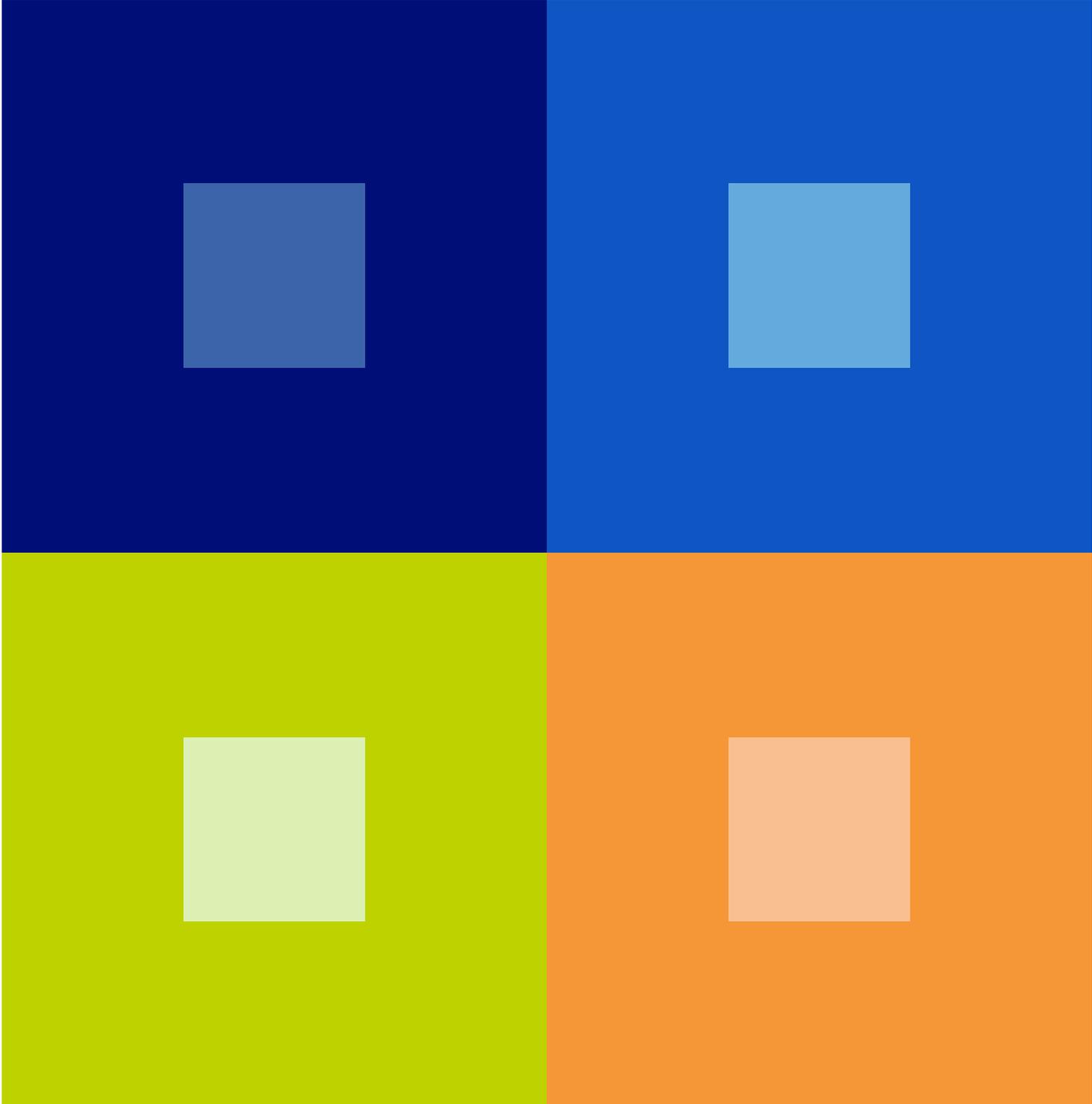


ESG Databook 2019

(Year ended 31st March 2019)



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■ 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 Policy

► Sustainability management policy

NRI sustainability management policy

NRI provides support to clients to solve social challenges in their business and wishes to become a company that co-creates social values together with the customers. This wish has resulted in NRI to approve and participate in the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD) and others. "NRI Group Medium-Term Management Plan (2019-2022)" states the "solving of social challenges through co-creation of values" and has set to promote the co-creation of three social values, "Co-create a thriving future society by driving new value", "Co-create an ideal society by effectively utilizing its resources", and "Co-create a safe and secure society by advancing its infrastructure" at its core to promote business.

To be able to be trusted by the society from now on and to respond to such expectations, we must ride the tide of new technology ahead of time while making changes to ourselves, and promote business that will lead to solving the challenges in future society to contribute to creating a sustainable future society, and fulfil our social responsibility.

Furthermore, we will listen sincerely to the voices of diversified stakeholders, both domestic and overseas, and control our own actions.



Link Files

Sustainability Management "ESG Briefing"

<https://www.nri.com/en/sustainability/management/esg/2018>

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

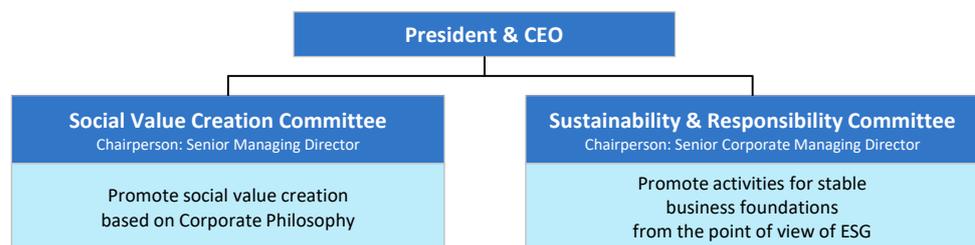
<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=4>

► Sustainability management structure

Sustainability management structure

NRI has established the "Social Value Creation Promotion Committee" and "Sustainability & Responsibility Committee" as presidents as a system for promoting sustainability, and based on the investigations and discussions in both committees, makes recommendations to the management meeting.

[Organizational chart]



► Participation in the initiatives

Participation in the initiatives

- United Nations Global Compact (UNGC)
- Japan Climate Initiative (JCI)
- World Business Council for Sustainable Development (WBCSD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Science Based Targets initiative (SBTi)
- Renewable electricity 100% (RE100)
- 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.

In 2018, he visited the World Business Council for Sustainable Development (WBCSD), an international NPO promoting SDGs in Geneva, Switzerland, and also visited the international ESG evaluation organization RobecoSAM in Zurich, and held a second dialogue.

We exchanged opinions on what ESG investors want from companies and what we should do as companies toward SDGs.

In addition, we held the first ESG briefing session to introduce sustainability management and specific ESG initiatives, and obtained valuable opinions from our stakeholders regarding "Co-creation of NRI values".

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>

Sustainability Management "ESG Briefing Session"

<https://www.nri.com/en/sustainability/management/esg/2018>

Materiality

► Materiality

Materiality

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.

Provision of NRI quality to support safe and secure information society

- Information security / system management
- Access to information society

Provision of opportunities for all kinds of professionals to take on challenges

- Diversity of human resources
- Dialogue with society
- Communication with customers
- Sound hiring practices and labor-management relations
- Respect for human rights

Compliance with laws, regulations and risk management to increase trust from society

- Strengthening corporate governance
- Risk/crisis management
- Prevention of overseas
- Appropriate disclosure of information to customers

Creation of a future, low environmental impact society

- 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

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.

Step2 Identification of materiality

Extract and identify highly important elements clarified from management (horizontal axis) and external stakeholders (vertical axis) perspectives.

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.

► 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 2018: Greenhouse gas emissions reduction rate 38.2% (compared to FY 2013)

Provision of opportunities for all kinds of professionals to take on challenges

Target material issue

Diversity of human resources

Long-term target

1. Increase the female manager ratio to at least 8.5% by the end of FY 2022 (add more than 100 female managers)
2. Make women's recruitment rate over 30%
3. Conduct awareness raising regarding diversity management for managers

Target year

FY 2022

progress

FY 2018: Female managerial ratio 6.8%, female recruitment ratio 27.6%

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 2018: There were no information system incidents that had serious financial and social impacts.

Information Disclosure

▶ Structure of disclosure of information

Information disclosure system

Integrated report (booklet and PDF)
An overall picture of NRI's corporate value creation activities is explained in concise and clear manner.

ESG Databook (PDF)
We disclose in detail non-financial information relating to the environment (E), Society (S), and Governance (G).

Sustainability Book (booklet and PDF)
An overview of the year's sustainability promotion activities is explained in an easily understood manner.

Website
Information about the NRI Group, shareholder and investor information, CSR information, and other information are disclosed in detail.

Link Files	Approach to Disclosure https://www.nri.com/en/ir/policy Sustainability https://www.nri.com/en/sustainability Sustainability Report https://www.nri.com/en/sustainability/library/back_number
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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 FY2018 (from April 1, 2018 to March 31, 2019), but may also include some background information, activities after April 1, 2019, or planned future activities.

Independent assurance

We have obtained certification from third-party certification organizations for some environmental data.

Link File	Independent Assurance Report (P.75) https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2019_2_en.pdf#page=78
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▶ Guidelines referenced for the disclosure of information

Guidelines referenced for disclosure

- The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan
- UN Guiding Principles Reporting Framework
- Corporate Human Rights Benchmark

Link File	GRI Standards Content Index https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2019_2_en.pdf#page=79
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▶ External evaluation

External evaluation

Inclusion in ESG stock indices

- Dow Jones Sustainability World Index (2018-)
- Dow Jones Sustainability Asia/Pacific Index (2016-)
- 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

Diversity related evaluation

- 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)

Health and productivity management related evaluation

- 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.

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 decisionmaking 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

In the domestic market, the NRI Group has grown through establishing a customer base in the financial and retail industries and providing a business platform in the financial field. In the global market, we have grown through the response to Japanese companies' globalization and M & A mainly in Australia.

On the other hand, client companies are increasing IT investment related to digital transformation (hereinafter referred to as "DX"), and are rapidly progressing from the stage of transforming business processes to the stage of transforming business models themselves

In order to realize further growth in the future, the NRI Group needs to enhance its competitive advantage in existing business areas both at home

and abroad, establish its position as a trusted partner in the DX area, and enlarge transactions with customers.

To that end, it is necessary to secure personnel who will promote the DX business and the global business, and it is important to strengthen recruitment and development.

Although the percentage of consolidated overseas sales is about 10%, NRI's foreign ownership ratio is 23.06% and the NRI Group's overseas workforce ratio has risen to 28%.

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 & Responsibility 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	<p>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</p> <p>NRI's Corporate Governance https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2018e.pdf#page=60</p> <p>Financial Results for the year ended March 31, 2019 (In Japanese only) https://www.nri.com/-/media/Corporate/jp/Files/PDF/ir/financial/vuuhou/1903vuuhou.pdf</p>
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Corporate Governance - Data

▶ Corporate governance policy

Policy and objectives concerning the independence of the Board of Directors

	<p>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 11, 13, 17, 19, and 23 of the NRI Corporate Governance Guidelines.</p>
Reference	<p>NRI Corporate Governance Guidelines https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf</p>

▶ Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members (End of June)		unit	End of June 2015	End of June 2016	End of June 2017	End of June 2018	End of June 2019
Total number of Members of the Board	no. of person		10	10	9	7	9
Female directors	no. of person		1	1	1	1	1
Non-Japanese directors	no. of person		0	0	0	0	0
	no. of person		5	3	3	3	3
	no. of person		2	4	3	1	3
	no. of person		3	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

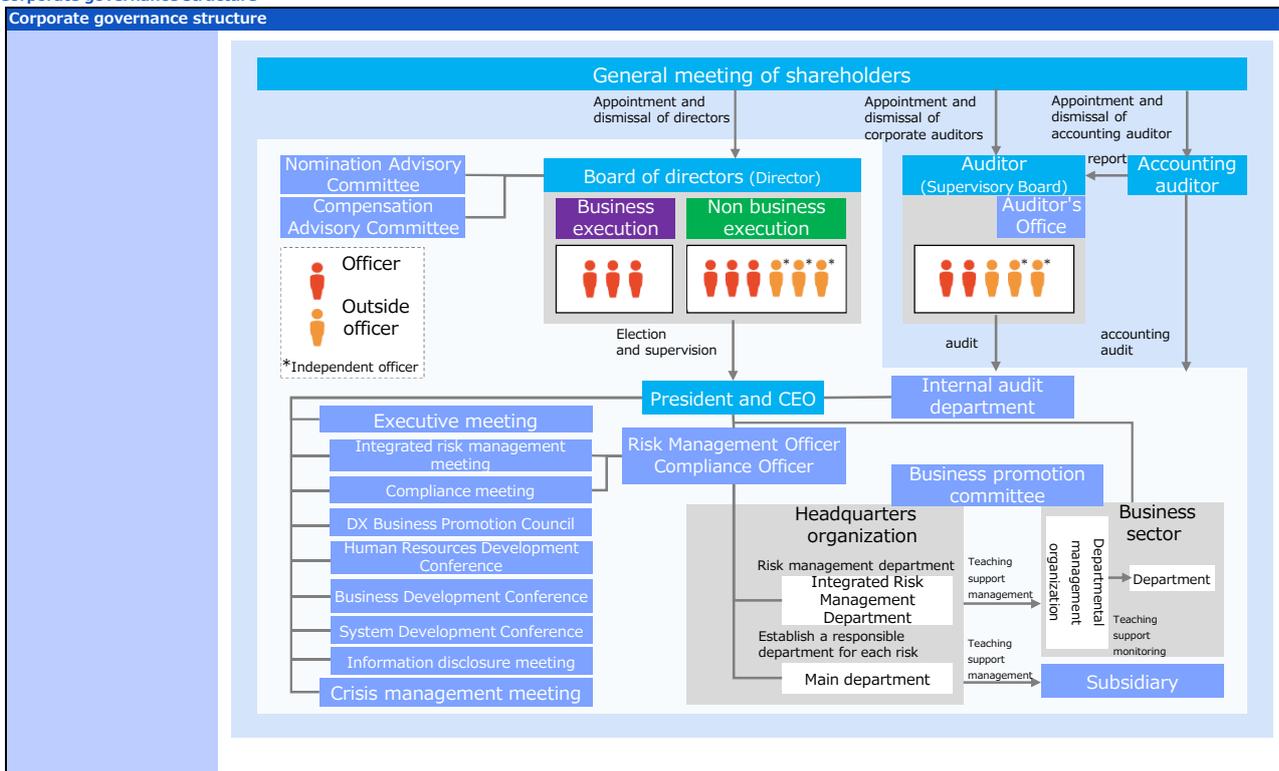
Chairperson of the Board of Directors

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 2015	End of June 2016	End of June 2017	End of June 2018	End of June 2019
Senior Management Directors	no. of person		37	37	38	40	38
Female	no. of person		0	0	0	0	1
Management Directors*	no. of person		9	11	12	10	10
Female	no. of person		0	1	1	1	1
Coverage			c	c	c	c	c

* Established in April 2015

▶ Corporate governance structure



Corporate Governance - Data

► **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	
	<p>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.</p> <p>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</p>
	<p>Criteria for nomination of Members of the Board and Audit & Supervisory Board Members</p> <p>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.</p> <p>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 to the maintenance of the soundness of management</p>

► **Functions and committees**

The highest governing body	
Overview	<p>Board of Directors</p> <p>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 Article 11, System of Board of Directors and Others)</p>
Function for compensation	
Overview	<p>Compensation Committee</p> <p>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 Article 22, Compensation Committee)</p>
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 Article 11, 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,</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>

Corporate Governance - Data

Function for business development	
Overview	Business Development Committee 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.
Function for systems development	
Overview	Systems Development Committee 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.
Function for disclosure	
Overview	Disclosure Committee The Committee deliberates on important issues concerning the disclosure of Annual Securities Report and other documents, based on instructions given by the President & CEO.
Function for crisis management	
Overview	Crisis Management Committee 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.
Function for promotion of internal control	
Overview	Business Promotion Committee The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.

► Effectiveness of the Board of Directors

Status of the Board of Directors	unit	FY2018*
Number of meetings of the Board of Directors		14
Attendance rate of Board of Directors	%	98
Term of office of directors	years	1
Average tenure of directors	years	4.1

* Duration from the 53rd Ordinary General Meeting of Shareholders, June 22, 2018, to 54th Ordinary General Meeting of Shareholders, 20nd June 2019.

Evaluations of the Board of Directors' effectiveness

- Evaluation methods:
 - Questionnaire targeting all Directors and Audit & Supervisory Board Members
 - Opinion exchange at the Independent Directors Meeting
 - Discussion at the board of directors meeting based on the results of the above questionnaire and opinion exchange
- Results

From the following points, it is evaluated that the effectiveness of the Board of Directors is generally secured.

 - It consists of members based on diverse experiences including three independent outside directors, and has a system in place to secure appropriate decision-making and supervision.
 - There are free and constructive discussions and exchange of opinions.
 - These directors fulfill their duties as directors by understanding the Company's business philosophy and business plans and actively discussing based on their knowledge.
- Challenges for further effectiveness
 - Work on provision of information to directors and management of meetings to enable higher quality discussion and decision-making.

► Executive compensation

Executive compensation amounts	No. of eligible individuals (person)	unit	Total compensation	Basic compensation	Performance-linked compensation			
					Bonus	Stock options	Restricted stock-based remuneration	Other
Members of the Board (Excluding Outside Members of the Board)	6	millions of yen	415	200	112	60	39	2
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	2	millions of yen	82	58	22	0	-	1
Outside Members of the Board and Outside Audit & Supervisory Board Members	8	millions of yen	105	93	11	-	-	0

Notes:

- The above includes Includes two directors and two outside officers who retired at the end of the 52nd Ordinary General Meeting of Shareholders held on 22rd June 2018.
- "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.
- The stock options for Audit & Supervisory Board Members are granted before they assume their post.
- "Share-limited stock compensation" equalizes the total amount of monetary compensation receivables to be invested in kind in exchange for the stock with restricted transfer based on the service period from the date of allocation of the stock with restricted transfer until the date of release of the transfer restriction. And the amount recorded in fiscal 2018 is stated.

Compensation amounts for each executive	Name	Official position	unit	Total compensation	Basic compensation	Performance-linked compensation			
						Bonus	Stock options	Restricted stock-based remuneration	Other
	Shingo Konomoto	President & CEO	millions of yen	115	53	34	15	11	0

Corporate Governance - Data

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)

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 Stockbased 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 Mediumterm 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.

Risk assessment measures	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Compensation of the President & CEO	millions of yen	less than 100	less than 100	104	113	115
Average employee salary of NRI	thousands of yen	10,892	11,560	11,514	11,660	12,217
Ratio of compensation	ratio	n/a	n/a	9.0	9.7	9.4

► 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 2019]

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

Progress / Achievements / Challenges

The results for the fiscal year ending March 31, 2019 are as follows for each major theme item for the fiscal year ending March 31, 2019 for the Integrated Risk Management Committee

- (1) Continue proper management quality risks
Prepared large-scale system failure response guidelines and conducted failure response drill, in preparation for critical system failure.
- (2) Further strengthen the management of project risks.
Continue the strengthening of checks at Proposal Estimation Review Committee in preparation in the event of unexpected unprofitable projects.
- (3) Improve the management preparedness of information security
Upgrading of CSIRT as response against cyber-attacks in the event of critical security failure occurrence.
- (4) Develop governance systems suitable to increasing globalization
Study governance methods for acquired subsidiaries and management risk response policies for each country.
- (5) Create comfortable working environment
Monitoring of labor conditions based on Labor Management Standard. Conducted response to the Act for Promotion of Work-style Reform.
- (6) Implement appropriate preparations for fulfilling our business continuity responsibilities
Conducted disaster drill assuming an earthquake.

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

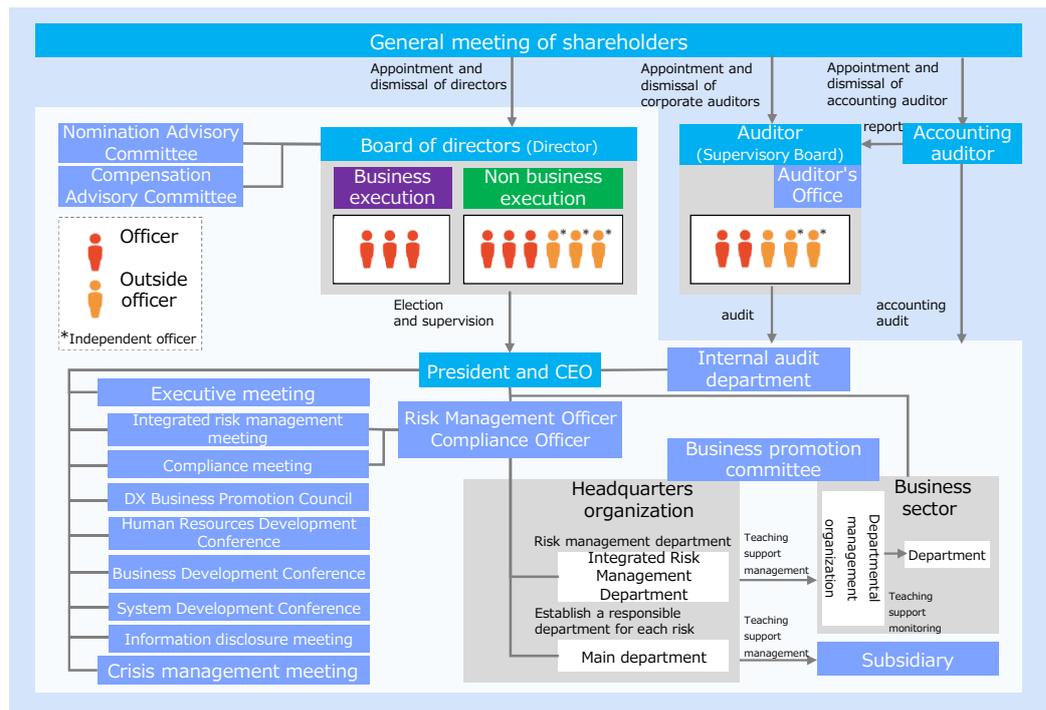
NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management.

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

Yasuo Fukami
 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 Management - Data

► 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

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

Internal Controls, Corporate Ethics and Compliance

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

Business and Other Risks

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

► Long-term risk

Long-term risk 1

Business impacts

M&A associated risk: ESG risks of a company that NRI acquires.

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

Business impacts

The climate change risks associated with CO2 emission by electricity use of the Data Centers

NRI has five data centers and electricity use at the data centers accounts for 72% 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

Focus on efforts to reduce environmental load by achieving ISO 14001 certification for all data centers, establishing a goal to reduce greenhouse gas emissions by FY2030 by 55% compared to FY2013, and reducing electricity consumption and greenhouse gas emissions by increasing the environmental performance of our data centers.
 Furthermore, to prepare for a case in which working to reduce our environmental load is not enough to clear strengthened environmental regulations, we have also begun utilizing carbon emissions trading.

► 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.

Risk Management - Data

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.

► **Emerging risks**

Emerging Risks-1

Human rights risks in system development using artificial intelligence(AI)

Content of risk

In the future, NRI will increase contract development of system using AI.
 Our clients include financial institutions or retail companies, and it is expected that AI will be used for credit scoring, targeting advertising, and direct marketing by profiling.
 There will be concerns about the negative impacts on personal information protection or right to privacy, and the occurrence of discrimination or social exclusion by using AI.

Business impact

Advances in AI technology will increase the demand for building business strategic systems which will possibly increase our sales.
 On the other hand, these advances in AI technology and related strategic systems demand will cause social issues related personal information protection, right to privacy, discrimination, social exclusion, etc. which may damage our reputation and reduce our sales.

Measures

It is necessary to establish processes and systems that enable the development of reliable, high quality AI systems.
 Therefore, we aim to establish following; 1) reliability by ensuring fairness, accountability, transparency, and, 2) development of high quality AI technologies with privacy protection, security, dependability, and establishment of its operation standards and system.
 Currently, we set out to develop AI ethics guidelines, referring to international principles such as The OECD AI Principles and Ethics guidelines for trustworthy AI.
 After the AI Ethics Guidelines are developed, we will start to establish check processes and check systems for system development and operation.

Emerging Risks-2

Cyber terrorism risk by IoT

Content of risk

There is an increasing number of "connected cars" that connect to networks and provide various useful functions.
 Efforts are currently underway to bring Automated driving systems that cruise safely on the basis of advanced network systems into practical application toward 2020.
 Furthermore, cars are evolving into more comfortable transportation with the evolution of Information and Communication Technology.
 On the other hand, there is a risk of being exposed to "cyber attacks" that could not be considered with conventional vehicles.
 In addition, not only cars but also home appliances etc. are connected to the network, and the risk of "cyber attacks" is increasing.

Business impact

In system development, more advanced measures for security are required than before.
 While IoT connects many devices to networks and creates a more convenient society, the risk of cyber terrorism is increasing.
 NRI, as a system development and management company, will have more serious human life-related responsibilities than before, and with regard to security measures, we are required to respond with a complete system of security measures based on the latest trends.
 If our client company falls victim to cyber terrorism, it will be an irreparable reputational damage for us as a system development company.

Measures

NRI promotes security measures across the group.
 NRI SecureTechnologies, Ltd., a security company within the NRI Group, launched a "Automotive Penetration Test" service for automobile manufacturers in May 2017.
 [Related article] <https://www.nri.com/en/journal/sustainability/2017/12>
 In addition, NRI Secure Technologies, Ltd. also provides security monitoring services in Japan, a service few companies provide.
 NRI SecureTechnologies, Ltd. also has a branch office in California which excels in cyber technology, and has a system in place to understand the status and information of advanced security technologies.
 NRI Secure Technologies, Ltd. has in-house white hackers (hackers of justice) including winners of the global hacking tournament, etc., and they aim to reduce security risks in the system development in the group by utilizing their high level of expertise.

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

Risk Management - Data

▶ 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

When an employee of a NRI group found all risk including an incident on the law breaking and the information securities, it's required to report it to a risk supervision department based on a usual report line and also it's required that a risk supervision section concerned will report it to a risk management charge official.

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

Ability to respond to risk is raised by a business promotion committee's by holding in twice for each of every quarter of the year developing a risk case promptly for all fields also sharing information during a section.

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	<p>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.</p> <p>In addition, we have also formulated a policy on the prohibition of bribery and compliance with antitrust laws.</p>
Applicable scope	All directors, officers and employees of NRI Group
References	<p>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</p>

▶ **Compliance system**

Compliance system	<p>To secure effectiveness of management in observation of ethics and compliance, in addition to the Chief Ethics Officer and a Director in charge of Compliance being assigned and a Compliance Committee being established and operated, its settlement and improvement in its effectiveness has been targeted by continuously conducting training and enlightenment activities. In addition, a basic policy has been established for anti-social forces, not to have any relations, including business transactions, with them, with the representative department undertaking information gathering as well as management and response to prevent any transactions.</p> <p>[Compliance system]</p>
Officer in charge	<p>Chief Ethics Officer : Shingo Konomoto President & CEO</p> <p>Director in charge of Compliance : Yoshio Usumi Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration</p>
Responsible committee	Compliance Committee
Compliance hotlines	<p>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.</p>
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 - Data

► **Compliance situation**

System of thorough compliance

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.

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.

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).

	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Completion Rate for Compliance Confirmation Testing (held every other year)*	%	-	98.9	-	-	-
Coverage						0
Collection Rate for Compliance Awareness Surveys (conducted every other year)	%	87.3	-	81.5	-	-
Coverage		a		a		0
Numbers of Internal Reports/Consultations		6	3	8	2	4
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 FY 2018, there were no compliance breaches that had a significant impact on the management of the NRI Group.

► **Anti-corruption**

Anti-bribery policy

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.

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.

Applicable scope

All directors, officers and employees of NRI Group, and business partners.

Reference

NRI Group Anti-Bribery Policy
<https://www.nri.com/en/sustainability/social/policies#anticorruption>

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

NRI Group Employees' Code of Business Conduct
https://www.nri.com/en/company/business_code

Political contribution amount

NRI group does not make political contributions.

Compliance - Data

► **Fair competition**

Fair competition policy	
	<p>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.</p> <p>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.</p>
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Competition Law Compliance Policy</p> <p>https://www.nri.com/en/sustainability/social/policies#antitrust</p>
Breaches of fair competition	
	Nothing applicable.

► **Tax risk and compliance**

Tax policy	
	<p>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.</p> <p>By fulfilling its tax obligations, the NRI Group contributes to the development of the local community, acting as a sincere company with sound judgement.</p>
Applicable scope	NRI Group
Reference	<p>NRI Group Global Tax Policy</p> <p>https://www.nri.com/en/sustainability/social/policies#tax-payment</p>

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

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.

As a human rights initiative, we are considering a commitment from business partners ensuring compliance with our human rights policy by FY 2022, and are currently making progress in dialogues with key business partners.

Progress / Achievements / Challenges

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 FY 2018, 17 business partners participated.

In FY 2019, we plan to encourage active participation in CSR study sessions in order to continue dialogue and awareness-raising with business partners in order to achieve our supply chain goals.

Supply Chain Management - Data

▶ Supply chain management policy

Policy to apply to suppliers

	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.
Applicable scope	Directors, officers and employees of NRI Group, and business partners such as outside contractors and suppliers.
Reference	NRI Group Procurement Policy https://www.nri.com/en/company/partner

▶ Supply chain situation

Supplier overview

	The below are the NRI Group's two main kinds of business partners: (1) Partner companies (outside contractors) (2) Vendors (hardware suppliers)					
	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.					
	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of Chinese partner companies*		21	21	18	18	18
Approximate number of partner employee (Japan)	no. of person	9,000	7,500	7,000	7,000	7,000
Approximate number of partner employee (China)	no. of person	4,500	4,000	3,500	3,500	4,000
	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		FY2014	FY2015	FY2016	FY2017	FY2018
Total outsourcing expenses	millions of yen	141,925	139,303	126,361	135,522	150,635
Breakdown by country / region	China	23,482	23,476	18,815	19,532	23,213
	Coverage	a	a	a	a	a

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, 2019, 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, 2019, we have 3 e-e partners in Japan.					
		FY2014	FY2015	FY2016	FY2017	FY2018
Number of e-partners		9	8	8	13	13
Japan		7	7	7	8	8
China		2	1	1	5	5
Number of e-e partners		3	3	3	3	3
Japan		3	3	3	3	3
	Coverage	c	c	c	c	c

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, 2019.

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

Supply Chain Management - Data

▶ 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, 2019, 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 11,000 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	FY2014	FY2015	FY2016	FY2017	FY2018
Number of inspected projects	962	877	922	939	926
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	FY2014	FY2015	FY2016	FY2017	FY2018
Number of assessed companies	over 100*	83	87	81	76
Coverage	c	c	c	c	c

* Including overseas

Supply Chain Management - Data

▶ 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	FY2014	FY2015	FY2016	FY2017	FY2018
Number of partner companies participating in the		19	17	15	14	15
Number of participants from partner companies	no. of person	170	199	300	390	306
(cumulative number of people)						
Number of partner companies participating in management seminars		114	112	109	103	110
Number of participants in management seminars from	no. of person	234	234	238	231	226
partner companies						
	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 consulting and IT solutions 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

NRI Group has set "Discerning new social paradigms and assuming the role of implementing such paradigms" and "Building client's trust and prospering together with clients" in its corporate philosophy as its mission, indicating its intent to "co-create future society" together with the customers. We shall aim for sustained growth of NRI Group and the creation of a sustainable future society through "value co-creation" with our customers.

[Long Term Management Vision "Vision 2022"]

Under the abovementioned corporate philosophy, we have established "Vision 2022", the long-term management vision till the end of FY 2022. "Share the Next Values!", the vision statement for Vision2022 expresses the intent of NRI Group to continuously make challenges for the realization of new values together with our customers.

[Thoughts Concentrated in "Share the Next Values!"]

- Share: The diverse variety of personnel within and outside the NRI Group join together to pool their collective effort, and share the achievements and joy of contributing to a vibrant future society together with our clients.
- Next: With the mentality of being ahead of the times, we pioneer globally, digitally, and into the realm of the future, to create new business models for the next generation.
- Values: We refine our strengths and create value by providing various types of services to clients and to society, giving birth to new future-minded business models.

[Medium-Term Management Plan (2019-2022)]

"Medium-Term Management Plan (2019-2022)" has been established as a plan for the four year period for the latter half of Vision2022. This plan not only refers to growth strategy and numerical targets, but also on the three social values to be "co-created" with clients, indicating our intent to promote "sustainability management".

[Growth Strategies (Priority Themes)]

- DX strategy: Use technology to transform customer business models and processes
- Business platform strategy: Evolve business platforms (BPFs) in finance
- Cloud strategy: Modernize legacy systems by using cloud
- Global strategy: Achieve more global business growth, seeking sales of 100 billion yen
- Human resources strategy: Strategic recruiting, talent development and collaboration with partners to bolster NRI's competitiveness.

[Numerical Targets]

FY 2018 Record FY 2022 Target

- Sales 501.2 billion yen 670.0 billion yen or more
- Operating profit 71.4 billion yen 100.0 billion yen
- Operating profit margin 14.3% 14% or more
- Overseas sales 53.0 billion yen 100.0 billion yen
- EBITDA margin 21.7% 20% or more
- ROE 12.3% 14%

[3 Social values]

- Co-create a thriving future society by driving new value s
- Co-create an ideal society by effectively utilizing its resources
- Co-create a safe and secure society by advancing its infrastructure" at its core to promote business

Key performance indicator	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Operating profit	billions of yen	514	582	585	651	714
Operating profit margin	%	12.7	13.8	13.8	13.8	14.3
Overseas sales	billions of yen	86	146	189	435	530
ROE	%	10.8	10.6	10.7	12.9	12.3
	Coverage	a	a	a	a	a
Client satisfaction (percentage of "satisfied client")	%	82.0	83.4	82.9	84.6	87.0
	Coverage	c	c	c	c	c

Link Files

NRI Group 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
 Management Vision Driving toward Further Growth."Vision 2022"
<https://www.nri.com/en/company/vision>

Client Relationship Management - Data

► Fiduciary duty

Comprehensive deliberation on new contracts

In response to business contract requests from clients, we decide to accept them by conducting the examinations. We make our final decision after thoroughly considering the fiduciary duty on quality and delivered date, as well as legal, ethical and operational risks for the contract.

- Credit screening tapping into information from research firms
- Project-by-project deliberation at the Senior Management Committee and each division meeting
- Comprehensive assessment on the future potential, growth potential and social effects of the business

► Client satisfaction

Client satisfaction surveys

NRI conducts client satisfaction surveys for each project and has clients evaluate the entire project. We also obtain specific feedback from clients on our proposal-making skills and incident-management procedures. The Quality Management Department complies and analyzes overall trends through the results from the survey. It also provides the departments in charge of the project with feedback from the surveys and implements measures to follow up on the feedback and enhance service quality, leveraging the data to improve the service quality.

Areas receiving a favorable assessment

- Understanding client's needs and issues
- Giving clients project progress and issues reports
- Specialized knowledge relating to systems
- System reliability

Areas of expectations for improvements

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

	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Client satisfaction* ¹ (percentage of "satisfied client")	%	82.0	83.4	82.9	84.6	87.0
Percentage of clients surveyed* ² (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
	Coverage	c	c	c	c	c

*1 Calculating the weighted average as the percentage of clients who are "satisfied" with the top 2 stages out of 5 evaluation criteria.

*2 The survey is conducted for all business units of consulting business and IT solution business, clients and project service subject to the survey are extracted on a certain basis for each business unit.

Innovation Management - Data

▶ Innovation management policy

Approach to research and development

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 looks at promotion of DX and promotion of de facto standard business platform-ization. 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: "Social proposal", "Technical development", "Business development". 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.

Digital Transformation Production 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

Research and development expense		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total amount		millions of yen	4,222	5,110	5,674	5,170	3,665
Breakdown by segments	Consulting	millions of yen	814	1,056	1,247	921	796
	Financial IT Solutions	millions of yen	1,855	2,618	2,947	2,844	1,694
	Industrial IT Solutions	millions of yen	674	700	622	622	583
	IT Platform Services	millions of yen	876	734	857	781	590
Sales ratio	Coverage	%	1.0	1.2	1.3	1.1	0.7
			a	a	a	a	a

▶ Open innovation

Open innovation case 1

"Dokokani Mile" is a mileage service for domestic flights in Japan that was developed jointly between Japan Airlines Co.,Ltd. and NRI. It enables users to go to one of four randomly displayed destinations for less miles than usual. An algorithm that was developed on the basis of a patent held by NRI is used in this service. This service increases travel opportunities for passengers who were unable to accumulate enough mileage in the past for exchange with an award ticket.

It is also a service that will help people rediscover the appeal of various regions in Japan and lead to regional revitalization—an innovation in which NRI's capabilities in analytics contributes to solving social issues.

Creation and acquisition of new market: In addition to providing back office business IT systems for client companies that NRI specializes in, it led to the development of new IT system for client companies trying to provide new services that meet the needs of end users (customers).

Reference

Joint news release (February 4, 2019)
Japan Airlines and Nomura Research Institute Joint Venture "JAL Digital Experience" established (Japanese only)
https://www.nri.com/-/media/Corporate/ip/Files/PDF/news/newsrelease/cc/2019/190204_1.pdf

Innovation Management - Data

Open innovation case 2

In December 2018, DENSO Corporation and NRI Secure Technologies, Inc., a subsidiary of NRI, established a joint venture, named NDIAS, Ltd., which is engaged in the cyber security business on security diagnostics for invehicle electronic products. NDIAS will harness DENSO's expertise in invehicle quality and cybersecurity technology development and NRI's proprietary machine learning technology to protect consumers against the rising threat of cyber attacks in the automotive industry. NRI has nearly 20 years of experience in security services in the fields of financial systems, infrastructure, and consumer equipment. The partnership will offer integrated security diagnosis and consulting services for invehicle electronic products from the vehicle development phase to the actions required after mass production.

Reduced time to market: New markets will emerge to address the emerging risks of the IoT era. NRI will conduct the spin-off business with DENSO, the world's No. 1 share of the world in automotive parts, and this enables rapid development and provision of products and services to this uncertain and fast-moving market.

Reference

News release (Sep. 27, 2018)

DENSO and NRI Secure Technologies Agree to Establish a Joint Venture for the Growing Automotive Cybersecurity Market
<https://www.nri.com/en/news/newsrelease/1st/2018/cc/0927>

Open innovation case 3

TORANOTEC Asset Management Ltd., TORANOTEC's wholly-owned subsidiary, offers a service called "TORANOCO" for investing using change. This is a service that allows anyone to invest with a small amount of money. NRI has supported smooth service provision for "TORANOCO" by providing its investment account management system service and its back-office operations support service for asset management companies. Going forward, through this investment, NRI will work on the further evolution of "TORANOCO" and the development of new investment services. Specifically, by adapting "TORANOCO" to existing banks where NRI provides an account management system, it enables new approaches to young and inexperienced people who have not had investment experience so far. We will also promote the development of new asset management services for small-scale investment for financial institutions.

Creation and acquisition of new market: By bringing young people and investment-experienced people into the financial market, it can lead to the development of new financial system and service markets.

Reference

Integrated Report 2018: Investment in TORANOTEC that is involved in asset management and application development
<https://ir.nri.com/en/ir/library/report/main/08/teaserItems/0/linkList/0/link/File076728205.pdf#page=40>

► Process innovation

Process innovation

Overview Introduction of development tools of information systems

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.

Efficiency gains

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.

Reference

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/>

Innovation Management - Data

▶ Environmental innovation

Environmental innovation						
Overview	Significant Reduction in CO2 Emissions Due to Shared Online Services					
	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	FY2014	FY2015	FY2016	FY2017	FY2018
Sales ratio of Shared Online Services	%	19	22	23	21	20
	Coverage	a	a	a	a	a

▶ Social innovation

Social innovation						
Overview	Community development through consulting					
	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	FY2014	FY2015	FY2016	FY2017	FY2018
Sales ratio of consulting	%	6.8	6.7	7.2	7.7	8.2
	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.

Data center results

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

	FY2014	FY2015	FY2016	FY2017	FY2018
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO/IEC 20000, ISO/IEC 27001 Certified Data Centers	5	5	5	5	5
ISO/IEC 27017 Certification Status	-	-	-	-	Acquired
Data Centers with M&O Stamp of Approval	1	2	2	3	3
Failure Response Drills in Data Centers	n/a	approx.2,800	approx.2,900	approx.3,400	approx.4,600
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

Link Files

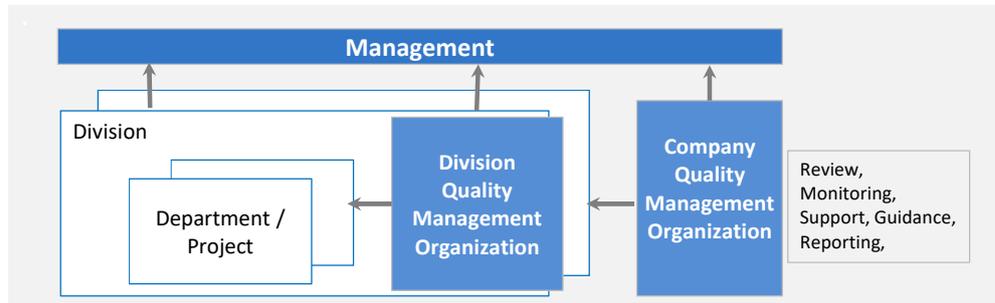
NRI JOURNAL: Keeping the Supply Chain Moving
<https://www.nri.com/en/journal/sustainability/2017/01>

Quality of Information Systems - Data

► Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

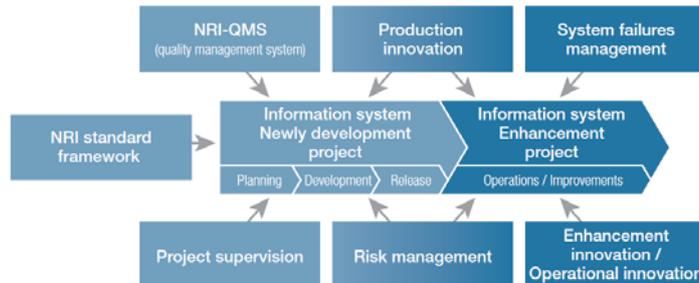
Each business division is responsible for quality control when implementing projects. Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Digital Transformation Systems Development Innovation 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.

Quality of Information Systems - Data

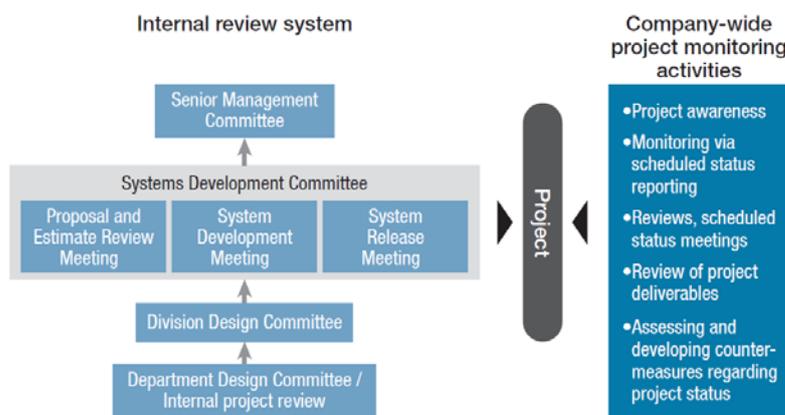
Project supervision

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 postoperation 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 of Information Systems - Data

► Quality management in the maintenance and operation of information systems

Overview of quality control

	<p>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.</p> <p>* 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.</p>
Policy	<p>We provide high quality data-center facilities and operation services to all internal and external customers.</p>
ISO/IEC 20000 Scope	<p>1. Data-center system operations management, system monitoring and data-center facility management</p> <p>Relevant Locations</p> <ul style="list-style-type: none"> • 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 (The Landmark Tower) • Nakanoshima Cloud Control Center <p>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</p> <p>Relevant Locations</p> <ul style="list-style-type: none"> • Sapporo ITSM Center • Yokohama Nomura Building
Efforts to improve operations quality and reduce system failures	<p>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 operation department is working on a variety of initiatives aimed at reducing these obstacles to increase productivity, including the strengthening of collaboration with the information system construction department, promoting standardization, automation, and labor-saving of operational tasks, and improving operator skills.</p>
Strengthening Collaboration with the information systems construction department	<p>In order to improve the quality of information system operations, NRI is strengthening its approach with focus on operational quality from the systems construction stage.</p> <p>Firstly, we are collaborating with the information system construction department and moving forward to standardize the operational tasks to ensure stable and efficient systems operation. Items relating to operations have been established in the NRI Standard Framework as a part of the outcome. Furthermore, we have also started training employees in the system construction department to carry out systems design with consideration on operational quality.</p> <p>Secondly, in the event of a failure, the operation department cooperates with the information system construction department in the effort to clarify its cause and to take countermeasures. We also cooperate with the departments in charge for other systems, where there are concerns of similar failures, in order to establish countermeasures to prevent the occurrence of such failures.</p>
Promotion of Standardization, Automation, and Labor-Saving for Operations Tasks	<p>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.</p>
Promotion of Kaizen Improvement Proposal	<p>NRI gathers more than 1,000 cases of proposals each year aimed at improving the quality of systems operations from employees of NRI and partner companies engaged in the operations of information systems. Awards are given to especially outstanding proposals. These proposals are reflected onto improvement activities, incorporating opinion from employees with thorough knowledge of the system operations.</p>
Operational Skill Improvements aimed at Automation and Labor-Saving	<p>In order to operate information systems stably, skill improvement of operators who operate the computers and network equipment is an important factor. In particular, as automation and laborsaving— 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, to promote the desire of operators to improve and to have them acquire skills of a certain level or higher, a proficiency assessment system to judge proficiency through examination has been introduced since 2005. Silver or Gold certifications are awarded depending on the skills and support improving operator skills and motivation.</p>

Quality of Information Systems - Data

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

Overview

The stable operation of information system 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), providing an objective appraisal of global standard in terms of high reliability. 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 and December 2018)
February 2016 Yokohama Data Center II (Updated in February 2018)
December 2017 Osaka Data Center II



References

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/ip/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/ip/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

It is now a standard practice for global IT service companies to issue SOC2 reports. SOC2 reports 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 external auditors, the audit results, and a certificate of confirmation from the subcontracted company will be attached.

NRI was the first in Japan to issue 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 an 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

NRI's data center has developed a "Data Center Contingency Plan" to support the important data of customers.

We regularly carry out comprehensive inspections and crisis response training to ensure the interlocking of facilities that is specifically assumed the action at the time of a crisis, such as large-scale earthquake disasters and system-related power supply facility failures.

Quality of Information Systems - Data

► 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
ISO/IEC 20000	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 of lectures	Book name	Publisher	Issued date
	IT Road Map 2019 Edition "Information and communication technology will change after five years!" https://www.nri.com/ip/knowledge/book/lst/2019/o_book202	Toyo Keizai Inc.	March 2019
	IT Navigator 2019 Edition https://www.nri.com/ip/knowledge/book/lst/2018/o_book198	Toyo Keizai Inc.	December 2018
	Illustrated artificial intelligence https://www.nri.com/ip/knowledge/book/lst/2018/artificial_intelligence	SB Creative Corp.	October 2018
	Introduction to Bitcoin [technology] for realizing robust system development and operation https://www.nri.com/ip/knowledge/book/lst/2018/bitcoin	Gijyutsu-Hyoron Co., Ltd.	July 2018
	Digital capitalism https://www.nri.com/ip/knowledge/book/lst/2018/digital_capitalism	Toyo Keizai Inc.	May 2019
	Final edition EV shift-once every 100 years of a major transformation https://www.nri.com/ip/knowledge/book/lst/2018/eva_shift	Toyo Keizai Inc.	April 2018
Periodical	Publication name	Frequency of issue	
	IT Solutions Frontier (In Japanese only) https://www.nri.com/ip/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 antivirus 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	FY2014	FY2015	FY2016	FY2017	FY2018
		About 12% decrease	About 1% increase	About 11% decrease	About 11% decrease	About 27% increase
Number of information security failures (year-on-year)						
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					

Link File Sustainability Topics: Protecting Our Motorized Society from Cyber-attacks
<https://www.nri.com/en/journal/sustainability/2017/12>
 Cultivating future security professionals for a resilient infrastructure
<https://www.nri.com/en/journal/sustainability/2019/02>

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	
	<p>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.</p> <p>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.</p>
	<p>The diagram illustrates the governance system for information security. It is structured into two main levels: 'Planning and promotion' and 'Practice'. Planning and promotion: At the top is the Chief Information Security Officer. Below them are the Information Security Department and the Information Security Promotion Committee. The Information Security Promotion Committee consists of officers in charge of department promoting measures, department heads, etc. There is a 'Review of information security activities' flow from the Information Security Department to the Chief Information Security Officer. The Headquarters organization (General Affairs Department, Legal and Intellectual Property Department, Integrated Risk Management Department, etc.) provides support to the Information Security Promotion Committee. Practice: This level is divided into three vertical paths: 'Head of Division', 'Head of Department', and 'Employee'. Each path has an 'Information security officer' role. The Information Security Department oversees these roles. NRI Secure Technologies and NRI Workplace service provide support to the Information security officers.</p>
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	FY2014	FY2015	FY2016	FY2017	FY2018
Training for new employees	no. of person	337	350	355	392	515
Training on response to cyber-attacks	no. of person	141	44	129	78	83
Personal information training	no. of person	6,292	5,711	5,807	5,997	6,116
Security training for temporary employees	no. of person	1,544	1,516	1,535	1,641	1,695
	Coverage	b	b	b	b	b
Security training for overseas offices	no. of person	900	2,359	2,438	2,597	2,739
	Coverage	d	d	d	d	d

Information Security - Data

► **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 dataalteration from cyber-attacks, or system service suspensions.</p>						
Audits undertaken to ensure the security of clients' systems	Object	FY2014	FY2015	FY2016	FY2017	FY2018
Verification assessments conducted of project security rules	no. of audits	245	231	269	230	165
Audits of public Web system	no. of audits	34	49	37	84	77
Audits of responses to cyber-attacks, and corrections	no. of audits	130	130	128	145	148
Audits of live productions and development management, and corrections	no. of audits	137	130	155	10	11
Surveys of the use of AWS* ¹ and making any corrections	no. of audits	28	14	14	30	48
Surveys of the use of BPO* ² operations and making any corrections	no. of audits	35	3	3	1	3
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		FY2014	FY2015	FY2016	FY2017	FY2018
Number of companies conducting audits		over 100*	83	87	81	76
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	FY2014	FY2015	FY2016	FY2017	FY2018
Audits of public Web system	no. of audits	12	8	4	28	24
Audits of responses to cyber-attacks, and corrections	no. of audits	93	96	99	107	19
Audits of live productions and development management, and corrections	no. of audits	104	5	7	4	6
Surveys of the use of AWS* ¹ and making any corrections	no. of audits	57	9	5	58	22
Surveys of the use of BPO* ² operations and making any corrections	no. of audits	n/a	6	6	3	2

*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>						
		FY2014	FY2015	FY2016	FY2017	FY2018
No. of rollouts of information security packages for overseas offices		n/a	14	15	16	17
Audits of public Web system		n/a	3	4	7	3
Audits of responses to cyber-attacks, and corrections		n/a	10	16	14	4

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	
<p>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.</p>	

Information Security - Data

► 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*¹)

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 (Yokohama Landmark Tower)
 Nakanoshima Cloud Control Center

Systems Consulting Division (partial business)
 Data Center Service Division (partial business)
 Cloud Service Division (partial business)*²
 Insurance Solution Division (partial business)
 NRI SecureTechnologies
 NRI Cyber Patent
 NRI System Techno (partial business)
 DSB Co. (partial business)

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

*2 Certification based on ISO/IEC 27017 Cloud Service Security Management System

► 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>

► Management on protection of personal information

Governance System for the Protection of Personal Information

We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system.

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.

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.

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."

Information Security - Data

Personal information held by NRI

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.

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.

Personal information held by clients may also be handled in system processing.

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)

Not applicable.

While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information.

Number of Requests for Submission of Personal Information from Government or Legal Authority, and Response

Not applicable.

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.

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

NRI

NRI Netcom, Ltd.

NRI Data iTech, Ltd.

DSB Co, Ltd.

* Certification based on JIS Q 15001

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 (36% by 2030) 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. (NRI commits to engage 70 % of its suppliers and vendors by emissions to set science-based targets by 2023)

* 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.

Environmental Management - Management Approach

Progress / Achievements / Challenges

KPI	The status of achievement of environmental goals is as follows.						
	<ul style="list-style-type: none"> FY2013 (base year): 108 thousand t-CO₂ FY2018: 66 thousand t-CO₂ Reduction rate 38.2% 						
	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.						
		unit	FY2014	FY2015	FY2016	FY2017	FY2018
	Greenhouse gas emissions (compared to FY2013)	%	7.9	19.8	26.9	30.0	38.2
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	4.6	18.1	
	Coverage	a	a	a	a	a	

Link Files	Message from the Sustainability & Responsibility Committee Chair https://www.nri.com/en/sustainability/environment/message
	Green by NRI
	<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
	https://www.nri.com/en/sustainability/environment/Green_by_NRI
	Green of NRI
	<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
	<ul style="list-style-type: none"> Energy conservation and environmental impact reduction activities in offices
	https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving
	<ul style="list-style-type: none"> Environmental training for executives and employees
https://www.nri.com/en/sustainability/environment/Green_of_NRI/education	
<ul style="list-style-type: none"> Environmental activities by executives and employees (In Japanese only) 	
https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities	
NRI Green Bond	
https://www.nri.com/en/sustainability/environment/greenbond	
Participation in a Program to Protect Asian Elephants	
https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51	

Environmental Management - Data

► Environmental policy

Environmental policy	
	Environmental policy NRI has established the NRI Group Environmental Policy and Biodiversity Action Agenda for all NRI directors and employees. 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."
Applicable scope	All directors, officers and employees of NRI Group
References	NRI Group Environmental Policy https://www.nri.com/en/sustainability/environment/policy Biodiversity action agenda https://www.nri.com/en/sustainability/environment/biodiversity NRI Group Procurement Policy https://www.nri.com/en/company/partner

► Environmental management system

Environmental management structure	
	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.
Officer in charge	Kenji Yokoyama Senior Corporate Management Director
Responsible committee	Sustainability & Responsibility 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 CO ₂ .	
	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, China's Zhiming Group was added to the scope of NRI-EMS, and four new bases were added.	
	In FY 2019, we will continue to consider introducing it to other overseas bases.	
		unit FY2018
	EMS Coverage (based on CO ₂ emissions)	%
	Data centers (ISO 14001 introduction rate 100%)	92.9
	Office (NRI-EMS introduction rate 84%)	72.2
	Overseas bases (NRI-EMS introduction rate 21%)	19.8
	Coverage	0.9
		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.
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Environmental disclosure

	NRI is promoting the proactive disclosure of environmental information, mainly through its Sustainability & Responsibility 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.
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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 FY 2018, we will participate in ESG (environmental, social and governance) e-learning tests, and activities to participate in forest improvement activities * in Tadami Town, Fukushima Prefecture, which have been continuously implemented since FY 2016, and in Takao Forest, Hachioji City, Tokyo. We carried out family participatory environmental experience activities at the Natural School. 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".
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* 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.
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Environmental Management - Data

► Environmental mass balance

Environmental mass balance of NRI Group		unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
INPUT	Energy consumption							
	Electricity* ¹	1,000kWh	174,209	155,010	143,253	136,518	127,773	✓
	Kerosene* ³	kl	29	20	35	32	0	✓
	Diesel* ³	kl	56	279	103	112	128	✓
	City gas* ³	1,000m ³	473	407	311	569	628	✓
	Cooling, steam, heat* ³	1,000GJ	88	88	87	100	85	✓
	Total	1,000GJ	1,837	1,655	1,529	1,492	1,390	✓
	Water consumption							
	Water works* ³	1,000m ³	163	231	200	201	212	✓
	Paper rehouses use							
Business paper* ³	t	263	258	217	213	190	✓	
OUTPUT	Greenhouse gas emissions							
	Electricity* ¹	1,000t-CO ₂	92	79	72	68	60	✓
	Gas, kerosene, cooling, steam, heat	1,000t-CO ₂	7	6	6	6	6	✓
	Total	1,000t-CO ₂	99	86	78	75	66	✓
	Drainage for business* ²							
	Volume of wastewater	1,000m ³	50	40	40	35	37	✓
	Waste paper* ³							
	Whole waste	t	280	305	284	269	193	✓
	Final disposed volume	t	0	0	0	0	0	✓
	Recycling rate	%	100	100	100	100	100	✓
	Industrial wastes* ⁴							
	Whole waste	t	508	566	666	2,365	1,414	✓
	Final disposal volume	t	28	52	22	75	41	✓
Recycle rate	%	95	91	97	97	97	✓	
Coverage			(notes-2)					

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 & Responsibility Committee
Incentives for management on climate change	<p>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.</p> <p>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.</p>
Risk management on climate change	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>FY2013</th> <th>FY2014</th> <th>FY2015</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> </tr> </thead> <tbody> <tr> <td>CO₂ emissions (Scope1+2)</td> <td>1,000t-CO₂</td> <td>108</td> <td>99</td> <td>86</td> <td>78</td> <td>75</td> <td>66</td> </tr> <tr> <td>Reduction rate (compared to base year)</td> <td>%</td> <td>(Base year)</td> <td>8.3</td> <td>19.8</td> <td>26.9</td> <td>30.0</td> <td>38.2</td> </tr> <tr> <td></td> <td>Coverage</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> </tr> </tbody> </table>		unit	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	CO ₂ emissions (Scope1+2)	1,000t-CO ₂	108	99	86	78	75	66	Reduction rate (compared to base year)	%	(Base year)	8.3	19.8	26.9	30.0	38.2		Coverage	a	a	a	a	a	a
	unit	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018																										
CO ₂ emissions (Scope1+2)	1,000t-CO ₂	108	99	86	78	75	66																										
Reduction rate (compared to base year)	%	(Base year)	8.3	19.8	26.9	30.0	38.2																										
	Coverage	a	a	a	a	a	a																										

Climate Change - Data

► Climate-related risks

Risks due to changes in regulations

The world has accelerated towards zero-emission. The government of each country including Japan has started discussion on introducing and strengthening carbon pricing.

However, the amount of renewable energy generation in Japan is currently in the 10% range. Even with 22-24% which is the government's target of energy mix of power sources in 2030, the amount of renewable energy generation is not as high as what other countries generate.

It is predicted that Japan will be relying on fossil fuels to some extent.

Therefore, if a high carbon tax, as expected by the IEA, is introduced to realize long-term targets for emission reduction, Japan's electricity prices are expected to rise, and the NRI Group, which owns data centers, also costs risk of increasing.

In addition, IT companies in the United States and Europe are turning to zero-emission, which we believe to be a competitive risk.

Therefore, the NRI group joined RE 100 and is working on securing all electricity with renewable energy in 2050.

Risks due to physical impacts

The NRI Group's business (consulting and system developments) is labor-intensive business, and labor costs are the largest cost item. Therefore, if climate change occurs and the number of working days decreases due to heavy rain or intensifying typhoons, new personnel will be needed. Increasing of the labor costs would be a risk for the NRI Group.

In addition, the NRI Group has been increasing its workforce in emerging countries such as India.

If the temperature rises and the risk of infectious diseases increases, there is a risk that the cost for promoting the health of employees will increase as a whole company.

In response to the above, NRI is working to reduce risks by actively relocating offices and introducing telework as measures to strengthen BCP.

► Climate-related opportunities

Climate-related opportunities

The NRI Group has provided Shared Service which could significantly reduce power consumption, CO₂ emissions, and costs by sharing the same system among multiple companies.

In addition, as the NRI Group joined RE100, it has set a goal of achieving a 36% renewable energy utilization rate by FY 2030 and 100% by FY 2050.

Such low carbon and zero-emission services are expected to increase demands in the future, and we believe that this will be a business opportunity for the NRI Group.

► 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	FY2014	FY2015	FY2016	FY2017	FY2018
Green revenues	100 millions	790	927	978	1,001	987
(revenues from shared online services)	of yen					
Sales ratio	%	19.5	22.0	23.1	21.2	19.7
	Coverage	a	a	a	a	a

Greenhouse Gas Emissions - Data

▶ Greenhouse gas emissions

GHG emissions (Scope1, Scope2)	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Direct GHG emissions (Scope1)	1,000t-CO ₂	1	1	1	1	1	✓
Japan	1,000t-CO ₂	1	1	1	1	1	✓
Overseas	1,000t-CO ₂	0	0	0	0	0	✓
Indirect GHG emissions (Scope2)	1,000t-CO ₂	97	84	77	73	65	✓
Japan	1,000t-CO ₂	95	81	74	70	62	✓
Overseas	1,000t-CO ₂	2	3	3	3	2	✓
Total emissions (Scope1+2)	1,000t-CO ₂	99	86	78	75	66	✓
Japan	1,000t-CO ₂	96	83	75	72	63	✓
Overseas	1,000t-CO ₂	2	3	3	3	2	✓
Coverage		a-	a-	a-	a-	a-	

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	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Indirect GHG emissions (Scope3)	1,000t-CO ₂	134	161	112	137	120	✓
Category1 Purchased goods and services	1,000t-CO ₂	69	75	64	69	84	✓
Category2 Capital goods	1,000t-CO ₂	16	48	23	44	12	✓
Category3 Fuel-and-energy-related activities	1,000t-CO ₂	7	6	6	6	5	✓
Category6 Business travel	1,000t-CO ₂	5	6	6	7	8	✓
Category7 Employee commuting	1,000t-CO ₂	2	2	2	2	2	✓
Category11 Use of sold products	1,000t-CO ₂	33	21	9	7	6	✓
Category12 End of life treatment of sold products	1,000t-CO ₂	0	0	0	0	0	✓
Coverage		a-	a-	a-	a-	a-	

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	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Non-renewable energy consumption	1,000kWh	172,648	187,270	172,912	172,906	160,866	
Electricity	1,000kWh	174,209	155,010	143,253	136,518	127,773	✓
Kerosene	kl	29	20	35	32	0	✓
Diesel	kl	56	279	103	112	128	✓
City gas	1,000m ³	473	407	311	569	628	✓
Cooling, steam, heat	1,000GJ	88	88	87	100	85	✓
Renewable energy consumption	1,000kWh	92	72	82	621	743	
Coverage		a	a	a	a	a	

► Data center energy consumption

Data center energy consumption	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Data center energy consumption	1,000kWh	137,661	117,712	108,598	103,815	98,550
Renewable energy consumption	1,000kWh	92	72	82	75	72
Percentage used	%	0	0.1	0.1	0.1	0.1
Scope of data center coverage	%	100	100	100	100	100

Resource Use, Waste - Data

► Water resources

Water use	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Water use (total)	1,000m ³	163	231	200	201	212	
Water works	1,000m ³	163	231	200	201	212	✓
Recycled water	1,000m ³	-	-	-	-	-	
Coverage		b	b	b	b	b	

Waste water	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Waste water (total)	1,000m ³	50	40	40	35	37	✓
Coverage*		c-	c-	c-	c-	c-	

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

► Paper resources

Paper use	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Paper use (Business paper)	t	263	258	217	213	190	✓
Coverage		b	b	b	b	b	

Waste paper	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Waste paper (total)	t	280	305	284	269	193	✓
Recycle rate	%	100	100	100	100	100	✓
Coverage		b	b	b	b	b	

► Waste

Waste disposed	unit	FY2014	FY2015	FY2016	FY2017	FY2018	Assurance
Waste disposed (total)	t	508	566	666	2,365	1,414	✓
Recycle rate	%	94.5	90.7	96.6	96.8	97.1	✓
Coverage*		b-	b-	b-	b-	b-	

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

NRI Green Bond (3rd Unsecured) Data

Project status				
NRI acquired the trust beneficiary right of the Yokohama Comprehensive Center (Yokohama Nomura Building), which will use NRI Green Bond funds in April 2017, and has started using it as a lessee				
KPI	Field	Item	Unit	FY2018
	Environment	Industrial waste volume	t	9.5
		Recycling rate	%	65.3
	Social	Occupational safety and health: Number of serious occupational accidents (including subcontractors)		0
	Governance	ESG related disputes (including subcontractors)		0
	Local community contribution	Actions taken for dialogue and interaction with the local community		
Winter illumination will be held from November 14, 2018 to February 17, 2019.				

Environmental evaluation of target facilities						Assurance
Yokohama Center (Yokohama Nomura Building)		Unit	FY2016	FY2017	FY2018	
INPUT	Energy resources use					
	Electricity	1,000kWh	-	3,086	3,912	✓
	City gas	1,000m ³	-	269	394	✓
	Cooling, steam, heat	1,000GJ	-	15	15	✓
	Total heat	1,000GJ	-	62	77	✓
OUTPUT	Greenhouse gases emissions		FY2016	FY2017	FY2018	
	Electricity	t-CO ₂	-	1,500	1,858	✓
	City gas, cooling, steam, heat	t-CO ₂	-	1,453	1,745	✓
	Total emissions	t-CO ₂	-	2,953	3,604	✓
	Emissions per floor area	t-CO ₂ /m ²	FY2016	FY2017	FY2018	
	Emissions per employee (A)	t-CO ₂ /person	-	0.05	0.07	
			-	0.45	0.54	
Yokohama Minato Center (Dia Building)			FY2016	FY2017		
OUTPUT	Total heat from energy resources	1,000GJ	77	51		
	Greenhouse gas emissions	t-CO ₂	3,963	2,537		
	Emissions per floor area	t-CO ₂ /m ²	0.12	0.14		
	Emissions per employee (2018.3 : B)	t-CO ₂ /person	1.02	1.13		
Comparison between Yokohama Nomura Building and Dia Building			FY2016	FY2017	FY2018	
OUTPUT	Improvements in emissions per employee ((A-B) /B)	%	-	-60.6	-51.9	

Notes 1. When conducting the environmental assessment on the Yokohama Nomura Building,

a comparison was conducted with the Yokohama Dia Building that was the main transfer source.

Notes 2. Emissions per employee is calculated based on the standard use area per person of 2.5 tsubo (8.3m²) that is prescribed as the office standard for NRI

Notes 3. Because the energy resources for the Yokohama Nomura Building are electricity, city gas, and cold water and steam, total heat, greenhouse gas emissions, emissions per floor area, and emissions per employee are calculated based on these resources.

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, ethnicity, nationality, birthplace, social status, social origin (place of birth), gender, marital status, age, language, disability status, health status, religion, thought, belief, property, sexual orientation. Regardless of gender identity and differences in job types and employment types. 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 midcareer 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 2019 to March 2023

- Goals
1. Increase the percentage of female managers to at least 8.5% of all NRI managers by the end of FY2022 (appoint no less than 100 additional women to managerial positions).
 2. Increase NRI's female employee hiring rate to at least 30% of its total recruitment.
 3. Further heighten management's awareness of diversity management.

- Initiatives
1. Continue the Leader Development Program for female employees with the goal of developing them into managers.
 2. Persist with measures to attract more female student job applicants.
 3. Heighten management's awareness of their responsibilities from managerial and employee development perspectives with respect to diversity of employee characteristics and values.
 4. Carry out system reforms aimed to allow all NRI employees to select diverse work style options.

In addition, we have also established the following objectives and are promoting initiatives related to supporting work-life balance.

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

Term: April 1, 2018 to March 31, 2020

- Goals
1. Promote use of childcare-related systems while facilitating improvements that make them easier to use.
 2. Develop a workplace culture that enables diverse talents to flourish, and strive to make improvements in that regard.
 3. Further improve the working environment to bring about more satisfactory work-life balance.

- Initiatives
- 1-1. Support employees returning to work by promoting operations of the in-office nursery school that opened in June 2017. Also, hold regularly scheduled explanatory sessions regarding the nursery school.
 - 1-2. Encourage use of childcare-related systems for male employees through ongoing efforts to publicize and provide information on such systems (partner childbirth leave and childcare leave for male employees).
 - 1-3. Gain a quantitative and qualitative understanding of circumstances surrounding use of the childcare-related systems and employee preferences in that regard, through questionnaires, interviews and other such means to consider improvement measures.
 - 2-1. Prevent harassment related to matters such as childcare and nursing care by regularly implementing employment hierarchy-specific training programs and continue efforts to heighten awareness in that regard.
 - 2-2. Support employees taking care of children and those who have returned to work by providing them with greater opportunity to plan their careers. To such ends, continue to engage in initiatives to support work-life balance, encompassing elements such as training and interviews enlisting supervisors together with employees who are expecting and those who have returned to work after having taken childcare leave.
 - 2-3. Develop a workplace culture conducive to employees who are expecting and those who have returned to work after having taken childcare leave by instilling manager awareness in that regard through training and other such initiatives.
 - 2-4. Promote greater understanding of diversity by carrying out initiatives that include training sessions and round-table discussions transcending generational divides and job titles.
 - 3-1. Promote flexible working styles such that include telecommuting and utilizing various IT tools.
 - 3-2. Encourage employees to take paid leave through campaigns and other such initiatives.

Labor Practices, Diversity - Management Approach

Progress / Achievements / Challenges

NRI has been selected as a "Nadeshiko Brand" for the third consecutive year since 2016 as a listed company excellent for promoting female career.

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.

KPI	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Female managers rate*1	%	5.2	5.7	6.1	6.4	6.8
Employment continuation ratio of female / that of male*2	%	74.5	80.9	81.9	78.8	74.3
Ratio of average service years of female / that of male*3	%	78.3	78.8	80.1	79.8	78.8
Female employee hiring rate*4	%	23.5	27.6	25.6	26.7	27.6
	Coverage	c	c	c	c	c

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

*2 As of the beginning of each fiscal year and cover employees hired in the three years preceding the 9-11 fiscal year.

*3 As of the end of each fiscal year (March 31)

*4 Calculated based on total value for each year

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

Labor Practices, Diversity - Data

Employee data

Number of employees (Consolidated)		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Overall	Total number of employees	no. of person	9,012	10,757	11,605	12,708	12,578
	(breakdown) male	no. of person	6,980	7,980	8,375	9,285	n/a
		%	77.5	74.2	72.2	73.1	n/a
	female	no. of person	2,032	2,777	3,230	3,423	n/a
		%	22.5	25.8	27.8	26.9	n/a
	Non-Japanese	no. of person	935	2,156	2,837	3,799	3,493
		%	10.4	20.0	24.4	29.9	27.8
By region	Japan	no. of person	8,105	8,498	8,676	8,821	9,004
		%	89.9	79.0	74.8	69.4	71.6
	(breakdown) male	no. of person	6,439	6,678	n/a	n/a	n/a
	female	no. of person	1,666	1,820	n/a	n/a	n/a
	Europe	no. of person	12	21	12	14	15
		%	0.1	0.2	0.1	0.1	0.1
	(breakdown) male	no. of person	7	14	n/a	n/a	n/a
	female	no. of person	5	7	n/a	n/a	n/a
	Americas	no. of person	41	293	383	392	345
		%	0.5	2.7	3.3	3.1	2.7
	(breakdown) male	no. of person	23	153	n/a	n/a	n/a
	female	no. of person	18	140	n/a	n/a	n/a
	Asia	no. of person	854	1,945	1,995	2,052	1,761
		%	9.5	18.1	17.2	16.1	14.0
	(breakdown) male	no. of person	511	1,135	n/a	n/a	n/a
	female	no. of person	343	810	n/a	n/a	n/a
	of which China	no. of person	374	1,398	1,473	1,465	1,168
		%	4.2	13.0	12.7	11.5	9.3
	(breakdown) male	no. of person	164	737	n/a	n/a	n/a
	female	no. of person	210	661	n/a	n/a	n/a
	Australia	no. of person	0	0	539	1,429	1,453
	%	0.0	0.0	4.6	11.2	11.6	
(breakdown) male	no. of person	0	0	n/a	n/a	n/a	
female	no. of person	0	0	n/a	n/a	n/a	
Overseas total	no. of person	907	2,259	2,929	3,887	3,574	
	%	10.1	21.0	25.2	30.6	28.4	
(breakdown) male	no. of person	541	1,302	n/a	n/a	n/a	
female	no. of person	366	957	n/a	n/a	n/a	
	Coverage		a	a	a	a	

Note: As of the end of each fiscal year

Number of employees (Non-consolidated)		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Overall	Total number of employees	no. of person	5,972	5,979	6,003	6,130	6,297
	(breakdown) male	no. of person	4,887	4,855	4,861	4,947	5,049
		%	81.8	81.2	81.0	80.7	80.2
	female	no. of person	1,085	1,124	1,142	1,183	1,248
		%	18.2	18.8	19.0	19.3	19.8
	Average age of employees	age	39.1	39.5	39.9	40.2	40.3
	(breakdown) male	age	39.6	40.0	40.5	40.8	41.0
	female	age	36.7	37.0	37.5	37.7	37.6
	Average years of worked	years	13.4	13.8	14.3	14.6	14.6
	(breakdown) male	years	14.0	14.4	14.8	15.2	15.3
	female	years	10.9	11.4	11.9	12.1	12.1
	Ratio of female / that of male	%	78.3	78.8	80.1	79.8	78.8
	Non-Japanese	no. of person	108	88	92	106	112
		%	1.8	1.5	1.5	1.7	1.8
By age	Below 30 years	no. of person	1,315	1,248	1,172	1,158	1,223
		%	22.0	20.9	19.5	18.9	19.4
	(breakdown) male	no. of person	951	892	847	820	858
	female	no. of person	364	356	325	338	365
	30-39 years	no. of person	2,039	2,042	2,031	2,023	2,044
		%	34.1	34.2	33.8	33.0	32.5
	(breakdown) male	no. of person	1,708	1,687	1,650	1,640	1,640
	female	no. of person	331	355	381	383	404
	40 - 49 years	no. of person	1,662	1,589	1,583	1,624	1,575
		%	27.8	26.6	26.4	26.5	25.0
	(breakdown) male	no. of person	1,378	1,302	1,285	1,315	1,268
	female	no. of person	284	287	298	309	307
	50-59 years	no. of person	872	1,016	1,116	1,221	1,338
		%	14.6	17.0	18.6	19.9	21.2
	(breakdown) male	no. of person	775	905	1,000	1,092	1,190
	female	no. of person	97	111	116	129	148
	Over 60 years	no. of person	84	84	101	104	117
		%	1.4	1.4	1.7	1.7	1.9
(breakdown) male	no. of person	72	69	79	80	93	
female	no. of person	12	15	22	24	24	
By managers position level	Total number of managers	no. of person	2,353	2,427	2,501	2,607	2,733
	(breakdown) male	no. of person	2,231	2,288	2,348	2,441	2,547
		%	94.8	94.3	93.9	93.6	93.2
	female	no. of person	122	139	153	166	186
		%	5.2	5.7	6.1	6.4	6.8
	of which general manager or higher position	no. of person	194	188	201	211	213
	(breakdown) male	no. of person	189	182	195	204	205
		%	97.4	96.8	97.0	96.7	96.2
	female	no. of person	5	6	6	7	8
		%	2.6	3.2	3.0	3.3	3.8
	Coverage		c	c	c	c	

Note: As of the end of each fiscal year, but "By managers position level" is as of the beginning of each fiscal year

Labor Practices, Diversity - Data

▶ Employment of persons with disabilities

Promoting employment of persons with disabilities

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.

We will continue to promote workplace participation of persons with disabilities by discovering further employment opportunities for them.

	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employees with disabilities	no. of person	108	117	119	134	136
Rate of employees with disabilities*	%	2.1	2.2	2.2	2.2	2.4
Coverage		c	d	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	FY2014	FY2015	FY2016	FY2017	FY2018
Employee as a whole	thousands of yen	10,892	11,560	11,514	11,660	12,217
Coverage		c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary

	unit	FY2014	FY2015	FY2016	FY2017	FY2018
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).



2018 Constituent
MSCI日本株
女性活躍指数 (WIN)

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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.

Labor Practices, Diversity - Data

▶ 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: 4.20% (as of March 31, 2019)

Trust-type employee holding 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	FY2014	FY2015	FY2016	FY2017	FY2018
Number of hires	Total	no. of person	293	299	289	339	452
	(breakdown) male	no. of person	219	210	212	256	328
		%	74.7	70.2	73.4	75.5	72.6
	female	no. of person	74	89	77	83	124
		%	25.3	29.8	26.6	24.5	27.4
New graduate hires		no. of person	247	246	223	266	319
	Mid-career hires	no. of person	46	53	66	73	133
Number of Turnover*	Total	no. of person	213	223	237	266	284
Turnover rate*		%	3.2	3.3	3.5	3.8	3.9
Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

* Including mandatory retirees

New graduate recruitment		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of hires	Total	no. of person	247	246	223	266	319
	(breakdown) male	no. of person	189	178	166	195	231
		%	76.5	72.4	74.4	73.3	72.4
	female	no. of person	58	68	57	71	88
		%	23.5	27.6	25.6	26.7	27.6
of which, Bachelor's degree or above		no. of person	247	246	223	266	319
	(breakdown) male	no. of person	189	178	177	195	231
	female	no. of person	58	68	57	71	88
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	FY2014	FY2015	FY2016	FY2017	FY2018
Number of hires	Total	no. of person	46	53	66	73	133
	(breakdown) male	no. of person	30	32	46	61	97
		%	65.2	60.4	69.7	83.6	72.9
	female	no. of person	16	21	20	12	36
		%	34.8	39.6	30.3	16.4	27.1
Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Employment continuation ratio of female / that of male* ¹		%	74.5	80.9	81.9	78.8	74.3
Coverage			c	c	c	c	c

*1 As of the beginning of each fiscal year and cover employees hired in the three years preceding the 9-11 fiscal year.

New graduate hires retention rate after 3 years		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of new graduates hired before 2 business years*	Total	no. of person	265	228	242	240	218
	(breakdown) male	no. of person	202	170	185	174	164
	female	no. of person	63	58	57	66	54
Number of continuing employees in the following fiscal year among ne	Total	no. of person	253	211	220	224	209
	(breakdown) male	no. of person	194	160	168	164	161
	female	no. of person	59	51	52	60	48
New graduate hires retention rate after 3 years	Total	%	95.5	92.5	90.9	93.3	95.9
	(breakdown) male	%	96.0	94.1	90.8	94.3	98.2
	female	%	93.7	87.9	91.2	90.9	88.9
Coverage			c	c	c	c	c

* Only those who joined on April 1

Labor Practices, Diversity - Data

Employee satisfaction

Employee survey

NRI takes a multifaceted approach to assessing employee awareness, such that mainly involves gauging employee satisfaction using three methods. Such initiatives target all NRI employees working in Japan and overseas, and the method with the shortest cycle is conducted on a semi-annual basis. Internet surveys are the primary means of assessment. The items surveyed include job content, remuneration, work-life balance, career support, employee benefits, work environment, work flexibility, and overall satisfaction. The survey results act as a basis for planning human resource policies and are posted on the company intranet to serve as feedback to employees.

Employee survey results*1	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Employee satisfaction*2		-	60.3	-	80.5	-
Percentage of employees surveyed*3		-	44.2	-	37.4	-
	Coverage		d		d	

*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.

Work-life balance

Work-life balance supports

NRI has established a system covering durations of pregnancy and childcare that is 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 a child's third year of elementary school. Meanwhile, 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 to help employees select relevant systems in accordance with individual circumstances. We are also proactively encouraging a balance between work and childcare for employees, through initiatives such as three-party interviews geared to 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 regularly held 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, having received the certification mark (nicknamed "Kurumin") since 2007. In addition to having gained the certification for five consecutive terms, in 2018 we also received the "Platinum Kurumin" special certification granted to companies that carry out initiatives which meet even higher standards.



Utilization of work-life balance support system	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employees acquiring Paid maternity leave	no. of person	12	17	13	9	13
Number of employees acquiring Pre- and post-childbirth leave	no. of person	53	73	76	56	72
Number of employees acquiring Childcare leave	no. of person	56	96	130	252	261
(breakdown) male	no. of person	9	21	60	189	194
female	no. of person	47	75	70	63	67
Number of employees utilizing shorter work hour system for childcare	no. of person	79	96	107	107	113
Childcare leave acquiring rate (breakdown) male	%	n/a	6	18.7	59.6	61.0
female	%	100.0	100.0	100.0	100.0	100.0
Employees returning to work after childcare leave (female)	%	96.1	97.9	97.3	97.0	96.7
Employees remaining in work after childcare leave (female)	%	95.9	92.3	91.7	93.3	92.8
Number of employees acquiring Nursing care leave	no. of person	1	1	2	3	3
Number of total days of acquiring nursing care leave	days	45	48	43	34	16
Number of employees utilizing shorter work hour system for nursing	no. of person	0	0	0	0	16
	Coverage	c	c	c	c	c

Labor Practices, Diversity - Data

► 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 work formats and hours are to be self-managed at the discretion of the person in question. We furthermore aim for further efficiency and productivity improvements with respect to work accomplishments in specialist professions. In addition to discretion in terms of time, this has involved putting in place a system to also allow a certain amount of discretion in terms of location, making it possible to schedule work from home or a satellite office up to a limit of 100 days per year. Moreover, in Sapporo and Fukuoka we recruit for local positions that are based on the premise of working in those locations.</p> <p>In FY2018, we introduced educational opportunities on a company-wide basis through the Coursera online learning platform, thereby enabling our employees with diverse and flexible working styles to work toward self-study at their own pace regardless of time or location.</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 that makes it easier for our male employees to proactively participate in childcare. In addition to making the "Support for Balancing Work and Childcare Guide Book for Men" available to all of our employees, we have otherwise been promoting greater understanding of the company's systems relating to childcare by conducting briefing sessions introducing our in-house systems and also providing information containing child-rearing advice of our male and female employees currently raising children. We also hold round-table discussions carried out by our male employees who have taken childcare leave.</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 encouraging employees to schedule consecutive days off, including hot-weather leave and revitalization leave. Since FY2016, we have been achieving a rate of paid vacation days taken of not less than 70%.</p>
Telecommuting system	<p>NRI has had a system in place for some time whereby an employee can work at an NRI office that is different from their usual place of work. In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity.</p> <p>We have also been holding campaigns promoting use of the system. In FY2017 and FY2018, NRI was a special participant in the "Telework Days" event implemented by six ministries including the Ministry of Internal Affairs and Communications, in collaboration with the Tokyo Metropolitan Government and the business community. A total of approximately 6,000 employees engaged in telecommuting during the five days of the event, and since that time more than 1,000 employees have been making use of telecommuting arrangements every month.</p>
Satellite offices	<p>NRI's main offices have "liaison centers" which are made available as satellite offices for workers with no desks at those locations.</p> <p>We also have contractual agreements with satellite offices of outside entities in order to provide our employees with efficient and flexible work arrangements.</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 corporation participating 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 2016-2018 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	FY2014	FY2015	FY2016	FY2017	FY2018
Total working hours per employee per year	hours/year	2,197.6	2,140.8	2,085.8	2,034.3	2,017.2
Average overtime hours per employees per month	hours	33.0	29.8	27.2	22.0	21.5
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	42.1	43.5	45.4	70.1	67.9
Smoking rate	%	18.9	18.5	17.0	15.9	15.2
Exercise habit rate	%	10.9	11.5	15.9	19.0	20.7
	Coverage	c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Link Files	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/ir/library/AR2017e.pdf?page=49

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
Hidenori Anzai
Senior Corporate Management Director

Chief Health Officer
Yasuo Fukami

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	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employee work-related deaths	-	0	0	0	0	0
Number of work accidents*1	-	1	0	2	0	2
Occupational accident frequency rate*2	-	0	0	0	0	0
Average overtime hours per employees per month*3	hours	33.0	29.8	27.2	22.0	21.5
	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

Occupational Health and Safety - Data

► 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	FY2014	FY2015	FY2016	FY2017	FY2018
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	42.1	43.5	45.4	70.1	67.9
Smoking rate	%	18.9	18.5	17.0	15.9	15.2
Exercise habit rate	%	10.9	11.5	15.9	19.0	20.7
Coverage		c	c	c	c	c

► Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total working hours per employee per year	hours/year	2,197.6	2,140.8	2,085.8	2,034.3	2,017.2
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Average overtime hours per employees per month	hours	33.0	29.8	27.2	22.0	21.5
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Annual paid leave*1	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of granted days*2	days	21.6	21.2	21.6	21.5	21.4
Number of days acquired	days	14.4	14.1	15.3	15.4	15.3
Annual paid leave acquisition rate	%	66.9	66.5	70.6	71.4	71.3
Coverage		c	c	c	c	c

*1 Average base for all employees.

*2 Excluding carryforward

Occupational Health and Safety - Data

► 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 its corporate philosophy, the NRI Group has stated that "continuing never-ending challenges with pride of true professionals" constitutes its action guidelines for employees. The cornerstone of the NRI Group is its "human assets." In other words, this refers to employees who are professionals possessing advanced expertise, who independently strive to pursue their own goals and are unafraid to innovate and take on difficult challenges. To achieve objectives of both NRI's long-term management vision "Vision 2022" and the Medium-Term Management Plan, we must have human assets who not only aim to achieve further growth and improve productivity in our existing specialty areas, but who also take on challenges of venturing into unknown areas of business in anticipation of future trends. To develop such human assets, the NRI Group has been strengthening systems and the business environment for developing hidden talents of highly motivated people and allowing them to produce results on the job. The Medium-Term Management Plan 2022 approaches human resource management development as a strategic issue under five conceptual themes of the growth strategy encompassing the plan's 1) DX (digital transformation), 2) business platform, 3) cloud, 4) global, and 5) human resources strategies. NRI will take steps to secure sufficient quality and quantity of human resources needed to help realize objectives of the digital transformation and global strategies in particular.

Priority activities / Medium- to long-term targets

NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

The personnel assessment and human resources development system is premised on the notion of encouraging employees to pursue expertise and diversify their fields of specialization.

This is based on the belief that by honing their skills in multiple areas of expertise employees become capable of flexibly responding to changes in the business environment in a manner that involves taking a broad-based perspective in collaborating across division lines.

Furthermore, with respect to human resources development, NRI places importance on an organic fusion of three approaches to development: training programs, self-study, and on-the-job training which plays the central role. NRI believes that providing OJT through work experience is the optimal development tool. As such, its training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding. The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT. Moreover, NRI has also established a system to support self-study for employees seeking to gain qualifications and improve their foreign language skills.

NRI's priority activities entail realizing objectives of its long-term management vision "Vision 2022" and its Medium-Term Management Plan, while furthermore engaging in initiatives which place a focus on "developing core human resources" geared to the next generation along with "developing DX (Digital Transformation) human resources" and "developing global human resources" underpinning the growth strategy of the Medium-Term Management Plan 2022.

Progress / Achievements / Challenges

With respect to developing core human resources, we are enhancing our successor candidate development initiatives which involve implementing a selective development program encompassing the four employment categories of mid-career employees, managerial track employees, section managers and general managers, in addition to elements such as training programs upon career promotion tailored to stages of careers.

With respect to developing DX (digital transformation) human resources, we are establishing a new training framework and accordingly enhancing recurrent education that makes it possible for employees to shift to strategic business areas, in addition to implementing our existing training programs tailored to career fields and stages of careers.

With respect to developing global human resources, we implement practical training programs that incorporate real-life experience in international business with the aim of fostering global business leaders who play active roles in establishing business foundations overseas. Under such programs we dispatch employees to our corporate customers' or NRI's overseas locations for periods of about one year, where they improve their business skills through practical experience overseas. As of FY2018, more than 300 employees have been selected for this global training and have been dispatched to 26 cities in 16 countries.

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

▶ Human resources development management

Human resources development policy (Focus areas)

We regard our people as an essential management resource of the NRI Group and a wellspring of its added value across the board. The NRI Group's approach to human resources development entails drawing out talents of ambitious employees and cultivating human assets that are capable of producing results on the job. Meanwhile, professional initiatives of NRI Group employees are backed by the Group's human resources development framework. NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

Of particular importance with respect to human resources development is the notion of organically fusing various aspects of the three elements: 1) on-the-job training, 2) training programs, and 3) self-study. The lack of any one of those three elements would render it impossible for an employee to achieve growth as a professional. As such, those three elements combined form the cornerstone of professional development. Of the three elements, OJT provided through work experience is the optimal development tool. As such, NRI's training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding. The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT. Our C&A (Challenge & Act) System acts as a mechanism that effectively facilitates OJT. Through the system employees are able to confirm and evaluate the extent to which they have achieved their individual targets which are precisely set at half-year intervals through interviews with their supervisors, thereby enabling employees to develop their skills and appropriately gain access to performance evaluations carried out by their supervisors. This supports the growth of employees according to their respective characters and levels of independence by having them work toward achieving their goals under a supervisor's guidance, while also facilitating communication between supervisors and their subordinates at the regularly scheduled meetings.

The notion of developing human resources who are capable of rapidly addressing changes is crucial in the VUCA (volatility, uncertainty, complexity, ambiguity) and DX (Digital Transformation) eras. As such, we encourage employees to pursue expertise and diversify their fields of specialization in order to ensure that our personnel assessment and human resources development system functions effectively. This is based on the belief that by honing their skills in multiple areas of expertise employees become capable of flexibly responding to changes in the business environment in a manner that involves taking a broad-based perspective in collaborating across division lines and spearheading joint development with our customers. We have a career field system and an in-house certification system which both constitute crucial aspects of our efforts to promote human resources development.

Human resource development program

In addition to various forms of group training, our human resources development programs feature many options that include e-learning, support for gaining qualifications and foreign language study, opportunities to study abroad, researcher dispatch, and trainee arrangements. To achieve our long-term management vision "Vision 2022," we are particularly focusing our efforts on: 1) developing core human resources, 2) developing DX (Digital Transformation) human resources, and 3) developing global human resources.

1) As for developing core human resources, we implement programs to develop core human resources responsible for growth and business creation of the NRI Group, which mainly involves developing executive candidates, developing capacity of operational management, and developing the ability to create new businesses. Our selective training for senior management aims to broaden our pipeline of executive candidates with our sights set on the next stage of our long-term management vision "Vision 2022." To such ends, the training enlists a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel. Meanwhile, the curriculum also entails studies departing from a business perspective centered on profit and loss, with respect to maximizing value by coordinating business segments and optimizing company-wide operations, and also enlists a managerial perspective such that includes striking a balance between the balance sheet and P&L, and multi-stakeholder engagement. It also entails performing assessments geared to enabling individuals to develop their abilities. Our selective training for mid-career employees encompasses studies of sophisticated managerial knowledge and the business creation process, thereby departing from career development in terms of practical aspects of business, and also entails offering programs that include leadership in the DX era which is a key element of the growth strategy under the long-term management vision "Vision 2022," and cross-industry exchange that is cognizant of human resources capable of spearheading joint development with our customers.

2) As for developing DX (digital transformation) human resources, we implement programs geared to developing talent that accelerates our DX strategy, which constitutes one of the growth strategies under our long-term management vision "Vision 2022." This involves establishing venues for studying not only information technology skills but also astute business insights drawing on the latest business use cases with the aim of enhancing capabilities required in the DX era, particularly with respect to AI and analytics, block chain technology, user experience (UX) design, as well as agile software development and microservices. We lend our support to efforts that include creating forums for our employees conducive to person-to-person networking and activity, which involves establishing venues for sophisticated studies by coordinating with Japanese and overseas universities as well as outside entities such as the Japan Data Scientist Society.

We are also mounting a strategic transition to adopting a human resources portfolio approach, which is an aim of NRI in the DX era. This involves implementing reskill education whereby consultants and system engineers who are equipped with conventional abilities extend their fields of activity to the DX realm drawing on their existing skills.

3) As for developing our global human resources, we implement programs geared to developing business leaders who are capable of playing active roles on the global stage. In that regard, we are focusing our efforts particularly on our overseas training system under which we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience in global business. We also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills. Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools. Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM). Moreover, under our system of short-term training abroad and overseas foreign language study, we send employees to overseas business schools and training institutions so that they can acquire skills necessary for global business. We also implement training in English that involves study of project management and data science in China and India.

Human Resources Development - Data

Self-study

Given the notion that self-study is an essential aspect of an employee's career development as a professional, we furnish various recommendations in that regard with consideration placed on aspects of personnel affairs and other such factors. For special qualifications that are closely related to NRI's business including those for information processing engineers, project management professionals (PMP) and certified securities analysts, we implement test-preparation courses for employees and provide financial assistance to help cover the costs of taking courses externally.

We also provide reimbursement and financial assistance to help cover registration costs and examination fees with respect to gaining official qualifications that contribute to our business operations, including certified public accountant and small and medium enterprise management consultant qualifications. We are also enhancing our support for qualifications related to DX (digital transformation), including those in areas such as statistics, data science, artificial intelligence, cloud computing, and agile software development.

As for foreign languages, we carry out Test of English for International Communication (TOEIC) testing for employees and provide financial assistance to help cover costs of courses at language schools.

We are also focusing on efforts in the realm of self-study making use of massive open online courses (MOOCs) such as Coursera, Udemy and Gacco in line with the growing popularity of digital learning.

It is also crucial that we shift to new digital learning approaches in conjunction with progress being made in carrying out work-style reforms.

As such, in addition to making use of MOOCs, we are promoting various reforms with respect to styles of learning in terms of shifting to digital learning environments, shifting to digital communications related to studies, and establishing educational platforms transcending time and space.

References

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

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 program

Human resources development program 1

NRI has established 22 career fields with the industry-wide Information Technology Skill Standards (ITSS) in mind in order to better make areas and levels of employee expertise clear in-house and outside the company, commensurate with the actual performance of its employees. In so doing, we have defined seven respective levels of employee expertise. This system acts as a blueprint for employees to better understand their areas and levels of expertise so that they are able to make improvements when pursuing specializations. It also forms the basis for the C&A (Challenge and Act) system for setting goals and confirming results on a semi-annual basis.

Under the system, employees are encouraged to develop their abilities upon having set goals in multiple career fields. Although it is important that employees pursue a single area of expertise, we believe that by developing employees who have multiple areas of expertise employees will result in a situation of employees maintaining a broader perspective, more flexibly responding to changes in the business environment, collaborating across division lines, and spearheading joint development with our customers.

[Career fields]

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

Internal certification system

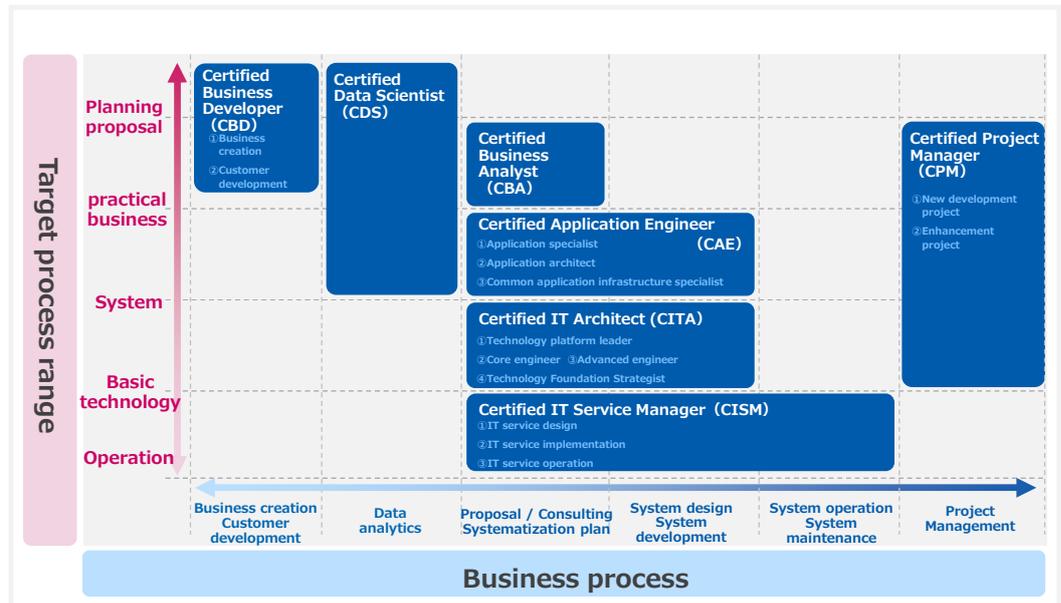
Through the granting of internal certification (NRI Certification) to employees with high levels of expertise who have refined their skills in career fields, NRI offers professional role models while also promoting the development of core NRI human resources in those fields.

NRI has established seven certifications in 16 areas and employees are able to gain multiple certifications.

Twice a year, examinations are held to select suitable NRI professional role models based on capability criteria and business performance.

Candidates for the role models receive OJT through appropriate job assignment and curriculum based training matched to the requirements of each certification.

[Internal certification system]



Human Resources Development - Data

Training program

NRI's training programs implemented company-wide are largely divided into two categories—employment hierarchy-specific training programs and career-specific training programs. The employment hierarchy-specific training programs feature content encompassing curriculum tailored to positions of employment, support for empowering female employees, and career development of longtime employees. Such content also includes the selective managerial human resources development initiatives in addition to curriculum geared to specific levels in the employment and executive hierarchies. The career-specific training programs feature content that aligns with NRI's various systems for developing its human resources. We also offer a variety of training programs to meet diverse employee needs, such that are particularly mindful with respect to developing abilities on an individual basis in a manner tailored to respective career fields and facilitating career development with sights set on employees gaining our in-house certifications. Moreover, we are stepping up efforts for developing Digital Transformation (DX) human resources and developing global human resources, such that constitute a key aspect of human resources development under our long-term management vision "Vision 2022."

In addition to its company-wide training programs, NRI's respective business divisions also develop and implement training programs of their own. We have accordingly established a robust training and development framework encompassing the business and operating processes of each business division.

[NRI Training Program]

Classification	New Talent		Mid-level		Management Group Manager (GM) - Director		
	New employee training	Professional training	Deputy chief training	Chief training	Manager training	Group Manager (GM) training	General manager training
Stratified program Management personnel	Veteran Career Plan Workshop						
				Female leader training	Female manager training	Executive Inclusion Seminar	
				Mid-level selection training (Management knowledge-Leadership-Cross-Industrial interaction, etc.)	Selected manager training Selected GM training Selected director training		
Career Program Focus area	Consulting training						
	IT skills training	Career basic training (Common / Selective)		Career practice training (By carrier field)	Career advanced training (By carrier field)		
	Other skills training						
	DX Human resource development program						
Global human resource development program							
Other	Self-study support program						
	Divisional training program (Department/Group Company/Global)					Divisional selected program	

Business impacts

NRI is working to expand its pool of employees who promote its strategic fields of business. To such ends, we draw our employees' attention to human resource profiles that align with NRI's growth strategy under its long-term management vision "Vision 2022," and accordingly direct employees to careers and employee development programs in that regard. Moreover, by giving greater visibility to human resource development realities and changes over time, we can better formulate long-term human resource strategies, assess our human resource portfolio and develop employees with sophisticated expertise over the short term.

Target employee

All employees

Human Resources Development - Data

Human resources development program 2

Stratified program

The NRI Group implements various training programs geared to specific stages of careers. We are also focusing our efforts on systematically developing executive candidates. This involves implementing training programs upon career promotion or job appointment, and implementing selective training programs at respective levels of the employment hierarchy, from the level of mid-career employee to that of executive officer. Furthermore, we are also focusing our efforts on initiatives to support diversity. This involves raising awareness of employees through diversity and inclusion seminars and carrying out educational campaigns, in addition to selective programs for female employees specific to respective levels of the employment hierarchy. We also implement career planning workshops that help our longtime employees continue to excel on the job.

Management Human Resource Development Program

NRI implements programs to develop its core human resources responsible for the NRI Group's growth strategy and business creation. The curriculum of these development programs consists mainly of three elements:
 1) courses aiming to develop executive candidates, 2) courses aiming to develop proficiency with respect to managing business drawing on a managerial point of view and a company-wide perspective, and 3) courses aiming to develop the ability to create new businesses. Our selective training for senior management, particularly that involving courses aiming to develop executive candidates, aims to broaden our pipeline of executive candidates with our sights set on the next stage of our long-term management vision "Vision 2022." To such ends, the training enlists a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel. Meanwhile, the curriculum also involves studies departing from a business perspective centered on profit and loss, with respect to maximizing value by coordinating business segments and optimizing company-wide operations. It also enlists a managerial perspective such that entails striking a balance between the balance sheet and P&L, and multi-stakeholder engagement. Moreover, those selected for the program from among senior management, including executive officers, enroll in an outside business school (Nomura School of Advanced Management) supported by NRI where they work to gain managerial competency by diligently applying themselves in conjunction with other students sent by companies exemplifying Japan. The selective training for mid-career employees entails studies of sophisticated managerial knowledge and the business creation process, thereby departing from career development in terms of practical aspects of business. It also entails offering programs that include leadership in the DX (digital transformation) era which is a key element of the growth strategy under the long-term management vision "Vision 2022," and cross-industry exchange that is cognizant of human resources capable of spearheading joint development with our customers. Participants who are selected from among NRI's managerial track employees, mid-career employees and others at respective levels of the employment hierarchy engage in group training, personal work assignments, workshops and other such program activities in hopes that they will pinpoint challenges relating to NRI's management and business operations, and accordingly propose and implement solutions in that regard.

[Stratified program]

	Level and position-specific training		Management human resource development		Active women, diversity		Others		
Officer	New officer training	Executive study sessions	Executive Officer Training	Business school dispatch for managers	Female officer selection training	Diversity & Inclusion Seminar	Training to support both work and childcare	Career plan workshop	Life plan seminar
Manager	New director training	Senior management training	Director selection training	Short-term business school dispatch	Women's Leadership School				
	New manager training	Training for existing managers	Section manager selection training		Female manager training seminar				
	Managerial fourth year training		Selection training for managers						
Mid-level	Training at managerial promotion	Group training when joining a company	Selection training for mid-career	Cross-industry exchange training	Female leader development program				
	Chief promotion training								
New Talent	Deputy chief promotion training	Professional promotion training							

Human resource development program for Digital Transformation

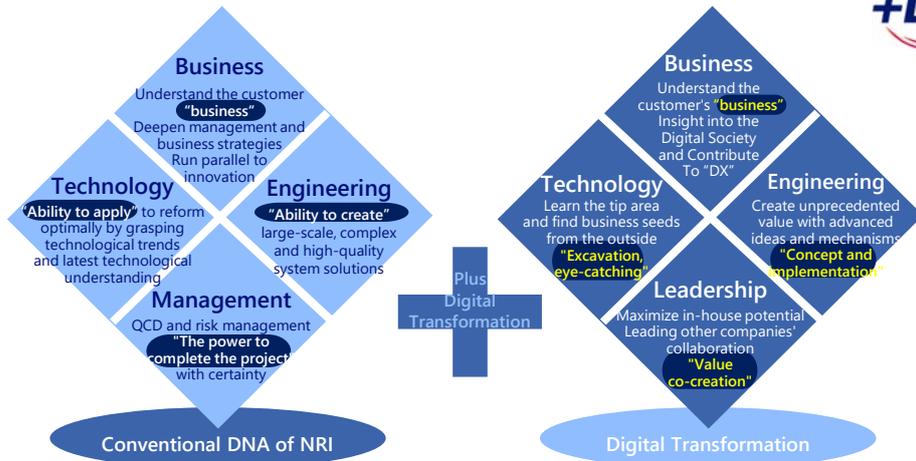
NRI implements programs geared to developing talent that accelerates its DX (Digital Transformation) strategy, which is one of the growth strategies under its long-term management vision "Vision 2022." Accordingly, we have arranged training programs that help employees gain DX skills transcending years of service at NRI in addition to our conventional training specific to an employee's years of service since joining the company. The aim of such training programs is to enhance capabilities of employees required in the DX era, particularly with respect to AI, analytics, block chain technology, user experience (UX) design, as well as agile software development and microservices. The training programs provide rich learning environments complete with diverse curricula extending beyond fundamental knowledge and IT skills, designed so that participants are able to share practical expertise, the latest business use cases, profound insights typical of NRI and astute business insights. These programs support efforts that include creating forums for our employees conducive to person-to-person networking and activity. To such ends, the programs draw on numerous academic findings and forward-looking case studies, and establish venues for sophisticated studies by actively coordinating with Japanese and overseas universities, outside entities such as the Japan Data Scientist Society, and corporations. Meanwhile, the programs are set up to provide participants with chances to acquire a greater range of highly effective skills through course curriculum designed and planned around the notion of ensuring opportunities for learning, participating, connecting, and playing active roles. We are also mounting a strategic transition to a human resources portfolio approach, which is an aim of NRI in the DX era. This involves implementing reskill education whereby consultants and system engineers who are equipped with conventional abilities extend their fields of activity to the DX realm drawing on their existing skills.

Human Resources Development - Data

Human resource development program for Digital Transformation

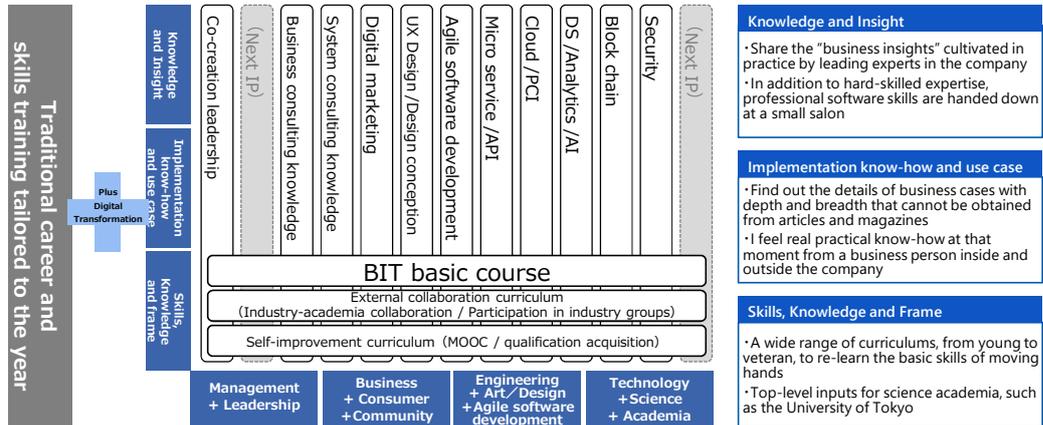
[New human resource image for Digital Transformation]

Leverage our experiences and put them to work in driving "DX"



[Human resource development program for Digital Transformation]

Add "DX" skills according to individual's career and intention



[Providing four opportunities for Digital Transformation human resource growth]

Add the essence of surviving the DX era in the learning field. Maximize opportunities for "self-learning"



- | | | | |
|---|---|--|---|
| <p>1. Opportunities for learning</p> <ul style="list-style-type: none"> In addition to simple skills and case studies, NRI will offer advanced knowledge sharing and training to learn unique insights We also offer courses that give the degree of freedom so that you can learn at your own pace depending on the situation of each person, and basics so that even inexperienced people and veterans can easily tackle Coursera, University course, Promote self-studying by acquiring qualifications | <p>2. Opportunity to participate</p> <ul style="list-style-type: none"> Opportunities for in-house and external training, as a professor / lecturer / lecturer to industry-academia collaborative universities, and for intern students From the NRI number one, build the industry's number one knowledge, develop high-quality content, and lead the development that is really necessary with the on-site skin sensation Get more learning through opportunities to teach others | <p>3. Opportunity for connect</p> <ul style="list-style-type: none"> Participated in the planning of employee training as a member of an expert meeting, and linked with the in-house Center-of-Excellence Understand what kind of human resources and projects are there and use them as the basis for collaboration It will be a place to find talented personnel, and it will be possible to search for candidates for certification and job assignments. | <p>4. Opportunities for achievement</p> <ul style="list-style-type: none"> External activities through active information dissemination such as external lectures, newspaper articles / Web articles Active as a board member or member of an industry association to build a connection to the industry Aiming to improve NRI's presence through external activities, increase own name value, and self-growth |
|---|---|--|---|

Human Resources Development - Data

Global Human Resources Development Program	<p>NRI implements many overseas programs geared to developing business leaders who are capable of playing active roles on the global stage.</p> <p>In that regard, we are particularly focusing our efforts on our overseas training system whereby we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience of global business.</p> <p>Meanwhile, we also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills. Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools. Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM). Moreover, under our system of short-term training abroad and overseas foreign language study, we send employees to overseas business schools and training institutions so that they can acquire skills necessary for global business. We also implement training in English that involves study of project management and data science in China and India.</p>
Business impacts	<p>We are promoting the expansion of human resources promoting strategic fields by showing employees the image of personnel, careers, and development programs in line with the growth strategy of NRI's long-term management vision "Vision 2022".</p> <p>In addition to "recruitment" as a measure of "human resources and resource strategy" of the new medium-term management plan 2022, "employee skill conversion" is mentioned and promotes the risk to employees who can handle DX strategy.</p> <p>With regard to the three core issues of core human resource development, approximately 190 department managers since 2002, and approximately 90 section managers after the 2015 revision, have completed the selective development program, and have strengthened the pipeline of successor candidates.</p> <p>In "DX Human Resources Development," we are strengthening strategic capabilities such as AI, analytics, blockchain and agile, and promoting the realization of growth strategies by shifting personnel to strategic priority areas.</p> <p>In "Global Human Resources Development," we are promoting the expansion of NRI's global businesses by fostering global business leaders.</p>
Target employee	Senior and middle management

▶ Inputs for human resources development

Human resources development investment cost		unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total human resources investment cost		millions of yen	3,528	3,372	3,365	3,448	3,632
	Coverage		a	a	a	a	a
Human resource development capacity development investment cost per employee		thousands of yen	521	486	475	466	477
	Coverage		c	c	c	c	c
Personnel development capacity development period per employee		Hour / person	57	54	47	45	52
	Coverage*		c'	c'	c'	c'	c'

* c':NRI employees engaged in Japan and overseas

▶ Effect of human resources development

Measures of the effect of human resources development			FY2014	FY2015	FY2016	FY2017	FY2018
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						
Information processing engineer (IT strategist)	no. of person		246	279	305	328	354
Information processing engineer (System architect)	no. of person		848	876	903	949	974
Information processing engineer (Project manager)	no. of person		693	743	814	869	909
Information processing engineer (Network specialist)	no. of person		886	909	939	955	975
Information processing engineer (Database specialist)	no. of person		689	743	789	843	879
Information processing engineer (Embedded system specialist)	no. of person		33	37	40	48	50
Information processing engineer (Information security specialist)	no. of person		951	1,093	1,218	1,202	1,185
Information processing engineer (IT service manager)	no. of person		341	360	388	409	413
Information processing engineer (System audit engineer)	no. of person		317	333	342	354	360
Registered Information Security Specialist* ¹ (Successful candidates)	no. of person		-	-	-	108	242
Project Management Professional	no. of person		213	230	255	292	299
ITIL Manager / Expert / Intermediate	no. of person		53	63	70	70	70
Chartered Member of the Securities Analysts Association of Japan	no. of person		224	228	242	245	245
Certified Public Accountant Small and Medium sized	no. of person		8	10	9	9	16
Enterprise Consultant	no. of person		37	42	45	46	46
First-class Registered Architect	no. of person		12	12	11	10	10
Chief Telecommunications Engineer	no. of person		118	114	110	107	107
Number of employees who acquired NRI certification system							
Certified Business Developer	no. of person		24	25	24	18	15
Certified Business Analyst	no. of person		24	23	26	23	22
Certified Data Scientist* ²	no. of person		-	-	-	7	14
Certified Application Engineer* ³	no. of person		-	7	16	19	23
Certified IT architect	no. of person		76	70	67	65	69
Certified IT Service Manager	no. of person		27	27	28	30	33
Certified Project Manager	no. of person		95	100	96	94	93
	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 2017

*3 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 started to conduct human rights due diligence in Sustainability & Responsibility 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 has established the NRI Group Policy on Human Rights, and accordingly adheres to international standards of human rights including the International Bill of Human Rights, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and The Ten Principles of the United Nations Global Compact.</p> <p>Moreover, NRI also engages in procurement activities in a manner that places due consideration on human rights, and likewise calls for its business partners to engage in business activities in such a manner, as is stipulated under "Respecting ESG" in the NRI Group Procurement Policy.</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>Human Rights Education Committee reports on the policies and status of activities once every six months to the Board of Directors. 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.</p> <p>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.</p> <p>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.</p> <p>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						
	<p>NRI has a union shop contract with the Nomura Research Institute Labor Union.</p> <p>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.</p>					
Number of labor union members*1	unit no. of person	FY2014	FY2015	FY2016	FY2017	FY2018
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)

Business and Human Rights - Data

► Human rights due diligence

Identification process of human rights risks

The NRI Group will promote activities for the protection, respect and redress of human rights as a company based on international norms such as the International Human Rights Code and the ILO Core Labor Standards and the Guiding Principles on Business and Human Rights.

	Up to now	Going forward
Clarification and deployment of human rights policies	<p>Revise Group policies on human rights</p> <p>↓ Translate into the actions of individuals</p> <p>Revise the Group Code of Conduct</p>	<ul style="list-style-type: none"> Ongoing training for management and employees Communicate information internally and externally about human rights-related activities Explain human rights policies to business partners, request their participation in human rights activities, etc.
Human rights Due Diligence	<p>Assessments of human rights-related risk by country (potential risk)</p> <p>Conduct in advance human rights due diligence (overseas partners)</p>	<ul style="list-style-type: none"> Full-scale implementation of human rights impact assessments Addressing and monitoring specified negative effects Publish reports on assessments and what was done to address negative effects
Remedy / Remediation, relief, and rectification	<p>Establish structures to address human rights (Human Rights Education Committee, Human Rights Team of Sustainability & Responsibility Committee, etc.)</p>	<ul style="list-style-type: none"> Establish structures and decision-making processes to address human rights Establish grievance mechanisms Revise human rights initiatives on an ongoing basis, and respond flexibly according to circumstances

Implementation of human rights due diligence based on the UN Guiding Principles

NRI Group has established a framework for conducting human rights due diligence, in accordance with the procedures outlined in the UN Guiding Principles for Business and Human Rights.

1. Human Rights Due Diligence Cycle



2. Human Rights Risk Assessment

NRI Group conducted Human Rights Risk Assessment in collaboration with Verisk Maplecroft*¹ and Caux Round Table Japan*², which provide globally generally accepted human rights risk assessment methods, and identified the potential human rights risks that NRI Group's business activities may have on human rights.

In accordance with the industry classification of Verisk Maplecroft, this human rights risk assessment covers the software & IT services industry to which the IT service business, the main business of the NRI group, belongs, and the professional services industry to which the consulting business belongs.

The report also covers all 37 countries where NRI, consolidated subsidiaries and Tier 1 suppliers are located, and has identified potential human rights risks that these industries could cause in the covered areas.

With regard to 10 human rights risk indices which selected based on their alignment to the International Labour Organisation (ILO) core labour conventions and relevance to the industries analysed, human rights risks are evaluated with a score of 0 to 10 points and are classified into four risk levels (extreme risk, high risk, medium risk, low risk).

*1 Verisk Maplecroft is a leading global risk analytics, research and strategic forecasting company. It provides databased solutions and advice on political, human rights, economic and environmental risks to organizational resilience and sustainable procurement.

*2 Caux Round Table is a global network of business leaders aimed at ensuring business contributes to a more free, fair and transparent

Scope of the assessment

Business activities	Software & IT Services Industry: IT service business (Financial IT Solutions, Industrial IT Solutions, IT Platform Services)
Countries and areas	Professional Services Industry: Australia, Brazil, Canada, China, Denmark, Dominican Republic, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Micronesia, Mongolia, Netherland, New Zealand, Norway, Panama, Philippines, Romania, Russia, Singapore, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, USE, UK, USA, Vietnam
Human Rights Indices	Child labour, Decent wages, Decent working time, Discrimination in the workplace, Modern slavery, Occupational health and safety, Right to privacy, Freedom association and collective bargaining, Indigenous Peoples rights. Land property and housing

Business and Human Rights - Data

Identified Human Rights Risks

Right to privacy
 • It was identified as "extreme risk" in 8 countries/regions and "high risk" in 8 countries/regions as human rights risk related to Software & IT Services Industries.
 • It was identified as "high risk" in 4 countries/regions as human rights risk related to Professional Services Industry.
 (Major stakeholder groups related: customers, communities)

Decent wages
 • It was identified as "high risk" in 14 countries/regions as human rights risk related to Software & IT Services Industries.
 (Major stakeholder groups related: Employees, Suppliers' employees)

Decent working time
 • It was identified as "high risk" in 5 countries/regions as human rights risk related to Professional Services Industry.
 (Major stakeholder groups related: Employees, Suppliers' employees)

In the future, based on the identified human rights risks, NRI will carry out human rights impact assessments that analyze and evaluate the impacts of NRI Group's business activities on human rights of stakeholders, and work to prevent and mitigate to human rights risks.

► **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

Business and Human Rights - Data

► Engagement on human rights

Stakeholder dialogue	
	<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>
Reference	<p>Stakeholder Dialogues https://www.nri.com/en/sustainability/management/dialogue</p>
Multi stakeholder engagement	
	<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>
Issues raised	<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	
	<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.</p> <p>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>
References	<p>NRI Student Essay Contest (In Japanese only) https://www.nri.com/ip/news/event/1st/cc/sustainability/contest</p> <p>Career education program (In Japanese only) https://www.nri.com/ip/sustainability/edu</p> <p>Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake (In Japanese only) https://www.nri.com/ip/act311</p>

▶ Focus areas of corporate citizenship activities

Focus areas of corporate citizenship activities 1	
	Human resources development for next generation
Relevance to business	<p>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.</p> <p>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.</p>
Business benefits	<p>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.</p>
Social benefits	<p>One of the most continuously effective activities in human development activities is the "NRI Student Essay Contest," which has been held every year since 2006.</p> <p>The number of submissions for papers in 2018 is 1,444 works, totaling 15,582 works in the past 12 times.</p>

Focus areas of corporate citizenship activities 2

	Social development
Relevance to business	<p>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.</p>
Business benefits	<p>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.</p>
Social benefits	<p>One of the results of social development is the donations to victims of natural disasters.</p> <p>A total of 9,134 NRI Group employees will contribute to the recovery efforts for the Great East Japan Earthquake in March 2011, for a total of 214 million of yen, including matching gifts from NRI.</p> <p>A total of 2,350 NRI Group employees contributed to the 2016 Kumamoto Earthquake recovery efforts, for a cumulative total of 35 million of yen including matching gifts from NRI.</p> <p>Contributions to victims of the heavy rainfall disaster in July 2018 will be donated by 626 Group employees, for a total of 5 million of yen.</p>

Corporate Citizenship - Data

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	FY2014	FY2015	FY2016	FY2017	FY2018
Total		millions of yen	581	687	591	561	689
By expense item	Cash contribution	millions of yen	201	348	360	272	395
	In-kind contribution	millions of yen	1	0	1	0	0
	Facility offering	millions of yen	10	4	4	4	4
	Employee activities	millions of yen	367	335	226	284	289
	Others	millions of yen	0	0	0	0	0
Ratio to ordinary income (Non-consolidated)		%	1.10	1.24	1.06	0.96	0.89
Coverage			c	c	c	c	c

▶ Impacts of corporate citizenship activities

Key performance indicator of corporate citizenship activities		unit	FY2014	FY2015	FY2016	FY2017	FY2018	
Human resources development for next generation	Number of entries for NRI Student Essay Contest		883	2,622	3,103	1,767	1,444	
	Career education support	Number of schools conducted	31	38	34	24	31	
		Number of participants	no. of person	1,700以上	1,500以上	1,277	733	850
	Lecture to university	Number of schools conducted		28	32	n/a	n/a	n/a
		Number of lecturers dispatched	no. of person	52	59	n/a	n/a	n/a
Coverage			c	c	c	c	c	
Social development	Donation support for disaster-stricken areas*1	thousands of yen	19,500	16,095	39,904	13,214	16,577	
	Great East Japan Earthquake disaster	thousands of yen	19,500	16,095	12,010	9,000	8,000	
	2016 Kumamoto Earthquake	thousands of yen	-	-	27,894	4,214	2,960	
	July, 2018 heavy rain disaster	thousands of yen	-	-	-	-	5,617	
	Coverage			a	a	a	a	a
TABLE FOR TWO*2 *3		number of meals provided locally	14,404	13,842	16,628	24,041	34,982	
Coverage			d	d	d	d	d	
Transmission of information	Number of books issued		19	25	13	15	20	
	Number of articles in newspapers and magazines		210	229	273	298	306	
	Number of lectures given		1,088	1,161	937	962	922	
	Number of appearances on television and radio		81	126	102	158	267	
	Number of news releases*4		88	107	97	104	69	
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.

*4 The publication standard for "News Release" has been revised from FY 2018.



Translation

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

Independent Assurance Report

June 28, 2019

TO:

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

Kenji Sawami
Engagement Partner
Ernst & Young ShinNihon LLC
Tokyo, Japan

We, Ernst & Young ShinNihon LLC., have been commissioned by Nomura Research Institute, Ltd. (hereafter the "Company") and has carried out a limited assurance engagement on the environment data and indices (hereafter the "Indicators") of the Company and its major subsidiaries and Yokohama Center (Yokohama Nomura Building) for the year ended March 31, 2019 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2019 (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol "✓" in the Report.

1. The Company's Responsibilities

The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, that it determined with consideration of Japanese environmental regulations as presented in the Data in III. Method of Calculation on Scope of Data Collection and Method of Calculation for Key Sustainability Performance Indicators. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. Our Independence and Quality Control

We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in July 2018, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.

3. Our responsibilities

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

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

The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, and the following:

- Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
- Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company, Data Centers (2 centers) and Yokohama Center visited;
- Performing analytical procedures concerning the Indicators at the Company, Data Centers (2 centers) and Yokohama Center visited;
- Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company, Data centers (2 centers) and Yokohama Center visited,

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. Conclusion

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

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 2019 - Corporate Data / Share Information	P90
102-2	Activities, brands, products, and services	Integrated Report 2019 - Business Model	P21
		Integrated Report 2019 - NRI's Four Business Segments	P39
102-3	Location of headquarters	Integrated Report 2019 - Corporate Data / Share Information	P90
102-4	Location of operations	Integrated Report 2019 - NRI Group Network	P89
		NRI official website - NRI Group Companies and offices	(Link)
102-5	Ownership and legal form	Integrated Report 2019 - Corporate Data / Share Information	P90
102-6	Markets served	Integrated Report 2019 - Competitive Advantages of Social and Relationship Capital	P30
		Integrated Report 2019 - NRI's Four Business Segments	P39
		Integrated Report 2019 - NRI Group Network	P90
		NRI official website - Solutions & Services	(Link)
		NRI official website - NRI Group Companies and offices	(Link)
102-7	Scale of the organization	Labor Practices, Diversity - Employee data	P51
		Integrated Report 2019 - 11-year Summary Consolidated Financial Statements	P83
		Integrated Report 2019 - Corporate Data / Share Information	P90
		Annual Securities Report - 2. Business Status - Management discussion and analysis of the financial situation, management results and cash flow situation. (In Japanese only)	P17-27
		Annual Securities Report - 5. Accounting Status - Consolidated Balance Sheet. (In Japanese only)	P75-76
102-8	Information on employees and other workers	Labor Practices, Diversity - Employee data	P51
102-9	Supply chain	Supply Chain Management - Supply chain situation	P20
		Integrated Report 2019 - NRI's Value Creation Process	P17
		Integrated Report 2019 - Cooperation with Business Partner	P77
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	P10
		Risk Management - Data	P11-14
		Client Relationship Management - Fiduciary duty	p23
		Environmental Management - Management Approach	P39
		Integrated Report 2019 - Internal Controls, Corporate Ethics and Compliance	P69
102-12	External initiatives	Sustainability Policy - Participation in the initiatives	P1
		Integrated Report 2019 - Participation in the United Nations Global Compact	P52
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)
102-13	Membership of associations	Sustainability Policy - Participation in the initiatives	P1
		Integrated Report 2019 - Participation in the United Nations Global Compact	P52
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)
2. Strategy			
102-14	Statement from senior decision-maker	Integrated Report 2019 - Top Message	P9
102-15	Key impacts, risks, and opportunities	Risk Management - Long-term risk	P12
		Climate Change - Climate-related risks, Climate-related opportunities	P44
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Compliance - Compliance policy	P16
102-17	Mechanisms for advice and concerns about ethics	Compliance - Compliance system	P16

GRI Standards Content Index

102 : General Disclosures		Reference	
4. Governance			
102-18	Governance structure	Corporate Governance - Corporate governance structure	P6
		Sustainability Policy - Sustainability management structure	P1
102-19	Delegating authority	Sustainability Policy - Sustainability management structure	P1
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	P1
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholders - Stakeholder dialogue	P2
		Client Relationship Management - Client satisfaction	p23
		Integrated Report 2019 - Active dialogues with shareholders and investors	P78
102-22	Composition of the highest governance body and its committees	Corporate Governance - Members of the Board, Functions and committees	P5-9
102-23	Chair of the highest governance body	Corporate Governance - Members of the Board	P5
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	P7
102-25	Conflicts of interest	Corporate Governance - Corporate governance policy	P6
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Policy - Sustainability management policy	P1
		Sustainability Policy - Sustainability management structure	P1
		Integrated Report 2019 - System and Responsibilities of the Board of Directors and the Audit & Supervisory Board	P65
102-27	Collective knowledge of highest governance body	Sustainability Policy - Sustainability management structure	P1
102-28	Evaluating the highest governance body's performance	Corporate Governance - Effectiveness of the Board of Directors	P8
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Policy - Sustainability management structure	P1
		Materiality	P3
102-30	Effectiveness of risk management processes	Risk Management - Risk management system, Risk assessment	P13-14
102-31	Review of economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	P1
102-32	Highest governance body's role in sustainability reporting	Sustainability Policy - Sustainability management structure	P1
102-33	Communicating critical concerns	Compliance - Compliance system	P16
102-34	Nature and total number of critical concerns	Compliance - Compliance situation	P17
102-35	Remuneration policies	Corporate Governance - Executive compensation	P8-9
102-36	Process for determining remuneration	Corporate Governance - Executive compensation	P8-9
102-37	Stakeholders' involvement in remuneration	–	
102-38	Annual total compensation ratio	Corporate Governance - Executive compensation	P8-9
102-39	Percentage increase in annual total compensation ratio	Corporate Governance - Executive compensation	P8-9
5. Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholders - Our stakeholders	P2
102-41	Collective bargaining agreements	Business and Human Rights - Freedom of association and the right to collective bargaining	P69
102-42	Identifying and selecting stakeholders	Stakeholders - Stakeholder dialogue	P2
102-43	Approach to stakeholder engagement	Stakeholders - Stakeholder dialogue	P2
102-44	Key topics and concerns raised	Stakeholders - Stakeholder dialogue	P2
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Integrated Report 2019 - NRI Group Network	P89
102-46	Defining report content and topic Boundaries	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P4
102-47	List of material topics	Materiality	P3
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	P43
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	P4
102-51	Date of most recent report	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P4
102-52	Reporting cycle	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	P4
102-53	Contact point for questions regarding the report	Contact information	colophone
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	P75

GRI Standards Content Index

◆ 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 2019 - NRI's Value Creation Process	P17
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change - Climate-related risks, Climate related opportunities	P44
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report - 5. Accounting Status - Retirement benefits (In Japanese only)	P104-106
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	(Link)
203-2	Significant indirect economic impacts	NRI official website - Sustainability Topics	(Link)
204 : Procurement practice			
204-1	Proportion of spending on local suppliers	Supply Chain Management - Supply chain situation	P20
205 : Anti-corruption			
103	Management Approach	Compliance - Management Approach	P15
205-1	Operations assessed for risks related to corruption	-	
205-2	Communication and training about anti-corruption policies and procedures	Compliance - Anti-corruption	P17
205-3	Confirmed incidents of corruption and actions taken	Compliance - Anti-corruption	P17
206 : Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance - Fair competition	P18
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	P39-40
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	P39-40
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	P45
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	P45
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	P45
305-4	GHG emissions intensity	-	
305-5	Reduction of GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	P45
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	

GRI Standards Content Index

300 : Environmental		Reference	
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
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	P39-40
307-1	Non-compliance with environmental laws and regulations	Environmental Management - Environmental management system	P41
308 : Supply environmental assessment			
103	Management Approach	Supply Chain Management - Management Approach	P19
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management - Supplier screening criteria	P22
308-2	Negative environmental impacts in the supply chain and actions taken	–	
400 : Social		Reference	
401 : Employment			
103	Management Approach	Labor Practice, Diversity - Management Approach	P49-50
401-1	New employee hires and employee turnover	Labor Practice, Diversity - Hire and turnover	P53
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	
401-3	Parental leave	Labor Practice, Diversity - Work-life balance	P54
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	P56
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	P57
404 : Training and education			
103	Management Approach	Human Resources Development - Management Approach	P60
404-1	Average hours of training per year per employee	Human Resources Development - Inputs for human resources development	P67
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resources Development - Human resources development program	P63
404-3	Percentage of employees receiving regular performance and career development reviews	–	
405 : Diversity and equal opportunity			
103	Management Approach	Labor Practice, Diversity - Management Approach	P49-50
405-1	Diversity of governance bodies and employees	Corporate Governance - Members of the Board	P6
		Labor Practice, Diversity - Employee data, Employment of persons with disabilities	P51
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	–	

GRI Standards Content Index

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	P68
412-1	Operations that have been subject to human rights reviews or impact assessments	Business and Human Rights - Human rights due diligence	P70
412-2	Employee training on human rights policies or procedures	Business and Human Rights - Business and human rights management	P69
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	P22
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management - Supply chain risk assessment	P21
		Supply Chain Management - Information security of supply chain	P21
415 : Public policy			
415-1	Political contributions	Compliance - Political contribution	P17
416 : Customer health and safety			
103	Management Approach	Quality of Information Systems - Management Approach	P28
		Information Security - Management Approach	P34
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	P29-30
		Information Security - Information security management	P35
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Information Security - Management Approach	P34
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	P38
419 : Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance - Compliance situation	P17

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 2018 (April 1, 2018 through to March 31, 2019), but also describes some events from the past, some activities after April 1, 2019, 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 (2018 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

Web version publication date

July 2019 (the next report is scheduled for publication in July 2020).

Trademarks

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

Disclaimer

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of June 2019, the date of publication of the ESG Databook 2019 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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