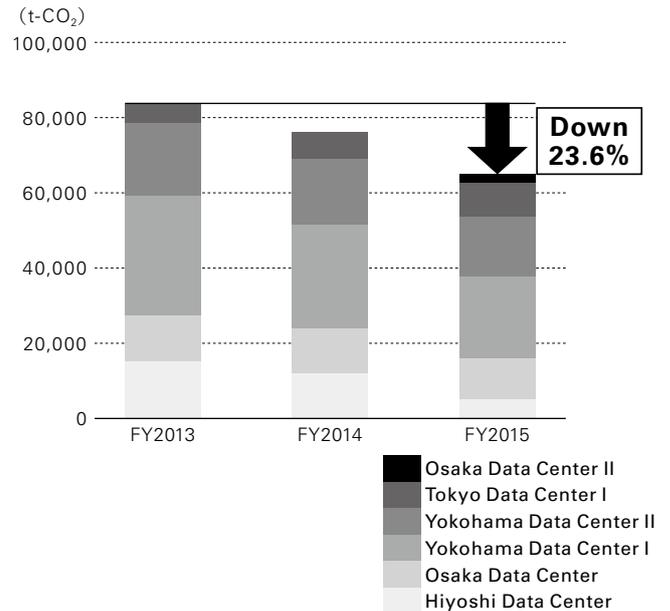


An additional bonus is that operating these services through our Data Centers with their high-level environmental performance helps to rein in electricity consumption.

NRI is in the process of rehousing its joint-use systems from its legacy data centers to newer data centers such as Tokyo Data Center I. In fiscal 2015 we shut down our aging Hiyoshi Data Center and began shifting its systems to our new Osaka Data Center II.

We are pleased to report that our CO₂ emissions for fiscal 2015 were down 23.6% on our emissions for fiscal 2013.

Recent NRI Data Center CO₂ emissions



We are proud of the environmental performance of our newer Data Centers, particularly of Tokyo Data Center I, which is among the best in Japan. That performance was recognized in fiscal 2013, when we won the METI Minister’s Award in the category of IT energy conservation at the Green IT Awards. (These Awards are sponsored by the Japan Electronics and Information Technology Industries Association (JEITA) and the Green IT Promotion Council, with support from the Ministry of Economy, Trade and Industry (METI).

Through its consulting business NRI has been helping society find solutions to global environmental problems. Its contributions include taking part in Joint Crediting Mechanisms (JCM), and in a project to help develop a regional helpdesk platform for energy conservation.

The NRI Group’s Environmental Policy

The NRI Group’s executives and employees will all engage in activities to reduce our impact on the environment. Our aims here are to help future generations to prosper, and to preserve the Earth’s environment with harmony between humanity and nature.

We have called these planned and ongoing activities our NRI Green Style Activities.

1. Helping society find solutions to environmental problems, through our business activities
As a company that “Dreams up the future”, NRI contributes to finding solutions for global environmental problems. It does so by providing its clients and the broader community with recommendations on the environment and solutions that are designed to reduce our impact on the environment.
2. An all-of-company commitment to the environment
All NRI executives and employees recognize the need for

environmental conservation, if we are to help prevent global warming. As a member of various regional and local communities, we will employ our ingenuity and inventiveness to actively pursue activities that contribute to the betterment of society.

3. Raising environmental awareness

In order to raise awareness of global environmental problems, NRI will be conducting environmental education and awareness campaigns for its executives and employees and its suppliers.

4. Strict environmental compliance

NRI will comply strictly with domestic and overseas laws and regulations on protecting the environment. It will also take account of specific demands from the community when endeavoring to reduce its environmental impact.

5. Reducing our environmental impact

With the aim of reducing the burden placed on the environment, we will pursue activities that address the issue of reducing the natural resources and energy that we consume at our offices and data centers.

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 of natural resources.

As a member of society, the NRI Group will actively undertake the following initiatives in order to preserve and advance the sustainable use of biodiversity.

1. Carefully understanding our connection with biodiversity

NRI will keep itself informed by assessing and analyzing how its business activities as a whole are dependent on biodiversity and whether those activities are impacting on biodiversity.

2. Ongoing efforts

NRI will work continually to reduce, prevent and avoid its impact on biodiversity, by working to raise the awareness of each of its employees and by engaging in business activities that take biodiversity into account.

3. Personnel organization and approach to initiatives

We will put in place a personnel organization for promoting environmental activities, and when pursuing initiatives we will give priority to policies with a strong impact and benefit from a business perspective and a long-term perspective. In addition as a member of sustainable societies, we will undertake activities that contribute to the broader community on an ongoing basis.

4. Contributing through technology

When engaging in any project such as the construction of a data center or relocation of an office, we will aim to help biodiversity by taking into consideration factors such as protection of ecosystems, using technology that suits the particular features of the project.

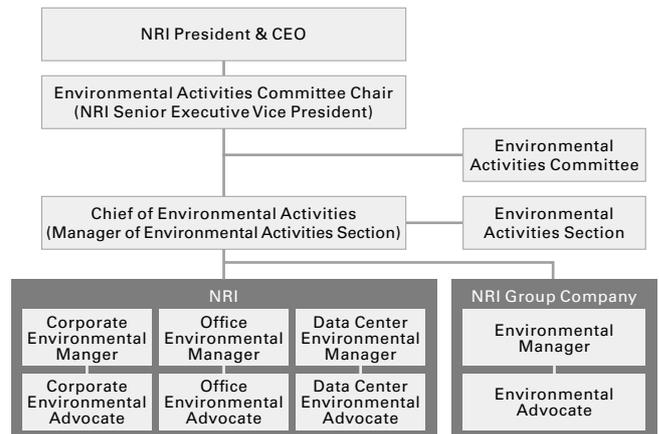
5. Expand the scope of collaborative activities and initiatives

We will bring a local focus and a wider regional and global awareness when we engage in initiatives, and we will work together with different stakeholders such as local residents, local governments and NPOs, to apply knowledge and measures that are broad in scope.

The NRI Group’s Procurement Policy

The NRI Group has adopted a Procurement Policy that requires its business partners, such as its outside contractors and suppliers, to take ESG (environmental, social and governance) into account. In the section entitled “Achieving ESG Procurement in Practice”, the Policy states “as well as comply with laws, regulations and community norms, in partnership with our business partners we will contribute to building sustainable societies by engaging in procurement practices that take into account matters such as the environment and human rights”.

Personnel organization for promoting environmental activities



The NRI Group’s environmental targets

NRI has adopted targets for cutting its greenhouse emissions* based on their levels in fiscal 2013. The targets apply to all its Group offices including its overseas offices.

Fiscal year	Reduction target	For:
FY2018 (intermediate target)	18%	The entire Group
FY2022	25%	The entire Group

*Scope 1 and Scope 2 emissions

Performance on environmental targets

Emissions	FY2013 Base year	FY2015	% cut	FY2022 Target %	For:
Scope 1 and Scope 2 emissions (1,000t CO ₂)					
NRI Group total	107	86	19.9%	25.0%	The entire Group

[Click here for the NRI Group’s environmental data](#)

Proactive disclosure of environmental data

NRI spares no effort with the disclosure of its environmental data, which is overseen by its Environmental Activities Committee. Since fiscal 2014 NRI has obtained independent assurances for its environmental data, and it is working to provide highly accurate environmental data in compliance with international criteria such as the Greenhouse Gas (GHG) Protocol.

As a result of these measures, NRI was entered on the climate disclosure leadership index (CDLI) for 2015 by CDP, an international non-profit organization that assesses and ranks companies on their disclosure of climate change information.

[For more see p.26](#)

Expanding the development of our environmental management systems

NRI has obtained certification under the international ISO14001 standard for its data centers’ environmental management systems (EMS). Since fiscal 2015 it has also introduced its own environmental management system (NRI-EMS) for its principal offices. As a result 94% of the greenhouse gases emitted by the entire NRI Group are now covered under environmental management systems. These EMS will strengthen our compliance with environmental laws and regulations, and will allow us to provide more detailed environmental data. It also means that our environmental load reduction activities will be conducted continually on a PDCA cycle.

Achieving major reductions to CO₂ emissions through the use of joint-use services

NRI provides joint-use 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 CO₂ emissions by around 70% compared to if they each operated a similar system of their own.

[For more see p.26](#)

NRI’s Data Centers’ strong environmental performance

Our Tokyo Data Center I (T1DC) employs a double-deck system*, which could come to represent how data centers will look in the future. By combining this layout as a base for a number of different energy-saving technologies, we have achieved major savings in the amount of energy that T1DC consumes.

Main reduction measures

1) Task / ambient (TAC) conditioning systems

We use total (ambient) conditioning to tackle standard heat loads, and we are phasing in localized (task) air conditioning in areas with high heat loads, such as where servers and other sources of heat are concentrated.

Supplying just enough cold air to where it is needed helps us to reduce our energy consumption.

2) High-temperature chilled water systems

Normally the temperature of the chilled water needed to cool computers had to be around 7℃. By using a double-deck system our chilled water only needs to be around 14℃, letting us get better efficiency with our refrigeration equipment and cut our energy consumption.

Power usage effectiveness (PUE) is an indicator of data centers’ electricity efficiency, and T1DC has a PUE of 12.8 (its set value), which is among the best ratios within our industry.

* With a double-deck system, the floor where servers are located is completely separated from the floor where utilities equipment such as air conditioning and power units are located. Keeping sources of heat separate from air conditioning systems allows more efficient and highly flexible air conditioning, resulting in major reductions in electricity consumption.

Using renewable energies for our Data Centers

We are working to reduce the environmental load of our Tokyo Data Center I by maximizing its use of renewable forms of energy, for example with the installation of solar power generators and geothermal heating systems. In addition we have installed the following systems whose technologies both make use of external air.

1) Free cooling

We have implemented “free cooling” technology, which involves using cool external air both during winter and mid-season operations to produce chilled water, without the need to use refrigeration equipment. In combination with our introduction of high-temperature chilled water systems we have extended the periods of time when we can use external air, which has allowed us to massively cut the amount of electricity we use on thermal air conditioning.

2) Cooling chambers

With this technology external air drawn into a building is drawn down from the roof into underground concrete spaces (chambers). By pre-cooling air as it passes through these low-temperature underground chambers throughout the year, we are saving energy by reducing the need for air conditioning.

Making a socially valuable contribution to global environmental problems through consulting activities

Joint Crediting Mechanism (JCM) initiatives

Japan is making available at a global level a new mechanism for mitigating global warming, called the Joint Crediting Mechanism (JCM). It will promote the creation of a relevant mitigation mechanism with the cooperation of governments and their agencies.

In addition to participating in the submission of government policies relating to the JCM, NRI is involved in putting together cases for JCM projects in the participating countries, and in providing support with the execution of those projects.

Project supporting the development of a regional helpdesk platform for energy conservation

NRI has been contracted to perform the administrative functions for a project to develop a regional helpdesk platform for energy conservation. The helpdesk will provide small- and medium-sized companies with detailed assistance in every area of energy conservation, including monitoring and organizing data collected, and a PDCA cycle for measures that the companies undertake.

FY2015 “Small Carbon Footprints, Recycling, Co-existence with Nature”

Drafting Restarting Regional Japan execution plans: commissioned project from the Ministry of the Environment

NRI has been contributing to the preparation of plans and to the launch of individual projects for 17 regional communities around the country. These plans are Restarting Regional Japan plans, and they include projects that attempt to strike a balance between achieving a small carbon footprint, a recycling-based community, and a community living in harmony with nature on the one hand, and with “restarting the community” on the other (meaning creating industry and jobs in the region). NRI has incorporated the know-how it gained through its contribution into a national plan.

Preparing a ZEB / ZEH roadmap

The importance is growing for businesses and households alike to conserve energy, and the Japanese government has set out ZEB^{*1} and ZEH^{*2} targets in its Strategic Energy Plan, which was adopted by Cabinet in April 2014. NRI is acting as a secretariat and is conducting investigations and managing committees with respect to the preparation of a roadmap for achieving those targets. The roadmap will describe the current situation and issues surrounding ZEB and ZEH, as well as a policy direction to ensure that they become more widespread.

*1 ZEB: Zero-energy building

*2 ZEH: Zero-energy home

Other environment-related projects

- A 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
- Net Zero Energy Home (ZEH) pilot project

Issuing “green bonds”*

In April 2017 NRI is scheduled to move into the Yokohama Nomura Building, a building with excellent environmental performance. NRI will issue “green bonds” to fund the acquisition of beneficial rights under a trust to its share of the Building. Becoming the first Japanese company to issue such bonds, NRI has been considerably engaged in the preparations for the issue, which will take place in September 2016.

* “Green bonds”: bonds issued by companies or municipalities to raise funds for projects that will help provide solutions to environmental issues, such as global warming

[Click here for more](#)

Environmental education for our executives and employees; a new system of environmental incentives

In order to raise the environmental awareness of all our executives and employees, and with the aim that our business do no harm to the environment, NRI undertakes what we call NRI Green Style Activities. In fiscal 2015, with the aim of raising the awareness of all our executives and employees of the need to reduce our environmental impact and to act accordingly, we overhauled our internal environmental portal in order to communicate a broader range of information about the environment.

We began testing our executives and employees on the environment through an e-learning program in fiscal 2014. In fiscal 2015 we added society and governance to this testing regime to make it an ESG test. Around 93% of NRI executives and employees have taken this test.

The Dream up the future Awards is the NRI Group’s internal incentive program for recognizing activities that have contributed to our establishment and development as a company that does “Dreams up the future”. ESG has now been made an important category in these Awards.

Projects 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 annual 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.

Projects **Contributing to the development of Tadami Model Forest in Tadami Town**

In March 2016 NRI helped with a project to develop Tadami Model Forest, Fukushima Prefecture. The purpose of this project is forest conservation. Much of Tadami Town is rich in untouched nature, and as such has been designated a UNESCO Biosphere Reserve (“eco park”).

Projects **Selecting a species of cherry tree for our new Data Center in Osaka**

To mark our 50 years in business, we planted 50 cherry trees at our Osaka Data Center II.

Our Environmental Activities Committee led a study into the type of cherry trees to be planted, which included hearing the opinions of professional and academic biodiversity experts. The Committee learned that from a biodiversity perspective, trees need to be planted that match the natural vegetation of the region, so it selected Jamasakura cherry trees for planting, because these fit in well with the natural vegetation of the area surrounding the new Data Center.

Key Sustainability Performance Indicators

Accounting period

FY2015 (April 1, 2015 to March 31, 2016)

Scope of date collection and method of calculation

https://www.nri.com/~media/PDF/global/csr/greenstyle/data/150825_e.pdf

Environment load information INPUT (resources used)

INPUT		FY2014	FY2015	Assurance	Object of data collection
Energy resources use	Electricity (1,000 kwh)	174,209	154,443	✓	*1
	Kerosene (kl)	29	20	✓	*3
	Diesel (kl)	56	279	✓	
	City Gas (1,000 m³)	473	407	✓	
	Cooling, steam, heat (x103 GJ)	88	88	✓	
	Total heat (1,000 GJ)	1,837	1,650	✓	
Water resources	Water works (1,000 m³)	163	231	✓	*1
Paper resources	Business paper (t)	263	258	✓	*3

Environment load information OUTPUT (impact on environment)

OUTPUT		FY2014	FY2015	Assurance	Object of data collection
Greenhouse gases emissions	Electricity (1,000 kwh)	92	79	✓	*1
	Kerosene, Diesel, City Gas (1,000 t-CO ₂)	1	1	✓	*3
	Cooling, steam, heat (x103 t-CO ₂)	6	5	✓	
	Total emissions (1,000 t-CO ₂)	99	86	✓	
Drainage for business	Volume of wastewater (1,000 m³)	50	40	✓	*2
Waste Paper	Whole waste (t)	280	305	✓	*3
	Final disposal volume (t)	—	—	✓	
	Recycle rate (%)	100.0%	100.0%	✓	
Industrial wastes	Whole waste (t)	508	566	✓	*4
	Final disposal volume (t)	28	52	✓	
	Recycle rate (%)	94.5%	90.7%	✓	

Objects of data collection for *1~4 Environment load information INPUT (resource used) and OUTPUT (impact on environment)

NO.	Name	Explanation
*1	NRI Group	Scope of data collection for key sustainability performance indicators and the companies under II. Scope of data collection for the method of calculation
*2	NRI Group's Data Centers	Yokohama Data Center I, Yokohama Data Center II, Hiyoshi Data Center, Osaka Data Center, Tokyo Data Center I, Osaka Data Center II
*3	NRI Group companies with a Head Office in Japan	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for domestic companies
*4	NRI Group Data Centers and Buildings	The Data Centers in *2, Yokohama Center, Marunouchi Center, Kiba Center, Yokohama Minato Center, Osaka Center

Environment load information OUTPUT (Emissions by Scope)

Category		FY2014	FY2015	Assurance	Percentage rate	Object of data collection
Scope 1 emissions (1,000 t-CO₂)						
NRI Group total		1	1	✓	35.1%	*1
For	Japanese offices (1,000 t-CO ₂)	1	1	✓	35.1%	*2
	Overseas offices (1,000 t-CO ₂)	—	—	✓	—	*3
Scope 2 emissions (1,000 t-CO₂)						
NRI Group total		97	84	✓	△13.6%	Electricity *1 Cooling, steam, heat*2
For	Japanese offices (1,000 t-CO ₂)	95	81	✓	△14.1%	*2
	Overseas offices (1,000 t-CO ₂)	2	2	✓	5.4%	*3
Scope 1 & Scope 2 total emissions (1,000 t-CO₂)						
NRI Group total		99	86	✓	△13.0%	Electricity, kerosene, Diesel, City Gas *1 Cooling, steam, heat*2
For	Japanese offices (1,000 t-CO ₂)	96	83	✓	△13.5%	*2
	Overseas offices (1,000 t-CO ₂)	2	2	✓	5.4%	*3

Scope 3 emissions (1,000 t-CO₂)						
Category		FY2014	FY2015	Assurance	Percentage rate	Object of data collection
1	Purchased goods and services	69	75	✓	8.6%	*1
2	Capital goods	16	48	✓	197.9%	*1
3	Fuel- and energy-related activities	7	6	✓	△8.6%	Electricity *1 Cooling, steam, heat*2
6	Business travel	4	5	✓	15.4%	*1
7	Employee Commuting	2	2	✓	△2.3%	*1
11	Use of sold products	33	21	✓	△35.0%	*1
12	End of life treatment of sold products	0	0	✓	△89.6%	*1
Total		133	160	✓	19.7%	

Objects of data collection for *1~3 Environment load information OUTPUT (Emissions by Scope)

NO.	Name	Explanation
*1	NRI Group	Scope of data collection for key sustainability performance indicators and the companies under II. Scope of data collection for the method of calculation
*2	NRI Group companies with a Head Office in Japan	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for domestic companies
*3	NRI Group companies with an overseas Head Office	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for overseas companies.

Notes: 1. Figures have been rounded down to the nearest unit specified. Percentages have been rounded up or down to the nearest tenth of a percentile.
2. Past figures have been re-calculated to show the impact of past acquisitions, etc., in accordance with The Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard- Chapter 5. Tracking Emissions Over Time).

Translation



The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

June 17, 2016

Independent Assurance Report

Mr. Shingo Konomoto
President & CEO
Nomura Research Institute, Ltd.

Masahiko Tsukahara Representative Director
Kenji Sawami Executive Officer
Ernst & Young Sustainability Co., Ltd. Tokyo

We, Ernst & Young Sustainability Co., Ltd., have been commissioned by Nomura Research Institute, Ltd. (hereafter the "Company") to provide limited assurance on the Key Sustainability Performance Indicators (hereafter the "Indicators") of the Company and its major subsidiaries for the year ended March 31, 2016 included in the Company's 2016 NRI Group Report on Energy Resource Use and Greenhouse Gas Emissions (hereafter the "Report"). The scope of our work was limited to assurance over the information marked with the symbol "✓" in the Report.

1. The Company's Responsibilities

The Company is responsible for preparing the Indicators in accordance with the Company's own criteria determined in consideration of Japanese Environmental Laws. The criteria represent Data in III. Method of Calculation on Scope of Data Collection and Method of Calculation for Key Sustainability Performance Indicators . Greenhouse gas (GHG) emissions are estimated by using emission factors, which are uncertain because the scientific ground of the factors are not established and different instruments for measuring GHG emissions have different characteristics in terms of functions and presumed parameters.

2. Our Independence and Quality Control

We have complied with the independence requirements defined in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in March 2013, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior.

In addition, as a member of Ernst & Young ShinNihon LLC, our parent company, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.

3. Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised)- Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board in December 2013, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, in respect of GHG emissions, the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board in June 2012.

The procedures, which we have performed according to professional judgment, include inquiries, inspecting documents, analytical procedures, agreeing with records of basic information on the Indicators, as well as the following:

- Inquiries about Company's own criteria determined in consideration of Japanese Environmental Laws and evaluating their appropriateness;
- Inspecting relevant documents with regard to the design of the Company's internal controls of the Indicators and inquiring of personal responsible thereof at the headquarters and Data Centers visited (2 centers);
- Performing analytical procedures on the Indicators at the headquarters and Data Centers visited (2 centers) ;and
- Agreeing to supporting documents and re-calculating with part of the Indicators at the headquarters and Data Centers visited (2 centers) visited on a test basis.

The procedures performed in a limited assurance engagement are more limited in nature, timing or extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is not as that obtained if we had performed a reasonable assurance engagement.

4. Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that caused us to believe that the Indicators included in the Report have not been measured and reported in accordance with Company's own criteria determined in consideration of Japanese Environmental Laws.

Material CSRTHEME 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 could 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 for the NRI Group 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, we at the NRI Group are directing our efforts towards the following priorities:

- Quality management in the development of information systems
- Quality management in the maintenance and operation of information systems
- Increasing the reliability of the data centers that support the systems' operation

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 project supervision system and 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

The maintenance and operation of systems requires keeping them in reliable working order; remodelling them to keep up with changes in business and business processes; and ensuring they perform their work accurately and on time. Since 2005 NRI has been providing enhancement* service reforms, under which the teams and people supporting the operation of systems take it on themselves to make improvements to business processes.

* 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.

An important improvement target for these enhancement service reforms is a reduction in the number of disruptions to an information system. We also endeavor to get better performance out of functional systems.

At NRI, 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.

To strengthen our management of our operations quality, from an early stage we obtained ISO20000 certification, the international standard for the operation, maintenance, and management of IT services.

We are working to get M&O Stamps of Approval, a global certification, for our operation of our Data Centers. Following the M&O Stamp of Approval we obtained in December 2014 for our Tokyo Data Center I (a first for a data center in Japan), we obtained a second M&O Stamp of Approval in February 2016 for our Yokohama Data Center II.

[For more see p.30](#)

ISO 20000 certification history

Date obtained	Scope of the certification
December 2007	NRI Data iTech Infrastructure total support services
March 2008	NRI Data Center Service Division (partial business)
October 2008	NRI Data iTech Comprehensive desktop services for Nomura Securities Co., Ltd.
April 2009	Yokohama Data Centers I & II
September 2010	Osaka Data Center
April 2014	Tokyo Data Center I

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 and reliably in the event of cyber-attacks and other security emergencies.

The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as companies engaging exclusively in information security business. We will draw on their technology, know-how and knowledge when preparing and implementing our 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. In fiscal year 2015, we have created 23 new rules and revised 50 rules. 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 implement a number of policies to ensure the security of individual clients' systems. For projects for example involving any handling of large volumes of personal information, and for projects which if hacked would have a major impact on our clients, NRI employees from the representative department visit each physical site involved to confirm that the project is being managed in accordance with the rules.

Company-wide responses to cyber-attacks

The NRI Group uses system-based defences against cyber-attacks, such as installing anti-virus (anti-malware^{*1}) software, hard drive encryption, and installing different security measures (such as firewalls, IDS^{*2}, and network behavior analysis technology^{*3}). With cyber-attacks, however, it is the attackers who have the upper hand, and NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT^{*4}). A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates and shares information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate. We also conduct for our employees education and training, such as ongoing real-life training against phishing emails. In fiscal 2015 we made improvements to our fire-extinguishing abilities against attacks that are initially successful. For each project we conduct we analyze attacks according to the type of threat they represent, and ascertain if a proper post-detection response mechanism is in place.

*1 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.

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

*3 Network behavior analysis (NBA) technology: Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it. NBA technology works by running software suspected of being malware in a highly restricted environment called a “sandbox.” Checks are then made to see if the software is engaging in behavior such as information exploitation or preparatory activity to that end, and if it is, it is eliminated.

*4 CSIRT: Computer Security Incident Response Team. This is the entity (a team) that takes the appropriate response when it receives notice of a computer security incident. Alternatively CSIRT refers to the functions of that entity.

■ NRI's handling of personal data (including personal numbers)

NRI has a [Personal Data Protection Statement](#), and it has made its [Privacy Policy](#) available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the “My Number” Act); and other relevant laws and regulations. NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities (and in the future by the Personal Information Protection Commission). The unauthorized acquisition and use of personal information, as well as 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 such breaches and to implement proper practices for our acquisition, use and disposal of personal information. We have introduced a personal data management registry system which is audited annually by the relevant supervisory department. This system enables us to visualize what personal information is registered with us, how it is being used, and if has been disposed of. This system therefore helps us determine if all aspects of our handling of personal information are appropriate.

■ 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 the wrong recipients, applying rigorous management of emails being sent to multiple destination, and encrypting attachment files. 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 domestic and overseas Group companies

The NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards. We have appointed a CISO* and an information security PIC at each of our overseas Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company. We are also putting together and expediting the rollout of “security package” infrastructure which takes local factors into consideration such as civil disorder, the power supply, and the quality of telecommunication lines.

* CISO: Chief Information Security Officer. The executive within a particular company with overall responsibility for that company's information security.

■ Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, 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 conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy. We have also provided hands-on training in dealing with phishing emails for those of their employees who are engaged full-time on security issues.

■ 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.

We have put in place a response system (which includes a Crisis Management Committee) based on the scenario of a cyber-attack. We have also drafted a Contingency Plan and conduct response training drills, helping us to be prepared for unexpected situations.

Main information security training programs (FY2015)

	No. of times held	No. of participants	For:
For new employees	12	356	*2, *4
Job-specific training	12	1,219	*4
Security training	3	44	*2, *4
Security training for overseas offices	1	2,359	*3
Security training for temporary employees	1	1,906	*2, *4
Personal information (Privacy Mark) training	1	6,792	*2, *4

Audits undertaken to ensure the security of clients' systems, and corrections taken (FY2015)

	No. of audits	No. of areas for correction	No. of corrections completed	For:
Verification assessments conducted of project security rules	231	— ^{*1}	— ^{*1}	*4
Audits of public Web system	49	— ^{*1}	— ^{*1}	*4
Audits of responses to cyber-attacks, and corrections	130	18	18	*4
Audits of live productions and development management, and corrections	130	5	5	*4
Surveys of the use of AWS ^{*2} and making any corrections	14	6	6	*4
Surveys of the use of BPO ^{*3} operations and making any corrections	3	3	3	*4

*1 No figure provided because corrections guidance was given in the course of an audit.

*2 Amazon Web Service. The collective name for the online services provided by Amazon.com.

*3 Business Process Outsourcing. An organization contracts an external specialist company to perform some of its business processes.

Policies for our domestic and overseas offices (FY2015)

	Frequency and No. of offices	For:
Head office information security managers liaison group	Met 12 times	*2
Overseas office information security promotion officers regular meeting	Held 4 times	*3
No. of group companies being assessed by NRI	4 offices in Japan 18 overseas offices	*2, *3
No. of rollouts of information security packages for overseas offices	14 overseas offices	*3

Audits undertaken to ensure information security at our domestic and overseas offices, and corrections taken (FY2015)

	No. of audits	No. of areas for correction	No. of corrections completed	For:
Audits of public Web systems (domestic)	8	— [*]	— [*]	*2
Audits of public Web systems (overseas)	3	— [*]	— [*]	*3
Audits of responses to cyber-attacks, and corrections (domestic)	96	22	21	*2
Audits of responses to cyber-attacks, and corrections (overseas)	10	0	0	*3
Audits of live productions and development management, and corrections (domestic)	5	3	3	*2
Audits of use of AWS, and corrections (domestic)	9	6	6	*2
Surveys of the use of BPO operations and making any corrections	6	1	1	*2

* No figure provided because corrections guidance was given in the course of an audit.

Company-wide responses to cyber-attacks (FY2015)

	Responses	For:
Anti-virus software installed	On around 24,000 terminals	*2, *4
Danger determined in response to a vulnerability, and sharing of and follow-through on that danger	11 times	*2
Targeted phishing email response training	2 times Conducted with 16,447 employees in all, including employees of our partners who are engaged full-time in security issues.	*2

Personal Data Protection (FY2015)

	Personal Data Protection	For:
No. of cases recorded in our personal information management register	Around 600	*4
Departments audited	All Departments (232)	*4

Managing human error (FY2015)

	Results	For:
Effect of installing software to prevent emails being sent to wrong recipients	These emails cut by around 20% (compared to FY2011)	*1

Assessments of business partners undertaken (FY2015)

	No. of business partners	No. receiving correction orders	No. where corrections completed	For:
Assessment of business partners	More than 83, including overseas partners	40 companies, for 191 corrections	39 companies, for 171 corrections	*4

Certification on information security

	Certification acquired for	For:
ISMS ^{*1} (Information Security Management System)	Tokyo Data Center I Yokohama Data Center I Yokohama Data Center II Osaka Data Center Otemachi Cloud Control Center Systems Consulting Division (partial business) Data Center Service Division (partial business) Insurance Solution Division (partial business)	*1
Privacy Mark ^{*2}	NRI NRI Netcom NRI Data iTech DSB Co.	*1

*1 Certification based on JIS Q 27001 (ISO/IEC 27001)

*2 Certification based on JIS Q 15001

Information security failures (FY2015)

		For:
Information security failures	Up by around 1% (on FY2014)	*4

***1-4: Scope of NRI entities to which the relevant information security data applies**

NO.	Entities
*1	NRI and NRI Group companies (domestic and overseas)
*2	NRI Group companies (domestic)
*3	NRI Group companies (overseas)
*4	non-consolidated

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 exploring its own intellectual property (IP) 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 exploring 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 generate 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 four 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.
- Conferring with project managers on assessing whether NRI's existing patents can be used and on measures for promoting uses for those patents.
- Putting in place rules and systems for managing intellectual property at new domestic and overseas Group companies acquired through mergers or acquisitions.

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. During fiscal 2015 we again held seminars throughout the NRI Group to raise employees' awareness on these matters. 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.

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," "trust," and "quality" 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.

Human rights policy

In fiscal 2014 the NRI Group drew up a human rights policy that states that we respect the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Starting with instilling our employees with knowledge of matters to be complied with as indicated in our CSR Policy and the NRI Group Code of Business Principle, NRI is working to achieve safe, sound working environments where fundamental human rights are respected.

[Click here for the NRI Group Human Rights Policy](#)

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 2015 NRI hired another 12 individuals with disabilities, who made up 2.2% of our entire workforce. 10 in-house alternative health therapists (known as "health keepers" in Japanese) are being kept very busy in the massage rooms that we have installed at four of our domestic offices since fiscal 2012.

In July 2015 we established NRI Mirai, a "special subsidiary," with the two aims of further supporting the independence of our employees with disabilities, and of raising the NRI Group's corporate value. NRI Mirai's "special subsidiary" status was approved in October 2015.

In fiscal 2016 NRI Mirai hired a total of 7 people with intellectual and/or psychological disabilities. They have been engaged in duties throughout the NRI Group, involving principally data input and checking, scanning, providing support at training sessions, and keeping our offices clean.

[For more on our creation of NRI Mirai, go to p.35](#)

NRI and female employees

NRI has prepared an action plan to comply with the Women's Professional Promotion Act, which came into effect in April 2016. We will have a coordinated plan for our hiring of female employees, and our aim is to have women make up at least 30% of our new graduate hires. Turning to management positions, we have set ourselves a target of appointing women to at least 7% of these positions by the end of fiscal 2018.

The NRI Women's Network (NWN) is a program that will help us realize these goals. With the aim of achieving a workplace where NRI's female employees can flourish, since fiscal 2008 NWN has been developing activities with three objectives: supporting career development for women at NRI; providing support for achieving a balance between work and raising a family; and cultivating a corporate culture that is inclusive of women. One of NWN's activities is its Annual Conference, the eighth of which was held in fiscal 2015. The theme of this year's Conference was "Heading to the Next Level Up", and of those three objectives the Conference focused on two: supporting career development for women at NRI, and providing support for achieving a balance between work and raising a family. Around 110 female employees attended, hearing talks by guest speakers and exchanging views with their fellow attendees.

NRI also provides individual talks and training programs on a regular basis for those female employees who are pregnant

or raising a family, as well as for their managers. In fiscal 2016 we also began specific career training programs for our female employees, to provide them with more support for advancing their careers further.

Dialogue with labor union

NRI has a union shop contract with the Nomura Research Institute Labor Union (3,773 members as of April 1, 2016). 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

		FY2013		FY2014		FY2015		For
		No.	Percentage	No.	Percentage	No.	Percentage	
Total number of employees	Total	8,123	—	9,012	100.0	10,757	100.0	consolidated
	Men	—	—	6,980	77.5	7,980	74.2	consolidated
	Women	—	—	2,032	22.5	2,777	25.8	consolidated
Number of employees by region	Japan	—	—	8,105	89.9	8,498	79.0	consolidated
	Men	—	—	6,439	—	6,678	—	consolidated
	Women	—	—	1,666	—	1,820	—	consolidated
	Europe	—	—	12	0.1	21	0.2	consolidated
	Men	—	—	7	—	14	—	consolidated
	Women	—	—	5	—	7	—	consolidated
	Americas	—	—	41	0.5	293	2.7	consolidated
	Men	—	—	23	—	153	—	consolidated
	Women	—	—	18	—	140	—	consolidated
	Asia	—	—	854	9.5	1,945	18.1	consolidated
	Men	—	—	511	—	1,135	—	consolidated
	Women	—	—	343	—	810	—	consolidated
	Of which China	—	—	374	4.2	1,398	13.0	consolidated
	Men	—	—	164	—	737	—	consolidated
	Women	—	—	210	—	661	—	consolidated
Total number of employees	Total	5,938	100.0	5,972	100.0	5,979	100.0	non-consolidated
	Men	4,885	82.3	4,887	81.8	4,855	81.2	non-consolidated
	Women	1,053	17.7	1,085	18.2	1,124	18.8	non-consolidated
	Executives	14	Men to Women ratio	15	Men to Women ratio	15	Men to Women ratio	non-consolidated
	Men	14	100.0	14	93.3	14	93.3	non-consolidated
	Women	0	0.0	1	6.7	1	6.7	non-consolidated
	Supervisors	2,208	Men to Women ratio	2,278	Men to Women ratio	2,351	Men to Women ratio	non-consolidated
	Men	2,099	95.1	2,154	94.6	2,215	94.2	non-consolidated
	Women	109	4.9	124	5.4	136	5.8	non-consolidated
	New hires for the year	308	Men to Women ratio	328	Men to Women ratio	299	Men to Women ratio	non-consolidated
	Men	225	73.1	243	74.1	210	70.2	non-consolidated
	Women	83	26.9	85	25.9	89	29.8	non-consolidated
	Employees with disabilities*	109	2.1	108	2.1	117	2.2	non-consolidated

* Figures for "Employees with disabilities" are the actual numbers of these employees at NRI and NRI Mirai combined. Employment rate percentages are derived using an MHLW points formula, and do not represent actual percentages of people.

New hires for the year and employee turnover

	FY2013	FY2014	FY2015	Data for:
New hires for the year	308	328	299	non-consolidated
Men	225	243	210	non-consolidated
(%)	73.1	74.1	70.2	non-consolidated
Women	83	85	89	non-consolidated
(%)	26.9	25.9	29.8	non-consolidated
Total turnover rate (%)	2.4	3.2	3.3	non-consolidated
Average length of service (years)	13.0	13.4	13.8	non-consolidated
New graduate hires retention rate after 3 years (%)	96.6	95.5	94.8	non-consolidated

Employee remuneration

	FY2013	FY2014	FY2015	Data for:
Average remuneration (unit: Millions of yen) - all employees	10.911	10.892	11.560	non-consolidated

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. Therefore, 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 successfully lead 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 2015, through measures designed and implemented by employees themselves to suit the particular circumstances of their department, 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. Lastly in March 2016 we introduced a system enabling employees to work from home, adding to the different modes of work that our employees can enjoy.

Since fiscal 2008 we have published “NRI Wave Family,” a magazine for our employees and their families to promote greater understanding of the NRI Group and to provide useful information. We also hold Bring Your Child to NRI Day!, when the children of our employees come along to see their parents at work.

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

	FY2013	FY2014	FY2015	For
Paid maternity leave	9	12	17	non-consolidated
Paid maternity leave	53	53	73	non-consolidated
Childcare leave	66	56	96	non-consolidated
Of whom were male employees	8	9	21	non-consolidated
Nursing care leave	3	1	1	non-consolidated
Percentage of employees returning to work after childcare leave	98.0	96.1	97.9	non-consolidated
Percentage of employees remaining in work after childcare leave	92.9	95.9	92.3	non-consolidated

Note: This is the number of employees who started a period of leave by the end of the fiscal year in question. Percentage of employees returning to work: This is the number of employees returning to work in the relevant fiscal year after taking childcare leave, divided by the number of employees expected to return to work after taking childcare leave in the fiscal year, multiplied by 100.

Percentage of employees remaining in work: This is the number of 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 employees who in the previous fiscal year returned to work after taking childcare leave, multiplied by 100.

Percentage of employees taking annual paid leave

	FY2013	FY2014	FY2015	For
Percentage of employees taking annual paid leave (%)	58.6	61.7	66.5*	non-consolidated

* Starting from FY2015, this figure will include the August summer break (up to 3 days a year)

Health and Productivity Management

Sustained growth at NRI will not be possible if its employees are not all working in full physical and psychological health. To that end, following studies we began in fiscal 2014, in fiscal 2015 we announced our “NRI Health Declaration 2022,” with the aim of achieving “Health and Productivity Management” in order to help raise our employees’ quality of life (QOL). A Senior Executive Managing Director, Member of the Board has been appointed Chief Health Officer (CHO), who will be promoting this Health and Productivity Management.

NRI Health Declaration 2022

Our basic policy: Nomura Research Institute will support each of its employees in actively working to raise their long-term QOL based on an accurate knowledge and recognition of their health.

Program goals	General focus	Principal specific actions
1.Reduce lifestyle related diseases	<ul style="list-style-type: none"> • Work to better employees’ health through fixing and preventing their lifestyle related diseases • Create a system to encourage employees to make prompt responses to health diagnosis results 	<ul style="list-style-type: none"> • Bolster follow-up measures to health and physical checkups • Communicate the benefits of “healthy eating” and roll out “healthy menus” at our cafeterias
2.Aim to create stress-free work environments	<ul style="list-style-type: none"> • Prevent stress for individuals and for teams • Put in place a system to enable employees on long periods of leave from work to return to work as early as possible 	<ul style="list-style-type: none"> • Strengthen training in superior-subordinate communication for our managers • Introduce mechanisms for checking employee stress
3.Lower employee smoking rates and prevent passive smoking	<ul style="list-style-type: none"> • Provide employees who smoke with support in quitting • Aim to create smoke-free environments, for example by re-evaluating smoking areas 	<ul style="list-style-type: none"> • Halve the number of smoking areas *These to be abolished in FY2016 • Start support programs helping employees to quit
4.Achieve a work-life balance	<ul style="list-style-type: none"> • Cut the amount of overtime and holidays employees work • Encourage employees to take their paid holiday leave 	<ul style="list-style-type: none"> • Strengthen the management criteria for cutting long working hours

Health Management

ALL NRI Group employees are instructed to get regular medical examinations and 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.

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. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a 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.

No. of work accidents

	FY2013	FY2014	FY2015	For
No. of employee work-related deaths	0	0	0	non-consolidated
No. of work accidents*	0	1	0	non-consolidated

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 a corporate culture

“Human assets”, namely employees, are the foundation stone of the NRI Group : 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 enable talents to bloom and deliver in the form of practical outcomes.

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 been implementing 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-improvement; 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-format survey of its employees to assess its Human Resources Training Program. The survey allows supervisors and our

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 to develop their skills.

* AHEAD is an acronym of 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

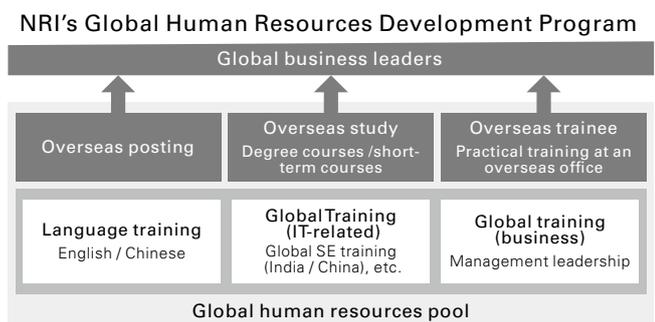
The Center for Human - Resources Development works together with the Human Resources Training Program PIC from each Division to plan and conduct training both for the entire company and for the relevant Division as suited to its particular needs. The Center and PICs also inform employees about external training programs. As well as provide full job-specific training for our entire company, the Center and PICs provide global training and training in IT and business skills. NRI has consolidated a human resource development structure which supports employees' self-directed career development, and which makes it easier for employees to map out their long-term career goals. Each of our Divisions provides training for its employees to acquire business operations knowledge and advanced IT knowledge, in line with the Division's own targets to strengthen training.

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. 252 employees had received certifications under this program as of April 2016.

Global human resources development

The NRI Group has a number of policies for the purposes of creating a global human resources workforce for itself, including an overseas trainee scheme, an overseas study program, and an overseas training program.



Under the overseas trainee program, NRI employees are placed with an NRI corporate client or overseas office for one year, where they get hands-on experience in global business with a focus on practical training. In the past five years, over 100 employees have been sent to 13 different countries around the world, and following their postings they have been active both at home and abroad.

Under the overseas study program, NRI employees study, for example, for an MBA at an overseas business school. Under the overseas trainee program, some NRI employees study subjects such as management strategy and marketing at an overseas business school for several weeks, and other employees spend several months in China or India learning the basics of systems development in Chinese or English respectively.

NRI plans to build on and expand these programs even further.

[For more see p.36](#)

Career fields (classifying different areas and levels of expertise)

NRI has adopted a system of 22 career fields and levels, reflecting standard career classifications in our industry. These classifications better align with what our employees actually do, and they also clarify our professionals' image as well as their professional status for people outside the Company.

Under the C&A Program employees share their current career field and level and their future desired career field with their manager. Employees can choose to enter more than one career field. The purposes of career fields are twofold: making employees aware of the need to strike a balance between "pursuing strong expertise" and "having diverse areas of expertise" that their organization demands; and using them as a tool for thinking about a future career plan. They provide an organized framework for our development and deployment of human resources, in which our employees can receive training suited to their chosen career field(s).

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

NRIInnovation! Forum (NIF)

NIF is a program designed to cultivate innovation in our employees' thinking and within our corporate culture. Started in 2011, NIF is a program for our employees to build informal networks with each other outside their own organization, and to discuss, explore and raise proposals regarding internal company issues.

NIF is made up of four theme-based groups: "Human Resources Training Program", "Female Professional Career Counseling: NWN (NRI Women's Network)", "Global Training", and "Challenges". Each runs its own forums and conducts working activities organized by volunteering employees.

Outside experts are invited to give lectures at forums, which also see shared discussions on messages from NRI's top managers and on case studies from within and outside the organization, all of which helps deepen awareness of each NIF topic. Employees build new networks with their colleagues through these discussions. These activities bring together principally younger employees from different divisions, while in the process serving as occasions to promote debate on issues and ideas on an ongoing basis.

Internal awards scheme

“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, 2016)

Type of Certification	Number of Certification Holders	For
Information processing engineer (advanced)*	6,009	non-consolidated
IT Coordinator	176	non-consolidated
Project Management Professional	230	non-consolidated
ITIL Manager/Expert/Intermediate	63	non-consolidated
Chartered Member of the Securities Analysts Association of Japan	228	non-consolidated
US-certified Financial Analyst (CFA)	3	non-consolidated
Certified Public Accountant	10	non-consolidated
US- certified Public Accountant (CPA)	7	non-consolidated
Certified Tax Accountant	2	non-consolidated
Patent Attorney	5	non-consolidated
Small and Medium sized Enterprise Consultant	42	non-consolidated
Actuary (full & assistant)	2	non-consolidated
First-class Registered Architect	12	non-consolidated
Chief Telecommunications Engineer	114	non-consolidated

* Information Processing Engineer (advanced): An information processing engineer who is not an IT passport engineer, basic IT engineer or applied IT engineer. This figure is the total number that includes former “system analysts” former “senior system administrators” and former “senior security administrators.

Training expenditure on and time taken

	FY2013	FY2014	FY2015	For
Expenditure on training (¥ million)	1,858	1,789	1,712	consolidated
Per person time spent in training (hours/person)	63	57	54	non-consolidated

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.

Projects 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.

Projects 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.

Projects Supporting career education

NRI provides a range of different career education programs for children and students at elementary, junior, and senior high schools. We are assisted in our development and conduct of the programs for elementary and junior high schools 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.

Projects Giving lectures and talks at universities

We send our consultants and system engineers out to universities to give lectures on topics including corporate management and IT.

In April 2016 NRI signed a partnership agreement with Tokyo Institute of Technology (Tokodai), for the “NRI-Tokodai Cybersecurity Education and Research Co-Creation Program”, to collaborate on promoting research and education on cybersecurity. In June 2016 NRI gave a donation to help set up the University of Tokyo’s Advanced Artificial Intelligence Studies Education Donors’ Lecture Series, to support the training and development of artificial intelligence (AI) researchers.

Projects 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 they 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 in the future.

Projects “Let’s Think About CSR and the Future” event

We hold a forum, “Thinking About the Future,” for our employees to exchange ideas with students, who represent our nation’s future. In February 2016 we held a workshop in Tokyo for university students on the topic of “Thinking About Companies’ Contribution to Society”, where the participants

turned their minds to companies' CSR and how they would like to contribute to society if they were in a company.

Projects **Marketing Analysis Contest**

Since fiscal 2007 NRI has held a Marketing Analysis Contest for members of the general public including students. The aim of the Contest is to contribute to raising the level of academic research and companies' market analysis skills, by analyzing data on the factors behind consumers' purchases from a range of different perspectives. To date, numerous results from the Contests' research have been applied in academic research and practical contexts alike.

Projects **"NRI Hackathons" and open innovation**

Since fiscal 2013 NRI has been organizing "ideathons" and "hackathons". The Hackathons consists of teams of many diverse individuals, from students to engineers and programmers, who transform new ideas into a tangible shape. In 2015 140 people took part in 32 teams in a hackathon on the theme of Money x IoT.

[For more go to p.35](#)

Projects **NRI supports Japanese language studies at Tsinghua University in Beijing**

NRI holds the Tsinghua Nomura Cup, an annual speech contest for Chinese students studying Japanese at Tsinghua University. 14 students took part in the 9th contest in 2015, on the topic of "Chinese Tourists' Shopping Splurges in Japan – Here's What I Think".

Projects **Support for "JFA 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.

Outcomes for our development of human resources projects

	FY2013	FY2014	FY2015	For
No. of people enrolled in NSAM courses	189	196	216	—
No. of Student Essay Contest applications	1,518	883	2,622	—
Supporting career education programs				
No. of schools	35	31	38	non-consolidated
No. of students	Over 1,600	Over 1,700	Over 1,500	
Giving lectures at universities				
No. of universities	32	28	32	non-consolidated
No. of employees sent	47	52	59	

Governance

Corporate Governance/Internal Controls

For sound and sustainable growth and the increase of corporate value over the medium- to long-term, NRI works to enhance corporate governance in accordance with the basic approaches outlined below, based on the recognition that corporate governance consists of mechanisms for transparent, fair, prompt and accurate decisions based on the perspective of stakeholders, including broader community, clients, employees, business partners, and shareholder.

a. Cooperation with stakeholders

NRI respects the interests of stakeholders, and cooperates with them in an appropriate manner. In particular regarding shareholders, NRI takes proper measures so that rights are substantially secured, in addition to ensuring significant equality.

b. Information disclosure and communication

NRI discloses information as stipulated by laws and by the regulations of the Tokyo Stock Exchange, and information that assists its stakeholders in understanding NRI and its operations properly, in a timely, accurate and fair manner, to secure transparency as well as to engage in constructive dialogues with its shareholders.

c. Corporate governance system

NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, as well as the establishment of bodies that are mainly composed of outside experts appointed to advise the Board of Directors.

In October 2015 NRI adopted and made public its “[NRI Corporate Governance Guidelines](#)”. These guidelines stipulate NRI’s basic approach and policies toward corporate governance.

Measures aimed at ensuring meaningful meetings of shareholders

[For more go to p.66](#)

Business management and execution system

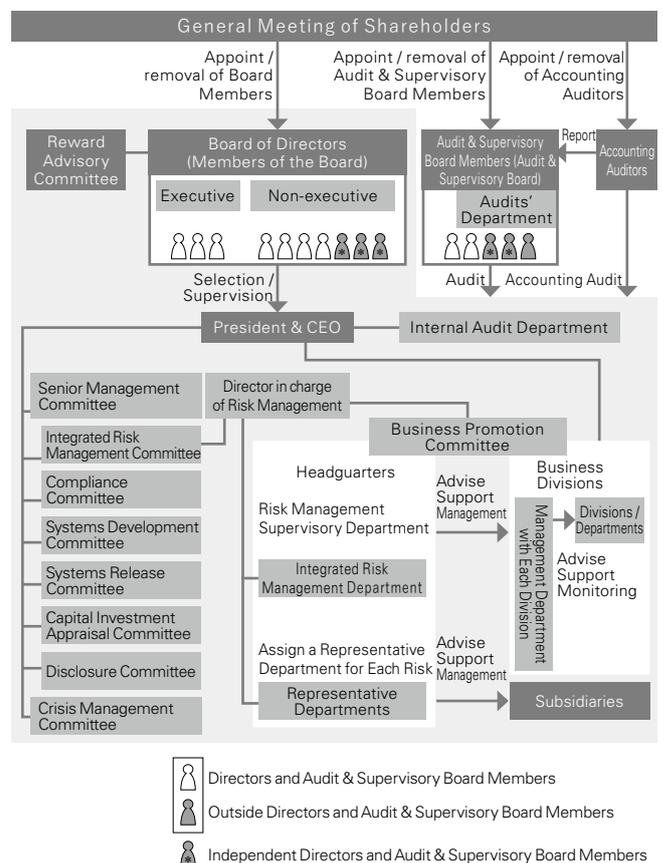
As of July 2016 NRI has ten Members on its Board, including three Outside Directors. Members of the Board are elected for a one-year term, creating a management system that can respond quickly to changes in the business environment, and clarifying all management responsibilities for each fiscal

year. By inviting Outside Directors, NRI will improve the supervisory function and realize fairer, more transparent management. In selecting Outside Members, in addition to independence, emphasis is placed on the breadth of experience and insightful knowledge that candidates who possess applicable to monitoring business execution at NRI from an objective standpoint.

The Board of Directors, in principle, convenes once a month and on an extraordinary basis as needs dictate. As of July 2016 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 as well as 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 and Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on the 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.

NRI’s corporate governance system



Roles and Activities of Committees

Reward Advisory Committee	Comprised of outside experts, the Committee deliberates on the system and standards for executive compensation, from the standpoint of fairness and objectivity.
Senior Management Committee	The committee meets in principle once every week to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.
Integrated Risk Management Committee	The Committee deliberates on important issues concerning risk management based on instructions given by the President.
Compliance Committee	The Committee deliberates on issues concerning the promotion of ethics and compliance management covering the improvement of structures to comply with corporate ethics and laws and prevention of violation reoccurrences, based on instructions given by the President.
Systems Development Committee	The Committee deliberates on important issues concerning the systems development, based on the instructions given by the President.
Systems Release Committee	The Committee deliberates on important issues concerning system releases, based on the instructions given by the President.
Capital Investment Appraisal Committee	The Committee deliberates on important issues concerning commercialization investments and contract software development investment projects, based on the instructions given by the President.
Disclosure Committee	The Committee deliberates on important issues concerning the disclosure of financial reports and other documents, based on the instructions given by the President.
Crisis Management Committee	The Committee is established based on the orders of the President to execute and support prompt responses to a crisis whenever one may occur.
Business Promotion Committee	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.

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 issues 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 Board 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 division and Group company attends, 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.

In fiscal 2015 we made amendments to the [NRI Group's Code of Business Principles](#) and [NRI Group's Employees' Code of Business Conduct](#) – the codes that guide our employees on our corporate principles in this area.

Appropriate 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 while expanding the NRI website by adding pages targeting individual investors.

[For our disclosure of information to shareholders and investors, go to p.66](#)

Executive compensation (for the fiscal year ended March 31, 2016)

	Total amount of compensation, etc. (¥million)	Basic compensation (¥million)	Bonus (¥million)	Stock options (¥million)	Other*1 (¥million)	No. of eligible individuals*2	unit
Members of the Board (excluding Outside Members of the Board)	582	281	147	149	3	9	non-consolidated
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	79	58	19	—	1	3	non-consolidated
Outside Members of the Board and Audit & Supervisory Board Members	93	83	9	—	0	6	non-consolidated

*1 "Other" includes contributions for the defined contribution pension plan and insurance premium 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 Board Members in recent fiscal years

	As of July FY2014	As of July FY2015	As of July FY2016	unit
Total number	9	10	10	non-consolidated
No. of Outside Members of the Board	2	3	3	non-consolidated
No. of women Members	0	1	1	non-consolidated
No. of non-Japanese Members	0	0	0	non-consolidated

Data for Board meetings in recent fiscal years

	FY2013	FY2014	FY2015	unit
No. of times held	14	15	14	non-consolidated
Average attendance by Outside Members of the Board (%)	97	83	93	non-consolidated

* 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.

Consolidated Financial Results (for the fiscal year ended March 31, 2016)

Risk Management

NRI is keenly aware of the broader social significance of its role as a company that provides a range of joint-use 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 main 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 Integrate 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*1 and DR*2 programs.

*1 BCP: Business continuity plan

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

FY2016 Fundamental Rules for Executive Officers and General Staff Prioritized themes

- I. Tighten our management of project risks
- II. Continue proper management of quality risks
- III. Raise the quality level of the operation of our Data Centers
- IV. Take our attitude to managing information security to a higher level
- V. Create supportive workplace environments
- VI. Implement an orderly approach to fulfilling our business continuity responsibilities
- VII. Develop basic governance principles suitable to increasing globalization

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.

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 “emergency 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 five their approval.

Crisis management

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

In the NRI Group's Code of Business Principle it states “in order to realize its corporate philosophy, and in accordance with its Code of Business Principle, the NRI Group will act in a manner that is dedicated to the future; that is global; and that is under its own supervision, and the NRI Group will build relationships of trust with its different stakeholders.” As an example of that, to society, we promise “to observe both the letter and the spirit of the law, and we will have no association of any kind with illegitimate elements in society.” As a company that delivers services and systems vital to society, NRI is very much aware that any untoward conduct on its part will have a major social impact, and it is working to strengthen its compliance management for example through training and awareness campaigns to prevent such incidents, and by setting up a compliance hotline for the early detection

and correction of untoward conduct.

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

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

[Click here for the NRI Group Anti-Bribery Policy](#)

[Click here for the NRI Group Competition Law Compliance Policy](#)

Compliance system

For its system of ethics and compliance, the NRI Group has appointed a Chief Ethics Officer and Compliance Office, 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. Our Code of Business Principle 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 measures to prevent a recurrence.

Each year, the NRI Group selects 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.

Information on the key rules that take priority, as well as their areas like legal background and case studies are compiled in booklet form as the Fundamental Rules for Executive Officers and General Staff, as well as in a handy leaflet form, for distribution to all NRI Group employees each year. We undertake regular monitoring of our employees' compliance with these Fundamental Rules, and if a problem is found, Head Office coordinates with the relevant Division(s) to remedy the issue.

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	FY2014	FY2015	For
No. of reports/requests for advice made	5	17	1	6	3	*1

Compliance awareness surveys completed and returned

	FY2010	FY2012	FY2014	For
Percentage completed and returned (for the NRI Group)	88.1	74.4	87.3	*2

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	FY2015	For
Percentage of employees completing the test (for the NRI Group)	99.5	96.1	98.9	*3

Note: Surveys are conducted every second year

Incidents involving corruption, and measure taken

No such incidents applicable. (Object of data collection: *2)

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. (Object of data collection: *2)

***1 – 3 Scope of NRI entities to which the relevant data applies**

NO.	Entities	Explanation
*1	NRI Group (domestic companies) (some excluded)	NRI Group companies with their HQs in Japan (excluding DSB Co.)
*2	NRI Group (domestic and overseas companies)	NRI Group companies with their HQs in Japan and overseas
*3	NRI Group (domestic and overseas companies) (some excluded)	NRI Group companies with their HQs in Japan and overseas (excluding DSB Co., and local hires at NRI Group overseas offices)

Respect for human rights

The NRI Group respects the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Starting with instilling our employees with knowledge of matters to be complied with as indicated in our CSR Policy and the NRI Group Code of Business Principle, NRI is working to achieve safe, sound workplace environments where fundamental human rights are respected.

[Click here for the NRI Group Human Rights Policy](#)

In addition since fiscal 2012 we have taken part in the Human Rights Due Diligence Workshops organized by the Caux Round Table Japan. It is one example of how we

are working to keep ourselves informed on human rights issues through dialogues with multi-stakeholders such as companies, NGOs and NPOs, and expert advisers.

[For our “Multi-stakeholder engagement initiatives,” go to p.18](#)

Stakeholder Engagement

Stakeholder Engagement

NRI’s 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 or 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 2015 CS surveys

Areas receiving a favorable assessment
<ul style="list-style-type: none"> • Understanding client’s needs and issues • Giving clients project progress and issues reports • Specialized knowledge relating to systems • System reliability
Areas of expectations for improvements
<ul style="list-style-type: none"> • Greater intelligibility of manuals • Clarity of the basis for estimates and pricing

Engagement with Shareholders and Investors

The NRI Group wants 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 reserves available to fund its medium- to long-term business development. For these reasons NRI has set a general target of 35% for its consolidated payout ratio, based on factors such as its operating revenue and cash flow.

In fiscal 2015, NRI paid an annual dividend of ¥80 per share, an increase of ¥10 on the previous year.

* On October 1, 2015 NRI split its common stock on an 11 for 10 basis. Because NRI nevertheless did not adjust its per-share year-end dividend, in effect it increased its annual dividend by ¥14.

Steps to enhance the role played by General Meetings of Shareholders

NRI is undertaking the following measures to give General Meetings of Shareholders (GSMs) a more active role and to help shareholders to exercise their voting rights.

- Setting dates for GSMs other than on multiple company GSM dates.
- In addition to sending notices of GSMs as early as possible to ensure that shareholders have sufficient time to examine proposed resolutions, posting the proposals on NRI and the Tokyo Stock Exchange's websites even before notifications are sent out.
- Sending GSM notices electronically to those shareholders who have agreed to this method.
- Offering (summary) GSM notices in English.
- Offering individual investors the option of voting online, through the trust bank that is a shareholder registry administrator.
- Offering domestic and overseas institutional investors the option of voting using Investor Communications Japan's (ICJ) electronic voting platform.
- Following the conclusion of a GSM, an information session held by senior management for shareholders in order to increase their understanding of the Group's businesses.

Augmenting direct communication with shareholders and investors

With the 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 539 investors and analysts in fiscal 2015.
- Participating in forums for Japanese and non-Japanese institutional investors – in fiscal 2015 we participated in three such forums held in Tokyo.
- Holding information sessions for retail investors – through these sessions held in Tokyo (twice), Sapporo, Osaka and Fukuoka, we engaged with a total of 1,062 such investors in fiscal 2015.

Conducting shareholder surveys

As part of our communication with shareholders, NRI surveys its shareholders for their opinions.

- We conducted 2 surveys in fiscal 2015.
- The first survey asked shareholders about the main way they received information about NRI, and about the project topics they would like to see taken up in Letter from NRI. This survey was sent to 10,545 shareholders, of whom 2,024 (19.2%) responded.
- The second survey asked shareholders about when and why they bought NRI shares, and about their portfolio policy. This was sent to 10,887 shareholders, of whom 2,455 (22.6%) responded.

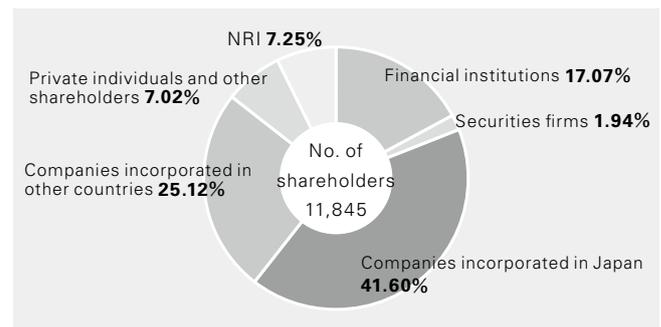
Providing appropriate information disclosure

For improved transparency in its management, and in order to fulfill its accountability to its stakeholders including its shareholders and investors, NRI strives to achieve both timely disclosure and more comprehensive information disclosure and IR practices.

- We disclose information for the purpose of ongoing communication with our shareholders and investors.
- We have set up a Disclosure Committee to improve the credibility of the data we disclose. The Committee checks the company's procedures for preparing data to be disclosed, and also checks that our disclosed data is appropriate.
- As well as publish our financial results promptly under Investor Relations on our website, we have created a new website just for individual investors, to increase their understanding of the information we disclose and to help these investors get more out of it.

[Click here to go to the IR portal on our website](#)

Breakdown of NRI shareholders (as of March 31, 2016)



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 consigning the development of any NRI system to 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 measures on compliance and information security management. With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act.

We also sign “e-partnership” agreements with companies that possess particularly sophisticated operational knowhow 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, 2016, we had seven such e-partners in Japan and one 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 11,500 employees between them, and around 50% 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 services 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”) in recognition of 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, 2016, we have three e-e partners in Japan.

* For our specific enhancement services, see p48

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 session 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 2015 a total of 199 individuals, principally from our e-partners, took this training.

NRI invites senior managers of its business partners to the NRI Group Management Seminar that it holds each year. At these Seminars NRI shares its management and priority policies for that fiscal year. 234 senior managers from 112 of NRI’s business partners in Japan and overseas attended the Seminar in fiscal 2015.

To mark NRI’s 50th anniversary, we held a China Partners Forum in Beijing, China. This Forum was attended by 70 people from 20 of our business partners in China.

In addition, as fellow members of the information services industry and as part of our CSR procurement, we invite our business partners to attend study sessions on CSR, which we have been holding since fiscal 2014. We held two such sessions in fiscal 2015, which were attended by six individuals from four of our partners.

Promoting offshoring*1

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems.

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. The number of Chinese partner companies in our IT solutions business stands at 21 companies in 19 regions as of March 31, 2016.

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

	FY2013	FY2014	FY2015	For
(in ¥ billion)	213	234	234	non-consolidated

NRI is also proceeding with “nearshoring”^{*2} 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.

[For more see p.50](#)

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
Strategy and Analysis		
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. P4-5 Message from the President	6.2 Organization governance 7.4 Practices for integrating social responsibility throughout an organization
Organizational Profile		
G4-3	The name of the organization. Integrated Report 2016 P4-9 About NRI	7.3.3 An organization's sphere of influence
G4-4	The primary brands, products, and services. Integrated Report 2016 P74-76 Consolidated Financial	
G4-5	The location of the organization's headquarters. Integrated Report 2016 P130 NRI Group	
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. Integrated Report 2016 P131 Corporate Data Services and solutions	
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	The scale of the organization. • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	
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)	
G4-11	The percentage of total employees covered by collective bargaining agreements. P54 Employment trends by type	
G4-12	The organization's supply chain. P54 Dialogue with the labor union	
G4-13	The organization's supply chain. P66-68 Engagement with business partners	7.3.3 An organization's sphere of influence
G4-14	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	Not applicable
G4-15	Whether and how the precautionary approach or principle is addressed by the organization. P40 Environmental protection	6.5.2 The environment: Principles and considerations
G4-16	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
G4-17	A list of membership of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	7.8 Voluntary initiatives for social responsibility

Identified Material Aspects and Boundaries			
G4-17	<p>a All entities included in the organization's consolidated financial statements or equivalent documents</p> <p>b Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report</p>	<p>Annual Securities Report (only available in Japanese) (for fiscal year 2015 ended March 31, 2016)(only available in Japanese) P7 Information concerning the affiliated entities</p>	<p>7.3.2 Determining relevance and significance of core subjects and issues to an organization</p> <p>7.3.4 Establishing priorities for addressing issues</p>
G4-18	<p>a The process for defining the report content and the Aspect Boundaries</p> <p>b How the organization has implemented the Reporting Principles for Defining Report Content</p>	<p>P9 Materiality P11-12 Materiality Assessment Process</p>	
G4-19	A list of all the material Aspects identified in the process for defining report content.		
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	<p>P3 Editorial policy P76 Editorial policy Integrated Report 2016 P74 NRI Group</p>	
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> 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 	<p>P65 Stakeholders Engagement Integrated Report 2016 P4-9 About NRI</p>	
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	P13-17 Stakeholder dialogues	<p>5 Recognizing social responsibility and engaging stakeholders</p> <p>7.5 Communication on social responsibility</p>
G4-25	The basis for identification and selection of stakeholders with whom to engage	<p>P18-19 Multi-stakeholder engagement initiatives P65-68 Stakeholder</p>	
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		
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.		
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	<p>P3 Editorial policy P76 Editorial policy</p>	<p>7.6 Enhancing credibility regarding social responsibility</p>
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	<p>a The "in accordance" option the organization has chosen</p> <p>b The GRI Content Index for the chosen option</p> <p>c The reference to the External Assurance Report, if the report has been externally assured</p>	This Index Table	
G4-33	<p>a The organization's policy and current practice with regard to seeking external assurance for the report</p> <p>b The scope and basis of any external assurance provided if not included in the assurance report accompanying the sustainability report</p> <p>c The relationship between the organization and the assurance providers</p> <p>d Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report</p>	<p>P47 Independent Third Party Assurance Report P75 Endorsement</p>	

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.	P42 Personnel organization for promoting environmental P60-62 Corporate governance/internal control Integrated Report 2016 P38-47 Corporate Governance Basic Policy on Building an Internal Control System	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.	P63 Compliance system Corporate philosophy NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct	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
Material CSR Theme 1. Building a sustainable society for the future			
	DMA	Disclosures on management approach.	P21-26 Material CSR Theme 1
Economic Performance	EC1	Direct economic value generated and distributed.	Integrated Report 2016 P10-11 Financial and Non-financial Highlights Annual Securities Report (only available in Japanese) (for fiscal year 2015 ended March 31, 2016) P11 Subcontracting Costs Annual Securities Report (only available in Japanese) (for fiscal year 2015 ended March 31, 2016) P87 Selling General and Administrative Expenses
	EC3	Coverage of the organization's defined benefit plan obligations.	Annual Securities Report (only available in Japanese) (for fiscal year 2015 ended March 31, 2016) P103-105 Retirement and Severance Benefits
Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts.	P21-26 Material CSR Theme 1 P39 Surveys, Recommendation Projects, Information Communication P39-40 Supporting disaster rebuilding P40 Development of Society P58-59 Development of Human Resources
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	P39-40 Supporting disaster rebuilding P40 Development of Society P58-59 Development of Human Resources
	SO2	Operations with significant actual and potential negative impacts on local communities.	P40 Environmental protection
Materials	EN1	Materials used by weight or volume.	P46 Environment load information INPUT (resources used): Paper resources
Energy	EN3	Energy consumption within the organization.	P46 Environment load information INPUT (resources used): Energy resource use
	EN6	Reduction of energy consumption.	P46 Environment load information INPUT (resources used): Energy resource use
	EN7	Reductions in energy requirements of products and services.	P26 Using NRI's joint-use systems cuts CO₂ emissions NRI set environmental goals for fiscal 2022 (only available in Japanese)
Water	EN8	Total water withdrawal by source.	P46 Environment load information INPUT (resources used) Water resources
Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	P46 Environment load information (Emissions by Scope)
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	
	EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	
	EN19	Reduction of greenhouse gas (GHG) emissions.	P46 Environment load information impact OUTPUT (impact on environment): Greenhouse gas emissions

Material CSR Theme 2. Providing the information infrastructure that is vital to people's lives				
	DMA	Disclosures on management approach.	P27-31 Material CSR Theme 2	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.	P67 Promoting offshoring	6.8.7 Wealth and income creation
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services.	P26 Using NRI's joint-use systems cuts CO₂ emissions	6.5.5 Climate change mitigation and adaption
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	P46 Environment load information OUTPUT (impact on environment): Paper waste and Industrial waste	6.5.4 Sustainable resource use
Anti-corruption	SO4	Communication and training on anti-corruption policies and procedures.	P63-64 Compliance	6.6.3 Anti-corruption
	SO5	Confirmed incidents of corruption and actions taken.	P64 Incidents involving corruption, and measures taken	
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	P64 Total no. of incidents when NRI was subject to legal action for unfair competition, and the outcome of such incidents	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.	P48-49 Quality management P49-51 Information security management	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.	P51 Information security failures (FY2015)	
Product and Service Labeling	PR5	Results of surveys measuring customer satisfaction.	P65 Results of analysis of fiscal 2015 CS surveys	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	P51 Information security failures	6.7.7 Consumer data protection and privacy
Material CSR Theme 3. Developing human resources who can generate innovation				
	DMA	Disclosures on management approach.	P32-36 Material CSR Theme 3	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.	P54 New hires for the year and employee turnover	6.4.3 Employment and employment relationships
	LA3	Return to work and retention rates after parental leave, by gender.	P55 No. of employees who took childcare leave, nursing care leave, or other similar leave	6.4.4 Conditions of work and social protection
Occupational Health and Safety	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.	P56 No. of work accidents	6.4.6 Health and safety at work
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category.	P58 Training expenditure and time taken	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.	P56-58 Supporting career and skills development, and fostering corporate culture	
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.	P62 Data for our board members in recent fiscal years P54 Employment trends by type	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.	P55 Health management P64 Reports or requests for advice made to hotlines	6.3.6 Resolving grievances

Endorsement

Endorsement — Third Party Confirmation of NRI’s Reporting Process —

The Caux Round Table Japan (CRT Japan) herewith confirms that Nomura Research Institute, Ltd. (NRI) fully understands the Sustainable Navigation framework; and that with that background understanding NRI has participated in the Stakeholder Engagement Program (Human Rights Due Diligence Workshops) run by the Nippon CSR Consortium, and has engaged in discussions with NGOs and other companies in its industry about human rights issues in accordance with the publication Human Rights Issues by Sector v.3. CRT Japan confirms that NRI has accordingly deepened its understanding of the connection between human rights and its own business activities, as well as of the specific contexts in which human rights violations can arise (Steps A & B).

We also confirm that having scrutinized its Materialities (Step C), NRI has engaged in dialogues with stakeholders and experts (Steps F & G). Lastly we confirm that NRI is expanding and improving its disclosure of environmental data in line with global standards, as evidenced for example by its being entered on CDP’s climate disclosure leadership index



Hiroshi Ishida

Executive Director
Caux Round Table Japan



(CDLI) (Steps H & I).

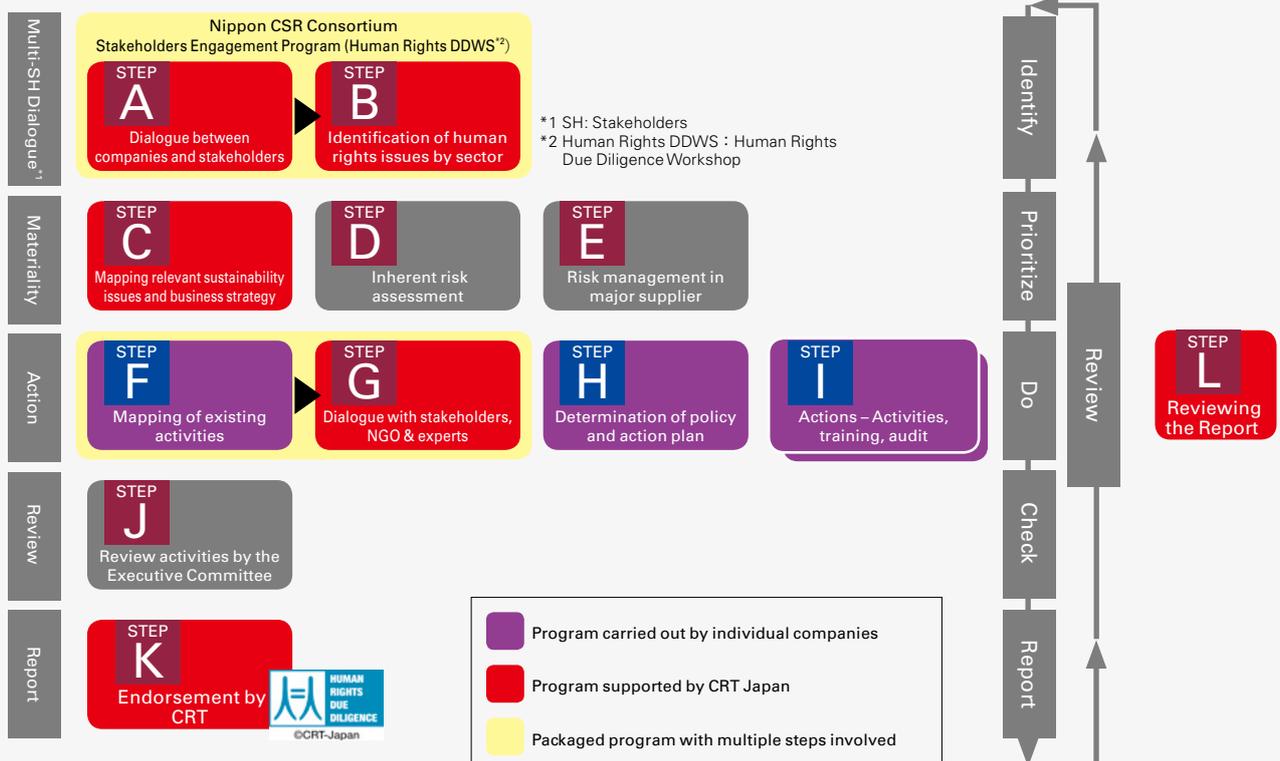
As well as advance its efforts in line with its Materialities and including its supply chain, we expect NRI to broaden the boundaries of its disclosure of information and to further expand and develop its disclosure of ESG information, which will contribute to raising its international standing.

Sustainable Navigation

Sustainable Navigation, a framework developed by CRT Japan, highlights the initiatives that will be required to implement CSR activities in compliance with global standards. Using Sustainable Navigation allows companies to ascertain the limits of what is possible and

how they should act in the future, and to carry out CSR activities that constantly evolve over time to best effect.

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



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 2015 (April 1, 2015 through to March 31, 2016), but also describes some events from the past, some activities after April 1, 2016, and certain plans for future activities.

Guidelines referenced

- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- Environmental Reporting Guidelines (2012 version) of the Ministry of the Environment of Japan

Web version publication date

September 2016 (the previous report was published in October 2015; the next report is scheduled for publication in September 2017).

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 September 2016, the date of publication of the CSR Report 2016 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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