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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.

## Report Formats; Editorial Policy

**\* Stakeholders:**

Clients, employees, shareholders and investors, consumers, local citizens and other persons who are directly and indirectly engaged in our business activities.

Using both online and printed formats, Nomura Research Institute, Ltd. (NRI) promotes its group CSR activities widely to engage with its stakeholders\* and to raise the level of its group CSR efforts through a two-way communication process.

NRI Group's main CSR reports are available in three forms: the *CSR Book* in print format, and the web publications of the *CSR Report* and the *CSR Activity File*.

The *CSR Book* presents information that would most interest our stakeholders, as well as information on activities that the NRI Group wishes to spotlight in particular, in plain, clear language.

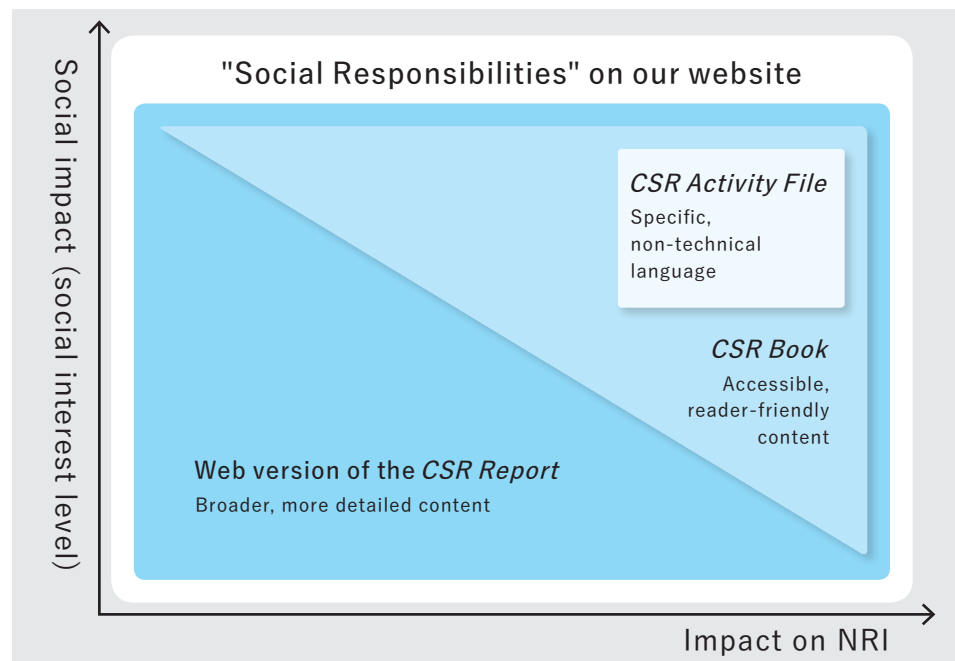
For the web version of the *CSR Report*, we report in accordance with the Global Reporting Initiative (GRI) G3.0, and self-declared the report to GRI Application Level C. For the *CSR Report* attention is paid to third-party opinions given by external experts, in order to ensure an objective assessment of its content.

The *CSR Book* and the web version of the *CSR Report* are published yearly.

The *CSR Activity File* presents in plain, clear language some of the more important CSR activities undertaken by the NRI Group's core businesses for the sustainable development of both the Group and society alike.

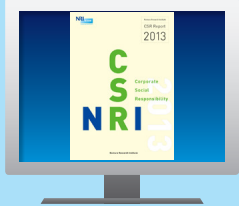

NRI conducted its "CSR Materiality Survey" in 2009, in which it identified key CSR priorities that the NRI Group must address. The conduct and reporting of the Group's CSR activities are undertaken in line with its Key CSR Priorities.

### Report Formats



### Organization

This report focuses on NRI's CSR activities, but also covers some activities of the entire NRI Group and Group companies.

The year's CSR activities summarized in plain, clear language	The year's CSR activities explained in detail	A detailed and up-to-date explanation of NRI's business activities from a CSR perspective
		
CSR Book 2013, in pamphlet form	CSR Report 2013, in pdf format <a href="http://www.nri.com/global/company/contribution.html">http://www.nri.com/global/company/contribution.html</a>	The online CSR Activity File <a href="http://www.nri.com/jp/csr/activities/">http://www.nri.com/jp/csr/activities/</a> (in Japanese only)

### Period covered by this report

This report primarily covers fiscal 2012 (April 1, 2012 through to March 31, 2013), but also addresses some events from the past, some activities after April 1, 2013 and certain plans for future activities.

### Web version publication date

December 2013 (the previous report was published in November 2012, and the next report is scheduled for publication in December 2014)

### 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 acquired as of October 2013, the date of publication of *CSR Report 2013* in Japanese. Business results and events may accordingly differ from plans or projections.

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## Message from the President

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



The NRI Group's corporate philosophy is "Dream up the future."  
We will contribute to the world by gaining insight into the paradigms in societies  
and creating new value.  
That is the source of the value we create.

### **Responding to expectations for recovery from the Great East Japan Earthquake**

More than two years after the Great East Japan Earthquake, it is clear that the recovery process has only just begun. The complete recovery of the areas affected cannot come too soon, and with respect also to the other major issues that Japan faces today, namely its recovery from this disaster and the nation's revival, the NRI Group will continue to offer its concerted efforts in support.

Starting from the moments immediately after the disaster struck, the NRI Group has provided ongoing support that makes use of our Group's strengths. Our support for the recovery process has taken the form of recommendations and consulting services to governments at the national and local level, along with support for companies and enterprises developing businesses and projects to support the affected areas, and we have provided this support based on the situation on the ground and after gauging the direction of the times, from the perspective of asking what would be the best form in which to advance the areas' recovery and revitalization.

Our employees have expressed a wish to help with the recovery of the region, and I believe that in the period ahead, achieving what we can as a business is the NRI Group's mission in that regard.

## Generating results under Vision 2015

Under Vision 2015, the NRI Group's vision for its long-term management, we are aiming for the following "desired images" for our Group.

- In the eyes of the community, "a company that plays a leading role in society with a sure focus on the direction of the times."
- In the eyes of our clients, "a true partner who can advise on management and business strategies."
- In the eyes of our business partners, "a company that leads business circles."
- In the eyes of our employees, "a vibrant company that offers fulfilling careers and new professional challenges."

We have been pressing ahead with our Vision 2015 agenda with the aim of bringing about these desired images, and I feel that in fiscal 2012 we gradually saw some results for our efforts across all our business sectors.

First, in the financial sector, in January 2013 Nomura Securities, the securities industry's largest business, started using STAR, NRI's industry-standard comprehensive back-office system for the securities sector. This step has great significance. With this NRI can now deliver solutions required not on a separate basis for individual clients but on a shared basis for the industry as a whole by way of an industry-standard business platform, and this will lead to greater efficiencies in back-office operations and reduced system costs across the industry. That in turn will translate into improved services and convenience for the clients of the financial institutions that take advantage of those solutions, meaning that great benefits can be expected for the industry as a whole including its end users. In addition, as the uptake of these multi-use common systems services grows, there will be a major reduction in electricity consumption and CO<sub>2</sub> emissions compared to if companies used their own systems, which will help to reduce society's overall impact on the environment.

Next, in November of last year we built a data center in Tama equipped with state-of-the-art features. Our fifth data center, in addition to having a sensitive environmental impact we built in increased levels of security and reliability for this facility. Through the systems that NRI develops and operates, these data centers form an important base that provides a broad support for companies and the broader community to conduct their business. We are also planning to build a new data center in Osaka, to add to the existing data center that we have there.

Being located at some distance from the region around Tokyo, this new center will provide us with a more comprehensive environment in which to maintain our operations in the event for example of a natural disaster.

Turning overseas, over these past twelve months we have expanded and developed our worldwide offices such as NRI Thailand, NRI India, and NRI FT India, and we have also pursued partnerships with local firms. Our corporate clients in Japan have been turning their attention to countries in Asia, which has been presenting historically significant rates of economic growth. These clients have been seeking to establish themselves in various countries overseas, which has increased our prospects for consulting business about developing local businesses and for providing support with setting up systems. This expansion and growth in our worldwide offices has been an attempt on our part to hone in on that trend. I think that what is important for a company when it is embarking on a cross-border expansion is to blend into the local community by building mutual trust. Specifically, it is that business-partner level of trust that is important to develop, so that people in the local community can really feel that they are learning something from Japan that will help their country grow.

Going forward, with the aim of attaining the goals for Vision 2015, I believe it is my role to forge an organization where each and every employee engages in their work with enthusiasm and a conscious awareness of the "desired images" that I described earlier.

## **Being reminded of society's reliance on our fulfilling our responsibilities**

On January 21 of this year, a power failure at our Yokohama Data Center caused inconvenience to the clients using our systems at the time. While also diligently pursuing measures to prevent a recurrence of such an incident, for governance purposes we have set up a Data Center Operation Committee chaired by myself, which will allow us to design more targeted responses with input from outside experts.

This incident has served to remind us again of the extent of NRI's responsibilities to the broader community. The large-scale information systems and data centers that NRI develops and operates have become indispensable lifelines and infrastructure that society relies on. Any malfunction in the system or data security breach will have major repercussions for society at large. We have again been made aware that preventing the recurrence of system failures and maintaining information security are NRI's most important responsibilities when it comes to its operation of infrastructure of national importance, and we will continue to be scrupulous in making exhaustive improvements to the quality of



service that we offer.

If we think about what it is that NRI is recognized for and what is expected of it by society, one thing is its progressiveness – gaining insight into new social paradigms and making them a reality. Another is building relationships of trust, so as to become a "partner in prosperity" with our clients. What underpins these principles of "Progressive" and "Trust" is the "Quality" of the services that NRI provides as it carries out its responsibility for infrastructure of national importance. If any one of these three principles were to become absent, NRI would forfeit its worth as an entity.

Returning to NRI's foundation assets of "Progressive," "Trust," and "Quality," continuing to put forward proposals that will benefit future generations while living up to society's expectations are what NRI's responsibilities to the broader community should be, and in fact I believe that these represent NRI's very worth as an entity.

## **Stakeholders' opinions enhancing our management policies**

As much as possible, NRI endeavors to be aware of the viewpoints of third parties so as not to become complacent with its own courses of action. Specifically, NRI has been expanding opportunities for dialog where it can obtain the opinion of a range of stakeholders concerning its activities, including clients, business partners, students, employees, and experts in the field of CSR.

While learning how NRI looks in the eyes of stakeholders and getting to hear about where it might be lacking, such dialog can show up the gap between how we view ourselves and the image that outsiders have of us, allowing us to determine where we ought to make improvements. Since how we are perceived by the community and by our clients in particular are assessments of precisely where NRI's worth lies, we want to continue our readiness to listen sincerely to the opinions of people outside our organization.

## **Dedicating resources to the development of human resources instrumental to "Dream up the future."**

In order to realize the NRI Group's corporate philosophy of "Dream up the future," we will need to link up with many of the younger forces that will bear responsibility for Japan and the world in the future. To that end the NRI Group has initiated a variety of measures to support the development and growth of young people.

Since fiscal 2006 we have held NRI Student Essay Contests, which give senior high school and university students a chance to share their views for the future. Fiscal 2012 saw the launch of our NRI Dream up the future Campus, a new forum to provide direct communication between young people and our employees. In fiscal 2012 we also started our 2030 Japanese Value Creation Project to think up meaningful new job positions for the next generation of workers. We will be maintaining and developing these projects for some time to come.

Fiscal 2015 will be the final year under Vision 2015, our vision for our long-term management, and it will also be the fiftieth anniversary of NRI's founding. Looking back on NRI's journey during those five decades, I would like 2015 to be an opportunity for each of our employees to think about and share in how NRI wants to look in the future, as well as the form it will take as it serves the broader community.

The NRI Group will build a better future by joining forces with communities and groups on all fronts, and by its synergetic application of its "Navigation" function, the process of exploring the changes taking place in today's world to discover and produce solutions for the issues facing society and our clients, with its "Solution" function, of making those solutions a reality by reforming business practices and by designing, developing, and operating systems.

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

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



# The NRI Group's CSR Policy

# The NRI Group's CSR Policy

The first objective of the NRI Group's CSR is to fulfill our social responsibilities through our business activities. At the same time we strive to avoid business errors and impropriety, and we endeavor to deepen the trust that we have with the public. Above all, we aim to contribute to society through the cumulative effect of our daily activities. We reach out to people through our social contributions to create solid bonds with our stakeholders.

## CSR stance

Our efforts encompass proactive and fundamental CSR and unique contributions to society. We also value ties with stakeholders.

Our prime priorities are to fulfill our social responsibilities through our business activities and to engage in proactive CSR. These activities entail making proposals for a better society and creating information systems that underpin society.

We engage in fundamental CSR efforts in the course of business to build social trust by doing our utmost to avoid errors and impropriety.

Unique contributions to society are our endeavors reaching out to people to deepen bonds with society. We foster those ties by disseminating information that offers new social insights while helping to cultivate young people and managers. We will work with stakeholders to formulate better social frameworks.

We engage closely with each of our stakeholders to meet our specific responsibilities to them.

## CSR implementation structure

All of the NRI Group's business divisions and departments, and its employees, pursue CSR in their daily operations with the understanding that social responsibility should be an integral facet of everything the Group does.

In 2004, we established the Corporate Social Responsibility Department to devise CSR policy, promote companywide CSR activities, collaborate with relevant divisions, compile information about CSR, and educate employees about CSR. We integrated that department with the Corporate Communications Department in April 2009 to reinforce internal and external engagement and pursue CSR more systematically.

Guidelines for fundamental CSR come from several administrative units that support operational and employee endeavors. They include such representative departments as Corporate Planning, Legal & Intellectual Property, Administration, Integrated Risk Management, Security Management, and Accounting & Finance, as well as the Quality Management & Systems Development Innovation Division.

In 2007, we organized the CSR Promoters Network. The network, in which

employees voluntarily participate, has served for reflecting employee's opinion to our CSR activities.

## Three CSR Approaches — Forming close ties with society through core businesses

The first objective of NRI's CSR activities is to fulfill the Company's responsibilities through its business activities. This incorporates advocating a new order for future society and building information systems that support society. Navigation X Solution is the essence of the Company's CSR activity. We have only to continue conducting this business to fulfill our social responsibilities. By helping clients hone their competitiveness and improve their performance, and by working toward the sustainable growth of the Japanese economy, we are helping to create a better society.

[Priorities] Business activities and Research and development

### Proactive CSR

Fulfilling our responsibilities to society through our business activities

### Fundamental CSR

Building relationships of trust with society

### NRI's Unique Contributions to Society

Striving for social contributions that reach people's hearts

We strive to strengthen bonds with society through social contributions that reach people's hearts. To forge bonds that epitomize NRI, the Company is disseminating information to provide insights into a new society and supporting the cultivation of the younger generation and managers who will bear the responsibilities of the next generation. Along with our stakeholders, we are striving aggressively to build the framework for a better society. We take every opportunity to foster communications with stakeholders and to pass on easily comprehensible information on the CSR activities that we conduct in the pursuit of our business to parties inside and outside the Company.

[Priorities] Propagation of intellectual assets, Development of human resources, Development of society

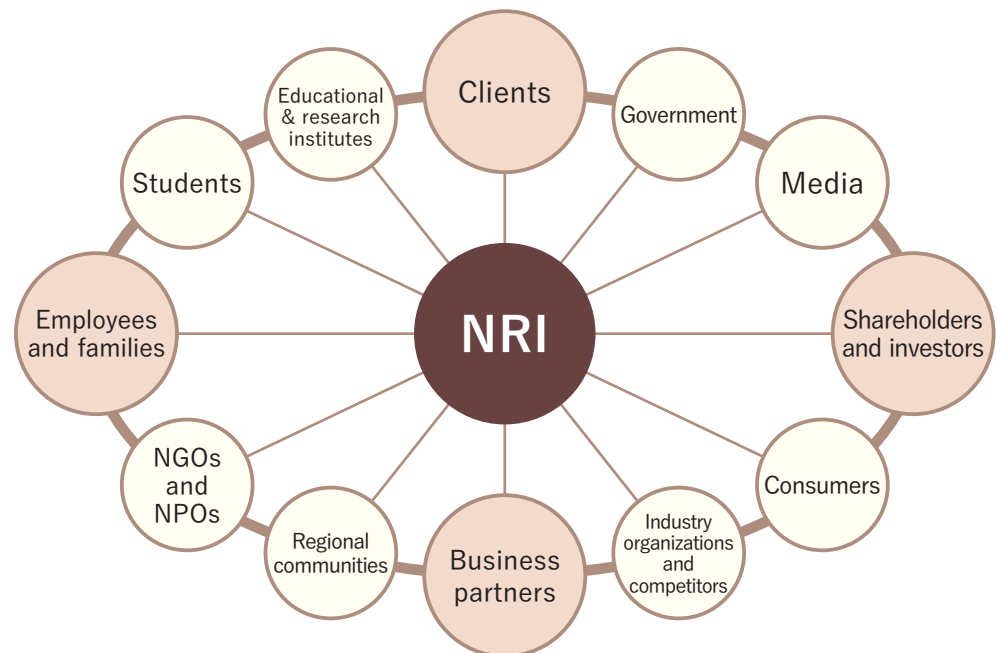
In the execution of our business activities, we take the utmost care to avoid errors and impropriety. To build relationships of trust with society and protect the NRI Group's corporate value, we comply with all pertinent laws and regulations and avoid violating social and cultural morals. To achieve these goals, we are building and thoroughly maintaining the following systems and frameworks.

[Priorities] Corporate governance/internal controls, Risk management, Compliance, Quality management, Information security management, Intellectual property management and Environmental protection

# Engagement with Stakeholders

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

## Stakeholders



# Key CSR Priorities

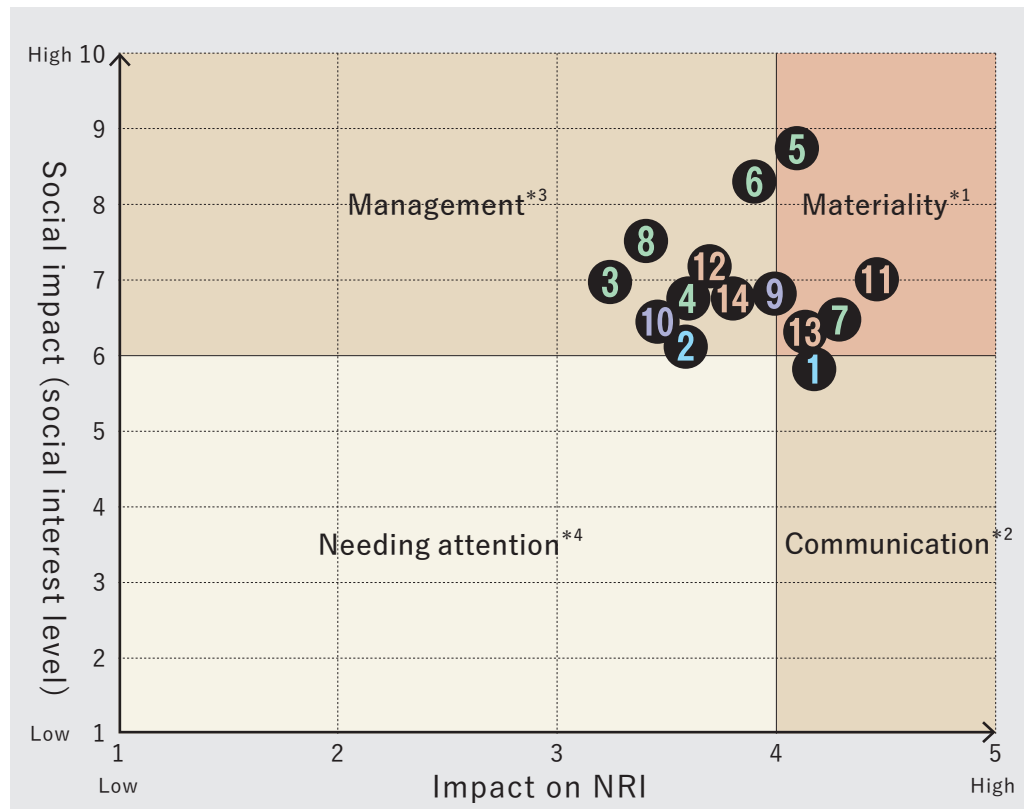
There are five key priorities for the NRI Group in promoting CSR activities.

**Key CSR Priorities**

- Our mission to build a society that is sustainable and dynamic
- Responsibility to provide the information infrastructure that supports society
- Training employees who are future-oriented and capable of achieving their goals
- Support for developing human resources that will serve as the driving force for the next generation
- Development of partnerships that contribute to mutual growth

### Assessment of CSR issues

Management conducted the CSR Materiality Survey in fiscal 2009 based on ISO and other CSR awareness and assessment standards, in order to identify key CSR priorities for the NRI Group from two perspectives: sustainable social development (social impact), and improvements in the Group's corporate value (impact on NRI).



- \* 1 Materiality: Areas for priority action.
- \* 2 Communication: Areas for greater recognition from society.
- \* 3 Management: Areas requiring action with greater sensitivity to community demands and expectations.
- \* 4 Needing attention: Not high priority areas, but warranting attention in the future.

## NRI Group's basic stance by CSR management item

CSR management items	Basic stance of the NRI Group
<b>Proactive CSR</b>	
① Navigation	Making various proposals to clients and society to contribute broadly to creating a better society
② Solution	Building vital foundations for clients and our industry and contributing to society and lifestyles
<b>Fundamental CSR</b>	
③ Corporate governance /internal controls	Making swift and accurate decisions and achieving highly transparent, fair and efficient management
④ Risk management /crisis management	Projecting and properly managing risks
⑤ Compliance	Adhering to ethical and legal requirements and increasing social trust
⑥ Quality management	Ongoing commitment to maintaining and improving high quality standards
⑦ Information security management	Using advanced information security management that becomes the benchmark for society to build corporate clients and social trust
⑧ Environmental protection	Recognizing corporate citizenship obligations and undertaking ongoing efforts to conserve energy and resources to prevent global warming
<b>NRI's Unique Contributions to Society</b>	
⑨ Propagation of intellectual assets	Disseminating our findings and expertise from our operations and research to contribute broadly to social progress
⑩ Development of human resources and society	Cultivating young employees and managers to contribute to a better social framework
<b>Engagement with Stakeholders</b>	
⑪ Engagement with shareholders and investors	Engaging with and striving to satisfy shareholders and investors to improve corporate value
⑫ Engagement with clients	Adopting client perspectives in doing our utmost to build trust and maintain long-term business ties
⑬ Engagement with business partners	Cultivating mutually beneficial relationships based on healthy business practices and compliance
⑭ Engagement with employees	Respecting individuality and human rights in an attractive working environment with fair human resources practices that reward results and talent

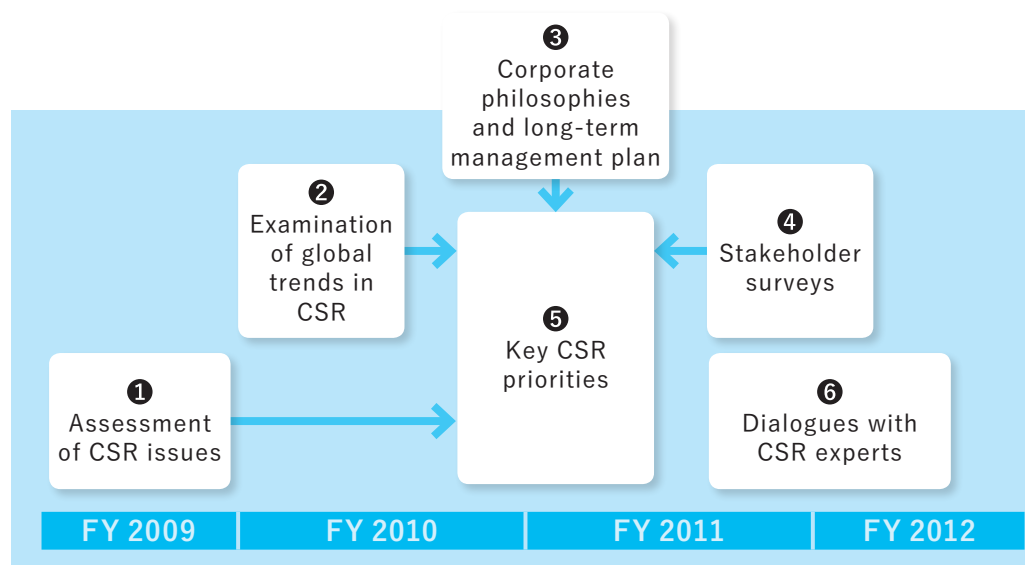
\* The expressions NRI used in 2009 when it conducted its "CSR Materiality Survey" are used for the CSR management items.



### Key priorities selection process

The NRI Group determines its key CSR priorities using the following process.

- ❶ CSR issues vis-à-vis stakeholder demands toward our businesses are identified from two perspectives: social impact, and the impact on NRI.
- ❷ An examination is conducted of the CSR actions required of NRI and the scope of such actions, based on changes in ISO and international CSR rating agencies' CSR awareness and assessment standards.
- ❸ The direction of the CSR that the NRI Group ought to take is mapped out in line with the Group's corporate philosophies, its long-term management plan (NRI Vision 2015), and its code of business conduct, etc.
- ❹ Stakeholders' awareness, demands, and expectations of the NRI Group's CSR are arranged in a certain order after surveying stakeholders on those priority CSR issues narrowed down via steps ❶ through ❸.
- ❺ Based on the results of the foregoing processes, the NRI Group determines five key CSR priorities.
- ❻ Reports on our CSR activities for that fiscal year based on the key priorities are submitted to the experts who helped with the surveys in step ❹, for their opinions on those results.



The first objective of NRI's CSR activities is to fulfill the Company's responsibilities through its business activities. This incorporates advocating a new order for future society and building information systems that support society. Navigation X Solution is the essence of the Company's CSR activity. We have only to continue conducting this business to fulfill our social responsibilities. By helping clients hone their competitiveness and improve their performance, and by working toward the sustainable growth of the Japanese economy, we are helping to create a better society.

[Priorities] Business activities and Research and development

# Proactive CSR

Fulfilling our responsibilities  
to society through  
our business activities

NRI's Unique  
Contributions to Society

Striving for social contributions that reach  
people's hearts

Fundamental CSR

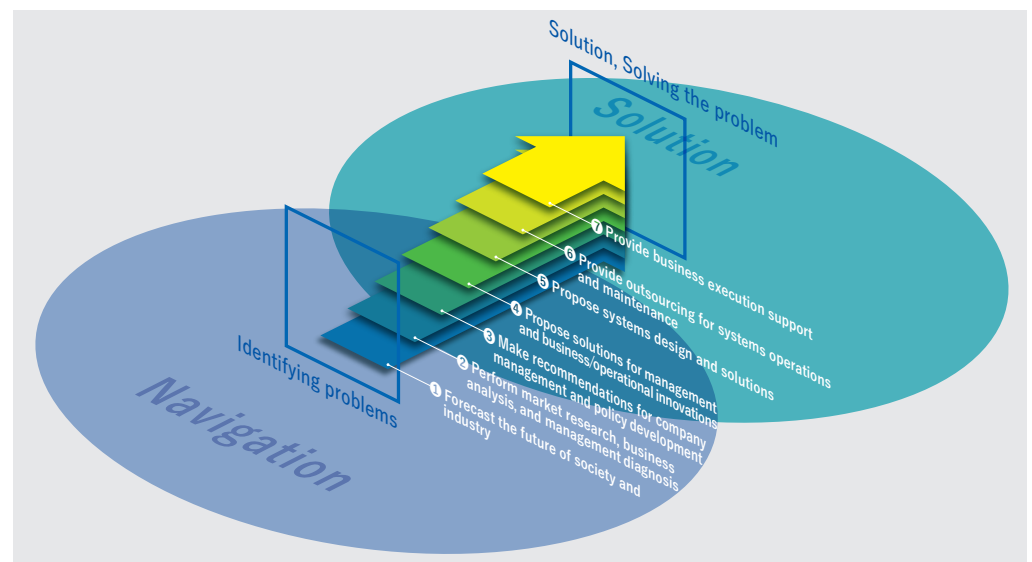
Building relationships of  
trust with society

## The NRI Group's Businesses

### The key to dream up the future, "Navigation X Solution"

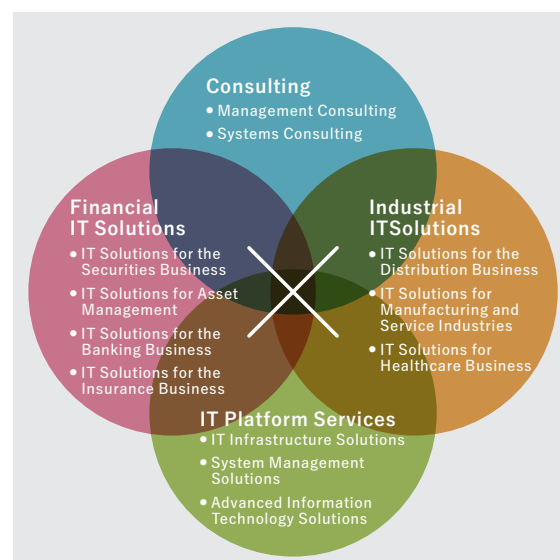
The approach of Navigation X Solutions is the foundation to create and innovate upon the future. Navigation is the phase in which we identify problems and resolve issues, through forecasting, analysis, and strategic policy creation. Solution is the phase in which we help clients implement specific business process reengineering, systems designs, development, and operations to resolve the issues. The combination of Navigation and Solution functions as the means with which NRI creates a new future for clients and society.

#### Navigation X Solution: Seven steps from identifying through solving problems



### Four NRI businesses support industry, society and consumers across a wide range of specialties.

#### Four NRI businesses



NRI helps society, business, and individuals find success through four businesses: Consulting, Financial IT Solutions, Industrial IT Solutions, and IT Platform Services. Navigation X Solution is how we provide the best service in each of these areas, and across functional segments. We provide a better value of services using Navigation X Solution in each of these four businesses, or cross-functionally across the four businesses.

## Vision 2015—Our Long-Term Management Plan

### Four business strategies with goals for 2015

NRI has adopted Vision 2015, a long-term management vision that seeks to realize the Group's corporate philosophies and improve its corporate value. Vision 2015 sets out several strategies for NRI to grow through the transformation of its businesses. These include offering Increased advancement of services in financial sector, Expansion into industrial sectors, Reinforcement and expansion of business in China and Asia, and Productivity improvement and human resource development.

The NRI Group is striving to create new value and transform itself in keeping with the Vision 2015 statement of, "Challenge the Status Quo, Innovate Ourselves."

#### Long-Term Management Plan: NRI Vision 2015

\* Consumer industry:

Industries that have direct contact with consumers such as distribution companies and consumer goods manufactures, management and innovative business operations.

**Growth: Target of 7%**

**Profitability: Operating profit margin of 13%+**

**Powerful portfolio of businesses**



#### Four business growth strategies

##### **Increased advancement of services in financial sector**

Providing industry-standard business platforms to meet wide-ranging needs for more clients in financial sector

##### **Expansion into industrial sector**

Expanding the range of companies we serve and the services we offer, principally in consumer industries\* directly reaching people

##### **Reinforcement and expansion of business in China and Asia**

Building another NRI in China/Asia and contributing to enterprises and society through "Navigation X Solution"

##### **Productivity improvement and human resource development**

Under the slogan, "Challenge the Status Quo, Innovate Ourselves" instituting a human resources training program that looks beyond the bounds of established frameworks

### Action on priority measures

The NRI Group has set out certain priorities in Vision 2015, its long-term management plan, and is pursuing the measures needed to achieve these goals.

#### Fiscal 2012 action on priority measures (partial list)

##### Increased advancement of services in financial sector

###### Serving Nomura Securities' project to overhaul its domestic systems

- Completed the rollout of STAR<sup>\*1</sup>
- Started on steps post-rollout of STAR<sup>\*1</sup> to overhaul Nomura Securities' domestic systems

###### Expanding the business areas served by our industry-standard business platforms

- Launched ins-CALI, our shared online system for compulsory automobile liability insurance contract management for insurance companies
- Expanded the range of client groups for Value Direct, our internet banking service

##### Expansion into industrial sector

###### Expanding our client base in the industrial sector

- Through restructuring in the IT sector and our prime account strategy, cultivated new priority clients and expanded our orders from our existing clients
- Expanded our support for our domestic large clients, in areas ranging from the development of conceptual ideas for through to the actual execution of complete corporate restructuring projects

##### Reinforcement and expansion of business in China and Asia

###### Focusing the reinforcement and expansion of our business on China and Asia

- Working in collaboration with our Tokyo office, strategically acquired orders for assignments for the purpose of building stable client bases in local jurisdictions
- Expanded and developed our worldwide offices such as NRI Thailand and NRI Europe Luxembourg Branch, and continued to reorganize our existing offices
- Built a business base for expanding our clients in Asia, including winning orders for global assignments

##### Productivity improvement and human resource development

###### Strengthening the competitiveness of our system infrastructure, including the effective deployment of Tokyo Data Center I

- Advanced the development of the NRI Financial Cloud<sup>\*2</sup> at Tokyo Data Center I
- In order to meet increased demand for BCP<sup>\*3</sup> and DR<sup>\*4</sup> requirements, planned the creation of a new Data Center in the Kansai region

###### Global Human Resources Development

- Strengthen development of global human resources through Overseas Trainee Program

\* 1 STAR:

Comprehensive back-office system for securities.

\* 2 NRI Financial Cloud:

Provides cloud-based services that can meet particularly stringent requirements of financial institutions.

\* 3 BCP:

Business continuity plans.

\* 4 DR(disaster recovery):

Measures for recovering from disasters.

## CSR Activity File

### The CSR Activity File – presenting our CSR activities through our core businesses

Using plain, clear language, the CSR Activity File presents some specific examples of the NRI Group's CSR activities conducted through its core businesses to assist with achieving sustainable development for the Group and society. The File is made available on NRI's website.

The following are some of the examples that appeared in the CSR Activity File in fiscal 2012.

Click [here](#) for the CSR Activity File.(in Japanese only)

#### CSR Activity File: Example 006



〈The quiet achievers working 24 hours a day, 365 days a year to keep the economy and peoples' lives running smoothly〉

#### **Data centers supporting the lifelines in an IT world**

—System Management Department Data Centers

The development and spread of information systems have made our lives much more convenient in many shapes and forms, including convenience stores, online shopping, IC cards, ATMs, and internet banking. Data centers support the information systems and networks that deliver this convenience, being responsible for the transmission, management, and storage of huge amounts of data. Data centers never take a break, handling data 24 hours a day, 365 days a year.

Being indispensable as they are to how we run our lives, services such as water, electricity, and gas are called "lifelines." In today's world, information systems can also be described as a fundamental "lifeline." In order to protect these information systems NRI built its newest data center using base isolation technology, which should limit the impact of even a "shindo" 7 earthquake on NRI's information systems. In addition, because our data centers store a lot of highly confidential data such as client information and transaction data, when it comes to data security our data centers have strict management practices in place. We also choose the equipment they contain for its sensitive environmental impact. NRI is keenly aware of its very great responsibility to the broader community as an operator of data centers, and repeatedly works to strengthen its policy actions in this regard.

Click [here](#) for details.

#### CSR Activity File: Example 007

〈Finding active ways for Japan in Asia〉

#### **A bridge for Japanese-Chinese cooperation in the form of support for China's "Internet of Things" (IOT)**

—Research and consulting by the Center for Strategic Management & Innovation



China has embarked on developing an Internet of Things (IOT), a nation-building project intended to raise the level of its urban infrastructure and industrial base using information and communication technology (ICT). The IOT, a networked system of objects employing sensors, offers promise as a means for helping to solve China's ageing population issues and the growing problems that its cities face. NRI is pursuing certain collaborative projects concerning the technology in the IOT and for developing China's industrial sector.

In addition to urban traffic congestion and air pollution, China faces many problems, including in particular a rapidly ageing society. The outcomes to be delivered by the IOT project can be deployed in response to these issues. Possible model projects using the IOT are integrating the management of cars and roads using information systems to reduce traffic congestion, introducing policing systems to maintain the safety of cities, and using ICT to create medical and welfare-related services that older people will need.

The Chinese government and Chinese companies are very interested in Japanese know-how, technology, and experience. On the other hand, it is not easy for Japanese companies to break into IOT-related businesses by themselves. By bridging the two sides and guiding the creation of business opportunities for Japanese companies in China, NRI is working to help solve issues in Chinese society and boost Japan's performance.

Click [here](#) for details.

### CSR Activity File: Example 008

〈IT helping to serve "super-aged societies"〉

#### **Revitalizing local communities through support for Silver Human Resources Centers**

—NRI Social Information System Services' "Ageless 80"

Japan's population is expected to fall below 100 million by 2050, of which around 40% will be over the age of 65\*. This will put pressure on the currently generous levels of Japan's social welfare and other government services, while the country faces growing and more diversified needs in the areas of medical treatments, nursing care, and support for young families. So that fit and healthy retirees are able to better manage these issues, Silver Human Resources (SHR) Centers serve to match up older people with the needs of their local communities. SHR Centers introduce those older people who have registered with them to jobs with local communities and businesses looking for employees. The operations of SHR Centers are supported by NRI Social Information System Services by way of its "Ageless 80" information system.

Some SHR Centers are engaged in growing vegetables and producing craft products. But Ageless 80 may open up the possibility of their National Association acting as a conduit to sell their agricultural produce throughout the country as a speciality of their region. Ageless 80 will also make it possible to list any vacated properties in the region, which are on the rise in Japan's countryside, for those

\* Reference:

Japan National Institute of Population and Social Security Research. Population Projections for Japan (January 2012).

city people yearning for country life. Through the support it provides using its information systems to those businesses aiming to build local communities where residents can live with peace of mind, NRI Social Information System Services will make a contribution to help solve the issues that "super-aged societies" face.

Click [here](#) for details.



# Research and Development

## Pursuing R&D that ushers in the future

### Plan

For the purpose of sustaining and transforming its business and raising its corporate value, the NRI Group regards research and development as one of the most important areas for investment. The Group uses an interdisciplinary approach to select and screen its research themes so that the fruits of its research will lead to an increase in our clients' corporate value and to greater prosperity in the broader community. The NRI Group aims to help solve the issues that society faces through the IT solutions we deliver to our clients and the recommendations we make based on our studies into fundamental research.

#### [Basic policy]

NRI actively pursues R&D that:

- Continuing generates new competitive business and business field
- Raises the standard and value of its existing businesses and services
- Offers sophisticated proposals to Japan and the world at large

#### [Major plans for fiscal 2012]

- Improve R&D planning capabilities
- Improve R&D promotion capabilities
- Implement policies designed to improve business potential of our R&D

### Do

## R&D emphasizing medium- to long-term perspectives

#### R&D system focused areas and organization

The NRI Group undertakes R&D in the areas of business, technology, and pure research. The Advanced Information Technology Division, which is responsible for the Group's technological development, undertakes research in advanced and basic technologies pertaining to information technology. The Center for Strategic Management & Innovation, which is responsible for policy proposals and advanced research functions, conducts studies and research into new social systems. In addition our representative departments engage in business development and new product development from a medium- to long-term perspective, along with business feasibility assessments, developing prototypes\* and experimental trials. Where necessary, different internal departments will collaborate on a research project. We have established the Research and Development Committee, consisting principally of Senior Managing Directors, as the body that both submits R&D strategies and selects R&D projects from a company-wide perspective. The Committee carries out the entire selection process, from the drafting of projects to

\* Prototype:

Experimental system that is created using visual representation approximating an actual system.

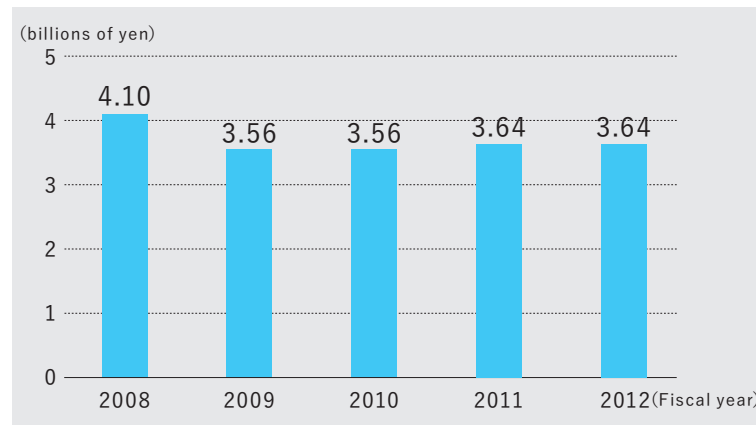
## Do

the application of research outcomes.

### Active investment in R&D

With the aims of increasing our clients' corporate value and helping to solve the issues that society faces, each year the NRI Group actively invests in R&D projects that are designed to generate new businesses and thus ensure its continued growth.

### R&D costs



### Priority R&D fields and achievements in fiscal 2012

The NRI Group has selected three priority areas for its medium- to long-term R&D: finance, information technology, and global. The NRI Group aims to continually generate new competitive businesses and business fields by focusing its attention on the most advanced fields and by "creating services of the future by taking companies beyond their limits." In fiscal 2012 we undertook around 140 R&D projects.

### Themes of principal R&D projects

<b>Finance</b>	<ul style="list-style-type: none"> <li>Financial market research (NISA<sup>*1</sup>, etc.)</li> <li>Solutions for financial institutions that support proposal-making sales operations</li> </ul>
<b>Global</b>	<ul style="list-style-type: none"> <li>Joint roundtable discussions with the China Finance 40 Forum<sup>*2</sup> on the topic of financial markets policy</li> <li>"Fixed point" observations of India's IT market</li> </ul>
<b>Information technology</b>	<ul style="list-style-type: none"> <li>Research into technology trends and spotting beneficial technologies (IT Roadmap, etc.)</li> <li>Evaluation &amp; verification of technologies and products from the perspective of business applications (cloud computing, smart devices<sup>*3</sup>, etc.)</li> </ul>

\* 1 NISA:

A Japanese tax-exempt scheme for small investments. ISA stands for "individual savings account."

\* 2 China Finance 40 Forum (CF40):

An independent think-tank set up in 2008 to research policies relating to finance.

\* 3 Smart devices:

Portable multi-function terminals such as smartphones and tablets.

### Raising our R&D promotion capabilities through joint research with clients

In June 2012 NRI launched the NRI Future Garage as a new initiative designed

## Do

to create new services jointly with participating businesses. With the goal of creating services "of the future," the NRI future garage conducts brainstorming workshops, carries out technological studies, develops prototypes, and conducts joint experimental trials.

As an initial example, between November 2012 and January 2013 the NRI future garage joined up with Bic Camera Inc. to conduct an experimental trial in which Bic Camera's customers were sent coupons tailored to their circumstances via their smartphones. With the rapid spread of smartphones, it has become easier for consumers to make use of location information, and more and more of them are sharing location information on social networking sites (SNS). This has meant an increase in the value of location information services in social and commercial sectors as well. In the experimental trial we conducted, coupons were automatically sent out to consumers via their smartphones based on factors including their purchasing history, location information, and the weather. The trial included testing business models and conducting research into O2O\*. By seeking out people's needs, the NRI future garage is using new technologies to carry out R&D that is linked to where customers and society will be tomorrow.

\* O2O:

Stands for "online to offline," a form of marketing where online information influences consumers' offline purchasing activity (in bricks-and-mortar stores), namely, prompting the translation of online consumer behavior into an offline environment.



Joint roundtable discussions with the China Finance 40 Forum



Dedicated NRI Future Garage room  
A coupon used in the experimental trial with Bic Camera

## Check & Act

### [Fiscal 2012 evaluation]

- Through investment in the most advanced fields, strengthened our proposal capabilities aimed at solving issues faced by society
- Through joint research with clients, achieved a new level of integration between our themes and the issues facing our clients and societies

### [Major plans for fiscal 2013]

- Operate our business based on the three themes of Strategic technology, Global, and Branding
- Strengthen the PDCA cycle for our R&D projects

### Proactive CSR

Fulfilling our responsibilities to society through our business activities

### NRI's Unique Contributions to Society

Striving for social contributions that reach people's hearts

# Fundamental CSR

Building relationships of trust with society

In the execution of our business activities, we take the utmost care to avoid errors and impropriety. To build relationships of trust with society and protect the NRI Group's corporate value, we comply with all pertinent laws and regulations and avoid violating social and cultural morals. To achieve these goals, we are building and thoroughly maintaining the following systems and frameworks.

[Priorities] Corporate governance/internal controls, Risk management, Compliance, Quality management, Information security management, Intellectual property management and Environmental protection

# Corporate Governance/Internal Controls

## Achieving highly transparent, fair and efficient management

### Plan

With the Company Law that came into force in 2006, businesses are being increasingly demanded to boost corporate governance and promote internal controls. NRI believes that prompt and accurate decision-making in business operations is essential to enhancing corporate value. At the same time, we also believe that it is equally important to deliver highly transparent, fair and efficient management to all of its stakeholders. With this in mind, the NRI group is striving to strengthen its corporate governance.

#### [Major plans for fiscal 2012]

- Upgrade internal controls at a company-wide level
- Reinforce control capability in management departments within business divisions

### Do

#### Corporate governance structure

NRI is a company with Audit & Supervisory Board Members. NRI makes effective use of Audit & Supervisory Board Members and the Audit & Supervisory Board, while building the system to further enhance NRI's corporate governance. As part of this effort, its activities are directed toward making the General Meeting of Shareholders more productive, faster decision-making by the Board of Directors together with greater surveillance capabilities, reinforcement of the functions of the auditors, improved information disclosure, etc.

#### Overview of internal controls systems

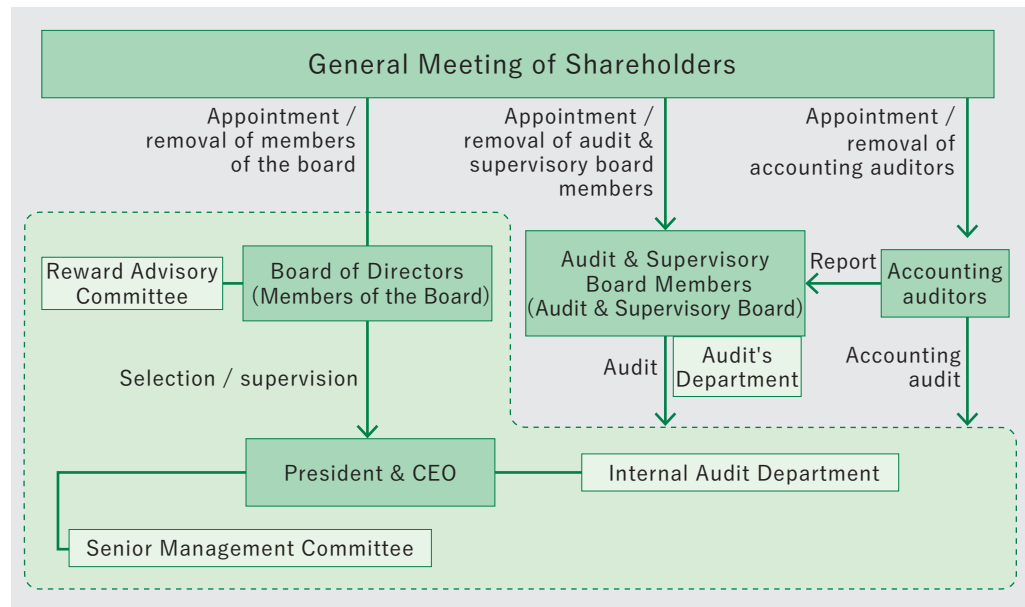
With a view to raising its corporate value, NRI attaches great importance to swift and accurate decision-making in the execution of its business, as well as to achieving management with greater transparency, fairness, and efficiency.

In line with this philosophy, in order to enhance and reinforce its corporate governance and internal controls, NRI adopted (in May 2006) a Basic Policy on Building Internal Control Systems\* (revised in April 2012). In compliance with this Policy, NRI is engaged in measures including developing a system for executing job functions in compliance with laws and company bylaws, a risk management system, and a system for enhancing the integrity of financial reports.

\* Click here for details of the Basic Policy on Building Internal Control Systems. (in Japanese only)

Do

## System of Corporate Governance



## [Role &amp; mission]

**General Meeting of Shareholders**

The company's decision-making body for critical issues, NRI has been working to increase the activity of the General Meeting of Shareholders and to facilitate the execution of voting rights by setting Meeting dates that allow more shareholders to attend, notifying shareholders of Meetings well in advance, introducing online arrangements for exercising voting rights, and participating in online voting platforms for institutional investors.

**Member of the Boards and Board of Directors**

Because executing NRI's day-to-day business falls largely under the remit of its Senior Managing Directors, the decision-making and supervising functions that the Board of Directors exercises go solely to NRI's broader direction. The Board of Directors convenes once a month, and additionally as the need arises. As of July 2013 the Chairman without executive duties serves as Chairman of the Board.

NRI has nine Members of the Board, including three Outside Members of the Board. In order to achieve a management structure that can respond swiftly to changes in our operating environment, as well as to allow management responsibilities to be clearly defined for each year, directors serve a term of office of one year. Outside Members of the Board have been invited to bring more energy into the Board's activities and to achieve greater transparency and fairness in management. In selecting these Members of the Board, NRI places particular emphasis on independence, considerable experience and the ability to provide an objective perspective on NRI's business execution.

## Do

**Audit & Supervisory Board Members and Audit & Supervisory Board**

The Board deliberates and makes decisions on auditing policy and other important issues pertaining to audits. It also formulates and expresses audit opinions. 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 employees and executives 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 Members of the Board business execution objectively in order to maintain impartiality and independence of the corporate auditing system.

The Audit & Supervisory Board discusses and decides auditing policies and other important matters related to auditing and formulate and express audit opinions. In carrying out audits, Audit & Supervisory Board Members coordinate with the accounting auditors and the 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 like monitoring results on compliance with various regulations from the Risk Management Supervisory Department.

**Audit's Department**

The Department provides support so that Audit & Supervisory Board Members can engage in audits efficiently. To determine the personnel for this department, the representative directors or directors responsible for personnel consult with the Audit & Supervisory Members, while maintaining the independence of the department. As of July 2013, the office is manned by six employees.

**Reward Advisory Committee**

Consisting of external experts, the Committee deliberates on the system and standards for executive compensation, etc., from the standpoint of fairness and objectivity.

**Internal Audit Department**

The Department, which functions directly under the President, audits NRI Group to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the business execution of Members of the Board. As of July 2013, the Department is staffed by 21 employees.

The results of such audits are reported to the President, and when corrections or improvements are required, the Risk Management Supervisory

## Do

Department, the representative departments and the business divisions, collaborate to introduce improvements. In addition, the Internal Audit Department works to cooperate with the accounting auditor through regular exchange of opinions regarding plans for conducting internal audit and their results.

### **Senior Management Committee**

As of July 2013 the Committee consists of Senior Managing Directors including four representative directors. It deliberates on important issues involving management in general, and meets once a week to achieve the integrated coordination of business activities and a unity of views on how business is to be executed.

## Check & Act

### **[Fiscal 2012 evaluation]**

- Reviewed and upgraded items for monitoring as part of internal controls at a company-wide level
- Reviewed and built appropriate corporate governance and internal controls systems  
(See [Risk Management](#))

### **[Major plans for fiscal 2013]**

- Upgrade internal controls at a company-wide level (ongoing)
- Reinforce control capability in management departments within business divisions (ongoing)



# Risk Management

## Forecasting a range of risks and managing for them appropriately

### Plan

The NRI Group has developed three broad management structures for each of its major risks: company-wide risks, risks arising from business activities, and disaster, accident and other crisis risks. Each of the management systems built within these structures work to reinforce the Group's risk management.

#### [Major plans for fiscal 2012]

- Recheck company-wide business continuity and risks
- Enhance PDCA cycle management for priority areas
- Undertake ongoing BCP<sup>\*1</sup>/DR<sup>\*2</sup> development and operational assessment for key business operations
- Promote energy-saving measures & power failure countermeasures

\* 1 BCP:  
Business continuity plan.

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

### Do

#### Risk management

##### Risk management systems and activities

On April 1, 2012 NRI established the Integrated Risk Management Department, a new internal department with overall control for risk management for the entire company. It also nominated a Risk Management Director responsible for putting in place and operating a regime of risk management systems, such as conducting awareness, assessment, and monitoring of risk for the NRI Group independently from its business divisions, and devising such response plans as are required.

NRI divides its risks into three broad categories: company-wide risks, risks arising from business activities, and disaster, accident and other crisis risks. NRI has built a system of management for each of these, which work together when carrying out risk management and which review NRI's risk management systems as appropriate in order to improve their performance.

The Integrated Risk Management Department monitors the status of Company-wide risk management and then works with the representative departments to optimize overall risk management in accordance with management's intentions.

NRI assigns a representative department for managing each risk arising from business activities, and also stipulates the relevant regulations to be followed. Specialist meetings are held as needed to deliberate management of this risk. The representative departments work with the business divisions to develop an appropriate response plan and to improve the effectiveness of risk management.

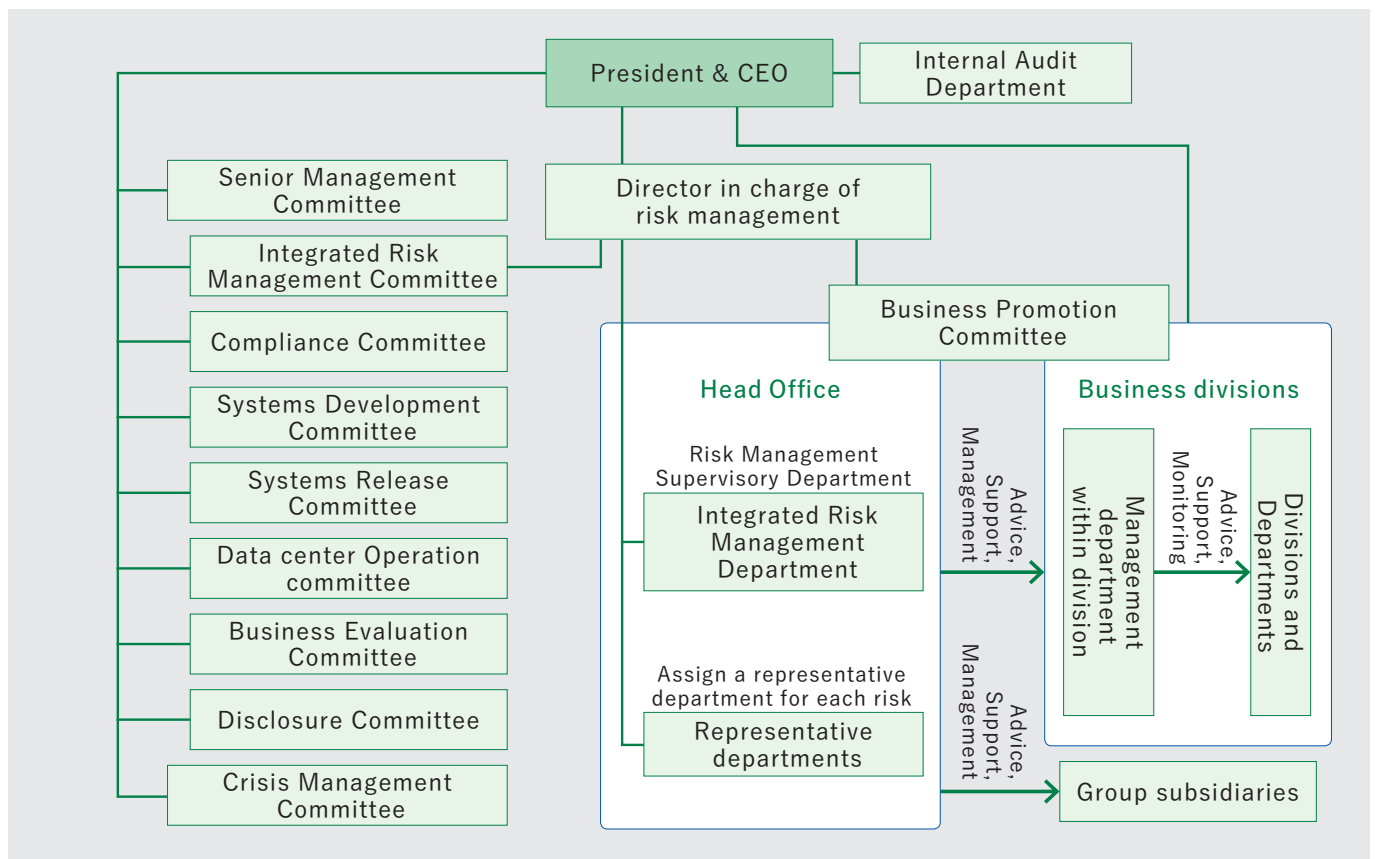
For its management of disaster, accident and other crisis risks, under the categories of major business disruptions or defects, serious information leaks, and disasters and other emergency situations, the Crisis Management Committee's

# Do

secretariat headed by the Crisis Management Section within the Integrated Risk Management Department has stipulated a fundamental response system and processes for when an emergency incident occurs, as part of a counteraction strategy.

The Integrated Risk Management Department is at the center of NRI's continuous improvement of its risk management, providing training and education to anchor risk management in employees' minds.

Risk Management Structure as of April 2013



## Strengthening risk management

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.

The items identified as priorities for fiscal 2012 included "appropriate readiness to fulfill our business continuity responsibilities" and "establishing an appropriate system of governance for the NRI Group."

NRI is working on improving its PDCA management relating to these priorities. Progress statuses and results are reported to the Integrated Risk Management Committee and/or the Business Promotion Committee, along with company-wide monitoring results, for use in risk management.

Fiscal 2012 began with a review of the items for company-wide monitoring, based on factors including the established priorities for that fiscal year and the state of risk assessments conducted by representative departments.

## Do

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 BCPs and DR programs.

In fiscal 2013, based on findings of inspections and assessments conducted in fiscal 2012 and in light of the malfunctioning power equipment at our Yokohama Data Center I, "raising the level of quality of the operation of our Data Centers" has been included for the first time as a priority among initiatives taken on a company-wide basis to strengthen our risk management.

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

In the event of a disaster or accident, NRI 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.

Integrated Risk Management and the representative departments for each particular risk work together to examine preventive action plans and respond as necessary in order to prepare for a major natural disaster or incident or epidemic affecting the NRI Group.

In fiscal 2012, we maintained our efforts to curb our energy consumption in the face of constricted power supplies, and extending our efforts to all our bases in Japan allowed us to reduce our overall electricity usage.

Prompted by the adoption of the Tokyo Metropolitan Government's Post-Disaster Stranded Commuter Countermeasures Ordinance, in readiness for a major earthquake we began to build up stocks of emergency supplies at all our Japanese bases. In addition, with the aim of raising the level of our employees' emergency first-aid knowledge, at several bases we organized short training courses in cardiopulmonary resuscitation (CPR) as well as practical drills using AED simulators.

### **Promoting awareness and expanding the scope of activities**

Awareness of risk management is encouraged in employees of the NRI Group. In order to reduce priority risks, the Fundamental Rules for Executive Officers and General Staff have been revised based on the priorities for 2012. Greater understanding and consolidation in NRI Group employees is being promoted through the distribution of pamphlets, e-learning, etc. (See [Compliance](#)).

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.

The NRI Group has developed an "employee safety confirm system" that confirms the safety and ability to come in to work in the event of a disaster by e-mail and phone. Trainings are conducted each year to ensure that this confirmation process is carried out rapidly. From the perspective of safety management, this system was expanded to cover temporary employees where they have given their approval.

# Do

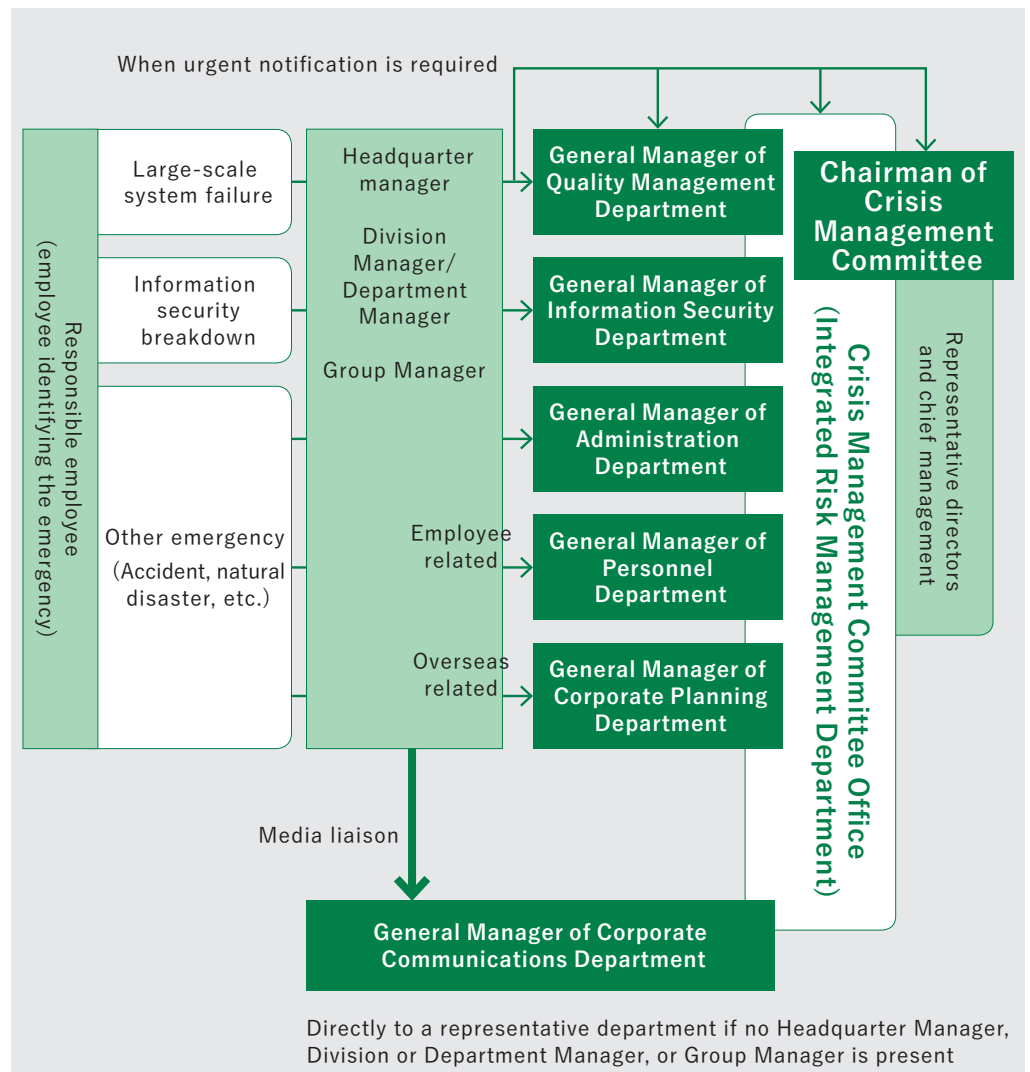
## Crisis Management

### NRI Group crisis management systems and activities

To ensure a rapid response in a variety of emergency situations, the NRI Group has a system and set of procedures in place to govern its management of a crisis, which include a body of applicable rules and regulations, and calling a meeting of the Crisis Management Committee. NRI has also prepared a Contingency Plan containing its advance preparations in anticipation of and its master systems and processes for responding to an emergency event.

In the event of an emergency, the relevant employees will move quickly to make information available, and an emergency command center will be set up to consult and execute response plans. In the case of a large-scale system failure or information security breakdown, for example, 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.

### Lines of notification



## Check & Act

### [Fiscal 2012 evaluation]

- Rechecked company-wide business risks and determined priority areas
- Put in place PDCA cycle to match state of risks
- Assessed operation of and developed BCP/DR for key business operations
- Steadily implemented energy-saving measures & power failure countermeasures

### [Major plans for fiscal 2013]

- Determine priority areas based on the results of risk reassessments
- Implement deep PDCA cycle based on state of risks
- Continually assess operation of and develop BCP/DR for key business operations (ongoing)
- Put in place a system and equipment for the scenario of an earthquake or outbreak of infection

# Compliance

## Observing laws and conducting business in accordance with high ethical standards

### Plan

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

**[Major plans for fiscal 2012]**

- Develop and promote awareness of the Fiscal 2012 Fundamental Rules for Executive Officers and General Staff
- Survey the compliance awareness of and further reinforce the compliance message for all NRI Group employees
- Investigate and implement individual improvement programs for business divisions and Group companies

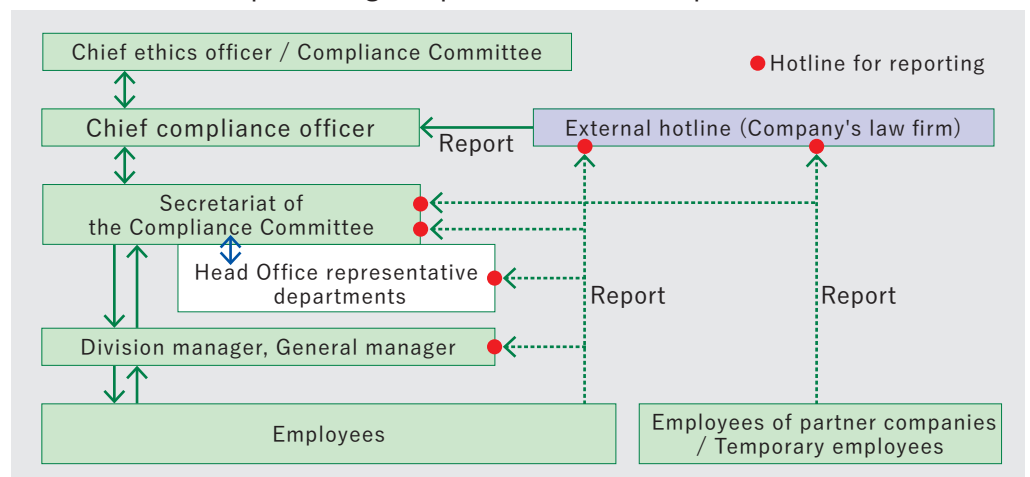
### Do

**Implementation structure for promoting compliance and the compliance hotlines**

The NRI Group has appointed a chief ethics officer and a chief compliance officer to ensure thorough compliance. As shown in the diagram below, various reporting hotlines have also been set up so that misconduct can be quickly discovered and redressed. These hotlines will receive reports and provide advice on an anonymous basis. The reporting party is protected so that they cannot be dismissed or have their contract cancelled or other unfair punitive actions as a result of reporting misconduct.

All reports are investigated and corrective measures and measures preventing recurrence are taken.

**NRI's structure for promoting compliance and the compliance hotline**



## Do

**Fundamental Rules for Executive Officers and General Staff****—pamphlet distribution & monitoring**

Each year, the NRI Group defines key risks 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 "priorities" by top management, energy is focused on comprehensive implementation of compliance.

In an effort to ensure full compliance, details on the key rules that take priority, as well as their legal background, case studies, etc., were compiled as Fundamental Rules for Executive Officers and General Staff in leaflet form for portability. Copies were distributed to all employees of the NRI Group. English, Chinese and Korean versions of this handbook were also distributed to employees at overseas operations for use in training programs, etc.

The Fundamental Rules for Executive Officers and General Staff is used to monitor the state of compliance. If a problem is found, headquarters coordinate with relevant business divisions to make improvements.

**Compliance awareness surveys**

With the dual aims of spurring an increase in our employees' compliance awareness and of gaining insight from their views and the changes in their awareness of the compliance issues that we face, the NRI Group regularly surveys all of its employees on their compliance awareness. This fiscal year a survey was conducted in January 2013. The aggregated data and analysis results from surveys are presented to a number of Committees and subsequently applied in future training and improvement programs.

**Upgrading compliance training**

In order to boost employee compliance awareness, the NRI Group conducts a range of training programs.

Fiscal 2012, we worked to drill the importance of compliance into our employees through lectures and exercises under our reorganized and more comprehensive compliance training scheme.

# Do

## Principal training programs aimed at compliance reinforcement

Target	Training Content
All NRI Group employees	Compliance check on Fundamental Rules for Executive Officers and General Staff (e-learning)
	Fundamental Rules for Executive Officers and General Staff [Accounting Edition]
<b>Job-specific training</b> New employees (new graduates & midcareer recruits), general staff employees, employees promoted to specialists, employees promoted to managers or assistant managers and employees promoted to senior specialists	Corporate ethics, human rights awareness, regulatory compliance, information security, job-specific functions, job-specific cautions, etc.
<b>Executive function-specific training</b> Group manager & section manager training, division manager training & staff training	
Sales personnel	Contract & confidential information control
Employees granted financial processing approval in various departments	Compliance related to accounting & financial affairs

# Check & Act

### [Fiscal 2012 evaluation]

- Developed and promoted awareness of Fiscal 2012 Fundamental Rules for Executive Officers and General Staff
- Conducted a compliance awareness survey and further reinforced the compliance message for all NRI Group employees

### [Major plans for fiscal 2013]

- Hold compliance check test mandatory for all employees (as part of employees' e-learning)
- Hold ongoing lectures and exercises on compliance as part of job-specific and executive function-specific training
- Monitor state of compliance with the Fundamental Rules for Executive Officers and General Staff, and have Head Office and the relevant business division(s) work together to remedy any issues uncovered



# Quality Management

## Commitment to quality leads to continual quality enhancement

### Plan

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 clients' management and general business activities. The sense of responsibility drives NRI's efforts to continually enhance the quality of its system and services.

#### [Major plans for fiscal 2012]

- Maintain and make ongoing improvements to our quality management system
- Maintain and make ongoing improvements to our IT service management system

#### Social impact and priority programs

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

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

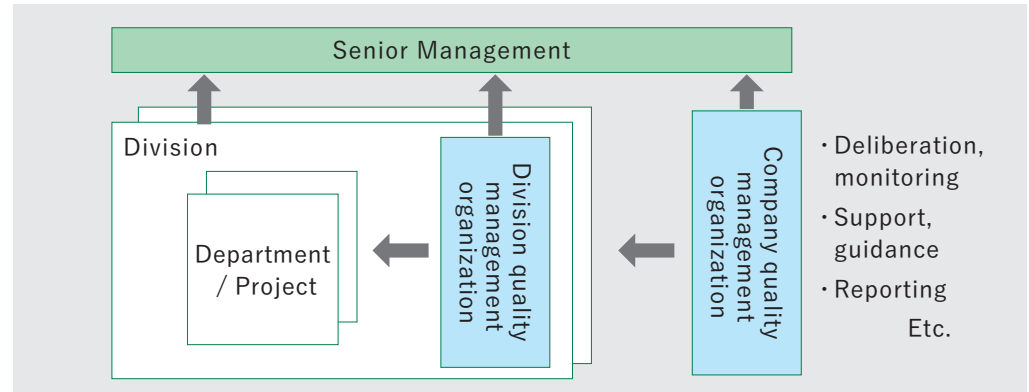
From this perspective, in order to increase the reliability of our information systems underpinning the infrastructure on which the broader community depends, the NRI Group is directing its efforts towards the following priorities:

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

## Do

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

### Quality enhancement structure



## Quality management in our development of an information system

### Risk management & project support through project management activities

NRI has developed a scheme to provide systematic support for projects aimed at developing large-scale, complex information systems so that they will be successful.

The Project Assessment Department conducts uninterrupted surveillance of each ongoing project. In addition to providing support for their job functions and in order to alleviate risks, guidance is provided to project managers in upgrading the quality of the development processes and achievements.

### Improvements in quality and productivity with NRI Standard Framework

NRI shares the NRI Standard Framework, its guidelines on standard project processes and activities and the work to be executed in each process over its intranet. The framework aims to ensure that design, development and project management and the review committee's screening are effective and efficient, and to enhance project quality and productivity. These guidelines incorporate templates and guides useful in preparing the deliverables at each step, case studies and other tools and checklists helpful in raising quality and productivity. This framework plays a key role in sharing practical know-how within the Company.

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

### Enhancement service reforms

NRI's maintenance and operation services for information systems are not just mere computer system "maintenance and operation" services. Since they also

## Do

include "improvements and proposals," we see them more as full service operations that provide support for our clients' entire business systems, and we call them "enhancements."

In practice, our maintenance and operation services for systems more often involve the provision of support by "people" than by "technology." Accordingly, since 2005 we have continually promoted enhancement services reforms, representing a revolution in our teams and producing a can-do attitude that emphasizes our "people" engaged in enhancement services.

### **Information system failure management**

NRI has developed a company-wide system designed to reduce failures in its information systems. As a result of its efforts and attention to detail in this area, there has been a major reduction in the number of failures occurring.

Focusing on failure reduction programs that target issues specific to individual worksites, we are currently setting out common rules for our entire company and monitoring the patterns involved in failure occurrences so as to ensure that these programs are implemented on a continuous basis. We have stipulated certain basic management items for information system failures, and we are working to improve the quality of our systems by applying the appropriate response when a failure occurs and implementing appropriate measures to prevent a recurrence.

To manage system failures, we classify a failure into one of five levels, depending on the extent of its impact. We have established relevant reporting procedures for each level of failure, and we have also developed a system where information is shared without delay once a failure occurs. Failures that do occur are analyzed in depth to track down their underlying causes and make improvements. We have also prepared a training curriculum on methods for analyzing failures, as part of our efforts to raise the skills and awareness of our employees and partners.

### **Improving the reliability of data centers that support the operation of systems**

In order to prepare for any business continuity crisis caused by a major natural disaster or an accident, NRI has drawn up a Data Center Contingency Plan (emergency response plan) as an operator of data centers that house and operate the systems of such importance to our clients. This Plan was revised in fiscal 2012 to include an earthquake in the greater Tokyo area, and system-related equipment failures, as well as other major natural disasters causing crises for which we have devised action plans.

We have contingency plans in place along with processes for communicating messages and sharing information. We review our plans on a regular basis, and we conduct training drills based on those plans in collaboration with the relevant clients and relevant internal divisions and departments.

## Do

**Strengthening quality management using international standards**

Stable system operations are indispensable to effective use of the information systems that NRI develops. The NRI Group has provided its clients with consistently high-quality system operation services 24 hours a day, 365 days a year, for many years. Through this, NRI has developed a quality management system, Operational QMS, to maintain the quality of its system operation services. In 1998 NRI obtained ISO 9001 certification for system operation services at its data centers (Certification renewal completed in May 2011).

However, Operational QMS under ISO 9001 alone is not sufficient in managing services that must fulfill the provisions of the service level agreement (SLA) and operating level agreement (OLA) concluded with its clients. For this reason, in fiscal 2008 NRI developed "Operation ITSMS," an IT service management system based on ITIL\*, as part of its efforts to earn the ISO 20000 International standard for the operation, maintenance and management of IT service. In August 2010, the scope of ISO 20000 certification expanded to add information systems serviced by NRI's Osaka Data Center, following the earlier certification of Yokohama Data Center I and Yokohama Data Center II. We plan to expand this certification in fiscal 2013 to Tokyo Data Center I.

In accordance with these management systems, NRI will use the results of its CS surveys and records of system failures to raise quality and enhance IT services.

NRI Data i Tech has acquired ISO 20000 certification for IT infrastructure total support services in December 2007 and for its comprehensive desktop service provided to Nomura Securities Co., Ltd., in October 2008.

**Actions to improve management quality and reduce failures**

In any information systems management service, equipment failures, processing delays caused by a rapid rise in data volumes or other problems related to inappropriate operation cannot be eliminated.

The Systems Management Section is engaged in various activities aimed at reducing these incidents and improving productivity, including reinforcing collaboration with the information systems construction department, promoting standardized, automated labor-saving operations and improving operator skills.

**Raising productivity predicated on a high level of quality****New initiatives in productivity reform**

It is important to study information systems from the perspective of giving priority to maintaining "quality" over all else, while at the same time raising "productivity."

There are nevertheless many factors that influence productivity. IT has made rapid advances in recent times, giving rise to new methods quite unlike those of the past. The newest technology must always be used when developing an

\* ITIL:

Information Technology  
Infrastructure Library

Systematized and standardized compilation of business processes and methods employed in operating and managing information systems. Trademark or registered trademark of the United Kingdom Office of Government Commerce (OGC) in the UK and other EU nations.

## Do

information system, in order to increase its engineering performance. In addition, earlier information systems become more complex as they undergo modifications repeatedly and functions are added to them over the years. Lastly, as networks have grown and spread, different information systems are now linked to each other to form an ever more complicated web. All these factors serve as a drag on productivity when conducting maintenance and operation of information systems.

This situation calls for giving some thought to effective enhancements right from the development stage of an information system, in order to achieve an increase in maintenance and operation productivity further down the track. What is also required is a new way of thinking by which the end goal includes constantly maintaining such conditions that would allow a system to be redeveloped with little difficulty. Employing methodologies in line with this new way of thinking as our starting point, we will engage in this area in a comprehensive manner, in a way that links the following five factors:

- New development methodologies with the goals of enhancing and redeveloping systems
- Standardized system infrastructure that is highly compatible with development methodologies
- APL production infrastructure (tools and methods) that realizes and makes more efficient development methodologies based on a standardized system infrastructure
- Making effective use of development methodologies and APL production infrastructure to achieve the development of human resources that will expand the scope of employees' responsibilities and raise the level of their skills
- Acting in accordance with development methodologies, nurturing development partners based on their specific characteristics and a division of roles

## Quality management in consulting services

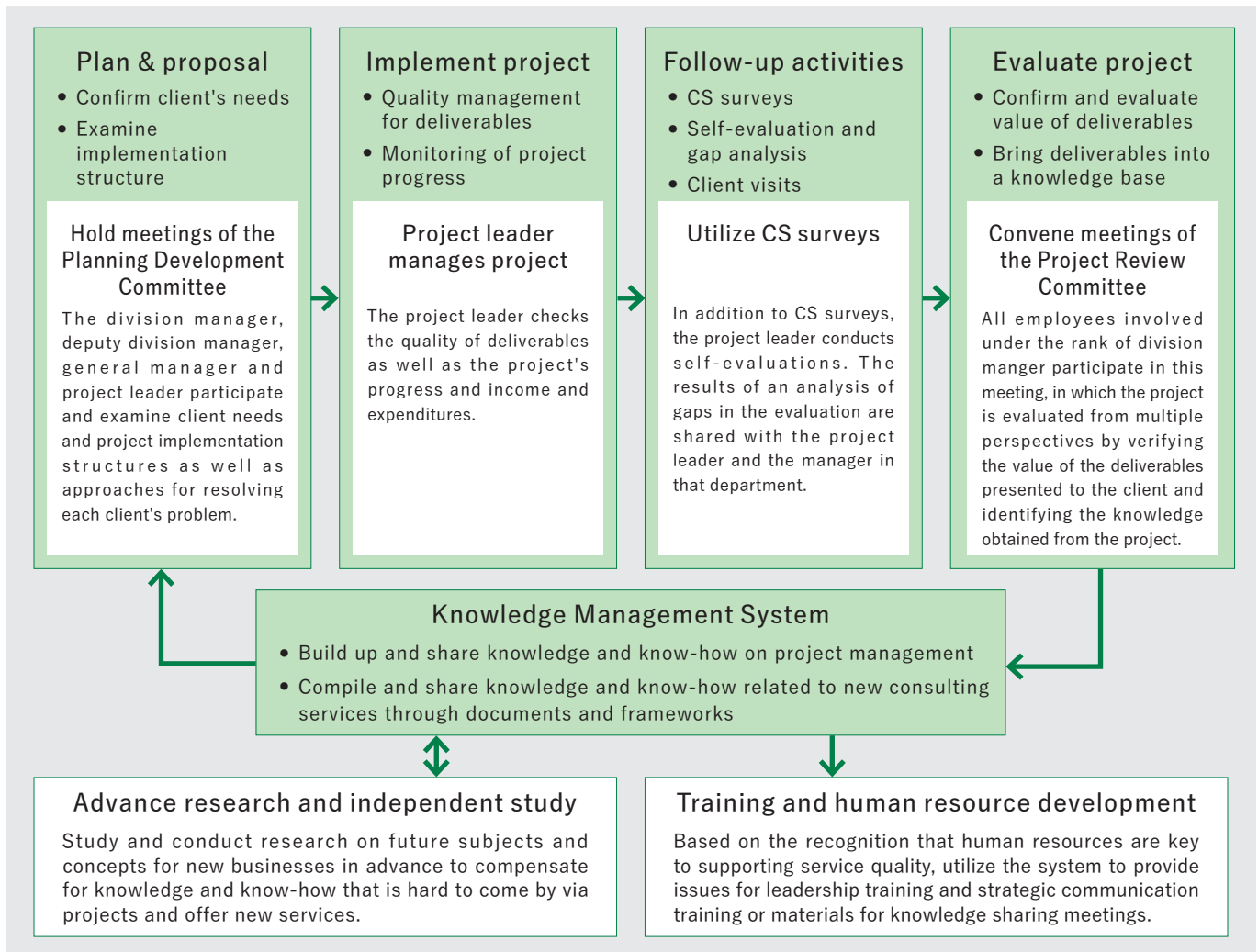
### Tailoring quality enhancement to specific project characteristics

NRI's Consulting Division and System Consulting Division provide consulting services on business management, policy making and systems development to companies and government agencies in a wide range of industries and business sectors. NRI's clients work in a broad array of business domains, and the challenges they face grow more complex every year. Therefore, quality management must be tailored to the particular project's attributes and executed with appropriate timing.

For this purpose, the Consulting Division holds planning and development meetings during the project planning and proposal stage, project review meetings at project completion and client satisfaction (CS) surveys as follow-up. The knowledge acquired from these projects is compiled into a Knowledge Management System database which is utilized for new research and proposals and also for continual improvements to NRI's consulting services through the

# Do project quality enhancement cycle.

## Quality enhancement cycle for the Consulting Division



Based on past experiences, the division believes that value must be created and presented to clients based on four valuation standards in order to win client acclaim. These are studied in both meetings of the Planning Development Committee and meetings of the Project Review Committee.

### The four valuation standards for consulting projects

- Identify clearly the client's true issues in problem-solving
- Present a problem-solving hypothesis and verification method that is unique to NRI
- Propose appropriate project management and operational methods to the client and, with the client's approval, implement them in coordination with the client
- Real achievements can actually resolve client problems and bring innovation to the organization or business

## Do

The System Consulting Division organizes division review meetings and conducts client satisfaction surveys for the same purpose. As well as share the findings at these meetings, it has created a division knowledge site where project knowledge and knowhow is added, for continuous quality improvement.

## Check & Act

### [Fiscal 2012 evaluation]

- Implemented failure reduction programs that targeted issues specific to individual worksites

### [Major plans for fiscal 2013]

- Maintain and make ongoing improvements to our quality management system (ongoing)

# Information Security Management

## Sophisticated information security management serving as a model for society

### Plan

\* Includes personal information.  
(the same applies below)

As a company responsible for information infrastructure on which the broader community relies, the NRI Group regards its protection of the important confidential information\* that its clients entrust with it as its most important responsibility.

For that reason we firstly act to prevent information security failures, and if they do occur, we take ongoing measures to minimize their impact.

#### [Major plans for fiscal 2012]

- Continue to strengthen information leak prevention measures (ongoing)
- Promote information security measures and audit the state of information security at our domestic Group companies and worldwide offices
- Expedite action plans against new threats to information security such as cyber-attacks

#### Our impacts on society and priority programs

We believed that the NRI Group's business activities could have impacts on society in the following ways:

1. Impacting on the broader community due to information security failures
  - Large volumes of personal information being disclosed without authorization from the systems of financial institutions and similar entities
  - Confidential information entrusted to us by clients being disclosed without authorization from our data centers
  - Systems being shutdown or damaged and/or confidential information being hacked as the result of a cyber-attack
2. Raising the level of information security for the industry as a whole by utilizing the knowledge and abilities of our information security strategies professional bodies (NRI Secure Technologies, Ltd.).
  - Ensuring the security of financial institution systems entrusted to NRI's care
  - Contributing to raising the level of information security in systems for major convenience store companies and other distribution industry businesses

For that reason, in order to fulfill our responsibility of supporting information infrastructure on which the broader community relies, we are directing our efforts towards the following priorities:

1. Strengthening the information security of the confidential information



# Plan

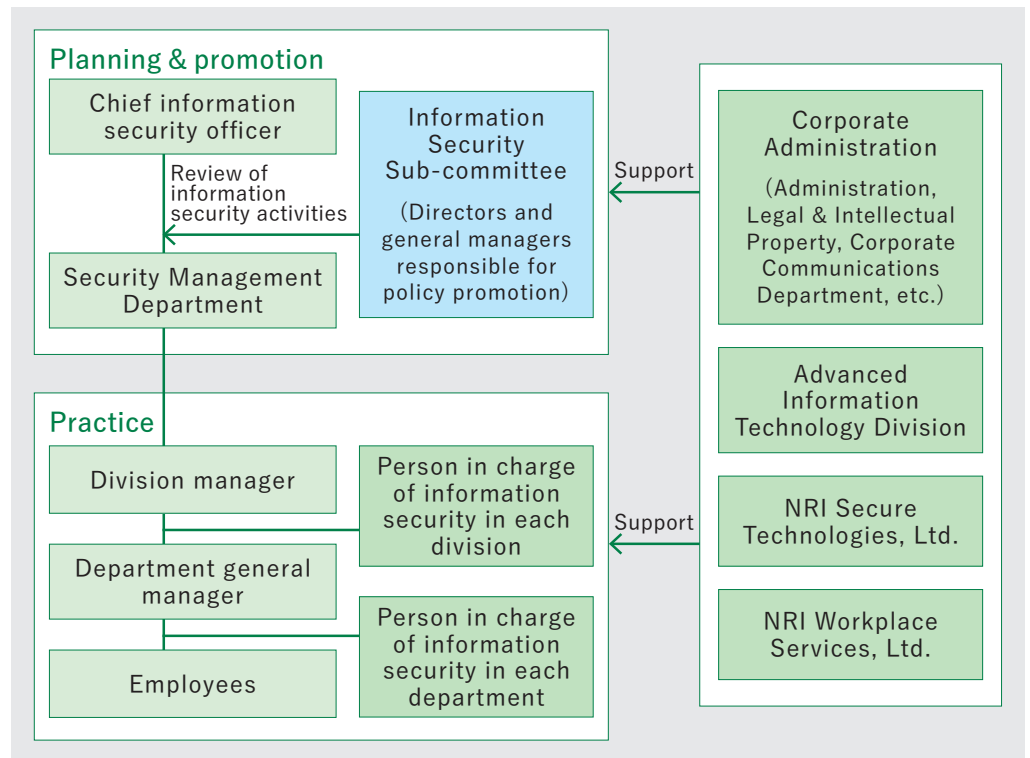
- entrusted to us by clients, and engaging in research on information security
- 2. Strengthening our regulations and guidelines concerning information security, stepping up visualization, and implementing various information security measures
- 3. Reinforcing information security at our Group companies and business partners
- 4. Expediting action plans against new threats to information security such as cyber-attacks

# Do

## Comprehensive information security in the office environment

The NRI Group has a chief information security officer and continuously works to improve the level of information security systematically.

### Information security management structure



NRI and its group companies are each active in their efforts to obtain certification for their information security management, as well as the right to use the PrivacyMark®.

In fiscal 2011 and 2012 respectively, NRI and NRI Netcom were each separately recognized as a PrivacyMark® System Contributing Private Enterprise by JIPDEC, the Japan Information Processing Development Corporation. This recognition was bestowed for their efforts over many years since the beginning of the PrivacyMark® system to maintain and raise the level of protection of personal information as PrivacyMark® Accredited Private Enterprises, and for their contribution to spreading and promoting the system more generally.

## Do

## Certification on information security

Certification	NRI business division and organization
ISMS certification (Information Security Management System)	Yokohama Data Center I, Osaka Data Center, Securities IT Solution Division, and System Consulting Division (partial businesses) NRI Secure Technologies (all businesses)
Privacy Mark®	NRI Ltd. NRI Net Com, Ltd. NRI Data i Tech, Ltd.

## Strengthening information security for clients' confidential information, and audits of information security

### Measures for strengthening information security for clients' confidential information

In order to reduce the risk of breaches of security concerning our clients' business data, NRI uses the PDCA cycle to make ongoing improvements to the state of compliance with its rules concerning access to its business systems and the removal of business data from its premises. In fiscal 2012 we audited how information security was practiced in a total of 141 projects and made improvements.

### Initiatives to prevent the unauthorized mass disclosure of personal financial information

Working together with the Integrated Risk Management Department, the Integrated Risk Management Steering Committee and the Integrated Risk Management Committee, we are strengthening controls in projects which involve the storage of large volumes of confidential information from financial institutions and similar entities.

### Information security management at our data centers

We are working to raise the level of information security at our data centers, which store important information belonging to our clients, by implementing measures to prevent the unauthorized accessing or use of such information.

## Do

**Measures to prevent the unauthorized access or use of important information**

- Designating information security domains within our data centers
- Controlling network access trails
- Encrypting data to be entered onto portable media
- Screening employees for any storage media on their person as they enter and leave a data center
- Strengthening screening through the use of 3D holographic scanners and X-ray devices

The Yokohama Data Center II was designed and built in accordance with an operational policy that by default forbids anyone from entering and exiting. If someone must enter, they are subject to more rigorous screening procedures than at other data centers.

**Measures to prevent emails being sent to the wrong recipients**

As part of our measures to prevent the unauthorized disclosure of confidential information, we apply measures on a continuous basis to prevent emails being sent to the wrong recipients, and we have rules and guidelines in place to that end. We have also implemented extra defense measures, such as installing software on all our PCs used in our business operations that is designed to prevent this, and rigorous management at times when one email is being sent to multiple destinations.

**Strengthening information security regulations and guidelines, stepping up visualization, and implementing various information security measures****Strengthening our information security failure management**

In fiscal 2010, the whole of NRI, including all its Group companies and worldwide offices, introduced an information security failure management system. This system provides a centralized system of management over information security failures as they occur, what they entail, how they were reported, what responses they elicited, and the measures adopted to prevent them, and it also allows the real-time sharing of information. This system has enabled us to exercise more speed and coordination in our responses and countermeasures so as to match the level of risk involved in any particular information security failure.

**Strengthening and implanting awareness of information security regulations and guidelines**

In response to government laws and regulations pertaining to information

# Do

security and to advances in information technology, the NRI Group has drawn up a number of management rules, including the Information Security Management Rules, Confidential Information Management Rules, and the Personal Information Management Rules. NRI revises these rules as the situation requires.

In fiscal 2012 we introduced new Cloud Usage Guidelines, and we revised our rules for employees' use of smartphones lent to them for work purposes. We ran e-learning training programs on information security for all NRI domestic employees and temporary employees, which achieved a completion rate of 100%. In addition, as the situation requires we also conduct group training sessions, such as rank-specific training, training for the people in charge of information security in each division, and practical training in information security for our younger employees.

For our worldwide offices and worldwide Group companies, we have drawn up management regulations such as the Information Asset Management Regulations. Our preparation of English, Chinese, and Korean language versions of these regulations forms part of our efforts to develop an ingrained awareness of information security in our worldwide offices and worldwide Group companies. As a final point, penalty provisions have been included in these regulations as a stick against any infringement of these rules.

## **Stepping up "visualization" of information security statistics**

Stepping up our "visualization" of information security statistics involves creating the following visualization system which we use to produce quantitative statistical data on an ongoing basis.

1. Visualization of the occurrence, nature, and information reported concerning an information security failure as recorded by our information security failure management system
2. Visualization of the registration and use of personal information as recorded by our personal information management register system
3. Visualization of the safety levels of our personal computers as revealed by our PC management system

## **Strengthening information security at our Group companies and business partners**

### **PDCA cycle for our Group companies and affiliated companies**

We have conducted audits on information security practices at a total of twelve of our domestic Group companies and affiliated companies. With respect to the incidents of risk identified in these audits, as well as providing guidance to the companies involved so that their practices reflect our information security plan for fiscal 2013, we are monitoring the progress of the companies' own improvements plans. We are also arranging to hold regular meetings to be attended by each company's information security promoters.

## Do

\* CISO:  
Chief Information Security  
Officer.

### **Information security responses at our overseas offices**

We have appointed a CISO\* and an information security promoter at all eighteen of our bases overseas, who are directing the development of appropriate systems and the drafting of information security plans for their organization. We hold regular meetings with worldwide offices' information security promoters on a quarterly basis, and we are getting them to strengthen their information security management using the PDCA cycle. We are also putting together and expediting the rollout of "security package" infrastructure which takes local factors into consideration such as public order, the power supply, and the quality of telecommunication lines.

### **Information security responses involving our business partners**

We ask all 357 of our business partners to provide us with an annual report on their enforcement of information security, to keep track of their practices and make improvements.

As part of our awareness programs on information security, each year we hold information security information sessions for our business partners. In fiscal 2012 these sessions were attended by 308 domestic and 21 Chinese business partners.

We pay on-site visits to audit all 158 of our business partners with whom we have system development and maintenance contracts, in order to ascertain their compliance with the information security guidelines that NRI designates. If we find instances of non-compliance we send the company correction advice, which sets out what correction is to be made and the expected date for its completion. As well as have the issues that are identified in the audits reflected in our programs for the following fiscal year, the audit results are shared with all the companies through our internal systems.

## **Expedite action plans against new threats to information security such as cyber-attacks**

### **Cyber-attack assessments and using the PDCA cycle for prevention measures**

We conducted vulnerability assessments of all of our internet sites. For any vulnerabilities discovered we used the PDCA cycle to devise countermeasures.

# Do

Our regular, ongoing courses of action against cyber-attacks are:

• Keeping constant watch for cyber-attacks on our internet sites
• Reducing or eliminating vulnerabilities through regular diagnoses of our internet sites
• Installing antivirus software on personal computers used by our employees to keep constant watch for malware attacks or infection
• Implementing measures to prevent fraudulent emails that claim to be from NRI
• Informing everyone within our organization immediately whenever Microsoft and other software publishers announce a serious vulnerability, and fixing that vulnerability
• Gathering the latest information on cyber-attacks by working together with organizations auspiced by government-related agencies
• Carrying out drills involving targeted phishing emails, to strengthen our response capabilities against cyber-attacks via email

## Responding to new threats from the spread of smartphones and tablets

The spread of smartphones and tablets has meant an increase in the use of high-speed wireless communications and small, large-capacity recording media. This has given rise to the risk of entirely new threats to information security, prompting NRI to embark on an investigation of new information security measures.

# Check & Act

Strengthening information security for clients' confidential information, and information security audits

Activity	For:	Methods, items, etc.	Achievements
Audits of information security status regarding a trial operation of the system with client's confidential information	All Divisions, 141 projects	Questionnaire-based survey	Response completed for all items for improvement
	13 projects selected from a security aspect	On-site audit	Response completed for all items for improvement
Audits of personal information management	All 211 NRI Departments	Questionnaire-based survey and on-site audit	Response completed for all items for improvement
Mass e-mail transmissions Assessments of business practices	192 operations at domestic and worldwide Group companies	Questionnaire-based survey	Response completed for all items for improvement
Sending emails to wrong recipients	NRI and Group companies (some)	Information security failure management system	Significantly down on fiscal 2011 level

## Check & Act

Strengthening information security regulations and guidelines, stepping up visualization, and implementing various information security measures

Item	For:	Audit methods, etc.	Achievements
Information security failures	—	Information security failure Registration in our management system	50% down on fiscal 2011 level
Completion of information security training	Domestic NRI permanent employees and NRI temporary employees	e-learning	100% completion rate

Strengthening group and business partners' information security

Items	For:	Assessment methods, etc.	Achievements
Group / affiliated company assessments	12 Group / affiliated companies	48 assessment items	Improvements guidance given
Security measures implementation reports	Business partners	Submission requests	Receipt of reports from business partners
Information security sessions for business partners	Business partners	Absences management	Attendance by 308 domestic and 21 Chinese companies
Business partners on-site audits	158 business partners	9,411 audit items	Improvement plans received for all non-complying items

### [Fiscal 2012 evaluation]

- Implemented measures and the PDCA cycle to strengthen information security for clients' confidential data
- Conducted audits on information security practices at a total of twelve of our domestic Group companies and affiliated companies
- Appointed a CISO and an information security promoter at all eighteen of our bases overseas and developed appropriate systems and drafted the information security plans
- Employed stringent measures on strengthening information security failure management and on sending emails to wrong recipients, slashed the total number of information security failures to around 50% of the fiscal 2011 amount
- For bulk e-mailout operations, performed a simultaneous spot check of all domestic and worldwide Group companies and implemented improvements, significantly eliminating wrong recipient email transmissions
- Assessed all of our internet sites for vulnerability to cyber-attacks,

## Check & Act

and completed repairs on any sites discovered to have fundamental vulnerabilities

### [Major plans for fiscal 2013]

1. Strengthen information security for clients' confidential information, and conduct information security audits
  - Continue the PDCA cycle for audits of clients' confidential information and for controls
  - Strengthen controls over projects involving the storage of large volumes of confidential information from financial institutions and similar entities
2. Strengthen our regulations and guidelines concerning information security, step up visualization, and implement various information security measures
  - Curtail the incidence of information security failures through further countermeasures to prevent the loss of personal effects
3. Reinforce information security at Group companies and business partner
  - Promote information security measures at domestic Group companies and worldwide offices, and intensify audit activity (ongoing)
  - Revise information security guidelines for our business partners to keep pace with changes in their external environment, and develop in them an ingrained awareness of these guidelines
  - Strengthen information security training targeting worldwide offices
4. Expedite action plans against new threats to information security such as cyber-attacks
  - Carry out those drills which proved their worth in fiscal 2012 at a company-wide level to deal with targeted phishing emails
  - Plan the introduction of new technologies to counter new threats to information security such as zero-day attacks
  - Assess all our internet sites for vulnerabilities, and implement the PDCA cycle on an ongoing basis to implement measures dealing with vulnerabilities that are discovered
  - Plan and expedite the adoption of the next generation of information security tools to deal with new threats arising from the spread of smartphones and tablet PCs



# Intellectual Property Management

## Working actively to acquire patents and prevent violation of others' property rights

### Plan

The NRI Group's acquisition and active exploitation of intellectual property (IP) is creating value for its businesses. Our efforts to prevent us breaching other people's IP rights demonstrate our commitment to a culture of compliance.

#### [Major plans for fiscal 2012]

- Provide more active support for the global expansion of our business from an IP perspective
- Strengthen our preventive legal practices to avert breaches by us of other people's IP rights
- Exploit our existing intellectual property more actively
- Continue to manage our software licenses appropriately and efficiently

### Do

#### **System for promoting intellectual property management**

The Legal and Intellectual Property Department manages the intellectual property that emerges in the course of the NRI Group's R&D and system development processes. The Department is ready to act when it comes to applying for and acquiring patents and registering trademarks. Currently five of the Department's employees are qualified patent attorneys expert in industrial property rights. These employees engage closely with our business divisions, and run programs to get employees thinking about their work in terms of intellectual property rights in order to drive an increase in the acquisition of patents.

If another inventor or company raises an IP-related complaint against NRI, NRI conducts a fair investigation of the facts before taking the appropriate response with that party.

#### **Raising employees' IP awareness**

The NRI Group works to fix the habit to always seek IP protection for ideas, such as patents and copyrights, in our employees' minds. We also have a concerted program to have our employees instinctively respect the IP rights of others so as to avoid IP infringements.

In fiscal 2012, together with reinforcing awareness of revisions to the Copyright Act, we again worked to raise the level of our employees' awareness by holding copyright seminars for each business division as a matter of priority, with the goal of anchoring in our employees' minds an understanding of the basic elements of copyright.

## Do

**Rigorous management of software licenses**

NRI established software license management regulations as one of its measures for avoiding its infringement of intellectual property rights. Our license management system allows us to efficiently verify which software we have installed on our computers and whether they comply with the licenses in our possession.

In fiscal 2012 we continued our programs to fully familiarize our employees with our internal rules on software license management, for example by holding internal information sessions for our software managers. We also underwent a software usage assessment conducted by a different vendor to the one in fiscal 2011, to have a third party check that we are managing our software licenses appropriately.

**IP review process for planning business and R&D projects**

We obtain legal protection for new technologies and business ideas in our IT solutions business in the form of patents. Exploiting those rights to the best effect is an important factor for increasing our corporate value.

In order to secure our own patents and to avoid breaching the patents of others, in fiscal 2012 NRI launched an intellectual property review process. This process, which covers planning business projects and R&D projects of a stipulated minimum size, is designed to detect the seeds of any new businesses or technologies. A search is then conducted for any conflicting IP rights belonging to others before filing our own application for a patent as soon as possible. The relevant business division and the Legal and Intellectual Property Department work closely together to conduct these reviews.

**Global Intellectual Property Rights**

The NRI Group is accelerating its expansion globally, represented by expanding our businesses in China and Asia as described in Vision 2015. In this business vision, solid support is being provided for intellectual property related to services and products scheduled to be launched in China and other countries.

In fiscal 2012, in line with our process of setting up new NRI Group offices overseas in countries such as India and Thailand, as well as undertaking the required trademark searches and applications, we pressed ahead with efforts aimed at establishing our corporate brand in particular, including holding negotiations with relevant parties to secure our trademarks in China.

**Promoting intellectual property awareness through industry associations**

Japan's information services industry is still young compared to its manufacturing industries. In some regards this is also reflected in our industry's relationship with IP rights. The NRI Group promotes awareness of IP issues through various forms of support for industry associations. This support is designed to bring new energy to the industry by making better use of IP, and to raise the level of IP awareness among the industry's members.

## Do

Two NRI staff members are in the Intellectual Property Working Group of the Planning Committee of the Japan Information Technology Services Industry Association (JISA). In fiscal 2012 these NRI staff members played a leading role in revising booklets on patent education for JISA member companies.

An NRI employee also chaired the Japan Intellectual Property Association's Software Committee, making a contribution to our industry through studies and research into intellectual property in the area of IT.

Continuing on from the previous fiscal year, in fiscal 2012 NRI again participated in the work of the Design System Subcommittee of the Intellectual Property Policy Committee of the Industrial Structure Council. In the Subcommittee's discussions on revisions to Japan's legislative framework for designs, our representative pointed out issues and made suggestions concerning the direction which revisions could take from the perspective of an information services industry member.

## Check & Act

### [Fiscal 2012 evaluation]

- Through our intellectual property review process, bolstered practices for promptly acquiring IP protection for our ideas etc. and for avoiding IP infringements
- Held copyright seminars as a matter of priority to fully familiarize employees with revisions to the Copyright Act and to fix basic copyright knowledge in their minds
- As part of industry association activities, pursued research and promoted awareness of IP, and also provided policy proposals
- Continued programs to implant an awareness in our employees of our internal rules on software license management, and underwent a software usage assessment by a vendor to check that we are managing our software licenses appropriately

### [Major plans for fiscal 2013]

- Provide more active support for the global expansion of our business from an IP perspective (ongoing)
- Run programs to raise the level of our executives and employees' intellectual property awareness
- Continue to manage our software licenses appropriately and efficiently (ongoing)

## Environmental Protection

NRI contributes to help with global environmental issues through its business activities, in order to create a sustainable future

### Plan

The increase in levels of electricity consumption due to the rapid expansion in the spread and use of ICT devices has driven up CO<sub>2</sub> emissions, which are a prime cause of global warming. NRI is working to reduce the impact on the environment through the efficient information and communications systems it develops, and through the shared-use system and data center services that it offers. We also contribute to reducing society's overall environmental impact through our consulting work for companies and with our recommendation projects for society in general, which draw on the results of our studies and research into the environment.

#### [Major plans for fiscal 2012]

- Continue NRI Green Style activities
- Implement measures curbing our electricity use throughout the year (in particular have an action plan for when demand puts strain on power supplies in summer)
- Continue to respond as appropriate to global warming action plans at the national and local government level
- Improve energy consumption efficiency by 1% on fiscal 2011 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)
- Introduce the latest energy conservation technology, and complete construction of Tokyo Data Center I, which has pursued its environmental performance through the use of natural energy sources

#### Our impacts on society and priority programs

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

- CO<sub>2</sub> emissions generated in the course of our operation of data centers
- Business operations in our offices, and from the use of transportation facilities for travel
- Business activities of our business partners

On the other hand, through its studies and research and recommendation projects concerning environmental matters, its development of efficient information and communications systems, and its shared-use system and data center services, the NRI Group can also contribute to reducing society's overall environmental impact.

NRI is therefore directing its efforts towards the following priorities designed to reduce its impact on the environment.

## Plan

1. Improving the energy efficiency of its data centers
2. Implementing energy saving and other programs in our offices to reduce their environmental impact
3. Implementing programs at home and overseas for achieving a low-carbon society

## Do

### **Environmental policy and personnel organization for promoting environmental activities**

In line with our Environmental Policy, for its goal of developing programs that reduce the environmental impact of its organization as a whole, the NRI Group has designated a system of its personnel to promote environmental activities.

## The NRI Group's Environmental Policy

**Tadashi Shimamoto**

President & CEO, Nomura Research Institute, Ltd.

The NRI Group is actively engaged in environmentally conscious business activities, and all of our executives and employees are working to mitigate environmental impact.

The activities are known as "NRI Green Style," and are being promoted systematically and continuously.

### **1. Contributing to global environment issues through business activities**

As a company that is building the society of the future, we address global environment issues by offering our clients and society recommendations on the environment and solutions for reducing environmental impact.

### **2. Environmental activities involving full participation**

All of the executives and employees recognize the importance of environmental protection to prevent global warming. As members of their respective local communities, they are using creative thinking and ideas to become actively involved in social contribution activities.

### **3. Greater environmental awareness**

In order to boost awareness of global environment problems, we put on environment education and awareness activities for executives and employees and business partners.

### **4. Compliance related to the environment**

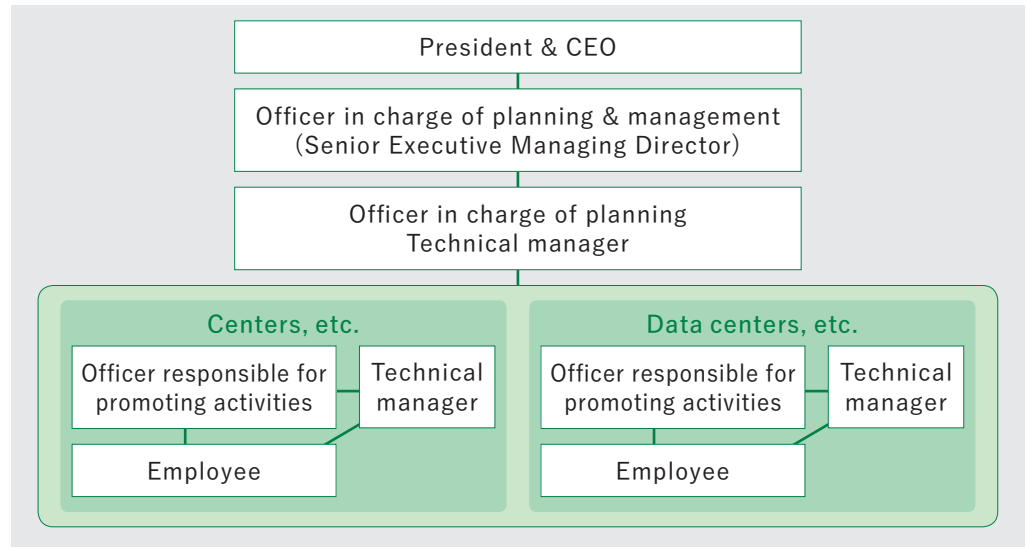
Compliance with laws and regulations on environmental protection both in Japan and other countries is strictly observed. Actions to reduce environmental impact are implemented in a way that meets the demands of society.

### **5. Reducing environmental impact**

Activities aimed at conserving resources and energy are being introduced at NRI offices and data centers to reduce environmental impact.

Do

Personnel organization for promoting environmental activities

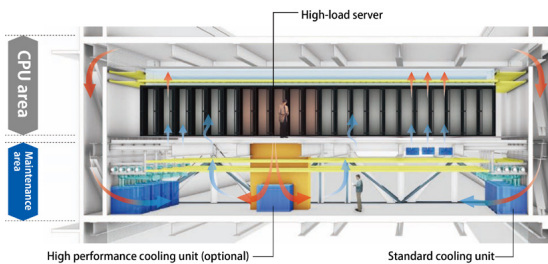


Improving energy efficiency at our data centers

NRI's bold embrace of new technologies at its data centers

NRI has completed the rollout of its environmental management system at all of its data centers. Tokyo Data Center I, which opened in November 2012, also obtained ISO14001 certification in March 2013.

NRI has committed heavily to employing natural energy sources for its data centers, including solar panels to generate electricity, and geothermal heating systems. At our Tokyo Data Center I, using our "double-deck system" to transfer heat into localized loads, we achieve sufficient levels of cooling along with an efficiency of operating performance that matches the impact of our ICT appliances.



Visual representation of our "double-deck system"



Solar power system



Geothermal heating system

Systematic equipment upgrade based on designs for the future

NRI is systematically installing the latest equipment at its data centers. In fiscal 2012 we upgraded major pieces of equipment such as refrigeration units, air conditioners, automatic control units, and central monitoring devices.

Data centers are growing in importance as infrastructure on which society relies. NRI is resolving issues such as future trends in equipment, demands of the public, and growing energy consumption by adopting new technologies to achieve the optimal operation of its data centers.

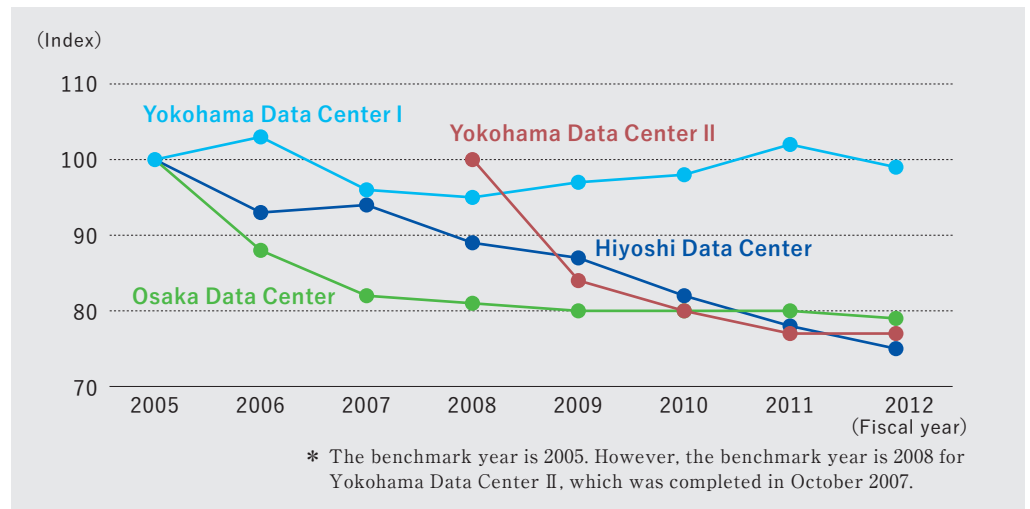
# Do

## Optimal operation of our computer rooms to reduce our environmental impact

In order to achieve energy efficiencies at our data centers by concentrating our ICT equipment in the one room, in accordance with a dedicated set of guidelines NRI has expedited a program of improvements for installing racks and devices.

With the aim of achieving the optimal operation of our computer rooms in order to reduce our environmental impact, we have introduced into our data centers the newest type of monitoring systems that can monitor in real time not just larger pieces of equipment but also our ICT appliance environments.

### Efficiency of electricity consumption at data centers



## Do

## Data center environmental targets and achievements

Target	Performance	Rate change	Change in CO <sub>2</sub> emissions
1% improvement in energy consumption efficiency (over 2011)	Yokohama Data Center I	2.30% decrease	4,036 tons increase in CO <sub>2</sub>
	Yokohama Data Center II	0.20% increase	3,941 tons increase in CO <sub>2</sub>
	Hiyoshi Data Center	4.20% decrease	1,803 tons increase in CO <sub>2</sub>
	Osaka Data Center	0.60% decrease	16 tons decrease in CO <sub>2</sub>
	Total for four data centers	1.28% decrease	9,764 tons increase in CO <sub>2</sub>
Sorting based on laws and local government ordinances	· Implemented in compliance with laws and local government ordinances		
Environmental education	· To promote greater environmental awareness, primarily using e-learning we held two environmental education sessions for employees in data center-related facilities, which were attended by more than 1,200 employees in all.		
ISO 14001 internal auditor training	· Twelve internal auditors trained		
Regular audit by ISO certification body	· Conducted in February 2013		
Regular audits by internal audit committee	· Conducted in July and December 2012		
Local community cleanup activities conducted	· Conducted each month by all data centers (The Osaka Data Center takes part in the City of Osaka's Clean Osaka event)		
Promotion of office supplies green purchasing	· Continual quantitative assessment of the state of green purchasing		
Reuse of office supplies	· Continued reuse of office supplies		

\* Although our CO<sub>2</sub>-equivalent emission volumes increased at certain data centers with an increase in their use, our drive to raise energy consumption efficiency led to improved consumption efficiencies for our four data centers as a whole.

## Conserving energy and reducing the environmental impact of our offices

### Continuing with Green Style activities

The NRI Group continues to implement its NRI Green Style activities, which aim to encourage all our employees to reduce their environmental impact, as part of efforts to cut our CO<sub>2</sub> emissions. The program extends to optimizing temperature and lighting levels in offices, putting PC monitors and multi-function devices on power saving settings, and employing green procurement. In fiscal 2012 our conservation efforts resulted in a 15% cut in our Group's electricity consumption



## Do

compared to fiscal 2010.

In addition to our environmentally conscious use of resources, our Group is also serious about re-using and recycling old PCs and waste paper. As well as pursuing further efficiencies in our procurement of office supplies, we have been promoting the application of our green purchasing program. A work style of not using paper is also taking hold at our meetings and less formal gatherings. Lastly, we have started to examine initiatives we can take regarding biodiversity.

### Responding to the Act on the Rational Use of Energy and local government measures to address global warming

In response to revisions to the Act on the Rational Use of Energy in Japan and local government measures on global warming, since 2008 we have been building a scheme to assess energy consumption in the office and greenhouse gas emissions.

In fiscal 2012, we submitted a plan to address global warming issues to the Ministry of Economy, Trade and Industry, the Tokyo Metropolitan Government and the City of Yokohama. Measures to reduce energy consumption and CO<sub>2</sub> emissions are scheduled to be implemented based on this plan.

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

	FY2010 (units: t)	FY2011 (units: t)	FY2012 (units: t)	On fiscal 2010	On fiscal 2011
Tokyo area	6,714	4,867	5,496	Down 18.1%	Up 12.9%
Yokohama area	11,999	9,374	9,714	Down 19.0%	Up 3.6%
Other office buildings	1,090	1,002	700	Down 35.8%	Down 30.1%
Total	19,803	15,243	15,910	Down 19.7%	Up 4.4%

### Taking initiatives at home and overseas to achieve a low-carbon society

#### Contributing to the establishment of international standards of energy conservation at data center

At EU-US-Japan Public-Private Trilateral Conferences since 2009, and since 2012 under the broader auspices of the International Organization for Standardization (ISO), NRI has pursued negotiations to have the data center energy conservation indicators developed in Japan adopted as the international standards. NRI has been acting in a principal role, chairing committees at the domestic level, and serving as task force leader on international committees. At the ISO/IEC JTC1/SC39 meeting held in Ireland on May 22, 2013, discussions were held on four energy performance indexes proposed by Japan for data centers, and a roadmap was adopted whereby gradually over the next one to two years these indexes would be registered as the ISO standards. These indicators are based on the DPPE\* developed by Japan's Green IT Promotion Council (GIPC) with input from NRI and other parties.

\* DPPE:

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

# Do

## Promoting energy conservation activities by domestic data center operators

In its capacity as a data center operator, NRI has headed up the Data Center Working Group of the Japan Information Technology Services Industry Association (JISA). In that capacity it actively participated in the testing of these DPPE, fulfilling a central role in demonstrating their effectiveness. NRI was also involved in a program by the Japan Data Center Council (JDCC) regarding response to power restrictions. It is also playing a role in promoting good relations with the Tokyo Metropolitan Government (TMG) by verifying that under the TMG's total emissions regulations, data centers are contributing responsibly to a low carbon future.

### Environmental impact of NRI's business activities

			FY2010	FY2011	FY2012	Change (+/-)
INPUT (resources used)	Energy resources	Electricity (10,000 kwh)	19,759	18,641	18,497	-0.8%
		Kerosene (kl)	13	16	12	-23.8%
		Fuel oil A (kl)	123	87	43	-50.7%
		Mains gas (10,000 m <sup>3</sup> )	75	55	51	-7.1%
		Cooling water, steam (×10 <sup>3</sup> Gj)	84.3	109.5	105.1	-4.0%
	Water resources* <sup>1</sup>	Mains water (10,000 m <sup>3</sup> )	18.5	15.7	17.5	11.4%
	Paper resources* <sup>2</sup>	Officer paper supplies (t)	325	291	307	5.5%

### Business activities

OUTPUT (impact on environment)	Greenhouse gases	Electricity consumed (10,000t CO <sub>2</sub> )	7.5	7.0	8.2	17.1%
		Gas/fuel, etc. consumed (10,000t CO <sub>2</sub> )	0.7	0.8	0.7	-12.5%
	Water discharged in operations* <sup>1</sup>	Water discharged (10,000 m <sup>3</sup> )	8.6	7.3	16.3	123.3%
	Paper waste* <sup>2</sup>	Total waste (t)	324	297	288	-3.0%
		Sent to landfill, etc. (t)	0	0	0	0.0%
		Percentage recycled (%)	100	100	100	—
	Industrial waste* <sup>3</sup>	Total waste (t)	1,113	979	369	-62.3%
		Sent to landfill, etc. (t)	112	63	22	-65.1%
		Percentage recycled (%)	89.9	93.6	94.0	—
	For reference	Reducing our CO <sub>2</sub> emissions by reusing and recycling PCs (environmental impacts reduction).	No. of PCs	4,471	3,949	16,667
Greenhouse gas reductions(tonnes CO <sub>2</sub> )			401	351	1,537	337.9%

\*1 Just the water resources consumed and water discharged as part of operations at our data centers.

\*2 Just the paper resources consumed and paper waste generated at our offices. The total amounts to be used from fiscal 2012 for the NRI Group as a whole.

\*3 Air conditioning units that use specified CFCs or CFC substitutes are not used.

Since fiscal 2012 the weight conversion factor for industrial waste conforms to the actual state of our waste, and a plastic waste container and packaging conversion factor of 0.1t/m<sup>3</sup> was adopted.

## Check & Act

### [Fiscal 2012 evaluation]

- While continuing to advance NRI Green Style activities, undertook efforts to curb our electricity consumption during the summer period, achieving a 15% cut on fiscal 2010 levels in our offices' electricity consumption for the Group as a whole
- Responded as appropriate to regimes under the Act on the Rational Use of Energy and global warming acting plans of local governments, filing regular reports, mid- to long-term plans, and global warming action plan implementation reports to the Ministry of Economy, Trade and Industry and relevant local government authorities
- Improved energy consumption efficiency by 1% on fiscal 2011 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)
- By upgrading energy saving equipment and voluntarily introducing power cutting measures at three of our Data Centers (Yokohama I, Yokohama II, and Hiyoshi), achieved a 1.6% reduction in their electricity consumption on the previous fiscal year

### [Major plans for Fiscal 2013]

- Continue to advance NRI Green Style activities
- Implement measures curbing our electricity use throughout the year (in particular have an action plan for when demand puts strain on power supplies in summer)
- Continue to respond as appropriate to global warming action plans at the national and local government level
- Improve total energy consumption efficiency by 1% on fiscal 2012 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)
- Introduce the latest energy conservation technologies in the operation of Tokyo Data Center I, which has pursued its environmental performance through the use of natural energy sources
- Start initiatives on biodiversity (provide environmental education to children)
- Strengthen our efforts for the uptake of renewable energy

### Proactive CSR

Fulfilling our responsibilities to society through our business activities

### Fundamental CSR

Building relationships of trust with society

# NRI's Unique Contributions to Society

Striving for social contributions that reach people's hearts

We strive to strengthen bonds with society through social contributions that reach people's hearts. To forge bonds that epitomize NRI, the Company is disseminating information to provide insights into a new society and supporting the cultivation of the younger generation and managers who will bear the responsibilities of the next generation. Along with our stakeholders, we are striving aggressively to build the framework for a better society. We take every opportunity to foster communications with stakeholders and to pass on easily comprehensible information on the CSR activities that we conduct in the pursuit of our business to parties inside and outside the Company.

[Priorities] Propagation of intellectual assets, Development of human resources, Development of society

# Propagation of Intellectual Assets

## Propagating information useful in creating future society

The NRI Group publishes the results of its research activities on various themes such as society, industry, management and IT in the form of books, periodicals, reports, and website.

### Release of survey results and information useful to society

The NRI Group conducts studies and research into broader social issues, and publishes its findings for the public.

### Results of major studies and research published in fiscal 2012

- Questionnaire-based Survey on the Proper Functions of a Global Company (April 2012)
- Issues with the Single ID Number System and How to Solve Them (April 2012)
- Predictions until FY2017 of Trends and the Impacts of Technology Exploiting Big Data (IT Roadmap) (May 2012)
- 2012 Analysis of Patterns in Cyber-Security (July 2012)  
— NRI Secure Technologies
- Research on China's Automobile Insurance Market (July 2012)
- Survey of 10,000 Consumers (November 2012)
- ICT Market Forecasts to FY2017 (November 2012)
- Survey of Affluent Consumers (November 2012)
- Forecasts of the Evolution and Impact of Services from the Use of Location Information to FY2017 (IT Roadmap) (November 2012)
- Survey of Companies' Use of Big Data (December 2012)

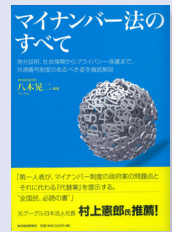
In fiscal 2012, NRI Group published 14 books bringing together the knowledge it has gained in its operations. Principal themes of these books include our recommendations for revitalizing Japan based on the creation of high-quality jobs for future generations, and proposals we made for revising the framework for the single ID number system (under the "My Number" Act) to be used in the government's administration of its social security and tax services. We also prepared proposals on the future outlook for China and India, which are experiencing significant development, and strategies for Japanese companies wanting to break into these markets.

## Main books published in fiscal 2012

- *A Complete Commentary: the Single ID Number System. Facts about the My Number Act: Will Privacy Be Protected?*  
ASCII Media Works, April 2012
- *2012 Currents in Next-Generation Financial Business Rebuilding Values in the Face of Market Restructuring*  
Nomura Research Institute, April 2012
- *Lifelogging in the Big Data Era: "The Storing of Individuals" in an ICT World*  
Toyo Keizai, Inc., July 2012
- *China's Automobile Insurance Market: Breaking into a Rapidly Growing Market, and the Challenges Within*  
The Hoken Mainichi Shinbun Co., Ltd., July 2012
- *The Colliding Force Unleashed by Big Data: The Data Tsunami will Determine Strategies*  
Toyo Keizai, Inc., July 2012
- *India at a Turning Point: Strategies for Japanese Companies to Turn Change into Opportunities*  
Toyo Keizai, Inc., August 2012
- *Evolving Electric Power Systems: Market Frontiers and Overturning Business Models*  
Toyo Keizai, Inc., August 2012
- *IT Navigator 2013*  
Toyo Keizai, Inc., December 2012
- *4th Revised Illustrated CIO Handbook*  
Nikkei Business Publications, December 2012
- *Japan in 2020: Breaking Through the Blockade by Focusing on the Good Points*  
Toyo Keizai, Inc., December 2012
- *2013 IT Roadmap: How ICTs will Look in Five Years!*  
Toyo Keizai, Inc., January 2013
- *Everything About the My Number Act*  
Toyo Keizai, Inc., January 2013
- *Private Banking Strategies*  
Toyo Keizai, Inc., March 2013



- *Real Estate Investment Market Research*  
Toyo Keizai, Inc., March 2013
- Click [here](#) for more on books. (in Japanese only)



The NRI Group produces several monthly publications, including the journal *Intellectual Asset Creation*, which presents our research and recommendations on issues of great interest in social and industrial fields, and *IT Solutions Frontier*, which features pioneering information in the field of IT along with the system solutions that the NRI Group delivers.

Other NRI publications include *Financial IT Focus*, which covers a collection of topics with the assistance of financial and securities professionals and information systems development specialists, along with reports containing policy proposals relating to public management and the latest data on business development, to meet the needs of government ministries, local government bodies, and collaborating companies. Almost all these monthly publications and reports can be downloaded for free from NRI's website.

- For Japanese versions of NRI's regular publications, click [here](#). For English language versions, click [here](#).
- Click [here](#) for our recommendations and research reports.

Some of NRI's regular publications and reports produced by its executives and employees



In addition to these publications, we also use a range of different media to inform the broader community of our recommendations and our research and survey findings, in order to contribute to building the society of tomorrow.



## Other media activities

(No. of times)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Columns provided to newspapers and magazines	331	377	304
Speeches & Lectures	939	967	861
Appearances on TV and radio	68	92	88
News releases	96	115	96

**Seminars and forums on management and social issues and solutions to the issues**

NRI holds seminars and forums for shareholders, clients, and the general public in order to convey our information and recommendations for the future to the wider society.

Among these events, one of the largest is the Dream up the future Forum, which has been held annually since 2003. This forum, on the theme "The challenge of opening up new possibilities for a better future" was held in Tokyo and Nagoya in October 2012, attracting about 3,500 participants in total.

At the forum, a group of panelists comprising outside experts and NRI staff members gave presentations and held a panel discussion. The discussion focused on what needs to be done to unearth new possibilities and drive innovation with a view to overcoming the issues faced by society as a whole as it approaches a major turning point. Contributions from the floor and via Facebook were included into the discussion. Highlights of the day are broadcast via Ustream.



NRI Dream up the future Forum 2012  
Participants filled up the Forum site (in Tokyo)



Panel discussion (in Nagoya)



**Main seminars and forums held in fiscal 2012****IT Roadmap Seminar 2012** (Tokyo, May & November 2012)

—The Latest IT Trends and What They Mean for Corporate Information Systems

**IT and New Society Design Forum 2012**

Organized jointly with NTT Data Corp.

—"Nihon wo TsukuriTsugu" Project (May 2012)

**NRI Dream up the future Campus** (Tokyo, September 2012)

—Thinking About Modes of Work in a Global Era



A panel discussion  
at the NRI Dream up the future Campus

**NRI Dream up the future Forum 2012** (Tokyo & Nagoya, October 2012)

—The challenge of opening up new possibilities for a better future

**NRI Financial IT Forum** (Tokyo, November 2012)**NRI New Year's Forum 2013** (Tokyo & Osaka, January 2013)

## Development of Human Resources

### Supporting the training of young people and managers who will lead the future

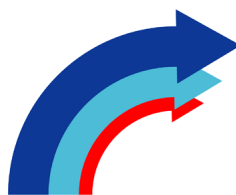
To train the torch-bearers for the next generation, NRI promotes the development of human resources both in Japan and overseas. NRI does this through a host of initiatives, including providing support for lectures for corporate managers at the Nomura School of Advanced Management; holding a student essay contest; providing education programs for university and school students; and sending its employees to give lectures at universities.

#### Developing the human resources who will carry the future

##### NRI's "Human Resources Development Innovation! 2015" programs

With the aim of realizing our corporate philosophy of "Dream up the future" NRI delivers a range of programs to support the development of the human resources who will lead future generations, as social contribution activities that use the know-how we have acquired through our business activities to good effect. Calling its programs for developing human resources "Human Resources Development Innovation! 2015" NRI will advance its support for developing the human resources who will support and sustain society in future years.

人づくり  
Innovation!  
2015  
探る・伸ばす・導く、を創る。



The logo for NRI's "Human Resources Development Innovation! 2015" programs

##### Nomura School of Advanced Management helps train managers

The Nomura School of Advanced Management (NSAM) is a business school established in 1981 to train company managers and executives. NSAM has developed a number of educational and training programs, guided by its philosophies of furthering mutual international understanding relating to the management of companies and of developing human resources, so as to contribute to the sound development of Japan's economic life and improvement in Japanese people's lives. Making good use of its own research and management consulting experience and know-how, NRI has been involved in the operations of the school since its inception, and NRI Chairman Akihisa Fujinuma has served as executive director of NSAM since 2010.

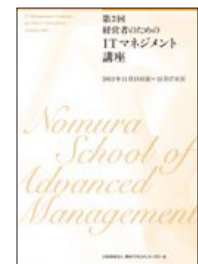
NSAM currently offers four different courses, including one called the Nomura

Advanced Management Program. In the 32 years since NSAM was established, its main courses alone have been completed by more than 5,900 individuals in total. At listed companies alone, the number of people completing NSAM's courses who have gone on to become CEOs and other leading executives at their companies exceeds 160. Completing the courses along with managers from different industries has allowed a "cross-cultural" exchange to flourish, serving to give rise to a network of future managers who will lead the Japanese economy.

Since 2011 NSAM has offered a program called IT Management Program for Non-IT Executives. As the importance of IT for the management of companies grows, the aim of this course is to give managers themselves the ability to make appropriate decisions quickly concerning business strategy and risk management using IT, instead of leaving such issues of IT management to specialists. In addition to lectures on an IT management framework and methods, the course looks at cases involving actual Japanese companies and IT management issues in practice. In addition to lecturers from MIT who can be fairly described as world authorities in this area, front-line consultants from NRI also serve as lecturers for this course.



Participants in a Nomura Advanced Management Program lecture.



Application information for the IT Management course

Click [here](#) for the courses offered by the Nomura School of Advanced Management (in Japanese only)

### Seventh NRI Student Essay Contest

NRI has held the NRI Student Essay Contest since 2006 to give university and high school students, our next generation of leaders, an opportunity to consider what Japan's future should be. Based around a core theme of "The Society I'd Like to Create and Convey to Our Children's Generation," specific category topics for the Seventh Contest held in 2012 were "My Vision of How Society Should Be, and the Challenges We Face" for university and international students, and "What We Ought to Do, What We Can Do, and What We Want to Do" for senior high school students. 1,363 students submitted an entry, and the eleven winning essays were published both online and in book form.

Every year a team of NRI Group employees volunteer to solicit essays and conduct a preliminary screening of the works submitted. As part of this process the volunteers visit their old schools or seek essays from students at universities where they lecture. Journalist and Tokyo Institute of Technology Professor Akira

Ikegami and non-fiction writer Hazuki Saisho are guest judges in the second (and final) selection round, where the entries are put through a rigorous assessment.

Since the Contest in 2009, before presenting them with their awards we have arranged for the winners to read their essays out before an audience of NRI Group employees. This also provides an occasion for the students and our employees to share their views. Past Contest winners were in the audience to hear the successful essays for 2012, expanding the network of young people who are "offering solutions for the future" through the Contest.



The second round of judging in progress



Contest winners in fiscal 2012

### Supporting career education

In fiscal 2012, the NRI Group provided career education programs and sent its employees out to speak at 29 schools around Japan who requested our support. In the past our career education programs were mainly for university and senior high school students, but in fiscal 2012 we developed a new program for elementary school students. These programs are designed to teach students the value of information systems and their role in society by bringing the students in contact with the information systems that lie in the background of their daily lives, which lets the students get a more personal experience of the internal structures that support our society. We were assisted in our development and conduct of these programs by S.A. Net (School Advice Network), an NPO which acts as a career education coordinator. The programs were first run at schools near the NRI Group's offices, namely Hodogaya Elementary School in Yokohama City, and Heikyu Elementary School in Tokyo's Koto Ward. Including these programs, in fiscal 2012 over 900 students in total, ranging from elementary school students to postgraduate students, took part in our programs.

## Fiscal 2012 career education program achievements

Intended level of students	Program name	No. of participating schools / no. of times program(s) conducted
(5th and 6th year) elementary school students, first year junior high school students	The Mysteries of Information Systems – Supporting Our Convenience	4 schools / 7 times
Junior high and senior high school students	Guest lecture (given by an NRI employee)	10 schools / 10 times
Junior high and senior high school students	NRI IT Strategy Experience Program	5 schools / 5 times
Junior high and senior high school students	Interviewing NRI Employees, special program	4 schools / 4 times
Senior high school students	Team building exercises	1 schools / 1 times
Senior high school students	NRI Consultant for a Day Program	2 schools / 2 times
Undergraduate and postgraduate university students	Workshops, etc.	3 schools / 3 times



A team building exercise in progress



The Mysteries of Information Systems – Supporting Our Convenience

**Hosting school teachers for practical business training**

At the request of the Keizai Koho Center, since 2006 NRI has been hosting Japanese school teachers for practical business training during the summer vacation period. The goal of this training is to have school teachers incorporate the personal experience they gain from visiting companies within their teaching to good effect. In August 2012 NRI hosted ten school teachers from Tokyo's Nerima Ward, who received three days' training where our employees acted as lecturers. We endeavored to provide content within the training that the educators could apply in their teaching programs, and this included trying out and experiencing for themselves our career education programs and the connection between the NRI Group's businesses of consulting and IT solutions and the broader community, as well as lectures in topics of increasing interest to the community such as big data and managing information security.

**Providing occasions to think together with young people about our future**

NRI runs a number of forums where we can get together with young people and turn our thoughts to the future. In the course of fiscal 2012, in June we held send-



off parties for students who from the fall would be undertaking postgraduate studies overseas, so that they could have an exchange of ideas with some NRI employees who have studied and/or worked overseas. In September we held the NRI Dream up the future Campus, attracting more than 200 undergraduate and postgraduate students, who were able to exchange views with our employees on issues including careers of the future and modes of work in a global era.

### **NRI supports Japanese language studies at Tsinghua University, Beijing**

As part of our efforts to nurture people who will support future Japan-China relations, we hold an annual speech contest in Beijing for university students who are learning Japanese (the Tsinghua-NRI Cup: Japan-China Economic Presentation Contest).

The competition is run by the Nomura Research Institute–Tsinghua University China Research Center (established within Tsinghua University in 2007), with the help of local Japanese language teachers. Contestants in the March 2013 competition were asked to speak about the positive characteristics of the Chinese people. We asked the students to sing their own praises with a view to deepening friendship and mutual understanding between the two countries. The contest gave students an opportunity to demonstrate their progress with the Japanese language via speeches that, among other things, touched upon the importance of close personal relationships to the Chinese, using examples from close to home. The contest also attracted considerable media attention, both in China and Japan. Through such activities, NRI aims to support the development of people not only in Japan, but also in China and elsewhere in Asia.



The Tsinghua-NRI Cup: Japan-China Economic Presentation Contest

### **NRI President & CEO Shimamoto's presentation at Shanghai's Fudan University**

In September 2012, NRI President & CEO Tadashi Shimamoto gave a presentation at the Network & Information Security Research Institute at the School of Computer Science of Fudan University in Shanghai, on "The Outlook for Japan's IT Services Industry." The presentation was attended by around 150 students and faculty members from the University. Following the presentation the audience asked many questions about NRI's business, and about the kind of IT personnel that would be in demand in the future. President Shimamoto's answers to these questions were shaped by his views both as a manager and as a senior figure with a deep connection to information technology.

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

### Support for human resource development through support for JFA's Kokoro Project

Since September 2012 NRI has supported the JFA Kokoro Project (Project for Minds) run by the Japan Football Association (JFA). The JFA Kokoro Project was launched by the JFA in April 2007 with the aim of making a contribution to the sound psychological and physical growth of children. NRI has been assisting this Project as part of one of its key CSR priorities – "support for developing human resources that will serve as the driving force for the next generation." We will continue to support this Project, since it represents a range of opportunities for the young people who will be the backbone of future society to turn their attention toward thinking about the future of Japan and the world.

### Offering courses at universities and appointing lecturers

The NRI Group dispatches consultants and system engineers to universities in Japan and overseas to give lectures on management and IT. In fiscal 2012, 57 NRI employees gave talks at 29 universities.

#### Lectures given at universities in fiscal 2012

University	Department/Faculty	Name of lecturer
Japan Advanced Institute of Science and Technology	School of Knowledge Science	Naoki Ikezawa / Hiroyuki Nitto / Akira Terasaki
Kyoto University	Graduate School of Informatics	Makoto Yokozawa / Takafumi Kinoshita
Hokkaido University	Graduate School of International Media, Communication, and Tourism Studies	Michio Kitamura / Takeshi Nomura / Yoshiaki Saito
Shiga University	Graduate School of Economics	Manabu Fukuchi / Naoji Kumagai / Hideyuki Yamada / Takeshi Murakami / Masato Hasegawa
Nagoya University	Graduate School of Information Science	Hideaki Nakamoto / Mitsuyoshi Sugaya / Noriya Kobayashi
Tokyo Institute of Technology	Graduate School of Decision Science and Technology	Noboru Shiomi

#### Courses given at universities in fiscal 2012

University	Department/Faculty	Name of lecturer
Miyagi University	School of Project Design	Tokutaro Hiramoto
University of Tsukuba	Graduate School of Systems and Information Engineering Master's Program in Business Administration & Public Policy Graduate School Graduate School of Business Sciences Graduate School of Systems and Information Engineering	Katsuya Masuda Shinichi Ishii Sadakazu Oosaki Osamu Nimura
Aoyama Gakuin University	Graduate School of International Management	Yoshio Murata
Komazawa University	Faculty of Business Administration	Hikomichi Yasuoka

University	Department/Faculty	Name of lecturer
Komazawa University	Faculty of Business Administration	Hiromichi Yasuoka
The Graduate School of Project Design	Master's Program in Project Design	Shinichi Shibayama / Nobuaki Takada
Sophia University	Faculty of Law Faculty of Science & Technology	Hiroyuki Inami / Hironori Shinano / Toru Osada / Tsuyoshi Sakaguchi / Kazuhiko Komamura / Norihito Miwa / Juri Yanagisawa Junichi Sakamoto
Tama University	School of Management and Information Sciences	Satorui Nakagawa
Chuo University	Graduate School of Science and Engineering Graduate School of Accounting Faculty of Science and Engineering	Masaaki Uto Tomohiko Taniyama Takao Shiino
University of Tokyo	Graduate School of Public Policy Faculty of Law	Katsuhito Hasuike Sadakazu Oosaki
Tokyo Institute of Technology	Graduate School of Decision Science and Technology Graduate School of Innovation Management	Mitsunori Kajihara / Nozomu Katahira Takeshi Morikawa
Nihon University	College of Economics College of Humanities and Sciences	Masaaki Uto Junichi Sakamoto
Hosei University	Business School of Innovation Management	Masaru Tsunoda / Kouichi Nishikata
Meiji University	Graduate School of Business Administration	Tokutaro Hiramoto
Waseda University	Waseda Business School Graduate School of Commerce Major in Business / Major in Finance Graduate School of Creative Science and Engineering, Major in Business Design & Management School of Creative Science and Engineering	Toru Morisawa Sadakazu Oosaki Takayuki Nakagawa Kenichi Kunimitsu
Osaka City University	Graduate School for Creative Cities	Tatsushi Kawamoto
Osaka University of Economics	Graduate School of Business Information System	Sadayuki Horie
Doshisha University		Shingo Konomoto.
Kyoto University	Graduate School of Management	Hiroshi Ueno
Ritsumeikan University	Graduate School of Management College of International Relations	Shingo Konomoto Mitoji Yabunaka
Hiroshima University	The Graduate School of Social Sciences	Tatsushi Kawamoto
Kochi University of Technology	School of Management	Munehiro Kurosaki
Kyushu University	Art, Science and Technology Center for Cooperative Research Graduate School and Faculty of Information Science and Electrical Engineering	Shingo Konomoto Osamu Nimura
Daiichi Institute of Technology	Department of Information and Electronics Systems Engineering	Hiromichi Yasuoka



## Development of Society

### Helping to build a better social framework

NRI gains insight into new directions and models for society, and makes proposals and recommendations for policies and mechanisms to achieve those.

In addition to conducting recommendation projects as part of its business activities, NRI is a member of and assists with the activities of business organizations such as Nippon Keidanren (Japan Business Federation), and of industry bodies such as the Japan Information Technology Services Industry Association (JISA). In addition, NRI takes part in many committees and experimental trials sponsored by the national government, local governments, and incorporated administrative agencies, in an endeavor to provide them with support in developing better frameworks for society.

#### **Recommendations for changes to industries based on outcomes at the IT and New Society Design Forum**

Together with NTT Data Corporation, since 2009 NRI has embarked on a variety of initiatives to bring greater vitality to the IT services industry. One such initiative has been the IT and New Society Design Forum, and in fiscal 2011, based on recommendations from the previous year, NRI and NTT Data Corporation held two projects for sharing ideas to help solve social issues and for designing the means to achieve those solutions: the "Nihon wo TsukuriTsugu" project, and the Increasing creative IT engineers tenfold with "Design thinking" project.

In fiscal 2012, the IT and New Society Design Forum 2012 was held in May. Results obtained and issues raised from the two Projects carried out in fiscal 2011 were presented at this Forum, which went on to prepare two recommendations: "Design and Social Innovation," and "IT and Design Thinking." As a compilation of their initiatives over these three years, NRI and NTT Data Corporation wrote and published a book *The IT Professionals who Create Values in Society*. In this book our two companies make recommendations about the ideal form of innovation that will be required in the future, along with the approaches (methodologies) and the type of "design" professionals needed to generate that innovation.



An NRI executive giving a lecture at IT and New Society Design Forum 2012 on "design" professionals



SEが、  
ITサービス産業が、  
輝きを取り戻すために

ライバルとして競い合う大手SEerが手を携えて、  
IT業界の明日を取り戻すプロジェクトの記録

*The IT Professionals who Create Values in Society*

NTT Data Corporation / Nomura Research Institute

Nikkei Business Publications, April 2013

### Working together to realize a beneficial ICT society

With the spread of information and communications technologies (ICT) such as the internet, broadband communication and social networking sites along with services based on these technologies, society has evolved to the point where we are linked to networks "anytime, anywhere, about anything, with anyone." Describing this phenomenon as a ubiquitous network society, since 2000 NRI has published numerous papers and books on the significance of and outlook for this phenomenon, helping to shape policy to bring about such a society.

In recent years there have been new developments in ICT such as cloud computing, the big data revolution, and smart devices, and we have reached a stage where ICT will be utilized even further in the realms of business and people's daily lives. The NRI Group is supporting initiatives that will assist with raising people's living standards and boosting companies' international competitiveness through the better use of ICTs by many entities starting with governments and businesses.

#### \* Number System:

The Act's official name is the Act on the Use, etc. of Numbers for the Identification of Specific Individuals in Administrative Procedures.

In May 2013 the Japanese Diet passed a Bill establishing the "Number System" \* (more commonly known as the "My Number Act"). Under this Act each citizen will be issued with a single ID number, which will be used in the administration of their tax payments and social security benefits such as their pension and national health insurance. The scheme is scheduled to start operating from 2016. As well as conducting studies and research on policies utilizing the scheme and on the proper form of its operation, NRI has presented recommendations in books and publications about the issues that the scheme raises, along with solutions to deal with those issues. In addition we have been participating in a broader conversation with the public to make the scheme a better one by getting information out far and wide to people through reports and stories sought from us by the media including television, newspapers, and magazines.

OpenID is an important user authentication technology that makes it easier and safer to use the internet. NRI was the founder of OpenID Foundation Japan (OIDF-J), a juridical entity organized to disseminate and educate people about the technology in Japan. NRI is also actively involved in the running of this foundation,

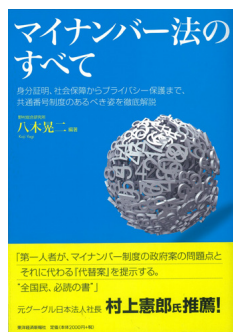
where an NRI employee has been appointed as its representative director since its inception. In March 2013 the National Institute of Informatics and OIDF-J jointly held the Japan Identity & Cloud Summit 2013, which has developed into a program that aims to raise the level of authentication technology by overcoming the barriers between industry, government, and academia. An NRI employee is also serving as chairperson of the OpenID Foundation in the US, working to promote the international standardization of OpenID. NRI is playing an active, leading role both within Japan and overseas in working to develop and promote the advance of OpenID technology.

In fiscal 2012 NRI executives and employees participated as private-sector experts in meetings pertaining to information communications policy and Green Growth\* for the Organization for Economic Co-operation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC). As well as discussing new information communications trends, our representatives put forward recommendations on policy coordination, the roles to be played by national governments, and public private partnerships (PPP). In October, at the "U.S.- Japan Policy Cooperation Dialogue on the Internet Economy" held in Washington DC by Japan's Ministry of Internal Affairs and Communications and the U.S. Department of State, an NRI employee participated as the Vice Chair of Japan Committee on Cloud Computing Industry Forum at Keidanren, giving a presentation on policy issues pertaining to the promotion of cloud computing. This action meant providing support for Japan-US dialog and policy collaboration from the standpoint of Japanese industry.

The NRI Group is therefore putting ICT to good use as a significant part of infrastructure that is safe, secure, and easy to use, thereby promoting and supporting programs to build better frameworks for society.

\* Green Growth:

A way of thinking whereby measures for working towards a "green" society are regarded not as negatives but as new driving forces for growth to develop new markets and technologies, innovation, and jobs.



*Everything About the My Number Act*  
Nomura Research Institute,  
Koji Yagi  
Toyo Keizai, Inc. January 2013



NRI's employee explaining Green Growth at the OECD's International Green Manufacturing Summit (Second from the right)

**Supporting business development to address issues affecting societies in emerging economies and developing countries**

Low-income households, namely with an income of \$3,000 or less a year, make up around 70% of the world's population. This group of people is also called the Base of the Pyramid, or BoP. There is a proposal under the UN Millennium Development

Goals to cut the BoP population by 2015 to half its size in 1990 in order to eradicate extreme poverty. To achieve this goal, with governments around the world showing the way, international organizations, private sector businesses, and NGOs are working together on a range of initiatives. In recent years, companies particularly in Europe and America have been helping to provide solutions to social issues through their business operations, starting with the public health and disease issues that poorer populations face. The number of such projects that create employment opportunities in local regions is also increasing.

Making use of the know-how it has built up through the broad range of investigation, research, and consulting services it has conducted with regard to BoP business, NRI has been contributing to a wider acceptance and awareness of BoP business by enthusiastically signing on for the public lecture campaigns organized by business and industry associations, classes and lectures at universities and other academic institutions, as well as providing media stories sought by newspapers and magazines.

In fiscal 2012, an NRI employee became a member of the Steering Committee of the Ministry of Economy, Trade and Industry's Inclusive Business Support Center, to assist with the drafting of policies for supporting BoP business by the Japanese government and international agencies. An NRI employee has also joined the BoP Business Committee of the Kansai Association of Corporate Executives as an adviser, providing assistance as a coordinator of site visits in India, and with raising the BoP business knowledge and experience of Kansai companies and expanding their network, as well as with the drafting of policy from a business operator's perspective.

In addition, ahead of the Fifth Tokyo International Conference on African Development held in June 2013, as well as conduct studies and research into rapidly growing markets in Africa and the current situation of and issues faced by companies from developed nations entering those markets, NRI investigated strategies for Japanese companies to gain a foothold in African markets. It compiled the results of those studies, etc. as recommendations and published them in NRI's publications such as Intellectual Asset Creation. In March 2013, through a project sponsored by the Ministry of Economy, Trade and Industry (METI), we provided support for conducting a symposium held jointly by the United Nations Development Programme (UNDP) and METI called "Inclusive Business\* & Adaptation to Climate Change in Africa." NRI employees also served as moderators for workshops at this symposium, whose aim was to stimulate solutions to issues pertaining to Africa's development by getting more private-sector enterprises to set up business in Africa. In particular, against a background where responses to weather-related disasters throughout Africa such as floods and droughts are becoming issues of international concern, the symposium called for more active participation by companies in helping to build communities better able to withstand such natural disasters.

\* Inclusive Business:

Business processes where the poor are included as producers, consumers, and workers to generate employment, goods, and services in their local area, thereby expanding the choices available to them and expanding companies' business opportunities.

(see the materials from the UNDP)

NRI has also undertaken a range of activities concerning global strategy for Japanese companies in newly emerging economies. In special features for the

August and November 2012 editions of *Intellectual Asset Creation*, NRI provided recommendations based on the results of its studies and research into the topics of "The Outlook for Healthcare Markets in Newly Emerging Economies and Business Opportunities for Japanese Companies" and "Growth Strategies for Japanese Companies in Emerging Markets PMI" \* respectively.

\* PMI:

Post Merger Integration. The integration of one company's business operations with those of another company after its acquisition by the latter.

By striving to develop solutions for the issues that societies in emerging economies and developing countries face, and to energize business that ties together programs that create markets for companies, NRI will continue to support the social development of communities in those countries.



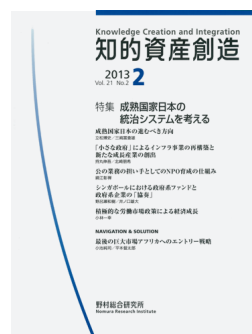
An NRI employee visiting a farming village in India as part of a study into BoP business



August 2012 edition of *Intellectual Asset Creation* with its special feature: "The Outlook for Healthcare Markets in Newly Emerging Economies and Business Opportunities for Japanese Companies"



November 2012 edition of *Intellectual Asset Creation* with its special feature: "Growth Strategies for Japanese Companies in Emerging Markets PMI"



Article entitled "Strategies for Entering the World's Last Giant Market: Africa" in the February 2013 edition of *Intellectual Asset Creation*



## Other Contributions

### NRI executives and general staff volunteer for social contribution activities as good corporate citizens

#### **Donation of emergency relief money and assistance funds for recovery from the Great East Japan Earthquake**

Almost as soon as the Great East Japan Earthquake struck, the NRI Group began providing various forms of recovery assistance for the regions affected by the disaster. In the same way as in fiscal 2011, aid donations were collected from NRI employees for the volunteers and NPOs conducting assistance programs in the disaster areas in December 2012.

Monies raised from our employees, together with a matching amount from NRI, came to a total of ¥15 million, which was donated to the Central Community Chest. The NRI Group has donated a cumulative total of ¥164 million in emergency relief money and assistance funds for victims of the Great East Japan Earthquake. In October 2012 NRI received a formal letter of thanks from the Central Community Chest for its donations to the recovery efforts.

For information on the NRI Group's initiatives to aid in recovery from the earthquake disaster, [click here](#) (in Japanese only)

#### **Donating our used computers and books for rebuilding efforts**

We have been donating used PCs from our offices since 2007 in order to support IT education and vocational training in the community. In August 2012 we donated a total of 25 used PCs to two NPOs operating in areas affected by the Great East Japan Earthquake.

In 2012 we started a new initiative, Books for the Future, whereby we sell books that we no longer need and donate the proceeds to damaged elementary and junior high schools in the disaster areas, or to NPOs and other organizations providing assistance to children there. The nature of NRI's work, in particular its consulting work, means that we use many books as reference materials. When an office relocates or has an end-of-year cleanout, we retrieve any old books no longer needed so that they can be put to a better use, allowing our employees an easy way to take part in a social contribution activity. To date we have retrieved a total of 8,136 books, and we donated the ¥858,160 that we earned from selling them to elementary and junior high schools and three NPOs in the disaster areas.

NRI will continue to donate its old PCs and proceeds from the sale of its book collection to help promote IT education and to assist in rebuilding efforts following the Great East Japan Earthquake.



Receiving the letter of thanks from the Central Community Chest



An employee placing unwanted books in the collection box

### Neighborhood cleanup activities

Since September 2007 NRI has been conducting monthly cleanups with participation by its employees in areas near its offices in Kiba in Tokyo's Koto Ward and in Hodogaya Ward in Yokohama City, to care for the appearance of their neighborhoods. In addition, as part of activities to improve our environment, we have also been conducting neighborhood cleanups around our data centers (See [Environmental Protection](#)), in which in total over 1,100 of our employees took part in the course of fiscal 2012. In October 2012 thirteen NRI employees participated in "Operation Clean Up," a community cleanup of Osaka City's streets to prepare the city for the Osaka Marathon, and our Osaka Data Center also organized a cleanup for its own particular neighborhood. In addition to conducting similar cleanup activities, our Tokyo Data Center I, which opened in November 2012, also organized the shoveling away of built-up snow around the local station in February 2013.



Cleaning up near the Kiba Center



Shoveling snow near Tokyo Data Center I

### NRI donates money for school meals for African children through the Table for Two program

NRI has participated in the Table for Two (TFT) program since May 2008. At the staff cafeterias at NRI's two centers in Kiba and Yokohama, healthy menu options are served at each once a week, and the 20 yen donated by each employee for every meal that he or she purchases from that menu is donated to TFT together with a matching amount from NRI. In fiscal 2012, NRI and its employees donated enough money to supply 15,878 meals for African children through Table for

Two International, a specified non-profit activities corporation. In April 2012, in recognition of its ongoing support for TFT's work, NRI received a formal letter of thanks from TFT International.

### **Old eyeglasses donations from NRI FT India**

NRI FT India (in Kolkata, India) has set up an NPO to engage in volunteer activities. In January 2013 employees of NRI FT India donated their eyeglasses for people who for one reason or another cannot afford to buy them. Some employees at NRI Japan also thought this was a good idea, and donated their old eyeglasses too. Through this program over the past four years, over 300 people have received assistance with cataract surgery, and over 2,000 people have received a pair of glasses.

Employees at NRI FT India who engage in volunteer activities arrange for schools for disabled people and schools who do not receive enough government financial assistance to buy the company's personal computers once they have been fully depreciated. NRI FT India employees also make individual donations to these schools.

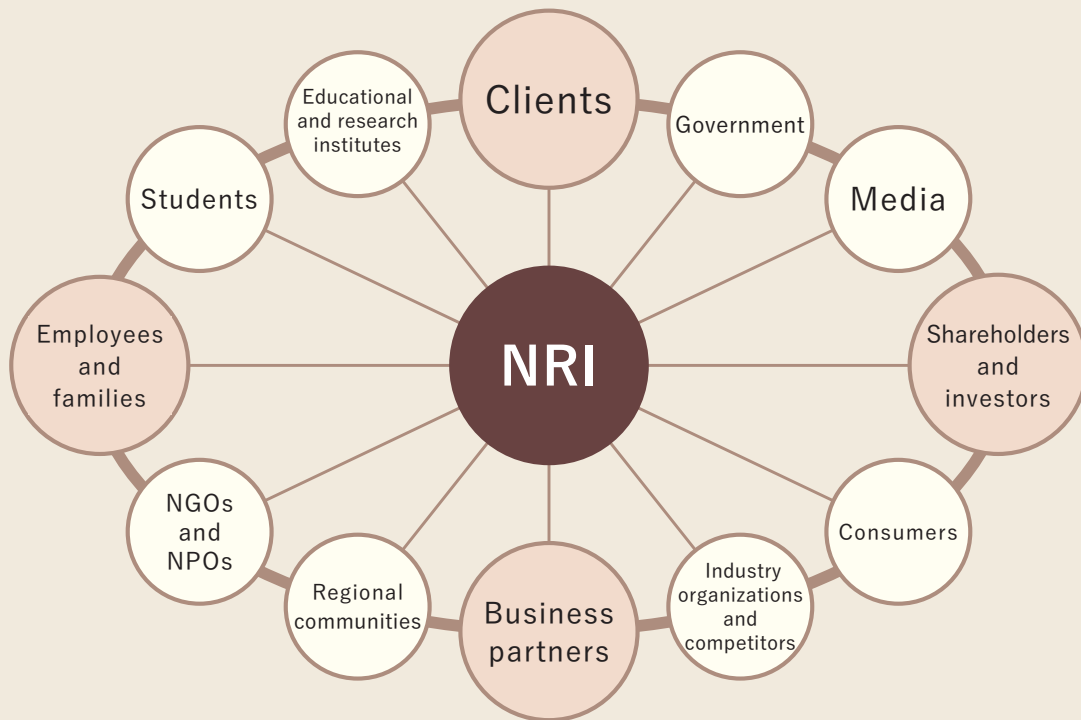


Villagers in India inspect some glasses on offer



# Engagement with Stakeholders

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



## Engagement with Clients

Being a "partner in prosperity" with our clients by earning their trust

### Plan

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.

#### [Major plans for fiscal 2012]

- Carry out ongoing client satisfaction surveys and assess our effectiveness
- Hold forums for clients

### Do

#### **Due diligence assessment of client assignments**

NRI decides to accept an assignment from a client only after giving due consideration to both the responsibilities it would thereby be incurring, such as quality standards and deadlines, as well as to the legal, ethical, and business risks involved with the project. A credit investigation is conducted of the potential client using information from credit reporting agencies and similar sources, and the Senior Management Committee meets with the relevant business divisions to deliberate on each individual project, making a comprehensive assessment of factors including the project's long-term prospects, growth potential, and social impact, on the basis of materials such as the relevant proposal documentation and estimates.

#### **Client satisfaction surveys**

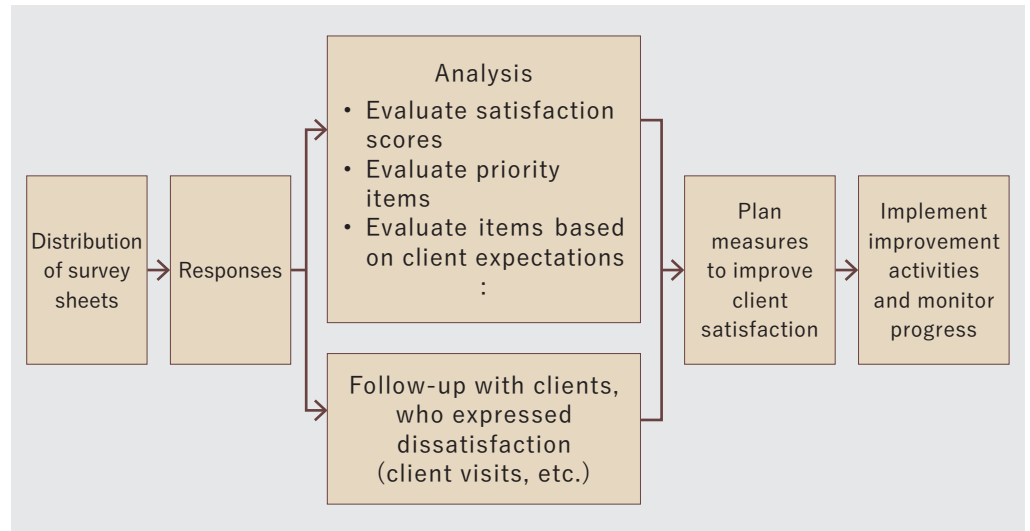
NRI conducts client satisfaction (CS) surveys for its projects to ensure that valuable insights from clients lead to better service.

These surveys are an opportunity for clients to make an overall evaluation of a project, and also to provide specific comments on NRI's ability to propose individual solutions and address problems.

The Quality Management Department compiles the survey results for analysis of any company-wide trends. The divisions that handled the relevant project are given the survey responses as feedback, and follow-up is undertaken along with any specific measures to improve service levels, all of which helps us to raise the quality of our services.

## Do

## Flow of NRI's CS survey



## Results of analysis of fiscal 2012 CS surveys

**Areas receiving a favorable assessment**

- Understanding clients' needs and issues
- Specialized knowledge and technical skills relating to systems
- Adherence to schedules and deadlines

**Areas of expectations for improvements**

- Greater intelligibility of manuals
- Clarity of the basis for estimates and pricing

**Holding forums for clients**

The NRI Group holds forums and seminars on management and social issues to assist clients with their business and operations. (See [Propagation of Intellectual Assets](#))

## Check &amp; Act

**[Fiscal 2012 evaluation]**

- Carried out CS surveys and implemented follow-up measures based on the results
- Held forums for clients in Tokyo, Osaka, etc.
- Promoted field-specific activities, such as seminars for individual business divisions

**[Major plans for fiscal 2013]**

- Continue to carry out CS surveys and assess our effectiveness (ongoing)
- Continue to hold forums for clients (ongoing)

## Engagement with Employees (1)

Applying fair human resources practices to train a workforce of professionals with great expertise

### Plan

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 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 structure are to allow our employees to demonstrate higher levels of skills and to be treated in a manner appropriate for professionals.

#### [Major plans for fiscal 2012]

- Promote diversity management
- Strengthen support for career and skills development
- Undertake initiatives to foster a corporate culture of human resources development

### Do

#### Equitable employment and human resource practices

##### Employment initiatives

The NRI Group makes decisions concerning its hiring and employee remuneration on the basis of a considered evaluation of each individual employee's various abilities, expertise, and skills, without discriminating on the basis of gender or age.

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 the positive and negative aspects of a job and of the work environment 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 global human resources, for example by conducting recruitment campaigns overseas.

# Do

## The NRI Group's workforce (as of March 31)

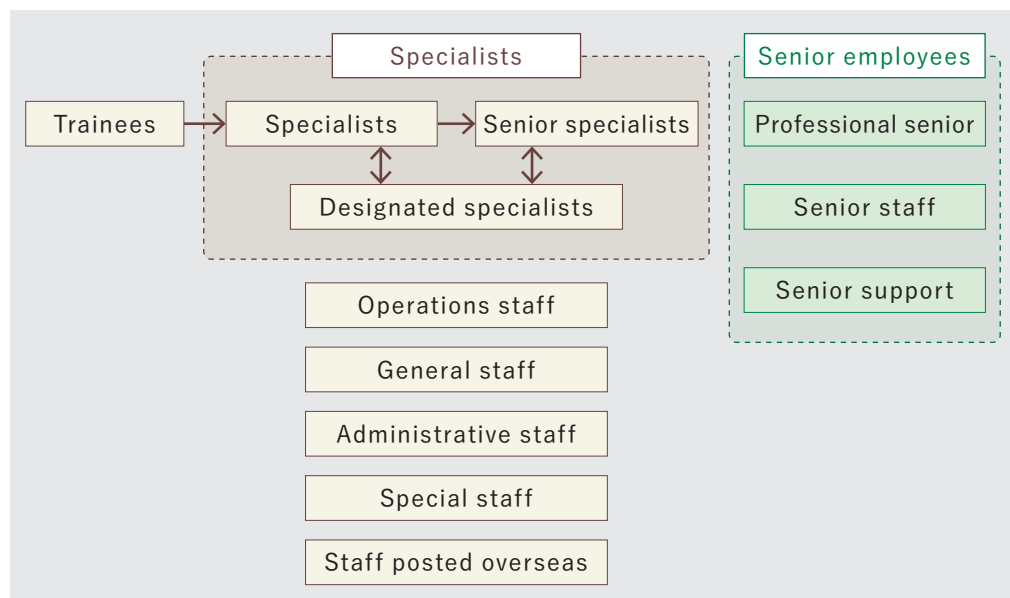
	FY2008	FY2009	FY2010	FY2011	FY2012*
No. of employees	6,118	6,263	6,594	6,881	7,738

\* NRI System Techno, Ltd., Nomura Research Institute Financial Technologies India, Pvt. Ltd., and UB secure, Inc. joined the NRI Group as consolidated subsidiaries in April, July, and August 2012 respectively.

## Employment trends by type

	FY2008	FY2009	FY2010	FY2011	FY2012
Total number of employees	5,030	5,314	5,560	5,739	5,823
Women	787	854	925	971	1,018
Specialists and trainees	4,448	4,714	4,961	5,124	5,247
Women	469	529	593	628	666
Senior specialists	1,658	1,748	1,870	1,976	2,081
Women	47	56	69	82	98
Employees with disabilities	79	84	83	86	100
Employees with disabilities (% of total)	1.7	1.8	1.7	1.7	1.9
New hires for the year	474	427	416	380	357
Women	104	97	96	100	97
Turnover (% of total)	2.4	2.3	2.5	3.1	2.7
Average employment period (years)	11.2	11.4	11.7	12.0	12.5
Average salary (thousand yen)	11,107	11,402	10,507	10,518	10,712

## Job categories



# Do

## **NRI and employees with disabilities**

The NRI Group promotes the hiring of people with disabilities. In fiscal 2012 NRI employed 14 individuals with disabilities, who made up 1.9% of our entire workforce. In fiscal 2012 we installed a massage room in our office where two people are employed under the new job category of in-house alternative health therapist (known as "health keepers" in Japanese). In fiscal 2013 we plan to put in more massage rooms and hire an additional six "health keepers."

As demonstrated by its participation in employment expos for disabled people, NRI is actively committed to hiring programs for disabled people, and will continue endeavoring to create environments where they can perform their work without impediments.

## **NRI and female employees**

The NRI Group actively works to hire female employees, to develop their skills, and to promote them to management positions. Female employees accounted for 17.5% of NRI's workforce as of March 31, 2013. NRI is also putting in place a workplace environment that assists our female employees with their work performance, and the number of our female employees working as managers is steadily increasing.

In addition, with the aim of achieving a workplace where our female employees can flourish, since fiscal 2008 the NRI Women's Network (NWN) has been developing activities with the three objectives of supporting the career development for women at NRI, providing support to achieve a balance between work and raising a family, and cultivating a corporate culture that is inclusive of women. One of those activities is the NWN annual conference, the main aim of which is for female employees to build their own network. Around 200 employees of both genders attended the fifth annual conference held in fiscal 2012, where guest speakers gave talks and the participants held their own discussions on the conference theme of "the importance of continuing to take on challenges." Issues and actions for the future with respect to each of the three mainstay NWN activities are being explored through working groups of female employees. Individual talks and training programs are also conducted on a regular basis for those female employees who are pregnant or raising a family, as well as for their managers.

## **Dialogue with the Labor Union**

NRI has a union shop contract with the Nomura Research Institute Labor Union (3,654 members as of March 31, 2013). 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 Union branch meetings and seminars are reported to NRI's executive management so as

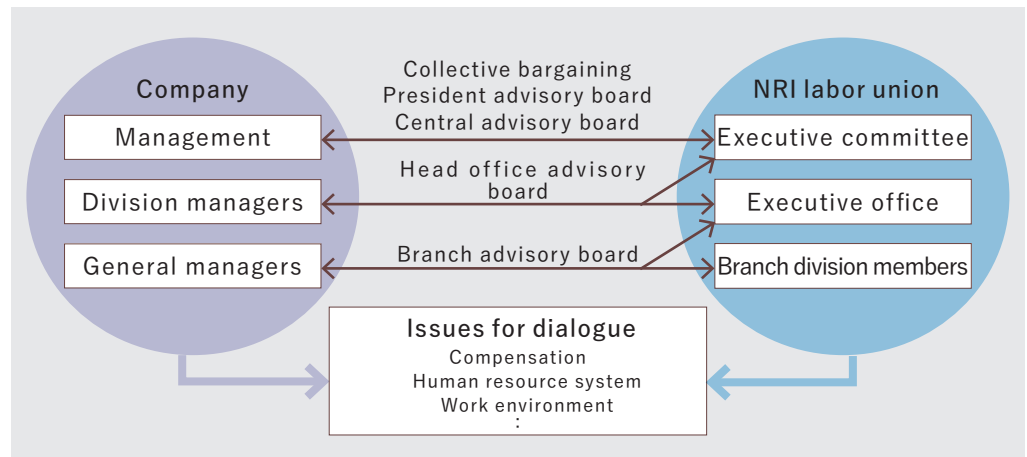
# Do

to inform its drafting of HR policies. In addition, principally through the medium of the Health Committee in which both management and labor participate, the Union has engaged in a campaign to reduce employees' overtime work, as a preventive occupational health measure.

As for the Union's own policy measures, it holds a range of seminars to raise the level of recognition and awareness of both the personnel evaluation process and the pre-natal and child care support programs available. The Union is also investing energy into breathing new life into communication between its members, for example by bringing back the Union newsletter. The Union also organizes activities to help employees get more out of their leisure time, such as special excursions to Tokyo Disney Resort.

NRI and the labor union engage in dialogue and share the common goal of building a company in which employees are able to find self-fulfillment through their respective work activities.

### Framework for dialogue with labor union



## Support for career and skills development

### Program supporting career development

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 has three arms: training programs; self-improvement; and, most importantly, on-the-job training (OJT), where the level of employees' knowledge and skills is raised in the course of performing a range of jobs.

In fiscal 2011, as an enhanced program to train more professional staff equipped to handle global business, we initiated an overseas trainee scheme to provide practice-based training that incorporates on-the-job experience overseas.

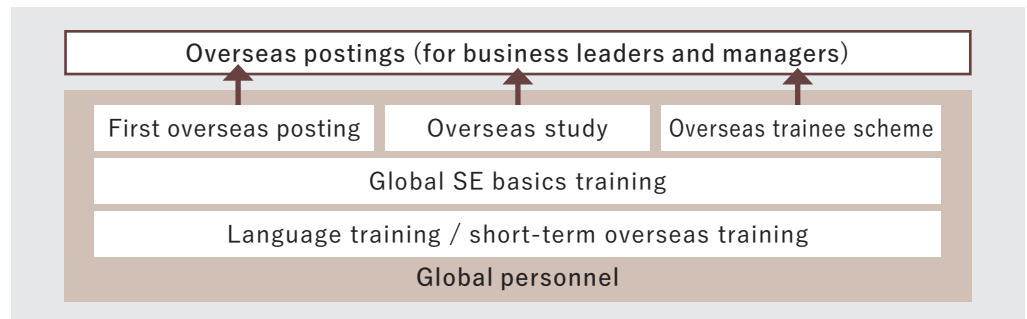
Under this scheme, an employee is generally sent to an overseas office of NRI or one of its clients for a period of one year. During this period, in addition to practical business training the employee also undertakes outside training, for example in the relevant foreign language. In fiscal 2013 twenty-one employees will

Do

be sent to North America, Europe, and Asia, and each year around 20 employees will be sent in the future on an ongoing basis.

In addition to this scheme, for some years now NRI has also been conducting an overseas study program, which allows an employee to gain a degree from an overseas university, as well as an overseas training program, where an employee enrolls in a short course at an overseas business school to study business administration, or spends a few months in China or India learning the basics of systems development in Chinese or English. We will be bolstering these programs, and along with the overseas trainee scheme, our plan is to send between 100 and 150 employees overseas for training each year.

#### Our Global Personnel Development System



#### C&A Program to support skills development

The NRI Group has put in place a C&A (Challenge & Act) Program to support the systematic and self-directed development by employees of their skills.

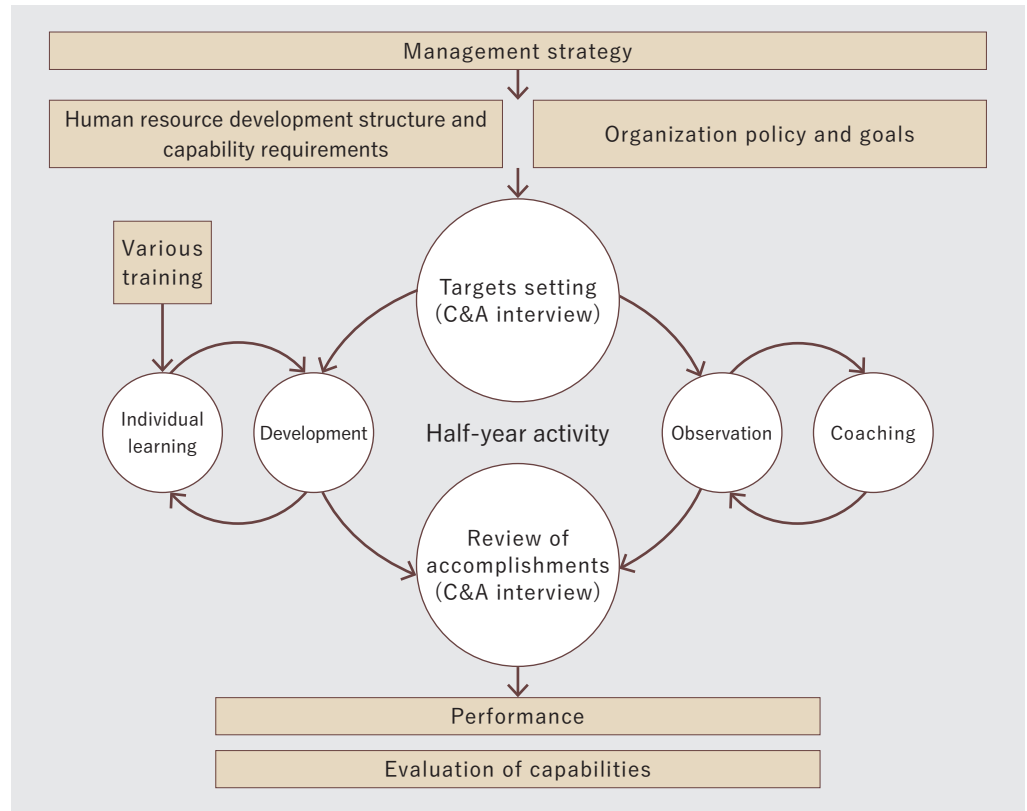
Under the C&A Program, specialist and trainee employees meet with their manager to set individual goals and to review and assess their achievement of those goals. Performance goals are set at the beginning of the fiscal year and again six months later, while skill development goals are set only at the beginning of the fiscal year. Both sets of goals are reviewed and assessed every six months.

Under the Program, employees can receive guidance and advice from their supervisor on how to achieve their goals while carrying out their duties, and they can also meet regularly with their supervisor to work on their communication. In these ways the Program provides support for personal growth that suits the employee's own level of initiative and character.



# Do

## C&A Program Outline



### AHEAD program

\* AHEAD stands for:  
 Assist  
 Human Expertise  
 Ability  
 Development

Once a year NRI conducts AHEAD\*, a questionnaire-based survey of its employees to assess its own HR development work. The results are analyzed so as to allow supervisors and the relevant internal organization to gauge the impact of the guidance being given to junior employees, as well as the state of those employees' development. The AHEAD program accordingly serves to raise our awareness of how our employees' skills are developing.

### Aspirations Program

NRI has an "Aspirations Program" enabling all employees to 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 program is used to support employees' self-awareness and to ensure that the right employee is assigned to the right position.

### Improving group training

To assist with our human resource development programs, the Center for Human-Resources Development works together with the HR development officer from each business division to plan and hold lectures suited to the particular needs of the relevant business division, and to inform employees about external training programs.

In fiscal 2012 we added a new course to our existing forms of training called IT Professional Training Course, a career-segmented development program to

## Do

provide training for both young systems engineers and engineers at a middle stage in their careers. We also built on and expanded our Overseas Training Program, and implemented policies that reflect our thinking about the development of global professionals.

NRI has long had arrangements in place for employees' on-the-job training such as its Instructor system, whereby new employees are each assigned a more senior employee who acts as their guide over a period of one year. In fiscal 2012 NRI launched new forms of training, including Feedback Skill Training, which is designed to raise the ability of supervisors to provide guidance and advice, and Career Plan Training, for employees in their 40s. The NRI Group as a whole spent ¥1,843 million on training in fiscal 2012. NRI also continually invests in training for its employees to acquire various professional qualifications.

#### Number of NRI Group employees obtaining certification

Type of Certification	Number of Certification Holders
Information processing engineer (advanced)*	2,407
IT Coordinator	168
Project Management Professional	178
ITIL Manager	45
Chartered Member of the Securities Analysts Association of Japan	218
US-certified Financial Analyst (CFA)	3
Certified Public Accountant	8
US-certified Public Accountant	6
Certified Tax Accountant	3
Patent Attorney	7
Small and Medium sized Enterprise Consultant	34
Actuary (full & assistant)	2
First-class Registered Architect	11
Chief Telecommunications Engineer	120

\* Information processing engineers (advanced):

The NRI Group classifies information processing engineers, excluding IT passport engineers, basic IT engineers, and applied IT engineers, as "advanced."

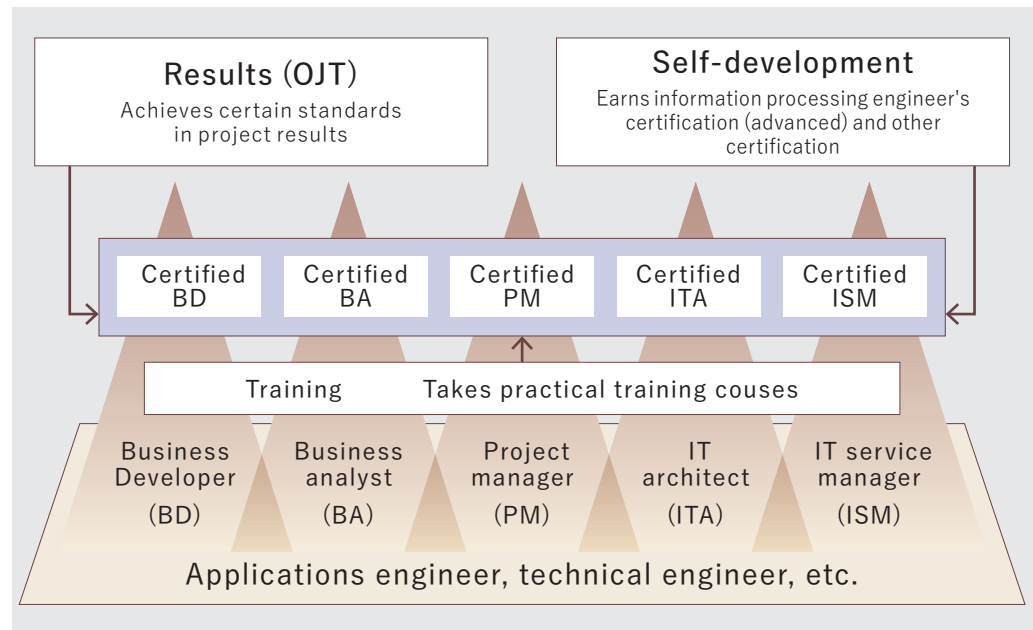
#### NRI's certified professional scheme

The NRI Group has created its own NRI Certified Professional Scheme 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 working in system analysis through their career.

241 employees had received certifications under this program as of March 31, 2013.

## Do

## Outline of the NRI certification system



## Revising career fields

In April 2013 the NRI Group revised its career fields, in order to prepare a foundation that will allow a diverse workforce to thrive and to strengthen its human resource development efforts. Career fields are one of our mechanisms for our human resource development and the effective deployment of our employees. Employees select career fields to match their own particular area and level of expertise, as part of the C&A Program.

The reorganization and subdividing we undertook in April 2013 resulted in 22 different career fields that reflect our awareness of industry standards such as the IT Skill Standards (ITSS), and the Common Career Skills Framework (CCSF). The aim was to clarify our employee criteria and the classifications within our industry, in keeping with what our employees actually engage in. We also added for the first time the concept of levels. NRI recommends to its employees that they choose more than one career field.

The purpose of these changes, which reflect the need to strike a balance between the pursuit of expertise demanded by both employees and their organization and the diversification of specialist fields, is to achieve the development of an employee's own multiskilling or that of the other employees under their charge when applied in OJT and to job assignments and rotations in the everyday course of work. This in turn is intended to contribute in the mid- to long-term to the development of the NRI Group's business.

When our employees want to consider their future careers, they will use our C&A Program as a resource for sitting down with their manager and thinking about their mid- to long-term career path. NRI will put in place forms of training in keeping with its system of career fields, in order to advance an organized structure for its development and deployment of its human resources.

## Do

## Our new career fields

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

## Cultivating a corporate culture of human resource development

### Our cross-company project NRInnovation! Forum

In fiscal 2011 NRI started NRInnovation! Forum (NIF), a new initiative designed to cultivate innovation among our employees' mindset and within our corporate culture.

NIF is a forum for our employees to build networks with each other for discussing, exploring, and raising proposals regarding internal company issues, guided by the vision slogan of our long-term management, Vision 2015 - "Challenge the Status Quo, Innovate Ourselves", and with a view to enhancing our employees' mutual respect for each other. Our aims for NIF are threefold: to organically integrate similar activities that previously had been conducted separately; to build networks of personal connections and a spirit of mutual respect through discussion outside formal structures; and to have these play a part in the creation of new business.

NIF is broadly made up of four categories, as shown in the table below. Each runs its own forums and bottom-up activities organized by voluntary employees.

# Do

## Outline of NRInnovation! Forum

NRInnovation! Forum				
	Human resource development	NWN	Global business	Creation of new business
Forum	Increase employees' awareness of the importance of human resource development	Learn about different work styles and career path options that enable women to work more positively, and share the knowledge and expertise to realize their happiness at work	Understand changes that have been taking place in global business, both within and outside a company, recognize the necessity of dealing with the changes, and take the initiative	Stimulate innovative behavior by promoting recognition of the importance of new business creation within the company
Bottom-up activities	Discuss on-the-job issues brought up by employees, and examine measures that would be needed	Study, recommend and enforce measures and management system to foster a better working environment for women	Based on independent research into overseas cases, discuss global business plans as well as ideas for improving global knowledge management	Create information exchange opportunities for employees aspiring to internal startup ventures, encourage information sharing about know-how and experience in business creation, and foster a creative organizational climate that is open to challenges for new businesses

**NRInnovation! Forum General Conference**

Overall activities of the NIF are reported at the annual NRI Innovation! Forum General Conference

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

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

Do



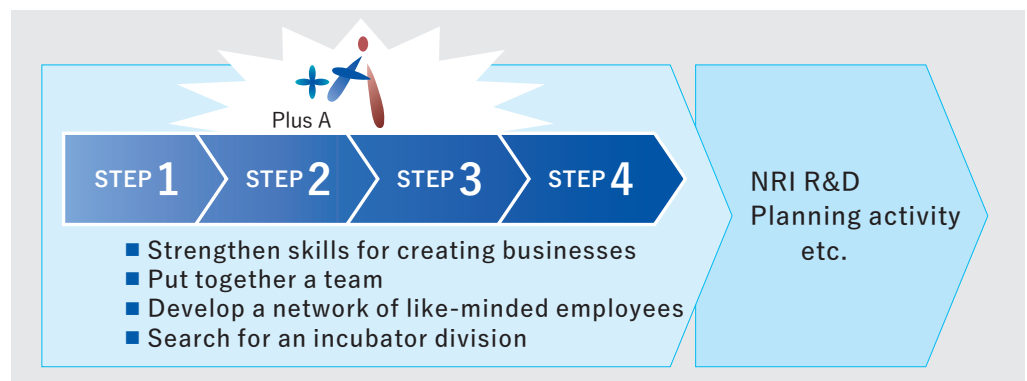
A scene from a NIF General Conference

### Internal business venture program for developing new businesses

As one of the bottom-up activities of NRInnovation! Forum, which aims to foster at NRI a culture of human resource development, in fiscal 2012 NRI began promoting Plus A, a new, bottom-up internal business venture program based on proposals by our employees. Under Plus A, employees are free to trial the creation of a new business based on one of their ideas, independently of their division or field of work.

First, interest in a proposed business idea is fostered from a wider perspective, to build supporters for the business (STEP1). Team-based investigations then more clearly define the project's feasibility (STEP2). Third, the concept behind the business is rounded out by putting it through what we call a preliminary "fitness camp," and following a review of the concept the team proceeds to the stage of conducting a business feasibility study (STEP3). Lastly, by means of a total "fitness camp" every last aspect of the project in the real world is scrutinized before drawing up a business plan and setting out to secure the support of the division that will serve as the new business' incubator organization (STEP4). NRI's ultimate goal in this process is to cultivate a body of business creators among its employees through the experience of harnessing our research and development systems to develop new businesses.

### Plus A's business development process



### Dream up the future Awards

"Dream up the future" is the NRI Group's corporate philosophy, and in keeping with that the Dream up the future Awards were launched in fiscal 2004 to

## Do

encourage NRI Group employees to engage in activities to "dream up the future." The awards are given in January each year. Four different activities received recognition at the ninth Awards announced in fiscal 2012.

## Check & Act

### [Fiscal 2012 evaluation]

- The NRI Women's Network (NWN) developed activities designed to promote greater career engagement by our female employees
- As an enhanced program to train global business professionals, built on and expanded our overseas trainee scheme
- Built on and expanded NRInnovation! Forum, a new initiative designed to innovate our employees' mindset and culture
- Revised our career fields to prepare a foundation that will allow a diverse workforce to thrive
- Deploying our existing internal business venture program ABCi<sup>\*1</sup>, launched our Plus A program to contribute to dreaming up greater diversity among our business assets and to our human resource development
- By incorporating Plus A into the activities of NRInnovation! Forum, gave greater impetus to cultivating a culture of taking on challenges

\* 1 ABCi:  
Advanced Business Creation initiative.

### [Major plans for fiscal 2013]

- Promote diversity management (ongoing)
- Build on and expand human resource development programs
- Through collaborations in Plus A activities with certified business developers<sup>\*2</sup>, start on expanding the foundations for creating new businesses based on employees' ideas

\* 2 Certified business developers:  
NRI employees who are certified to have created new business models and/or to have advanced the expansion and growth of business projects.

## Engagement with Employees (2)

### Creating strong, supportive work environments

#### Plan

One of the NRI Group's core policies is to provide its employees with safe, strong workplace environments. This includes initiatives to give employees a sound work-life balance.

##### [Major plans for fiscal 2012]

- Promote employees' use of our childcare support programs
- Improve our working environments

#### Do

### Developing programs and workplace environments that better assist our employees

#### Programs to assist employees who are pregnant, raising young children, or caring for invalid relatives

The *Act on Advancement of Measures to Support Raising Next-Generation Children* (the "Next-Generation Act" or "NGA") stipulates that certain businesses draft a "General Business Owner Action Plan"(GBOAP) for the purpose of providing support for their employees caring for children with achieving a balance between their employment and their responsibilities as parents. Because NRI has achieved the targets set out in the "Phase III Action Plan" of its GBOAP, and because it has also satisfied the criteria for certification under the NGA, its use of the "Kurumin" certification logo was renewed in July 2013. Starting in April 2013, in line with the Phase IV Action Plan (for April 1, 2013 – March 31, 2016), NRI has been working to put in place arrangements to allow employees with parental responsibilities to achieve full, assured working lives, and to communicate childcare information to all of its employees.

In addition, with the aim of putting in place programs that employees with parental responsibilities can more easily access, in fiscal 2012 working groups of the NRI Women's Network (NWN) investigated improvements which could be made to existing programs, as well as wholly new programs which could be created. Further studies will be undertaken to draft concrete proposals for these matters.

With the aims of making all our employees aware of the programs available and of encouraging our employees to take advantage of them, we post information about these support programs on our intranet and provide explanations of them to managers during their training sessions. Lastly, we are proceeding with our development



The Kurumin certification logo



# Do

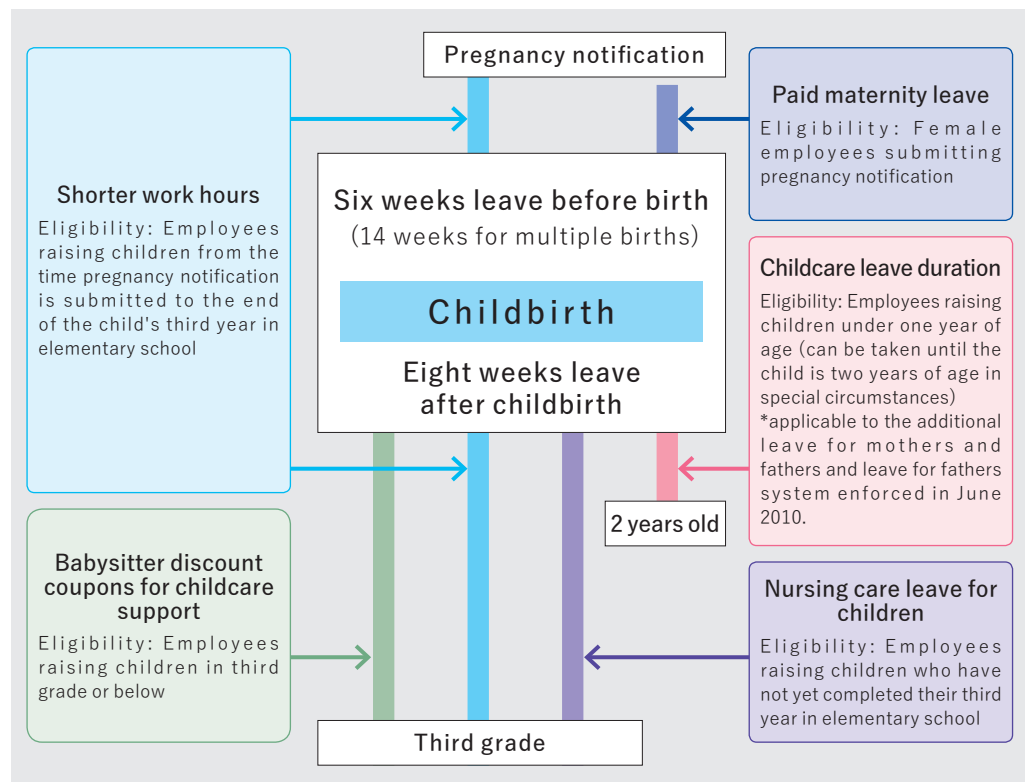
of a proper nursing care leave scheme for our employees, and we are also aiming to create an environment that will enable more employees to make use of nursing care leave.

\* Number of employees who started leave during the fiscal year indicated.

Numbers of employees who took childcare, nursing care, or other similar leave\* (No.)

	FY2008	FY2009	FY2010	FY2011	FY2012
Paid maternity leave	8	9	9	7	9
Childbirth leave	37	40	30	55	56
Childcare leave	40	45	36	60	54
Of whom were male employees	5	3	7	10	7
Nursing care leave	0	1	4	3	2

## NRI programs for pregnant employees and childcare support programs



## Promoting our employees' mental and physical health

### Proper workplace environments and ensuring the health of our employees

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.

# Do

Mechanisms have also been created to assess accurately the working conditions of our employees, enabling managers to provide appropriate guidance based on this information.

## **Mechanisms for the appropriate 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.

## **Helping employees manage their health**

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

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

As a measure to prevent outbreaks or more serious cases of influenza, since fiscal 2009 NRI has arranged for flu shots to be given in the office to employees who request them.

## **Assessing psychological health**

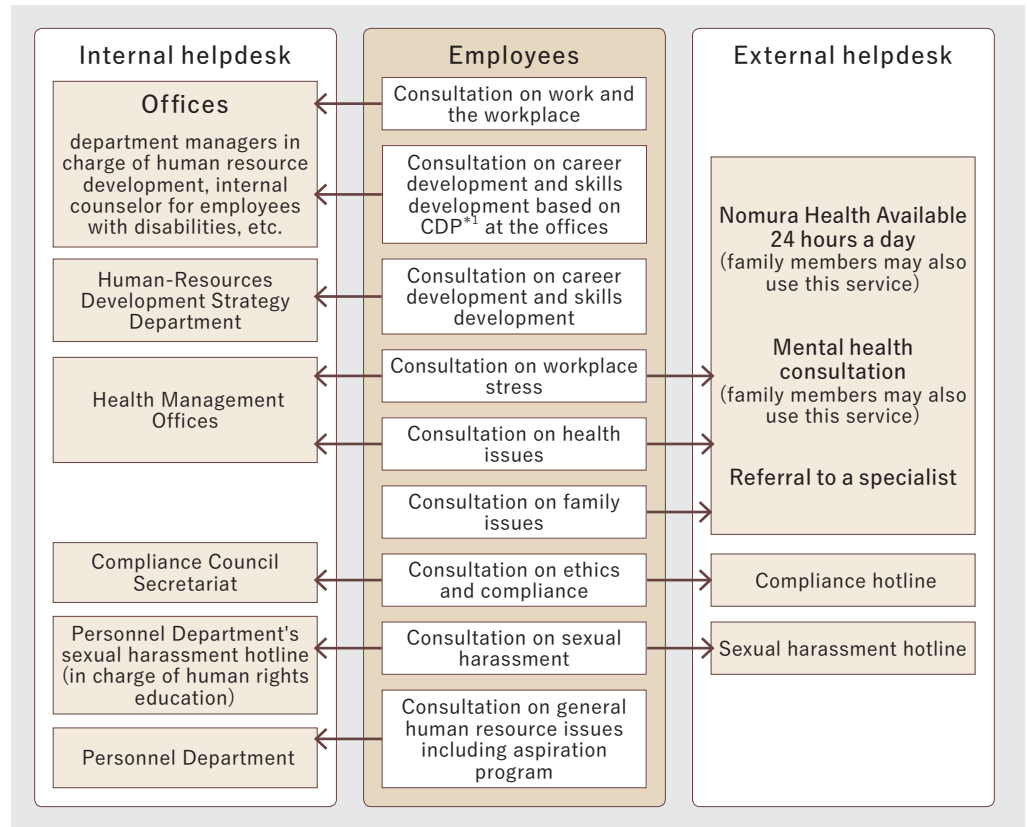
NRI provides all employees with a psychological health checkup every two years, to maintain the health of our organization and the individuals who comprise it, and to ensure the happiness of employees and the vitality of our organization. The most recent checkup was arranged in November 2012. Employees who receive a checkup can consult with a psychiatrist or a clinical psychologist, and so can their families.

## **Consultation service PraNet for work with peace of mind**

The NRI Group has set up PraNet (Professional Assist Network), a service for its employees to obtain advice on a wide range of issues, including job-related ethical and compliance issues, workplace environments, and health.

# Do

## PraNet structure



\*1 CDP:  
 Career Development Program: a program for the effective development and deployment of our human resources that takes careful consideration of the character and aspirations of each individual employee.

## Smart Work Style Campaign

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. The campaign is based on NRI's view that a having a supportive work environment is essential for NRI's sustainable growth.

The campaign's guidelines include ensuring that employees leave the office by no later than 10pm, and that business meetings and discussions be held during normal working hours (8:40am to 5:10pm). Another feature of the campaign is to encourage people to take holiday and other leave. In fiscal 2012 for example, two company-wide campaigns were organized: a summer leave campaign in the first half of the year, followed by a campaign in the second half to take "recharge" leave<sup>2</sup>.

\* 2 "Recharge" leave:  
 Employees are encouraged to take five days' paid leave as a single block of time, for the purpose of coming back to work physically and mentally "recharged."

### Percentage of employees taking annual paid leave

	(%)				
	FY2008	FY2009	FY2010	FY2011	FY2012
Percentage of employees taking annual paid leave	55.7	62.0	63.7	67.0	62.0

## Do

## Magazine and events connecting the NRI Group with its employees and their families

Since 2008 the NRI Group has published *NRI Wave "Family"*, a magazine for our employees and their families to promote greater understanding of NRI and to provide useful information. In fiscal 2012 a special edition of *NRI Wave "Family"* reported on the NRI Group's work and its history to date. During the summer and winter vacations we also hold Bring Your Child to NRI Day!, and the children of our employees are invited to see their parents at work. As well as trying to exchange business cards with some of our executive managers, the children get to see the actual places where their parents spend their days at work.



*NRI Wave "Family"*  
(December 2012 edition)

## Check &amp; Act

### [Fiscal 2012 evaluation]

- Promoted the use of our childcare support programs and investigated making improvements to existing programs and creating new ones
- Set targets for management standards to improve working environments

### [Major plans for fiscal 2013]

- Promote greater use of our childcare support programs (ongoing)
- Improve our working environments (ongoing)

## Engagement with Shareholders and Investors

Meeting shareholder and investor expectations by enhancing our corporate value

### Plan

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

#### [Major plans for fiscal 2012]

- Raise the level of IR for our individual investors (expanding the amount of IR information for individual investors on our official website; holding briefings for individual investors)
- Grow our investor base by amplifying our communication with overseas institutional investors
- Provide more comprehensive information disclosure
- Promote understanding of NRI's medium- and long-term growth strategies and of how they are progressing, through investor briefings featuring specific everyday examples

### Do

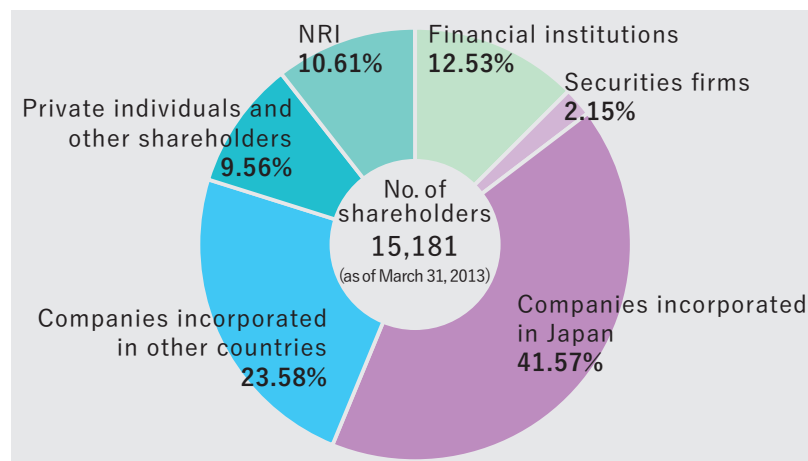
#### A dividend policy designed for medium- to long-term growth

##### Balance and consistency

NRI's basic policy regarding its dividends is to achieve consistency in its payments while being mindful of the need to have substantial internal reserves available to fund its long-term business development. For these reasons NRI aims for a consolidated payout ratio of 30% based on its operating revenue and cash flow.

As in fiscal 2011, in fiscal 2012 NRI paid an annual dividend per share of ¥52.

##### Breakdown of NRI shareholders



## Do

**Enhancing communication and information disclosure****Enhancing the role of General Meetings of Shareholders**

NRI endeavors to make general meetings of shareholders (GMS) more convenient for participants. To this end meeting notifications are sent by e-mail to those shareholders who have agreed to this method. Shareholders are also able to exercise their voting rights via the internet, and since 2009, notice of general meetings for shareholders has also been given in English. NRI has joined the electronic voting platform for foreign and institutional investors operated by Investor Communications Japan (ICJ), to give its overseas shareholders and investors additional opportunities to exercise their voting rights. Voting results are disclosed as soon as practicable following the relevant general meeting of shareholders.

Moreover, to assist shareholders in understanding the business operations of the NRI Group, briefings are given by senior management following the conclusion of a GMS to inform shareholders face-to-face on the business environment that NRI is facing and what its actions will be for the future.

At the briefing by senior management in June 2012, shareholders were informed of market trends in India and Southeast Asia, along with NRI's initiatives in those markets. In the Q&A session following the main briefing, shareholders asked questions about the background factors for NRI's pursuit of globalization as well its goals for that path, and also about NRI's methods for developing global human resources. Shareholders also expressed a desire that NRI's globalization proceed with no barriers arising between the Consulting Division and the Solutions Division.

**Augmenting direct communication with shareholders and investors to expand our investor base**

NRI holds briefings and meetings for institutional investors and analysts both in- and outside Japan. In fiscal 2012 NRI convened meetings for a total of 477 institutional investors and analysts. In order to provide information about NRI to individual investors in more regions, we held information sessions for such investors in Nagoya and Tokyo. Lastly, in an endeavor to advance greater understanding of our business activities and strategies for growth, we participated in two forums in Tokyo for Japanese and non-Japanese institutional investors.



Information session for individual investors (Tokyo)

# Do

## Shareholder survey

As one opportunity to receive feedback, NRI asks its shareholders to fill out questionnaires. NRI canvassed its shareholders twice in fiscal 2012, receiving responses as shown below.

NRI wants to strive harder to gauge the wishes and views of its shareholders in order to meet their expectations.

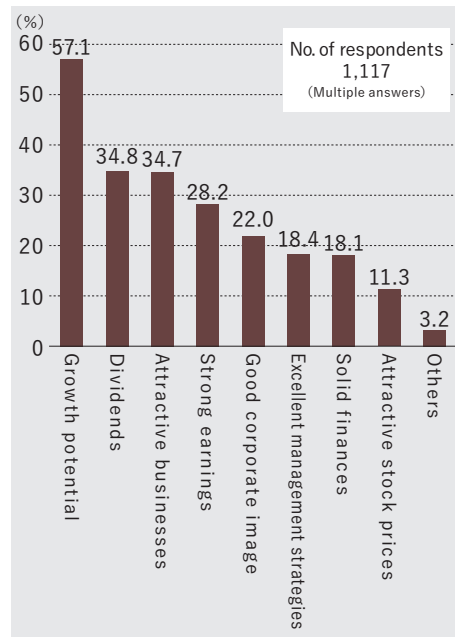
### Responses returned from our FY2012 shareholder surveys

For the first survey, 15,943 shareholders were sent a questionnaire, which 1,117 (7.0%) completed and returned.

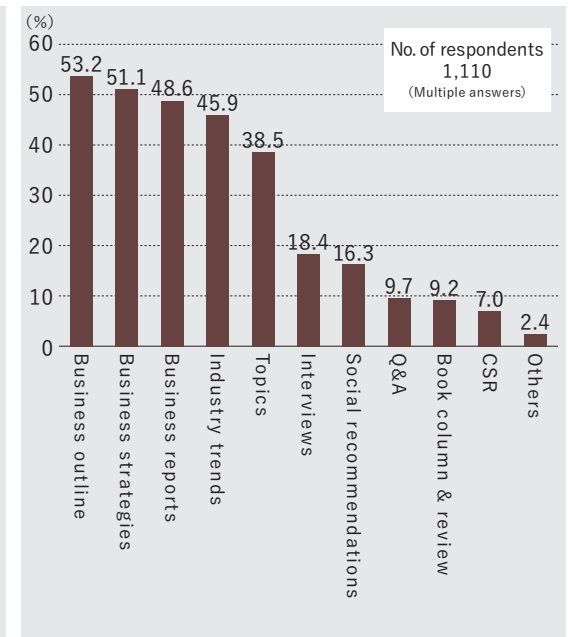
For the second survey, 16,250 shareholders were sent a questionnaire, which 1,110 (6.8%) completed and returned.

\* *Letter from NRI:*  
Our bulletin for shareholders.

1st survey:  
What were your reasons for buying NRI shares?



Question in the second survey:  
What topics would you like *Letter from NRI*\* to cover?



## Building trust through the right amount of information disclosure

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

In fiscal 2012, we disclosed information for the purpose of ongoing communication with our shareholders and investors to allow them to broaden their understanding of NRI's strategies for medium- and long-term growth, as well as of their progress.

NRI has also set up a Disclosure Committee to improve the credibility of the data it discloses. The Committee reviews the company's procedures for preparing its financial statements, detailed statements, and annual securities reports, and it checks to ensure that the information they contain is accurate.

## Do

NRI promptly publishes its final financial results in the "Investor Relations" section on its website, where it also posts its shareholder newsletter Letter from NRI, its annual reports, and materials from its briefings of results. It also posts videos of its briefings while announcing its full year and second quarter financial results. Lastly, NRI has worked to enhance its disclosure of information by reviewing which information it discloses. In particular it has made efforts to make its information more comprehensible to individual investors by adding everyday examples that may be familiar to them.

## Check & Act

### [Fiscal 2012 evaluation]

- Expanded the amount of IR information for individual investors on our official website, and by holding briefings for individual investors, amplified our communication with individual investors
- As well as holding information sessions for institutional investors and participate in investor forums, undertook the prompt preparation and disclosure of materials in English, and through regular overseas IR activities, amplified our communication with overseas institutional investors
- Through IR briefings and our annual report, advanced understanding of NRI's growth strategies, the central pillar of which is our long-term management vision, Vision 2015, and of how those strategies are progressing

### [Major plans for fiscal 2013]

- Press ahead with IR for individual investors (for example through Letter from NRI, and information sessions for individual investors)
- Expand our investor base by amplifying our communication with overseas institutional investors (ongoing)
- Provide more comprehensive information disclosure (ongoing)
- Promote understanding of NRI's medium- and long-term growth strategies and of how they are progressing, through investor sessions featuring specific everyday examples (ongoing)



# Engagement with Business Partners

## Building partnerships that lead to mutual growth

### Plan

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. True to this commitment, the NRI Group continually engages in efforts in concert with its business partners to increase added value for its services and to make gains in productivity.

#### [Major plans for fiscal 2012]

- Strengthen collaboration with our e-partners and other partner companies
- Undertake projects with our e-partners and other partner companies for mutual growth and development
- Accelerate efforts to further undertake offshoring
- Provide our partner companies with support to strengthen their information security

### Do

#### **Building strong and equitable business relationships**

##### **Relations between the NRI Group and its business partners**

The NRI Group strives to augment and reinforce its organizational structures to be able to deliver consistently high-quality services. We do this by building business relationships with our business partners that work with precision and efficiency based on business models we develop to achieve mutually beneficial and complementing partnerships.

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

The NRI Group also signs "e-partnership" agreements with companies that possess particularly sophisticated operational know-how and IT capabilities. NRI works 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, 2013, NRI had seven such e-partners in

# Do

Japan and two in China.

## **Preventing abuse of our bargaining power**

To ensure fair and sound business relationships with its partner companies, NRI forbids 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 of 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.

## **Making appropriate subcontracting operations a permanent fixture**

The partner companies engaged in business with NRI employ just over 10,000 employees between them, and around half of those are present 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 subcontracting agreement partner company employees 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. Lastly, each year we voluntarily inspect our practices to ensure that appropriate subcontracting operations become a fixture at NRI.

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

### **Working together to raise the quality of our systems development**

Working as a team with our partner companies is essential for improving quality levels of NRI's IT solutions business. 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 with the aim of ensuring and raising quality levels.

### **Working together to promote enhancement service reforms**

The NRI Group is engaged in enhancement service reforms to further improve quality and productivity. We are undertaking these activities in each project on an ongoing basis in collaboration with our e-partners and other partner companies (see [Quality Management](#)).

In fiscal 2008, the NRI Group set up a system for certifying "extended

## Do

e-partners" ("e-e partners") for their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 2013, three companies have signed on as e-e partners, and we will continue our efforts to collaborate further with them on our enhancement service reforms.

### Supporting human resource development

The NRI Group offers training sessions to its partner companies that feature the Group's own original content. Covering topics including project management, quality management, and systems engineer education, the goal of the sessions is to achieve efficient and seamless collaboration on systems development. This training also serves as an opportunity for the development of our partner companies' human resources. In fiscal 2012 we ran eight different sessions on 18 occasions, which were completed by a total of 150 employees from 18 of our partner companies.

### Sharing our management policies

The NRI Group holds an annual NRI Group Management Seminar for senior managers of its partner companies, in order to share its management policies as well as its priority measures for that year. In fiscal 2012 the seminar drew some 200 senior managers from around 100 of NRI's partner companies in Japan and overseas.

## Promoting offshoring

The NRI Group continually undertakes projects to improve quality and ensure productivity in the offshoring it engages in. The scope of the business processes and operations that we outsource has expanded, and our offshore partner companies now account for more than 30% of our total outsourced operations. The number of Chinese partner companies in our IT solutions business stands at 20 companies in nine regions as of March 31, 2013.

In fiscal 2012 issues surrounding the Senkaku Islands worsened, which seriously unsettled Japan-China relations. As well as maintaining its close partnerships with its Chinese partner companies and monitoring the precise state of affairs within China, the NRI Group strove to work together with its partner companies there so that it could navigate that series of unexpected events. The NRI Group will continue its sharing of information with its Chinese partner companies as it pursues its path of offshoring.

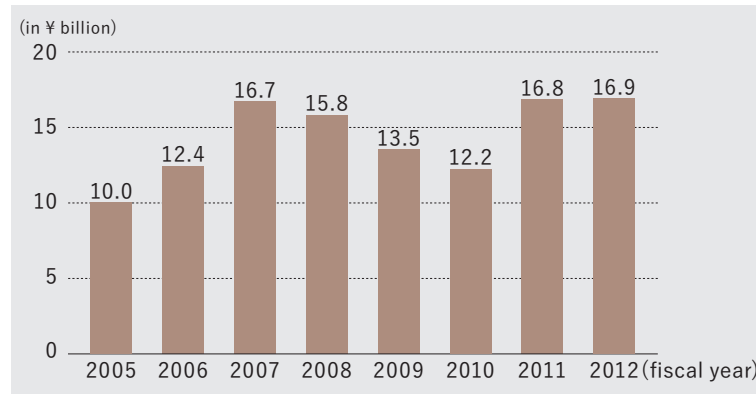
At the same time, the NRI Group is proceeding to diversify its outsourcing destinations. It is moving to press forward with its offshoring in China not just in its larger cities such as Beijing and Shanghai but also in regional bases in China, in collaboration with its Chinese partner companies. NRI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

\* Nearshoring:

Outsourcing software development and systems development to companies and subsidiaries in more remote domestic locations.

## Do

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



## Activities to ensure information security at partner companies

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 compliance. (See [Information Security Management](#))

In fiscal 2012 as in the previous fiscal year, information sessions were held in cities including Tokyo and Osaka for our domestic and overseas partner companies, which were attended by representatives from 308 companies in Japan and 21 in China. At these sessions, NRI again stressed that its partners implement the Plan, Do, Check, and Act (PDCA) cycle properly in order to raise levels of information security.

We also held sessions for our Chinese partner companies in Beijing, Shanghai, and Dalian, where we vehemently expressed the importance of information security.

## Check &amp; Act

### [Fiscal 2012 evaluation]

- Strengthened collaboration with our partner companies to improve levels of quality in our IT solutions business
- Undertook projects with our partner companies for our mutual prosperity
- Maintained and expanded our offshoring, and advanced projects to achieve greater offshoring diversification
- Provided support to strengthen information security at our partner companies

### [Major plans for fiscal 2013]

- Further strengthen collaboration with our e-partners and other partner companies (ongoing)
- Pursue projects with our partner companies for our mutual prosperity (ongoing)

## Check & Act

- Expand our offshoring, and advance projects to achieve greater offshoring diversification (ongoing)
- Provide support to strengthen information security at our partner companies (ongoing)

**NRI Group's Code of Business Principles**

**NRI Group Employees' Code of Business  
Conduct**

## NRI Group's Code of Business Principle

The NRI Group will act in accordance with the following principles in order to realize its corporate philosophy.

### 1 Relationship with Society

- The NRI Group will proactively disseminate information on the results of its business activities and studies and research. We will also utilize the knowledge and expertise that we have built up over our history to support the development of human resources including the young people and senior executive who will take on the challenges of the next generation. At the same time, we will contribute to the development of society by advocating a new order for the future.
- NRI Group will take into consideration environmental issues in its business activities and fulfill its social responsibility in collaboration with local communities.
- The NRI Group will observe both the letter and the spirit of the law and regulations and will respect social equality as well as fair and equitable principles in its business activities. We will never have any kind of relationship with antisocial forces.

### 2 Relationship with Customers

- The NRI Group will place every emphasis on customers' points of view and strive to build trusting relationships that will nurture the support of customers over the long term.
- The NRI Group prioritizes high quality and high added value and observes its promises to customers to provide highly satisfactory services that contribute to the development of customers.

### 3 Relationship with Employees

- Training human resources with a high level of expertise, a strong sense of responsibility, and a broad social outlook is the most important management issue for the NRI Group.
- The NRI Group emphasizes and pursues a project system that goes beyond the organization to generate added value through individual expertise, creativity, and knowledge, all of which complement each other.

- The NRI Group provides a safe and healthy working environment in which employees can exercise their skills and where their personal attributes and human rights will be respected.

### 4 Relationship with Shareholders and Investors

- The NRI Group efficiently utilizes its management resources in its pursuit of sound and stable growth as well as expanded corporate value in an effort to reward its shareholders.
- The NRI Group strives to present corporate information fairly with the goal of being an open company.

### 5 Relationship with Business Partners

- The NRI Group builds mutually beneficial business relationships with its external contractors and suppliers in accordance with laws, regulations and sound business customs.

## NRI Group Employees' Code of Business Conduct

NRI Group employees (hereafter "Employees") should comply with laws, regulations and social mores as well as the standards of behavior outlined below in order to realize the Group's corporate philosophy and the NRI Group's Code of Business Principles.

### 1 Relationship with Society

#### 1-1) Role as a good corporate citizen

a. Employees shall engage in studies and research looking ahead to the future and contribute to the development of society as well as the development of human resources, in accordance with the NRI Group's corporate philosophy "Dream up the future."

b. Employees shall participate in volunteer activities as well as local community activities, and proactively contribute to society.

#### 1-2) Consideration for the environment

Employees view efforts to address environmental issues as their responsibility as good corporate citizens, and will continue their activities to conserve energy and resources to prevent global warming.

#### 1-3) Legal compliance

Employees will comply with all laws and regulations related to corporate activities and compete fairly in accordance with business practices.

#### 1-4) Stance toward antisocial forces

Employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity. Employees shall report quickly to or consult with supervising departments in the event of any doubts regarding a transaction or illegitimate requests from antisocial or other forces.

#### 1-5) Respect for the intellectual property rights of third parties

Employees shall not infringe upon intellectual property rights held by a third party. Employees shall not use software without obtaining the officially sanctioned license.

### 2 Relationship with Customers

#### 2-1) Fulfilling specialist responsibilities

Employees shall provide the best, most optimum services from the perspective of the customer. In the event that an issue exceeds individual levels of expertise, Employees shall harness its collective strengths to resolve the issue.

#### 2-2) Client proposals, contract negotiations, and contract fulfillment

Employees shall strive to ensure that their transactions are advantageous for both the client and the NRI Group. The supervising department shall screen contracts before they are signed, and the terms of the client shall be faithfully fulfilled after the contract is signed.

#### 2-3) Commitment to quality

Employees shall have a good understanding of Company-wide initiatives to improve quality, and

shall strive to enhance customer satisfaction through ongoing activities to improve quality.

### 3 Role of NRI Group Employees

#### 3-1) Responsible behavior

Employees must act with an awareness of the expectations placed on them and their responsibilities as members of society and as professionals.

#### 3-2) Rejection of inappropriate business

a. Transactions must be carried out on equitable terms based on appropriate competition.

b. Employees must avoid business partners and transactions that are inappropriate.

c. Employees must avoid business that would be irresponsible in the context of its clients' needs.

#### 3-3) Information security

a. Employees must be fully aware that information security is the NRI Group's lifeline, and must accurately understand and comply with laws, regulations and Company rules.

b. In principle, Employees must not acquire personal information and other companies' confidential information. In the event that such information must be obtained for business purposes, this information must be managed appropriately in accordance with the relevant laws, regulations and Company rules, and cannot be disclosed to third parties without prior consent.

c. The internal information systems and telecommunications equipment used must be that stipulated by the Company. In principle, employees shall strive to use the equipment appropriately in accordance with Company rules, and shall not use it for personal purposes.

#### 3-4) Creating a workplace conducive to job performance

a. Employees shall respect each other's personal attributes and individuality, and must not infringe on each other's human rights, for example through irrational discrimination, sexual harassment or bullying from the boss.

b. Employees shall comply with labor-related laws and shall maintain a healthy workplace environment conducive to job performance.

3-5) Compliance with final decisions and accounting rules  
Employees must comply with the Company's accounting rules, and must complete accounting procedures accurately and promptly.

#### 3-6) Appropriate management of Company assets

Employees must strive to appropriately manage Company assets and intellectual property.

#### 3-7) External announcements

a. External announcements must conform to Company rules, all applications and submissions must be made, and the stipulated approval must be obtained.

b. Employees must select the appropriate forum and media for external announcements.

#### 3-8) Marketable securities and other transactions

a. Employees shall not trade marketable securities and other instruments using insider information.

b. Employees must apply to the supervising department in advance and obtain authorization when trading marketable securities and other instruments.

### 4 Relationships with shareholders and investors

#### 4-1) Raising corporate value and the quality of information disclosure

a. Employees prevent any damage to the NRI Group's corporate value, pursue sound and stable growth and strive to raise shareholder returns.

b. Employees comply with those business accounting principles, laws and regulations as well as the Company's rules that form the basis for appropriate disclosure of corporate information, among others, and strive to accurately and quickly disclose information warranting disclosure.

#### 4-2) Management of insider information

The NRI Group and other companies' insider information is not conveyed to people who do not need to know such information for business purposes and is not presented externally until this information is disclosed.

### 5 Relationship with Business Partners

#### 5-1) Relationship with external contractors and others

a. The optimum business partner is selected fairly. Moreover, the status of contracted work must be independently ascertained.

b. Subcontracting Law, the Employment Security Act, the Worker Dispatch Act and other statutory requirements must be understood and complied with in subcontracting operations.

#### 5-2) Temperate interaction

a. Employees shall not be involved in business entertainment that deviates from socially accepted standards or that could be mistakenly construed as bribery.

b. In principle, Employees shall not give or receive any gifts, with the exception of inexpensive items or gifts that are given to a large group.

History Established: May 1, 2003

Revised: August 1, 2004; March 1, 2010

# Plans and Achievements



## Plans and Achievements

We report on fiscal 2012 results for proactive CSR, research and development, fundamental CSR, and engagement with stakeholders, and present key plans for fiscal 2013.

Progress: ◎ Exceeded plan / ○ Achieved as planned / △ Targets partially achieved / × No progress

Items	Major plans for fiscal 2012	Main projects implemented in fiscal 2012	Progress	Major plans for fiscal 2013
<b>Proactive CSR</b>				
Research and Development	Improve R&D planning and promotion capabilities	<ul style="list-style-type: none"> <li>Through investment in the most advanced fields, strengthened our proposal capabilities aimed at solving issues faced by society</li> </ul>	○	<ul style="list-style-type: none"> <li>Operate our business based on the three themes of Strategic technology, Global, and Branding</li> </ul>
	Implement policies designed to improve business potential of our R&D	<ul style="list-style-type: none"> <li>Through joint research with clients, achieved a new level of integration between our themes and the issues facing our clients and societies</li> </ul>	○	<ul style="list-style-type: none"> <li>Strengthen the PDCA cycle for our R&amp;D projects</li> </ul>
<b>Fundamental CSR</b>				
Corporate Governance and Internal Controls	Upgrade internal controls at a company-wide level	<ul style="list-style-type: none"> <li>Reviewed and upgraded items for monitoring as part of internal controls at a company-wide level</li> </ul>	○	<ul style="list-style-type: none"> <li>Upgrade internal controls at a company-wide level (ongoing)</li> </ul>
	Reinforce control capability in management departments within business divisions	<ul style="list-style-type: none"> <li>Reviewed and built appropriate corporate governance and internal controls systems</li> </ul>	○	<ul style="list-style-type: none"> <li>Reinforce control capability in management departments within business divisions (ongoing)</li> </ul>
Risk Management	Recheck company-wide business continuity and risks	<ul style="list-style-type: none"> <li>Rechecked company-wide business risks and determined priority areas</li> </ul>	△	<ul style="list-style-type: none"> <li>Determine priority areas based on the results of risk reassessments</li> </ul>
	Enhance PDCA cycle management for priority areas	<ul style="list-style-type: none"> <li>Put in place PDCA cycle to match state of risks</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement deep PDCA cycle based on state of risks</li> </ul>
	Undertake ongoing BCP/DR development and operational assessment for key business operations	<ul style="list-style-type: none"> <li>Assessed operation of and developed BCP/DR for key business operations</li> </ul>	○	<ul style="list-style-type: none"> <li>Continually assess operation of and develop BCP/DR for key business operations (ongoing)</li> </ul>
	Promote energy-saving measures & power failure countermeasures	<ul style="list-style-type: none"> <li>Steadily implemented energy-saving measures &amp; power failure countermeasures</li> </ul>	○	<ul style="list-style-type: none"> <li>Put in place a system and equipment for the scenario of an earthquake or outbreak of infection</li> </ul>

Items	Major plans for fiscal 2012	Main projects implemented in fiscal 2012	Progress	Major plans for fiscal 2013
Compliance	Develop and promote awareness of the Fiscal 2012 Fundamental Rules for Executive Officers and General Staff	<ul style="list-style-type: none"> <li>Developed and promoted awareness of Fiscal 2012 Fundamental Rules for Executive Officers and General Staff</li> </ul>	○	<ul style="list-style-type: none"> <li>Hold compliance check test mandatory for all employees (as part of employees' e-learning)</li> </ul>
	Survey the compliance awareness of and further reinforce the compliance message for all NRI Group employees	<ul style="list-style-type: none"> <li>Conducted a compliance awareness survey and further reinforced the compliance message for all NRI Group employees</li> </ul>	○	<ul style="list-style-type: none"> <li>Hold ongoing lectures and exercises on compliance as part of job-specific and executive function-specific training</li> </ul>
	Investigate and implement individual improvement programs for business divisions and Group companies	<ul style="list-style-type: none"> <li>Had Head Office and the relevant business division(s) work together to implement improvement programs on an ongoing basis</li> </ul>	○	<ul style="list-style-type: none"> <li>Monitor state of compliance with the Fundamental Rules for Executive Officers and General Staff, and have Head Office and the relevant business division(s) work together to remedy any issues uncovered</li> </ul>
Quality Management	Maintain and make ongoing improvements to our quality management system and IT service management system	<ul style="list-style-type: none"> <li>Implemented failure reduction programs that targeted issues specific to individual worksites</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain and make ongoing improvements to our quality management system (ongoing)</li> </ul>
Information Security Management	Continue to strengthen information leak prevention measures	<ul style="list-style-type: none"> <li>Implemented measures and the PDCA cycle to strengthen information security for clients' confidential data</li> <li>Employed stringent measures on strengthening information security failure management and on sending emails to wrong recipients, slashed the total number of information security failures to around 50% of the fiscal 2011 amount</li> <li>For bulk e-mailout operations, performed a simultaneous spot check of all domestic and overseas Group companies and implemented improvements, significantly eliminating wrong recipient email transmissions</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen information security for clients' confidential information, and conduct information security audits</li> <li>Strengthen our regulations and guidelines concerning information security, step up visualization, and implement various information security measures</li> <li>Reinforce information security at Group companies and partner companies</li> </ul>
	Promote information security measures and audit the state of information security at our domestic Group companies and overseas offices	<ul style="list-style-type: none"> <li>Conducted audits on information security practices at a total of twelve of our domestic Group companies and affiliated companies</li> <li>Appointed a CISO and an information security promoter at all eighteen of our bases overseas and developed appropriate systems and drafted the information security plans</li> </ul>	○	<ul style="list-style-type: none"> <li>Expedite action plans against new threats to information security such as cyber-attacks</li> </ul>
	Expedite action plans against new threats to information security such as cyber-attacks	<ul style="list-style-type: none"> <li>Assessed all of our internet sites for vulnerability to cyber-attacks, and completed repairs on any sites discovered to have fundamental vulnerabilities</li> </ul>	○	

Items	Major plans for fiscal 2012	Main projects implemented in fiscal 2012	Progress	Major plans for fiscal 2013
Intellectual Property Management	Provide more active support for the global expansion of our business from an IP perspective	<ul style="list-style-type: none"> <li>• Provided support with setting up new Group offices overseas, and promoted appropriate efforts to establish the corporate brand of our overseas offices</li> </ul>	○	<ul style="list-style-type: none"> <li>• Provide more active support for the global expansion of our business from an IP perspective (ongoing)</li> </ul>
	Strengthen our preventive legal practices to avert breaches by us of other people's IP rights	<ul style="list-style-type: none"> <li>• Through our intellectual property review process, bolstered practices for promptly acquiring IP protection for our ideas, etc. and for avoiding IP infringements</li> </ul>	○	<ul style="list-style-type: none"> <li>• Run programs to raise the level of our executives and employees' intellectual property awareness</li> </ul>
	Exploit our existing intellectual property more actively	<ul style="list-style-type: none"> <li>• Held copyright seminars as a matter of priority to fully familiarize employees with revisions to the Copyright Act and to fix basic copyright knowledge in their minds</li> </ul>	○	<ul style="list-style-type: none"> <li>• Continue to manage our software licenses appropriately and efficiently (ongoing)</li> </ul>
	Continue to manage our software licenses appropriately and efficiently	<ul style="list-style-type: none"> <li>• Continued programs to implant an awareness in our employees of our internal rules on software license management, and underwent a software usage assessment by a vendor to check that we are managing our software licenses appropriately</li> </ul>	○	
Environmental Protection	Continue NRI Green Style activities	<ul style="list-style-type: none"> <li>• While continuing to advance NRI Green Style activities, undertook efforts to curb our electricity consumption during the summer period, achieving a 15% cut on fiscal 2010 levels in our offices' electricity consumption for the Group as a whole</li> </ul>	○	<ul style="list-style-type: none"> <li>• Continue to advance NRI Green Style activities</li> <li>• Implement measures curbing our electricity use throughout the year (in particular have an action plan for when demand puts strain on power supplies in summer)</li> </ul>
	Implement measures curbing our electricity use throughout the year (in particular have an action plan for when demand puts strain on power supplies in summer)	<ul style="list-style-type: none"> <li>• By upgrading energy saving equipment and voluntarily introducing power cutting measures at three of our Data Centers (Yokohama I, Yokohama II, and Hiyoshi), achieved a 1.6% reduction in their electricity consumption on the previous fiscal year</li> </ul>	○	<ul style="list-style-type: none"> <li>• Continue to respond as appropriate to global warming action plans at the national and local government level</li> <li>• Improve total energy consumption efficiency by 1% on fiscal 2012 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)</li> </ul>
	Continue to respond as appropriate to global warming action plans at the national and local government level	<ul style="list-style-type: none"> <li>• Responded as appropriate to regimes under the Act on the Rational Use of Energy and global warming acting plans of local governments, filing regular reports, mid- to long-term plans, and global warming action plan implementation reports to the Ministry of Economy, Trade and Industry and relevant local government authorities</li> </ul>	○	<ul style="list-style-type: none"> <li>• Introduce the latest energy conservation technologies in the operation of Tokyo Data Center I, which has pursued its environmental performance through the use of natural energy sources</li> </ul>
	Improve energy consumption efficiency by 1% on fiscal 2011 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)	<ul style="list-style-type: none"> <li>• Improved energy consumption efficiency by 1% on fiscal 2011 levels at four of our Data Centers (Yokohama I, Yokohama II, Hiyoshi, and Osaka)</li> </ul>	○	<ul style="list-style-type: none"> <li>• Start initiatives on biodiversity (provide environmental education to children)</li> </ul>
	Introduce the latest energy conservation technology, and complete construction of Tokyo Data Center I, which has pursued its environmental performance through the use of natural energy sources	<ul style="list-style-type: none"> <li>• Opened Tokyo Data Center I on November 21, 2012, where we were conscientious in our adoption of new technologies</li> </ul>	○	<ul style="list-style-type: none"> <li>• Strengthen our efforts for the uptake of renewable energy</li> </ul>

Items	Major plans for fiscal 2012	Main projects implemented in fiscal 2012	Progress	Major plans for fiscal 2013
<b>Engagement with Stakeholders</b>				
Engagement with Clients	Carry out ongoing client satisfaction surveys and assess our effectiveness	<ul style="list-style-type: none"> <li>Carried out client satisfaction surveys and implemented follow-up measures based on the results</li> <li>Promoted field-specific activities, such as seminars for individual business divisions</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to carry out CS surveys and assess our effectiveness (ongoing)</li> <li>Continue to hold forums for clients (ongoing)</li> </ul>
	Hold forums for clients	<ul style="list-style-type: none"> <li>Held forums for clients in Tokyo, Osaka, etc.</li> </ul>	○	
Engagement with Employees	Promote diversity management	<ul style="list-style-type: none"> <li>The NRI Women's Network (NWN) developed activities designed to promote greater career engagement by our female employees</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote diversity management (ongoing)</li> <li>Build on and expand human resource development programs</li> <li>Through collaborations in Plus A activities with certified business developers, start on expanding the foundations for creating new businesses based on employees' ideas</li> <li>Promote greater use of our childcare support programs (ongoing)</li> <li>Improve our working environments (ongoing)</li> </ul>
	Strengthen support for career and skills development	<ul style="list-style-type: none"> <li>As an enhanced program to train global business professionals, built on and expanded our overseas trainee scheme</li> <li>Revised our career fields to prepare a foundation that will allow a diverse workforce to thrive</li> </ul>	◎	
	Undertake initiatives to foster a corporate culture of human resources development	<ul style="list-style-type: none"> <li>Built on and expanded NRInnovation! Forum, a new initiative designed to innovate our employees' mindset and culture</li> <li>Deploying our existing internal business venture program ABCi, launched our Plus A program to contribute to dreaming up greater diversity among our business assets and to our human resource development</li> <li>By incorporating Plus A into the activities of NRInnovation! Forum, gave greater impetus to cultivating a culture of taking on challenges</li> </ul>	○	
	Promote employees' use of our childcare support programs	<ul style="list-style-type: none"> <li>Promoted the use of our childcare support programs and investigated making improvements to existing programs and creating new ones</li> </ul>	○	
	Improve our working environments	<ul style="list-style-type: none"> <li>Set targets for management standards to improve working environments</li> </ul>	○	

Items	Major plans for fiscal 2012	Main projects implemented in fiscal 2012	Progress	Major plans for fiscal 2013
Engagement with Shareholders and Investors	Raise the level of IR for our individual investors (expanding the amount of IR information for individual investors on our official website; holding briefings for individual investors)	<ul style="list-style-type: none"> <li>Expanded the amount of IR information for individual investors on our official website, and by holding briefings for individual investors, amplified our communication with individual investors</li> </ul>	○	<ul style="list-style-type: none"> <li>Press ahead with IR for individual investors (for example through Letter from NRI, and information sessions for individual investors)</li> <li>Expand our investor base by amplifying our communication with overseas institutional investors (ongoing)</li> </ul>
	Grow our investor base by amplifying our communication with overseas institutional investors	<ul style="list-style-type: none"> <li>As well as holding information sessions for institutional investors and participate in investor forums, undertook the prompt preparation and disclosure of materials in English, and through regular overseas IR activities, amplified our communication with overseas institutional investors</li> </ul>	○	<ul style="list-style-type: none"> <li>Provide more comprehensive information disclosure (ongoing)</li> <li>Promote understanding of NRI's medium- and long-term growth strategies and of how they are progressing, through investor sessions featuring specific everyday examples (ongoing)</li> </ul>
	Promote understanding of NRI's medium- and long-term growth strategies and of how they are progressing, through investor briefings featuring specific everyday examples	<ul style="list-style-type: none"> <li>Through IR briefings and our annual report, advanced understanding of NRI's growth strategies, the central pillar of which is our long-term management vision, Vision 2015, and of how those strategies are progressing</li> </ul>	○	
Engagement with Business Partners	Strengthen collaboration with our e-partners and other partner companies	<ul style="list-style-type: none"> <li>Strengthened collaboration with our partner companies to improve levels of quality in our IT solutions business</li> </ul>	○	<ul style="list-style-type: none"> <li>Further strengthen collaboration with our e-partners and other partner companies (ongoing)</li> </ul>
	Undertake projects with our e-partners and other partner companies for mutual growth and development	<ul style="list-style-type: none"> <li>Undertook projects with our partner companies for our mutual prosperity</li> </ul>	○	<ul style="list-style-type: none"> <li>Pursue projects with our partner companies for our mutual prosperity (ongoing)</li> </ul>
	Accelerate efforts to further undertake offshoring	<ul style="list-style-type: none"> <li>Maintained and expanded our offshoring, and advanced projects to achieve greater offshoring diversification</li> </ul>	○	<ul style="list-style-type: none"> <li>Expand our offshoring, and advance projects to achieve greater offshoring diversification (ongoing)</li> </ul>
	Provide our partner companies with support to strengthen their information security	<ul style="list-style-type: none"> <li>Provided support to strengthen information security at our partner companies</li> </ul>	○	<ul style="list-style-type: none"> <li>Provide support to strengthen information security at our partner companies (ongoing)</li> </ul>

# Third-Party Opinions

## Junichi Mizuo, Ph.D.



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

From the standpoint of having integrated CSR theory and practice at companies and universities with the aim of achieving sustainable societies, I would like to give my third-party opinion as follows.

### Praise:

**NRI has been effective in its disclosure of information on its Proactive CSR and Fundamental CSR activities and of NRI's Unique Contributions to Society, through three different forms of media.**

NRI promotes "Progressive," "Trust," and "Quality," as the starting points for its business, and is also responsible for its full and proper disclosure of CSR activities, which are advancing proposals that will benefit future generations while meeting society's expectations.

First, concerning NRI's Proactive CSR, a new order for future society and building information systems that support society is advocated. At the heart of this CSR is NRI's Navigation X Solution, and its management vision as set out in Vision2015.

Second, there is NRI's Fundamental CSR, which involves building a solid base for the future, and developing a safe society that enjoys peace of mind. Against a backdrop of crisis management and the rise of the information society, starting with its achievements in compliance NRI has secured high levels of trust and quality in areas including information security management, which in recent years have come to attract particular importance.

Third, there are the initiatives undertaken as part of NRI's Unique Contributions to Society, which aims to realize a beneficial ICT society. One such initiative is the contributions it has made to the system and technology for the My Number Act.

The results of these activities have been set out in a printed CSR Report and its digital version; the CSR Book; and the CSR Activity File. Compartmentalization in this manner represents a due and proper form of information disclosure.

NRI's desire to develop human resources who will lead to the realization of "Dream up the future." through its internal and external programs is palpable.

Outside its own organization, since 2012 it has launched new initiatives to educate up-and-coming generations, such as the Dream up the future Campus, and the 2030 Japanese Value Creation Project.

Through a diverse range of internal schemes such as the C&A Program to support the systematic and self-directed development by employees of their skills, the cross-company project NRInnovation! Forum, and Plus A, the internal business venture program to create new businesses, NRI's aim is to also cultivate a culture of taking on challenges designed to dream up the future.

As in the Japanese expression "the battle will be won as much by our people as by our stone walls and castles", for companies and society alike, human resources are human assets – that is, assets of great value, and they constitute the cornerstone of sustainable development. You can really sense the energy that NRI is bringing to its efforts to develop human resources who will lead to the realization of "Dream up the future."

### Suggestions:

**Use benchmarking when making further improvements to NRI's management policies**

CSR activities do not just contribute to the sustainable development of societies. One important mission for a company is to link CSR activities to innovation within its own organization by identifying the issues that affect it and linking those to a process of making continual improvements. For that purpose, guidelines will be necessary to benchmark NRI's CSR activities, to enable comparisons and analysis. ISO26000 (JISZ26000), which came into effect in November 2010, can serve as that standard.

Although the final pages of the Report contain a section benchmarking NRI's CSR activities against the GRI Guidelines, for the purpose of driving further innovation from this point on, I would hope to see NRI undertake activities that are directed at identifying issues and making improvements as benchmarked against ISO26000 as well.

NRI's reports are already prepared in accordance with the PDCA management cycle, and the issues it faces for the next fiscal year are clear. By putting in list form a comparison and analysis of NRI's CSR activities vis-à-vis ISO26000, it will be possible to clearly define both NRI's medium- and long-term issues for the next 3 – 5 years and its more short-term issues for the next 1 – 2 years.

It is my keen wish that NRI can apply the results of this benchmarking to good effect in the strategic initiatives it undertakes to improve its management practices, and I also hope that it can link these initiatives to the achievement of further innovation and sustainable development.

# One Akiyama



President  
Integrex, Inc.

## Praise:

### Steadily picking up the pace on realizing "Dream up the future."

The Message from the President speaks of the NRI Group's steady delivery of results across each of its business divisions under Vision 2015, which is designed to realize its corporate philosophy of "Dream up the future." NRI has progressively embarked on initiatives since 2008 when it announced Vision 2015 that year, and the very fact that it is now coming close to achieving the vision it wants for itself can be taken to indicate the level of commitment shown by its senior management to that end. The passage that refers to the power failure at its Yokohama Data Center is further recognition by NRI of the magnitude of its responsibilities to society, and its resolve to be utterly reliable in meeting those responsibilities is palpable.

With respect to its initiatives, NRI has continued to implement activities along the three paths of Proactive CSR, Fundamental CSR, and NRI's Unique Contributions to Society. As well as report on the outcomes of its initiatives by separating them into their respective categories, it has also summarized them in a Plans and Achievements Chart with the addition of a section for Engagement with Stakeholders. This Chart sets out the projects that NRI implemented in its plans for the current fiscal year based on the progress it made in its activities during the previous year. It also sets out the progress NRI made in those projects, along with its plans for the next fiscal year based on that progress, letting people see that NRI makes revisions accordingly as it continues to pursue its activities.

In the area of NRI's Proactive CSR, what impressed me was that with initiatives such as the NRI Future Garage, where jointly with its corporate clients it is aiming to create services of the future, NRI is embracing research that allows it to achieve a new level of integration with the issues facing its clients and society. Its CSR Activity File presents some specific examples of its CSR activities, and its round-the-clock

and watertight operation and management of its Data Centers is underpinning the very foundations of society in Japan at large. Lastly with its Ageless 80 information system, NRI can fairly claim to be making a contribution to help solving some of the issues that Japan faces as its population ages.

Turning to the section on Fundamental CSR, under Information Security Management and Quality Management, which are of particular importance to NRI's business, and also under Environmental Protection, NRI sets out its recognition of the issues involved by explaining why and for what purpose it engages in the activities that it does as "social impact and priority programs." This demonstrates that these are activities based on a clear recognition of what's at stake, and you can sense the seriousness of NRI's purpose. With respect to the environment, NRI is undertaking initiatives not just to reduce the environmental impact of its own business activities, but also to reduce the environmental impact of society as a whole by deploying NRI's strengths to good effect. It is fair to say that its work to achieve international standards for energy conservation practices at data centers will also have a major influence in other countries, and there is much to expect from future developments in this area.

## Suggestion:

### More leadership in the field of "big data" (information fusion)

Advances in IT are causing a rapid expansion in the flow of information, alongside a proliferation in digital devices such as smartphones. These two developments have meant that huge volumes of data are circulating and accumulating around the world. While obviously importance should be given to ensuring that data be strictly managed, at the same time, in order to help solve challenges that we face in a variety of fields such as medical treatments, nursing care, the environment, education, and lifestyles, and also for the sustainable development of our societies, the argument can also be made that putting such large volumes of data to good use will be extremely important from now on.

The coming evolution of big data that will arise as a result of fusing information (as in "ichien yugo," or the "circle of unity" philosophy of Ninomiya Sontoku) will make information one with all goods, capital, and services, and could even become the main engine for sustainable growth.

As a company at the forefront of big data, my hope is that NRI will outline a major vision for information fusion of the sort that will both protect Japan's data and make deep inroads into global data, so as to allow NRI to become a leader both in Japanese society and among Japan's companies.



## Response to the third-party opinions in CSR Report 2012

In last year's third-party opinions, suggestions were made that we needed to make more use of quantitative indicators and the "power of the circle."

With our CSR Report 2013, we have aimed to produce a report that is more conscious of society's perspective at large, and in the areas of Information Security and Quality Management as part of our Fundamental CSR we have realized quantification of our levels of achievement vis-à-vis our targets. Under Environmental Protection, we have provided additional disclosure of environmental impact information, and we have explained both the NRI Group's impact on the environment and the forms of the contributions we are making in detail.

For the purpose of internal and external communication and to deepen mutual understanding, as well as to make better use of the "power of the circle," we held CSR dialogues to hear the opinions of a range of stakeholders including outside experts, our employees, and students, on matters such as the NRI Group's businesses and efforts at communication. We also advanced programs to encourage younger minds, which in future will come to bear responsibility for "Dream up the future." As a new organization we set up the 2030 Japanese Value Creation Department within the Center for Strategic Management & Innovation, and we launched the 2030 Japanese Value Creation Project to create new businesses with which today's young people can engage. We also held Dream up the future Campus, a forum for students where they can exchange their thoughts about the future together with our employees.

# GRI Content Index

## GRI Content Index

The table below lists the indicators from the Global Reporting Initiatives (GRI) Sustainability Guidelines Version 3.0, and the page numbers in this report relevant to each one.

G3 Disclosure	Description	Reference page
<b>1. Strategy and Analysis</b>		
1.1	Statement from the most senior decision- maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from the President Annual Report 2013 (pp.12-19)*
1.2	Description of key impacts, risks, and opportunities.	Message from the President The NRI Group's CSR Policy Key CSR Priorities Risk Management Plans and Achievements Financial Report (Fiscal 2012 ending March 31, 2013) (pp.15-18)* (only available in Japanese) Annual Report 2013 (pp.12-35, pp.48-52)*
<b>2. Organizational Profile</b>		
2.1	Name of the organization.	About NRI*
2.2	Primary brands, products, and/or services.	Proactive CSR Propagation of Intellectual Assets <i>CSR Activities File</i> (only available in Japanese) Four NRI Businesses Services & Solutions* Annual Report 2013 (pp.02-07, pp.12-29)*
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organizational Structure* Group Companies* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.05-08)* (only available in Japanese)
2.4	Location of organization's headquarters.	About NRI*
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	About NRI* NRI Group worldwide* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.05-08)* (only available in Japanese) Annual Report 2013 (p.102)*
2.6	Nature of ownership and legal form.	About NRI*
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Four NRI Businesses Services & Solutions* NRI Group worldwide* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.05-11)* (only available in Japanese) Annual Report 2013 (pp.02-07, pp.12-29)*
2.8	Scale of the reporting organization, including: •Number of employees; •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); and •Quantity of products or services provided.	Engagement with Employees (1) About NRI* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.01-02, pp.74-78)* (only available in Japanese) Annual Report 2013 (pp.04-11, pp.38-39, pp.58-63)*
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: •The location of, or changes in operations, including facility openings, closings, and expansions; and •Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Message from the President NRI's History* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.03-08)* (only available in Japanese)
2.10	Awards received in the reporting period.	Not applicable

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure	Description	Reference page
<b>3. Report Parameters</b>		
<b>Report Profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Report Formats; Editorial Policy
3.2	Date of most recent previous report (if any).	Report Formats; Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.).	Report Formats; Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	Inquiry*
<b>Report Scope and Boundary</b>		
3.5	Process for defining report content, including: <ul style="list-style-type: none"> <li>•Determining materiality;</li> <li>•Prioritizing topics within the report; and</li> <li>•Identifying stakeholders the organization expects to use the report.</li> </ul>	The NRI Group's CSR Policy Key CSR Priorities Engagement with Stakeholders Report Formats; Editorial Policy
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Report Formats; Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report <sup>8</sup> .	The NRI Group's CSR Policy Engagement with Stakeholders Report Formats; Editorial Policy
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Not applicable
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable
<b>GRI Content Index</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	This Table
<b>Assurance</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third-Party Opinions Report Formats; Editorial Policy
<b>G3 Disclosure</b>		
<b>4. Governance, Commitments, and Engagement</b>		
<b>Governance</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance/Internal Controls Basic Policy on Building Internal Control Systems* Financial Report (Fiscal 2012 ending March 31, 2013) (pp.62-69)* (only available in Japanese) Annual Report 2013 (pp.32-35)*
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance/Internal Controls
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance/Internal Controls Financial Report (Fiscal 2012 ending March 31, 2013) (pp.62-69)* (only available in Japanese) Annual Report 2013 (pp.30-36)*
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance/Internal Controls Engagement with Employees(1) Engagement with Shareholders and Investors Financial Report (Fiscal 2012 ending March 31, 2013) (pp.62-69)* (only available in Japanese) Annual Report 2013 (pp.30-36)*

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure	Description	Reference page
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Financial Report (Fiscal 2012 ending March 31, 2013) (p.69)* (only available in Japanese) Annual Report 2013 (pp.32-33)*
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	- (Nondisclosure)
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	- (Nondisclosure)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	The NRI Group's CSR Policy Key CSR Priorities NRI Vision 2015—Our Long-Term Management Plan Compliance NRI Group's Code of Business Principle* NRI Group Employees' Code of Business Conduct* Environmental Protection Corporate Philosophy* Declaration of Information Security Measures* Personal Data Protection Statement* Privacy Policy* The NRI Group's Environmental Policy* (only available in Japanese)
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Corporate Governance/Internal Controls Risk Management Compliance Quality Management Information Security Management Environmental Protection Engagement with Clients Basic Policy on Building Internal Control Systems* (only available in Japanese) Annual Report 2013 (pp.30-35)*
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance/Internal Controls Risk Management
<b>Commitments to External Initiatives</b>		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Corporate Governance/Internal Controls Risk Management Compliance Quality Management Information Security Management Intellectual Property Management Environmental Protection Engagement with Clients Engagement with Employees (1) Engagement with Employees (2) Engagement with Business Partners Declaration of Information Security Measures* Personal Data Protection Statement* Privacy Policy*
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Compliance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: •Has positions in governance bodies •Participates in projects or committees; •Provides substantive funding beyond routine membership dues; or •Views membership as strategic.	Intellectual Property Management Development of Society
<b>Stakeholder Engagement</b>		
4.14	List of stakeholder groups engaged by the organization.	The NRI Group's CSR Policy
4.15	Basis for identification and selection of stakeholders with whom to engage.	The NRI Group's CSR Policy Engagement with Stakeholders Engagement with Business Partners

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure	Description	Reference page
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	The NRI Group's CSR Policy Corporate Governance/Internal Controls Compliance Quality Management Engagement with Clients Engagement with Employees (1) Engagement with Employees (2) Engagement with Shareholders and Investors Engagement with Business Partners External experts discussing NRI (only available in Japanese)
4.17	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.	Compliance Quality Management Engagement with Clients Engagement with Employees (1) Engagement with Employees (2) Engagement with Shareholders and Investors Engagement with Business Partners

G3 Disclosure	Description	Reference page
<b>5. Management Approach and Performance Indicators</b>		
<b>Economic</b>		
	Disclosure on Management Approach	NRI Vision 2015—Our Long-Term Management Plan Risk Management Development of Human Resources Development of Society Other Contributions Engagement with Employees (1) Engagement with Shareholders and Investors Engagement with Business Partners Services & Solutions* Financial Report (Fiscal 2012 ending March 31, 2013) (all)* (only available in Japanese) Annual Report 2013 (all)*
<b>Aspect: Economic Performance</b>		
EC1	Core Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Development of Human Resources Other Contributions Engagement with Employees (1) Engagement with Employees (2) Engagement with Shareholders and Investors Engagement with Business Partners Financial Report (Fiscal 2012 ending March 31, 2013) (pp.01-02, pp.10-14, pp.59-61, pp.69-135)* (only available in Japanese) Annual Report 2013 (pp.04-09, pp.38-39, pp.55-100)*
EC2	Core Financial implications and other risks and opportunities for the organization's activities due to climate change.	- (Nondisclosure)
EC3	Core Coverage of the organization's defined benefit plan obligations.	Financial Report (Fiscal 2012 ending March 31, 2013) (p.19, pp.21-22, p.82, pp.96-101)* (only available in Japanese) Annual Report 2013 (pp.52-54, pp.76-77)*
EC4	Core Significant financial assistance received from government.	- (Nondisclosure)
<b>Aspect: Market Presence</b>		
EC5	Add Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	- (Nondisclosure)
EC6	Core Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Engagement with Business Partners
EC7	Core Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	- (Nondisclosure)
<b>Aspect: Indirect Economic Impacts</b>		
EC8	Core Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Propagation of Intellectual Assets Development of Human Resources Development of Society Other Contributions CSR Activity File (only available in Japanese) Services & Solutions* NRI Social Information System Services, Ltd.*

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure	Description	Reference page
EC9	Add Understanding and describing significant indirect economic impacts, including the extent of impacts.	- (Nondisclosure)
<b>Environmental</b>		
	Disclosure on Management Approach	Environmental Protection NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct The NRI Group's Environmental Policy* (only available in Japanese)
<b>Aspect: Materials</b>		
EN1	Core Materials used by weight or volume.	- (Nondisclosure)
EN2	Core Percentage of materials used that are recycled input materials.	- (Nondisclosure)
<b>Aspect: Energy</b>		
EN3	Core Direct energy consumption by primary energy source.	Environmental Protection
EN4	Core Indirect energy consumption by primary source.	- (Nondisclosure)
EN5	Add Energy saved due to conservation and efficiency improvements.	- (Nondisclosure)
EN6	Add Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Protection
EN7	Add Initiatives to reduce indirect energy consumption and reductions achieved.	Environmental Protection
<b>Aspect: Water</b>		
EN8	Core Total water withdrawal by source.	- (Nondisclosure)
EN9	Add Water sources significantly affected by withdrawal of water.	Not applicable
EN10	Add Percentage and total volume of water recycled and reused.	- (Nondisclosure)
<b>Aspect: Biodiversity</b>		
EN11	Core Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN12	Core Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN13	Add Habitats protected or restored.	Not applicable
EN14	Add Strategies, current actions, and future plans for managing impacts on biodiversity.	- (Nondisclosure)
EN15	Add Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable
<b>Aspect: Emissions, Effluents, And Waste</b>		
EN16	Core Total direct and indirect greenhouse gas emissions by weight.	Environmental Protection
EN17	Core Other relevant indirect greenhouse gas emissions by weight.	- (Nondisclosure)
EN18	Add Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental Protection
EN19	Core Emissions of ozone-depleting substances by weight.	- (Nondisclosure)
EN20	Core NO, SO, and other significant air emissions by type and weight.	- (Nondisclosure)
EN21	Core Total water discharge by quality and destination.	- (Nondisclosure)
EN22	Core Total weight of waste by type and disposal method.	- (Nondisclosure)
EN23	Core Total number and volume of significant spills.	Not applicable
EN24	Add Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	- (Nondisclosure)
EN25	Add Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable
<b>Aspect: Products And Services</b>		
EN26	Core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmental Protection
EN27	Core Percentage of products sold and their packaging materials that are reclaimed by category.	- (Nondisclosure)

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure	Description	Reference page
<b>Aspect: Compliance</b>		
EN28	Core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not applicable
<b>Aspect: Transport</b>		
EN29	Add Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	- (Nondisclosure)
<b>Aspect: Overall</b>		
EN30	Add Total environmental protection expenditures and investments by type.	- (Nondisclosure)
<b>Labor Practices and Decent Work</b>		
	Disclosure on Management Approach	Engagement with Employees (1) Engagement with Employees (2) NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct
<b>Aspect: Employment</b>		
LA1	Core Total workforce by employment type, employment contract, and region, broken down by gender.	Engagement with Employees (1)
LA2	Core Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Engagement with Employees (1)
LA3	Add Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Engagement with Employees (2)
<b>Aspect: Labor/Management Relations</b>		
LA4	Core Percentage of employees covered by collective bargaining agreements.	Engagement with Employees (1) Financial Report (Fiscal 2012 ending March 31, 2013) (p.9)* (only available in Japanese)
LA5	Core Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	- (Nondisclosure)
<b>Aspect: Occupational Health and Safety</b>		
LA6	Add Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Engagement with Employees (2)
LA7	Core Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	- (Nondisclosure)
LA8	Core Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Risk Management Engagement with Employees (2)
LA9	Add Health and safety topics covered in formal agreements with trade unions.	Engagement with Employees (1)
<b>Aspect: Training And Education</b>		
LA10	Core Average hours of training per year per employee by gender, and by employee category.	- (Nondisclosure)
LA11	Add Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Engagement with Employees (1)
LA12	Add Percentage of employees receiving regular performance and career development reviews, by gender.	Engagement with Employees (1)
<b>Aspect: Diversity And Equal Opportunity</b>		
LA13	Core Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Engagement with Employees (1)
LA14	Core Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Engagement with Employees (1)
<b>Human Rights</b>		
	Disclosure on Management Approach	Compliance Engagement with Employees (1) Engagement with Employees (2) NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.



G3 Disclosure	Description	Reference page
<b>Aspect: Investment and Procurement Practices</b>		
HR1	Core Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	- (Nondisclosure)
HR2	Core Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	- (Nondisclosure)
HR3	Add Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Compliance
<b>Aspect: Non- Discrimination</b>		
HR4	Core Total number of incidents of discrimination and corrective actions taken.	- (Nondisclosure)
<b>Aspect: Freedom Of Association And Collective Bargaining</b>		
HR5	Core Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Not applicable
<b>Aspect: Child Labor</b>		
HR6	Core Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Not applicable
<b>Aspect: Forced And Compulsory Labor</b>		
HR7	Core Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not applicable
<b>Aspect: Security Practices</b>		
HR8	Add Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not applicable
<b>Aspect: Indigenous Rights</b>		
HR9	Add Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable
<b>Society</b>		
	Disclosure on Management Approach	The NRI Group's CSR Policy Risk Management Compliance Information Security Management Intellectual Property Management Development of Society Engagement with Clients Engagement with Business Partners NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct Basic Policy on Building Internal Control Systems* (only available in Japanese) Declaration of Information Security Measures* Services & Solutions*
<b>Aspect: Local community</b>		
SO1	Core Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Engagement with Clients
<b>Aspect: Corruption</b>		
SO2	Core Percentage and total number of business units analyzed for risks related to corruption.	Risk Management Compliance Information Security Management Engagement with Business Partners
SO3	Core Percentage of employees trained in organization's anti-corruption policies and procedures.	Compliance Information Security Management Intellectual Property Management
SO4	Core Actions taken in response to incidents of corruption.	Compliance
<b>Aspect: Public Policy</b>		
SO5	Core Public policy positions and participation in public policy development and lobbying.	Development of Society Services & Solutions*

The pages with "\*" may include information beyond the Reporting period (3.1) and the Report scope and boundary (3.5-3.7) of the NRI CSR Report 2013.

G3 Disclosure		Description	Reference page
SO6	Add	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not applicable
<b>Aspect: Anti Competitive Behavior</b>			
SO7	Add	Total number of legal actions for anti- competitive behavior, anti-trust, and monopoly practices and their outcomes.	- (Nondisclosure)
<b>Aspect: Compliance</b>			
SO8	Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	- (Nondisclosure)
<b>Product Responsibility</b>			
		Disclosure on Management Approach	Risk Management Quality Management Information Security Management Engagement with Clients Engagement with Business Partners Declaration of Information Security Measures* Personal Data Protection Statement* Privacy Policy* NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct
<b>Aspect: Customer Health and Safety</b>			
PR1	Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Risk Management Quality Management Information Security Management Engagement with Clients
PR2	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	- (Nondisclosure)
<b>Aspect: Product and Service Labeling</b>			
PR3	Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	- (Nondisclosure)
PR4	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	- (Nondisclosure)
PR5	Add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Engagement with Clients
<b>Aspect: Marketing Communications</b>			
PR6	Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	- (Nondisclosure)
PR7	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	- (Nondisclosure)
<b>Aspect: Customer Privacy</b>			
PR8	Add	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Information Security Management
<b>Aspect: Compliance</b>			
PR9	Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	- (Nondisclosure)

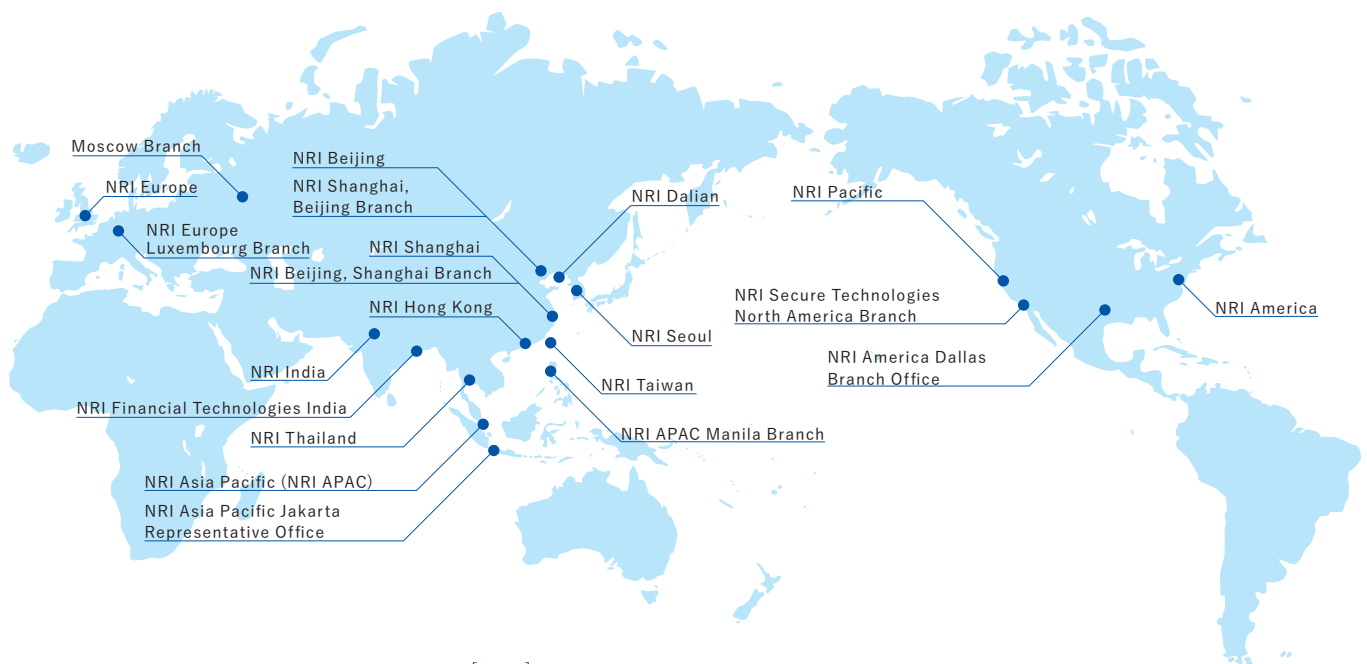
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# Corporate Profile

## Corporate Profile

Corporate Name	Nomura Research Institute, Ltd
Established	April 1, 1965
Capital	¥18.6 billion
Number of Employees	5,823/NRI Group 7,738 (as of March 31, 2013)
Headquarters	Marunouchi Kitaguchi Building, 1-6-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Consolidated Net Sales	¥363.8 billion (fiscal year ended March 31, 2013)

### NRI Group and Worldwide Office (as of April 1, 2013)

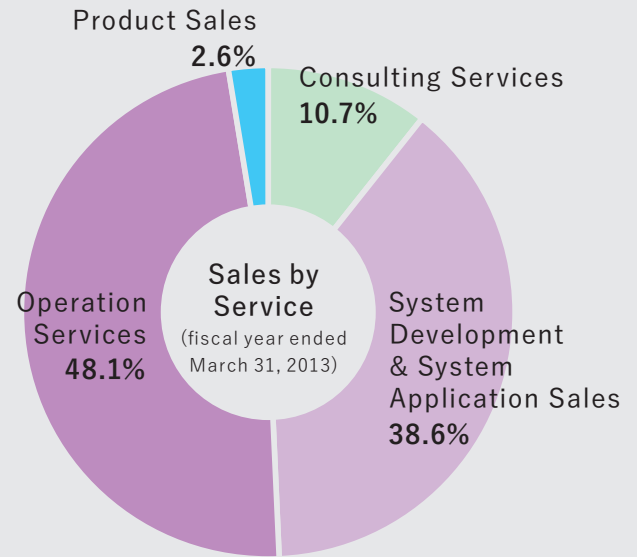
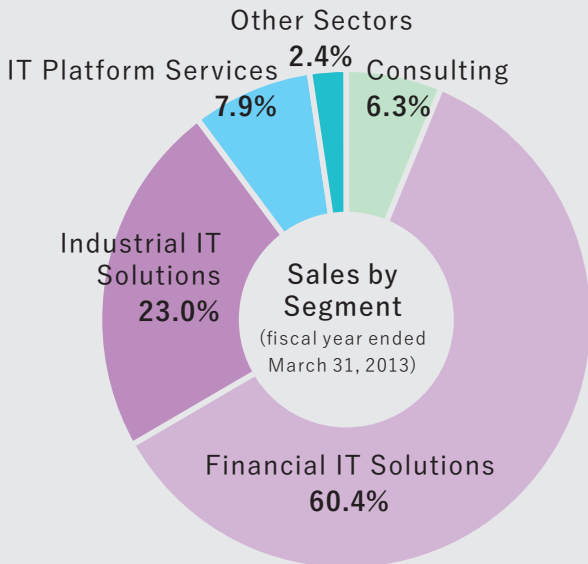
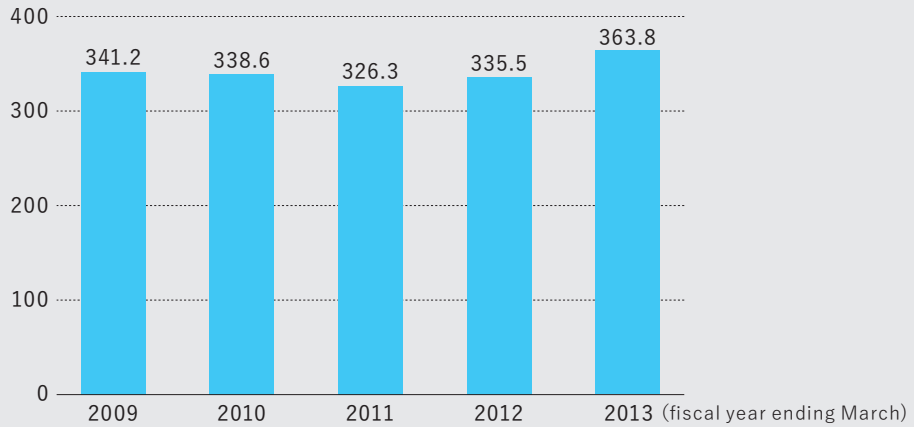


#### [Japan]

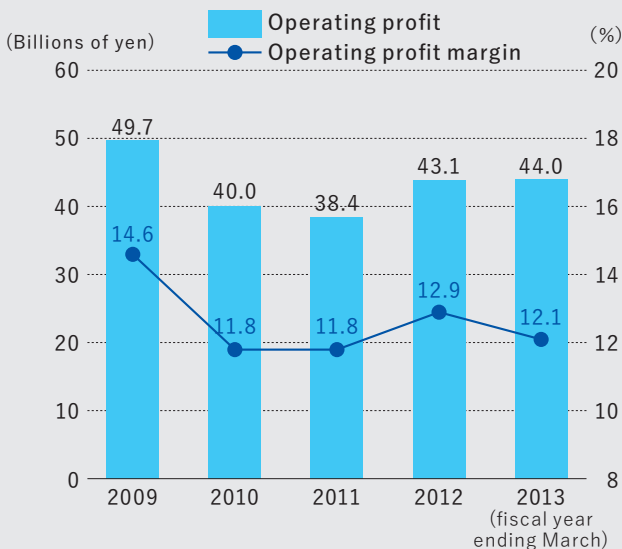
Nomura Research Institute, Ltd.  
 NRI Netcom, Ltd.  
 NRI SecureTechnologies, Ltd.  
 NRI Workplace Services, Ltd.  
 NRI Data i Tech, Ltd.  
 NRI Cyber Patent, Ltd.  
 NRI Social Information System Services, Ltd.  
 NRI Process Innovation, Ltd.  
 NRI System Techno, Ltd.

[Sales]

(Billions of yen)



[Operating Profit and Operating Profit Margin]



[Ordinary Profit]

