

ESG Databook **2018**

(Year ended 31st March 2018)



ESG Databook 2018 Contents

Sustainability Management		p 2
	Sustainability Policy	p 2
	Stakeholders	p 3
	Materiality	p 4
	Disclosure of Information	p 5
Governance		p 7
	Corporate Governance - Management Approach	p 7
	Corporate Governance - Data	p 8
	Risk Management - Management Approach	p13
	Risk Management - Data	p14
	Compliance - Management Approach	p16
	Compliance - Data	p17
	Supply Chain Management - Management Approach	p20
	Supply Chain Management - Data	p21
	Client Relationship Management - Management Approach	p24
	Client Relationship Management - Data	p25
	Innovation Management - Data	p26
	Quality of Information Systems - Management Approach	p29
	Quality of Information Systems - Data	p30
	Information Security - Management Approach	p35
	Information Security - Data	p35
Environmental		p40
	Environmental Management - Management Approach	p40
	Environmental Management - Data	p41
	Climate Change - Data	p44
	Greenhouse Gas Emissions - Data	p46
	Energy Consumption - Data	p46
	Resource Use, Waste - Data	p47
Social		p48
	Labor Practices, Diversity - Management Approach	p48
	Labor Practices, Diversity - Data	p50
	Occupational Health and Safety - Management Approach	p57
	Occupational Health and Safety - Data	p59
	Human Resources Development - Management Approach	p61
	Human Resources Development - Data	p63
	Business and Human Rights - Management Approach	p65
	Business and Human Rights - Data	p66
	Corporate Citizenship - Data	p68
GRI Standards Content Index		p71

Notes

Symbols in the table

-	Data not available
n/a	Not applicable

Data coverage

a	NRI group
a-	NRI group (Some ranges excluded)
b	NRI group (Domestic)
b-	NRI group (Domestic, some ranges excluded)
c	NRI (Not consolidated)
c-	NRI (Not consolidated, some ranges excluded)
d	Others

Sustainability Management

Sustainability Policy

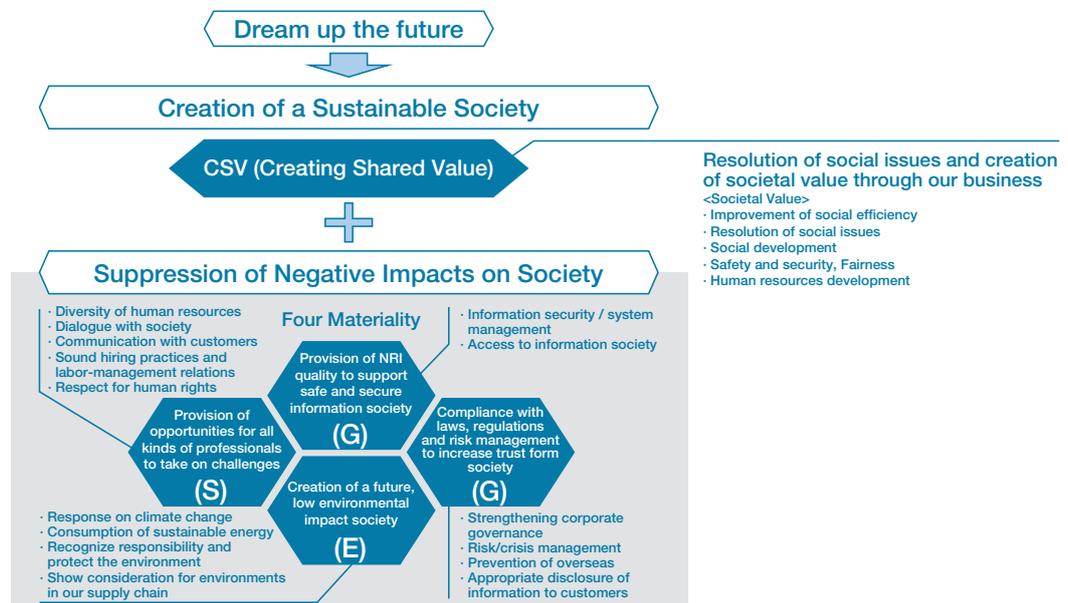
► Sustainability management policy

NRI sustainability management policy

NRI seeks to contribute to society through two activities: the "Creation of a Sustainable Society" through our core businesses, and the "Suppression of Negative Impacts on Society", fulfilling our obligations as a company.

The "Creation of a Sustainable Society" means acting to contribute to the resolution of social issues through the provision of NRI's core-business services such as consulting and IT solutions. This is consistent with the idea of CSV (Creating Shared Value), in which economic value for NRI itself is realized only through the realization of societal value.

The "Suppression of Negative Impacts on Society" means acting as a socially responsible company in order to build a sustainable society. In addition to complying with the United Nations Global Compact and international standards and guidelines, NRI is promoting business and sustainability activities after having identified, referring to opinions from outside experts, four high-priority materialities (important issues) from the perspective of management and external stakeholders.



Link Files

Sustainability Topics

<https://www.nri.com/en/Tag-Search?tags=9c89c071-699d-4fd7-af45-0cbafd84a3a8&contentType=132bb7f5-d156-447a-9181-284755202193>

Contributing to Innovations in Society and among Clients as a "Company Creating Future Society"

<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=4>

► Sustainability management structure

Sustainability management structure

NRI established the Social Value Creation Committee and the Sustainability Activities Committee as a special appointment at the direction of the President & CEO to promote overall sustainability management. Both committees make proposals to Senior Management Committee and others.

[Organizational chart]



▶ Participation in the initiatives

Participation in the initiatives

- United Nations Global Compact (UNGC)
- Science Based Targets initiative (SBTi)
- Japan Climate Initiative (JCI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Japan Business Federation (Keidanren) "Charter of Corporate Behavior"

Stakeholders

▶ Our stakeholders

Our stakeholders

The NRI Group's stakeholders range from a core of "Customers," "Employees/Families," "Shareholders/Investors," and "Business Partners," to also include "Consumers," "Media," "Local Communities," "Industry Organizations / Industry Peers," "Government," "Education and Research Institutes," "Students," and "NGO/NPOs." We will continue to create a better future society and build stronger relationships of trust with society, all the while maintaining close communication tailored to the peculiarities of each stakeholder.

▶ Stakeholder dialogue

Stakeholder dialogue

The NRI Group values the opportunities in its daily business activities to listen to the opinions of and communicate with stakeholders in a variety of ways.

Furthermore, in addition to our daily discussions, we engage in dialogue with opinion-maker and rule-maker experts to understand global sustainability trends and reflect them in management strategies and risk management.

In FY2016, we engaged in a dialogue on the theme of SDGs (Sustainable Development Goals) and exchanged opinions on the direction of the kind of "future creation" NRI should aim for.

In FY2017, a dialogue on the theme of ESG investment was held in London, and another on the theme of business and human rights was held in Tokyo, and we received valuable feedback on how ESG issues such as the problem of "digital rights" in the ICT industry should be integrated into NRI's business activities.

Dialogues are attended by the NRI Group's Senior Corporate Managing Director, who is responsible for sustainability and CSR, and the system is one that directly reflects dialogue results in strengthening governance and management.

Link File

Stakeholder Dialogue

<https://www.nri.com/en/sustainability/management/dialogue>

Materiality

► Materiality

Materiality	
	<p>NRI's 15 material issues (materiality) were identified based on international standards and guideline categories from ISO26000, GRI* G4 Guidelines, Dow Jones Sustainability Indices (DJSI), and the SASB (United States Sustainability Accounting Standards Board), and the United Nations Global Compact.</p> <p>Provision of NRI quality to support safe and secure information society</p> <ul style="list-style-type: none"> • Information security / system management • Access to information society <p>Provision of opportunities for all kinds of professionals to take on challenges</p> <ul style="list-style-type: none"> • Diversity of human resources • Dialogue with society • Communication with customers • Sound hiring practices and labor-management relations • Respect for human rights <p>Compliance with laws, regulations and risk management to increase trust form society</p> <ul style="list-style-type: none"> • Strengthening corporate governance • Risk/crisis management • Prevention of overseas • Appropriate disclosure of information to customers <p>Creation of a future, low environmental impact society</p> <ul style="list-style-type: none"> • Response on climate change • Consumption of sustainable energy • Recognize responsibility and protect the environment • Show consideration for environments in our supply chain

* GRI: Global Reporting Initiative

Identification process of materiality	
	<p>Step1 Clarification of issue elements based on international standards Clarify elements that may be issues to be considered for sustainable growth based on guidelines for international standards, etc., and prepare an exhaustive list.</p> <p>Step2 Identification of materiality Extract and identify highly important elements clarified from management (horizontal axis) and external stakeholders (vertical axis) perspectives.</p> <p>Step3 Hearings with experts and management review Adjust highly material elements based on the opinions from external experts, securing the reliability and objectivity of the elements, and identify through management review.</p>

► Key performance indicators of materiality

Creation of a future, low environmental impact society	
Target material issue	Response on climate change
Long-term target	By FY 2030, NRI Group will reduce greenhouse gas by 55% compared to FY 2013. (Scope1+2).
Target year	FY 2030
progress	FY 2017: Rete of reduction of GHG gas emissions was 30.5% (compared to FY 2013).

■ Sustainability Management ■

Provision of opportunities for all kinds of professionals to take on challenges	
Target material issue	Diversity of human resources
Long-term target	In order to promote diversity, NRI group aim for 7% female manager rate, 80% female employee rete who continued working after childbirth, and 30% female employee hiring rate.
Target year	FY 2018
progress	FY 2017: Rate of female manager was 6.5%, and rate of female employee hiring rate was 25.1%.

Provision of NRI quality to support safe and secure information society	
Target material issue	Information security / system management
Long-term target	NRI manages the result of the security review of the client system and corrective situation, and the audit result and corrective situation for each business base and business partner as indicator.
Target year	Ongoing efforts
progress	FY 2017: There were no information system incidents that had serious financial and social impacts.

Disclosure of Information

► Structure of disclosure of information

Structure of disclosure of information	
	<p>Integrated report (booklet and PDF) An overall picture of NRI's corporate value creation activities is explained in concise and clear manner.</p> <p>ESG Databook (PDF) We disclose in detail non-financial information relating to the environment (E), Society (S), and Governance (G).</p> <p>Sustainability Book (booklet and PDF) An overview of the year's sustainability promotion activities is explained in an easily understood manner.</p> <p>Website Information about the NRI Group, shareholder and investor information, CSR information, and other information are disclosed in detail.</p>

Link Files	<p>Approach to Disclosure https://www.nri.com/en/ir/policy</p> <p>Sustainability https://www.nri.com/en/sustainability</p> <p>Sustainability Report https://www.nri.com/en/sustainability/library/back_number</p>
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▶ Scope of reporting / Reporting period / Independent assurance

Scope of reporting	
	The disclosure of financial and non-financial information applies as a general rule to the NRI Group (Nomura Research Institute, Inc., and its consolidated subsidiaries). Some of the non-financial information targets a specific range, in which case said range is clearly specified separately.
Reporting period	
	Content is mainly focused on initiatives from FY2017 (from April 1, 2017 to March 31, 2018), but may also include some background information, activities after April 1, 2018, or planned future activities.
Independent assurance	
	We have obtained certification from third-party certification organizations for some environmental data.
Link File	Independent Assurance Report https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=83

▶ Guidelines referenced for the disclosure of information

Guidelines referenced for the disclosure of information	
	<ul style="list-style-type: none"> • The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) • Global Reporting Initiative (GRI) Sustainability Reporting Standards • Environmental Reporting Guidelines (2012 version) of the Ministry of the Environment of Japan • UN Guiding Principles Reporting Framework • Corporate Human Rights Benchmark
Link File	GRI Standards Content Index

▶ External evaluation

External evaluation	
	<p>Inclusion in ESG stock indices</p> <ul style="list-style-type: none"> • Dow Jones Sustainability World Index (2018) • MSCI ACWI ESG Leaders Index (2016~) • FTSE4Good Developed Index (2006~) • MSCI Japan ESG Select Leaders Index (2017~) • MSCI Japan Empowering Woman Index (2017~) • FTSE Blossom Japan Index (2017~) • SNAM Sustainability Index (2012~) <p>Diversity related evaluation</p> <ul style="list-style-type: none"> • Selected as "Nadeshiko Brand" (The Ministry of Economy and the Tokyo Stock Exchange) • Received the highest level of "Eruboshi" (The Ministry of Health, Labor and Welfare) <p>Health and productivity management related evaluation</p> <ul style="list-style-type: none"> • Certified as "Excellent Enterprise of Health and Productivity Management* (White 500)" (2017~) • Japan Productivity Center "Work-Life Balance Awards" (2016)

* Health and Productivity Management is a registered trademark of the Workshop for the Management of Health on Company and Employee.

Governance

Corporate Governance - Management Approach

Material issues of NRI related to this management approach

"Strengthening of corporate governance" and "Dialogue with civil society"

NRI's approach to material issues

NRI works to enhance corporate governance in accordance with the basic approach outlined below, based on the recognition that corporate governance consists of mechanisms for transparent, fair, timely, and accurate decision-making based on the perspective of stakeholders, including society, customers, employees, business partners, and shareholders.

1. Cooperation with stakeholders

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

2. Information disclosure and communication

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

3. Corporate governance system

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

NRI have made the NRI Corporate Governance Guidelines public to outline our basic approach and action policy regarding corporate governance.

Priority activities / Medium- to long-term targets

To date, the NRI group has grown through the establishment of customer bases and the provision of industry-standard platforms in the financial and distribution industries with a focus on the domestic market. Meanwhile, global markets are becoming increasingly important because of the globalization of Japanese companies, the continued growth of Asian markets, and technological innovations in the West. In order for the NRI Group to achieve further growth moving forward, it will be necessary to further enhance its competitive advantage in the business fields that are NRI's strength, and to take on challenges in new fields such as strengthening global businesses and creating new businesses. Although the percentage of consolidated overseas sales is not yet 10%, NRI's foreign ownership ratio is 25.99% and the NRI Group's overseas workforce ratio has risen to 30.6%.

In light of the above, we are promoting the enhancement of corporate governance from the following perspectives.

- Global-standard transparency and independence
- Sustainability including non-financial factors in environmental and societal aspects
- Diversity and universality for NRI's global management

Progress / Achievements / Challenges

We improved transparency and independence by increasing the number of independent outside directors from two to three in 2015, and began evaluating the effectiveness of the Board of Directors in 2016. In 2017, the company established a Nomination Committee with independent outside directors as the principal members, and also changed the principal members of the Compensation Committee from outside experts to independent outside directors. In terms of sustainability, we established a Sustainability Activities Committee in 2017 to create a system to incorporate a sustainability perspective in management decision making and supervision.

As for the diversity and universality of global governance, we are proceeding to share the corporate philosophy of NRI, along with the group's corporate behavior principles and standards of conduct, while at the same time respecting the corporate culture and climate of overseas subsidiaries that have newly joined the NRI Group.

Link Files

Corporate Governance

<https://www.nri.com/en/company/governance>

NRI Corporate Governance Guidelines

https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf

NRI's Corporate Governance

<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=60>

Financial Results for the year ended March 31, 2018 (In Japanese only)

<https://www.nri.com/-/media/Corporate/jp/Files/PDF/ir/financial/yuuhou/1803yuuhou.pdf>

Corporate Governance - Data

► Corporate governance policy

Policy and objectives concerning the independence of the Board of Directors

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

The Board of Directors has a well-balanced composition of non-executive directors, executive directors, and Outside Directors, which is intended to facilitate the realization of appropriate decision-making and oversight of the Board of Directors that take into consideration multiple perspectives, including the viewpoints of business execution, supervision, and outside parties. NRI elects three Independent Directors in principle, or no less than two Independent Directors.

The independence of the Board of Directors is stipulated in Articles 10, 12, 16, 18, and 23 of the NRI Corporate Governance Guidelines.

Reference

NRI Corporate Governance Guidelines

https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf

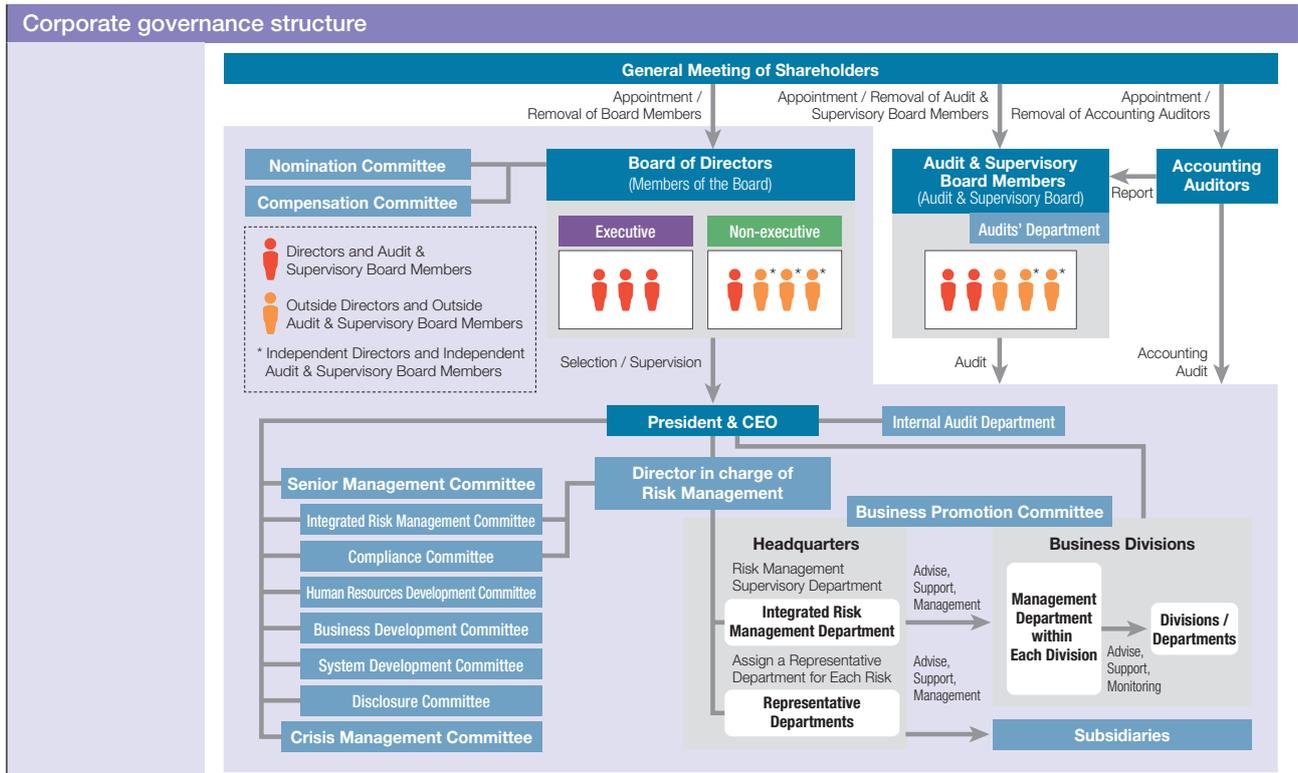
► Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members (End of June)		unit	End of June 2014	End of June 2015	End of June 2016	End of June 2017	End of June 2018
Total number of Members of the Board	no. of person		9	10	10	9	7
Female directors	no. of person		0	1	1	1	1
Non-Japanese directors	no. of person		0	0	0	0	0
Executive directors	no. of person		4	5	3	3	3
Non-executive directors	no. of person		3	2	4	3	1
Independent directors	no. of person		2	3	3	3	3
Total number of Audit & Supervisory Board Members	no. of person		5	5	5	5	5
Female members	no. of person		0	0	0	0	0
Non-Japanese members	no. of person		0	0	0	0	0
Outside Audit & Supervisory Board Members	no. of person		3	3	3	3	3
Coverage			c	c	c	c	c
Chairperson of the Board of Directors							
The Chairperson of the Board of Directors serves as a non-executive director, thereby achieving the separation of business execution and oversight. (Ref. NRI Corporate Governance Guidelines Article 13. Chairperson of the Board of Directors)							

Number of Senior Management Directors		unit	End of June 2014	End of June 2015	End of June 2016	End of June 2017	End of June 2018
Senior Management Directors	no. of person		37	37	37	38	40
Female	no. of person		0	0	0	0	0
Management Directors*	no. of person		-	9	11	12	10
Female	no. of person		-	0	1	1	1
Coverage			c	c	c	c	c

* Established in April 2015

► Corporate governance structure



► Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members

Process for nomination of Members of the Board and Audit & Supervisory Board Members

The Board of Directors includes no more than 15 Members of the Board, taking into consideration of the balance and diversity of various factors, including experience in and knowledge of the Company's businesses, corporate management, IT technology, and corporate finances. This composition promotes the realization of supervision and appropriate decision-making from multiple perspectives by the Board of Directors.

To ensure the independence of the Audit & Supervisory Board, at least half of the Board members are composed of Outside Audit & Supervisory Board Members. NRI elects at least two Independent Audit & Supervisory Board Members. And at least one of the appointed Audit & Supervisory Board Members must have considerable knowledge of finance and accounting.

Criteria for nomination of Members of the Board and Audit & Supervisory Board Members

Candidates for Members of the Board must have extensive practical experience, high capabilities, understanding, and the ability to contribute to the enhancement of corporate value over the mid- to long-term in a manner consistent with the NRI's corporate philosophy.

Candidates for Audit & Supervisory Board Members must have extensive practical experience, high capabilities, understanding, and can be expected to perform audits from a neutral and objective viewpoint and contribute the maintenance of the soundness of management.

► Functions and committees

The highest governing body	
Overview	Board of Directors
	NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors. The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. The Audit & Supervisory Board Members and Audit & Supervisory Board oversee the execution of duties by Members of the Board. (Ref. NRI Corporate Governance Guidelines Article11, System of Board of Directors and Others)
Function for compensation	
Overview	Compensation Committee
	Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. (Ref. NRI Corporate Governance Guidelines Article22, Compensation Committee)

Function for nomination	
Overview	<p>Nomination Committee</p> <p>Mainly comprised of Independent Directors, the Committee deliberates on the appointment of Directors and Audit & Supervisory Board Members from the standpoint of fairness and transparency.</p>
Function for audit	
Overview	<p>Audit & Supervisory Board</p> <p>The Audit & Supervisory Board oversee the execution of duties by Members of the Board. And discusses and decides auditing policies and other important matters related to auditing and formulate and expresses audit opinions. (Ref. NRI Corporate Governance Guidelines Article11, System of Board of Directors and Others)</p>
Function for strategy	
Overview	<p>Senior Management Committee</p> <p>The Committee meets in principle once every week to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.</p>
Function for risk management	
Overview	<p>Integrated Risk Management Committee</p> <p>The Committee deliberates on important issues concerning risk management based on instructions given by the President & CEO.</p>
Function for compliance	
Overview	<p>Compliance Committee</p> <p>The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on instructions given by the President & CEO.</p>
Function for sustainability	
Overview	<p>Social Value Creation Committee / Sustainability Activities Committee</p> <p>NRI established the Social Value Creation Committee that promotes social value creation based on corporate philosophy and the Sustainability Activities Committee that promotes activities for stable business foundations from the point of view of ESG, as a special appointment at the direction of the President & CEO to promote overall sustainability management.</p>
Function for human resources	
Overview	<p>Human Resources Development Committee</p> <p>The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.</p>
Function for business development	
Overview	<p>Business Development Committee</p> <p>The Committee deliberates on important issues concerning investments in research and development, planned businesses and investments, such as the acquisition of securities, based on instructions given by the President & CEO.</p>
Function for systems development	
Overview	<p>Systems Development Committee</p> <p>The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.</p>

Function for disclosure	
Overview	<p>Disclosure Committee</p> <p>The Committee deliberates on important issues concerning the disclosure of Annual Securities Report and other documents, based on instructions given by the President & CEO.</p>
Function for crisis management	
Overview	<p>Crisis Management Committee</p> <p>The Committee will be established based on the orders of the President & CEO to execute and support prompt responses to a crisis whenever one may occur.</p>
Function for promotion of internal control	
Overview	<p>Business Promotion Committee</p> <p>The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.</p>

► Effectiveness of the Board of Directors

Status of the Board of Directors	unit	During tenure*
Number of meetings of the Board of Directors		15
Attendance rate of Board of Directors	%	99
Term of office of directors	years	1
Average tenure of directors	years	2.7

* Duration from the 52nd Ordinary General Meeting of Shareholders, June 23, 2017, to 53rd Ordinary General Meeting of Shareholders, 22nd June 2018.

Evaluations of the Board of Directors' effectiveness	
1. Evaluation methods	<ul style="list-style-type: none"> • Questionnaire targeting all Directors and Audit & Supervisory Board Members • View exchanging at the Independent Directors meeting • View exchanging by non-executive directors • Deliberations at a Board of Directors meeting based on the results of the above questionnaire and view exchanging sessions
2. Results	<ul style="list-style-type: none"> • From the points below, we conclude that the Board of Directors is basically stable in its effectiveness. <ul style="list-style-type: none"> – There is an ideal personnel structure with a good balance of executive directors, non-executive directors, and Outside Directors – Lively debates are held at the Board of Directors – Opportunities for Members of the Board to acquire knowledge have been appropriately secured – Opportunities for Members of the Board and Outside Directors to exchange opinions are increasing
3. Challenges for further effectiveness	<ul style="list-style-type: none"> • There is still room for improvement in the clarity and volume of agenda materials • Advance provision of agenda materials at an earlier timing • Expansion of supplementary materials that support Outside Directors • Further expansion of opportunities to discuss the formulation of the next Medium-Term Management Plan and governance

► Executive compensation

Executive compensation amounts	No. of eligible individuals (person)	unit	Total compensation	Basic compensation	Bonus	Stock options	Other
Members of the Board (Excluding Outside Members of the Board)	8	millions of yen	512	243	130	136	3
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	2	millions of yen	81	56	20	2	1
Outside Members of the Board and Outside Audit & Supervisory Board Members	7	millions of yen	97	86	10	-	0

Notes:

1. The above includes two Directors and one Audit & Supervisory Board Member, who retired at the conclusion of the 52nd Ordinary General Meeting of Shareholders held on 23rd June 2017.
2. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.
3. The stock options for Audit & Supervisory Board Members are granted before they assume their post.

Compensation amounts for each executive	Name	Position	unit	Total amounts	Basic compensation	Bonus	Stock option	Other
	Shingo Konomoto	President & CEO	millions of yen	113	53	28	30	0
	Tadashi Shimamoto	Chairman, Member of the Board	millions of yen	104	49	25	29	0

Note: It is only stated only for persons with a total compensation of 100 million yen or more.

Compensation policy and system for Members of the Board

The maximum compensation total for Members of the Board: ¥1,000 million per annum (Although, this shall not include employee salaries of Members of the Board who concurrently serve as employees).
Based on the Plan, the remuneration provided for granting restricted stock to Eligible Members of the Board shall take the form of monetary remuneration claims, Stock-based remuneration as long-term incentives: within the limit of 120 million yen per annum, stock-based remuneration as medium-term incentives: within the limit of 280 million yen per annum, and total of not more than 400 million yen per annum.

To improve transparency of directors' compensation and others, NRI has established the Compensation Committee, comprised mainly of Independent Directors, as an advisory body to the Board of Directors. The committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. Using the results of the committee's inquiries, the Board of Directors sets policies for the determination of compensation for Members of the Board and other matters.

The compensation system for Members of the Board is based on executive position, but in the interest of enhancing business results, the system emphasizes connections to business performance. The standards employed by the system have been set with reference to market standards and trends and other factors, with the goal of establishing standards appropriate for a leading company in the information services industry.

Remuneration for the Members of the Board of NRI is comprised of the following three categories.

a. Basic remuneration

Basic compensation consists of fixed pay (basic pay and position pay), which is compensation based on each Member of the Board's post.

b. Bonuses

Bonuses are based on our business performance during the current fiscal year, while taking into consideration individual evaluations.

c. Stock-based Remuneration (restricted stock-based remuneration)

Since it was approved at the 53rd ordinary General Meeting of Shareholders on 22nd June 2018, NRI abolished the stock option system and introduced a Restricted Stock Compensation Plan.

Provision of restricted stock compensation (financial compensation used as investment assets for the acquisition of shares with restriction on transfer compensation) as share-based compensation in order to provide incentives aimed at sustainable improvements in the Company's corporate value and to promote the sharing of value with shareholders through share ownership.

Restricted stock-based remuneration is comprised of Stock-based remuneration as long-term incentives and Stock-based remuneration as medium-term incentives. Stock-based remuneration as long-term incentives is long-term incentive aimed at promotion of the sharing of value with shareholders through share ownership and sustainable improvements in the Company's corporate value. Stock-based remuneration as medium-term incentives is Medium-term incentive aimed at improvements in the Company's medium term results and share price as represented in the Medium-Term Management Plan.

The number of shares allocated is determined in accordance with executive positions. Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.

Outside Members of the Board do not receive bonus or share-based compensation.

CEO to employee pay ratio	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Compensation of the President & CEO	millions of yen	less than 100	less than 100	less than 100	104	113
Average employee salary of NRI	thousands of yen	10,911	10,892	11,560	11,514	11,660
Ratio of compensation	ratio	n/a	n/a	n/a	9.0	9.7

▶ Executive stock ownership requirements

Guidelines of Executive stock ownership

Based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.

Risk Management - Management Approach

Material issues of NRI related to this management approach

It is related to all materiality of 15, but in particular "Risk / crisis management"

NRI's approach to material issues

The NRI Group defines the possibility of detriment to the Group's capital due to an unforeseen circumstance that occurs in business operations, or something that prevents the preservation or improvement of enterprise value due to a phenomenon that hinders business operations as business operational risk.

These risks conform to the ERM framework (COSO Enterprise Risk Management-Integrated Framework) developed by the USA's COSO (The Committee of Sponsoring Organizations of the Treadway Commission), divided into the 11 categories of management strategy risk, business continuity risk, compliance risk, information security risk, systems impairment risk, project management risk, external outsourcing / procurement risk, subsidiaries / affiliate company risk, business resource risk, information disclosure risk, and reputational risk, and are subject to integrated management. In recent years, we recognize that the response to risks of social issues such as climate change or human rights will have a major impact on the sustainable growth of the company over the medium to long term. The NRI Group will also respond to these ESG risks within the integrated risk management framework.

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

Priority activities / Medium- to long-term targets

NRI annually inspects and assesses risk for the entire company, based on results from a company-wide monitoring of compliance with regulations as well as from internal audits, after which management sets priority themes to be tackled. We strive to reinforce our business continuity plan (BCP) and disaster recovery (DR) measures by regularly monitoring risk countermeasures required for business continuity, targeting significant business and service lines.

[Priority themes for FY March 2018]

- (1) Further strengthen the management of project risks
- (2) Continue proper management quality risks
- (3) Raise the quality level of data center operations
- (4) Improve the management preparedness of information security
- (5) Create comfortable working environment
- (6) Implement appropriate preparation for fulfilling our business continuity responsibilities
- (7) Develop governance systems suitable to increasing globalization

Progress / Achievements / Challenges

The results for the fiscal year ending March 31, 2018 are as follows for each major theme item for the fiscal year ending March 31, 2018 for the Integrated Risk Management Committee.

- (1) Further strengthen the management of project risks
Due to the continued strengthening of checks by the Proposal and Estimate Review Meeting, there have been no unexpected large-scale unprofitable projects.
- (2) Continue proper management quality risks
A review of the response system in the event of wide-ranging simultaneous systems failure was carried out.
- (3) Raise the quality level of data center operations
No critical data-center facility failures have occurred.
- (4) Improve the management preparedness of information security
No serious incidents have occurred.
- (5) Create comfortable working environment
The company formulated new management standards for extended work periods, and late-night work has continued to be at historically low levels.
- (6) Implement appropriate preparation for fulfilling our business continuity responsibilities
A review of IT liability insurance was carried out. Office relocations (Tokyo, Yokohama, and Osaka) were carried out as a BCP countermeasure.
- (7) Develop governance systems suitable to increasing globalization
With the increase of subsidiaries in Australia, a holding company was established to strengthen governance.

Link Files

Basic policy for building an internal control system (In Japanese only)

<https://www.nri.com/jp/company/internal>

Internal Controls, Corporate Ethics and Compliance

<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=70>

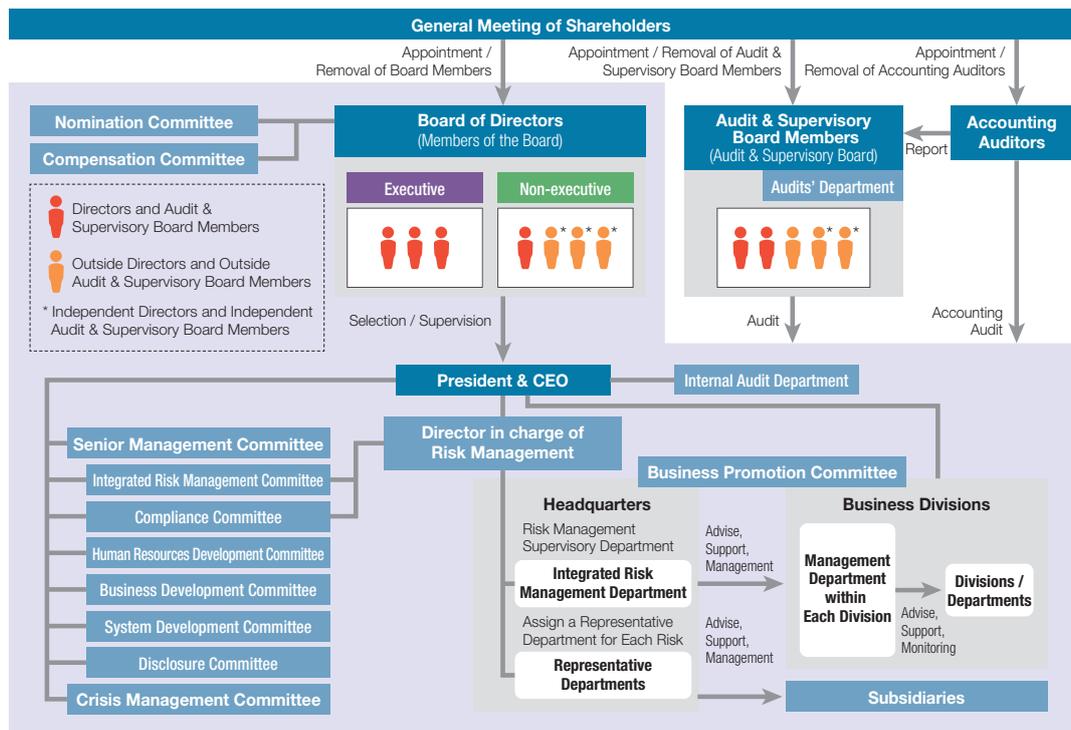
Risk Management - Data

Risk management system

Risk management system

NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management. Furthermore, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments. The Internal Audit Department (21 employees), which functions directly under the President & CEO, audits the Company to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the execution of the Members of the Board. The results of such audits are reported to the President & CEO and other directors, and when corrections or improvements are required, the Risk Management Supervisory 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 audits and their results.

[Corporate governance structure]



Officer in charge

Yoshio Usumi
 Representative Director, Member of the Board,
 Senior Executive Managing Director in charge of Supervising of Corporate Administration*

* Including risk management and compliance.

Responsible committee

Integrated Risk Management Committee

Independence of risk management function and involvement of the Board of Directors

In order to achieve overall optimization of risk management, a resolution of the board of directors established rules for risk management for the entire NRI Group, and has appointed a director in charge of risk management and setting up a department for supervising risk management. In addition, an Integrated Risk Management Committee has been established in order to deliberate on important matters related to risk management in the NRI Group based on the instructions of the President & CEO.

► Risk assessment

Risk assessment measures	
	The NRI Group has established, based on the instructions of the President & CEO, an Integrated Risk Management Committee in order to deliberate on important matters related to risk management. The Integrated Risk Management Committee monitors the major risks at the NRI Group, and after a comprehensive analysis, classifies them as either medium / long-term risks or short-term risks, which it then manages by comprehensively taking into account the importance of each risk and setting priority themes every year. The risk assessments and monitoring details are reported to the board of directors several times a year.
Risk items subject to risk management	<ul style="list-style-type: none"> Strategy risk Business continuity risk Compliance risk Information security risk Systems impairment risk Project management risk External outsourcing / procurement risk Subsidiaries / affiliate company risk Business resource risk Information disclosure risk Reputational risk
Link Files	<p>Internal Controls, Corporate Ethics and Compliance https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=70</p> <p>Business and Other Risks https://www.nri.com/en/company/risk</p>

► Long-term risk

Long-term risk 1	
	M&A associated risk: ESG risks of a company that NRI acquires.
Business impacts	Moving ahead with global business is stated as one of the goals in the Medium-term Management Plan of NRI, indicating that M&A in overseas business will become active more than ever. Review of business risks and financial risks will be duly conducted prior to the acquisition, however if any long-term potential ESG risks that cannot be recognized at the time of acquisition emerge, that would cause reputation damage and negative impact to the business continuity of NRI.
Mitigating actions	Prior to actual M&A, ESG risk related due diligence is conducted including environmental and human rights risk, in addition to due diligence for financial risks and legal risks. Also, after acquisitions, in order to enhance corporate governance, we provide the principle-base education including dissemination of the NRI Group business philosophy to the managements and employees of the acquired company.
Long-term risk 2	
	The climate change risks associated with CO ₂ emission by electricity use of the Data Centers
Business impacts	NRI has five data centers and electricity use at the data centers accounts for 73% of the greenhouse gas emissions of the entire NRI Group. Along with rapidly proceeding international consensus of the climate change, there is a risk of increase in operation costs of the data centers due to introduction of new regulations or tax systems.
Mitigating actions	Also, by enhancing environmental performance of the data centers to the world top-level, and by promoting relocation to the Tokyo no.1 Data Center and Osaka no.2 Data Center which have high environmental performance, NRI has been engaged in reducing power consumption and the greenhouse gas emissions. Furthermore, we introduce using emissions trading in preparation for reinforcing environmental regulations in case we can not clear our own environmental impact reduction efforts alone.

► Response to risk

Integrated risk management structure	
	NRI divides risk into three categories: 1) Company-wide risks; 2) Business activity risks; and 3) Disaster or accident-related risks. We have developed a risk management structure for each type of risk, working closely together as an organization to conduct integrated risk management. Periodically we perform assessments of this risk management structure, making improvements when necessary. We have instituted business continuity and disaster recovery plans especially for those businesses and services which may have a significant impact on society.

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

In the event of a disaster or accident, we will confirm that Group employees are alive and safe, protect our clients' important information systems and information assets, and endeavor to keep our operations functioning. In order to prepare for a major natural disaster, an epidemic, or an adverse incident involving the NRI Group, the Risk Management Supervisory Department and the representative departments for the relevant risk will work together to respond as necessary. Their work also includes examining preventive action plans. A Contingency Plan in a Handbook has been distributed to all employees of the NRI Group, for a detailed understanding of the action guidelines in case of a disaster or any other emergency. We have also developed an "emergency safety confirm system" that confirms the safety and ability to come in to work in the event of a disaster by e-mail and phone. Training is conducted each year to ensure that this confirmation process is carried out rapidly. From the perspective of safety management, this system was expanded to cover temporary employees where they have five their approval.

Crisis management

NRI has prepared a Contingency Plan containing its advance preparations in anticipation of potential emergency situation and its master systems and processes for response. In the case of a large-scale system failure or information security breakdown, an emergency command center will be set up swiftly to coordinate with the relevant divisions and clients and to take action including failure recovery, cause investigation, informing relevant parties, and examining how to prevent a recurrence, based on the circumstances of the particular failure.

► **Risk culture**

Training and awareness on risk management

We conduct training for each hierarchy level, educate all employees via e-learning, and raise awareness through compliance-awareness surveys.

Evaluation and financial incentives

An oversight department is established for each of the risks associated with business activities, and the results of risk management are directly reflected in the performance evaluations of the heads of the oversight departments. Other risks*1 may be reflected in the evaluation for the head of a department, depending on whether they are responsible for the risk. Furthermore, in regard to human rights and labor risks**2 for employees supervised by those in management positions, the same is directly reflected in performance evaluations as the results of managerial risk management.

*1 Compliance risks, human rights and labor risks related to employees, etc.

**2 Health and safety, extended work periods, discrimination and harassment, etc.

Finding and reporting of potential risk by employees

We have established an external-service hotline (attorney's office) for the purpose of discovering and correcting any risks, including illegal activities.

Feedback process on potential risk

At the regular Business Promotion Committee every month, we share risk examples across all divisions to improve our ability to respond to risks.

Compliance - Management Approach

Material issues of NRI related to this management approach

It is the basis of all materiality of 15, but in particular "Prevention of overseas corruption"

NRI's approach to material issues

With the expansion of the global economy, societal demands for companies to engage in fair and transparent business activities are becoming more and more relentless. In particular, laws and regulations are being strengthened worldwide for issues that transcend borders and have a large social impact, such as anti-corruption, unfair competition, and tax compliance. The NRI Group aims to expand its global-related business in its "Vision2022" medium-term management plan, and will strengthen its global compliance system, prioritizing thorough compliance with laws and regulations above all else. Furthermore, we recognize that it is the premise of sustainable business activities to not only comply with laws and regulations, but also act in accordance with international social norms.

Priority activities / Medium- to long-term targets

NRI respects and practices the spirit of the Charter of Corporate Behavior as a member of the Keidanren (Japan Business Federation).
 The NRI Group has established the "NRI Group's Code of Business Principles" and the "NRI Group Employees' Code of Business Conduct" as standards for all directors and employees to comply with.
 Furthermore, in 2016, we established the "NRI Group Anti-Bribery Policy" and "NRI Group Competition Law Compliance Policy" to strengthen global compliance.

Compliance - Data

► Compliance policy

Compliance policy

The NRI Group is sincere in its observation of ethics and laws and regulations, and strives to ensure thorough compliance. The "NRI Group Employees' Code of Business Conduct," which was established to realize the "Corporate Philosophy" and the "NRI Group's Code of Business Principles," establish that "employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity." Furthermore, by establishing a mechanism for the proper processing of reports concerning organizational or personal violation of laws and regulations from persons engaged in the NRI Group's business (including not only company employees, but also employees of partner companies), we will aim for prompt detection and rectification of such misconduct, thereby strengthening compliance management.
 In addition, we have also formulated a policy on the prohibition of bribery and compliance with antitrust laws.

Applicable scope

All directors, officers and employees of NRI Group

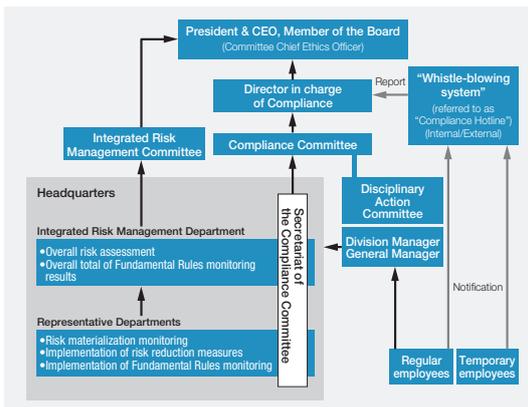
References

- Corporate Philosophy
https://www.nri.com/en/company/c_philosophy
- NRI Group's Code of Business Principles
https://www.nri.com/en/company/company_code
- NRI Group Employees' Code of Business Conduct
https://www.nri.com/en/company/business_code
- NRI Group approach to compliance
<https://www.nri.com/en/sustainability/social/policies>

► Compliance system

Compliance system

In order to ensure the effectiveness of management in observation of ethics, laws and regulations, Chief Ethics Officer and Chief Compliance Officer have been put in place, and the entrenchment and improved effectiveness of compliance is being sought through the establishment and running of a Compliance Committee, and continuous training and awareness activities related to compliance, etc. In addition, the basic policy with respect to antisocial forces is one of having no relationship whatsoever, including any transactions, and the oversight departments manage and handle information collection and transaction prevention.



Officer in charge

Chief Ethics Officer
Shingo Konomoto
President & CEO

Director in charge of Compliance
Yoshio Usumi
Representative Director, Member of the Board,
Senior Executive Managing Director in charge of Supervising of Corporate Administration

Responsible committee

Compliance Committee

Compliance hotlines

We have set up a number of reporting desks, including an external reporting desk (attorney's office), to provide for anonymous reporting and consultation relating to violations of laws and regulations. In addition, protections for whistleblowers are in place, including the prohibition of disadvantageous treatment such as dismissal or termination of contract based on said whistleblowing. Measures are taken in the event of such reports, including those for prompt handling after investigating the facts, and also those preventing any recurrence of the situation.

Third-party audit of compliance system

As part of the creation of an internal control audit report, the compliance system is audited annually by an auditing firm.

► Compliance situation

System of thorough compliance						
<p>Every year, management set important risks that should be prioritized the following year as "major themes" based on the results of company-wide monitoring of compliance with regulations and the results of internal audits, and the NRI Group is focusing on compliance with the rules.</p> <p>The "major themes" are reflected in a booklet that is distributed to all employees of the NRI Group entitled "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff", which explains the nature of the rules and their legal basis, as well as providing examples. The state of compliance with respect to the rules included in the booklet is regularly monitored, and if any issues are found, the head office organization and business divisions work together to make improvements.</p> <p>Compliance awareness surveys for all NRI Group employees are conducted in principle every other year. In addition to training for each hierarchy level and executive training, confirmation testing relating to the "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff" is also carried out (in an e-learning format).</p>						
	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Completion Rate for Compliance Confirmation Testing (held every other year)*	%	96.1	-	98.9	-	-
	Coverage	a-		a-		
Collection Rate for Compliance Awareness Surveys (conducted every other year)	%	-	87.3	-	81.5	-
	Coverage		a		a	
Numbers of Internal Reports/Consultations		1	6	3	8	2
	Coverage	b-	b-	b-	b-	b-

* Compliance confirmation testing was not conducted in FY2017. In FY2018, we plan to implement compliance training for NRI Group employees, including thorough dissemination of "The NRI Group Rule Book: Important Rules to be Observed by Executives and Employees."

Breaches of laws and regulations	
	In FY2017, there were no compliance breaches that had a significant impact on the management of the NRI Group.

► Anti-corruption

Anti-bribery policy	
	<p>In order to pursue business fairly and in compliance with the laws and social norms, NRI Group will comply with the Japanese Unfair Competition Prevention Law, the US Foreign Corrupt Practices Act, the UK Bribery Act 2010, the Chinese Criminal laws on anti-bribery, and other applicable anti-bribery laws and regulations (hereinafter collectively called "anti-bribery laws and regulations"). By preventing any acts of bribery and any acts that may be considered as bribery, NRI Group will maintain its reputation as a company that is trusted by the customers and the society.</p> <p>NRI Group has established the following code of conduct "NRI Group Anti-Bribery Policy", applicable to all directors, officers and employees of NRI Group. NRI Group requires its agents and partners to comply with such standards.</p>
Applicable scope	All directors, officers and employees of NRI Group, and business partners.
Reference	<p>NRI Group Anti-Bribery Policy</p> <p>https://www.nri.com/en/sustainability/social/policies#anticorruption</p>

Breaches of anti-corruption	
	Nothing applicable.

► Political contribution

Political contribution policy	
	In the NRI Group Employees' Code of Business Conduct stated that "Employees shall not give political contributions and election campaign support to politicians, candidates and political body directly through their corporate activities".
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Employees' Code of Business Conduct</p> <p>https://www.nri.com/en/company/business_code</p>

Political contribution amount	
	NRI group does not make political contributions.

► Fair competition

Fair competition policy	
	In order to pursue fair competition, NRI Group will comply with the Japanese Anti-Monopoly Law, the Subcontract Proceeds Law and other Japanese Laws, the US Antitrust Law, the EU Competition Law, the Chinese Anti-Monopoly Law and other applicable competition laws and regulations. NRI Group has established the following code of conduct "NRI Group Competition Law Compliance Policy", applicable to all directors, officers and employees of NRI Group. NRI Group requires its agents and partners to comply with such standards.
Applicable scope	All directors, officers and employees of NRI Group
Reference	NRI Group Competition Law Compliance Policy https://www.nri.com/en/sustainability/social/policies#antitrust
Breaches of fair competition	
	Nothing applicable.

► Tax risk and compliance

Tax policy	
	The NRI Group's policy on taxation has been defined in the "NRI Group Global Tax Policy," and stipulates the basic policy, legal compliance, tax governance, tax risk management, tax planning, and relationships with tax authorities. The NRI Group's executives and employees comply with laws, social norms and internal regulations, and strive to achieve sustainable growth and increase corporate value. This policy is also the basis for initiatives aimed at improving governance with respect to taxation. By fulfilling its tax obligations, the NRI Group contributes to the development of the local community, acting as a sincere company with sound judgement.
Applicable scope	NRI Group
Reference	NRI Group Global Tax Policy https://www.nri.com/en/sustainability/social/policies#tax-payment

Supply Chain Management - Management Approach

Material issues of NRI related to this management approach

"Dialogue with civil society" and "Show consideration for environments in our supply chain"

NRI's approach to material issues

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

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

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

Furthermore, in conducting business both in Japan and overseas, there are now strong demands for engagement with respect to a "responsible supply chain," and in addition to responsibility with respect to legal-compliance, product-quality and information-security aspects, there is a need to work together with our business partners to also tackle ESG issues such as environmental protection, proper labor practices, and respect for human rights, etc.

Accordingly, "Respecting ESG" has been clearly stated in the "NRI Group Procurement Policy," and we have shared our policy of observing laws, regulations and social norms while simultaneously engaging in procurement activities that are considerate of the environment and human rights, etc., and working together with our business partners in contributing to the creation of a sustainable society.

Priority activities / Medium- to long-term targets	
	<p>As an environmental initiative, we are currently making progress with setting environmental targets in supply chains. For our business partners that account for 70% of Category 1 (Purchased Products/Services), Category 2 (Capital Goods), and Category 11 (Sold Products and Services) in Scope 3, which has a large impact on greenhouse gas emissions, we are also working to have them set targets for greenhouse gas emissions.</p> <p>As a human rights initiative, we are considering a commitment from business partners ensuring compliance with our human rights policy by 2022, and are currently making progress in dialogues with key business partners.</p>
Progress / Achievements / Challenges	
	<p>NRI conducts "CSR Study Meetings" with business partners every year to prepare for the ESG activities that will be demanded of the entire supply chain in the future. At the meetings we share information and exchange opinions on ESG trends in domestic and foreign companies, as well as on the status of ESG activities of participating companies, including NRI. Above all, much time is devoted to human rights. In FY2018, an increase in the number of participating business partners is scheduled, along with a large-scale implementation.</p>

Supply Chain Management - Data

► Supply chain management policy

Policy to apply to suppliers	
	<p>The NRI Group has, through its NRI Group Procurement Policy, made stipulations concerning partnership creation and fair selection with respect to business partners such as outside contractors and suppliers. Furthermore, in order to seek activities that give consideration to ESG (Environmental, Social, and Governance) factors from business partners, we have provided an item called "Respecting ESG" in our procurement policy.</p>
Applicable scope	Directors, officers and employees of NRI Group, and business partners such as outside contractors and suppliers.
Reference	<p>NRI Group Procurement Policy https://www.nri.com/en/company/partner</p>

► Supply chain situation

Supplier overview																																				
	<p>The below are the NRI Group's two main kinds of business partners: (1) Partner companies (outside contractors) (2) Vendors (hardware suppliers)</p> <p>Speaking from the perspective of systems integration, the NRI Group accepts a not insignificant amount of orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies. There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.</p>																																			
	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>2014.3</th> <th>2015.3</th> <th>2016.3</th> <th>2017.3</th> <th>2018.3</th> </tr> </thead> <tbody> <tr> <td>Number of Chinese partner companies*</td> <td></td> <td>20</td> <td>21</td> <td>21</td> <td>18</td> <td>18</td> </tr> <tr> <td>Approximate number of partner employee (Japan)</td> <td>no. of person</td> <td>9,000</td> <td>9,000</td> <td>7,500</td> <td>7,000</td> <td>7,000</td> </tr> <tr> <td>Approximate number of partner employee (China)</td> <td>no. of person</td> <td>5,500</td> <td>4,500</td> <td>4,000</td> <td>3,500</td> <td>3,500</td> </tr> <tr> <td></td> <td>Coverage</td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> </tr> </tbody> </table>		unit	2014.3	2015.3	2016.3	2017.3	2018.3	Number of Chinese partner companies*		20	21	21	18	18	Approximate number of partner employee (Japan)	no. of person	9,000	9,000	7,500	7,000	7,000	Approximate number of partner employee (China)	no. of person	5,500	4,500	4,000	3,500	3,500		Coverage	c	c	c	c	c
	unit	2014.3	2015.3	2016.3	2017.3	2018.3																														
Number of Chinese partner companies*		20	21	21	18	18																														
Approximate number of partner employee (Japan)	no. of person	9,000	9,000	7,500	7,000	7,000																														
Approximate number of partner employee (China)	no. of person	5,500	4,500	4,000	3,500	3,500																														
	Coverage	c	c	c	c	c																														

* In October 2015, NRI inherited an NRI-oriented offshore development project from SinoCom Software Group Ltd., an offshore partner in China that was also an e-partner of NRI. Partially as a consequence of this, there has been a decline in the number of China offshore partner companies and partner personnel (approximate figures, China) in FY2016.

Procurement amount		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Total outsourcing expenses		millions of yen	132,825	141,925	139,303	126,361	135,522
Breakdown by country / region	China	millions of yen	21,387	23,482	23,476	18,815	19,532
	Coverage		c	c	c	c	c

Critical supplier

We also sign “e-partnership” agreements with companies that possess particularly sophisticated operational knowhow and IT capabilities. We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development. As of March 31, 2018, we had 8 such e-partners in Japan and 5 in China. In fiscal 2008, we set up a system for certifying “extended e-partners” (“e-e partners”) in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2016, we have 3 e-e partners in Japan.

	2014.3	2015.3	2016.3	2017.3	2018.3
Number of e-partners	9	9	8	8	13
Japan	7	7	7	7	8
China	2	2	1	1	5
Number of e-e partners	3	3	3	3	3
Japan	3	3	3	3	3
Coverage	c	c	c	c	c

Note: As of the end of each fiscal year

Promoting offshoring*

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems. The NRI Group is proceeding to diversify its outsourcing destinations. It is moving to press forward with its offshoring in China not just in its larger cities such as Beijing and Shanghai but also in regional bases in China, in collaboration with its Chinese partner companies. The number of Chinese partner companies in our IT solutions business stands at 18 companies in 19 regions as of March 31, 2018.

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

▶ **Supply chain risk assessment**

Supply chain risk assessment measures

Before consigning the development of any NRI system to a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its measures on compliance and information security management. With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act. Regarding information security, to ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy. We have also provided hands-on training in dealing with phishing emails for those of their employees who are engaged full-time on security issues.

Supply chain risk assessment results

After evaluating risk in the supply chain, the NRI Group believes that there are the following two risks with respect to partner companies:

1. Good business relationships with subcontractors

In the fiscal year ended 31st March, 2018, our subcontractors were responsible for 40% of NRI's actual production. It is essential to secure top-level subcontractors and maintain a good business relationship with them in order to carry out NRI's operation.

At NRI, we strive to secure superior subcontracting partners by performing corporate screening regularly and searching for new collaborating partners both domestically and overseas. Furthermore, we are conducting activities to raise productivity and quality, including activities with subcontracting partners, through such measures as sharing of project risks with e-Partner Contracts, a contracted business partner with high levels of specialized business expertise, and demands for greater security and thorough information management on the part of subcontracting partners.

Our subcontracting partners are not only in Japan, but also in various overseas locations, including China. Currently, Chinese companies account for 15% of subcontracting costs. We are therefore striving to strengthen this system of cooperation by regularly dispatching executives and employees to China to visit subcontracting partners and check the status of projects.

In spite of all these efforts, in case we fail to secure superior subcontracting partners or maintain a good business relationship with them, we might not be able to conduct business smoothly. Especially in subcontracting to a subcontracting partner overseas, an unexpected event might occur caused by political, economic, or social factors which are different from those in Japan.

2. Contract work

There have been calls for appropriate responses in compliance with labor-related laws when contracting business outsourcing work is carried out under service contracts.

NRI has formulated guidelines relating to contract work to raise common awareness of this problem and to allow the awareness to take root in NRI. In addition, we host meetings to explain our policies to subcontracting partners as part of our drive for entirely appropriate business outsourcing.

If despite these efforts, work outside the scope of the contract work is carried out and disguised contract issues and so forth arise, NRI may lose credibility.

► Fair trade

Fair business relationship with business partners

In accordance with antitrust legislation, the NRI Group prohibits employees from abusing their dominant position as outsourcers. Furthermore, with respect to compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, outsourcing to subcontractors is in thorough compliance with the law, including with respect to the exchange of order documents, and payment dates. In addition, we inform our partner companies in writing that we decline offers of gifts and entertainment, and we thoroughly ensure our employees at the NRI Group are aware of the same.

Voluntary inspection for appropriate subcontracted operations

The partner companies engaged in business with NRI employ just over 13,000 employees between them, and around 50% are full-time at NRI's facilities. In order to govern situations where we are performing operations with the involvement of these partner company employees, NRI has devised Subcontracted Operations Guidelines to maintain appropriate conditions for operations involving subcontractors. In addition, having the employees of subcontracting agreement partner companies work in separate locations away from our own employees is an endeavor we are undertaking to prevent "sham contracting," as this could arise if NRI employees were to give orders or instructions directly to partner company employees. We voluntarily and diligently inspect our practices each year.

Voluntary inspection results	2014.3	2015.3	2016.3	2017.3	2018.3
Number of inspected projects	n/a	962	877	922	939
Coverage	c	c	c	c	c

► Information security of supply chain

Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

Assessments of business partners	2014.3	2015.3	2016.3	2017.3	2018.3
Number of assessed companies	over 100*	over 100*	83	87	81
Coverage	c	c	c	c	c

* Including overseas

► Supplier screening criteria

Supplier screening criteria

We place a high value on business partners who observe laws, regulations and social norms while also contributing to the creation of a sustainable society by engaging in procurement activities that are considerate of the environment and human rights, etc. We provide opportunities for fair competition and comprehensively evaluate the status of environmental, societal, and governance efforts from the perspectives of business conditions, product and service quality, delivery, and cost, as well as contribution to society.

► Capacity building and incentives for suppliers

Efforts toward mutual development with partner companies

When the NRI Group outsources part of the operations for a project concerning the development or operation of information systems to a partner company in or outside Japan, the status of the outsourced processes as a whole, along with any issues and anticipated risks, are identified during regular joint meetings of the project team and responsible officers. With our principal partner companies, quality management officers from both sides also meet regularly, and aim to ensure and raise quality levels. The NRI Group is engaged in enhancement services reforms* to further improve quality and productivity. We are undertaking these activities in each project on an ongoing CSR Activities and Data Files | Stakeholder Engagement basis in collaboration with our e-partners and other partner companies. In fiscal 2008, we set up a system for certifying "extended e-partners" ("e-e partners") in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us.

	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of partner companies participating in the training		21	19	17	15	14
Number of participants from partner companies (cumulative number of people)	no. of person	149	170	199	300	390
Number of partner companies participating in management seminars		approx.100	114	112	109	103
Number of participants in management seminars from partner companies	no. of person	approx.200	234	234	238	231
Coverage		c	c	c	c	c

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

Client Relationship Management - Management Approach

Material issues of NRI related to this management approach

"Communication with customers" and "Appropriate disclosure of information to customers"

NRI's approach to material issues

Throughout the entire value chain, companies are responsible for continuing to provide products and services that meet the needs of customers and users in a safe and reassuring way.

The NRI Group provides information systems to various industries and government agencies, and has a responsibility to not only direct customers, but also to think about the impact on general consumers and users who benefit from information systems and the impact information systems have on society.

The NRI Group will provide the highest standard of information-systems services through advanced technologies and organizational systems relating to information system quality and information security, and through systems solutions and consulting will create the foundation for industry and technology innovation in the future and connect the same to economic and societal development.

Note: Please refer to the "Information System Quality" and "Information Security" sections below.

Priority activities / Medium- to long-term targets

The NRI Group will deliver services and solutions with value to customers in the spirit of putting customers first, and do its utmost to continue to be recognized as a "true partner" by our customers for many years to come. To that end, we promise our customers that we are committed to quality and that they can be reassured that our services and solutions are safe.

Long-Term Management Vision "Vision2022"

In order to create an ideal future society in 2022, we will jointly create "truly meaningful innovation" together with our customers and various business partners. We will further refine three of our strengths accumulated to date: our capacity for insight, our capacity for joint creation, and our capacity for realization.

Deeper Insight

In the future we will continue to deepen not just macro insights such as industry and technology trends, but also the insights that will lead deeper and tangible innovation in our customers' businesses. We will identify the markets of the future and utilize technology to the fullest to realize business potential.

More Open Joint Creation

Based on our customers' businesses, we will further evolve our joint creation capacity to deliver solutions with a variety of partners. We learn from our customers' business workplaces, and even more people in markets and societies, and share our thoughts with our peers who have strengths we do not, including leading research institutes, specialist enterprises, and NPOs/NGOs, collaborating across organizations, languages and borders.

More Reliable Realization

In addition to our ability to closely align with customer businesses and propose and operate optimal systems for efficient business, our capacity for "Business IT," which increases the added value of our customers' businesses, will be tested moving forward. By assembling our ideas from our customers' businesses, we will continue to build and operate/improve systems that are genuinely in our customers' best interests.

Targets

1. Operating Income
¥ 51.4 billion ('15 / 3 term results) ⇒ ¥ 100 billion ('23 / 3 term target)
2. Operating profit margin
12.7% ('15 / 3 term results) ⇒ more than 14% ('23 / 3 term target)
3. Overseas sales
¥ 8.6 billion ('15 / 3 term results) ⇒ ¥ 100 billion ('23 / 3 term target)
4. ROE
10.8% ('15 / 3 term results) ⇒ 14% ('23 / 3 term target)

Five pillars of growth strategy

1. Dramatic expansion of globalization
2. Enhancement of IP Portfolio
3. Promotion of business value creation
4. Further pursuit of innovation in production
5. Cooperation and collaboration of diverse talents

Vision statement

Share the Next Values!

Innovation Management - Data

► Innovation management policy

Approach to research and development (R&D)

To create a sustainable society, companies are greatly expected to create innovation and contribute to solving social issues.

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

As R&D focus areas, NRI conducts R&D for different segments. Our Consulting R&D looks at next-generation business and strategies.

Finance & Industry R&D deals with financial institutions and the adoption of industry-standard business platforms that fully meet markets' broad needs.

IT Platform Services R&D involves continually monitoring cutting-edge technologies, and strengthening IT's power to provide solutions that apply those technologies to people's lives and to society at large.

► Research and development system

Research and development system

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

Research & Development Committee:

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

Center for Strategic Management & Innovation:

Responsible for government policy recommendations and advanced research functions, this Center conducts surveys on new systems for society.

IT Platform Innovation Division:

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

Our business divisions:

Responsible for medium- to long-term business development and new product (service) development, these investigate product business feasibility, conduct product development, and undertake demonstration projects.

► Research and development situations

R&D expense		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Total amount		millions of yen	3,901	4,222	5,110	5,674	5,170
Breakdown by segments	Consulting	millions of yen	781	814	1,056	1,247	921
	Financial IT Solutions	millions of yen	1,502	1,855	2,618	2,947	2,844
	Industrial IT Solutions	millions of yen	376	441	700	622	622
	IT Platform Services	millions of yen	916	876	734	857	781
	Others	millions of yen	326	233	0	0	0
Sales ratio		%	0.9	1.0	1.2	1.3	1.1
Coverage			a	a	a	a	a

▶ Open innovation

Open innovation case 1	
	<p>Established a new IT solution company jointly with real estate investment company. In the field of FinTech, NRI has been conducting survey and research ahead of other companies, and currently, in the stage of establishing FinTech start-up companies to realize new IT services. As one example, NRI established crowdfunding company "Bit Realty" for real estate investment, jointly with real estate investment companies. Opportunities for investing real estate were previously restricted to institutions, but Bit Realty promotes a crowdfunding business for real estate investment and offer a scheme that allows individuals to use the internet to make small investment. We plan to position this scheme as the standard for real estate crowdfunding by adding the participation of real estate asset management firms, real estate developers and other companies. Furthermore, the long-term plan includes the new services involving the real investment advisory service that utilizes AI, big data analysis, blockchain technology and other technologies.</p>
Business impacts	<p>The real estate investment company has advantages in product creation and NRI has advantages in rule making by policy recommendations, and in IT solution technologies. Therefore, by launching a business jointly, we were able to quickly realize new IT crowdfunding services which is the first in real estate field, and to have a competitive advantage.</p>
Reference	<p>News release (August10, 2017) Kenedix and Nomura Research Institute Agree to Cooperate in the Field of Real Estate Technology https://www.nri.com/-/media/Corporate/en/Files/PDF/news/newsrelease/cc/2017/170810_1.pdf</p>
Open innovation case 2	
	<p>Improve store operation efficiency and expand employment of people with disabilities through collaboration with convenience store industry. "NRI's group company "NRI Retail Next" is a franchisee of Seven-Eleven Japan. In order to solve the problem of the convenience store industry facing serious shortage of manpower, NRI Retail Next is promoting empirical research to improve store operation efficiency by introducing IT and AI for store making and human resources utilization. Meanwhile, NRI established the special purpose subsidiary "NRI Mirai" for hiring persons with disabilities, actively engaged in survey, research and information dissemination on employment of people with disabilities as well as hiring employee with disabilities. By fusing these research results, NRI Retail Next is currently carrying out demonstration experiments to expand employment opportunities for people with disabilities at convenience stores, and proceeding with verification of business support system for employees with disabilities, such as developing applications that make it easy to understand task procedures by a mobile device.</p>
Business impacts	<p>The ability to present solutions from both the IT system and employment know-how of people with disabilities against the serious shortage of manpower faced by service industries such as the convenience store industry leads to the acquisition of a new IT solution market.</p>
Reference	<p>Sustainability Topics Toward an Era of Active Participation by Disabled People in Convenience Stores https://www.nri.com/en/journal/sustainability/2018/05</p>
Open innovation case 3	
	<p>Joint research with universities NRI acquires leading-edge knowledge from around the world to utilize in studies, research, and development and is conducting joint research and is building networks with leading overseas universities including Tsinghua University of China and the Massachusetts Institute of Technology of the United States. In 2017 the company jointly established a research center with Tsinghua University. The research center is conducting research related to governmental policies and business as they affect the Chinese and Japanese industry, economy, and society under themes that address urgent social issues. Further, in 2017 NRI signed a membership agreement with the research center of the Massachusetts Institute of Technology and send researchers to the center. Research is being conducted on advanced digital technologies like data analytics. The results of the joint research will be utilized in the consulting businesses of NRI and disseminated via publications and other means.</p>
Business impacts	<p>Absorbing advanced research results from around the world is indispensable for achieving NRI's growth strategy "Business IT creation" and is an investment in future business. It is also very important for continuing to improve NRI's top level consulting service quality in Japan.</p>

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Publications

<https://www.nri.com/en/knowledge/publication>

Report

<https://www.nri.com/en/knowledge/report>

Knowledge Insight (Knowledge database collecting research results of NRI) (In Japanese only)

<https://www.nri.com/jp/Tag-Search?contentType=e60b809e-a639-494b-8d17-ae61c912bfee,7c6515bb-45bb-43aa-ae0e-0c0e064fe517,23985d68-0c8a-4cf6-acde-d8c8601d4161,2cbe8414-407f-4875-80a1-d0f853d62347,dac26eeb-4b9b-4dea-9240-6c18e66f2d01,c393790d-c29c-4b75-939b-6917476d1852&page=1&pageSize=20>

▶ Process innovation

Process innovation

Introduction of development tools of information systems

Overview

In developing large-scale information systems, NRI has developed a tool that integrally manages and supports both the quality enhancement and work efficiency. This development tool consists of two parts. one is "collaboration package" for efficient task management by accumulation and sharing of knowledge and activation of communication, and the other is "development package" which standardizes and automates the development work by totalling and visualizing the progress status of the project in real time. By introducing this tool, it became possible to visualize the project progress status of system development, realizing high quality management and improving work efficiency of project members at the same time.

In 2017, NRI started marketing this tool as a service called "aslead". So, this tool will contribute to increase of revenue, and it is expected that the results of NRI's process innovation will spread more widely throughout the IT industry.

Business impacts

Improvement in efficiency by introduction of this tool is expected to create about 30 minutes surplus time per person, which will result in a cost saving effect of about 5.6% as a whole.

References

News Release (October 19, 2017) (In Japanese only)

Started marketing of development tools of information systems "aslead"

<https://www.nri.com/jp/news/newsrelease/1st/2017/cc/1019>

aslead (In Japanese only)

<https://aslead.nri.co.jp/>

▶ Environmental innovation

Environmental innovation

Significant Reduction in CO₂ Emissions Due to Shared Online Services

Overview

The usage of Shared Online Services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, they can markedly reduce power consumption, CO₂ emissions and costs, more so than when each company independently developed their own system. Estimates show that THE STAR, a back-office system for retail brokerage firms, enables the user to lower its CO₂ emissions by 73.9%.

Effects of environmental innovation	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Sales ratio of Shared Online Services	%	19	19	22	23	21
	Coverage	a	a	a	a	a

▶ Social innovation

Social innovation

Community development through consulting

Overview

There are about 700 researchers in our consulting division, which is one of the top consulting institutions in Japan in terms of the number of researchers as well as quality. Diversity of our consultation services to business, local authorities and governments of emerging/developing economies are all directly relevant to solutions for critical social issues. that is, social innovation.

Effects of social innovation	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Sales ratio of consulting	%	6.6	6.8	6.7	7.2	7.7
	Coverage	a	a	a	a	a

Quality of Information Systems - Management Approach

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

Information systems are widely and deeply ingrained in modern society in a variety of ways, and have become indispensable infrastructure for our convenient and comfortable lives. They are also cornerstones in the realization of new systems and services, and contribute greatly to societal innovation.

On the other hand, when an information system fails, it has a large impact on economic activity and civic life. Since its establishment, the NRI Group has consistently focused on the quality of its information systems, from design through to maintenance and operation, with an emphasis on information services not stopping unexpectedly. In addition, all possible measures have been taken in providing backup and business-continuity systems in case of an emergency information system failure.

Priority activities / Medium- to long-term targets

The NRI Group provides total support, extending to maintenance and Operation, for the systems that we produce for a variety of business sectors, including the securities, banking, insurance, distribution, and communications industries. As well as develop a high-quality system within the time and for the cost agreed with the client, another important role for the NRI Group is ensuring the quality of our maintenance and operation of the system once it is up and running. From this perspective, in order to increase the reliability of our information systems, we at the NRI Group are directing our efforts towards the following priorities:

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

Progress / Achievements / Challenges

NRI acquired certification for ISO9001 Quality Management System Standards in January 2002, which apply to information systems construction projects of a certain size or greater. In addition, in order to successfully guide projects building large and complex information systems to completion, we have established a project supervision system that systematically carries out risk management and project support. NRI has obtained ISO20000 and ISO27001 certification, which are international standards for IT service management, for all of the five data centers it owns and manages. Furthermore, Management and Operation certification (M&O Stamp of Approval), which is a global standard for data-center operation prescribed by Uptime Institute, a nongovernment organization in the United States, has been obtained for three data centers (Tokyo Data Center I, Yokohama Data Center II, Osaka Data Center II), ensuring a global standard in terms of high reliability. The Tokyo No. 1 data center was the first data center in Japan to acquire the certification (acquired December 2014).

KPI	2014.3	2015.3	2016.3	2017.3	2018.3
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO20000 / ISO 27001 Certified Data Centers	4	5	5	5	5
Data Centers with M&O Stamp of Approval	0	1	2	2	3
Failure Response Drills in Data Centers	n/a	n/a	approx.2,800	approx.2,900	approx.3,400
Overall Operational Drills with Staff Involved in Data Center Operations	n/a	5	5	5	5
Coverage	c	c	c	c	c

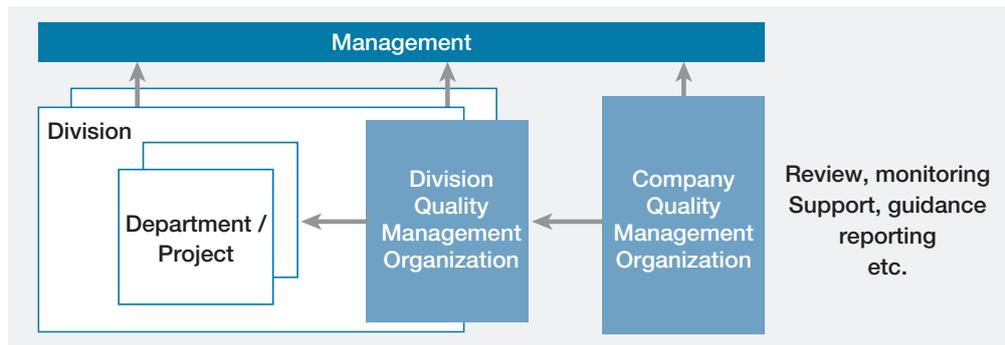
Link File [Sustainability Topics: Keeping the Supply Chain Moving](https://www.nri.com/en/journal/sustainability/2017/01)
<https://www.nri.com/en/journal/sustainability/2017/01>

Quality of Information Systems - Data

► Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

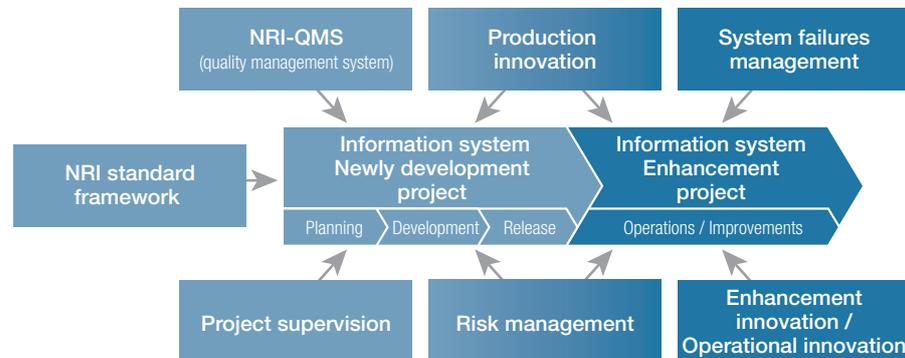
Each business division is responsible for quality control when implementing projects. Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Systems Development Innovation Division set objectives and formulate plans relating to quality, and also build quality management systems, provide standard guidelines and advise on projects. We are also actively engaged in resolving issues concerning the improvement of productivity, based on the idea that "improvements in quality improve productivity, which leads to further improvements in quality."



► Initiatives for improving the quality of information systems

Project support system for improving the quality of information systems

Each division is responsible for quality management over system development, maintenance and operations, and consulting services projects. In addition, NRI has an organization which proposes and supports quality management activities for each division.



NRI-QMS* (Quality management system)

This is a quality management system built on the basis of know-how cultivated over many years of quality-improvement activity. It involves the company having established internal rules, guidelines and models for business processes to ensure quality for individual projects, and is also a mechanism that seeks continuous improvement in quality through periodical reviews of the NRI-QMS itself based on customer satisfaction surveys and audit results. NRI has obtained ISO 9001 certification for quality management systems for applicable information system construction projects that require a minimum prescribed amount of labor.

* QMS: an abbreviation of "Quality Management System."

NRI Standard Framework

These are guidelines that containing standard processes for projects, as well as the activities and tasks to be carried out in each process, so that project quality and productivity increase through effective and efficient design and development in accordance with internal rules, project management, and review meeting audits taking place. These guidelines are shared with all employees through the intranet. They include tools and checklists to help improve quality and productivity, as well as samples, creation guides and case-studies for the deliverables (documents) that should be created in each process, and play a role in instilling practical know-how in the company.

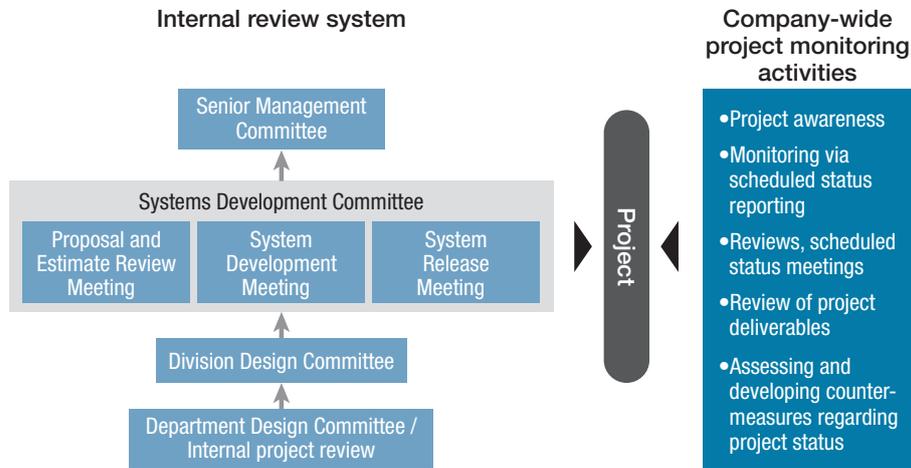
Project supervision

In order to successfully build large-scale and complex information systems, for projects involving building new information systems, we support each business division from both the "monitoring function" and "promotion and support function" sides.

Separate from the "management" required for the implementation and success of each project, we are aiming for improved project quality by promoting "project supervision activities" that support early detection and responses for problems. We constantly monitor the status of each project and provide assistance for project-manager tasks through support activities aimed at risk avoidance/mitigation, while also providing guidance on improving development processes and deliverables to enhance quality.

Furthermore, in order to understand and evaluate the risks relating to the quality, delivery, and income/expenditure for each project and respond appropriately, we conduct various review meetings in accordance with our internal rules at each critical juncture for the projects, including the proposal, estimate, construction, and release stages. There are three levels for the review meetings: company, division, and department, and the size, characteristics, and difficulty of the information system being built will determine the review meetings allocated to it. Each review meeting is not merely a process-checking opportunity; it is a place for a company expert who is well versed in areas such as project management, quality control, and information technology to ensure high quality is realized by conducting a rigorous examination down to the details of the system and also provide appropriate guidance and support to the person in charge of the project, including advice and know-how.

The risks associated with each project are divided into five levels of impact, which are reported to the management meetings, and immediate or mid-to long-term measures are taken as required.



Production innovation

NRI has been building and maintaining systems by selecting the appropriate combination of technologies from the variety of technologies available to meet the needs of our customers. Based on that experience, we are endeavoring to improve productivity from the following perspectives.

One is not only utilizing new functions when adopting new technologies, but also forming a group of experts for each technology to quickly acquire the expertise to ensure the quality and productivity of development using new technologies. Another is making progress with improvements in productivity that focus on shared processes that are not technology-dependent in the maintenance and operation of the many systems NRI supports that apply various technologies from various time periods.

We are aiming for "Production Innovation" by combining multiple policies in these two areas.

Information system failure management

NRI has created a company-wide system for reducing information system failures, with focused initiatives that have reduced the incidence of failures.

At present, we are working to improve the quality of the system by appropriately implementing measures in the event of a failure along with measures to prevent recurrence, by establishing common rules throughout the company to ensure that action focusing on disaster reduction targeting the specific challenges at each location is continuously being taken.

We manage failure impact levels in five stages according to the impact range of the failure, and have established reporting procedures for each failure impact level and created a mechanism that shares information without delay after a failure's occurrence.

Failures that do occur are subject to deep and thorough analysis to clarify the root causes and allow relevant improvements to be made. We also have prepared a training curriculum on how to analyze failures and are working to improve the abilities and awareness of our employees and partners.

Enhancement service reforms

We will continue to support our customers' business, from the start of operation of information systems until they are retired. During that time, by improving functions according to business changes, system revisions, or advances in technology, a highly cost-effective system can be used for a longer period of time. NRI believes that it is important to continue to improve functionality while maintaining stable operation of information systems, and refers to the post-operation process commonly called maintenance as "Enhancement."

Enhancement is a task that continues for a long period of time, and is characterized in that the losses from any unaddressed problems and benefits from improvements are both large. Therefore, in order to promote Kaizen improvement activities throughout the company, we have established the slogan of "Enhancement Service Reforms," and we are continuing activities to create and realize a Kaizen improvement plan for each system every fiscal year.

► Quality management in the maintenance and operation of information systems

Overview of quality control

In order for created information systems to be utilized effectively, stable system operation is indispensable. The NRI Group has been offering reliable-quality system operation services 24 hours each day, 365 days each year for many years. NRI's Data Center Service Division has built an IT service management system called "System Operation ITSMS" based on that accumulated experience and ITIL*, and has been working to obtain ISO 20000 Certification, an international standard for IT service management, for the information systems it is entrusted with in its data centers. In accordance with the System Operation ITSMS, we are working to improve the quality of system operation and IT services by utilizing the results of customer satisfaction surveys and failure records.

* ITIL: an abbreviation of "Information Technology Infrastructure Library. "A systematic standardization of business processes and methods for performing the operation and management of information systems. A registered trademark of AXELOS Limited.

Policy

We provide high quality data-center facilities and operation services to all internal and external customers.

ISO 20000 Scope

1. Data-center system operations management, system monitoring and data-center facility management

Relevant Locations

- Yokohama Center
- Tokyo Data Center I
- Yokohama Data Center I
- Yokohama Data Center II
- Osaka Data Center
- Osaka Data Center II
- Otemachi Cloud Control Center
- Operating Office (LMT)
- Nakanoshima Cloud Control Center

2. IT service management systems supporting the provision of customer-oriented IT general control services and service desk services in the Operations Service Promotion Department, the Data Center Service Division

Relevant Locations

- Sapporo ITSM Center
- Yokohama Data Center I

Efforts to improve operations quality and reduce system failures

In operation services for information systems, obstacles such as equipment failure, processing delays from sudden increases in data amounts, or malfunctions due to improper operation cannot be completely avoided. The system operations department is working on a variety of initiatives aimed at reducing these obstacles and increasing productivity, including strengthening collaboration with the information system construction department, promoting standardization, automation, and labor-saving for operations tasks, and improving operator skills.

Strengthening Collaboration with the information systems construction department

In order to improve the quality of information systems operations, NRI is working to strengthen its mechanisms engaged in systems construction with a focus on operational quality. Firstly, we are collaborating with the information system construction department and moving forward with standardizing the operations tasks that ensure stable and efficient systems operation. As part of those results, items relating to operations have been established in the NRI Standard Framework. We also started training for employees in the system construction department to learn about the impact the construction phase has on the quality of operations. Secondly, in the event of a failure, we cooperate with the information system construction department in efforts to clarify the causes and take countermeasures. We also cooperate with the system construction department responsible where other tasks and systems may cause similar failures, making efforts for thorough countermeasures to prevent the occurrence of such failures in advance.

Promotion of Standardization, Automation, and Labor-Saving for Operations Tasks

NRI is promoting automation in order to eliminate failures due to human error, such as task omission or procedural errors in the operation of information systems. We are using our own proprietary "Senju Family" operation management tool to make progress with automation, labor-saving, and mistake-reduction in systems operation, while at the same time achieving advance prevention of failures and prompt and appropriate responses if they do occur by standardizing tasks using other tools and leveraging collections of failure-response case-studies.

Promotion of Kaizen Improvement Proposal

Activities related to Operational Quality NRI collects proposals aimed at improving the quality of systems operation from NRI Group employees and partner companies involved in the operation of information systems. An award system for outstanding proposals has been established, and in FY2017 more than 900 proposals for improvement were collected. These proposals are collected in a database, and are used to improve quality by being reflected in measures that also incorporate the opinions of employees well versed in systems operation.

Operational Skill Improvements aimed at Automation and Labor-Saving

In order to operate information systems stably, skill-improvement for operators who operate the computers and network equipment becomes an important factor. In particular, as automation and labor-saving progress, it will be necessary for operators to acquire a high level of expertise to be able to cope with various failures with fewer people. Accordingly, NRI conducts group and e-learning training for operators to improve their skills and awareness. Furthermore, in order to increase the desire in operators for proficiency while also guaranteeing to customers that the operators have more than a certain level of skill, since FY2005 we have been using a proficiency assessment system that determines proficiency through testing. Depending on ability, silver or gold certifications are awarded, and are helping to improve operator skills and motivation.

► Increasing the reliability of the data centers that support the information systems' operation

Overview

The stable operation of information systems requires not only the quality of the information system itself, but also the quality of the data center that operates and manages the information system. In order to ensure stable operation of information systems, and to provide safe and secure quality of services, NRI visualizes the risks related to data center services, conducting training for each type of issue that could be anticipated.

Furthermore, global-standard Management and Operation certification (M&O Stamp of Approval) relating to data-center equipment and facility operation prescribed by Uptime Institute* has been obtained for three data centers (Tokyo No. 1, Yokohama No. 2 and Osaka No. 2), ensuring a global standard in terms of high reliability. The Tokyo No. 1 data center was the first data center in Japan to acquire the certification (acquired December 2014).

* Uptime Institute: A United States private organization that provides research, education, and consulting services for data center design, construction, and operation with the aim of supporting improved data-center performance and efficiency. As one of the world's leading independent organizations, it operates globally through locations worldwide (United States, Mexico, Costa Rica, Brazil, UK, Spain, UAE, Russia, China, Taiwan, Singapore, and Malaysia), creating tier standards for data-center equipment and overseeing M&O certification.

M&O Stamp of Approval

December 2014 Tokyo Data Center I (Updated in December 2016)
 February 2016 Yokohama Data Center II (Updated in February 2018)
 December 2017 Osaka Data Center II



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Global quality standards for data center operation - meaning of M&O Stamp of Approval and efforts of NRI - (In Japanese only)
https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it_solution/2016/09/ITSF160903.pdf
 Tokyo Data Center I acquires M&O Stamp of Approval for the first time in Japan (In Japanese only)
<https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2014/141225.pdf>
 Yokohama Data Center II acquired M&O Stamp of Approval
https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425_1.pdf
 Uptime Institute LLC
<https://uptimeinstitute.com/>

► Issuance of SOC2 report

Issuance of SOC2 report

For global cloud vendors, it is becoming standard practice to issue SOC2 report. SOC2 report are reports based on guidance published by the American Institute of Certified Public Accountants (AICPA) ('Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, based on Confidentiality or Privacy'), that evaluate the internal controls other than financial reporting, such as security and availability, of subcontracted companies on the basis of criteria such as trust services. As is the case with SOC1 report relevant to financial statements, the opinion of an external auditor, the audit results and a certificate of confirmation from the subcontracted company will be attached. In a first for Japan, NRI data centers began issuing SOC2 report in 2012. In issuing the reports, not only did we receive a guarantee of safety and reliability meeting United States standards; we also received third-party assurance that we comply with the safety standards of the Financial Information Systems Center (FISC).

Note: SOC is abbreviation of "Service Organization Control"

► Risk management on information systems

Risk management on information systems	
	As advance preparation for emergencies, the NRI Group has created an "NRI Group Contingency Plan" containing the basic response system and procedures in the event of an emergency situation.
Risk Management in Information Systems in the Maintenance and Operation Phase	In the event of a large-scale system failure, we will promptly set up an emergency response headquarters to coordinate with the relevant divisions and customers. Based on the circumstances of the failure, we will implement measures such as disaster recovery, investigation of point of origin, disclosure of information, and analysis of preventive measures.
Risk Management in Data Centers	In particular, at data centers, which hold important information from customers, we have created "Data-Center Contingency Plans," and carry out appropriate drills after formulating plans for hypothetical action for when risks including disasters such as large-scale earthquakes, or system-related equipment failures occur.

► Certification for management system related to services provided by NRI Group

ISO9001	Company	Acquisition date	Acquisition object
	NRI	January 2002	Systems design and development planning and subcontracting for projects with anticipated workloads above a certain size
	NRI System Techno	September 2001	System maintenance, operation and development for subcontracted projects

ISO20000	Company	Acquisition date	Acquisition object
	NRI	March 2008	IT service management systems supporting the provision of customer-oriented IT general control services and service desk services in the Operations Service Promotion Department, the Data Center Service Division
		April 2009	Data-center system operations management, system monitoring and data-center facility management
	NRI Data i Tech	December 2007	IT infrastructure total support service
		October 2008	Integrated desktop services provided to Nomura Securities Co., Ltd.

► NRI Group's information communication on quality management of information systems

Book	Book name	Publisher	Issued date
	Voice User Interface design Full-fledged Alexa* https://www.nri.com/jp/knowledge/book/1st/2018/alexa	Nikkei Business Publications, Inc.	August 2018
	Introduction to bit coin [technology] for realizing robust system development / operation* https://www.nri.com/jp/knowledge/book/1st/2018/bitcoin	Gijutsu-Hyohron Co., Ltd.	July 2018
	Illustrated CIO Handbook revised 5th edition* https://www.nri.com/jp/knowledge/book/1st/2018/cio_handbook	Nikkei Business Publications, Inc.	March 2018
	Philosophy of PM* https://www.nri.com/jp/knowledge/book/1st/2018/pm_philosophy	Nikkei Business Publications, Inc.	March 2018
	Unresolved issue of block chain technology* https://www.nri.com/jp/knowledge/book/1st/2018/blockchain_problem	Nikkei Business Publications, Inc.	January 2018
	Amazon Web Services Business System Design and Migration Guide* https://www.nri.com/jp/knowledge/book/1st/2018/aws_guide	SB Creative Corp.	January 2018
	Block chain for robust smart contract development [Technical] Introduction* https://www.nri.com/jp/knowledge/book/1st/2017/block_chain	Gijutsu-Hyohron Co., Ltd.	October 2017

* In Japanese only

Periodical	Publication name	Frequency of issue
	IT Solutions Frontier (In Japanese only) https://www.nri.com/jp/knowledge/publication/cc/it_solution	

Information Security - Management Approach

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

As information systems penetrate into every corner of economic activity and civic society, the risks associated with information security, such as cyber-attacks targeting social infrastructure, companies or government offices, or large-scale data-breaches, are growing all over the world.

The NRI Group operates important information infrastructure that supports society, such as that for finance and logistics. In order to maintain service continuity and protect this valuable information, we are engaged in a variety of efforts to prevent information security failures in advance. In addition, in the unlikely event an information security failure does occur, we have implemented measures to minimize any impact.

Priority activities / Medium- to long-term targets

Recognizing information security risk as an issue that should be addressed at the highest level in terms of technology and systems, the NRI Group has taken the following key measures:

- Advance prevention of information security failures
- Creation of a solid governance system for information security

Progress / Achievements / Challenges

Advance prevention of information security failures

In order to reduce the risk of a client's business data being leaked, we have established rules for each project concerning access to the live system environment and the removal of business data, which are continuously improved using the PDCA cycle.

In addition, system responses are in place as preventive measures against cyber-attacks, and include the use of anti-virus software, encryption for hard disks, and a variety of security devices, and we are also promoting systematic activity to collect and evaluate vulnerability and attack information in advance and enable prompt and appropriate responses.

Creation of a solid governance system for information security

A Chief Information Security Officer has been appointed, along with managers and personnel responsible for information security in all business divisions and group companies, to establish an information security management system for the whole organization.

In addition to promoting information security measures, we are continuing our activities to enable rapid and more secure responses to emergencies, such as information security failures and cyber-attacks.

KPI	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of information security failures (year-on-year)		About 8% increase	About 12% decrease	About 1% increase	About 11% decrease	About 11% decrease
Number of major information security failures		0	0	0	0	0
Costs incurred due to major information security failures	millions of yen	0	0	0	0	0
Coverage		c	c	c	c	c

Link File

Sustainability Topics: Protecting Our Motorized Society from Cyber-attacks
<https://www.nri.com/en/journal/sustainability/2017/12>

Information Security - Data

► Information security policy

Information security policy

Nomura Research Institute, Ltd., and its group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play. The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of customer and public trust.

Applicable scope

NRI Group

Reference

Declaration of Information Security Measures
https://www.nri.com/en/site/security_declare

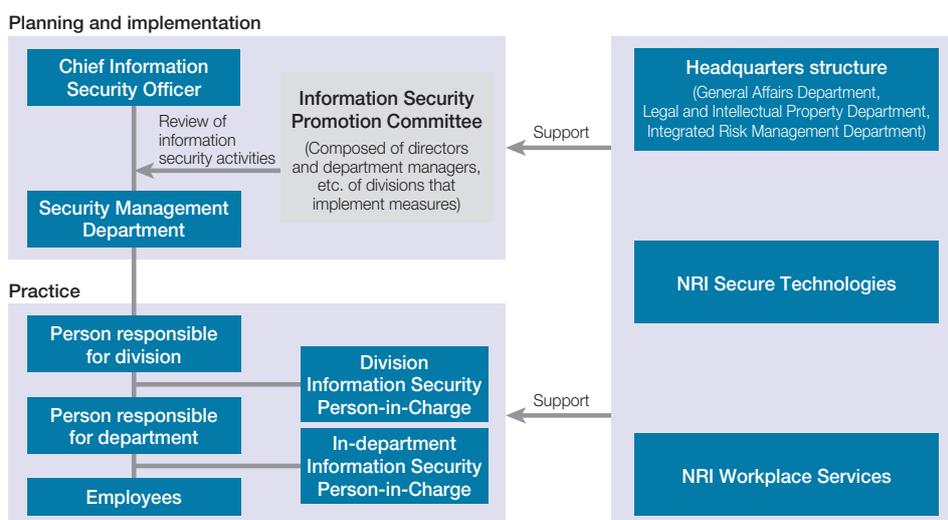
► Information security management

Governance system for the information security

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

The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. that engages exclusively in information security business. We will draw on their technology, know-how and knowledge when preparing and implementing our information security policies.

We have appointed an information security manager and an information security PIC at each of our overseas and domestic Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company. In addition, the NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards.



Officer in charge

Chief Information Security Officer
Susumu Nishimoto
Senior Managing Directors

Responsible committee

Information Security Promotion Committee

Maintenance of rules

In response to laws and regulations related to information security and the advance of information technologies, we establish or revise management rules as appropriate, including the Information Security Management Rules, Confidential Information Management Rules, Personal Information Management Rules, Specific Personal Information Management Rules, and Information Asset Management Rules.

In addition, we have prepared operating procedures, guidelines, manuals, etc. for each of these management rules to ensure that consistent and effective information security management is conducted.

Training and awareness on information security

NRI conducts ongoing information security education to raise the awareness of information security, instill regulations, and improve the quality of security during design and development. In addition to conducting specific training tailored to the particular characteristics of our Divisions and Group companies, we arrange training for our overseas offices that can be undertaken in English and/or Chinese. We also actively incorporate group training and e-learning methods into our training programs.

Number of information security training participants	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Training for new employees	no. of person	315	337	350	355	392
Training on response to cyber-attacks	no. of person	94	141	44	129	78
Personal information training	no. of person	5,645	6,292	5,711	5,807	5,997
Security training for temporary employees	no. of person	1,447	1,544	1,516	1,535	1,641
	Coverage	b	b	b	b	b
Security training for overseas offices	no. of person	781	900	2,359	2,438	2,597
	Coverage	d	d	d	d	d

► Measures to prevent occurrence of information security failures

Information security in client's information system						
<p>In order to reduce the risk of business data being leaked, we have established rules for each project concerning access to the live environment and the removal of business data, which are continuously improved using the PDCA cycle. For example, for projects that handle large amounts of personal information or projects that store information that would have a large impact on the client in the event of a leak, the oversight departments conduct individual inspections to confirm that operation is taking place in accordance with the rules.</p> <p>In addition, the oversight departments also check the validity of any initiatives concerning handling of any data-alteration from cyber-attacks, or system service suspensions.</p>						
Audits undertaken to ensure the security of clients' systems	Object	2014.3	2015.3	2016.3	2017.3	2018.3
Verification assessments conducted of project security rules	number of audits	167	245	231	269	230
Audits of public Web system	number of audits	42	34	49	37	84
Audits of responses to cyber-attacks, and corrections	number of audits	135	130	130	128	145
Audits of live productions and development management, and corrections	number of audits	136	137	130	155	10
Surveys of the use of AWS*1 and making any corrections	number of audits	98	28	14	14	30
Surveys of the use of BPO*2 operations and making any corrections	number of audits	n/a	35	3	3	1
Coverage		c	c	c	c	c

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

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

Strengthening management of information security at our business partners						
<p>To ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.</p>						
Assessments of business partners		2014.3	2015.3	2016.3	2017.3	2018.3
Number of companies conducting audits		over 100*	over 100*	83	87	81
Coverage		c	c	c	c	c

* Including overseas.

Measures for domestic group companies						
<p>The NRI Group conducts regular information security assessments and supports improvement activities.</p>						
	Object	2014.3	2015.3	2016.3	2017.3	2018.3
Audits of public Web system	number of audits	n/a	12	8	4	28
Audits of responses to cyber-attacks, and corrections	number of audits	n/a	93	96	99	107
Audits of live productions and development management, and corrections	number of audits	n/a	104	5	7	4
Surveys of the use of AWS*1 and making any corrections	number of audits	n/a	57	9	5	58
Surveys of the use of BPO*2 operations and making any corrections	number of audits	n/a	n/a	6	6	3

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

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

Measures for overseas group companies						
<p>The NRI Group conducts regular information security assessments and supports improvement activities.</p>						
		2014.3	2015.3	2016.3	2017.3	2018.3
No. of rollouts of information security packages for overseas offices		n/a	n/a	14	15	16
Audits of public Web system		n/a	n/a	3	4	7
Audits of responses to cyber-attacks, and corrections		n/a	n/a	10	16	14

Company-wide responses to cyber-attacks	
<p>The NRI Group uses system-based defences against cyberattacks, such as installing anti-virus (anti-malware*1) software, hard drive encryption, and installing different security measures (such as firewalls, IDS*2, and network behavior analysis technology*3). With cyber-attacks, however, it is the attackers who have the upper hand, and NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT*4). A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates a shares information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate. We also conduct for our employees education and training, such as ongoing real-life training against phishing emails.</p>	

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

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

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

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

Managing human error

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

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

Policies for minimizing the impact of information security failures

The NRI Group has rolled out a centralized information security failure management system. A feature of this system is that a failure is not just reported one-way from where it has occurred - the system employs interactive communication, which allows decisions to be made based on a bigger picture formed from a range of perspectives. As well as achieving swift and appropriate responses to an individual failure, this feature helps to extend the take-up of improvement policies throughout the company. We have put in place a response system (which includes a Crisis Management Committee) based on the scenario of a cyber-attack. We have also drafted a Contingency Plan and conduct response training drills, helping us to be prepared for unexpected situations.

► **Certification on Information Security Management System (ISMS)**

ISMS* certification acquired	Name of company, office, or division
	Yokohama Center Tokyo Data Center I Yokohama Data Center I Yokohama Data Center II Osaka Data Center Osaka Data Center II
	Operation office (LMT) Nakanoshima Cloud Control Center
	Systems Consulting Division (partial business) Data Center Service Division (partial business) Insurance Solution Division (partial business)
	NRI SecureTechnologies NRI Cyber Patent NRI System Techno (partial business) DSB Co. (partial business)

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

► **Personal data protection**

Policy for personal data protection

NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the “My Number Act”); and other relevant laws and regulations. NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission.

Applicable scope

NRI

References

Personal Data Protection Statement (Applicable scope: NRI)
<https://www.nri.com/en/site/security>
Privacy Policy (Applicable scope: NRI Group)
<https://www.nri.com/en/site/privacy>

■ Governance ■

▶ Management on protection of personal information

Governance System for the Protection of Personal Information	
	<p>We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system.</p> <p>The "Personal Information Protection Auditor" is appointed by the President & CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports.</p> <p>The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.</p>
Officer in charge	This role is assumed by Chief Information Security Officer.
Maintenance of rules	
	Included in the "Maintenance of rules" section of "Information security management".
Training and awareness on protection of personal information	
	Included in the "Training and awareness on information security" section of "Information Security Management."
Personal information held by NRI	
	<p>We have introduced a "Personal Information Management Register System," and are aware of the status of personal information with respect to its registration, use, or disposal. In addition, the oversight departments conduct yearly checks regarding whether personal information is being handled properly or not.</p> <p>The personal information in our possession includes information concerning company directors, employees, and temporary staff, persons in charge of our corporate clients, persons in charge of our business partners (outside contractors and suppliers), and participants in NRI Group events.</p> <p>Personal information held by clients may also be handled in system processing.</p>
Point of contact for external inquiries	
	Both external inquiries and general inquiries are handled by the public relations department.
Strengthened Personal Information Protection Management for Partner Companies	
	When partner companies handle personal information held by NRI, we request that they enter into a "Confidentiality Agreement" and "Memorandum of Understanding on the Handling of Personal Information" and also comply with our "Security Guidelines."
▶ Risks related to protection of personal information	
Percentage of Personal Information or Customer Information Used for Secondary Purposes (Internal or Commercial Purposes)	
	<p>Not applicable.</p> <p>While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information.</p>
Number of Requests for Submission of Personal Information from Government or Legal Authority, and Response	
	<p>Not applicable.</p> <p>While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information. Accordingly, clients make decisions about and respond to any customer personal information protection issues, including requests from the government.</p>
Status of Countries and Regions at Risk of Government Control over the Protection of Personal Information in Information Systems	
	We understand the situation in each country and region, and take appropriate measures.
Number and Details of Violations relating to the Protection of Personal Information, and Measures Taken	
	None have occurred.

▶ Acquisition of Privacy Mark

Acquisition of Privacy Mark*	Name of company
	NRI NRI Netcom, Ltd. NRI Data i, Ltd. DSB Co, Ltd.

* Certification based on JIS Q 15001

Environmental

Environmental Management - Management Approach

Material issues of NRI related to this management approach

"Response on climate change", "Consumption of sustainable energy", "Recognize responsibility and protect the environment", and "Show consideration for environments in our supply chain"

NRI's approach to material issues

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO₂ emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector.

The NRI Group is actively working to solve global environmental problems from both approaches of "Green by NRI" and "Green of NRI".

Green by NRI refers to our contributions to help reduce impacts on environment by improving the efficiency and productivity of both our clients' businesses and societal systems through the services and policy proposal activities we provide.

As an example of the great impact of "Green by NRI" activities, by expanding the provision of "Shared Online Services" that utilize one information system in multiple companies, the amount of CO₂ emissions is greatly reduced as measured by society as a whole.

Green of NRI refers to the NRI Group's efforts to further mitigate our own environmental impact by making NRI's data centers, office buildings and IT equipment more energy efficient and through environmental measures such as energy saving efforts of each of our employees.

As an example of the great impact of "Green of NRI" activities, we are promoting the reduction of energy consumption by raising the environmental performance of the data center which accounts for about 80% of the electricity consumed in the business to the world's highest level.

Priority activities / Medium- to long-term targets

The NRI Group has engaged continuously in efforts to reduce greenhouse gas emissions, from moving our systems to a new data center with better environmental performance, to moving our main offices, including our Head Office, to office buildings with better environmental performance. As a result, we have achieved the 2022 environmental goal we established 2015 six years early, in 2017.

The new environmental goal* we have established is one that adheres to the international request for measures against global environmental issues, with a standard meant to help achieve the "below 2°C" increase in world average temperature that is the goal of the Paris Agreement.

[Newly Established Environmental Goal]

NRI Group greenhouse gas emissions (Total of Scope1+Scope2): 55% reduction by 2030 (as compared to 2013)

In addition to the aforementioned goal, we have also established some indices: "renewable energy utilization rate at data centers," to expand our use of green energy as a data center business, and "set environmental goal ratios for main clients towards the achievement of the 'below 2°C' goal," aimed at reducing the greenhouse gas emissions that arise from business operations in the supply chain as a whole.

* Goal aimed towards the achievement of "below 2°C":

Numerical value was set based on the goal-setting standards of "Science Based Targets (SBT)," an international initiative that ask companies to set greenhouse gas emissions reduction goals in line with scientific evidence, towards the achievement of the "below 2°C" increase in world average temperature that is the goal of the Paris Agreement.

Progress / Achievements / Challenges

The status of achievement of environmental goals is as follows.

- FY2013 (base year): 108 thousand t-CO₂
- FY2017: 75 thousand t-CO₂
- Reduction rate 30.5%

NRI's efforts in helping to prevent global warming have been appraised highly by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change information. In 2015 NRI was entered on CDP's climate disclosure leadership index (CDLI) for that year.

KPI	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Greenhouse gas emissions (compared to FY2013)	%	Base year	7.9	19.8	27.0	30.5
Share of renewable energy in data centers	%	0.1	0.1	0.1	0.1	0.1
Supplier's environmental target setting ratio (Category 1, 2, and 11 of Scope 3)	%	n/a	n/a	n/a	n/a	4.6
Coverage		a	a	a	a	a

Link Files	<p>Message from the Environmental Activities Committee Chair https://www.nri.com/en/sustainability/environment/message</p> <p>Independent Assurance Report https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=83</p> <p>Green by NRI</p> <ul style="list-style-type: none"> • Significantly reducing CO₂ emissions from the use of shared online services • Policy proposal activities to boost data center energy efficiency • Contribution to mitigating environmental impact through consulting activities <p>https://www.nri.com/en/sustainability/environment/Green_by_NRI</p> <p>Green of NRI</p> <ul style="list-style-type: none"> • Data centers that boast advanced environmental performance https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center • Energy conservation and environmental impact reduction activities in offices https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving • Environmental training for executives and employees https://www.nri.com/en/sustainability/environment/Green_of_NRI/education • Environmental activities by executives and employees (In Japanese only) https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities <p>NRI Green Bond https://www.nri.com/en/sustainability/environment/greenbond</p> <p>Participation in a Program to Protect Asian Elephants https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51</p>
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Environmental Management - Data

▶ Environmental policy

Environmental policy	
	<p>Environmental policy NRI has established the NRI Group Environmental Policy and Biodiversity Action Agenda for all NRI directors and employees.</p> <p>To ask its business partners, such as external contractors and suppliers, to engage in activities that take into consideration the environment, social and governance (ESG), NRI has a procurement policy containing the clause “practice of ESG procurement.”</p>
Applicable scope	All directors, officers and employees of NRI Group
References	<p>NRI Group Environmental Policy https://www.nri.com/en/sustainability/environment/policy</p> <p>Biodiversity action agenda https://www.nri.com/en/sustainability/environment/biodiversity</p> <p>NRI Group Procurement Policy https://www.nri.com/en/company/partner</p>

▶ Environmental management system

Environmental management structure	
	<p>At the direction of the President & CEO, the NRI Group has formed the Sustainability & Responsibility Committee and the Social Value Creation Committee as organizations responsible for sustainable operation, including climate change issues, and presents sustainability initiatives and management proposals to the Senior Management Committee and the Board of Directors several times during the year.</p>
Officer in charge	<p>Kenji Yokoyama Senior Corporate Management Director</p>
Responsible committee	Sustainability Activities Committee

Status of introduction of environmental management system (EMS)

NRI has acquired ISO14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO₂.
 As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from the fiscal year ended March 2016.
 In the fiscal year ending March 2019, we are implementing NRI-EMS at worldwide offices.

		unit	2018.3
EMS Coverage (based on CO ₂ emissions)		%	92
Data centers	(ISO 14001 introduction rate 100%)	%	71
Office	(NRI-EMS introduction rate 88%)	%	21
Overseas bases	(NRI-EMS introduction rate 0%)	%	0
Coverage			a

Environmental audit

NRI conducts internal audits several times a year with respect to ISO14001 for its data centers and NRI-EMS for its offices, and is continuously improving the EMS PDCA cycle.

Environmental disclosure

NRI is promoting the proactive disclosure of environmental information, mainly through its Sustainability Activities Committee. Since FY2014, we have also acquired environmental information assurance from third-party organizations, and are endeavoring to provide highly accurate environmental information in accordance with international standards such as GHG protocols.
 By these NRI's efforts, in 2015 NRI was entered on CDP's climate disclosure leadership index (CDLI) for that year, an international non-profit organization that assesses and rates companies on their disclosure of climate change information.

Environmental training

NRI has been pursuing NRI Green Style activities in order to raise environmental awareness of each director and employee, as well as engage in business operations that are environmentally friendly.
 In the fiscal year ended March 2018, we led an initiative for directors and employees to participate in a forest development program* in Tadami-machi, Fukushima, Japan in addition to providing existing e-learning-based environmental, social and governance (ESG) testing.
 Moreover, we designated ESG as an important assessment target in an internal incentive scheme titled "Dream up the Future Award", a scheme intended to spotlight activities that contributed to establishing and developing the NRI Group as the "Company Creating Future Society".

* In March 2016, NRI donated to a development project named "Tadami Experience and Observation Forest of Heavy Snow Forestry" in Tadami-machi.

Breaches of environmental laws and regulations

Not applicable.

► Environmental mass balance

Environmental mass balance of NRI Group		unit	2014.3	2015.3	2016.3	2017.3	2018.3
INPUT	Energy consumption						
	Electricity* ¹	1,000kWh	188,269	174,209	155,010	143,253	136,518
	Kerosene* ³	kl	28	29	20	35	32
	Diesel* ³	kl	383	56	279	103	112
	City gas* ³	1,000m ³	496	473	407	311	569
	Cooling, steam, heat* ³	1,000GJ	92	88	88	87	100
	Total	1,000GJ	1,990	1,837	1,655	1,529	1,492
	Water consumption						
	Water works* ³	1,000m ³	96	163	231	200	201
	Paper rehouses use						
Business paper* ³	t	n/a	263	258	217	213	
OUTPUT	Greenhouse gas emissions						
	Electricity* ¹	1,000t-CO ₂	106	92	79	72	68
	Gas, kerosene, cooling, steam, heat	1,000t-CO ₂	2	7	6	6	6
	Total	1,000t-CO ₂	108	99	86	78	75
	Drainage for business* ²						
	Volume of wastewater	1,000m ³	n/a	50	40	40	35
	Waste paper* ³						
	Whole waste	t	n/a	280	305	284	269
	Final disposed volume	t	n/a	0	0	0	0
	Recycling rate	%	n/a	100	100	100	100
	Industrial wastes* ⁴						
	Whole waste	t	n/a	508	566	666	2,363
	Final disposal volume	t	n/a	28	52	22	84
	Recycle rate	%	n/a	94.5	90.7	96.6	96.4
	Coverage		d	d	d	d	d
External assurance						yes	

Notes:

- Past figures are shown as figures for which impacts due to important acquisitions, etc. have been recalculated according to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Chapter 5. Tracking Emissions Over Time."
- Data coverage is as follows.
 - *1 NRI Group
 - *2 NRI Group companies with a Head Office in Japan
 - *3 NRI Group's Data Centers
 - *4 NRI Group Data Centers and Buildings

Climate Change - Data

Governance for climate change

Governance system

Officer in charge

Kenji Yokoyama
Senior Corporate Management Director

Responsible committee

Sustainability Activities Committee

Incentives for management on climate change

To ensure certain operation of the NRI Group environment management system, NRI encourages employees to obtain various external qualifications related to climate change such as ISO14000 internal auditor and energy manager qualifications. For employees who obtain such qualifications, the NRI Group provides examination fees and also recognizes their achievement in employee performance assessments.

To realize the NRI Group corporate statement "Dream up the future," NRI has a program for commending employees who contribute to enhancing the prestige of the NRI Group and achieving its vision every year. This program recognizes not only employees who are involved in activities to disseminate information for social recommendations and the development of new business and technologies but also employees who contribute to improving corporate value through ESG (environmental, social, governance) and sustainability activities.

Risk management on climate change

The NRI Group defines the possibility of detriment to the Group's capital due to an unforeseen circumstance that occurs in business operations, or something that prevents the preservation or improvement of enterprise value due to a phenomenon that hinders business operations as business operational risk.

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

With respect to responding to ESG issues, including climate change risk, in addition to the Integrated Risk Management Committee and at the direction of the President & CEO, the Sustainability & Responsibility Committee, which mainly promotes sustainable management, and the Social Value Creation Committee, which promotes CSV (Creating Shared Value) operation, have also been established. These three bodies work in a triangle-structure to promote and engage in management strategies for not only ESG risks, but also ESG opportunities.

With respect to climate-related risks (including business continuity risk due to a natural disaster or similar), the Sustainability & Responsibility Committee, which has responsibility for business-foundational ESG, undertakes management to control the impact of the burden on society. The NRI Group has identified the materialities on which it should engage, and one of the 4 materialities is "the creation of a future society with a low environmental burden." In alignment with the relevant materialities, climate change risk is managed by setting and publishing external environmental targets for each of the themes of "response to climate change," "sustainable energy consumption," "environmental responsibility and preservation," and "supply-chain environmental consideration." Furthermore, as foundational climate change management, PDCA has been implemented, with ISO14001 introduced in all 5 data centers and NRI's original environment management system (NRI-EMS) introduced in major offices.

Response to CDP

NRI responded to the survey of the international non-profit organization CDP, which evaluates and ranks information disclosure on corporate climate change from FY 2015, and in 2015 NRI was entered on CDP's climate disclosure leadership index (CDLI) for that year.

Climate-related targets

Climate-related targets

Object

Greenhouse gas emissions based on FY 2013 (Scope 1 and Scope 2 are targeted)

Target

By FY 2030, NRI Group will reduce greenhouse gas by 55% compared to FY 2013.

Target year

FY 2030

Progress

	unit	2014.3	2015.3	2016.3	2017.3	2018.3
CO ₂ emissions (Scope1+2)	1,000t	108	99	86	78	75
Reduction rate (compared to base year FY 2013)	%	Base year	7.9	19.8	27.0	30.5
Coverage		a	a	a	a	a

► Climate-related risks

Risks due to changes in regulations

In order to respond to increased demand from society and customers in the future, the NRI Group has established targets to increase the use of renewable energy. Other companies in the same IT industry in Europe and America are trialing increasing added value by procuring renewable energy to reduce the GHG emissions in their service provision, and the NRI Group believes there is a need to respond in the same way, and so established the environmental target (renewable energy target) of a renewable energy usage rate of 36% in data centers by FY 2030.

Meanwhile, in Japan, the cost of renewable energy is 2 to 3 times that in Europe and America, depending on the technology, and even with respect to the FIT price, the purchase price for mega-solar in 2018 s extremely high at ¥21/kWh (equivalent to 18 cents/kWh). Various factors have been analyzed as causing this, including system connection costs, local-foreign price variance, and high labor costs.

The Group believes that, having committed to procuring renewable energy, continued high renewable energy costs in the future will increase operation costs and pose a risk in terms of cost competitiveness compared to rival companies.

Risks due to physical impacts

Consulting and IT solutions (especially systems development), which are some of the NRI Group’s core businesses, have many labor-intensive aspects, and employee operations have a large impact on the business. Furthermore, of the roughly 13,000 members of the NRI Group, approximately 70% of employees work in Japan.

In recent years the severity of earthquakes, typhoons, and rainfall has been increasing in Japan due to climate change. BCP is an extremely important theme in terms of business continuity, and risk is constantly being managed. Hazard analyses were carried out on multiple offices within the Kanto metropolitan area, and offices determined to have particularly high risk were relocated during the last financial year.

► Climate-related opportunities

Climate-related opportunities

The NRI Group engages in business providing integrated services, from research/consulting to IT solutions, and has five data centers in Japan for its IT solution outsourcing services and shared online services. In total, the green revenue provided by data centers (including shared online systems) accounts for more than 20% of revenue.

Since the Great East Japan Earthquake, with the suspension of nuclear power generation, the domestic energy mix in Japan has continued to be extremely unstable. In the future, in the event nuclear power generation is permanently suspended and domestic power demand is supplemented with fossil-fuel power based thermal power generation or similar, it is possible that energy charges for Japanese domestic enterprises will continue to rise in the near future with the introduction of a new carbon tax or the like.

Accordingly, it is conceivable that the cost for client companies to run their own data centers would significantly increase. By changing over to the NRI Group’s shared online services (green products), not only could those client companies reduce their costs, they would also be able to reduce GHG emissions, so the NRI Group believes that its shared online services have a competitive edge also from the perspective of climate change.

► Action to mitigate climate change

Mitigating climate change through products and services

Shared Online Services:
Amid concerns over rising power usage by the IT services industry as a whole, NRI has formulated a business plan intended to reduce power usage by the IT activities of the entire value chain, including client companies. Specifically, growing NRI’s shared online service revenues will likely serve to curb the carbon dioxide emissions of society as a whole.

Data indicates that using NRI’s shared online service can allow our clients to cut their CO₂ emissions by around 70%, compared to if they build and operate their own systems independently.

	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Green revenues (revenues from shared online services)	billions of yen	75.0	79.0	92.7	97.8	100.1
Sales ratio	%	19.4	19.5	22.0	23.1	21.2
	Coverage	a	a	a	a	a

Greenhouse Gas Emissions - Data

Greenhouse gas emissions

GHG emissions (Scope1, Scope2)	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Direct GHG emissions (Scope1)	1,000t	2	1	1	1	1
Japan	1,000t	2	1	1	1	1
Overseas	1,000t	0	0	0	0	0
Indirect GHG emissions (Scope2)	1,000t	106	97	84	77	73
Japan	1,000t	103	95	81	74	70
Overseas	1,000t	3	2	3	3	3
Total emissions (Scope1+2)	1,000t	108	99	86	78	75
Japan	1,000t	105	96	83	75	72
Overseas	1,000t	3	2	3	3	3
Coverage		a-	a-	a-	a-	a-
External assurance						yes

Note: Among the scope of the coverage of Scope 2, the electricity usage is a (NRI Group), cooling, steam · heat is b (NRI Group companies with a head office in Japan)

GHG emissions (Scope3)	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Indirect GHG emissions (Scope3)	1,000t-CO ₂	139	134	161	112	137
Category1 Purchased goods and services	1,000t-CO ₂	65	69	75	64	69
Category2 Capital goods	1,000t-CO ₂	25	16	48	23	44
Category3 Fuel-and-energy-related activities	1,000t-CO ₂	7	7	6	6	6
Category6 Business travel	1,000t-CO ₂	4	5	6	6	7
Category7 Employee commuting	1,000t-CO ₂	2	2	2	2	2
Category11 Use of sold products	1,000t-CO ₂	33	33	21	9	7
Category12 End of life treatment of sold products	1,000t-CO ₂	0	0	0	0	0
Coverage		a-	a-	a-	a-	a-
External assurance						yes

Notes: 1. Among the scope of the coverage of category 3 fuel-and-energy-related activities, the electricity usage is a (NRI Group), cooling, steam · heat is b (NRI Group companies with a head office in Japan)

2. Past figures are shown as figures for which impacts due to important acquisitions, etc. have been recalculated according to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Chapter 5. Tracking Emissions Over Time."

Energy Consumption - Data

Energy consumption

Energy consumption	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Non-renewable energy consumption	1,000kWh	200,206	172,648	187,270	172,912	172,906
Electricity	1,000kWh	188,269	174,209	155,010	143,253	136,518
Kerosene	kl	28	29	20	35	32
Diesel	kl	383	56	279	103	112
City gas	1,000m ³	496	473	407	311	569
Cooling, steam, heat	1,000GJ	92	88	88	87	100
Renewable energy consumption	1,000kWh	0	92	72	82	621
Coverage		a	a	a	a	a
External assurance						yes

Environmental

Data center energy consumption

Data center energy consumption	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Data center energy consumption	1,000kWh	149,718	137,661	117,712	108,598	103,815
Renewable energy consumption	1,000kWh	0	92	72	82	75
Percentage used	%	0	0.1	0.1	0.1	0.1
Scope of data center coverage	%	100	100	100	100	100
	External assurance					yes

Resource Use, Waste - Data

Water resources

Water use	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Water use (total)	1,000m ³	96	163	232	200	201
Water works	1,000m ³	96	163	232	200	201
Recycled water	1,000m ³	0	0	0	0	0
	Coverage	b	b	b	b	b
	External assurance					yes

Waste water	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Waste water (total)	1,000m ³	n/a	50	40	40	35
	Coverage		c-	c-	c-	c-
	External assurance					yes

c-: The scope of the coverage is NRI Group's data centers

Paper resources

Paper use	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Paper use (Business paper)	t	n/a	263	258	217	213
	Coverage		b	b	b	b
	External assurance					yes

Waste paper	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Waste paper (total)	t	n/a	280	305	284	269
Recycle rate	%	n/a	100	100	100	100
	Coverage		b	b	b	b
	External assurance					yes

Waste

Waste disposed	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Waste disposed (total)	t	n/a	162	272	666	2,363
Recycle rate	%	n/a	95	90.7	96.6	96.4
	Coverage		b-	b-	b-	b-
	External assurance					yes

b-: The scope of the coverage is NRI Group data centers and buildings

Social

Labor Practices, Diversity - Management Approach

Material issues of NRI related to this management approach

"Diversity of human resources" and "Sound hiring practices and labor-management relations"

NRI's approach to material issues

The NRI Group believes that employees respecting each other's diverse values is the cornerstone of a workplace environment where employees can continue to work happily, sound in both mind and body, and that this is indispensable to the company's sustained growth, as it brings about improvements in the productivity and creativity of individual employees and the organization as a whole. In addition, the NRI Group has expanded its overseas business, and one in every four employees now works overseas. Therefore, we promote diversity management in line with international social norms so that our value-diverse employees can become established and active in the NRI Group irrespective of their race, nationality, gender or age. In addition, in order to transform this into growth potential for the company, we are working to create an environment in which employees can demonstrate their abilities fully while also valuing their own health and family life by reducing long working hours and improving work-life balance so that employees can demonstrate their creativity.

In terms of recruitment, too, each individual's various abilities, expertise, and skills are appropriately assessed and decisions made without discrimination based on gender or similar.

In addition to the regular yearly recruitment of new graduates, recruitment is ongoing throughout the year for mid-career hires and opportunities for persons with disabilities. When giving an explanation about the company during hiring, we disclose factual information based on the concept of "RJP" *.

* RJP: an abbreviation of "Realistic Job Preview." Recruitment activity carried out using the idea of communicating to job applicants the truth about both the good and bad aspects of the work, its environment, and the corporate culture.

Priority activities / Medium- to long-term targets

The NRI Group has established the following objectives and is promoting initiatives related to diversity and inclusion.

[Action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace] (Target: NRI)
Term: April 2016 to March 2019

Goals

1. Raise the rate of female managers to at least 7% of all NRI managers
2. Raise NRI's rate of female employees who continued working after childbirth to at least 80% of that of its male employees
3. Raise NRI's female employee hiring rate to at least 30% of its total hires

Initiatives

1. Conduct Career Design Seminars for female employees who have been in NRI for 3 to 5 years
2. Organize a Female Leader Development Program for female employees with the goal of developing them into managers
3. Raise awareness of female employees returned to work concerning the management and development responsibilities of managers
4. Carry out system reforms aimed to allow all NRI employees to select diverse work style choices

In addition, we have also established the following objectives and are promoting initiatives related to supporting their co-establishment.

[5th Term Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children] (Target: NRI)
Term: 1 April 2016 to 31 March 2018

Goals

1. The creation of an environment where it is easy for employees raising children to use childcare-related systems and return to work after childcare leave
2. Aiming for increased awareness so that employees raising children can be motivated in their work
3. Promotion of an improved working environment that realizes a work-life balance

Initiatives

- 1-1. Establish and commence operation of in-office nursery schools
- 1-2. Promote the creation of a system to encourage men's participation in housework and child-raising
- 2-1. Enhancement of measures such as training and interviews to support employees returning to work
- 2-2. Continuous dissemination of information on balancing work and childcare
- 3-1. Promotion of the taking of paid leave in order to enrich time not spent at work
- 3-2. Promotion of flexible work systems in workplaces

Progress / Achievements / Challenges							
<p>NRI was selected for the "Nadeshiko Brand" in 2016 as a listed corporation that excels in encouraging the empowerment of women. The "Nadeshiko Brand" is a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and introduces listed corporations that excel in encouraging the empowerment of women as an attractive brand for investors who focus on "enhancing corporate value in the medium- to long-term," and promotes investment alongside initiatives by the companies.</p> <p>In addition, NRI was recognized by the Minister of Health, Labour and Welfare as a company that showed excellence in implementing initiatives encouraging the empowerment of women, receiving Top-Rank Eruboshi Certification (Stage 3). This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace that came into effect in April 2016, and evaluated NRI's achievements in each of the categories of: 1. Recruitment; 2. Continued employment; 3. Work-style, including hours, etc.; 4. Ratio of women in managerial positions; and 5. Career-path variety.</p>							
KPI		unit	2014.3	2015.3	2016.3	2017.3	2018.3
	Female managers rate*1	%	4.9	5.4	5.8	6.1	6.8
	Employment continuation ratio of female / that of male*2 *3	%	71.0	74.5	80.9	81.9	78.8
	Female employee hiring rate*4	%	26.9	25.9	29.8	26.6	24.5
		Coverage	c	c	c	c	c

*1 As of the end of each fiscal year

*2 As of the beginning of the each following fiscal year (as of April 1)

*3 The employment continuation ratio is the proportion of continued employment by gender among workers employed in fiscal years before and after the 10th business year

*4 Calculated based on total value for each year

Link Files	<p>Relating the Act on Promotion of Women's Participation and Advancement in the Workplace (In Japanese only)</p> <p>https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag2</p> <p>Improving productivity through new working styles</p> <p>https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2018_e.pdf#page=14</p> <p>Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children</p> <p>Main schemes of NRI for childbirth and parenting support (In Japanese only)</p> <p>https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag3</p> <p>Main schemes of NRI for nursing care support (In Japanese only)</p> <p>https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag4</p>
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Labor Practices, Diversity - Data

▶ Employee data

Number of employees (Consolidated)		unit	2014.3	2015.3	2016.3	2017.3	2018.3	
Overall	Total number of employees	no. of person	8,123	9,012	10,757	11,605	12,708	
	Male	no. of person	n/a	6,980	7,980	8,375	9,285	
		%	n/a	77.5	74.2	72.2	73.1	
	Female	no. of person	n/a	2,032	2,777	3,230	3,423	
		%	n/a	22.5	25.8	27.8	26.9	
	Non-Japanese		no. of person	846	935	2,156	2,837	3,799
		%	10.4	10.4	20.0	24.4	29.9	
By region	Japan	no. of person	7,302	8,105	8,498	8,676	8,821	
		%	89.9	89.9	79.0	74.8	69.4	
	Male	no. of person	n/a	6,439	6,678	n/a	n/a	
		no. of person	n/a	1,666	1,820	n/a	n/a	
	Female	no. of person	n/a	1,666	1,820	n/a	n/a	
		%	n/a	22.5	25.8	27.8	26.9	
	Europe		no. of person	13	12	21	12	14
			%	0.2	0.1	0.2	0.1	0.1
	Male	no. of person	n/a	7	14	n/a	n/a	
		no. of person	n/a	5	7	n/a	n/a	
	Female	no. of person	n/a	5	7	n/a	n/a	
		%	n/a	0.4	0.5	2.7	3.3	3.1
	Americas		no. of person	33	41	293	383	392
			%	0.4	0.5	2.7	3.3	3.1
	Male	no. of person	n/a	23	153	n/a	n/a	
		no. of person	n/a	18	140	n/a	n/a	
	Female	no. of person	n/a	18	140	n/a	n/a	
		%	n/a	9.5	9.5	18.1	17.2	16.1
	Asia		no. of person	775	854	1,945	1,995	2,052
			%	9.5	9.5	18.1	17.2	16.1
	Male	no. of person	n/a	511	1,135	n/a	n/a	
		no. of person	n/a	343	810	n/a	n/a	
	Female	no. of person	n/a	343	810	n/a	n/a	
		%	n/a	n/a	4.2	13.0	12.7	11.5
of which China		no. of person	n/a	374	1,398	1,473	1,465	
		%	n/a	4.2	13.0	12.7	11.5	
Male	no. of person	n/a	164	737	n/a	n/a		
	no. of person	n/a	210	661	n/a	n/a		
Female	no. of person	n/a	210	661	n/a	n/a		
	%	n/a	0.0	0.0	0.0	4.6	11.2	
Australia		no. of person	0	0	0	539	1,429	
		%	0.0	0.0	0.0	4.6	11.2	
Male	no. of person	0	0	0	n/a	n/a		
	no. of person	0	0	0	n/a	n/a		
Female	no. of person	0	0	0	n/a	n/a		
	%	n/a	10.1	10.1	21.0	25.2	30.6	
Overseas total		no. of person	821	907	2,259	2,929	3,887	
		%	10.1	10.1	21.0	25.2	30.6	
Male	no. of person	n/a	541	1,302	n/a	n/a		
	no. of person	n/a	366	957	n/a	n/a		
Female	no. of person	n/a	366	957	n/a	n/a		
	Coverage		a	a	a	a	a	

Note: As of the end of each fiscal year

Social

Number of employees (Non-consolidated)		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Overall	Total number of employees	no. of person	5,938	5,972	5,979	6,003	6,130
	Male	no. of person	4,895	4,887	4,855	4,861	4,947
		%	82.3	81.8	81.2	81.0	80.7
	Female	no. of person	1,053	1,085	1,124	1,142	1,183
		%	17.7	18.2	18.8	19.0	19.3
	Average age of employees	age	38.7	39.1	39.5	39.9	40.2
	Male	age	39.2	39.6	40.0	40.5	40.8
		age	36.3	36.7	37.0	37.5	37.7
	Average yeas of worked	years	13.0	13.4	13.8	14.3	14.6
	Male	years	13.6	14.0	14.4	14.8	15.2
		years	10.6	10.9	11.4	11.9	12.1
	Non-Japanese	no. of person	117	108	88	92	106
		%	2.0	1.8	1.5	1.5	1.7
	By age	Below 30 years	no. of person	1,396	1,315	1,248	1,172
%			23.5	22.0	20.9	19.5	18.9
Male		no. of person	1,026	951	892	847	820
		no. of person	370	364	356	325	338
30-39 years		no. of person	2,005	2,039	2,042	2,031	2,023
		%	33.8	34.1	34.2	33.8	33.0
Male		no. of person	1,685	1,708	1,687	1,650	1,640
		no. of person	320	331	355	381	383
40 - 49 years		no. of person	1,721	1,662	1,589	1,583	1,624
		%	29.0	27.8	26.6	26.4	26.5
Male		no. of person	1,451	1,378	1,302	1,285	1,315
		no. of person	270	284	287	298	309
50-59 years		no. of person	736	872	1,016	1,116	1,221
		%	12.4	14.6	17.0	18.6	19.9
Male		no. of person	648	775	905	1,000	1,092
		no. of person	88	97	111	116	129
Over 60 years		no. of person	80	84	84	101	104
		%	1.3	1.4	1.4	1.7	1.7
Male		no. of person	72	72	69	79	80
		no. of person	8	12	15	22	24
By managers position level	Total number of managers	no. of person	2,208	2,278	2,351	2,436	2,557
	Male	no. of person	2,099	2,153	2,215	2,289	2,391
		%	95.1	95.1	94.2	94.0	93.5
	Female	no. of person	109	124	136	147	166
		%	4.9	5.4	5.8	6.0	6.5
	of which general manager or higher position	no. of person	184	194	183	203	213
	Male	no. of person	180	189	177	197	206
		%	97.8	97.4	96.7	97.0	96.7
	Female	no. of person	4	5	6	6	7
		%	2.2	2.6	3.3	3.0	3.3
	Coverage		c	c	c	c	c

Note: As of the end of each fiscal year

▶ Employment of persons with disabilities

Promoting employment of persons with disabilities						
<p>NRI has been actively working to recruit persons with disabilities. At NRI Mirai, Ltd., a special subsidiary of NRI, Health Keepers (visually-impaired corporate physiotherapists) fulfill their duties by providing relaxation services to NRI Group employees at massage rooms in place at principal offices. Office Supporters, comprising of mentally impaired persons, work actively to provide training assistance, digitize documents, deliver internal mail, keep office space in order and look after equipment and fixtures, among other diverse activities.</p> <p>We will continue to promote workplace participation of persons with disabilities by discovering further employment opportunities for them.</p>						
	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of employees with disabilities	no. of person	109	108	117	119	134
Rate of employees with disabilities*	%	2.1	2.1	2.2	2.2	2.2
	Coverage	c	c	d	d	d

Notes: 1. As of the end of each fiscal year

2. d: The scope of coverage is based on NRI and its group company to which the special subsidiary system is applied.

* Actual employment rate based on "Act on Promotion of Employment of Persons with Disabilities"

▶ Remuneration

Average annual salary	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Employee as a whole	thousands of yen	10,911	10,892	11,560	11,514	11,660
	Coverage	c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Master's degree	yen	251,500	251,500	251,500	251,500	251,500
Bachelor's degree	yen	221,500	221,500	221,500	221,500	221,500
	Coverage	c	c	c	c	c

Note: New graduate recruitment employee who joined the first business day of April of that year

▶ Promoting diversity and inclusion

Promotion of Women's Participation and Advancement

Since FY2008, NRI has been expanding the activities of the NRI Women's Network (NWN), which are based on the three pillars of "support for female employees in developing their careers," "support for balancing work and parenting," and "fostering a better corporate culture."

Rising ratios of female employees and women continuing to work have become the norm, and in recent years NWN activities have focused on "a more professional approach broadening one's career and continuing to play an active role." We formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and in FY2016 we started a Leader Development Program and Career Design Seminars to support women's career development.

We are also continuously working on childbirth and childcare initiatives, and are proactively encouraging not only the employee undergoing the life-event, but also their supervisor, including through three-party interviews aimed at pregnant employees and their supervisors, training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair, and our "Support for Balancing Work and Childcare Guide Book for Supervisors."

Thanks to these initiatives, NRI has continued to be selected for the "Nadeshiko Brand" since 2016 as a listed corporation that excels in encouraging the empowerment of women. The "Nadeshiko Brand" is a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and introduces listed corporations that excel in encouraging the empowerment of women as an attractive brand for investors who focus on "enhancing corporate value in the medium- to long-term," and promotes investment alongside initiatives by the companies.

In addition, NRI was recognized by the Minister of Health, Labour and Welfare as a company that showed excellence in implementing initiatives encouraging the empowerment of women, receiving Top-Rank Eruboshi Certification (Stage 3). This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace that came into effect in April 2016, and evaluated NRI's achievements in each of the categories of: 1. Recruitment; 2. Continued employment; 3. Work-style, including hours, etc.; 4. Ratio of women in managerial positions; and 5. Career-path variety.

In addition, NRI was included in the "MSCI Japan Empowering Women Index" in July 2017. This index is one of the three ESG indices selected for passive operation by the Government Pension Investment Fund (GPIF).



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Labor-management consultation on diversity & inclusion

Through informal gatherings and group negotiations with the Nomura Research Institute Labor Union, NRI continues to engage in dialogue both regularly and irregularly on topics related to its compensation and treatment, personnel system, and work environment. These dialogues also include discussions on important matters concerning diversity management.

▶ Long-term incentives

Long-term incentives for employees

In order to avoid a bias toward improvement of short-term performance, NRI has introduced an incentive system to improve long-term motivation, which includes an NRI Group employee stock ownership system, our Employee Share Holding Incentive Plan, and our retirement allowances (defined-benefit corporate pension and defined-contribution pension).

NRI Group employee stock ownership plan

This is an employee benefits system in which employees of the NRI Group (NRI and its consolidated subsidiaries) use a self-determined amount of their salary and bonus to regularly purchase shares in NRI, supporting the creation of medium- to long-term assets. Employees are awarded an incentive in the form of NRI shares amounting to 10% of their contribution. In addition, the holding of NRI shares also serves as an incentive system to increase motivation to improve the performance of the NRI Group. In addition, dividends are re-invested in purchases of NRI shares after tax is subtracted.

Ratio of shares owned by the stock ownership group to the total number of shares issued by NRI: 3.95% (as of March 31, 2018)

The Trust-type Employee Stock Ownership Incentive Plan

In order to provide incentives for raising NRI's corporate value over the medium and long terms, and further expand employee benefit packages, NRI adopts the Trust-type Employee Stock Ownership Incentive Plan.

The Plan is an incentive plan for all of NRI Group's employees participating in NRI Group Employee Stock Ownership Group. For the Plan, NRI has set up the specific trust (the Trust) for the Stock Ownership Group with a trust bank. The Trust will take out loans to purchase in advance in amount of NRI's stock that is expected to be purchased by the Stock Ownership Group over the following three years. After that, the Trust will continuously sell the NRI stock to the Stock Ownership Group. If a substantial amount of funds from the sale of NRI stock remains in the Trust at the time it is terminated, the funds will be distributed to qualified beneficiaries as residual assets.

As a result, employees will benefit from the rise in NRI's stock price over the three-year period that is a trust period, which is an incentive for medium- to long-term performance improvement.

► Hire and turnover

Hire and turnover		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of hires	Total	no. of person	272	294	299	294	340
	Male	no. of person	198	219	210	214	257
		%	72.8	74.5	70.2	72.8	75.6
	Female	no. of person	74	75	89	80	83
		%	27.2	25.5	29.8	27.2	24.4
	New graduate hires	no. of person	237	247	246	223	266
Mid-career hires	no. of person	35	47	53	71	74	
Number of Turnover*	Total	no. of person	154	213	223	237	266
Turnover rate*		%	2.4	3.2	3.3	3.5	3.8
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

* Including mandatory retirees

New graduate recruitment		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of hires		no. of person	237	247	246	223	266
	male	no. of person	177	189	178	166	195
		%	74.7	76.5	72.4	74.4	73.3
	Woman	no. of person	60	58	68	57	71
	%	25.3	23.5	27.6	25.6	26.7	
of which, Bachelor's degree or above	no. of person	237	247	246	223	266	
	male	no. of person	177	189	178	177	195
	Woman	no. of person	60	58	68	57	71
of which, Junior college, Vocational school	no. of person	0	0	0	0	0	
of which, High school, Others	no. of person	0	0	0	0	0	
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Mid-career recruitment		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of hires		no. of person	35	47	53	71	74
	male	no. of person	21	30	32	48	62
		%	60.0	63.8	60.4	67.6	83.8
	Woman	no. of person	14	17	21	23	12
	%	40.0	36.2	39.6	32.4	16.2	
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Retention rate after 10 years	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Employment continuation ratio of male / that of male* ¹ * ²	%	71.0	74.5	80.9	81.9	78.8
Coverage		c	c	c	c	c

*¹ As of the beginning of the each following fiscal year (as of April 1)

*² The employment continuation ratio is the proportion of continued employment by gender among workers employed in fiscal years before and after the 10th business year

New graduate hires retention rate after 3 years	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of new graduates hired before 2 business years*	no. of person	307	265	228	242	240
Male	no. of person	231	202	170	185	174
Female	no. of person	76	63	58	57	66
Number of continuing employees in the following fiscal year among new graduates hired before 2 business years	no. of person	293	253	211	220	224
Male	no. of person	223	194	160	168	164
Female	no. of person	70	59	51	52	60
New graduate hires retention rate after 3 years	%	95.4	95.5	92.5	90.9	93.3
Male	%	96.5	96.0	94.1	90.8	94.3
Female	%	92.1	93.7	87.9	91.2	90.9
Coverage		c	c	c	c	c

* Only those who joined on April 1

▶ Employee satisfaction

Employee survey						
<p>NRI conducts employee consciousness surveys for all NRI employees working in Japan every two years. Survey method is internet survey.</p> <p>Survey items are job content, remuneration, work-life balance, career support, welfare benefits, work environment, work flexibility, and overall satisfaction.</p> <p>For each item, employees answer the degree of satisfaction on a 4 points-scale.</p> <p>The survey results are used as indications for planning human resources policies and are posted on company intranet for fed back to employees.</p>						
Employee survey results* ¹	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Employee satisfaction* ²	%	64.2	-	60.3	-	80.5
Percentage of employees surveyed* ³	%	61.6	-	44.2	-	37.4
Coverage* ³		d* ⁴		d* ⁴		d* ⁴

*¹ The 4 points-scale of the survey is "satisfied", "rather satisfied", "rather dissatisfied", "dissatisfied".

(It was 5 points-scale until last survey in FY 2015.)

*² The percentage of the survey results above is the proportion of answers of "satisfied" and "rather satisfied".

*³ Data coverage shows the percentage of subjects surveyed (=NRI employees working in Japan) to the total number of NRI group's employees on a consolidated basis.

*⁴ NRI employees working in Japan

► Work-life balance

Work-life balance supports

NRI has established a system for periods of pregnancy and childcare more comprehensive than that prescribed by the Child Care and Family Care Leave Act. Shorter working hours and exemptions/limits on overtime because of childcare are available up until the end of the academic year for the child's third year of elementary school, and these options can be combined with other independent systems, such as shift work or work with selectable start/finish times. We have been working on initiatives to establish an environment for achieving continued balance, including introducing a "Partner Childbirth Leave System" in FY2016 for employees with partners about to give birth, and opening nurseries in our offices in FY2017.

In addition to establishing systems, we are also focusing on providing information and examples for selecting relevant systems in accordance with individual circumstances.

We are also proactively encouraging a balance between work and childcare for employees, including through three-party interviews aimed at pregnant employees and their supervisors, and training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair.

In addition, we provide information through the regular holding of nursing seminars and our nursing-care concierge desk. NRI has been recognized as a corporation that supports child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children, receiving the certification mark (nicknamed "Kurumin") every year since 2007.



Utilization of work-life balance support system	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of employees acquiring Paid maternity leave	no. of person	9	12	17	13	9
Number of employees acquiring Pre- and post-childbirth leave	no. of person	53	53	73	76	56
Number of employees acquiring Childcare leave	no. of person	66	56	96	130	252
Female	no. of person	58	47	75	70	63
Male	no. of person	8	9	21	60	189
Number of employees utilizing shorter work hour system for childcare	no. of person	70	79	96	107	107
Childcare leave acquiring rate	%					
Male	%	n/a	n/a	6.1	18.7	59.6
Female	%	100.0	100.0	100.0	100.0	100.0
Employees returning to work after childcare leave (Female)	%	98.0	96.1	97.9	97.3	97.0
Employees remaining in work after childcare leave (Female)	%	92.9	95.9	92.3	91.7	93.3
Number of employees acquiring Nursing care leave	no. of person	3	1	1	2	3
Number of total days of acquiring nursing care leave	days	30	45	48	43	34
Number of employees utilizing shorter work hour system for nursing care	no. of person	0	0	0	0	0
Coverage		c	c	c	c	c

► Support for diverse and flexible working styles

Measures to support diverse and flexible working styles	
	<p>For specialist professions, NRI employs a discretionary labor system in which the work format and hours are to be self-managed at the discretion of the person in question. Furthermore, aiming for further efficiency and productivity improvements in the work accomplishments in specialist professions, in addition to discretion with respect to time, we have also put in place a system to also allow a certain amount of discretion with respect to location, making it possible to schedule work from home or a satellite office up to a limit of 20 days per year.</p> <p>In addition, in Sapporo and Fukuoka, we recruit for area-positions that are based on the premise of working in those locations.</p>
Establishment of in-office nurseries	<p>In order to support our employees returning to work at their desired timing and the development of their career plans, in June 2017, we opened the Yumeminato Hoikuen as NRI's first in-office nursery, in the Yokohama Center (Yokohama Nomura Building).</p>
Creation of a system to encourage men's participation in housework and childcare	<p>In January 2017, we introduced partner childbirth leave, and established a system to make it easier for male employees to proactively participate in childcare.</p> <p>In FY2017, we created a "Support for Balancing Work and Childcare Guide Book for Men," and made it available to all employees. We also conducted briefings to introduce and promote understanding of the company's systems relating to childcare.</p>
Enhancement of measures to support employees returning to work	<p>Three-party interviews aimed at pregnant employees and their supervisors have been taking place throughout pregnancy periods since FY2011. We support a smooth return to the workplace by deepening understanding of the internal systems and discussing post-return working styles.</p> <p>Since FY2010, we have continued to provide training to support balancing work and childcare after an employee returns from childcare leave, which includes guidance for both female employees and their supervisors. In FY2016, we further strengthened our support, commencing "Follow-up Seminars on Balancing Work and Childcare" for employees who had undergone training to support balancing work and childcare 1~2 years earlier.</p>
Encouragement of the taking of paid leave	<p>We have been implementing a Smart Work-Style Campaign since 2006.</p> <p>We are promoting the scheduled taking of consecutive days off, such as hot-weather leave and revitalization leave. In FY2016, we achieved rate of over 70% for the taking of paid leave.</p>
Telecommuting system	<p>NRI has had for some time a system in place whereby an employee can work at an NRI office that is different from their usual place of work.</p> <p>In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity. We also ran a campaign promoting use of the system. In FY2017, NRI was a special participant in "Telework Day," which was implemented by six ministries, including the Ministry of Internal Affairs and Communications, in collaboration with the Tokyo Metropolitan Government and the business community.</p>
Satellite offices	<p>NRI has "liaison centers" in its main offices, and these are made available as satellite offices for workers with no desks at those locations.</p>
Casual wear	<p>With the objective of increasing productivity by encouraging flexible ideas from relaxed attire, the NRI Group has allowed employees to work in casual wear since 1996, under guidelines such as "wearing a business suit if you are likely to meet clients."</p> <p>In addition, since 2011, in the interests of power conservation we have relaxed the guidelines for casual wear during the Cool-Biz period from May to September, including not requiring ties to be worn in front of clients.</p>

Occupational Health and Safety - Management Approach

Material issues of NRI related to this management approach

"Sound hiring practices and labor-management relations" and "Dialogue with civil society"

NRI's approach to material issues

At the NRI Group, highly specialized personnel are major operational resources. If a situation in which employees are unable to fully demonstrate their ability in a sound environment due to substandard occupational health and safety occurs, there is a risk that business services, such as the information systems that are important foundations for supporting society, and the provision of consulting services that are deeply involved in client operations and businesses, will be impacted due to the lower productivity and quality of deliverables. Accordingly, since FY2015, NRI has been aiming to realize "Health and Productivity Management*," which contributes to improving the Quality of Life (QOL) of employees and is striving towards achieving its goals based on the NRI Health Declaration 2022.

Healthy Operations considers the management of employee health in terms of managerial perspective and strategic implementation. The health of our employees also occupies an important position from the standpoint of the company's risk management, and we will try to proactively engage in health management as a company instead of entrusting it to individual employees. It is extremely important for both the individuals concerned and the company that employees are healthy, and Healthy Operations will bring an injection of energy into the organization in the form of active employees and improved productivity by actively pushing employees to become healthy based on that philosophy, which as a result is expected to lead to improved business performance and corporate value.

[NRI Health Declaration 2022]

Basic policy: Based on correct knowledge and recognition for their own health by each employee, the NRI Group supports active initiatives for improving long-term quality of life (QOL).

NRI is leveraging employee feedback gathered through surveys and from employee unions and is proactively working to improve employee working hours, health conditions, and the workplace environment.

* "Health and Productivity Management" is a registered trademark of the Workshop for the Management of Health on Company and Employee

Priority activities / Medium- to long-term targets

NRI prioritizes the following issues in its management of occupational health and safety issues:

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

In addition, we set goals for the following four items on health management.

- 1 Reduce lifestyle-related diseases
 - Manage employees' reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations
 - Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases
- 2 Lower stress
 - Stress prevention for individual employees and teams
 - Develop a system to enable employees to return to work earlier
- 3 Lower smoking rate
 - Introduce support to help stop smoking
 - Remove smoking spaces inside the office
- 4 Promote work-life balance
 - Reduce overtime and holiday work hours
 - Encourage employees to take paid leave
 - Implement the frontline-driven Smart Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work

Progress / Achievements / Challenges

Nippon Kenko Kaigi* certified NRI as an Excellent Enterprise of Health and Productivity Management (White 500), acknowledging the Company as a large corporatins participateing superior health and productivity management. Started in fiscal 2016, this certification scheme reviews companies for their business philosophy, organizational structure, system and initiative execution, assessment and improvement, compliance and risk management. NRI acquired this certification for the second consecutive year in fiscal 2016, 2017 as it met certification requirements in the Large Corporation category, which applies to large-sized corporation and medical corporations.

* An entity that aimed to bring about specific action plans in the workplace and local communities, with the goal of realizing excellence on health and productivity management. This is a collaboration between municipalities and private organizations such as business groups, medical associations and the insured.

KPI	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Total working hours per employee per year		2,213.3	2,197.6	2,140.8	2,085.8	2,034.3
Average overtime hours per employees per month		34.8	33.0	29.8	27.2	22.0
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	n/a	42.1	43.5	45.4	70.1
Smoking rate	%	19.9	18.9	18.5	17.0	15.9
Exercise habit rate	%	13.8	10.9	11.5	15.9	19.0
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Link Files	<p>Health and Productivity Management (In Japanese only) https://www.nri.com/jp/sustainability/social/health_and_productivity_mgmt A trial run to assist health and productivity management for workers in the Marunouchi area https://www.nri.com/-/media/Corporate/en/Files/PDF/tr/library/AR2017e.pdf#page=49</p>
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Occupational Health and Safety - Data

▶ Occupational health and safety

Occupational health and safety policy

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

Occupational health and safety structure

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.

Officer in charge

Chief Occupational Health and Safety Officer
 Yasuo Fukami
 Senior Corporate Management Director
 Chief Health Officer
 Yoshio Usumi
 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration

Responsible committee

Health and Safety Committee

Status of labor-management consultations on occupational safety and health

Through informal gatherings and group negotiations with the Nomura Research Institute Labor Union, NRI continues to engage in dialogue both regularly and irregularly on topics related to work environment and so on.

Risk management on occupational health and safety

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

1. Complying with laws and regulations on overtime work and holidays.
2. Eliminating long hours worked consecutively.
3. Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
4. Reducing the amount of night work that employees Perform.
5. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a summer break, and "recharge leave").

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. Furthermore, we are grasping the risks by thoroughly conducting industrial physician interviews with long-time workers.

Occupational health and safety situation	2014.3	2015.3	2016.3	2017.3	2018.3
Number of employee work-related deaths	0	0	0	0	0
Number of work accidents*1	0	1	0	2	0
Occupational accident frequency rate*2	0	0	0	0	0
Average overtime hours per employees per month*3	34.8	33.0	29.8	27.2	22.0
Coverage	c	c	c	c	c

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

*2 Number of lost worker injuries / number of total working hours × 1 million hours

*3 All employees including managers, discretionary labor employees

► Health and productivity management

Overview of health management

The NRI Group is comprehensively engaged in the maintenance and improvement of employee health, including the promotion of regular checkups and follow-ups on the results, engagement by industrial physicians, the establishment of consultation desks, and the reduction of overtime work.

Promotion of medical checkups / comprehensive physical examinations

The NRI Group regularly instructs all employees to undergo a medical examination (for those under 30 years old) or a comprehensive physical examination (for those 30 years of age or older) every year, and checks whether they have or not. In addition, employees who have engaged in overtime work exceeding the company's internal standards are instructed to undergo health checkups and medical interviews every six months, with compliance with this instruction also being checked.

Establishment of office health-care rooms and engagement by industrial physicians

NRI has established health-care rooms in its main offices, and has in place a proper system for industrial physicians to engage with cases. Industrial physicians check the results of employee medical examinations and comprehensive physical examinations, as well as responding to health consultations from employees.

Stress checks based on the Health and Safety Act

From FY2016, based on the Industrial Health and Safety Act, the NRI Group introduced a web questionnaire-type stress-check to prevent employees from becoming unwell in terms of their mental health. This has encouraged employees to notice their own stress situations and talk to an industrial physician if they need to. In addition, we collate and analyze stress-check results for each organization and use the information to improve the working environments. Moving forward, we will continue to implement the program every year in accordance with laws and regulations.

Consultation desk for work problems

The NRI Group has established various PraNet (Professional Assist Network) consultation desks for employees, and is equipped with a system that can respond to all kinds of issues employees may have. In addition to the consultation desks within the company, we have several company-external consultation desks available to handle a diverse range of counselling, including consultations about work and the workplace overall, consultations on career-development and skill-development, counseling on workplace stress and health, counseling on family health and care, consultations about ethics and compliance, consultations concerning harassment.

Reduction of overtime and holiday work

NRI has established internal management standards for working hours, late-night work, and holiday work based on labor laws, etc., and engages in proper labor management. We have established a system that enables a correct understanding of employee work status, including a system that enables supervisors to check online at any time the working hours of their subordinates and how much vacation time they have taken, and the distribution of a list of employees who engaged in late-night or holiday work to management positions on the following day. In addition, we regularly check the status of each department using indicators such as a "Health Management Index," which is an index of risks such as long working hours that should be eliminated.

Reduced smoking rate

From November 2015, NRI introduced its "Quit-Smoking Support," in which the company pays 70% of the costs for treatment to quit smoking (borne by the individual). Furthermore, NRI halved the amount of office smoking spaces in October 2015, and closed all smoking areas in its major offices around the World No Tobacco Day (May 31) in FY2016.

KPI of health management	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	n/a	42.1	43.5	45.4	70.1
Smoking rate	%	19.9	18.9	18.5	17.0	15.9
Exercise habit rate	%	13.8	10.9	11.5	15.9	19.0
Coverage		c	c	c	c	c

► Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	2014.3	2015.3	2016.3	2017.3	2018.3
Total working hours per employee per year	2,213.3	2,197.6	2,140.8	2,085.8	2,034.3
Coverage	c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	2014.3	2015.3	2016.3	2017.3	2018.3
Average overtime hours per employees per month	34.8	33.0	29.8	27.2	22.0
Coverage	c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Social

Annual paid leave*1	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of granted days*2		20.3	21.6	21.2	21.6	21.5
Number of days acquired		11.9	14.4	14.1	15.3	15.4
Annual paid leave acquisition rate	%	58.6	66.9	66.5	70.6	71.4
	Coverage	c	c	c	c	c

*1 Average base for all employees.

*2 Excluding carryforward

Mental health measures

Mental health measures	
	As measures to safeguard mental health, in addition to reducing late-night work, eliminating continuous long working hours, a thorough system of interviews with industrial physicians for workers who work long working hours, and stress checks based on the Industrial Health and Safety Act, the following initiatives are being implemented.
Establishment of consultation desks for workplace stress	Employees can bring consultations about workplace stress to the health-care rooms (staffed by industrial physicians and nurses). In addition, under the health insurance association system, employees can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).
Obligatory interviews with industrial physicians for workers who work long working hours	At NRI, out of consideration of the impact on the mind and body of employees whose overtime working hours exceed internal standards, any such employees are required to have an interview with an industrial physician.
Stress checks	<p>Since 2016, NRI has implemented a stress check system under the provisions of Article 66, Item 10 of the Industrial Health and Safety Act for the following purposes:</p> <ul style="list-style-type: none"> • For employees to deal with stress by knowing their stress status, before too much accumulates • For employees to get advice from a doctor if they have too much stress • For the company to take any work-related measures as a result of the interviews • To make improvements in workplace environments that cause stress
Return to work support program	<p>When employees have been absent due to illness, etc., they are only allowed to return to work after a diagnosis by their doctor and a consultation with an industrial physician.</p> <p>In the case of employees who have been absent more than a set amount of time, NRI is making efforts to have them undergo re-work training that incorporates training conducted by an external professional organization to prevent any relapse, so as to avoid any further time absent from work.</p>

Various systems provided by Nomura Securities Health Insurance Association

Nomura Health Dial 24	For health, medical care, nursing care, childcare, or mental health issues, experienced physicians, public health nurses, and nurses are available for free phone consultations at any time of the year, 24 hours a day. Employees can also avail themselves of a search system that finds nearby medical institutions and medical institutions that provide advanced medical care.
Special medical dial	When an employee or member of their family is diagnosed with a serious illness such as cancer, they are eligible for a service that provides them with a referral for a second opinion or to a specialist medical institution (free of charge in certain circumstances).
Mental health counseling service	They can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).

Human Resources Development - Management Approach

Material issues of NRI related to this management approach

"Diversity of human resources"

NRI's approach to material issues

As part of our corporate philosophy, the NRI Group has stated "Continuing never-ending challenges with pride of true professionals " as our action guidelines for employees.
 The cornerstone of NRI is its "human assets." In other words, employees who are professionals, possessing advanced expert knowledge, independently strive to pursue their own goals and are unafraid to innovate and take on difficult challenges. To achieve both Vision2022, NRI's long-term management vision, and the Medium-Term Management Plan, it is indispensable to have human assets who not only aim to achieve further growth and improve productivity challenges of venturing into the unknown and ahead of the times, including global expansion and Business IT.
 To develop these human assets, NRI has been strengthening a system and an environment to develop the hidden talents of highly motivated people and to allow them to produce results on the job.

Priority activities / Medium- to long-term targets

NRI's personnel system is designed to provide a system and environment in which diverse professionals can play active roles based on three core pillars: a performance-based salary system, discretionary work system, and a personnel assessment and human resources development system.
 As the premise of the personnel assessment and human resources development system, we encourage employees to both pursue and diversify their expertise. This is based on the belief that those who have been working at multiple departments and developing their skills in more than one area of specialization can respond to changes in the business environment, have a broad vision, and collaborate cross-divisionally.
 Furthermore, human resources development at NRI is an organic fusion of three methods: training programs, self-improvement, and on-the-job training. NRI believes that providing OJT training through work experience is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deepening understanding. It is also positioned as a method for obtaining knowledge and skills which cannot be acquired through OJT. NRI has also established a system to support self-development for employees to become qualified in and improve their foreign language skills.

Progress / Achievements / Challenges

In order to foster global business leaders while aiming to establish business bases overseas, we have implemented practical training programs incorporating real experience of international business. Employees are dispatched to our clients' or NRI's overseas offices for a year, where they improve their business skills through practical experience overseas.
 As of FY2017, more than 130 employees have been selected for this global training and have been dispatched to 26 cities in 16 countries.

Link Files

"Education system" for nurturing human resources (In Japanese only)
https://working.nri.co.jp/2019/contents/institution/institution_a.html
 "Evaluation system" making full use of human resources (In Japanese only)
https://working.nri.co.jp/2019/contents/institution/institution_b.html
 NRI's Human Resources Strategy
<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=54>

Human Resources Development - Data

▶ Human resources development management

Human resources development policy (Focus areas)

NRI's personnel system is designed to provide a system and environment in which diverse professionals can play active roles based on three core pillars: a performance-based salary system, discretionary work system, and a personnel assessment and human resources development system.

Human resources development at NRI is an organic fusion of three methods: training programs, self-improvement, and on-the-job training. NRI believes that providing OJT training through work experience is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deepening understanding.

Our C&A (Challenge & Act) System realizes effective OJT. This is a system for skill development and performance evaluation in which employees have an interview with their supervisor to clarify individual goals for each half-year and confirm and evaluate the degree of achievement of their goals.

This supports the growth of each employee according to their character and level of independence by having them engage in their work to achieve their goals under the guidance of their supervisor, while also facilitating communication between supervisors and subordinates at the regular meetings.

There are many training options available, including various group training, e-learning, qualification-acquisition support, and technical skills training conducted by the industry's leading education engineers.

As measures supporting self-improvement, for qualifications such as those for information processing engineers and certified securities analysts, which are particularly closely related to the NRI Group's business, we have partnered with vocational schools for obtaining qualifications and shoulder the full burden in terms of fees for employees attending test-preparation courses. In addition, NRI refunds the fees for exams upon their successful passing for more than 50 official qualifications, and also provides assistance with tuition fees for qualifications that require course completion.

Based on the recognition that the development of human resources that can adapt to change is important against the backdrop of the drastically changing situation surrounding Japan and the accelerating speed of social change, as part of our appraisal / personnel-development system, we encourage our employees to "pursue expertise" and "diversify their fields of specialization." We believe that by honing their abilities in multiple areas of expertise they will be able to broaden their horizons, and develop into human resources who can flexibly respond to changes in the business environment and collaborate across the organization.

References

"Evaluation system" making full use of human resources (In Japanese only)

https://working.nri.co.jp/2019/contents/institution/institution_b.html

NRI's Human Resources Strategy

<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=54>

▶ Human resources development program

Human resources development program 1																																													
Career fields	<p>In line with the actual performance of employees, NRI has established 22 career fields and levels with an awareness of industry standards to clarify HR models and positions outside the company. These are a blueprint for employees to understand their areas and levels of expertise and to improve their levels of expertise when pursuing specialization, and also form the basis for the C&A system.</p> <p>Furthermore, NRI grants internal certification (NRI Certification) to employees who possess a high level of expertise, which promotes the development of core NRI human resources in those fields and also provides employees with professional role-models.</p> <p>In addition, employees are encouraged to set goals and develop their abilities in multiple career fields or areas of expertise. This is because, although the pursuit of expertise is important, we believe that by having multiple areas of expertise employees will be able to broaden their horizons, and develop into human resources who can flexibly respond to changes in the business environment and collaborate across the organization.</p>																																												
	<table border="1"> <tbody> <tr><td>1</td><td>Corporate strategy consultant</td></tr> <tr><td>2</td><td>Business consultant</td></tr> <tr><td>3</td><td>Systems consultant</td></tr> <tr><td>4</td><td>Business strategist</td></tr> <tr><td>5</td><td>Sales representative / Marketing manager</td></tr> <tr><td>6</td><td>Project manager (Development)</td></tr> <tr><td>7</td><td>Project manager (Enhancement)</td></tr> <tr><td>8</td><td>Application architect</td></tr> <tr><td>9</td><td>IT infrastructure architect</td></tr> <tr><td>10</td><td>Application specialist</td></tr> <tr><td>11</td><td>Common application infrastructure specialist</td></tr> <tr><td>12</td><td>IT platform specialist</td></tr> <tr><td>13</td><td>IT services manager</td></tr> <tr><td>14</td><td>Security specialist</td></tr> <tr><td>15</td><td>Researcher</td></tr> <tr><td>16</td><td>Data scientist</td></tr> <tr><td>17</td><td>Project management specialist</td></tr> <tr><td>18</td><td>Quality management specialist</td></tr> <tr><td>19</td><td>Business administration staff</td></tr> <tr><td>20</td><td>Corporate management / Headquarters staff</td></tr> <tr><td>21</td><td>Systems engineer</td></tr> <tr><td>22</td><td>Consultant</td></tr> </tbody> </table>	1	Corporate strategy consultant	2	Business consultant	3	Systems consultant	4	Business strategist	5	Sales representative / Marketing manager	6	Project manager (Development)	7	Project manager (Enhancement)	8	Application architect	9	IT infrastructure architect	10	Application specialist	11	Common application infrastructure specialist	12	IT platform specialist	13	IT services manager	14	Security specialist	15	Researcher	16	Data scientist	17	Project management specialist	18	Quality management specialist	19	Business administration staff	20	Corporate management / Headquarters staff	21	Systems engineer	22	Consultant
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Business impacts	Visualizing development of the human resources fitting to the goals of NRI business enables us to make a long-term plan of human resources strategy, as well as develop highly professional resources in a short term.																																												
Target employee	All employees																																												

Human resources development program 2	
Core human resources development program	<p>NRI implements programs to develop core human resources responsible for growth and business creation of the NRI Group. This program consists of three curricula, that of courses aiming to train executive candidates, courses aimed at developing the ability to manage the project from a high viewpoint and a company-wide perspective, and courses aiming to train human resources to create new businesses. Participants are selected from among senior and middle management managers. They will challenge the programs of group training, personal work, and discussion for about 1 week to 10 days, aiming to discover issues related to NRI's management and business, and to propose and solve solutions.</p>
Business impacts	In the long-term management vision "Vision 2022", NRI commits to "global business expansion" and "Business IT creation (new business creation)" as a core growth strategy. The core human resources development program is a key to success as a program to continuously develop business leaders who implement the growth strategy.
Target employee	Senior and middle management

▶ Inputs for human resources development

Human resources development expenses		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Educational training expenses total	millions of yen		1,853	1,789	1,712	1,768	1,705
Education and training expenses per employee	thousands of yen / person		228	199	159	152	134
	Coverage		a	a	a	a	a
Education training hours per employee	hours / person		63	57	54	47	45
	Coverage		c	c	c	c	c

► Effect of human resources development

Measures of the effect of human resources development						
NRI places importance on the number of employees with professional qualifications as an index for objectively assessing investment efficiency in development of individuals with highly advanced professional skills.						
Number of employees who acquired the professional qualifications	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Information processing engineer (IT strategist)	no. of person	209	246	279	305	328
Information processing engineer (System architect)	no. of person	816	848	876	903	949
Information processing engineer (Project manager)	no. of person	657	693	743	814	869
Information processing engineer (Network specialist)	no. of person	861	886	909	939	955
Information processing engineer (Database specialist)	no. of person	625	689	743	789	843
Information processing engineer (Embedded system specialist)	no. of person	30	33	37	40	48
Information processing engineer (Information security specialist)	no. of person	836	951	1,093	1,218	1,202
Information processing engineer (IT service manager)	no. of person	320	341	360	388	409
Information processing engineer (System audit engineer)	no. of person	298	317	333	342	354
Registered Information Security Specialist*1 (Number of successful candidates)	no. of person	-	-	-	-	108
Project Management Professional	no. of person	192	213	230	255	292
ITIL Manager / Expert / Intermediate	no. of person	48	53	63	70	70
Chartered Member of the Securities Analysts Association of Japan	no. of person	224	224	228	242	245
Certified Public Accountant Small and Medium sized	no. of person	9	8	10	9	9
Enterprise Consultant	no. of person	36	37	42	45	46
First-class Registered Architect	no. of person	11	12	12	11	10
Chief Telecommunications Engineer	no. of person	119	118	114	110	107
<hr/>						
Number of employees who acquired NRI certification system						
Certified Business Developer	no. of person	27	24	25	24	18
Certified Business Analyst	no. of person	30	24	23	26	23
Certified Application Engineer*2	no. of person	-	-	7	16	19
Certified IT architect	no. of person	77	76	70	67	65
Certified IT Service Manager	no. of person	21	27	27	28	30
Certified Project Manager	no. of person	84	95	100	96	94
	Coverage	c	c	c	c	c

Note: As of the end of each fiscal year.

*1 Examination started in April 2017.

*2 Certification started in October 2015

Business and Human Rights - Management Approach

Material issues of NRI related to this management approach

“Respect for human rights” and “Dialogue with civil society”

NRI's approach to material issues

As stated in the NRI Group's Human Rights Policy, the NRI Group supports and respects international norms concerning human rights and labor, such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights. In particular, NRI has formalized and clarified an agenda on respect for basic labor rights and the prohibition of forced labor, child labor, discrimination, and harassment.

Furthermore, the NRI Group has, in its NRI Group Procurement Policy, stated that it will engage in procurement that takes human rights into account in transactions with its business partners, including outside contractors and suppliers. In addition, NRI joined the United Nations Global Compact in May 2017, in support of the ten principles in the four areas of human rights, labor, environment and anti-corruption. Based on our own commitment from top management, NRI is committed to acting as a good member of society and striving to achieve sustainable growth by observing and practicing the ten principles and demonstrating responsible creative leadership.

Priority activities / Medium- to long-term targets

As one of the growth strategies in the long-term management vision 'Vision 2022', NRI upholds 'Dramatic expansion of globalization', and positioned the overseas human rights issue as critical business challenge. Currently, we are planning to identify human rights risk and implement human rights due diligence in FY 2019.

Progress / Achievements / Challenges

In FY 2018, We deliberated on the plan of human rights due diligence in Sustainability Activities Committee.

Link Files	<p>The NRI Group's Human Rights Policy https://www.nri.com/en/sustainability/social/policies#human-rights NRI Group Procurement Policy https://www.nri.com/en/company/partner</p>
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Business and Human Rights - Data

► **Business and human rights policy**

Human rights policy

	<p>The NRI Group established "The NRI Group's Human Rights Policy", supports and respects international standards on human rights and labor, such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. In addition, NRI Group Procurement Policy clearly states Respecting ESG (ESG procurement in Practice), and we have requested / asked our suppliers and business partners to comply with laws, regulations and social norms.</p>
Applicable scope	NRI Group and business partners such as outside contractors and suppliers
References	<p>The NRI Group's Human Rights Policy https://www.nri.com/en/sustainability/social/policies#human-rights NRI Group Procurement Policy https://www.nri.com/en/company/partner</p>

► **Business and human rights management**

Chief officer in charge of human rights

	Senior Corporate Managing Director of NRI
Responsible committee	Human Rights Education Committee
Involvement of the Board of Directors with respect to human rights (reporting, deliberation, director evaluation, reflection in remuneration)	<p>The Board of Directors reports on the policies and status of activities once every six months. In addition, any issue that requires the approval of the Board of Directors shall be properly deliberated by the Board of Directors before a decision is made.</p>
Education and awareness	<p>With respect to NRI Group employees, the NRI Group Employees' Code of Business Conduct state that, in order to create a staff-friendly workplace, everyone's personality and individuality is to be respected, and that no speech or behavior that violates human rights is to take place. These rules are made known through the guidance in the "Rule Book: Fundamental Rules for Executive Officers and General Staff" which is reviewed annually. In addition, these points are brought up during training for each hierarchy level or executive training, refreshing the relevant awareness. In the event of any speech or behavior that violates human rights, the facts of the situation are investigated, after which the relevant employee is disciplined, if necessary, for the compliance violation. We regularly provide temporary employees with "Fundamental Rules to be Observed when Working at the NRI Group (for Temporary Employees)," and explain that human rights are to be respected and that discriminatory speech and behavior are prohibited. All division heads in NRI Group companies are appointed as promotion members of the Human Rights Education Committee. In addition, division heads are given and made aware of their responsibility to create staff-friendly workplaces where everyone's human rights are respected.</p>

► Freedom of association and the right to collective bargaining

Dialogue with labor union

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

	unit	2014.3	2015.3	2016.3	2017.3	2018.3
Number of labor union members*1	no. of person	3,640	3,701	3,709	3,773	3,656
Rate of unionization*2	%	100	100	100	100	100
	Coverage*2	d	d	d	d	d

*1 As of the beginning of following fiscal year.

*2 Rate of unionization is the ratio to the target employee. (NRI adopts the union shop system)

► Human rights due diligence

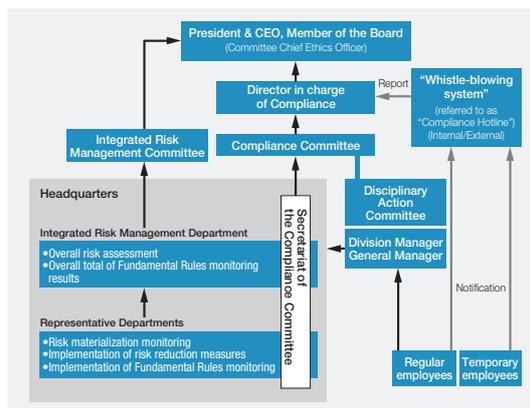
Identification process of human rights risks

As one of the growth strategies in the long-term management vision 'Vision 2022', NRI upholds 'Dramatic expansion of globalization', and positioned the overseas human rights issue as critical business challenge. Currently, we are planning to identify human rights risks and in the next implement human rights due diligence. Considering the trend of the establishment of Modern Slavery Act in the UK and Australia, we plan to implement human rights due diligence in 2019. In FY 2018 we will advance preliminary survey and pre-due diligence towards formulation of its execution plan.

► Response to consultation and report on human rights

System for responding to consultations and reports for employees, temporary employees and partner company employees

For NRI Group employees, temporary employees, and partner company employees, in the unlikely event that their own human rights or those of someone else have been compromised, or if they notice there may be the risk of the same, there are both internal and external reporting desks available, the contact details for which can be checked on the intranet at any time. In addition, we make efforts to inform employees of the existence of these reporting desks by including the information in their training when they join the company and also in the annually distributed booklet entitled "NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff." Furthermore, temporary employees and employees from partner companies who work at NRI Group offices (outside contractors) are provided with an explanation and materials indicating that there is a reporting desk when they first start work. With respect to consultations and reports, we promptly investigate the facts and take measures to handle situations and prevent their recurrence.



Applicable scope

NRI Group employees, temporary staff, partner companies (outside contractors) employees

System for responding to external consultations and reports (suppliers, local communities, other)

We have not established a dedicated desk for human rights complaints coming from outside the NRI Group. However, the switchboard telephone numbers and email addresses accepting general inquiries are publicly available, and the Public Relations Department of each company acts a liaison, with the relevant division providing the appropriate response.

Applicable scope

All stakeholders except NRI Group employees, temporary staff, partner companies (outside contractors) employees

► Engagement on human rights

Stakeholder dialogue	
Reference	<p>Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group.</p> <p>In FY 2017, we held dialogues with distinguished experts on human rights and ESG investors in London and Tokyo. In this dialogue, NRI was pointed out human rights risks to consider, such as digital rights, workers' rights, discrimination on gender or nationality, supply chain human rights, and community impacts. NRI intend to identify specific human rights risks, evaluate and respond to them.</p>
	<p>Stakeholder Dialogues https://www.nri.com/en/sustainability/management/dialogue</p>
Multi stakeholder engagement	
Issues raised	<p>Since fiscal 2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan. We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies, NGOs and NPOs, and industry and academic experts.</p>
	<p>Key human rights issues for the ICT sector (extract)</p> <ul style="list-style-type: none"> • The potential for employees to work long hours and / or unpaid overtime when working on developing information systems • The potential threat from service shutdowns to users' activities and daily lives • The potential for damage to people's privacy from personal data breaches • The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT) • The risk of being unable to resist state demands to hand over personal information • The potential risk in overseas business activities of bribery and corruption involving government officials • Environmentally sensitive usage of energy and water • Exerting a positive influence on improving people's lives by bridging the information divide between communities
References	<p>2018 Stakeholder Engagement Program in Japan (In Japanese only) http://crt-japan.jp/portfolio/she-program/ 2018 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme) http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf</p>

Corporate Citizenship - Data

► Corporate citizenship policy

Corporate citizenship policy	
References	<p>As a member of stakeholders in the community or society, we are responsible for contributing to the development of the community and society by utilizing our resources of human, technologies, or finance. NRI considers our business activities and social contribution activities as an integrated activity to realize the corporate philosophy of "Dream up the future". And priority areas of social contribution activities are personal development, social development, and information publishing.</p>
	<p>NRI Student Essay Contest (In Japanese only) https://www.nri.com/jp/news/event/1st/cc/sustainability/contest Career education program (In Japanese only) https://www.nri.com/jp/sustainability/edu Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake (In Japanese only) https://www.nri.com/jp/act311</p>

► Focus areas of corporate citizenship activities

Focus areas of corporate citizenship activities 1	
	Human resources development for next generation
Relevance to business	Developing personnel assuming the next generation is an activity where we can leverage rich professional resources in NRI, and at the same time the integral activity embodying "Dream up the future", NRI's corporate philosophy. In order to realize the NRI Group's corporate philosophy of Dream up the future, NRI believes it will be important to provide training for our young people today, who will lead our workforces in the future, and to generate a greater community ripple effect for the future. The NRI Group has developed a range of education programs for all students, from elementary school students to university students and international students, based on its know-how and tailored to the needs of each particular group. Through its Student Dialogues and Student Essay Contest it also provides forums for students to turn their minds to the future. The NRI Group also engages in collaborations with educational institutions, with its employees for example giving classes and talks at universities, and arranging for teachers to receive training at companies in the private sector.
Business benefits	Improving Brand Power and Reputation: Manifesting strength in personal development facilitates us earning brand power as a thinktank. Especially higher recognition from students provides us with advantage in recruiting talented individuals. In order to measure value of NRI from students' perspective, we conduct dialogues with students every year and use it as one of the KPIs.
Social benefits	Amongst all the human development activities, one of the most continuously successful programs is the NRI Student Essay Contest started in 2006. Number of application received in 2017 is 1,767 and cumulatively total number of application submitted in last 12 years reached 14,138.

Focus areas of corporate citizenship activities 2	
	Social development
Relevance to business	Important elements for realizing sustainable societies are (1) providing developmental support to emerging economies and developing countries whose economies and societies are in transition, and (2) helping regional communities rebuild as they work to get back on their feet after suffering a major natural catastrophe. The NRI Group's consulting skills are among the strong resources in its possession, and we use these skills to provide support with emerging countries' development and for countries recovering from disasters. Another powerful resource we possess is our IT solutions capabilities, which we utilize to support regional communities with their development. Another important activity we undertake is our contributing to society programs which help local communities.
Business benefits	Business Outcome in Rebuilding Regional Communities and Developmental Support: Our contributing to society programs related to social development have lead us to the consulting business and IT solution business for rebuilding regional communities and providing developmental support to emerging economies and developing countries, and to become profitable. Achievements of these activities can be measured by individual project basis, as presented in the reference case.
Social benefits	As one of the KPIs for social development, total cumulative donations for the Great East Japan Earthquake is approximately 212.6 million yen, and number of employees who made donations are 7,597 employees.

Focus areas of corporate citizenship activities 3	
	Information communication
Relevance to business	Publication of investigation and research activities outcome is indispensable, for disseminating the social innovation that NRI promotes and receiving recognition widely from the society. Since our foundation, we have undertaken investigation and research activities in diverse fields. We use the results of these activities in our business and continue to propagate intellectual assets through periodic publications and reports, books, and events such as forums.
Business benefits	Research and Development Expense (investment for innovation): Constant information publishing through forums and events facilitates increase of NRI's recognition as a think-tank and opportunities of projects with the most advanced innovations. Achievement of the activities are regarded as return on the investment for innovation, which can be measured in terms of the research and development expense.
Social benefits	We disclose the information communication record in recent years as KPI, by which social impact of the information publishing is measured.

► Inputs for corporate citizenship activities

Social contribution expense		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Total		millions of yen	792	581	687	591	561
By expense item	Cash contribution	millions of yen	388	201	348	360	272
	In-kind contribution	millions of yen	0	1	0	1	0
	Facility offering	millions of yen	12	10	4	4	4
	Employee activities	millions of yen	391	367	335	226	284
	Others	millions of yen	0	0	0	0	0
Ratio to ordinary income (Non-consolidated)		%	1.71	1.10	1.24	1.06	0.96
Coverage			c	c	c	c	c

► Impacts of corporate citizenship activities

KPI of corporate citizenship activities		unit	2014.3	2015.3	2016.3	2017.3	2018.3
Human resources development for next generation	Number of entries for NRI Student Essay Contest		1,518	883	2,622	3,103	1,767
	Career education support	Number of schools conducted	35	31	38	34	24
		Number of participants	no. of person	over 1,600	over 1,700	over 1,500	1,277
	Lecture to university	Number of schools conducted	32	28	32	n/a	n/a
		Number of lecturers dispatched	no. of person	47	52	59	n/a
Coverage			c	c	c	c	c
Social development	Donation support for disaster-stricken areas*1	thousands of yen	23,037	19,500	16,095	39,904	13,214
	Great East Japan Earthquake disaster	thousands of yen	13,037	19,500	16,095	12,010	9,000
	Philippines Typhoon No. 30, 2013	thousands of yen	10,000	-	-	-	-
	2016 Kumamoto Earthquake	thousands of yen	-	-	-	27,894	4,214
	Coverage			a	a	a	a
TABLE FOR TWO*2 *3		number of meals provided locally	15,650	14,404	13,842	16,628	24,041
Coverage			d	d	d	d	d
Transmission of information	Number of books issued		12	19	25	13	15
	Number of articles in newspapers and magazines		278	210	229	273	298
	Number of lectures given		943	1,088	1,161	937	962
	Number of appearances on television and radio		117	81	126	102	158
	Number of news releases		97	88	107	97	104
Coverage			c	c	c	c	c

*1 Total value of donation from NRI group employees and matching gift by NRI.

*2 Total value of donation from eating and drinking person and matching gift of same amount by NRI.

*3 Including the amount of CUP FOR TWO started from FY 2017

GRI Standards Content Index

NRI's sustainability information disclosure is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

General Disclosures

102 : General Disclosures		Reference	
1. Organizational profile			
102-1	Name of the organization	Integrated Report 2018 - Corporate Data / Share Information	P86
102-2	Activities, brands, products, and services	Integrated Report 2018 - Business Model	P21-24
		Integrated Report 2018 - NRI's Four Business Segments	P35-44
102-3	Location of headquarters	Integrated Report 2018 - Corporate Data / Share Information	P86
102-4	Location of operations	Integrated Report 2018 - NRI Group Network	P85
		NRI official website - NRI Group Companies and offices	
102-5	Ownership and legal form	Integrated Report 2018 - Corporate Data / Share Information	P86
102-6	Markets served	Integrated Report 2018 - Competitive Advantages of Social and Relationship Capital	P26
		Integrated Report 2018 - NRI's Four Business Segments	P35-44
		Integrated Report 2018 - NRI Group Network	P85
		NRI official website - Solutions & Services	
		NRI official website - NRI Group Companies and offices	
102-7	Scale of the organization	Labor Practices, Diversity - Employee data	P50-51
		Integrated Report 2018 - 11-year Summary Consolidated Financial Statements	P77
		Integrated Report 2018 - Corporate Data / Share Information	P86
		Annual Securities Report - 2. Business Status - Management discussion and analysis of the financial situation, management results and cash flow situation. (In Japanese only)	P16-23
		Annual Securities Report - 5. Accounting Status - Consolidated Balance Sheet. (In Japanese only)	P69-70
102-8	Information on employees and other workers	Labor Practices, Diversity - Employee data	P50-51
102-9	Supply chain	Supply Chain Management - Supply chain situation	P21-22
		Integrated Report 2018 - NRI's Value Creation Process	P17-18
		Integrated Report 2018 - Cooperation with Business Partner	P71
102-10	Significant changes to the organization and its supply chain	There is no material changes concerning the supply chain during the reporting period.	
102-11	Precautionary Principle or approach	Risk Management - Management Approach	P13
		Risk Management - Data	P14-16
		Client Relationship Management - Fiduciary duty	P25
		Environmental Management - Management Approach	P40-41
		Integrated Report 2018 - Internal Controls, Corporate Ethics and Compliance	P69-70
102-12	External initiatives	Sustainability Policy - Participation in the initiatives	P3
		Integrated Report 2018 - Participation in the United Nations Global Compact	P48
		NRI official website - Participation in Initiatives (In Japanese only)	
102-13	Membership of associations	Sustainability Policy - Participation in the initiatives	P3
		Integrated Report 2018 - Participation in the United Nations Global Compact	P48
		NRI official website - Participation in Initiatives (In Japanese only)	
2. Strategy			
102-14	Statement from senior decision-maker	Integrated Report 2018 - Message from the President	P9-16
102-15	Key impacts, risks, and opportunities	Risk Management - Long-term risk	P15
		Climate Change - Climate-related risks, Climate-related opportunities	P45

102 : General Disclosures		Reference	
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Compliance - Compliance policy	P17
102-17	Mechanisms for advice and concerns about ethics	Compliance - Compliance system	P18
4. Governance			
102-18	Governance structure	Corporate Governance - Corporate governance structure	P9
		Sustainability Policy - Sustainability management structure	P2
102-19	Delegating authority	Sustainability Policy - Sustainability management structure	P2
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	P2
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholders - Stakeholder dialogue	P3
		Client Relationship Management - Client satisfaction	P25
		Integrated Report 2018 - Active dialogues with shareholders and investors	P72
102-22	Composition of the highest governance body and its committees	Corporate Governance - Members of the Board, Functions and committees	P8-11
102-23	Chair of the highest governance body	Corporate Governance - Members of the Board	P8
102-24	Nominating and selecting the highest governance body	Corporate Governance - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	P9
102-25	Conflicts of interest	Corporate Governance - Corporate governance policy	P8
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Policy - Sustainability management policy	P2
		Sustainability Policy - Sustainability management structure	P2
		Integrated Report 2018 - System and Responsibilities of the Board of Directors and the Audit & Supervisory Board	P61
102-27	Collective knowledge of highest governance body	Sustainability Policy - Sustainability management structure	P2
102-28	Evaluating the highest governance body's performance	Corporate Governance - Effectiveness of the Board of Directors	P11
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Policy - Sustainability management structure	P2
		Materiality	P4
102-30	Effectiveness of risk management processes	Risk Management - Risk management system, Risk assessment	P14-15
102-31	Review of economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	P2
102-32	Highest governance body's role in sustainability reporting	Sustainability Policy - Sustainability management structure	P2
102-33	Communicating critical concerns	Compliance - Compliance system	P18
102-34	Nature and total number of critical concerns	Compliance - Compliance situation	P19
102-35	Remuneration policies	Corporate Governance - Executive compensation	P11-12
102-36	Process for determining remuneration	Corporate Governance - Executive compensation	P11-12
102-37	Stakeholders' involvement in remuneration	—	
102-38	Annual total compensation ratio	Corporate Governance - Executive compensation	P11-12
102-39	Percentage increase in annual total compensation ratio	Corporate Governance - Executive compensation	P11-12
5. Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholders - Our stakeholders	P3
102-41	Collective bargaining agreements	Business and Human Rights - Freedom of association and the right to collective bargaining	P67
102-42	Identifying and selecting stakeholders	Stakeholders - Stakeholder dialogue	P3
102-43	Approach to stakeholder engagement	Stakeholders - Stakeholder dialogue	P3
102-44	Key topics and concerns raised	Stakeholders - Stakeholder dialogue	P3
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Integrated Report 2018 - NRI Group Network	P85

102 : General Disclosures		Reference	
102-46	Defining report content and topic Boundaries	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P6
102-47	List of material topics	Materiality	P4
102-48	Restatements of information	Some of the environmental data are shown as figures for which impacts due to important acquisitions, etc. have been recalculated, and note is attached to the relevant part.	
		Climate Change - Climate-related targets	P44
102-49	Changes in reporting	There are no material changes from the past reporting period regarding reporting items and scope.	
102-50	Reporting period	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P6
102-51	Date of most recent report	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P6
102-52	Reporting cycle	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P6
102-53	Contact point for questions regarding the report	Contact information	colophon
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards Content Index	This table
102-55	GRI content index	GRI Standards Content Index	This table
102-56	External assurance	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P6
		Integrated Report 2018 - Independent Assurance Report	P82

| Topic-specific Standards 200 : Economic / 300 : Environmental / 400 : Social

200 : Economic		Reference	
201 : Economic performance			
201-1	Direct economic value generated and distributed	Integrated Report 2018 - NRI's Value Creation Process	P17-18
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change - Climate-related risks, Climate related opportunities	P45
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report - 5. Accounting Status - Retirement benefits (In Japanese only)	P97-99
201-4	Financial assistance received from government	—	
202 : Market presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—	
202-2	Proportion of senior management hired from the local community	—	
203 : Indirect economic impacts			
203-1	Infrastructure investments and services supported	NRI official website - Sustainability Topics	
203-2	Significant indirect economic impacts	NRI official website - Sustainability Topics	
204 : Procurement practice			
204-1	Proportion of spending on local suppliers	Supply Chain Management - Supply chain situation	P21-22
205 : Anti-corruption			
103	Management Approach	Compliance - Management Approach	P16-17
205-1	Operations assessed for risks related to corruption	—	
205-2	Communication and training about anti-corruption policies and procedures	Compliance - Anti-corruption	P19
205-3	Confirmed incidents of corruption and actions taken	Compliance - Anti-corruption	P19
206 : Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance - Fair competition	P20

300 : Environmental		Reference	
301 : Materials			
301-1	Materials used by weight or volume	Resource Use, Waste - Paper resources	P47
301-2	Recycled input materials used	—	
301-3	Reclaimed products and their packaging materials	—	
302 : Energy			
103	Management Approach	Environmental Management - Management Approach	P40-41
302-1	Energy consumption within the organization	Energy Consumption - Energy consumption	P46
302-2	Energy consumption outside of the organization	—	
302-3	Energy intensity	—	
302-4	Reduction of energy consumption	Energy Consumption - Energy consumption	P46
302-5	Reductions in energy requirements of products and services	Climate Change - Action to mitigate climate change	P45
303 : Water			
303-1	Water withdrawal by source	Resource Use, Waste - Water resources	P47
303-2	Water sources significantly affected by withdrawal of water	Not applicable	
303-3	Water recycled and reused	Resource Use, Waste - Water resources	P47
304 : Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
305 : Emissions			
103	Management Approach	Environmental Management - Management Approach	P40-41
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions - Greenhouse gas emissions	P46
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions - Greenhouse gas emissions	P46
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emissions - Greenhouse gas emissions	P46
305-4	GHG emissions intensity	—	
305-5	Reduction of GHG emissions	Greenhouse Gas Emissions - Greenhouse gas emissions	P46
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable	
306 : Effluents and waste			
306-1	Water discharge by quality and destination	Resource Use, Waste - Water resources	P47
306-2	Waste by type and disposal method	Resource Use, Waste - Waste	P47
306-3	Significant spills	Environmental Management - Environmental management system	P41-42
306-4	Transport of hazardous waste	Not applicable	
306-5	Water bodies affected by water discharges and / or runoff	Not applicable	
307 : Environmental compliance			
103	Management Approach	Environmental Management - Management Approach	P40-41
307-1	Non-compliance with environmental laws and regulations	Environmental Management - Environmental management system	P41-42
308 : Supplier environmental assessment			
103	Management Approach	Supply Chain Management - Management Approach	P20-21
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management - Supplier screening criteria	P23
308-2	Negative environmental impacts in the supply chain and actions taken	—	

400 : Social		Reference	
401 : Employment			
103	Management Approach	Labor Practices, Diversity - Management Approach	P48-49
401-1	New employee hires and employee turnover	Labor Practices, Diversity - Hire and turnover	P54-55
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	
401-3	Parental leave	Labor Practices, Diversity - Work-life balance	P56
402 : Labor / Management relations			
402-1	Minimum notice periods regarding operational changes	—	
403 : Occupational health and safety			
103	Management Approach	Occupational Health and Safety - Management Approach	P57-59
403-1	Workers representation in formal joint management-worker health and safety committees	Occupational Health and Safety - Occupational health and safety	P59
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety - Occupational health and safety	P59
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety - Occupational health and safety	P59
403-4	Health and safety topics covered in formal agreements with trade unions	Occupational Health and Safety - Occupational health and safety	P59
404 : Training and education			
103	Management Approach	Human Resources Development - Management Approach	P61-62
404-1	Average hours of training per year per employee	Human Resources Development - Inputs for human resources development	P64
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resources Development - Human resources development program	P64
404-3	Percentage of employees receiving regular performance and career development reviews	—	
405 : Diversity and equal opportunity			
103	Management Approach	Labor Practices, Diversity - Management Approach	P48-49
405-1	Diversity of governance bodies and employees	Corporate Governance - Members of the Board	P8
		Labor Practices, Diversity - Employee data, Employment of persons with disabilities	P50-52
405-2	Ratio of basic salary and remuneration of women to men	—	
406 : Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	—	
407 : Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—	
408 : Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	—	
409 : Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—	
410 : Security practices			
410-1	Security personnel trained in human rights policies or procedures	—	
411 : Rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable	

400 : Social		Reference	
412 : Human rights assessment			
103	Management Approach	Business and Human Rights - Management Approach	P65-66
412-1	Operations that have been subject to human rights reviews or impact assessments	Business and Human Rights - Human rights due diligence	P67
412-2	Employee training on human rights policies or procedures	Business and Human Rights - Business and human rights management	P66
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	
413 : Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	—	
413-2	Operations with significant actual and potential negative impacts on local communities	—	
414 : Supplier social assessment			
414-1	New suppliers that were screened using social criteria	Supply Chain Management - Supplier screening criteria	P23
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management - Supply chain risk assessment	P22
		Supply Chain Management - Information security of supply chain	P23
415 : Public policy			
415-1	Political contributions	Compliance - Political contribution	P19
416 : Customer health and safety			
103	Management Approach	Quality of Information Systems - Management Approach	P29
		Information Security - Management Approach	P35
416-1	Assessment of the health and safety impacts of product and service categories	Quality of Information Systems - Initiatives for improving the quality of information systems	P30-31
		Information Security - Information security management	P36
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Information Security - Management Approach	P35
417 : Marketing and labeling			
417-1	Requirements for product and service information and labeling	Not applicable	
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable	
417-3	Incidents of non-compliance concerning marketing communications	Not applicable	
418 : Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security - Risks related to protection of personal information	P39
419 : Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance - Compliance situation	P19

Organizations covered by this report

Regarding disclosure of financial and non-financial information, in principle, it covers the NRI Group (Nomura Research Institute, Ltd. and its consolidated subsidiary). There are some non-financial information that covers a specific range, but in that case, the target scope is clearly stated separately.

Period covered by this report

This report primarily covers fiscal 2017 (April 1, 2017 through to March 31, 2018), but also describes some events from the past, some activities after April 1, 2018, and certain plans for future activities.

Guidelines referenced

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- Environmental Reporting Guidelines (2012 version) of the Ministry of the Environment of Japan
- Guiding Principles for Business and Human Rights of the United Nations “Protect, Respect and Remedy” Framework
- The Corporate Human Rights Benchmark

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Disclaimer

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of August 2018, the date of publication of the ESG Databook 2018 in Japanese. Changes in assumed conditions may accordingly mean that future outcomes and events for our business activities differ from these plans and forecasts.

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