

Integrated Report **2018**

(Year ended 31st March, 2018)

Dream up the future.

A Corporate Philosophy that Lives On Dream up the future.

NRI offers integrated services ranging from consulting through to IT solutions.

We were established through the merger of the former Nomura Research Institute, Ltd., Japan's first private-sector think tank, and Nomura Computer Systems Co., Ltd., a pioneer in systems integration that introduced the commercial computer into Japan for the first time.

The future is unknown and cannot be seen, so why not dare to create it ourselves?

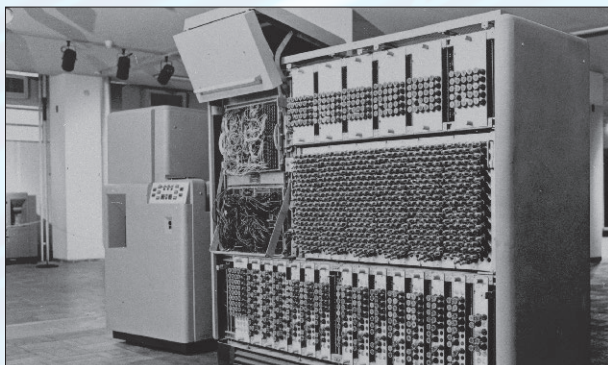
That is the spirit behind our "Dream up the future" statement in the corporate philosophy.

Examples of How NRI Has Achieved "Dream up the future"

Japan's First Commercial Use of Computers

The origin of NRI's IT solutions business is the Electronic Data Processing Division of Nomura Securities Co., Ltd. that was established in 1953. In 1955, the division adopted the use of a commercial computer (UNIVAC-120) that had just been developed in the United States, making headlines as the first instance in Japan of the commercial use of a computer.

In 1966, the Electronic Data Processing Division spun off from Nomura Securities to become Nomura Computing Center Co., Ltd. It later established a position as one of Japan's leading system integrators. (Company name changed to Nomura Computer Systems Co., Ltd., in 1972.)



The commercial computer (UNIVAC-120) adopted by Nomura Securities

Japan's First Full-fledged Private-sector Think Tank

The origin of NRI's consulting business goes back to 1965 when Nomura Securities Co., Ltd. expanded the functions of its Research Division and established the former Nomura Research Institute, Ltd. The objective was to make a dramatic leap to develop into a high quality research and investigation institution.

Later, at the Japan World Exposition 1970 held in Osaka, the former Nomura Research Institute successfully forecasted the number of visitors to the event. The forecast was vital for planning the operation of this event of an unprecedented large scale in Japan, and NRI appealed its presence to the world as a think tank.



The Japan World Exposition (Osaka), which saw a record number of 64 million visitors

Corporate Philosophy

Corporate Statement

Dream up the future.

The NRI Group's corporate philosophy consists of four pillars: mission, business domain, management goals and action guidelines.

Mission

To society:

Discerning new social paradigms and assuming the role of implementing such paradigms.

To clients:

Building client's trust and prospering together with clients.

Business domain

Company creating future society

Management goals

Pursuing the maximization of corporate value through "Navigation & Solution"

Action guidelines

Continuing never-ending challenges with pride of true professionals

A Pioneer in Shared Online Services

In the 1970s, decades before the word "cloud computing" came into existence, NRI launched a back-office system for securities firms, offering it as a shared online service (on-demand software, or software as a service (SaaS), in which an application is offered and shared via internet).

In particular, THE STAR for retail brokerage firms, which Nomura Securities Co., Ltd. began using in 2013, has grown into a service that supports Japanese securities firms. As of the end of March 2018, its use had expanded to 71 firms.



THE STAR has been supporting the stability and growth of capital markets

Supporting Convenience Stores since the Early Days of the Business in Japan

As SEVEN-ELEVEN JAPAN CO., LTD. broke various traditional industry norms and established convenience stores as a business in Japan, NRI was part of that history, supporting this achievement through information technology.

The system built by NRI is used for the processing of vast amounts of data. It supports high-frequency, small-lot delivery that enables stores to be continually stocked with products that consumers want. Today, convenience stores have become a part of the social infrastructure, with many Japanese convenience-store chains also widely present abroad.



There are more than 20 thousand 7-Eleven stores in Japan

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

As a “Company Creating Future Society,” NRI “navigates” solutions for issues faced by society and companies. The concept of Creating Shared Value (CSV) in which companies create both social and economic value is nothing new to NRI. This way of thinking is shared by each NRI employee through the “Dream up the future” corporate philosophy.

Under our long-term management vision “Vision2022,” NRI’s stance to co-create new value and a new future with clients and partners through innovation is expressed in our vision statement, “Share the Next Values!”

Social Issue	Population Decline and Work-style Reform
Solution	AI solution “TRAINA”

NRI has published the results of joint research showing a strong possibility that technically, those occupations in which roughly 49% of the Japanese workforce is currently engaged can be replaced by artificial intelligence and robots in a decade or two. The utilization of artificial intelligence (AI), robots and the like, is a major social issue for Japan, where there is much focus on the labor crunch and the need for work-style reform.

NRI offers “TRAINA”, an AI solution that significantly reduces working hours in various operations through the utilization of voice recognition technology and AI. It includes query response operations, such as those of call centers and internal helpdesks, and even support operations for sales personnel.



AI solution “TRAINA”

Social Issue	Regional Revitalization
Solution	Joint Development of “Dokokani Mile” with Japan Airlines

“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.



“Dokokani Mile,” a domestic flight awards service

Long-term Management Vision “Vision2022”

(From FY March 2016 to FY March 2023)

Vision Statement



“Share”

as expressed here, is synonymous with the immense breadth and density of our relationships. NRI will work to be a partner with whom wider and deeper co-creation will be possible.

“Next”

refers to insight into paradigms for the coming generation. NRI will imagine the future, ever farther ahead and in a dynamic manner, as it serves as a navigator for clients and society.

“Values”

indicate not only the completely new values that are created through the achievement of “truly meaningful innovations” but also the diverse set of values held by the numerous people who work for such achievement. We will help realize an “energetic future society” through the strengths of diverse human resources, both within and outside NRI, and take it to future generations.

Social Issue	Information Security Risk
Solution	Comprehensive Support for the “My Number” System, from System Design to System Construction

The “My Number (Social Security and Tax Number)” System is an important social infrastructure that supports the e-Government (digital government) being promoted by the Japanese government.

NRI was involved from the system design stage, providing the government with recommendations. NRI is also supporting promotion of the e-Government initiative in ways that help advance digitization on the part of not only government but also private enterprises, which are both necessary. They include the provision of e-BANGO, which is a highly robust My Number administration service intended for financial institutions and ordinary companies (approximately 13 million My Numbers stored as of 30th June 2018). There is also e-NINSHO, which is a next-generation identity verification service that utilizes a public identity verification service.

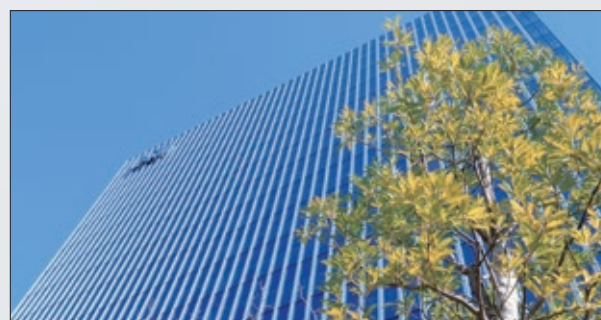


The e-BANGO “My Number” storage and management system

Social Issue	Environmental Protection
Solution	First Issuance of Yen-Denominated Green Bonds by a Japanese Enterprise

In 2016, NRI became the first Japanese enterprise to issue yen-denominated green bonds. A green bond is a bond limited to fund projects that contribute to the resolution of environmental issues. While more than 4 trillion yen's worth of green bonds were issued outside of Japan in 2015, there was no case of its issuance in Japan for an enterprise.

By issuing the bond, NRI is letting the world know about its environmental protection initiatives. By being the first in Japan to do so, NRI hopes to contribute to the development of the green bond market in Japan by encouraging other companies to issue the bonds.



An office building with superior environmental performance, the equity for which was acquired through procured funds (Yokohama Nomura Building)

NRI's Corporate Philosophy	1
Contents/Editorial Policy	5
NRI's History	7
Message from the President	9
NRI's Value Creation	17
NRI's Value Creation Process	17
Changes to the Business Environment Surrounding NRI	19
Business Model: Further Strengthening the Specialty Areas in Japan (Corporate IT)	21
Business Model: Creating New Growth Drivers (Global Business/Business IT)	23
Competitive Advantages of Human Capital	25
Competitive Advantages of Social and Relationship Capital	26
Competitive Advantages of Financial Capital (CFO Message)	27
Outcomes: Financial Highlights	28
Outcomes: Non-financial Highlights	30
Long-term Management Vision and the Medium-Term Management Plan	31
Progress of Long-term Management Vision and the Medium-term Management Plan	31
Events in the Fiscal Year Ended March 2018	34
NRI's Business Segments	35
NRI's Four Business Segments	35
Consulting Segment	37
Financial IT Solutions Segment	39
Industrial IT Solutions Segment	41
IT Platform Services Segment	43
NRI's Sustainability Management	45
Message from the Director in Charge of Supervising of Corporate Administration	45
NRI Sustainability Management Policy	46
Results of Main Sustainability Activities in the Fiscal Year Ended March 2018	47
Stakeholder Dialogue	49
E (Environment): 51	Creation of a Future, Low Environmental Impact Society
S (Social): 53	NRI's Human Resources Strategy
	New Value Created by Industry-Academia Partnerships
	Development of Human Resources for Blazing a New Future
	Diversity Management
	Work-style Reform Issues and Health and Productivity Management
G (Governance): 59	NRI's Corporate Governance
	System and Responsibilities of the Board of Directors and the Audit & Supervisory Board
	Compensation for Members of the Board and Audit & Supervisory Board Members
	Message from the Outside Member of Board and the Audit & Supervisory Board Member
	NRI Executives
	Internal Controls, Corporate Ethics and Compliance
	Cooperation with Stakeholders
	Information Disclosure and Communication
	NRI's Quality Management
Corporate Information/Data	77
11-year Summary Consolidated Financial Statements	77
Consolidate Financial Data	79
ESG Data	81
NRI Group Network	85
Corporate Data/ Share Information	86



Editorial Policy for the Integrated Report 2018

NRI has published integrated reports since the fiscal year ended March 2014, with the aim of giving an overall picture of our corporate value creation activities in a concise and clear manner.

In editing the Integrated Report 2018, the following contents have been particularly enriched on the basis of feedback from our investors and other stakeholders.

Contents	Focus points in Integrated Report 2018	Page
Message from the President	<ul style="list-style-type: none"> •The messages related to the strategies for the digital and global businesses have been enhanced. 	P.9-16
NRI's Value Creation	<ul style="list-style-type: none"> •The relationship between our understanding of the business environment surrounding NRI and related countermeasures (i.e., the Medium-Term Management Plan) has been described. •A message from the CFO and the financial management policy have been included in regard to the competitive advantages of financial capital. •Changes (trends) in major financial data have been included in the Financial Highlights. 	P.19-20 P.27-29
NRI's Business Segments	<ul style="list-style-type: none"> •Strengths, business environment (client trends), strategies and countermeasures, and examples of activities have been included for each business segment. 	P.37-44
NRI's Sustainability Management	<ul style="list-style-type: none"> •A list of sustainability activities for the fiscal year ended March 2018, and related SDGs has been created. •Content related to NRI's quality management (e.g., system development, system operations and information security management) has been expanded. 	P.47-48 P.73-76
Corporate Information/Data	<ul style="list-style-type: none"> •The Consolidated financial statements, Financial data and ESG (environment, social and governance) data have been significantly expanded. 	P.77-84

As for details and other related information that cannot be included due to space, we have included the source of the relevant information (e.g., websites and the Annual Securities Report) within the pages of this Integrated Report for your use.

Guidelines Referenced for the Disclosure of Information

- The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
- The Ministry of Economy, Trade and Industry (METI) "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, the fourth generation [G4]

Categorization of NRI's Disclosure Information



Consolidated sales
(¥ billion)

800 —

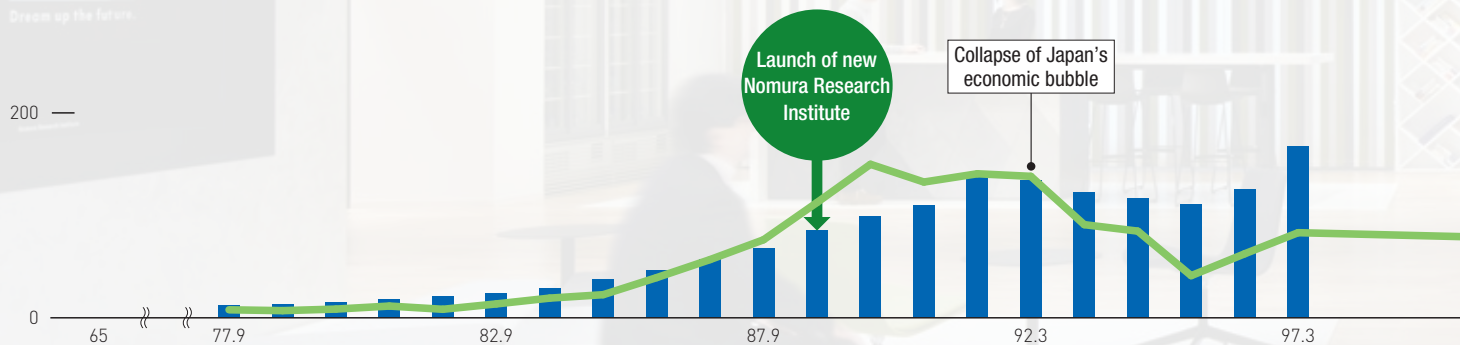
600 —

400 —

200 —

NRI's "Dream Up the Future" History

Ever since it was founded, NRI has been achieving sustainable growth even amid the impact of various changes in economic trends and economic crises. NRI is currently promoting its long-term management vision "Vision2022" (from the fiscal year ended March 2016, to the fiscal year ending March 2023), as well as the first half of this vision, the Medium-Term Management Plan (from the fiscal year ended March 2017, to the fiscal year ending March 2019). Through promotion of the Vision and the Plan, NRI will work toward the medium- to long-term improvement of its corporate value, with the aspiration to "Dream up the future."



NRI's History

1965

Former Nomura Research Institute, Ltd. founded as Japan's first private-sector think tank



Former Nomura Research Institute founded

1966

Nomura Computing Center Co., Ltd. founded (Name changed to Nomura Computer Systems Co., Ltd. in 1972)



Nomura Computing Center founded

1967

New York Office established

1972

London Office established

1976

Hong Kong Office established

1984

Singapore Office established

1988

Former Nomura Research Institute and Nomura Computer Systems merged

1994

NRI Pacific Inc. founded
Taipei Representative Office established

1995

Seoul Branch established

1997

Manila Branch established



Former Nomura Research Institute and Nomura Computer Systems merged

NRI's Evolution of Consulting and IT Solutions

Consulting-related events

1970

Forecasted the number of visitors to the Japan World Exposition held in Osaka (a pioneer in research & consulting business in Japan)

1984

System Clinic Service launched (a pioneer in system consulting business in Japan)

1988

Started recommendation activities of the world's five big think tanks including NRI (thereafter annually through 1995)

1989

Organized Pension Management Study Group (affected Japan 401K scheme later)

1994

Launched corporate website sixth in Japan

1995

Center for Cyber Communities Initiative (CCCI) established with Keio University
Cyber Life Club cybermall launched (a pioneer in online shopping business in Japan)

IT Solution-related events

1970

Launched Nomura Securities' "Integrated Online System"

1974

STAR, a shared online service for retail brokerage firms launched

1979

Launched a new ordering system for SEVEN-ELEVEN JAPAN CO., LTD.

1987

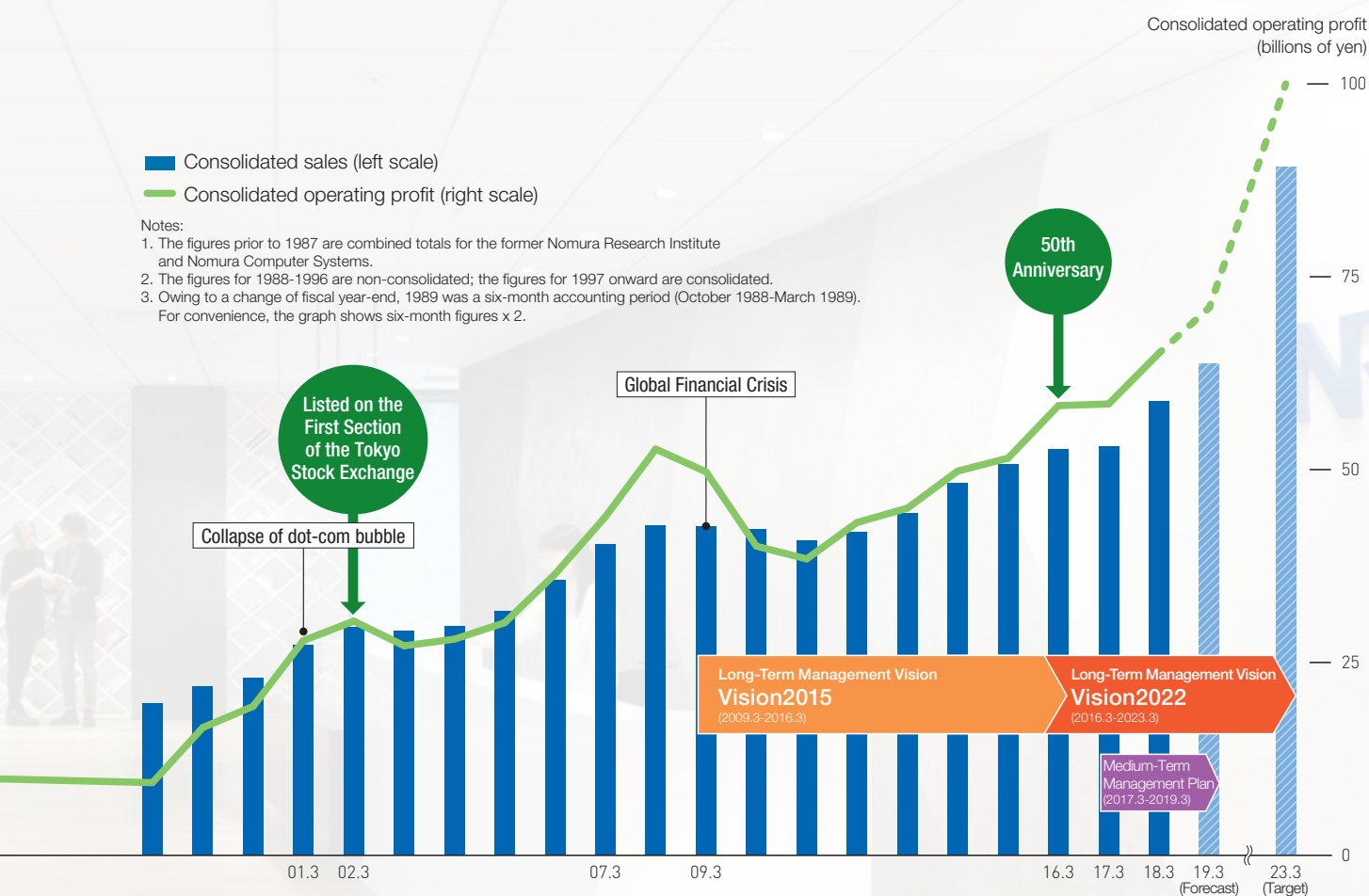
I-STAR, a shared online system for wholesale brokerage firms launched

1987

Famicom Trade System in Nomura Securities launched (a pioneer in contemporary home trading services)

1988

International VAN service between Japan and United States launched

**2000**

NRI Secure Technologies, Ltd. founded

2001

Listed on the First Section of the Tokyo Stock Exchange

NRI Data i Tech, Ltd. founded

NRI Cyber Patent, Ltd. founded



Listed on the First Section of the Tokyo Stock Exchange

2002

Nomura Research Institute Shanghai Limited founded

Nomura Research Institute (Beijing), Ltd. founded

2007

NRI Social Information System Services, Ltd. founded

2008Dallas Office established
Moscow Branch established**2009**

NRI BPO Services, Ltd. founded (Name changed to NRI Process Innovation, Ltd. in 2010)

2010

Nomura Research Institute (Dalian), Ltd. founded

2011

Nomura Research Institute Consulting and Solutions India Private Limited founded

2012Nomura Research Institute Financial Technologies India Pvt. Ltd. founded
NRI System Techno, Ltd. founded**2013**

Nomura Research Institute Thailand founded

2014DSB Co., Ltd. joined NRI Group
Nomura Research Institute Holdings America, Inc. founded
Nomura Research Institute IT Solutions America, Inc. founded**2015**Brierley+Partners, Inc. joined the NRI Group
Zhiming Software Beijing, Ltd. joined the NRI Group
Zhiming Software Japan, Ltd. joined the NRI Group
Nomura Research Institute Singapore Pte. Ltd. and NRI Mirai, Ltd. founded**2016**Cutter Associates, LLC joined the NRI Group
ASG Group Limited joined the NRI Group
NRI digital, Ltd. and NRI Retail Next, Ltd. founded**2017**Nomura Research Institute Holdings Australia Pty Ltd. founded
SMS Management & Technology Limited joined the NRI Group**1997**

Conducted the first Survey of 10,000 Consumers (thereafter conducted every three years)

2000

Advocated the concept of Ubiquitous Networking (a new information technology paradigm)

2003

Started sending CIO aides to government organizations, including Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries etc.

2007Established Tsinghua-NRI Chinese Research Center
Insight Signal, advertising effectiveness measurement service launched**2011**

Recommendation activities and others for Great East Japan Earthquake recovery efforts

2014

Assisted the rollout of "NISA" system, from design to system construction

1993

T-STAR, a shared online system for asset management firms launched

1997BESTWAY, an over-the-counter sales system for mutual funds launched
e-Cash experiment with Japanese commercial banks (Japan's first electronic money trial)**1999**

Online trading system for an online brokerage firm launched

2000

Bizmart, an electronic commerce support system launched (Support for B2B transactions)

2001TRUE TELLER, text-mining solution launched
Full-scale offshore development in China**2004**

e-JIBAI, compulsory automobile liability insurance system launched

2012

Launched Value Direct (for online banking)

2016

TRAINA, AI solution launched

NRI will continue to propel the digital transformation—across the corporate community and society as a whole—as part of our corporate philosophy to “Dream up the future.”



The age of the “digital transformation” (DX) is now upon us. In 2017, the advent of that new, technology-driven era breathed life into NRI's digital business.

With the digital sector booming, NRI posted record-high net sales, operating profit, and profit attributable to owners of parent in the fiscal year ended March 2018. Our financial goals for the current Medium-Term Management Plan, set to wrap up with the fiscal year ending March 2019, are now squarely within range.

Harnessing the power of innovation to fuel the DX for both companies and society as a whole, NRI will constantly aspire to create social value and translate those benefits into sustained economic value.

Shingo Konomoto

President & CEO,
Representative Director, Member of the Board

Our Seventh Consecutive Fiscal Year of Income and Profit Growth

During the fiscal year ended March 2018, which represented an important waypoint for our Medium-Term Management Plan, corporate IT investments stayed strong as the Japanese economy made a gradual recovery. In that business environment, NRI has worked to expand existing business and boost productivity, as well as fortify its operating base in the new fields of digital and global business.

Our consolidated sales thus totaled ¥471.4 billion (up 11.1% year on year), and our consolidated operating profit came to ¥65.1 billion (up 11.3%)—making the year ended March 2018, our seventh consecutive fiscal year of increases in both income and profit. Profit attributable to owners of parent came to ¥55.1 billion (up 22.4%); all the figures were the highest marks in our history. For the final fiscal year of the Medium-Term Management Plan, which ends March 2019, we forecasted consolidated sales of ¥510.0 billion (up 8.2%) and consolidated operating profit of ¥70.0 billion (up 7.5%). We also revised our consolidated net sales forecasts from the Medium-Term Management Plan upward, considering recent trends in business conditions. We are now setting our sights on the goal that we put forth in “Vision2022” (scheduled to conclude with the fiscal year ending March 2023): ¥100.0 billion in consolidated operating profit. With that ambitious

objective in clear view, we are determined to make even bigger leaps forward.

One of the most vital parts of that progress will be our growth in digital business and global business—and the fiscal year ended March 2018, saw NRI make solid headway along those lines.

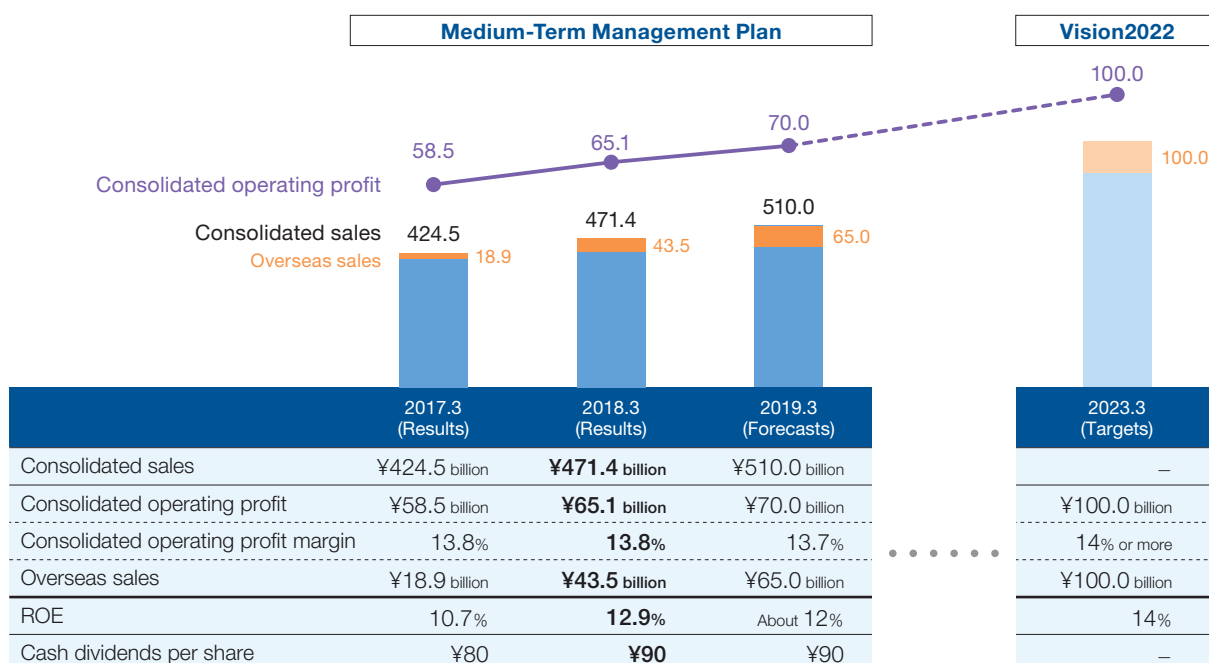
How IT Can Transform Corporate Business Models

Companies are on the brink of major transformations in how they use IT. With storage capacity, semiconductor performance, communication speeds, and smartphones and other devices always improving and making technology a ubiquitous feature on the social landscape, the world is encountering a host of new developments: artificial intelligence (AI), the Internet of Things (IoT), blockchain, and autonomous driving, to name a few. Members of the corporate community are now thus confronting the “digital transformation” (“DX”), a shift that could completely reshape their products, services, and even business models. The ways in which companies use their IT, too, are changing. While firms used to concentrate primarily on “Corporate IT” (“CiT”), which mostly served to make business processes more efficient, recent years have brought the focus on “Business IT” (“BiT”), a realm where IT recasts entire business models.

NRI saw its consulting projects in the digital sector

Results and Targets under Medium-Term Management Plan (From FY March 2017 to FY March 2019) and Long-term Management Vision “Vision2022” (From FY March 2016 to FY March 2023)

(billions of yen)



start ticking up around 2010, but few went further than the “Proof of Concept” (PoC) stage; hardly any led to IT investments geared toward full-scale implementation. In 2017, however, came a quick, sweeping change: numerous clients, mainly in distribution, manufacturing, services, and other industrial sectors, started engaging in IT-investment projects to make the DX a reality. The stirrings of the DX movement were palpable across the entire corporate world, not just among a few select, pioneering companies. To us at NRI, that trend is more than just a fad—we see the DX as a growing, lasting shift.

The process is gradual, though. Our clients have told us that DX investments have had a limited payoff so far, with only a few companies reaping the full benefits. For corporate entities, the idea of reworking business models through the DX not only requires a decision-making mindset with an eye to the future—medium- and long-term management visions and business strategies, for example—but also entails embarking on a sweeping endeavor that involves employees and business processes of all kinds.

NRI is committed to helping clients as a trusted strategic partner, offering them what they need to take on the challenges of digital transformation and sharpen their competitive edges.

DX1.0: Improving Expense Ratios and Enhancing Client Experience

Drawing on our experience with projects in the digital category, we at NRI categorize corporate DX initiatives into two types: “DX1.0,” which focuses on process innovation for existing businesses, and “DX2.0,” where the emphasis rests on creating new business models via digital technologies.

One of the focal points of the DX1.0 is on improving expense ratios. That effort can take many forms: projects



MIT Media Lab Director Joichi Ito and President Konomoto gather at Headquarters for a March 2018 talk on “The Digital Near Future: How Digital Technologies Can Shape the Ways we Live”

NRI's digital business categories

Business transformation (DX2.0)

Create new business models

Digital ecosystems

Create new business models and building platforms through digital technologies

Process transformation (DX1.0)

Make existing business models more efficient and sophisticated

Digital front-office

Use digital technologies to enhance the client experience (CX), ranging from merchandise/service recognition to purchase and follow-up

Digital back-office

Use digital technologies to streamline and automate back-office business processes for internal tasks, supply-chain matters, and more

to streamline internal business through AI, analytics, or robotic process automation (RPA), for example, or initiatives to enhance the efficiency of commercial distribution via direct online sales. Most of the current DX initiatives fall into the expense-ratio category.

The other key element of DX1.0 is enhancing “CX”—the customer experience. CX refers to the relationship of trust that forms between a company (or brand) and its customers over the entire customer-contact process, from product/service recognition all the way to purchase and follow-up. Sales representatives can only do so much on their own in face-to-face service frameworks. With all the benefits of IT, however, personnel can use their computers, smartphones, and other channels to provide customers with a broader range of high-quality services—and thereby take the CX to the next level.

One of our clients is using digital resources to improve their face-to-face customer service offerings at store locations. When a customer visits a store, an employee can easily optimize the experience. The employee simply enters the customer's name or ID on a computer or tablet device to bring up a bevy of targeted information and recommendations, all individualized for that specific customer based on big data analyses of his or her purchase history, customer-service history, and other details. Thanks to that infusion of technology, the client's in-store staff members now have an intuitive, on-screen interface that has makes a positive impact on customer satisfaction and service contract rates—and even helped store employees hone their personal service skills.

The project involved considerable contributions



from NRI consultants boasting both a familiarity with the industry (and the work involved) and substantial expertise in data analytics. Plumbing pools of big data, the consultants formulated an algorithm (a calculation procedure for producing target results) for extracting information and recommendations that visiting customers would find helpful. With everything in place, the consulting team quickly rolled the algorithm out to store locations. Practical, real-life usage generates useful feedback, which the consultants are continually incorporating to make the algorithm as precise as possible.

The setup also relies on data marts (databases used specifically for big-data processing) for making quick, seamless use of ever-growing big data, not to mention a thorough command of agile development—an approach that involves making timely functional adjustments to applications based on changes in business policies and input from store employees. To bring all those essential elements together, NRI consultants and system engineers collaborate with the client's business division and information system division in a coordinated framework that keeps the effort running smoothly.

DX2.0: Imagining and Realizing New Business Models

Some companies, meanwhile, are looking to go beyond simply transforming existing business processes; their interests lie in leveraging digital technologies to develop altogether new business models. At NRI, we see that type of approach as “DX2.0.” Overseas, several companies

have embraced the DX2.0 concept. Uber Technologies, a transportation-networking firm without any in-house vehicle or driver assets, has made an enormous impact on the taxi industry by ushering in a sharing-economy concept and a platform that matches suppliers with consumers. To me, new business models with digital foundations are going to be sprouting up everywhere—including Japan.

Boasting Japan's largest strategic consulting division, NRI has worked to assist executives and business divisions in devising business strategies and developing new businesses. In the DX2.0 realm, a business model's competitive advantage all comes down to the quality of the IT involved. At NRI, then, we use teams of consultants and system engineers to provide clients with the support they need. Our service approach, combining consulting and IT solutions, is what we call “Con-Solution.” In 2016, we established NRI digital, Ltd. to specialize in supporting clients with an integrated fusion of business-model development and the business processes and IT solutions that go into new business models. Numerous DX2.0 projects are now underway at multiple client companies, laying the foundation for new business models.

Our DX2.0 projects include joint ventures linking NRI and its clients, as well. One example is Bit Realty, Inc., which we created with Kenedix, Inc. in 2017. The new joint company has created a crowd-funding platform for real estate investment that uses the benefits of digital technologies to liberate investment opportunities; the idea focuses on giving more people chances to invest in financial products that had once only been accessible to

an exclusive set of professional investors. NRI plans to keep building on these types of investment-associated activities.

The DX and NRI's "Con-Solution" Approach: An Ideal Partnership

DX1.0 and DX2.0 have the potential for tremendous effects, but passing those benefits on to clients will be extremely difficult if we abide by the conventional approach to system integration. Instead of just waiting idly for a client to come up with a business model and submit a request for proposal (RFP) for system development, we need to be strategic partners with our clients: talking together about the ideal business model, the requisite business processes, and the necessary IT to make DX a reality as quickly as possible.

When the former Nomura Research Institute, Ltd. and Nomura Computer Systems Co., Ltd. joined forces to create the new Nomura Research Institute in 1988, the merger stood out for its unusual combination of a consulting firm and a systems company—the type of pairing that almost never occurred anywhere in the world. I was only in my third year at the company, working as a fledgling consultant, and I had no idea how the two companies would synergize. Now, three decades later, the DX represents a top priority for companies across the business spectrum. IT's immense impact on the business of the future is impossible to deny. Meeting clients' DX needs requires more than what a single-focus company can do: just like a systems company without a consulting function lacks the necessary capabilities; a consulting company without a systems function also comes up short. The executives of the former Nomura Research Institute and Nomura Computer Systems recognized that reality 30 years ago, a prescient foresight that never ceases to astound me. As we move forward, I will do everything in my power to honor and uphold that pioneering spirit.

Molding Our Global Development around an IP-focused Strategy

NRI's efforts in global business, another new business sector, also paid off in the fiscal year ended March 2018. At NRI, our global business initiatives operate under three basic policies.

The first policy is all about standing side by side with our clients; we accompany Japan-based firms as they venture into foreign markets, which allows us to expand our on-site support offerings. We provided

SEVEN-ELEVEN JAPAN CO., LTD. with local support in China and the United States, for example, adding to our solid track record in on-site assistance.

Second is our approach to intellectual property (IP; particularly for advanced technologies and business models). After seeking out and acquiring IP with competitive edges in developed markets, we leverage our new assets to give ourselves a stronger foothold in the global arena. That basic outlook laid the foundation for three of NRI's recent acquisitions: Brierley+Partners, Inc. (US; 2015), Cutter Associates, LLC (US; 2016), and ASG Group Limited (Australia; 2016). We acquired ASG, which specializes in IT managed services, because we saw significant promise in the company's unique IP for buying its customers' on-premise software assets, migrating the software to cloud environment, and then using those new cloud resources to provide the software as services.

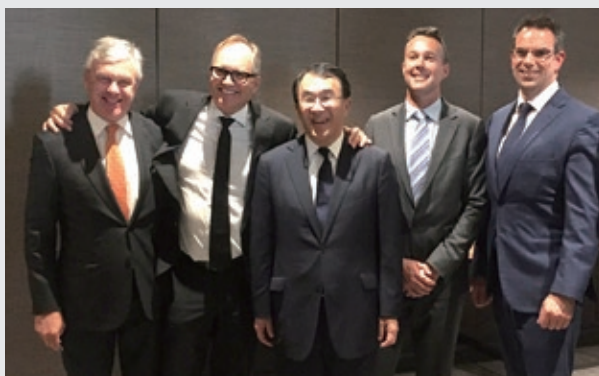
The third policy is our focus on breaking into overseas growing markets on the strength of our existing IP. Our global rollout of shared online services, which boast a sizable share of the market in the Japanese financial sector, is a prime example of what that policy embodies. Recent efforts to leverage our existing IP have also been making gradual progress; our "I-STAR" solution for wholesale brokerage firms has found an application in the US market, among other positive developments.

As all of these many examples suggest, NRI's global business strategy is making solid progress on the foundation of a strong client base and solid IP—two key components of competitiveness. For us at NRI, where success hinges on high added value, the idea of blindly chasing mergers and acquisitions for the sole purpose of expansion goes against our identity.

Preparing NRI's Australian Business for Growth in the Fiscal Year ending March 2019, and Beyond

Our overseas sales for the fiscal year ended March 2018, reached ¥43.5 billion (up ¥24.6 billion), largely thanks to growing contributions from our Australian business. The primary drivers in that segment were ASG and SMS Management & Technology Limited, which ASG acquired in 2017.

Having completed the post-merger integration (PMI) process, ASG and SMS have launched a unified management scheme with 1,500 employees staffing six Australian locations. Thanks to the merger's impact in bolstering the company's presence in the Australian market and a healthier financial foundation with NRI's support, the new ASG is now in position to submit bids for



A group shot with ASG management



President Konomoto and ASG CEO Geoffrey Lewis discuss a business strategy for ASG

government projects and other large-scale initiatives—and recently landed a sizable project from Airservices Australia, which handles the country's air traffic control. Looking toward the fiscal year ending March 2019, and beyond, ASG is poised to be a major growth driver for the future of NRI.

ASG founder and current CEO Geoffrey Lewis uses M&A as a dynamic tool, always taking an aggressive line on growth. On the other hand, NRI's ties to the systems sustaining Japan's capital market have led the company to put safety and certainty first. With the DX gaining steam in Japan and business environments in constant, dramatic flux, however, the times now call for flexibility and diversity. Acquiring ASG gave us more than just access to the company's compelling IP. The way I see it, the move also brought us valuable opportunities to learn different management techniques and work styles from a unique set of executives and employees—assets that, just like IP, will be integral to the future of NRI.

Driving Advances in Ever-evolving Shared Online Services

In addition to our business-development efforts in new fields, our shared online services—vital components of our current revenue base—continue to expand at a steady pace. Shared online services refer to Corporate IT (CiT) solutions that, in most cases, serve to help companies streamline their business processes. Business IT (BiT) represents a big investment target for companies, as BiT solutions help drive business expansion, but CiT occupies a different position. Although CiT may focus on safety and certainty, we at NRI think that companies will continue to be comfortable looking outside their company organizations for their CiT needs. Given the conditions,

the number of companies making use of shared online services is actually going up from year to year.

To complement its shared online service offerings, NRI is also collaborating with subsidiaries like DSB Co., Ltd. and NRI Process Innovation, Ltd. to develop packages of business process-outsourcing (BPO) services for other related tasks. That approach has already gone mainstream in the United States, where people refer to the setup as a “utility service.” For customers, utility services help lighten the load of the fixed costs stemming from personnel resources and other requirements for performing certain business tasks. Megabanks announcing plans to implement major downsizing measures. While it certainly seems that players in the finance industry are angling to cut costs via strategic IT investments, I think that they could fulfill the same objectives with NRI's shared online services.

Intellectual Capital and Human Capital: Keys to Developing Business in New Fields

Expanding our digital business would be impossible without a robust foundation for engaging in quality R&D and developing human resources. One way that we pursue those aims at NRI is through academia-business alliances, such as our arrangements with the MIT Media Lab and Stanford University. We send NRI employees to university destinations, where they can gather information on the latest technological trends. We also take part in consortia of global enterprises and government agencies, giving us channels into the type of expertise that helps shape business structures for optimal growth.

Another offshoot of the digital-business boom is the growing demand for data scientists. To address that mounting need, we have set up an internal certification

system, training programs, and study sessions, as well as an “Analytics Knowledge Center” for pooling and sharing the insights that emerge from each and every project. AI engineers are in demand, too, which is why NRI has also established its “AI tech lab.”—an organization that provides select groups of high-potential employees with intensive, short-term training through a variety of proof-of-concept projects.

Our new “Innovation Promotion Committee” also plays a role in the effort, serving to accelerate business development in the digital realm. The group, embracing the concept of open innovation, utilizes a decision-making process that enables agile, dynamic investments in and partnerships with startups and other companies boasting potentially beneficial IP.

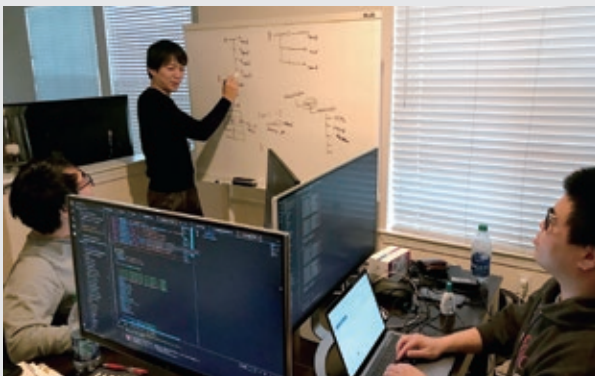
Of all the different elements that go into bringing these efforts to successful fruition, nothing is more important than giving motivated employees as many opportunities as possible to take on the challenges of finding success in digital business, global business, and other new fields. Even before terms like “health and productivity management” and “work-style reform” entered the business vernacular, NRI was already hard at work on cutting overtime hours and giving employees more time for pursuing innovations—both of which have cultivated ideas for new business and nurtured cross-organizational communication both within and outside the company. From hot-desking and teleconferencing to satellite offices and telecommuting, NRI gives its employees a liberating infrastructure to work in and a diverse range of work-style options to choose from.

Our approach at NRI is about more than simply achieving levels of diversity in where our employees come from and how our employees work. For us, the real

focus is on creating an environment of inclusion where the unique, individual strengths of each employee come together into group strengths. Look at our track record, and you can see how the elements of diversity and inclusion figure so prominently in our work. At our location in Silicon Valley (US), for example, we started working with a client on developing applications in 2016. The project brought us into contact with local companies, universities, research institutes, and other organizations, providing us with a valuable opportunity to look at things from new perspectives and learn about new work styles. Networking gave us a chance to foster inclusion.

Fulfilling our Social Responsibility in Stabilizing Financial Functionality and Merchandise Distribution Functionality

While there are obviously some areas where NRI can take risks and embark on bold new endeavors, there are also areas where failure is simply not an option. NRI’s five data centers, for instance, leave no room for error. Not only do the data centers help keep clients stay viable in business from day to day, but they also store classified information, personal information, and other sensitive data. To ensure optimal safety and security, we train our employees in the proper responses in the event of a problem and conduct thorough inspections to spot any signs of potential issues before they occur. Our ability to take business in new, exciting directions rests on our ability to avoid setbacks—making sure that we steer clear of unprofitable projects at the system-development stage and prevent failures during actual system operations. Constant “kaizen” (improvement on a company-wide basis) is essential to what we do at NRI.



Application developers working on a project at NRI's Silicon Valley location



President Konomoto (back row, second from right) takes part in a data center inspection



“Dream up the future” and CSV

“Dream up the future,” NRI’s corporate philosophy, encapsulates the Company’s commitment to finding solutions to social problems and creating a better tomorrow through the power of innovation. The whole idea harmonizes with the concept of “Creating Shared Value” (CSV). From my perspective, solutions to social issues represent the only pathway to securing sustainable improvements in our corporate value.

Despite the swirl of unknowns clouding projections for the future, one thing is for certain: Japan’s demographics are on course for a drastic change. By fiscal year 2030, for example, the Japan Institute for Labour Policy and Training estimates that Japan will have a working population of around 63.62 million—a drop of by 2.36 million (relative to 2015). At the same time, though, AI and robots also will reshape the work market by streamlining and automating various tasks; according to the Ministry of Economy, Trade and Industry, there will be 7.35 million fewer jobs to be had by 2030. The country’s working population may be dwindling, but IT-driven advances in operational efficiency will eliminate the need for certain types of labor and thereby safeguard against potential worker shortages. The drop in available jobs will surpass the drop in the working population by roughly 5 million. If we can find effective ways of gleaning new added value from that surplus workforce, Japan will be able to keep its economic growth going despite the country’s shrinking workforce. With the

prospects of a population decline looming, IT could be exactly what Japan needs to sustain itself.

Focusing on Dialogues with Stakeholders

NRI has taken numerous steps to engage in constructive dialogues with stakeholders. Our Medium-Term Management Plan and long-term management vision “Vision2022” lay out medium to long-term growth strategies in a clear, intuitive way. We have disclosed quantitative goals, too, including targets for operating profit and ROE (return on equity). We also continue to buy back and retire our own shares, enhance shareholder returns through larger dividends and other measures, and boost our capital efficiency, always mindful of our dividend payout ratios and ROE goals.

The fiscal year ending March 31, 2019, is both the final year of our current Medium-Term Management Plan and the year in which we will formulate our next Medium-Term Management Plan—a four-year vision that begins with the fiscal year ending March 31, 2020. Now is the time for us at NRI to chart out an optimal course for the future, the next chapter in our unceasing effort to fulfill our stakeholders’ needs and expectations.

NRI's Value Creation Process

While responding flexibly to changes in the business environment, NRI establishes appropriate business domains (business segments) and business models, and implements those business models through investment of the various types of capital. We then strengthen all sorts of capital on the foundation of the results (outcomes) of implementation of the business models. By repeating this series of processes, we have built a solid competitive advantage and achieved continuous improvement of our corporate value.

NRI's Capitals (Input)

Human Capital/ Intellectual Capital

- **Global employees network**
 - NRI Group employees: 12,708 persons
 - Employees at overseas bases: 3,901 persons
- **R&D and HR investment for competitive intellectual properties**
 - R&D expenses: ¥5.1billion
 - Education and training expenses: ¥1.7billion

P.25/P.53-55

Social and Relationship Capital

- **Shared online services which have the leading market share**
 - THE STAR (for retail brokerage firms): 71 firms
 - BESTWAY (for banks): 112 firms
- **Close cooperation with domestic and overseas business partners**
 - Partners in Japan: Approx. 7,000 persons
 - Partners in China: Approx. 3,500 persons

P.26

Business Segments (Business Domains)

Four Business Segments

Consulting

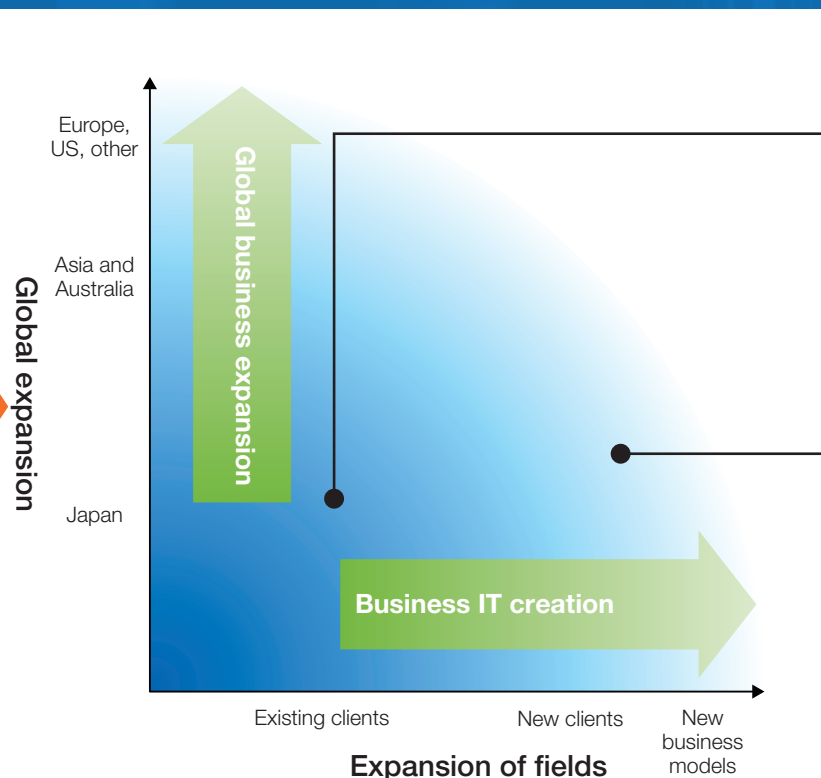
Internal support
Financial IT Solutions

Internal support
Industrial IT Solutions

IT Platform Services

P.35-44

Business Model



(The figures are as of the year ended March 2018 or the end of March 2018)

Manufacturing Capital



● **System development quality (NRI-QMS):**

- The international standard ISO9001 certification

● **Data center's operational quality:**

- The global certification M&O* approved (three data centers in Japan)

*Global standards for evaluating data centers by the Uptime Institute, a private U.S. entity.

P.73–76

Financial Capital



● **Solid financial foundation**

- Equity ratio: 64.2%
- D/E ratio: 0.19 times

● **Capital reserves for flexible investments**

- Free cash flows: ¥55.6 billion
- Cash and Cash equivalents+ Investments for the purpose of fund management: ¥185.8 billion

P.27–29

Natural Capital



● **Greenhouse gas emissions reduction goal**

- The year ended March 2031: –55.0% (target) (Compared with the year ended March 2014)

● **Environmental management system**

- Coverage rate (based on CO₂ emissions) 92%
- Data centers: ISO14001 certification
- Offices: NRI-EMS introduced

P.51

Outcomes

Further Strengthening Domestic Specialty Areas

(Corporate IT)

Corporate IT (CiT):
IT that helps enhance the quality and efficiency of clients' internal operations

P.21–22

Creating New Growth Drivers

(Global Business)
(Business IT)

Business IT (BiT):
IT directly contributes to the expansion of clients' businesses

P.23–24

Financial Outcomes

Growth:	Increased revenue and increased operating profits for seven consecutive years	
Profitability:	Consolidated operating profit margin	13.8%
	EBITDA margin	21.5%
	ROA (Return On Assets)	10.3%
Returns to stockholders:	ROE (Return On Equity)	12.9%
	Consolidated dividend payout ratio	39.1%

P.28–29

Non-financial Outcomes

Environmental (E):	
Greenhouse gas emissions reduction ratio	–30.5%
(results for the year ended March 2018; compared with the year ended March 2014)	
Social (S):	
Client satisfaction survey (non-consolidated)	84.6%
Employee satisfaction survey (non-consolidated)	80.5%
Governance (G):	
Corporate Governance of the Year® 2017	
Tokyo Governor Prize	
(Japan Association of Corporate Directors)	
2017 Awards for Excellence in Corporate Disclosure	
Computer Software Sector	
(The Securities Analysts Association of Japan)	

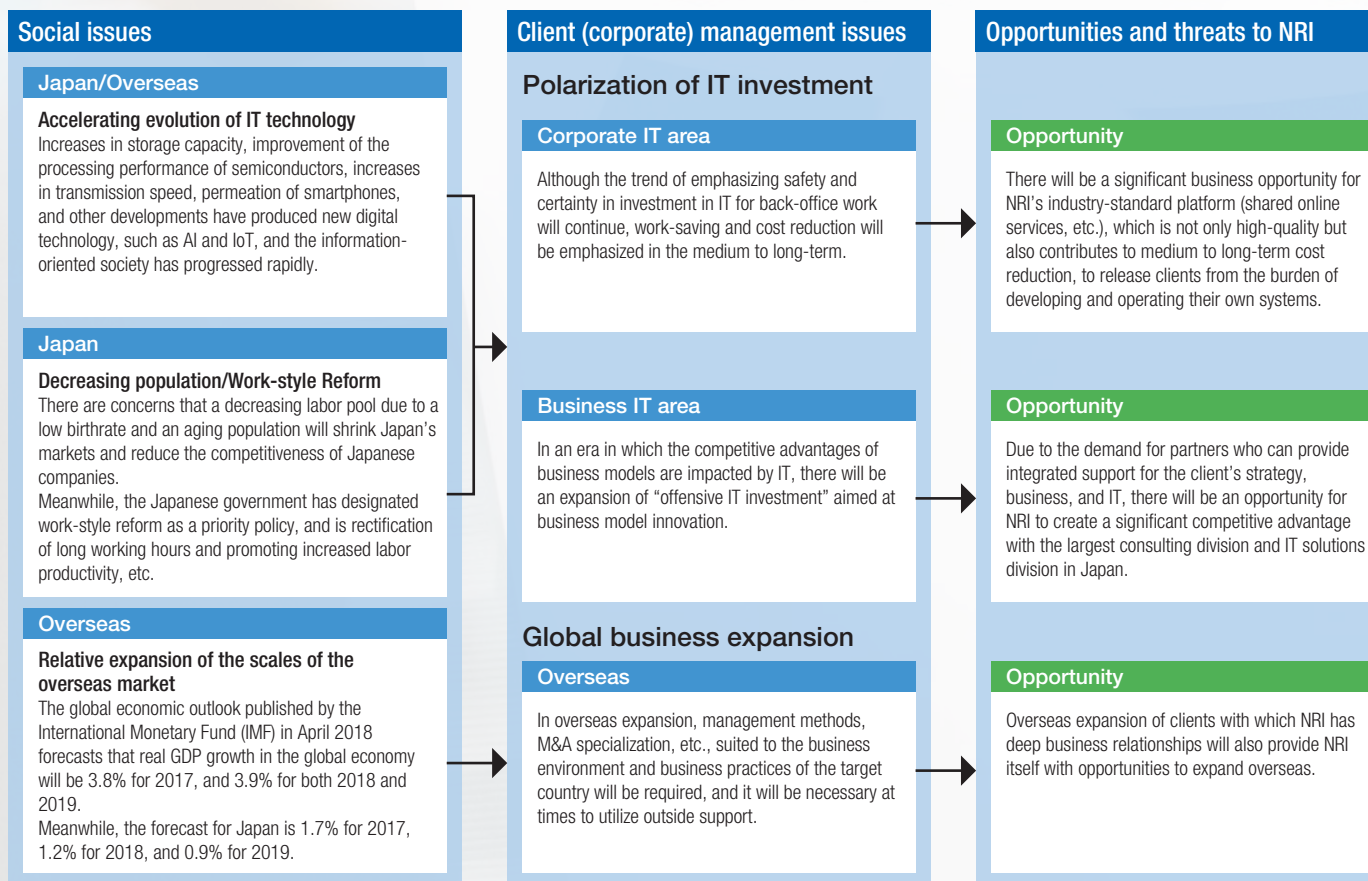
P.30

P.52/P.72

Changes to the Business Environment Surrounding NRI

The value creation process of NRI is revised flexibly according to changes in the environment. We identify the daily-changing social issues and corporate management issues, and the opportunities and threats they create for NRI. A business model for sustained growth is then woven into medium-term management plans and yearly plans.

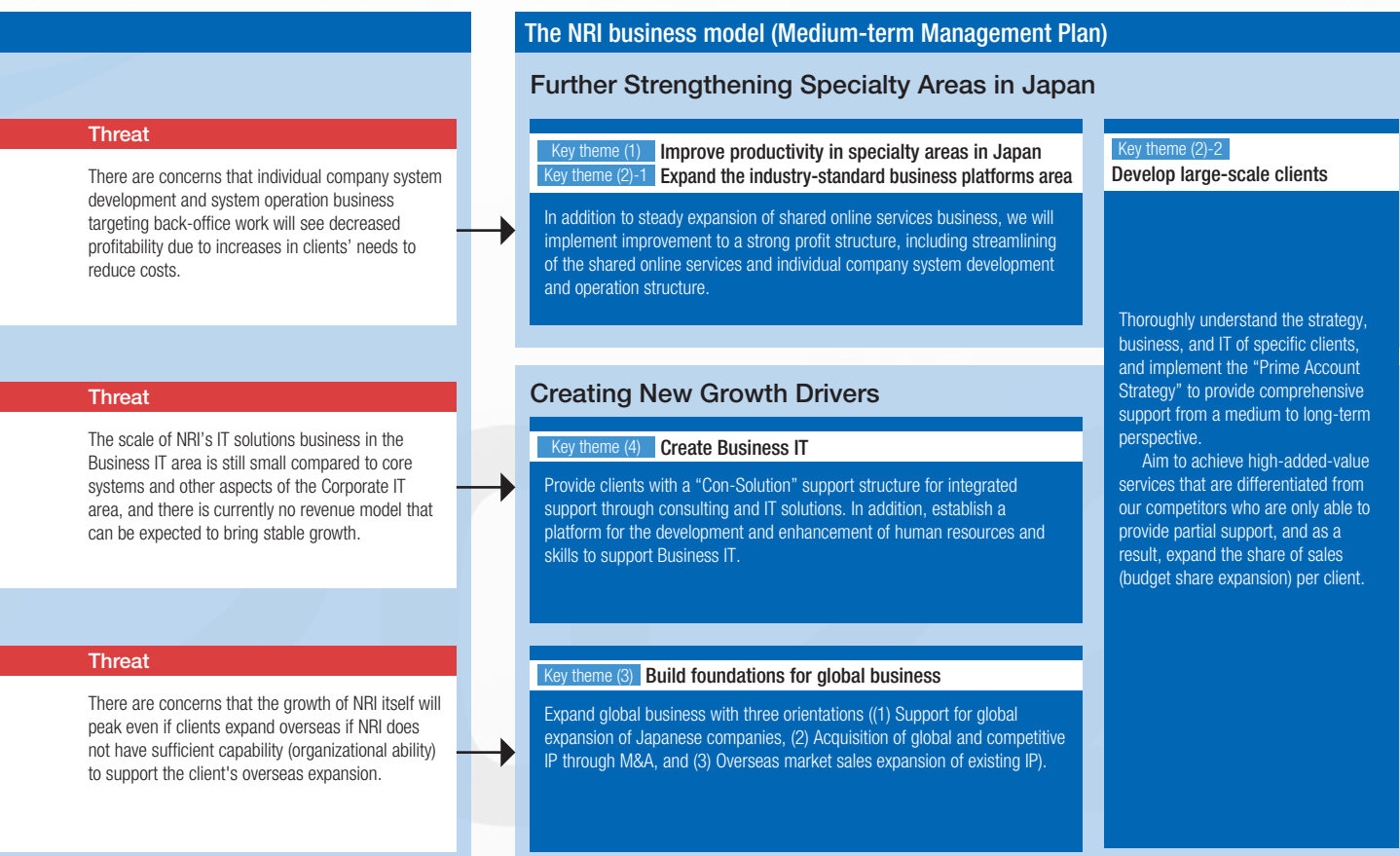
Opportunities and threats due to changes in the business environment, and NRI's business model



Risks receiving many questions from investors and NRI's response measures

Risk	NRI's response measures
•Occurrence of unprofitable system development projects The possibility of revenue being threatened by the occurrence of unexpected large-scale unprofitable projects	•Establishment of a structure to strengthen review of estimates prior to accepting orders and project management after accepting orders - Strengthen the structure for checking at the new project proposal stage and the basic design stage. - In particular, establish specialized review structures for projects with a certain scale or larger, such as a System Development Committee, and thoroughly implement review according to the status of progress, from project planning to stable operation. •Establishment of the Quality Management System (NRI-QMS), compliant with the International Standards ISO9001 •Improvement of the management abilities of project managers through education, training, etc.
•Bottlenecks in development human resources The possibility of bottlenecks to expanding revenue due to insufficient development resources caused by a sudden increase of orders	•Thoroughly implement hiring policy that always firmly maintains a set number of hires even in the midst of fluctuating business performance •Control the turnover rate by providing employees with opportunities for growth and establishing the human resources system and labor environment - As a result, leverage the advantage of resource reserves when demand expands, while other companies in the same industry are forced to engage in difficult hiring. •Maintain good trading relationships with excellent cooperating companies in Japan and overseas, and enable production that overcomes the limitations of NRI's resources - Conclude "e-partnership agreements" with highly specialized cooperating companies, and jointly continue to improve productivity and quality. •Consider order reception trends, and implement company-wide human resource management that crosses business segments

The Next Values!



Risk

NRI's response measures

•Intensification of price competition and other aspects of the competitive environment

The possibility of revenue being suppressed through the appearance of competing services or price competition in consulting and IT solutions business

•Refrain from participating in price competition and focus on providing services with high added value

- Differentiate through the ability to propose comprehensive strategy, business, and IT solutions to specific clients under the "Prime Account Strategy" that provides a united company support structure ranging from consulting to IT solutions, from a medium to long-term perspective.

•NRI's shared online services provide benefits from having the overwhelming share of the market

- Achieve the benefits of medium/long-term cost reduction while maintaining high added value, such as rapid systemic response, by utilizing economies of scale and scope.
- For the time being, the possibility of the appearance of alternative services that can provide the same level of service is low.

•Delays in responding to technical innovation

The possibility that rapid evolution of digital technology, cloud technology, etc., will make NRI's software and data center services obsolete

•Invest research and development expenses in a stable manner and continue investment in technology that will bolster NRI in the future

- Identify trends in cutting-edge technology through industry-academia collaboration with MIT and Stanford University, and participate in global consortium activities (international rule formation process).
- Be the first to gain knowledge in new technology through proof of concepts (PoC) testing with industry-leading clients.

•A business model premised on the public cloud is already expanding

- Utilize strengths, such as the ability to propose "IT modernization" that gradually utilizes the public cloud, while maintaining the favorable aspects of the existing IT assets of on-premise and private clouds.

Business Model

Further Strengthening
the Specialty Areas
in Japan

(Corporate IT)

NRI has developed the unique “Navigation × Solution” business model, where it provides an integrated service which starts from “Navigation,” which guides clients from problem discovery to solution strategies by consulting, to “Solution,” which implements a solution by system development and management, and other means. As necessary, the two work together in the “Navigation × Solution” business model.

One of the culminations of the “Navigation × Solution” business model is NRI's shared online services. In addition, NRI has recently expanded its shared online services to utility services, where shared online services are provided in combination with business process outsourcing (BPO) services.

	Services provided	Major service content
Navigation	Future forecasts/ social recommendations	<ul style="list-style-type: none"> •Future forecasts/suggestion activities related to the economy, society, industry, etc. •Communication of information through publishing activities, media coverage, symposia, etc.
	Management consulting	<ul style="list-style-type: none"> •Support for corporate management strategy/individual strategy formulation •Support for proposal of policies for national government and public offices (Examples) Medium to long-term plans, yearly plans, new business plans, M&A
	Operational Consulting	<ul style="list-style-type: none"> •Support for execution of corporate strategy •Support for implementation of the policies of national government and public offices (Examples) Project management, business process creation, execution support
	System consulting	<ul style="list-style-type: none"> •Formulation of IT system strategy for national government and public offices •Support for planning and execution of business reform utilizing IT •Establishment of IT governance at individual global sites
Solution	Systems consulting	<ul style="list-style-type: none"> •Planning, design, and development of information systems Planning, selection, and creation of necessary hardware (servers, network devices) and software (OS, middleware, software packages)
	System management outsourcing	<ul style="list-style-type: none"> •Safe operation and maintenance of developed systems System monitoring, troubleshooting just in case, renovation for stable operation of systems
	Shared online services	<ul style="list-style-type: none"> •Broad provision of systems developed by NRI to multiple clients as “shared online services”
	Utility services (Shared online services + BPO)	<ul style="list-style-type: none"> •Subcontracting of related peripheral work as well as shared online services (BPO: business process outsourcing) (Examples) Data input, form output/sending, client account management work, etc.

NRI's Shared Online Services

NRI has served the needs of clients in the financial industry and provided innovative solutions for a long time. The product of this accumulated expertise is the shared online services.

Shared online services consist of creation of software incorporating the technology and expertise cultivated through building systems for individual clients, with the client's required work standardized, and providing it as Software as a Service (SaaS: a type of service in which software located on a private NRI cloud is provided via the Internet).

Shared online services allow for greater cost reductions when compared to constructing a system for each company. It also alleviates the burden of adapting to regulatory revisions. As an industry pioneer, NRI has provided these services since the 1970s, even before the term "cloud" existed, and has been far ahead of its competitors, supporting the "shift from ownership to use" of information systems for over 40 years.

NRI's Utility Services (Shared Online Services + BPO)

Utility services are provided in combination with NRI's shared online services and business process outsourcing (BPO) services.

In recent years, some clients have consolidated management resources in sales department or planning departments, and have begun to outsource back-office departments themselves. NRI provides the entire business process with the personnel who handle related work, not just the system.

◆Major shared online services

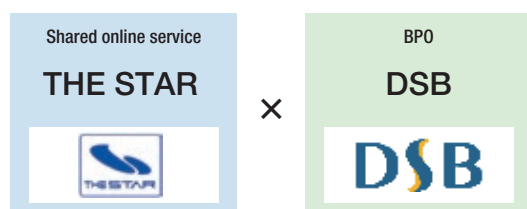
 <p>Launched in 1974</p> <p>THE STAR</p> <p>Back-office solution for retail brokerage firms</p> <p>71 firms</p>	 <p>Launched in 1997</p> <p>BESTWAY</p> <p>Back-office solution for mutual fund sales at banks</p> <p>112 firms*</p> <p><small>*Including life insurance firms, non-life insurance firms, and investment trust firms, etc.</small></p>
 <p>Launched in 1987</p> <p>I-STAR</p> <p>Back-office solution for wholesale brokerage firms</p> <p>28 firms</p>	 <p>Launched in 2012</p> <p>Value Direct</p> <p>Online banking system</p> <p>16 firms</p>
 <p>Launched in 1993</p> <p>T-STAR</p> <p>Back-office solution for asset management firms</p> <p>75 firms</p>	 <p>Launched in 2015</p> <p>e-BANGO</p> <p>My Number management services</p> <p>No. of My Numbers stored Approx. 13 million cases As of 30th June 2018</p>

Note: The number of clients is as of 31st March, 2018.

◆Major utility services

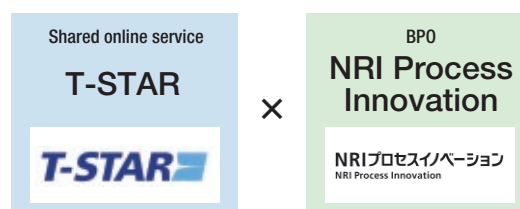
For retail brokerage firms

NRI provides the shared online service "THE STAR," and DSB Co., Ltd. provides comprehensive support services. They range from trade execution, clearing, settlement, account management, account transfer and other financial services carried out on behalf of securities companies, to securities back-office works, printing, envelope insertion and mailing services.



For asset management firms (investment trust and investment advisory firms)

NRI provides the shared online service "T-STAR," and NRI Process Innovation, Ltd. provides the overall middle/back-office work, such as standard price calculation for asset management firms (investment trusts and investment advisory firms, etc.) and other investment trust accounting work and investment report creation work.



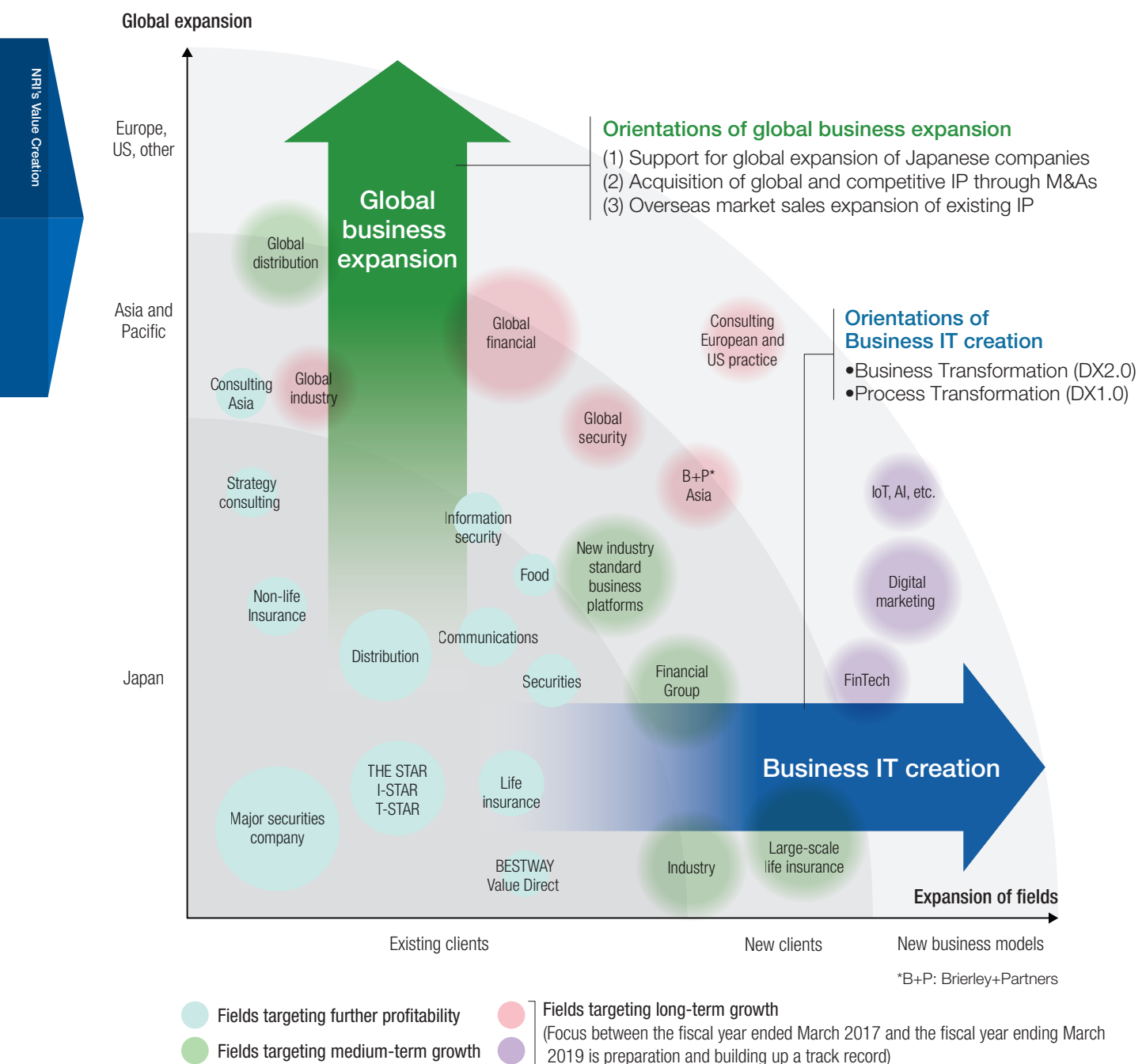
Business Model

Creating New Growth Drivers

(Global Business/Business IT)


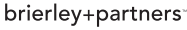



NRI is promoting “global business expansion” and “Business IT* creation” to achieve sustainable growth. These are challenges for NRI which will widely expand its business domains. We have, however, already achieved stable results through implementing proof of concepts with clients, internal R&D as well as acquiring leading-edge intellectual property (IP) through M&As and the like.

*Business IT: IT directly contributes to the expansion of clients' businesses
Corporate IT: IT that helps enhance the quality and efficiency of clients' internal operations




Global Business Expansion

NRI implements global business on the premise of the solid competitive advantage of a client base and competitive IPs cultivated over many years of experience. NRI differentiates itself through high added value, and is not interested in M&A that merely aims to expand the scale.

Three orientations of business expansion	Recent examples	
(1) Support for global expansion of Japanese companies An approach in which the company moves into overseas markets with domestic clients and expands local support	 Nomura Research Institute IT Solutions America, Inc.	Support for Japanese companies at the Dallas, Texas (U.S.) office - NRI established the office in 2008 (currently the NRI IT Solutions America Head Office). - In recent years, convenient transportation and low costs have enticed Japanese companies to move into the area, and the local demand for consulting and IT solutions has expanded.
(2) Acquisition of global and competitive IP through M&As An approach in which the company acquires competitive IPs in developed markets and use them as a weapon to battle worldwide		Brierley+Partners (U.S.; made a Group company in 2015) IP BRIERLEY LOYALTYWARE™, an integrated loyalty program solution, including all necessary functions, such as membership registration for clients, recording and tracking clients' action history, acquiring points and mileage as well as redeeming points, and other solutions. The founder was the person who designed and operated the first mileage program at a U.S. airline.
		Cutter Associates (U.S.; made a Group company in 2016) IP Cutter Associates has strength in research and consulting in the U.S. asset management industry and has the largest client base in the country, including over 200 firms such as asset management firms, insurance firms and pension funds.
		ASG (Australia; made a Group company in 2016) IP ASG purchases clients' software assets and migrates them to a cloud environment, then provides IT managed services back to the clients.
(3) Overseas market sales expansion of existing IP An approach in which overseas markets are entered with existing IPs as weapons		Expansion of sales of the shared online service "I-STAR" to overseas markets (for wholesale brokerage firm) Recent cases of adoption Australia market: OpenMarkets U.S. market: Thomson Reuters

Business IT (Digital Business) Creation

NRI has increased its efforts toward full-scale implementation and business launches in addition to proof of concepts with clients in Business IT (digital business), where digital technology is used to change clients' business models.

Digital business strategy		Recent examples
Business transformation (DX2.0) Create new business models	Digital Ecosystems Creation of new business models and platforms utilizing digital technology	Joint venture: Bit Realty - Bit Realty, Inc. was founded as a joint venture with Kenedix, Inc. in 2017. - The company plans to create a real estate investment crowdfunding platform and provide opportunities to invest in financial instruments that in the past were limited to professional investors through broad release using the power of digital.  See the Bit Realty, Inc. website for details. https://www.bit-realty.com/
Process transformation (DX1.0) Make business models more sophisticated with digital technology	Digital Front-office Upgrading of product services recognition, purchase, follow-up, and other aspects of CX (customer experience) through digital technology	Client: Japan Airlines The Dokokani Mile ("travel somewhere with miles") domestic flight award airline ticket service - A domestic flight award airline ticket service developed jointly by NRI and Japan Airlines Co., Ltd. - This service allows travel to one of four proposed areas chosen randomly by an algorithm developed based on a business model patent owned by NRI, for a number of miles less than that normally required.
	Digital Back-office Streamlining and automation of internal work, supply chains, and other back-office work processes through digital technology	Client: Sapporo Holdings Streamlining of the work of indirect departments utilizing the TRAINA AI solution - Sapporo Holdings Limited utilizes TRAINA for its internal inquiry response work. - TRAINA responds to 45% of all inquiries, reducing time spent searching for information by 80% in human responses.

Competitive Advantages of Human Capital

NRI's human resources exceed other companies' levels in the industry both in terms of quality and quantity, and NRI is further improving its human resources by providing them with various opportunities to grow. As a result, NRI maintains high levels of profitability and productivity in the IT service industry.



Human Capital

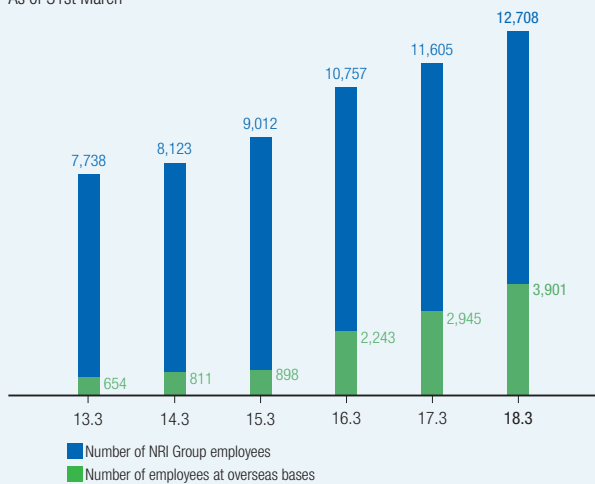
Diverse Professionals

NRI provides services in cooperation with employees at its domestic and overseas bases. NRI also has an abundance of professionals with advanced information technology, skills, etc.

◆Number of NRI Group employees and employees at overseas bases

(persons)

As of 31st March



◆Number of qualified professionals

(persons)

(Non-consolidated data) As of 31st March

	16.3	17.3	18.3
Information Technology Engineers Examination (Advanced)*	6,009	6,398	6,608
IT Coordinator	176	187	197
Project Management Professional	230	255	292
ITIL Manager/Expert/Intermediate	63	70	70
Chartered Member of the Securities Analysts Association of Japan	228	242	245
Certified Public Accountant	10	9	9
SME Management Consultant	42	45	46
First-Class Registered Architect	12	11	10
Chief Telecommunications Engineer	114	110	107

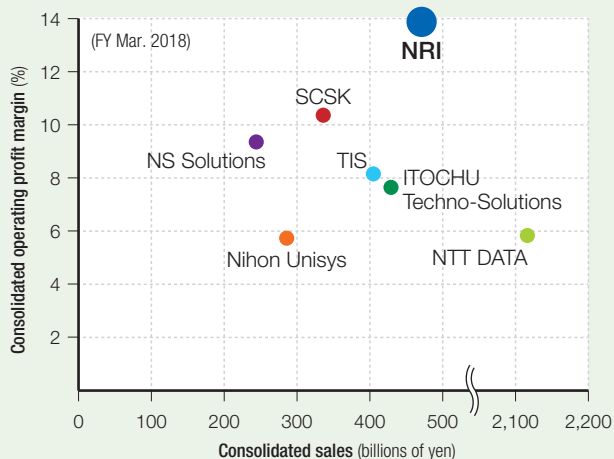
*The Information Technology Engineers Examination is a certification examination administered by the Information-technology Promotion Agency, an independent administrative institution, which is a testing institution designated by the Minister of Economy, Trade and Industry. The figures include the numbers of persons who have passed the "System Analyst Examination," "Senior Systems Administrator Examination," "Information Security Specialist Examination," and "Information Systems Security Administrator Examination," which were administered under the previous system.

Outcomes

High Levels of Profitability and Productivity

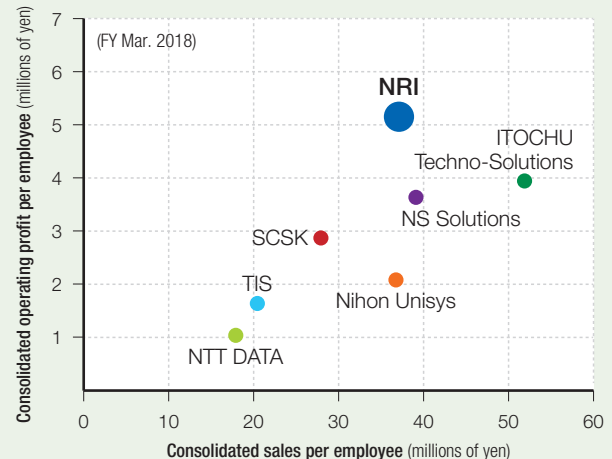
NRI maintains top-level profitability (consolidated operating profit margins) as well as productivity (consolidated sales and operating profit per employee) compared with competitors.

◆Industry-wide comparison of consolidated sales and operating profit margin



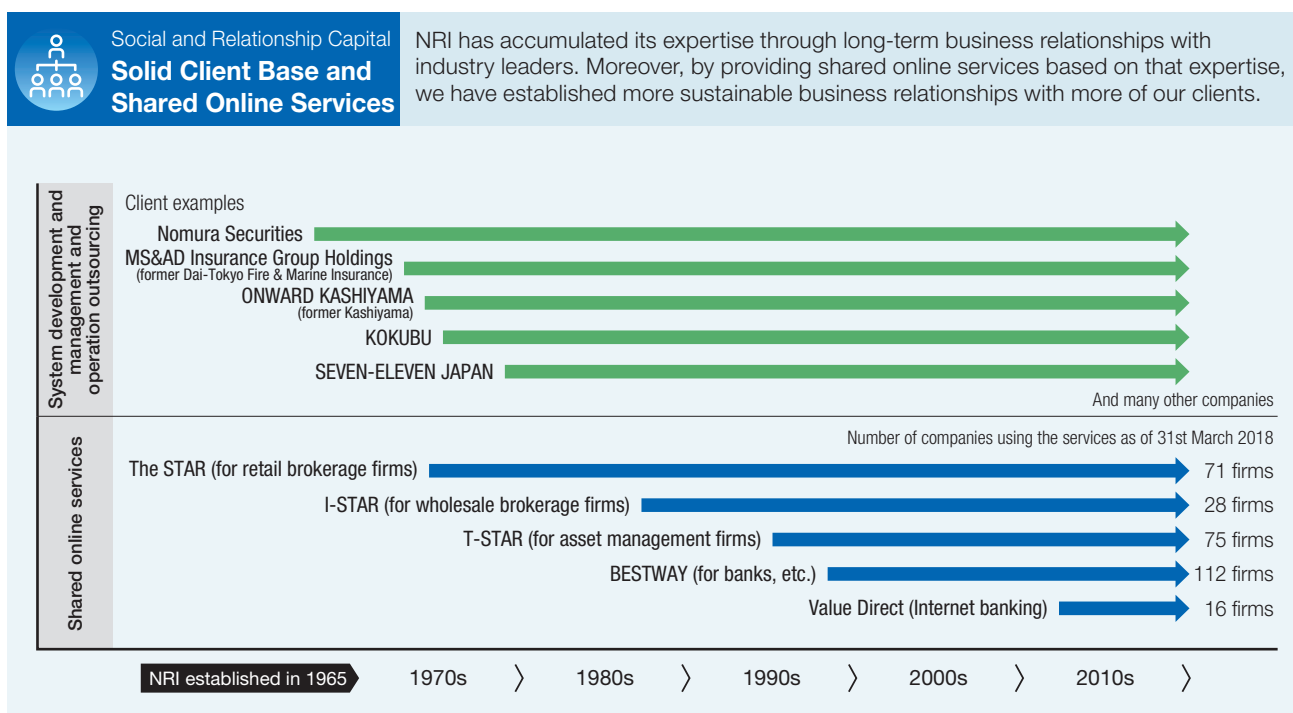
(Source) Compiled by NRI from the above companies' financial statements.

◆Industry-wide comparison of consolidated sales and operating profit per employee



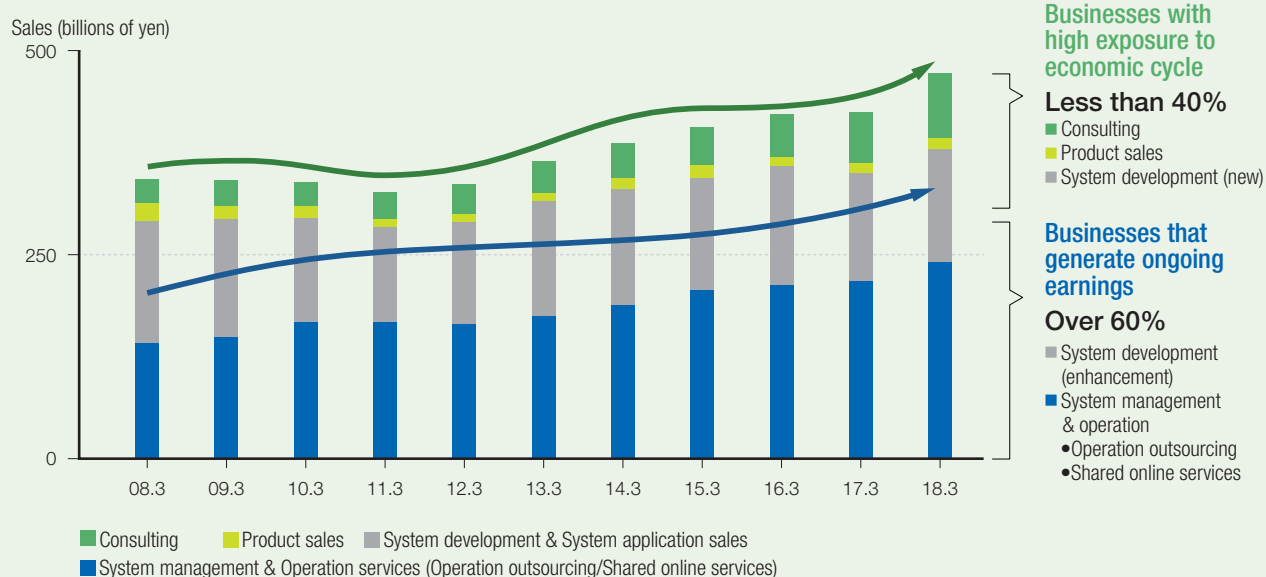
Competitive Advantages of Social and Relationship Capital

The experience and expertise accumulated through NRI's long-lasting business relationships with industry leaders are important assets for the Company. The increase in the number of clients using system management and operation outsourcing or shared online services not only contributes to the expansion of NRI's business, but also to the stabilization of its profit structure.



Outcome Stable Profit Structure

NRI has established a stable profit structure with sustainable businesses accounting for over 60%, such as shared online services, system management and operation outsourcing as well as enhancements (maintenance and operations) in system development.



Competitive Advantages of Financial Capital (CFO Message)



Kenji Yokoyama

Senior Corporate Managing Director
In charge of Supervising of accounting and finance

Healthy Balance Sheet Operation

In light of its social responsibility to handle information systems that support financial markets and commercial distribution markets, NRI has a policy of maintaining a relatively large amount of its own funds to enable continued service even in the case of an unforeseen event.

Basically, investment in software each period and other investment funds required for business operations are implemented within the range of depreciation.

Meanwhile, the policy for M&A and other medium to long-term investment funds is to utilize bonds payable, borrowing, and other liabilities for part of the funds, in light of financial stability and diversification of fund procurement methods. Pay attention to dialogue with the market on a daily basis and set approximately 0.1 times as the base D/E ratio, and 0.3 times as the upper limit. The balance of interest-bearing debt was ¥81.6 billion at the end of the fiscal year ended March 2018 (up 39.3% year on year), and the balance of cash and cash equivalents was ¥158.3 billion (up 4.1%).

Striking a Balance Between “Growth” and “Returns”

In financial management, we pay attention to striking a balance between “growth” and “returns.” First, in regard to “growth,” we emphasize expansion of sales along with the ability to create cash in a stable manner, and aim to maintain an EBITDA margin of at least 20%.

In the fiscal year ended March 2018, consolidated net sales were ¥471.4 billion (up 11.1%), consolidated operating profit was ¥65.1 billion (up 11.3%), and the EBITDA margin was 21.5% (up 0.5 points), allowing us to achieve strong growth. The performance forecast for the fiscal year ending March 2019, which is the final fiscal year of the Medium-Term Management Plan, is ¥510.0 billion in consolidated sales and ¥70.0 billion in consolidated operating profit, in an aim for further growth.

As for investment business, with an eye on capital efficiency, we set the hurdle rate in accordance with a capital cost of approximately 6% this period, and are implementing the plan after evaluation of the internal rate of return (IRR), operating profit ratio, and other indicators.

Meanwhile, in regard to “returns,” we implemented a commemorative dividend (NRI Merger 30-year Anniversary Commemorative Dividend) and acquired ¥49.9 billion in treasury stock in the fiscal year ended March 2018. As a result, EPS was ¥228 (up ¥46), the cash dividend per share was ¥90 (up ¥10), the consolidated dividend payout ratio was 39.1% (down 3.2 points), and the return on equity (ROE) was 12.9% (up 2.3%).

NRI has disclosed its target of a 12% ROE for the fiscal year ending March 2019, the final fiscal year of the Medium-Term Management Plan. In addition, with 35% as the guideline for the consolidated dividend payout ratio, we will strongly maintain our policy to continuously increase the dividend per share. Further, in regard to acquisition of treasury stock, we have disclosed that our policy for holding treasury stock is to use approximately 5% of the number of shares issued as the guideline and to retire any excesses promptly.

Financial Management that Considers CSV

Finally, we also emphasize the concept of creating shared value (CSV) in NRI's financial management. For example, in 2016, NRI became the first Japanese enterprise to issue green bonds, which are bonds payable that are limited to use in business that contributes to solving environmental issues, and in March 2017, we issued “Kabuki bonds” (a domestic offering of foreign currency denominated bonds) that open the way for issuing entities to procure funding in foreign currencies domestically. With the corporate philosophy “Dream up the future,” NRI does not stop at achieving its own economic value, but will aim also to achieve social value, such as expansion of the scope of ESG investment and diversification of fund procurement methods.

NRI's Financial Management Policy

Assets

Cash and deposits, and cash equivalents

- Secure needed working capital (about 2 to 3 months' worth of sales) and capital with a clear purpose, such as those specified in the medium-term management plan, etc.
- Management of invested assets with a focus on safety

Investment securities

- We will cross-hold shares only when it is judged that it will contribute to improvement of corporate value, and regularly verify the economic rationality.

Non-current asset

- As for investment business, we set the hurdle rate in accordance with a capital cost of approximately 6% this period, and judge whether to invest or withdraw in light of consolidated operating profit, NPV, IRR, and other criteria.
- Immediately dispose of discontinued operations (remove from balance sheets, impairments)

Liabilities

Interest-bearing debt

- Emphasize dialogue with the market
- Keep D/E ratio of around 0.1 times normally, Set D/E ratio of 0.3 times as the upper limit

Retirement benefits assets & liabilities

- In practical terms, consider plan assets and retirement benefit trusts to be on the balance sheet

Net assets

- Keep a high capital adequacy ratio even among better Japanese firms
- Seek capital efficiency that balances growth with returns

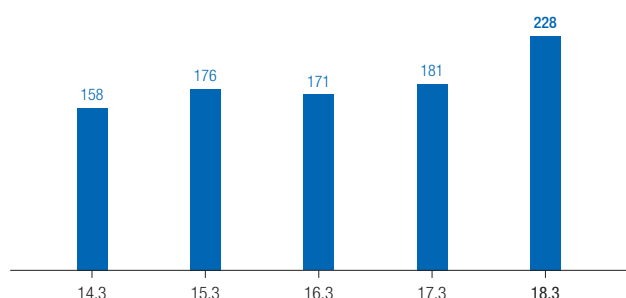
Outcomes: Financial Highlights

Returns to Shareholders

In the fiscal year ended March 2018, a commemorative dividend (NRI Merger 30-year Anniversary Commemorative Dividend) was implemented, and ¥49.9 billion in treasury stock was acquired, thereby increasing the consolidated total return ratio.

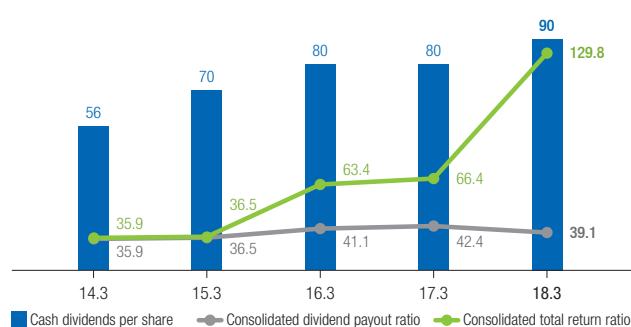
◆ Earnings per share*2

(yen)



◆ Cash dividends per share / Consolidated dividend payout ratio*3 / Consolidated total return ratio

(yen/%)

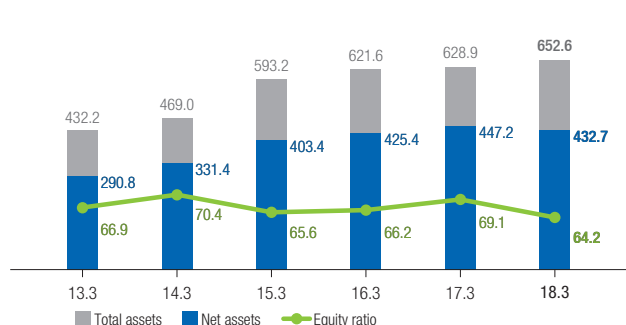


Financial Condition

Issuance of corporate bonds resulted in a ¥81.6 billion balance of interest-bearing debt at the end of the fiscal year ended March 2018 (up 39.3% year on year).

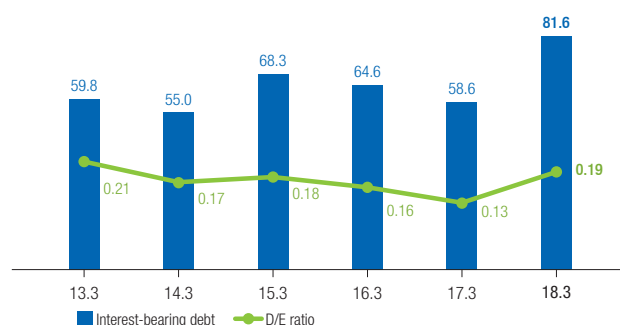
◆ Total assets / Net assets / Equity ratio

(billions of yen/%)



◆ Interest-bearing debt / D/E ratio

(billions of yen/times)



*1 Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.

*2 NRI implemented 1:1.1 common stock splits on 1st October, 2015, and 1st January, 2017. Earnings per share is calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2015, and the fiscal year ended March 2016.

*3 The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by net income.

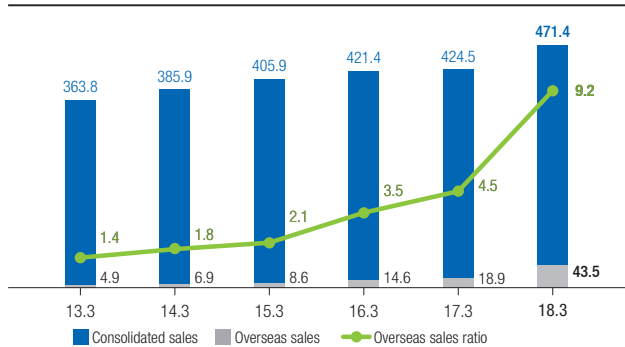
Outcomes: Financial Highlights

Financial Results and Cash Flow Situation

Consolidated sales were ¥471.4 billion (up 11.1% year on year), consolidated operating profit was ¥65.1 billion (up 11.3%), and the consolidated operating profit ratio was the same as the previous year at 13.8%. In addition, the integrated effect of ASG Group Limited (Australia; since January 2017) and SMS Management & Technology Limited (since October 2017), etc., resulted in the overseas sales ratio increasing to 9.2%.

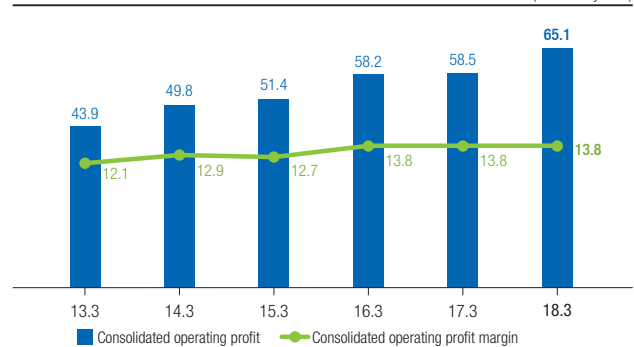
◆ Consolidated sales / Overseas sales ratio

(billions of yen/%)



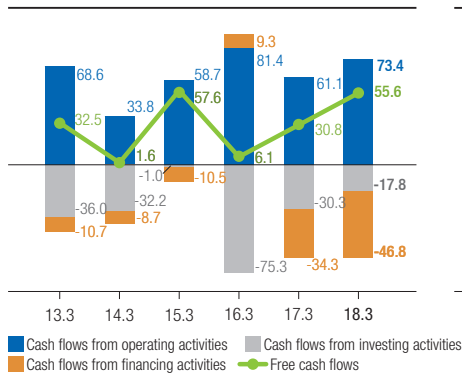
◆ Consolidated operating profit / Consolidated operating profit margin

(billions of yen/%)



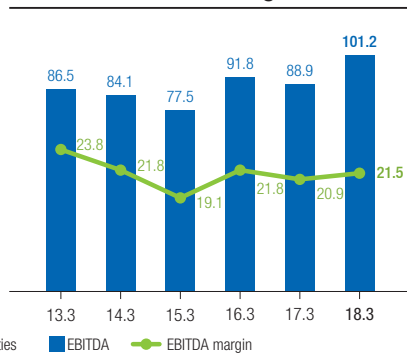
◆ Cash flows

(billions of yen)



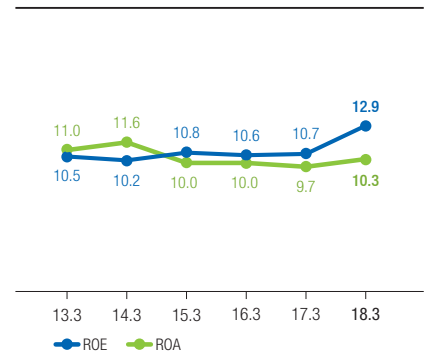
◆ EBITDA*2 / EBITDA margin

(billions of yen/%)



◆ ROE*3 / ROA*4

(%)

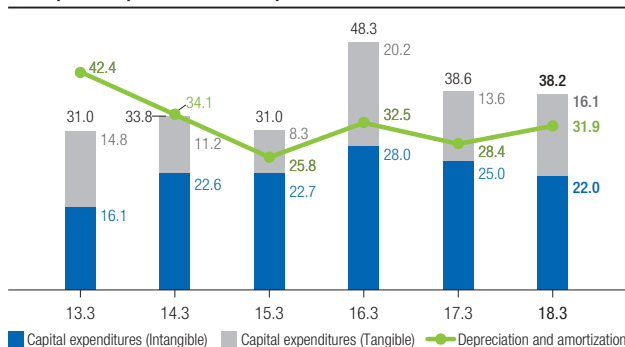


Investment Situation

Capital expenditures coming to a total of ¥38.2 billion were made in the March 2018 period. Investments related to data centers in IT infrastructure solutions were conducted, including development of shared online services, etc., in Financial IT Solutions. In addition, relocation to the Yokohama Nomura Building was completed in June 2017, and the trust beneficiary rights and office facilities for the building were acquired.

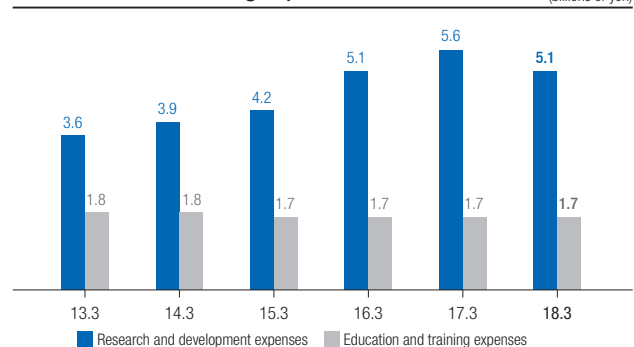
◆ Capital expenditures / Depreciation and amortization

(billions of yen)



◆ Research and development expenses / Education and training expenses

(billions of yen)



*1 Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.

*2 EBITDA was calculated as Operating profit + Depreciation + Amortization of good will.

*3 ROE was calculated as Profit attributable to owners of parent / Beginning and ending balance average net assets.

*4 ROA was calculated as Ordinary profit / Beginning and ending balance average total assets.

Outcomes: Non-Financial Highlights

See P.81-84 for more details

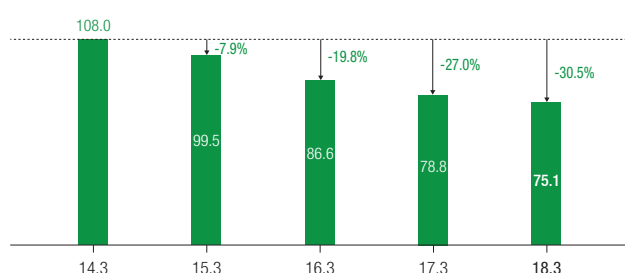
E: Environment-related Data

◆ Greenhouse gas emissions (NRI Group data)

(1,000t-CO₂)

The NRI Group reduced its greenhouse gas emissions significantly by migrating to new, environmental friendly data centers and other means.

- FY March 2018: Reduced greenhouse gas emissions by **30.5%** compared to FY March 2014.

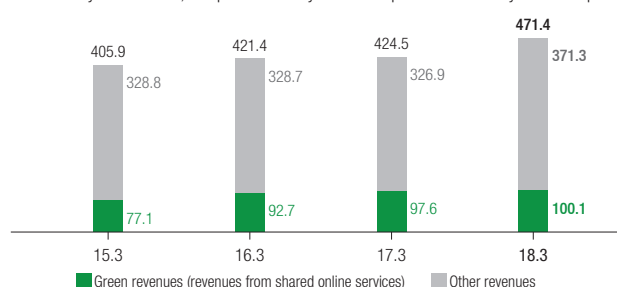


◆ Green revenues (revenues from shared online services) (NRI Group data)

(billions of yen)

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.

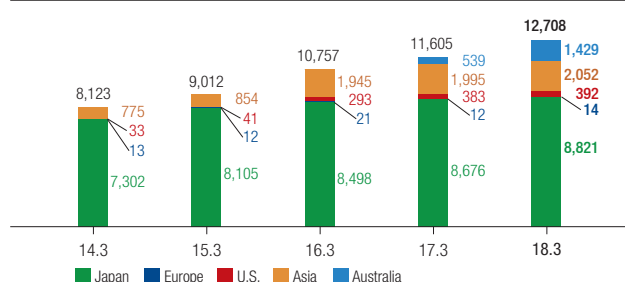
Data indicates that using NRI's shared online service can allow our clients to cut their CO₂ emissions by around 70%, compared to if they build and operate their own systems independently.



S: Social-related Data

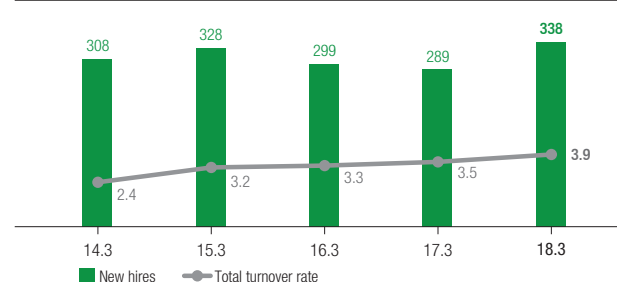
◆ Number of employees (NRI Group data)

(persons)



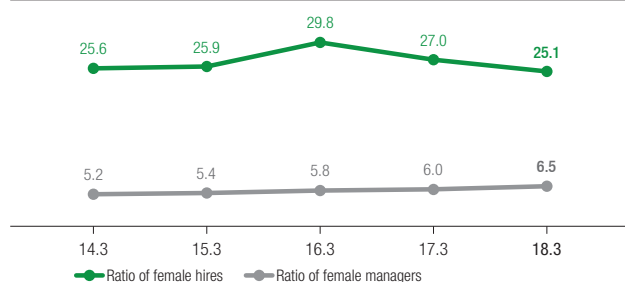
◆ Number of hires / Turnover ratio (NRI Group data / Non-consolidated data)

(persons/%)



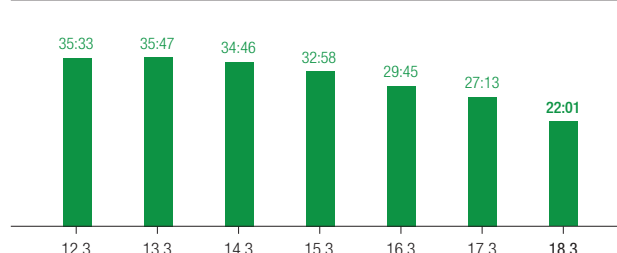
◆ Ratio of female hires and managers (Non-consolidated data)

(%)



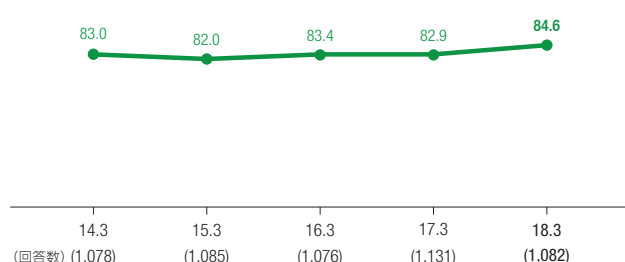
◆ Monthly average overtime hours per employee (Non-consolidated data)

(hours)



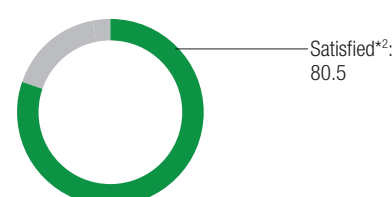
◆ Client satisfaction (Non-consolidated data)

(%)



◆ Employee satisfaction (Non-consolidated data)

(%)



*1 Survey of NRI employees working in Japan (as of 1st October, 2017)
No. of valid respondents: 5,545; collection rate: 85%

*2 The ratio of employees thought to be satisfied is the ratio of "Satisfied" and "Somewhat satisfied" on a four-level scale.

*1 Number of questionnaire response by project unit that NRI received an order for
*2 Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale)

Progress of Long-term Management Vision and the Medium-Term Management Plan

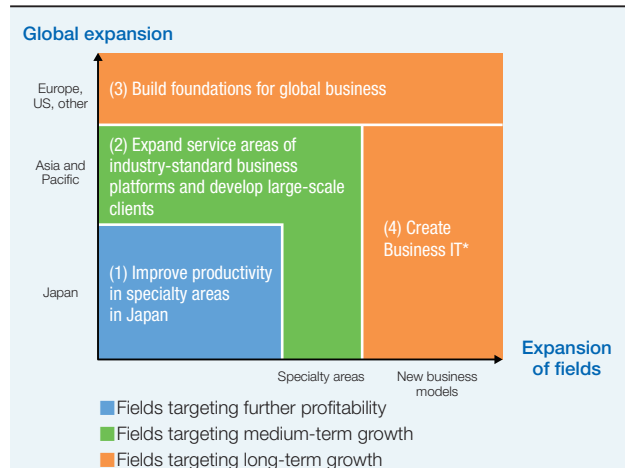
In order to achieve sustainable increases in corporate value, NRI has defined a Long-term Management Vision “Vision 2022” (the fiscal year ended March 2016 to the fiscal year ending March 2023) and a Medium-term Management Plan (the fiscal year ended 2017 to fiscal year ending March 2019), which corresponds to three years in the early part of Vision2022. The following is an overview of Vision 2022 and an introduction on the progress of the Medium-term Management Plan.

Whole Picture of V2022 and Role of the Medium-Term Management Plan

In April 2015, NRI launched “Vision2022” (V2022), a long-term management vision set to conclude in the fiscal year ending March 2023. The strategy aims to cultivate its existing strengths of IP and also represents NRI’s preparedness to take on challenges such as the dramatic expansion in globalization and the creation of new value in Business IT domain. It is made up of five pillars of growth strategies and numerical targets. Furthermore, based on those growth strategies, as numerical targets related to expansion of business and improvement of capital efficiency, we have set consolidated operating profit of ¥100 billion, a consolidated operating profit rate of 14% or more, overseas sales of ¥100 billion, and ROE of 14%.

Two main themes of “globalization” and “Business IT” form the core of V2022 and are essential for NRI’s long-term growth. However, it will take some time for the strategy to bear fruit. As the first step toward the realization of V2022, NRI formulated the Medium-Term Management Plan, set to run for three years starting from the fiscal year ended March 2017. The Medium-Term Management Plan consists of four key themes: (1) Improve productivity in specialty areas in Japan, (2) Expand industry-standard business platforms and develop large-scale clients, (3) Build foundations for global business and (4) Create Business IT*.

◆ Four key themes of the Medium-Term Management Plan



*Business IT: IT directly contributes to the expansion of clients' businesses

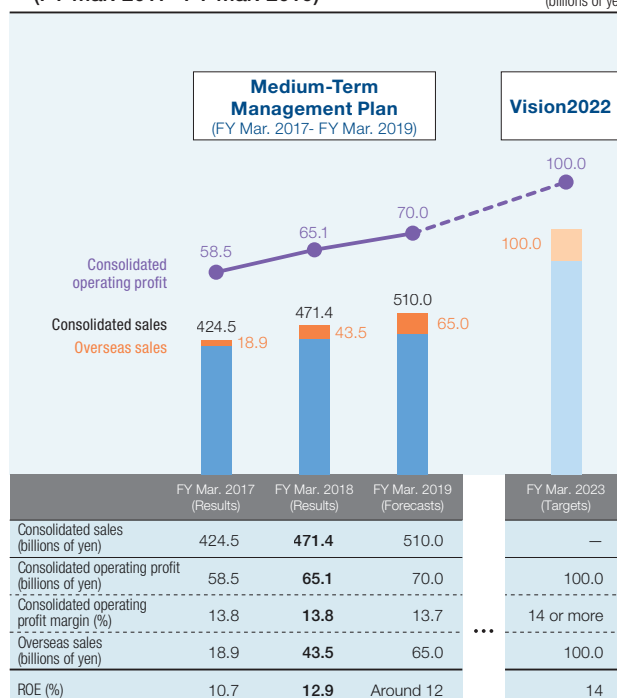
◆ Five pillars of Vision2022 growth strategy

- 1 Dramatic expansion of **globalization**
(From Asia to the world)
- 2 Enhancement of **IP Portfolio**
(Industry knowledge, shared online service)
- 3 Promotion of **business value creation**
(Business IT and Con-Solution*)
- 4 Further pursuit of **Innovation in production**
(Improve productivity in specialty areas in Japan)
- 5 Cooperation and collaboration of **diverse talents**
(Business creation and global management)

*Con-Solution: A project management methodology in which, from Business IT planning and conceptual stages, consulting and solutions work side by side with clients, and create new businesses, after repeated cycles of innovation realization and examination of effects.

◆ Results and targets under Medium-Term Management Plan (FY Mar. 2017- FY Mar. 2019)

(billions of yen)



Progress on Four Key Themes of the Medium-Term Management Plan

During the fiscal year ended March 2018, which is the second year of the Medium-term Management Plan, we steadily progressed the four key themes discussed above. The following is an introduction for a portion of results.

Key theme 1 Improve Productivity in Specialty Areas in Japan

This theme seeks to steadily expand business and improve productivity in a specialty area of NRI in Japan; specifically, the area of Corporate IT which contributes to the efficiency of internal tasks at clients.

First, we recognize that preventing unexpected large-scale unprofitable projects is a top-priority issue. Accordingly, we are working to strengthen project management and to expand knowledge through measures such as sharing examples of past projects.

In system development, we are working to increase our earnings rate through improved productivity made possible through measures such as expanded offshore development and response to new development methods. In systems maintenance business, we are working to further increase the efficiency of business management. For example, we are sharing the maintenance operation system across our organization, deploying human resources appropriately, and taking actions for innovative production.

◆Maintain measures for productivity

Maintain zero unexpected unprofitable large projects	<ul style="list-style-type: none"> •Better initial steps for proposal checks and high-risk engagements •Share best practices of domestic and global projects
Better margins to support high growth	<ul style="list-style-type: none"> •Go offshore and expand near-shore •Front development and agile development •Promotion of PCI (Package Cloud Integration) Strategy
More advanced resource management	<ul style="list-style-type: none"> •Flexible sharing of individual development resources among projects. •Share Financial IT segment resources with Industrial IT and other segments
Creation of production innovation	<ul style="list-style-type: none"> •Achieve results of development cockpits •Begin test center services

Key theme 2 Expand Service Areas of Industry-standard Business Platforms and Develop Large-scale Clients

Based on expertise accumulated in the financial industry over a long period of time, NRI has standardized the information systems required to perform work. We provide “industry-standard business platforms (shared online services)” in which a single system is jointly used by multiple corporations. In response to the need to reduce costs in the Corporate IT area, we are steadily expanding the number of companies which use these shared online services. Additionally, we are expanding client areas and service areas through measures such as the provision of utility services which incorporate Business Process Outsourcing (BPO) for subcontracting of series of administrative processes performed in the back offices of financial institutions.

Furthermore, as a strategic partner capable of comprehensive consulting for management and IT, we are expanding the scope of support based on trusting relationships gained through continued transactions with clients. As part of these measures, we have created account plans that lead to medium to long-term expansion of transactions, while at the same time developing a deep understanding of client strategy and issues that target specific clients. We are also implementing our Prime Account Strategy, which

◆Develop large-scale clients

Process to strengthen relationship with company A

Accumulate results in front-office [specified area]	<ul style="list-style-type: none"> •Total support for development of e-commerce business •Then work steadily on enhancements
Expand to front-office related [other areas]	Expand to areas such as <ul style="list-style-type: none"> •Digital marketing common platform •Store channels •AI and IoT-related
Expand to core and global systems	Expand to areas such as <ul style="list-style-type: none"> •Core and Global systems •IT planning, security support

places executives in charge of sales and provides a support system spanning across the group. In recent years, these measures are producing results. One example is our client Company A in an industrial field. As a comprehensive strategic partner, NRI has made proposals spanning from consulting to IT solutions for Company A. Starting from partial areas of front-office systems, we have expanded our support scope to currently include core systems and global areas.

Key theme 3 Build Foundations for Global Business

In our global business, NRI is advancing three policies:
 (1) Support for global expansion of Japanese companies,
 (2) Acquisition of global and competitive IP through M&As,
 (3) Overseas market sales expansion of existing IP.

In particular, as pertains to policy 2), Brierley+Partners, Inc., a U.S. Company which we acquired in 2015, established a Japanese subsidiary in 2016 and is expanding its business in Japan. Cutter Associates, LLC, a U.S. Company which we acquired in 2016, is advancing support for North American offices related to Japanese financial institutions. Moreover, ASG Group Limited, an Australian company which we acquired in 2016, acquired the Australian company SMS Management & Technology Limited in 2017. The companies have begun to demonstrate a cost reduction effect due to integrating their respective management structures. ASG also acquired a large project from Airservices Australia in March 2018. We expect ASG to continue business expansion through such measures.

Key theme 4 Create Business IT

Through growth of technology, we are furthering our initiatives for Business IT that contributes directly to business expansion by clients. NRI is constructing competitive advantages by utilizing our strength of combining consulting and IT solutions.

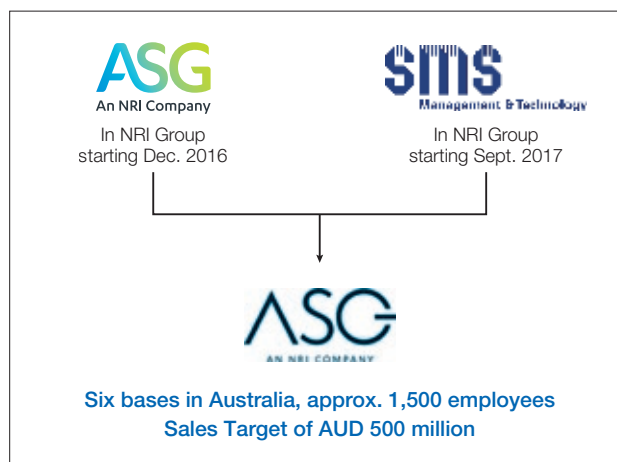
At NRI, we are developing "DX1.0" and "DX2.0" for digital business initiatives.

In the "DX1.0" area which contributes to increased efficiency and sophistication of existing business models, we are currently accumulating a large amount of results. In the "DX2.0" area which seeks to create new business models that utilize digital technology, we are continuing to embrace challenges such as establishing joint ventures with clients who possess high-level technology.

NRI is also implementing measures for R&D on advanced technology and industry-academia collaboration. Additionally, we are strengthening our technological infrastructure for supporting business IT. For example, we have established an "Analytics Knowledge Center" for sharing knowledge on business IT and an "AI tech lab." for cultivating AI engineers.

The fiscal year ended March 2018 marked the beginning of full-scale investment into business IT. This momentum will accelerate even further in the fiscal year ending March 2019. NRI is supporting DX for society and corporations.

◆New ASG (ASG and SMS have come together)









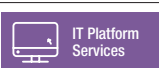









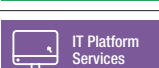



◆Case examples of NRI's digital business

DX2.0	Digital ecosystem	<ul style="list-style-type: none"> Established the joint venture "Bit Realty, Inc." together with Kenedix, Inc. Established the joint venture "KDDI Digital Design Inc." together with KDDI CORPORATION Established the joint venture "Technium CO., LTD." together with DMG MORI CO., LTD.
	Digital front-office	<ul style="list-style-type: none"> "Nomura Goal-Base," a robot advisor by Nomura Securities Co., Ltd. that provides asset management advice to retail investors "Dokokani Mile," a service for discount international airline tickets with Japan Airlines Co., Ltd. Client Data Management Platform (DMP) for WOWOW Inc., which broadcasts paid media
	Digital back-office	<ul style="list-style-type: none"> Increased work efficiency and automation using Robotic Process Automation (RPA) Increased work efficiency and automation using the AI solution "TRAINA"
Digital solution / Technical bases		<ul style="list-style-type: none"> AI Engineer Training Base "AI tech lab." Datascientist Internal Certification Program Best-practice sharing in "Analytics Knowledge Center"

Events in the Fiscal Year Ended March 2018

Under the title of “Events in the Fiscal Year Ended March 2018,” the following looks back on NRI initiatives and results.

	Category	Topic
2017 April	 Financial IT Solutions	Started provision of “e-NINSHO”, a signature verification (identity verification) service that utilizes technology such as the digital certificate stored in the My Number card.
May	 Management	NRI announced the participation in the UN Global Compact.
June	 Industrial IT Solutions	Established the joint venture “Bit Realty, Inc.” together with Kenedix, Inc. as a real estate for investment crowdfunding business. Through the internet, the combine provides a wide range of real estate investment opportunities for investors.
July	 Industrial IT Solutions	Sapporo Holdings Limited utilized the NRI AI solution “TRAINA” to reduce in-house inquiry response work by 45%.
	 Management	NRI was adopted for all three ESG indices selected by GPIF.
	 Consulting	For 100 cities in Japan, created the ranking of cities with growth potential by analyzing industry-generating ability, which affects future growth, and the future potential.
August	 IT Platform Services	NRI Secure Technologies, Ltd. obtained the No. 1 share in the cybersecurity consulting service market researched by ITR Corporation in fiscal 2017.
September	 Industrial IT Solutions	ASG Group Limited acquired the Australian company SMS Management & Technology Limited, spurring further growth in our Australian business.
October	 IT Platform Services	Started provision of “aslead,” a development/management integration service which promotes both improved quality and increased work efficiency in system development projects.
	 Financial IT Solutions	Invested in the FinTech corporation TORANOTEC, LTD. and performed product development for the development of new investment services.
November	 Consulting	Succeeded in significantly alleviating traffic jams in the city of Moscow (Russia) through demonstration testing of advanced traffic signal systems.
December	 Financial IT Solutions	Mizuho Securities Co., Ltd. significantly shortened compliance-related work time by utilizing the NRI AI solution “TRAINA.”
	 Industrial IT Solutions	Together with KDDI CORPORATION, established the joint venture KDDI Digital Design Inc. which supports digital innovation at corporations.
2018	 Financial IT Solutions	NRI constructed a system using PlanDo, a new information terminal that is utilized for face-to-face consulting services, and achieved a flexible working style for approximately 10,000 client advisors at Fukoku Mutual Life Insurance Company.
January	 Industrial IT Solutions	Together with DMG MORI CO., LTD. established the joint venture Technium CO., LTD. which promotes digitalization in the manufacturing industry.
	 Financial IT Solutions	Comprehensively reformed I-STAR, a back-office solution for wholesale securities, and responded to sophistication of securities markets (for example, shortened settlement period for national bonds and stock).
	 Management	After the acquirement of treasury stock until December (approx. 11.45 million shares, approx. 50 billion yen), Completed retirement of treasury stock (13 million shares).
February	 Consulting	Developed models which predict the effectiveness of TV commercials with high accuracy by using artificial intelligence (AI) at NRI's advertising effectiveness measurement program “Insight Signal.”
	 IT Platform Services	NRI Secure Technologies, Ltd. and GE Digital became first in the Asia-Pacific region to provide Achilles Certification, a security certification program for industrial control systems.
March	 Financial IT Solutions	An investigative panel of experts established by NRI issued the “Summary of Issues for the Achievement of a Cashless Society.”

NRI's Four Business Segments

NRI's business consists of mainly the four following business segments.

- **Consulting:** Consulting services
- **Financial IT Solutions:** IT solutions for the securities, insurance, banking, asset management, and other financial sectors
- **Industrial IT Solutions:** IT solutions for industrial clients in distribution, manufacturing, and service sectors
- **IT Platform Services:** Construction of IT platforms and networks which support NRI's IT solutions business and data center operations, in addition to system management solutions and security services for external clients



Consulting

P.37-38

This segment provides management consulting, operational consulting, and system consulting for enterprises and government agencies. This segment is also engaged in research, future projections, and recommendations related to society, economics, business, technology, etc.

Major affiliated company ASG



Financial IT Solutions

P.39-40

This segment provides system consulting, system development and system management solutions, and shared online services for financial institutions mainly in the securities, insurance, banking, asset management, and other financial sectors.

Major affiliated companies DSB, NRI Process Innovation, Cutter Associates



Industrial IT Solutions

P.41-42

This segment provides system consulting, system development and system management solutions, and shared online services mainly for the distribution, manufacturing, service, and public sectors.

Major affiliated companies NRI System Techno, Brierley+Partners, ASG



IT Platform Services

P.43-44

This segment provides data center operations and construction of IT platforms and networks are provided to the Financial IT and Industrial IT solutions segments within the Group. This segment also provides IT platform solutions and information security services to external clients. Furthermore, NRI conducts research related to advanced information technology, etc.

Major affiliated companies NRI Secure Technologies, NRI Data i Tech, NRI digital

Clients



Note: Amounts have been rounded down to the nearest unit specified.
However, percentages have been rounded off to the nearest digit specified.



Consulting Segment

Consulting segment provides consulting services for policy planning for government agencies and strategy planning, business operation reforms and all phases of IT management for companies.

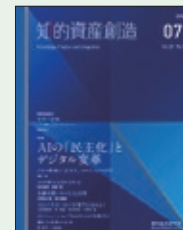
We also have a strong track record in overseas markets including Asia-Pacific, Europe, and the United States, where we have been tapped for numerous consulting projects by Japanese companies as well as local companies and governments.

Service Examples

- Support in medium to long-term business planning, strategy planning, and overseas business strategy planning for companies
- Support in digital business development for companies
- Support in business process reform for the manufacturing industry, financial industry, etc.
- Support in IT governance standardized on a group or global basis
- Support in policy planning and execution support for government agencies

Segment Strengths

- One of Asia's largest consulting firms that has over 1,000 consultants in Japan and overseas
- Broad lineup of experts that cover an extensive range of industries and themes
- Consultants that understand strategy, operations, and IT
- Data analytics expertise developed through many years of experience in statistical analysis, marketing research, etc.



Left: Knowledge Creation and Integration periodic publication (only in Japanese)



Right: Illustrated CIO Handbook (Revised Version 5) (only in Japanese)

Business Environment (Client Trends)

- **Acceleration in corporate reform due to digital technologies**
 - Tendency towards business models that use digital technology
 - Increasing use of analytics in strategy development
 - Expanded use of RPA and AI in internal operations
- **Accelerated globalization of management**
 - Global strategy becoming a key challenge for medium-sized companies and SMEs in addition to industry-leading companies
 - Necessity for standardized IT governance that differs for each country and business
- **Lack of human resources with strategy execution capabilities in organizational management for enterprises and government agencies**
 - Lack of human resources for middle management
 - Increase in IT departments/IT subsidiaries not able to keep up with digital technology

NRI's Strategies and Countermeasures

- **Domestic business**
 - Proposals based on medium-term account plans
 - "Con-Solutions" through integrated consulting and engineering proposals
 - Operations consulting and secondee/resident support to support execution
 - Expansion of consulting services that use digital technology such as AI
- **Global business**
 - Global practice activities
 - Strengthening of client base through partnerships with local partners
 - Development of local accounts by local NRI offices

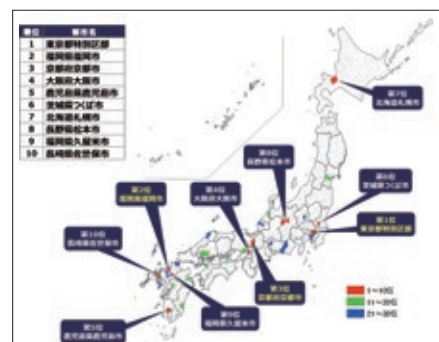
Achievements

•Recommendations for society and future projections (think tank activities)

Creation of ranking for cities with growth potential that have the potential for regional creation

One vision for regional creation is for regional cities to become local hubs that are able to acquire foreign currency through independent ties with the world without relying on large cities. NRI conducted an evaluation ranking the current industrial creation capabilities and future potential of 100 cities in Japan in order to clarify the strengths and weaknesses of each city and identify cities with high potential as local hubs. The best practices of local hubs overseas were analyzed, and the following six points were set as the evaluation standards: (1) culture that is accepting of diversity, (2) initiatives to promote entrepreneurship and innovation, (3) foundations where diverse industries can take root, (4) plenitude and diversity of human resources, (5) ease of living in the city, and (6) appeal of the city.

Rather than struggling over the limited domestic market, NRI believes that it will be possible for Japan to grow as a whole by leveraging the strengths of each city and making ties with the world.



Cities such as Fukuoka, Kagoshima, and Tsukuba were at the top of the ranking of cities with growth potential that have the potential to become a local hub

•Consulting (overseas market)

Significant reduction in traffic congestion through demonstration project on an advanced traffic signal system in Moscow, Russia

NEDO*, Kyosan Electric Manufacturing Co., Ltd., and NRI completed a demonstration project on an advanced traffic signal system jointly with Moscow City Traffic Control Center (TsODD). During this demonstration project, the system was installed at a series of traffic junctions at five locations in the city in order to resolve the serious traffic congestion in Moscow. It was verified whether car travel time had been shortened, and as a result, a reduction in traffic congestion by up to 40% during rush hours was confirmed.

These results can expect to contribute to reductions in CO₂ emissions thanks to reduced fuel consumption by cars and the revitalization of economic activities thanks to the reduction in travel time. We aim to expand this advanced traffic signal system in other areas of Russia in the future based on the results achieved through this demonstration project.

*NEDO: New Energy and Industrial Technology Development Organization



Reduced traffic congestion during morning rush hour (Above: before demonstration project, below: after demonstration project; the area towards the back of the photo is the direction towards Moscow)

•Consulting (domestic market)

Launch of work-style reform support consulting services using AI

As a consulting service that promotes work-style reform, NRI has launched a service that uses artificial intelligence (AI) to analyze the schedule information of individual employees and visualize how employees use time in an aim for improvement.

Although the automation of production lines in the manufacturing industry is advancing in Japan, the productivity of the service industry and white-collar sector that is said to be low compared to other developed countries. It is believed that this is the result of various factors such as ambiguity in decision-making structures and rigid employment practices that are complexly intertwined, and one of the characteristics of productivity of the white-collar sector is that it is extremely difficult to measure in the first place. NRI has developed technologies that use AI to classify schedule information in order to visualize working styles in the white collar sector and indicate focus points for efficiency improvements in a quantitative manner. Through these technologies, it is possible to analyze how each and every employee uses time, which will lead to the discovery of issues and make it possible to derive improvement proposals.



The movement area of employees is displayed on a map that can be used for teleworking and satellite office deployment planning



Financial IT Solutions Segment

This segment provides system consulting, system development and system management solutions, and shared online services for financial institutions mainly in the securities, insurance, banking, asset management, and other financial sectors.

The number of users has steadily grown for shared online services as IT services that quickly respond to the customer's business environment and regulatory changes based on the know-how that NRI has developed in the financial industry over many years.

Service Examples

- Core business systems and information systems of Nomura Securities Co., Ltd.
- ATM network systems and accounting systems of Seven Bank, Ltd.
- Shared online services that have become the de facto standard: THE STAR, I-STAR, T-STAR, and BESTWAY

Segment Strengths

- Strong client base based on business with top-class financial institutions in the industry and other clients over many years
- SaaS-type shared online services which have the leading market share in the financial industry
- Utility services provided jointly with Group companies (shared online services+ BPO services)
- Close communication with financial authorities, industry organizations, etc. (support, etc. for policy planning for the My Number system, NISA system, etc.)
- Think tank activities that discuss and communicate on financial policy and financial intermediary function issues (Financial Markets Panel, Research Forum for Revitalization of Financial Intermediation in Domestic Economy, Japan-China Financial Roundtable)



2017 Number 10
FinTech Rankings
(IDC Financial Insights)

Ranked 10th in the global ranking of financial IT service companies released by IDC Financial Insights

Business Environment (Client Trends)

- **A challenging business environment has continued for financial institutions overall**
 - Securities industry: Although market conditions are relatively strong, there are issues with improving profitability
 - Banking industry: Megabanks are launching policies to reduce personnel and regional banks are reorganizing
 - Insurance industry: Strengthening operations and improving operational efficiency are issues due to the effect of negative interest rates
- **Although FinTech initiatives are ongoing, aggressive IT investments have not been made yet**
- **Entry in the finance business from different industries**
- **Expansion of overseas business through M&As by leading financial institutions, etc.**

NRI's Strategies and Countermeasures

- **Accurate response to the needs of clients centered around shared online services**
 - Steadily responding to new need, expansion of ITO×BPO service
- **Increasing business with the banking and insurance industries**
 - Acquisition of projects aimed at improving operational efficiency and new business launches by major life and non-life insurance companies, direct non-life insurance companies, etc.
 - Deepening relationships within the front area and new forms of banks in the banking industry
- **Continued client support and creation of new businesses in digital financial service (FinTech related)**
- **Cost structure reform through production innovation**
 - Efficiency improvements in the development, maintenance, and operation structure, appropriate assignment of human resources
- **Expansion of global business**
 - Expansion of support for worldwide offices of Japanese financial institutions
 - Launch of the I-STAR/GX shared online service for wholesale brokerage firms in the US

Achievements

•Financial industry overall

Award received in the US in recognition of the introduction of solutions using AI

NRI received an award in the Best Artificial Intelligence (A.I.) Initiative section of the FTF News Technology Innovation Award 2018 in the US. This award was in recognition* of proof of concepts and the introduction of solutions using artificial intelligence (AI) in 2017 by NRI.

This is an award hosted by the Financial Technologies Forum (FTF), a US-based financial media group, to praise the annual achievements of financial technology firms, service providers, and auditing firms and it is widely recognized in the financial industry.



Received award in Best Artificial Intelligence (A.I.) Initiative section

*Major achievements that were recognized (new releases)

- Mizuho Securities selects NRI's AI and voice recognition technology to reduce time spent on compliance (11th December, 2017)
https://www.nri.com/global/news/2017/171211_1.aspx
- NRI and Mizuho Bank Complete Research Addressing Applications of AI in Eliminating Tedious Derivative Contract Procedures (31st July, 2017)
https://www.nri.com/global/news/2017/170731_1.aspx
- NAM and NRI Conduct Proof of Concept for Applying AI in the Asset Management Industry (26th June, 2017)
https://www.nri.com/global/news/2017/170626_1.aspx



Refer to the FTF News Technology Innovation Award 2018 website for details.
<https://www.ftfnews.com/awards/the-ftf-news-technology-innovation-awards-2018>

•FinTech

Investment in TORANOTEC that is involved in asset management and application development

NRI and TORANOTEC, LTD. signed capital contribution and basic collaboration agreements on 30th October, 2017.

TORANOTEC Asset Management Ltd., TORANOTEC's wholly-owned subsidiary, began offering TORANOCO in June 2017, a service for investing using change, and NRI has supported smooth service provision for TORANOCO by providing its BESTWAY/JJ investment account management system service and its T-STAR/TX back-office operations support service for asset management companies. Going forward we will further strengthen our partnership as we work together for the further evolution of TORANOCO while also cooperating with the development of new investment services.



TORANOCO change investment application provided by TORANOTEC Asset Management



For details, see the TORANOCO change investment application website.
<https://toranoko.com/>

•Insurance industry

NRI radically upgrades the way 10,000 client advisors work at Fukoku Mutual Life Insurance Company through new information terminals

NRI has employed Apple iPads* to upgrade the information terminal PlanDo that Fukoku Mutual Life Insurance Company's customer advisors (sales representatives) use in their face-to-face consulting sales, and accompanying this, completed the development of a new sales support system (with life plan proposal functions and insurance product proposal functions, etc.) and new contract application system enabling paperless process. The new terminals were rolled out in January 2018.

Since the construction of the sales support system for Fukoku Mutual Life in 2001, NRI has been involved with improvements and revisions including new product support and support for legal changes over many years. This system development was done jointly by six vendors supervised by Fukoku Information Systems Co., Ltd. NRI developed the new sales support system and the new contract application system during this process.

*iPad is a registered trademark of Apple Inc.



New information terminals "PlanDo" introduced by Fukoku Mutual Life in January 2018



Industrial IT Solutions Segment

Operations in this segment comprise integrated consulting, system development, and system management solutions for the distribution retail/wholesale, manufacturing, communications, service, and public sectors.

We are promoting the Prime Account Strategy to strengthen our long-term partnerships with industry-leading firms. These include Seven & i Holdings Co., Ltd., KDDI CORPORATION, which established a joint company with NRI in December 2017, Ajinomoto Co., Inc., whose information systems subsidiary joined the NRI Group in April 2012, and Marubeni Corporation, with whom we have capital and business partnerships in place.

Service Examples

- Order and supply system and POS information system for Seven & i Holdings Co., Ltd.
- watashi+, the comprehensive online beauty service by Shiseido Company, Limited.
- “Dokonani Mile,” the new mileage service by Japan Airlines Co., Ltd.

Segment Strengths

- Cutting-edge digital marketing platform (DMP) solutions
- Extensive experience in global SCM solutions
- Compelling proposals fusing package solutions and cloud services
- Loyalty marketing solutions (Brierley+Partners)
- IT managed services (ASG)

brierley+partners™

Forrester Names Brierley+Partners
a Leader in Customer Loyalty
(The Forrester Wave™: Customer Loyalty
Solutions, Q3 2017)

Business Environment (Client Trends)

- **Aggressive IT investments, mostly among large, high-performing enterprises**
 - Expanding investments in BIT (digital)-related areas, aiming to transform business models
 - Increasingly sophisticated front office-related systems and SCM systems, stemming from EC business growth
 - Lively efforts to save labor and automate business processes through RPA and other approaches
- **The need for innovation in core systems**
 - Increasing prevalence of package solutions and cloud services
- **Global business expansion**
 - Growing importance of global IT governance

NRI's Strategies and Countermeasures

- **Maintaining the Prime Account Strategy**
 - Working with Consulting to expand support offerings from the uppermost processes down
 - Expanding support offerings from the digital areas to core systems and global systems
- **Expanding global business**
 - ASG: Aiming for a top-10 position in the Australian market through integration with SMS
 - Brierley+Partners: Continuing to expand business in both the US and Japan
- **Expanding digital business**
 - Expanding real estate tech business (Bit Realty, Inc.)
 - Expanding KDDI Digital Design Inc. business
- **Promoting the PCI (Package Cloud Integration) Strategy**
 - Bolstering proposals fusing package solutions and cloud services

Achievements

•Domestic business

Establishment of a joint venture supporting digital transformation by companies with KDDI

NRI made a 49% investment in KDDI Digital Design Inc., a subsidiary of KDDI CORPORATION, in December 2017.

KDDI Digital Design is an operating company that supports digital transformation by clients through one-stop support ranging from strategy planning to verification of commercialization, and system development by leveraging the strengths of both NRI's strategic consulting and system integration capabilities and KDDI's next-generation network and IoT platform development capabilities.



Trade name	KDDI Digital Design Inc.
Date of establishment	15th December, 2017
Capital	¥7 billion (including legal capital surplus)
Representative Director and President	Yasuaki Kuwahara
Shareholder composition	KDDI CORPORATION: 51% Nomura Research Institute, Ltd.: 49%
Location of the headquarters	Kitanomaru Square, 1-13-12 Kudankita, Chiyoda-ku, Tokyo, Japan
Business lines	Business strategy support, verification of commercialization, system development, network infrastructure development, system and networks operations

•Domestic business

Release of the YEBISU BAR app, a visitor loyalty improvement service

Sapporo Lion Limited and NRI have jointly developed the YEBISU BAR app as a service that improves loyalty through benefits such as points and status provided to visitors. It was released and provided at Yebisu Bars nationwide from 8th May (Tuesday), 2018.

The YEBISU BAR app is a service for dining establishments that customers often visit in groups with one group organizer making a payment on the group's behalf that provides stamps and other benefits to all visitors including customers that did not make a payment (patent pending). Sapporo Lion and NRI developed this service using the loyalty program know-how and IT package products provided by the NRI Group company Brierley+Partners Japan, Inc.

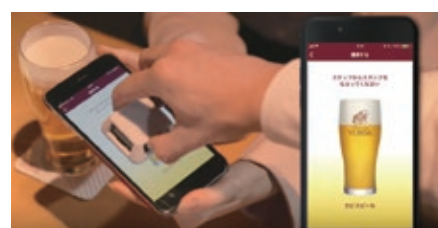


Image of operations and screen when granting a stamp with the YEBISU BAR app on a smartphone

•Overseas business

Signing of service contract with Airservices Australia to provide a secure cloud environment

The NRI subsidiary ASG Group Limited signed a contract with Airservices Australia, Australia's air traffic control authority, for the provision of a virtual desktop environment over the cloud using the Internet as a DaaS (desktop as a service). For DaaS (desktop as a service), the desktop environments of computers used by companies and organizations are aggregated in servers on the cloud, and the service is used by user accessing their own virtual desktop environment through the Internet.

The contract is for AUD 84 million with a period of five years and also has a five-year extension option. ASG is globally competitive with its unique intellectual property for lifting out the on-premise software assets of customers to a cloud environment and providing them to the customer as a service.



Corporate logo of the NRI subsidiary Australia ASG



IT Platform Services Segment

The segment provides services such as the management and operation of data centers and IT platform/network development to financial and industrial IT solutions segments.

This business also provides IT platform solutions and information security services to client in various industries. We also carry out research toward development of new businesses and new solutions, and research in cutting-edge information technology.

Service Examples

- Operates three data centers in the Tokyo area and two in the Osaka area
- NRI SecureTechnologies, Ltd. provides one-stop information security services, from sophisticated security operations and surveillance and consulting, to various types of software and services
- NRI digital, Ltd. supports digital business with “Con-Solutions” and open innovation

Segment Strengths

- Data centers with facilities and operational management capabilities that conform to the highest standards
- Management operation centers in five locations in Japan and network hubs around the world
- Security business which supports companies' global development
- Specialty company (NRI digital, Ltd.) that supports digital business creation
- Information technology trend projections over many years (publication of the *IT Road Map*, etc.)
- Investigation and research on deep learning, voice recognition, image recognition, character recognition, etc.



First in Japan to receive Management and Operations (M&O) Certification, a global standard for data center operation (held by three data centers as of 1st July, 2018)

Business Environment (Client Trends)

- **IT platforms business and IT operations outsourcing business**
 - Increasing burden for supporting upgrades of own data centers
 - Growing interest in public cloud services
 - Need for global IT operations structure associated with the expansion of overseas business
- **Security business**
 - Need for advanced security measures in response to increasingly sophisticated cyber-attacks
 - Expansion of areas for security countermeasures accompanying the use of digital technologies such as IoT in business
- **Digital business**
 - Use of digital technologies to make existing businesses more efficient and sophisticated
 - Trying to establish new business models using digital technology

NRI's Strategies and Countermeasures

- **IT platforms business and IT operations outsourcing business**
 - Operation of safe and secure data centers (continued improvements to eliminate system failures)
 - Development of next-generation operational infrastructure (MDC2.0) (remote management, business automation through AI, etc.)
 - Provision of IT modernization solutions (support for phased migration from on-premise to the cloud)
 - Support through global operations structure (operation centers in five locations in Japan and network hubs around the world)
- **Security business**
 - Expansion of global security business
 - Provision of security countermeasures services for new areas such as IoT and the blockchain
- **Digital business overall**
 - R&D activities and external partnerships related to advanced technologies (Industry-academia collaboration, open innovation)
 - Expansion of digital business support by NRI digital, Ltd.

Achievements

•Security business

NRI Secure recognized as a market leader by research firms in Japan and overseas

The NRI subsidiary NRI SecureTechnologies, Ltd. (“NRI Secure”) was introduced as a leading vendor that provides security operations and monitoring services on a global level in the “Vendor Landscape: Global Managed Security Services, 2017” report published by the major US research firm Forrester Research Inc.

In addition in the “2017 Frost & Sullivan Japan Excellence Award” released by the major US research firm Frost & Sullivan Inc., NRI Secure received the “2017 Japan Managed Security Service Provider of the Year” as the most outstanding company in Japan’s security operations and monitoring services market.

Meanwhile, NRI Secure was number one in the market in terms of sales by vendors according to the “Survey on Domestic Cyber Security Consulting Services 2017” conducted by the leading Japanese research firm ITR Corporation. According to this survey, NRI Secure has “built up a solid position in the consulting market through the development of business as a pioneer in information security services and the provision of a wide range of services that cover many areas including policy development support, security audits, CSIRT development support, and IoT security consulting.”



Received the 2017 Japan Managed Security Service Provider of the Year award from Frost & Sullivan

•Digital business

Established new company Technium that promotes the digitalization of the manufacturing industry jointly with DMG MORI

DMG MORI CO., LTD. and NRI established the new company Technium CO., LTD. that specializes in systems and services that support the advance use of production facilities at plants, etc. using digital technologies in January 2018.

Technium uses a membership-based website for the centralized management of various information including production facilities, human resources, and processing know-how for each customer. In addition, Technium provides training for the advanced use of the state-of-the-art software and machinery in accordance with the client’s facilities and experience of personnel. Furthermore, the creation of optimal processing programs is achieved using a database that has accumulated the processing technologies of DMG MORI. We support the advanced use of machinery by clients through these services.

TECHNIUM

Trade name	Technium CO., LTD.	
Date of establishment	9th January, 2018	
Capital	¥300 million	
Representative Director and President	Akihiko Kawashima	
Shareholder composition	DMG MORI CO., LTD.:	66.6%
	Nomura Research Institute, Ltd.:	33.4%
Location of the headquarters	3-1-4 Edagawa, Koto-ku, Tokyo DMG MORI Tokyo Digital Innovation Center	
Business lines	Production support IT services, processing engineering services, human resources development services	

•Quality management services business

Launch of the aslead management integration service for system development projects

In October 2017, NRI launched the “aslead” development and management integration service that supports both quality improvements in deliverables and improvements in operational efficiency for information system development projects. The adoption of aslead makes it easy to understand the current situation of projects and achieve efficient management. In addition, it stimulates communication by enabling the smooth sharing of information between project members.

Feedback from the NRI employees who have used aslead includes: “sharing information including communication, arrangements, and reports has become smoother,” “there has been a significant reduction in wasteful meetings and email, and project members have been able to secure time for concentrating in their actual work,” and “there has been less incidents of comments and issues being neglected, differences in awareness among employees, and wasteful work in post-process due to failure to respond to comments.”



Comment analysis results (by team, by type, by developer) are automatically generated and displayed (screen image)



Yoshio Usumi

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

Message from the Director in Charge of Supervising of Corporate Administration

Corporate Philosophy and CSV

Corporate management taking ESG into account is an essential condition for sustainable growth and business continuity. In recent years, during engagement with institutional investors who prioritize stewardship activities, we are more frequently presented with questions on topics such as NRI's orientation towards SDGs and how we recognize ESG as opportunities or risks.

Since our founding, through our main business activities of consulting and IT solutions, NRI has acted based on our Corporate Philosophy of "Dream up the future" to support the resolution of social issues and contribute to the creation of a sustainable society. We consider this to be our mission and these values are shared by our management and employees. Some easy-to-understand examples include serving as a think tank to make social proposals and future forecasts regarding the ideal future, as well as providing shared online services which continually support financial markets via system infrastructure. In this way, through the resolution of social issues, we prioritize the concept of Creating Shared Value (CSV) for heightening the economic value of our company.

Four Material Themes (Materiality)

Based on the UN Global Compact, international standards, guidelines, etc., NRI has designated our Materiality (four material themes) which must be addressed (refer to the NRI Sustainability Management Policy on p. 46).

In particular, as NRI expands our business globally, it is important that we develop an environment and systems in which a diverse variety of professional can perform, regardless of nationality, gender, and other differences. We actively appoint corporate professionals who have become members of the NRI Group through M&A.

Additionally, we are moving ahead of other companies in Japan by implementing work-style reform. Specifically, we have steadily produced tangible results through actions to reduce working hours and promote health and productivity management.

Implementation of Restricted Stock Option Compensation Plan

In the fiscal year ended March 2018, these projects and actions by NRI received high recognition from a variety of perspectives. A few of the honors included receipt of the Tokyo Governor Prize, which is part of the Corporate Governance of the Year 2017 awards held by the Japan Association of Corporate Directors, selection as a Nadeshiko Brand, receipt of the highest level of Eruboshi Certification, and certification as a Health and Productivity Management 500 Organization (White 500).

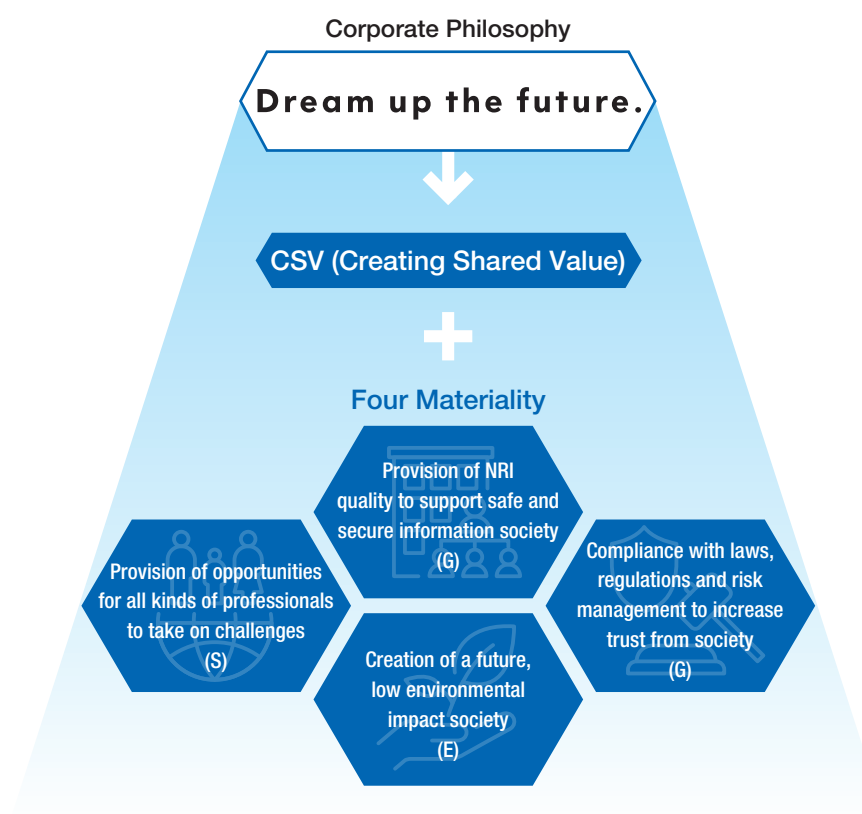
At our General Meeting of Shareholders in June 2018, we received approval to discontinue the previous stock option plan and implement a restricted stock option compensation plan. This was done in order to award medium- to long-term incentives to directors. Awarding directors with shares from their time of appointment enables them to share values with shareholders. In addition to seeking sustainable growth and improved corporate value over the medium- to long-term, we will contribute even more to the creation of a sustainable society.

NRI Sustainability Management Policy

Through our main business activities of consulting and IT solutions, NRI will act based on our Corporate Philosophy of “Dream up the future” to contribute to the creation of a sustainable society. The concept of Creating Shared Value (CSV) has attracted significant attention in recent year. This concept has already been incorporated into our Corporate Philosophy. We have engaged in corporate management for creating value that can be shared with society.

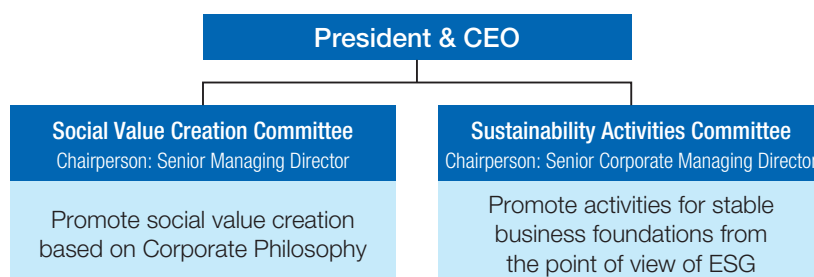
In May 2017, NRI declared our participation in the UN Global Compact and has taken action in order to achieve Sustainable Development Goals (SDGs). Furthermore, from the perspectives of management and external stakeholders, we have identified four material themes (Materiality) with a high degree of priority. We identified these themes based on international standards and guidelines such as GRI (G4), ISO 26000, the Dow Jones Sustainability Indices (DJSI), and the United States Sustainability Accounting Standards Board (SASB), as well as on the opinions of external experts.

NRI is proposing and implementing action plans for the resolution of Materiality. Furthermore, we are periodically evaluating the progress of these action plans and then revising the action plans and the Materiality itself.



Sustainability Management Structure





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



Results of Main Sustainability Activities in the Fiscal Year Ended March 2018

Based on a Sustainability Management Policy composed of Creating Shared Value (CSV) and four material themes (Materiality), NRI is implementing a variety of activities aimed at achieving a sustainable society. The following table introduces specific activities which we undertook in the fiscal year ended March 2018. Activities are grouped according to the corresponding Materiality.

Response to Four Material Themes (Materiality)

Materiality	Main policies	Example activities in the fiscal year ended March 2018
 E (Environment): Creation of a future, low environmental impact society	<ul style="list-style-type: none"> •Response on climate change •Consumption of sustainable energy •Recognize responsibility and protect the environment •Show consideration for environments in our supply chain 	<ul style="list-style-type: none"> •Set a New Environmental Target (reduce greenhouse gas emissions by 55% by the fiscal year ending March 2031 (compared to the fiscal year ended March 2014)) •Implemented and expanded the scope of NRI-EMS, a unique environmental management system for offices at NRI •Relocated to office buildings with superior environmental performance; used renewable energy •Promoted NRI Green Style Activities through e-learning courses, forest maintenance activities, etc.
 S (Society): Provision of opportunities for all kinds of professionals to take on challenges	<ul style="list-style-type: none"> •Diversity of human resources •Sound hiring practices and labor-management relations •Respect for human rights 	<ul style="list-style-type: none"> •Developed solutions and cultivate human resources through cooperation with educational/research organizations both inside and outside of Japan •Held the NRI Student Essay Contest (held continually since the fiscal year ended March 2007) •Expanded actions to support the balance of work and child-rearing by male employees •In June 2017, opened the in-office nursery Yumeminato Hoikuen •Based on the "Act on Employment Promotion etc. of Persons with Disabilities," promoted the hiring of person with disabilities by our special subsidiary NRI Mirai •Developed a new office environment which promotes work-style reform and internal/external interactions
 G (Governance): Compliance with laws, regulations and risk management to increase trust from society	<ul style="list-style-type: none"> •Strengthening of corporate governance •Risk/crisis management •Prevention of overseas corruption •Appropriate disclosure of information to customers 	<ul style="list-style-type: none"> •Established the Nomination Committee, which is mainly composed of independent directors •Changed the main members composing the Compensation Committee from external experts to independent Members of the Board •Implemented the restricted stock compensation plan as a medium- to long-term incentive compensation plan for Members of the Board •Held the CSR Study Session in order to discuss CSR with business partners •Held the Business Information Session for Institutional Investors and Analysts (continued from the fiscal year ended March 2011) •Established NRI Holdings Australia in order to strengthen governance in the Australia region •Started full-scale activities of the Global Business Planning Department, which is located at our headquarters and promotes global governance
 G (Governance): Provision of NRI quality to support safe and secure information society	<ul style="list-style-type: none"> •Information security/system management •Access to information society 	<ul style="list-style-type: none"> •Enhanced project monitoring functions and held other activities to improve the quality of information systems •Held the Production Innovation Forum and took other activities to improve company-wide quality and productivity •Held the Safety and Security Forum and acquired certification/guarantees from third-party organizations •Increased the level of security measures both inside and outside Japan •Increased the sophistication of our Computer Security Incident Response Team (CSIRT) in order to respond to cyber attacks

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

To continue to gain trust from society and meet expectations through both domestic and global activities, NRI endorsed the United Nations Global Compact (UNGC) and announced its participation in May 2017.

Participation in the United Nations Global Compact



To continue to gain trust from society and meet expectations through both domestic and global activities, NRI endorsed the United Nations Global Compact (UNGC) and announced its participation in May 2017.

Page No.	Related SDGs
P.51	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
P.51	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
P.51	15 LIFE ON LAND
P.52	
P.55	4 QUALITY EDUCATION, 5 GENDER EQUALITY
P.56	
P.57	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
P.57	
P.58	
P.61	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
P.61	
P.63	
P.71	
P.72	
—	
—	
P.73	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
P.74	
P.74	11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
P.75	
P.76	



Status of Inclusion at Equities in ESG Stock Indices

The worldwide ESG investment amount in 2016 was approximately ¥2,400 trillion. This accounts for about one-fourth of total global investment. In July 2017, the Government Pension Investment Fund (GPIF) selected three ESG stock indices for Japanese stock. This marked the start of full-scale ESG investment. NRI is included in the equities used for the main ESG stock indices.

Dow Jones Sustainability Asia Pacific

Included for two consecutive years from 2016

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

NRI is included in all three ESG stock indices selected by the GPIF.

MSCI Japan ESG Select Leaders Index*



MSCI Global Sustainability Indexes*

Included for two consecutive years from 2016



MSCI Japan Empowering Women Index*



FTSE4Good Developed Index

Included for twelve consecutive years from 2006



FTSE Blossom Japan Index



*THE INCLUSION OF Nomura Research Institute, Ltd IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Nomura Research Institute, Ltd BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Stakeholder Dialogue



In July 2017, we invited five experts residing in London (England) and held the CSR Dialogue, NRI's first dialogue to be held overseas. Afterwards, we invited three experts to visit Tokyo in September in order to hold a CSR Dialogue. Participants exchanged opinions on topics such as conditions surrounding ESG and response required from the NRI Group. We will use their valuable comments for our future sustainability management.



Colin Melvin

Founder and Managing Partner
Arkadiko Partners

Corporations must form appropriate relations with investors

The true opportunity for the Principles for Responsible Investment (PRI) and other initiatives is to change how business and investment operate to the benefit of society, environment and economy. Therefore, we need to prevent the institutionalizing of our responsibility to the point that it creates something different from our business. The multiple ESG indices must all support the shift to responsible business. ESG indices should avoid simply comparing corporations in a way which fails to fully describe fully the richness of that corporation's contribution to a prosperous society. Accordingly, it is important for investors to understand whether the indices they use are fit for their intended purpose. Corporations are the engines of wealth creation in our societies and economies. Their profitability is a consequence of doing something good and something useful in the right way.



Steve Waygood

Chief Responsible
Investment Officer
AVIVA INVESTORS

What human rights issues should NRI be concerned about?

I believe that digital rights will be an important theme in the ICT sector.

Digital rights include freedom of expression. We have been seeing governments forcibly shutting down the internet, and placing restrictions on freedom of expression. This is a serious problem.

I recommend that NRI views its business from the perspective of human rights. The company should consider how its business could potentially have a negative effect on freedom of expression and protection of personal information. Furthermore, NRI should consider how it can provide a remedy to affected people.

If NRI automatically gathers personal information through business related to the My Number system, it is very important to consider what human rights could be infringed by those operations, with reference to the Universal Declaration of Human Rights.

What kind of response is required from NRI as it expands into the global market?

The issues of ESG, including human rights and the environment, are closely linked with NRI's global strategies and therefore should not be considered separately.

ESG is now a global, universal concept. We are in an era where ESG standards are used as a basis for NRI's quantitative evaluation of customer corporations to which it provides services and corporations acquired through M&A.

Amidst these global trends towards ESG, it is important to have a perspective of how NRI will grow its business in the future.

In other words, as NRI promotes globalization, it has a significant business opportunity in ESG solutions and approaches. Specifically, this refers to how NRI will integrate its products and services into ESG.



Puvan Selvanathan

CEO
Blunumber Foundation

What should be noted about human rights issues when responding to temporary staff?

Generally, temporary staff are in a vulnerable position because recruitment agencies act as their intermediaries. Therefore, temporary staff cannot negotiate directly with the company that they will actually be working for on matters such as their working conditions. For example, in the U.K., even though temporary staff may have the same education and skills as full-time employees and thus provide an equal value of labor, they receive substantially lower wages only for the reason that they are working as temporary staff. It is important that temporary staff are guaranteed the same rights as full-time employees.

I recommend that NRI expands a hotline for consultation to temporary staff. Complaints are a very important source of information for NRI to identify problems, making it possible to take action before the problems get worse.



Haley St. Dennis

Communications Manager
Institute for Human Rights
and Business

Seeking to create a sustainable society

This was the first time that NRI held a dialogue abroad. The globalization of NRI is increasing. For example, we completed the M&A of an Australian companies from 2016 to 2017. Currently, the ratio of our overseas sales is about 9 percent. We expect this to rise even further in the future.

At the recent CSR Dialogue, we were able to receive valuable opinions on ESG and human rights from esteemed foreign ESG investors and human rights experts. We truly appreciate this outstanding opportunity. Japanese television covered our dialogue in London. This indicates that topics such as ESG investment are now being watched with keen interest not only in Western countries but also in Japan. I believe that ESG investors and other stakeholders will watch corporate ESG activities even more strictly than before. The valuable opinions and insights acquired through the dialogue will be reflected by NRI in our future activities.

NRI will continue to contribute to the creation of a sustainable society.



Kenji Yokoyama

Senior Corporate
Managing Director, NRI



Creation of a Future, Low Environmental Impact Society

All NRI directors and employees will strive to reduce environmental impact, preserving a global environment where humans and nature exist in harmony and with the goal of achieving a future that is both sustainable and prosperous.

In accordance with Science Based Targets (SBTs) based on the target of “within 2°C” as adopted per the 2015 Paris Agreement, an increasing number of European and American corporations view it as their own responsibility to significantly reduce greenhouse gas with a long-term perspective. In response to these trends in international society, NRI set new targets for reduction of greenhouse gas in February 2018.

Environmental Policy and Target

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.”

Environmental target

For detailed environmental information, see P.81-82

In January 2016, NRI set the environmental target of “a 25% reduction in greenhouse gas emissions compared to the fiscal year ended March 2014.” We were able to achieve this target through measures such as transition of systems to data centers with outstanding environmental performance.

NRI is seeking to acquire SBT*1 certification by achieving our environmental targets. We have set the new environmental target of “reduce greenhouse gas*2 by 55% by the fiscal year ending March 2031 (compared to the fiscal year ended March 2014).”

*1 Science Based Targets (SBT): An international initiative that asks companies to set greenhouse gas emission 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.

*2 For Scope 1 and Scope 2

Deployment of an Environmental Management System

NRI has acquired ISO14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO₂.

As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from the fiscal year ended March 2016.

In the fiscal year ending March 2019, we are implementing NRI-EMS at worldwide offices.

Relocation to Office Buildings with Superior Environmental Performance and Use of Renewable Energy

From 2016 to 2017, we relocated to new offices with outstanding environmental performance. This enabled us to cut the amount of electricity



NRI Group Environmental Policy

<http://www.nri.com/global/csr/greenstyle/policy.html>

Biodiversity Action Agenda

<http://www.nri.com/global/csr/greenstyle/biodiversity.html>

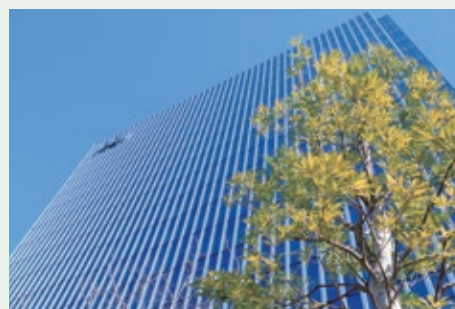
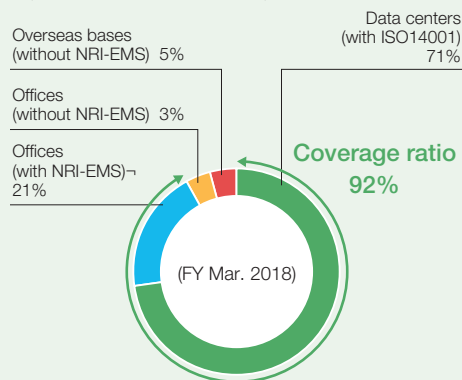
NRI Group Procurement Policy

<https://www.nri.com/global/company/procurement.html>

Target Year	Reduction target (Compared to FY March 2014)
FY Mar. 2031	55%

◆Environmental management system coverage

(based on CO₂ emissions)



Yokohama Nomura Building

used per unit area in half when compared to previous levels. In the fiscal year ended March 2018, we purchased 660 MWh of Renewable Energy Certificates for our main office buildings in Tokyo, Yokohama, and Osaka.

Significant Reduction in CO₂ Emissions Due to Shared Online Services

At a time when IT is seeing more widespread use due to significant progress in digital technologies, the growing power consumption has become a cause for concern. In response, NRI has been engaged in a strategy to curb power consumption of the entire value chain, including clients by utilizing IT.

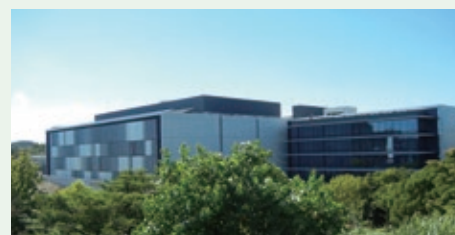
NRI's shared online services, provided to a variety of industries and sectors, intend to streamline and raise the productivity of clients' operations and social systems. The usage of these services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, 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%.

NRI Green Style Activities (Environmental Education / Forest Development Program)

NRI has been pursuing NRI Green Style activities in order to raise environmental awareness of each director and employee, as well as engage in business operations that are environmentally friendly.

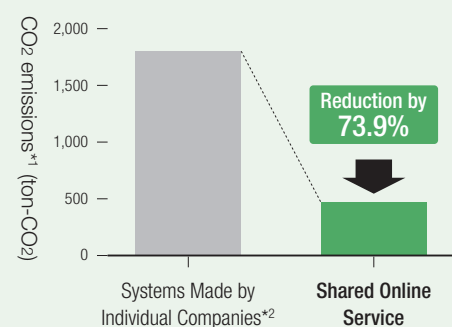
In the fiscal year ended March 2018, we led an initiative for directors and employees to participate in a forest development program* in Tadami-machi, Fukushima, Japan in addition to providing existing e-learning-based environmental, social and governance (ESG) testing.

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



Tokyo Data Center I, boasting advanced environmental performance

◆ Annual CO₂ emissions of shared online service as compared with those of systems developed by individual companies



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

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



Forest development program in Tadami-machi, Fukushima

Received the Tokyo Governor Prize of the Corporate Governance of the Year® 2017 Awards (Japan Association of Corporate Directors)

In February 2018, NRI received the Tokyo Governor Prize, which is part of the Corporate Governance of the Year® 2017 awards held by the Japan Association of Corporate Directors. These awards support corporations that have achieved robust medium- to long-term growth through corporate governance. In addition to recognizing corporate governance activities, the Tokyo Governor Prize received by NRI also recognizes corporations which implement pioneering activities in Environment, Society, and Governance (ESG). NRI was awarded in recognition of being the first business firm in Japan to issue green bonds and for appointment of female employees.



At the awards ceremony
Yuriko Koike, Governor of Tokyo (left) and Chairman Tadashi Shimamoto (right)



NRI's Human Resources Strategy

The strength of NRI is our human resources; in other words, professional employees who possess a high level of expertise, who take the initiative to work on independently-set goals, and who are fearless innovators. To develop these human assets, NRI has been strengthening a system and an environment to develop the hidden talents of highly motivated people and to allow them to produce results on the job.

Three Pillars of Our Human Resources System

NRI's human resources system is designed based on the three pillars of "assessments based on performance, outcomes, and ability," discretionary labor scheme," and "a program of employee appraisals linked to human resource development." The program of employee appraisals linked to human resource development encourages employees to diversify and pursue specialized fields, thus supporting autonomous and systematic skill development by employees.

As an outline for pursuing specialized fields, NRI has defined 22 career fields (Figure 1) and encourage employees to refine their skills in multiple specialized fields. We develop human resources capable of collaborating across multiple departments by using a broad perspective to flexibly respond to changes in the business environment. NRI grants internal certification (Figure 2) to employees who possess a particularly high level of expertise in career fields. This promotes development of core human resources and provides employees with a role model of a professional.

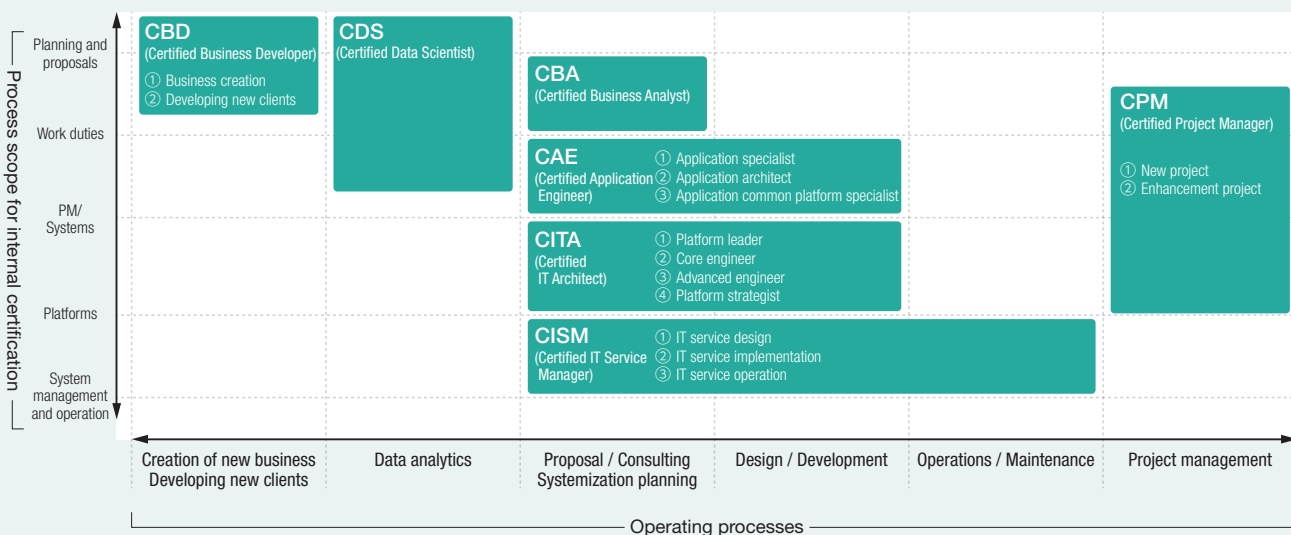
Furthermore, each employee shares his or her target career field and level with his/her manager. Through interviews with managers held every six months, we implement a Challenge & Act (C&A) System for confirming the target set by employees and the corresponding level of achievement.

In addition to compensation for short-term performance, we have implemented incentives for medium- and long-term contribution; specifically,

◆Career Fields (Figure 1)

1	Corporate strategy consultant
2	Business consultant
3	Systems consultant
4	Business strategist
5	Sales representative / Marketing manager
6	Project manager (Development)
7	Project manager (Enhancement)
8	Application architect
9	IT infrastructure architect
10	Application specialist
11	Common application infrastructure specialist
12	IT platform specialist
13	IT services manager
14	Security specialist
15	Researcher
16	Data scientist
17	Project management specialist
18	Quality management specialist
19	Business administration staff
20	Corporate management / Headquarters staff
21	Systems engineer
22	Consultant

◆Internal Certification Program (Figure 2)



for the achievement of sustainable improvements in corporate value. Examples of incentives include retirement allowances, a defined contribution pension plan, employee stock ownership, and an E-Ship system*.

*E-Ship (Employee Share Holding Incentive Plan) system: Uses share holding by employees to create the incentive of subsequent increases in share prices.

Human Resource Investment that is Top-class among Japanese Companies

Human resources development at NRI is an organic fusion of three methods: training programs, self improvement, and on-the-job training. NRI believes that providing OJT training through work experience is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deepening understanding. It is also positioned as a method for obtaining knowledge and skills which cannot be acquired through OJT. NRI has also established a system to support self-development for employees to become qualified in and improve their foreign language skills.

Global Human Resources Development Programs

NRI has established a program for developing global business leaders (Figure 3). We are especially focusing on an overseas training system where employees, most in an OJT format, can experience global business through a one-year internship at our overseas bases as well as our client companies. Over a period of seven years, 139 trainees were sent to 15 overseas countries.

Also, in overseas studies employees obtain degrees, such as MBAs, at overseas business schools. Furthermore, we have overseas training programs through which employees learn management strategy and marketing for several weeks at an overseas business school, or the basics of system development in Chinese or English in China or India for several months.

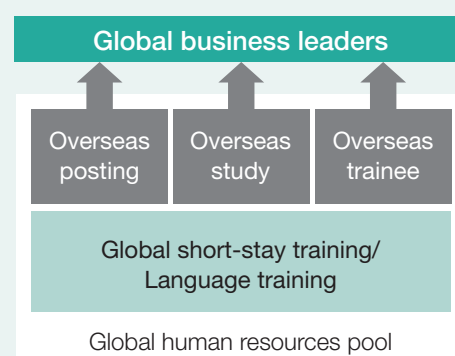


Average annual training budget per employee at NRI (non-consolidated)

3rd

According to the “2016 Company Survey of Human Resource Utilization: Average Annual Training Budget per Employee” printed in the Japanese career magazine “Outstanding Corporation Perfect Book 2018,” NRI was ranked 3rd out of 361 corporations providing valid responses.

◆NRI's Global Human Resources Development Program (Figure 3)



Development of Human Resources in the AI/Analytics Fields

In order to quickly develop professionals in the field of artificial intelligence (AI) which supports digital business, NRI established the incubation organization “AI tech lab.” The lab accepts employees who have the potential to be AI engineers from each divisions and provides them with experience such as intensive demonstration experiments.

Additionally, we started an in-house certification system for data scientists who support the analytics field. Employees who possess high levels of expertise are displayed as role models. We also established the Analytics Knowledge Center as a mechanism for company-wide sharing of best practices for analytics by each division. We are promoting human resources development from the perspectives of work and technology while conducting co-creation with bit.Labs*, an organization which explores and acquires advanced technology.

*Organization which develops technology in business IT fields



Analytics project discussion session for sharing case examples and advanced technology related to analytics



New Value Created by Industry-Academia Partnerships

Based on the concept of open innovation, NRI executes industry-academia partnerships with top-class universities and research institutions both inside and outside Japan. We are developing innovative human resources who possess diverse perspectives and cultivating businesses. The following is an introduction of several specific actions.

Co-creation with Leading US Educational and Research Institutions (MIT, Stanford University, etc.)

NRI has entered into industry-academia Collaboration agreements with leading US educational and research institutions MIT Media Lab (laboratory established within Massachusetts Institute of Technology) and Stanford University, and is promoting the development of new business through interpersonal exchange while also working to develop innovative human resources with a wide range of perspectives.

NRI is exploring possibilities in advanced technology, such as blockchain and crypto currency fields which are attracted attention as fundamental technology supporting the challenge to digital transformation, while also seeking out new business applications for this technology by dispatching resident staff to MIT Media Lab to serve as guest research fellows. In January 2018 NRI invited MIT Media Lab researchers to Tokyo Head Office, and has been proactively facilitating interactions such as holding the Ideathon* event involving NRI Group employees.

Collaborating with Stanford University, NRI is also helping to develop human resources capable of generating innovation through the Silicon Valley eco-system, in fields such as AI and data science.

*Ideathon: An activity that gathers people from a wide range of fields to come up with new business ideas using the cutting-edge IT, etc.



A discussion with MIT Media Lab researchers



The Ideathon with NRI employees and MIT Media Lab researchers

Co-creation with Chinese Educational and Research Institutions (Tsinghua University, etc.)

In 2007, together with Tsinghua University (Beijing, China), NRI jointly established the "Tsinghua-NRI Chinese Research Center." Since then, we have worked to form the Tsinghua University and NRI brand in China, as well as to construct a network with a political brain trust of scholars and experts.

These connections enabled us to invite the PCB School of Finance from Tsinghua University (China) and major Chinese fintech corporations to Tokyo. Together with officials from Japanese financial regulatory institutions, financial institutions, etc., these Chinese organizations participated in a seminar on the latest fintech trends in China. Through these and other actions, NRI is conducting investigative research in the latest technological fields and encouraging corporation exchange.

Co-creation with Japanese Educational and Research Institutions (University of Tokyo, etc.)

From June 2016, NRI and seven other corporations participate and cooperate in the Chair for Frontier AI Education together with the University of Tokyo. The goal of this program is to cultivate human resources that possess high-level expertise on the latest information technology. Through the program, NRI supports the University of Tokyo's efforts "to discern a growth orientation towards the ideal form of AI technology and to cultivate human resources that possess knowledge and skills which are correct, advanced, and practical."



Tsinghua-NRI Chinese Research Center members and other NRI related parties.



Development of Human Resources for Blazing a New Future

NRI recognizes the importance of cultivating students who will be future leaders in order to create new frameworks, value, and innovation. The following is an introduction of some of the numerous projects undertaken by NRI.

Cooperating with Tokyo Institute of Technology for Research and Education on Cyber Security

From April 2016, NRI and the Tokyo Institute of Technology have executed a partnership agreement for the purpose of promoting research and education on cyber security. In addition to joint research by each party, the partnership features a Cyber Security Special Professional Learning Program with instructors sent from NRI and NRI SecureTechnologies, Ltd. The partnership supports the cultivation of cyber security professionals who possess high-level expertise.



Former President Mishima (right) of Tokyo Institute of Technology and President Konomoto (left)

Career Education Program for Elementary, Junior High, and High School Students

NRI holds a career education program for elementary, junior high, and high school students. The program provides young leaders of the next generation with opportunities to learn, think, and give presentations.

NRI utilizes the experience and expertise gained through our business to hold programs such as “secrets of information systems which support convenience,” which explains the mechanisms of information systems, “IT strategy program,” and “consultant one-day experience program.” These programs enable participants to embrace problem resolution through personal thought, all while feeling as if they are playing a game.



During the career education program

NRI Student Essay Contest

Every year since 2006, we have held the NRI Student Essay Contest as an opportunity for high school and university students to make proposals for building relationships between Japan and the world, and for creating a more prosperous future society.

In 2017, we added presentations to the content reviewed in the final screening. Students who passed the strict essay review process gave outstanding presentations which touch the heart of judges and countless audience members. NRI creates an opportunity for young people who will define the future to focus on the coming years and give serious thought to how they can contribute. By enabling young people to convey their passionate ideas through a variety of forms, NRI cultivates professionals who will perform in global society.



Group photograph with winners from the NRI Student Essay Contest 2017

Marketing Analysis Contest

Every year since 2007, NRI has held the Marketing Analysis Contest as an opportunity for conducting data analysis related to purchasing factors of consumers from a variety of perspectives, contributing to the improvement of academic research and market analytical ability, and providing an opportunity for students and other members of the young generation to present research results.

The 79 applications that we received in 2017 were the most ever. The NRI Marketing Analysis Contest is now one of Japan's largest contests held solely by a corporation in the field of advertising and marketing. 21 of the 22 award nominees were the work of university students. This shows how the contest contributes to cultivating future leaders by providing students with an opportunity to present research results.



Judging committee at the Marketing Analysis Contest 2017



Diversity Management

Regardless of race, nationality, gender, or age, NRI works to create a workplace environment which provides each one of our value diverse employees with growth opportunities, the chance to work vibrantly, and prospects for embracing challenges.

Human Rights Policy

In the fiscal year ended March 2015, the NRI Group drew up a human rights policy that states that we respect the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Starting with instilling our employees with knowledge of matters to be complied with as indicated in our CSR Policy and the NRI Group Code of Business Principle, NRI is working to achieve safe, sound working environments where fundamental human rights are respected.

Promotion of Women's Participation and Advancement in the Workplace

In 2008, NRI established the NRI Women's Network (NWN) as a project under the direct supervision of our president. NWN conducts activities based on the three pillars of "helping female employees develop their careers," "supporting training for balancing work and parenting," and "fostering a better corporate culture."

Today, it is commonplace for the ratio of female employees to increase and for women to continue working. In response, NRI is prioritizing continued performance by professional women by conducting measures to support career development. These measures are centered around NWN and also include a Leader Development Program, Career Design Seminars, etc.

Childbirth, Parenting and Nursing Care Support

NRI is working to create a workplace that facilitates a balance between work and parenting for both men and women. In addition to systems such as maternity/paternity leave, we established the "partner childbirth leave" system in January 2017 as part of measures aimed at supporting a work-life for male employees. In June 2017, we opened the Yokohama Center and established the Yumeminato Hoikuen as an in-office nursery. These facilities support employees in resuming their career at the desired time and building a career plan.

Furthermore, NRI helps our employee balance work and nursing care for the elderly by enhancing systems such as nursing care leave and shorter working hours for nursing care.

Promoting Workplace Participation by Persons with Disabilities

NRI Mirai, Ltd., a special subsidiary* of NRI, contributes to work style reform by providing employees with various disabilities work opportunities such as setting of meeting rooms and libraries, supporting training, collecting/delivering internal mail, managing of miscellaneous goods, and even providing massage services for employees.

Moreover, NRI is working to expand hiring opportunities for people with disabilities by holding fixed-point surveys and presentations related to management issues and trends in the hiring of people with disabilities and operations at special subsidiaries. As of June 2018, 142 disabled persons are employed at NRI and its group companies (an employment ratio of 2.3%).

*It refers to a subsidiary that gives special consideration to promote the employment of persons with disabilities, and in doing so meets certain requirements. Obtaining certification from the central government allows persons with disabilities employed by this type of subsidiary to be deemed as being employed by the parent company.



The NRI Group Human Rights Policy
<http://www.nri.com/global/csr/comp/index.html>

◆Action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace

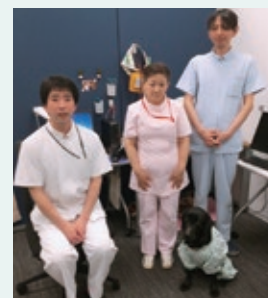
Term	From FY March 2017 to FY March 2019
Goals	<ol style="list-style-type: none"> 1. Raise the rate of female managers to at least 7% of all NRI managers 2. Raise NRI's rate of female employees who continued working after childbirth to at least 80% of that of its male employees 3. Raise NRI's female employee hiring rate to at least 30% of its total hires
Initiatives	<ol style="list-style-type: none"> 1. Conduct Career Design Seminars for female employees who have been in NRI for 3 to 5 years 2. Organize a Female Leader Development Program for female employees with the goal of developing them into managers 3. Raise awareness of female employees returned to work concerning the management and development responsibilities of managers 4. Carry out system reforms aimed to allow all NRI employees to select diverse work style choices



In-office nursery Yumeminato Hoikuen



NRI Mirai employees fulfilling their duties on the front line



NRI Mirai employees and guide dogs trained according to the Act on Assistance Dogs for Physically Disabled Persons



Work-style Reform Issues and Health and Productivity Management

By enacting work-style reform, NRI works to promote work-life balance by reducing long working hours. We seek to achieve an environment where employees can fully exhibit their abilities while valuing their personal health and family life.

Initiatives for Work-style Reform

In 1994, NRI implemented a discretionary labor scheme which was a pioneering initiative in Japan at that time. Through this scheme, we have promoted a work style that is free from time constraints.

From 2016 to 2017, we relocated our Tokyo, Yokohama, and Osaka offices to new buildings. Based on the concept of “creating new value by connecting people, goods, events, information, and objectives,” we developed office spaces which achieve a working style that is uninhibited by location. The use of telecommuting and satellite offices is also increasing. Led by the Work-style Reform Committee which we started in the fiscal year ended March 2018, we are supporting the achievement of flexible working styles with even higher productivity.

In addition to this work infrastructure, NRI is also fostering a corporate culture that facilitates co-creation among diverse human resources. For example, one specific initiative is work-style reform which matches the content and characteristics of work at each division.



New office which achieves an innovative working style

Health and Productivity Management

NRI aims to achieve health and productivity management* that helps improve employees' quality of life (QOL). We have appointed the Chief Health Officer (CHO), and currently are developing various systems and engaging in the relevant initiatives toward invigorating NRI and achieving increased productivity under the four goals below.

* It refers to a business policy which generates benefits for a company by providing its employees with health-related assistance. This term is a registered trademark of the Workshop for the Management of Health on Company and Employee.

◆ Change in average monthly overtime hours per employee (hours)



◆ 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).

1	Reduce lifestyle-related diseases <ul style="list-style-type: none"> •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 <ul style="list-style-type: none"> •Stress prevention for individual employees and teams •Develop a system to enable employees to return to work earlier
3	Lower smoking rate <ul style="list-style-type: none"> •Introduce support to help stop smoking •Remove smoking spaces inside the office
4	Promote work-life balance <ul style="list-style-type: none"> •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

External Evaluation of NRI

- In 2017, received the highest level (Level 3) of Eruboshi Certification (certification by the Minister of Health, Labour and Welfare based on the Act on Promotion of Women's Participation and Advancement in the Workplace)
- Selected as a Nadeshiko Brand for two consecutive years in 2017 and 2018 (corporations selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry for outstanding promotion of female performance and advancement)
- Certified as “Kurumin” for four consecutive terms from 2007 (certification of corporations that support child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children)
- Certified as a Health and Productivity Management 500 Organization (White 500; Large Enterprise Category) for two consecutive years in 2017 and 2018





NRI's Corporate Governance

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

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



NRI Corporate Governance Guidelines
<https://www.nri.com/global/ir/policy/governance.html>

The Basic Approach to Corporate Governance

(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.

Main corporate governance efforts since 2001

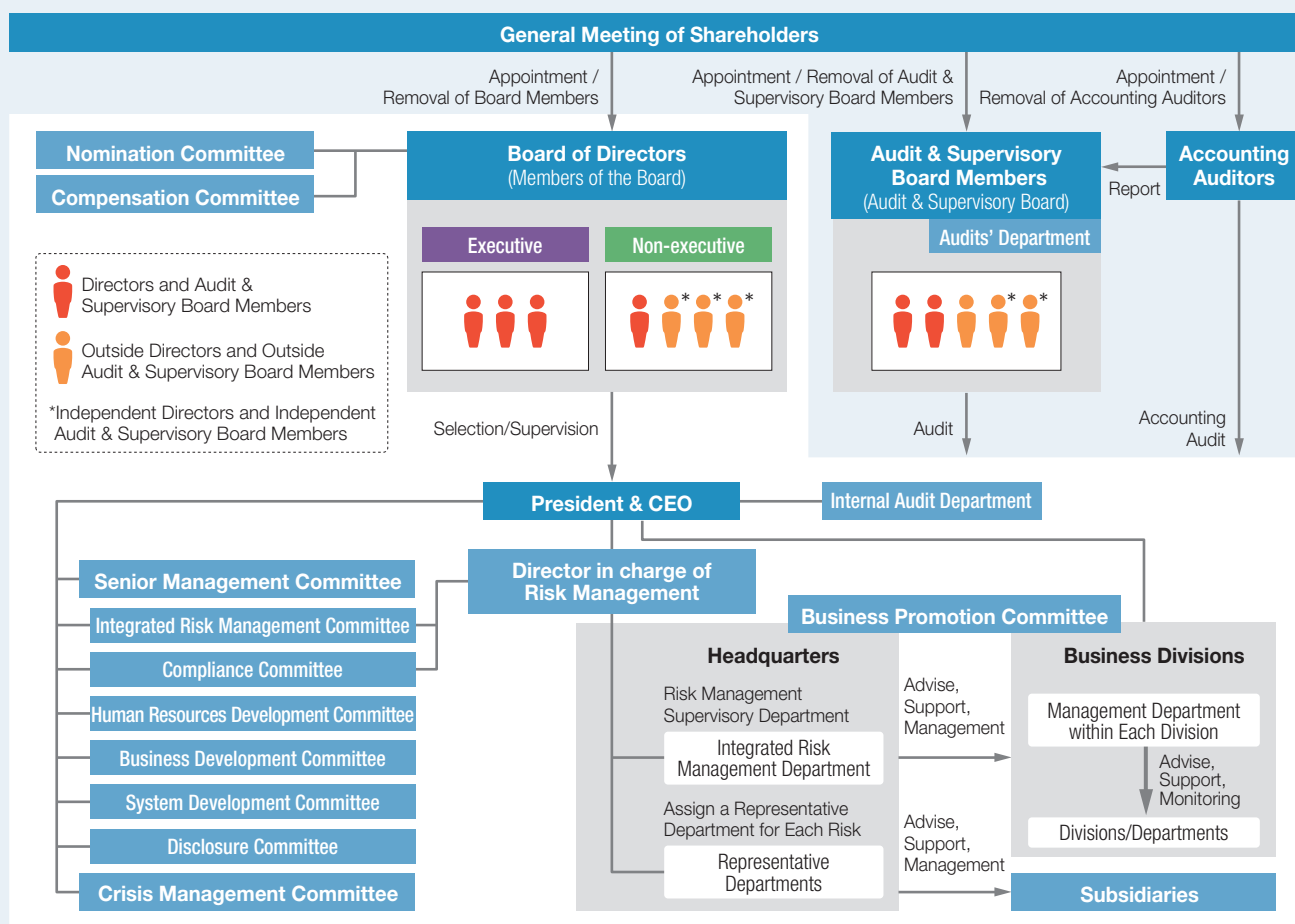
2001	<ul style="list-style-type: none"> Formulated The NRI Group's corporate philosophy Listed on the Tokyo Stock Exchange (Section 1)
2002	<ul style="list-style-type: none"> Introduced an executive officer system to assist in separating management and execution functions Reduced the number of members of the Board of Directors to within 20 and also appointed Independent Outside Directors Increased the number of Outside Audit & Supervisory Board Members to strengthen their auditing functions
2003	<ul style="list-style-type: none"> Formulated the NRI Group's Ethical Code (revised to the NRI Group's Code of Business Principles on 2010) and the NRI Group Employees' Code of Business Conduct
2005	<ul style="list-style-type: none"> Established the Compensation Committee comprised of outside experts to enhance transparency in regard to executive compensation
2006	<ul style="list-style-type: none"> Reduced the number of members of the Board of Directors to 15 or less
2008	<ul style="list-style-type: none"> Initial release of the long-term management vision: Vision2015 Took part in an electronic voting platform for institutional investors as part of efforts to maximize opportunities for shareholders to exercise their voting rights
2010	<ul style="list-style-type: none"> Appointed non-executive director to chair the Board of Directors to separate supervisory and execution functions
2012	<ul style="list-style-type: none"> Newly established the Integrated Risk Management Department to appropriately manage any risk that may arise in the course of business execution
2015	<ul style="list-style-type: none"> Increased the number of Independent Outside Directors from two to three Established the Independent Executives Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members Formulated the NRI Corporate Governance Guidelines Revised the NRI Group's Code of Business Principles completely
2016	<ul style="list-style-type: none"> Initial release of the Medium-Term Management Plan (From FY March 2017 to FY March 2019) Implemented the evaluations of the Board of Directors' effectiveness
2017	<ul style="list-style-type: none"> Newly establish the Nomination Committee, comprised mainly of Independent Directors Change the main members of the Compensation Committee from outside experts to Independent Directors
2018	<ul style="list-style-type: none"> Introduction of Restricted Stock Compensation Plan as a medium to long-term incentive for Members of the Board

Corporate governance structure

(As of 1st July, 2018)

For the Board of Directors and the Audit & Supervisory Board, see P.61-64

For the Internal Controls, Corporate Ethics and Compliance, see P.69-70



Roles and activities of committees

Nomination Committee	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.
Compensation Committee	Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.
Senior Management Committee	The Committee meets in principle once every week to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.
Integrated Risk Management Committee	The Committee deliberates on important issues concerning risk management based on instructions given by the President & CEO.
Compliance Committee	The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on instructions given by the President & CEO.
Human Resources Development Committee	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.
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.
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.
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.
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.
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.



System and Responsibilities of the Board of Directors and the Audit & Supervisory Board

NRI has established a structure to further enhance corporate governance while effectively using the functions of Audit & Supervisory Board Members and the Audit & Supervisory Board as a company with an Audit & Supervisory Board.

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.

Senior Managing Directors and Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on policies adopted by the Board. NRI holds a Senior Management Committee attended by Representative Directors and Senior Managing Directors once a week and deliberates on the important issues involving corporate management in order to coordinate our business activities and build consensus in executing business operations.

System and Responsibilities of the Board of Directors

NRI has seven Members of the Board, including three Outside Directors.

The Board of Directors convenes once a month and on an extraordinary basis as needs dictate.

Responsibilities of the Board of Directors

- Make decisions on important matters including basic management policies, the mid-term business plan and business plans, and personnel-related matters, in accordance with relevant laws and regulations, the Company's Articles of Incorporation, and "Regulations of the Board of Directors."
- Delegate decision-making related to the execution of duties other than the matters specified in the preceding paragraph to the executive directors and other Senior Managing Directors, and exercises its oversight function.
- Make every effort toward realization of the mid-term business plan's goals and fully analyze the reasons for that shortfall and the Company's responses and then reflect the results of that analysis in subsequent plans if the Company fails to achieve the performance targets.
- Supervise appropriately the election of successors, such as Company president, with due consideration of the corporate philosophy, action guidelines, and specific business strategies
- Determine the compensation of individual Members of the Board (excluding Outside Directors) and other Senior Managing Directors, incorporating healthy incentives targeting sustainable corporate growth in the future.
- Decide on the contents of a risk management system, including compliance and internal controls related to financial reporting, and appropriately oversee effective system implementation.

Selection policy for the Members of the Board

- Members of the Board are elected for a one-year term, creating a management system that can respond in a timely manner to changes in the business environment and clarifying all management responsibilities for each fiscal year.
- The Board of Directors has a well-balanced composition of non-executive directors, executive directors, and Outside Directors.
- The Company elects three Independent Directors in principle, or no less than two Independent Directors.
- The Board of Directors includes no more than 15 Members of the Board, taking into consideration of the balance and the diversity of various factors, including experience in and knowledge of the Company's businesses, corporate management, IT technology and corporate finances.

Advisory committees for the Board of Directors

NRI has established the following two advisory committees mainly composed of Independent Directors.

- Nomination Committee: a body to advise the Board of Directors on nomination of Members of the Board and Audit & Supervisory Board Members.
- Compensation Committee: a body to advise the Board of Directors on executive compensation.

System and Responsibilities of the Audit & Supervisory Board

NRI has five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.

The Audit & Supervisory Board discusses and decides auditing policies and other important matters related to auditing and formulates and expresses audit opinions.

Responsibilities of the Audit & Supervisory Board Members

- Request reports from employees and executives to provide impartial supervision of execution by the Members of the Board in addition to participating in the Board of Directors meetings and on other important committees.
- Coordinate with the accounting auditors and the Internal Audit Department over such matters as receiving reports on the audit plans and current status of audits from the accounting auditors as well as the results of internal audits from the Internal Audit Department, which is responsible for promoting internal controls.

- Appropriately receive internal control status reports providing information such as monitoring results on compliance with various regulations from the Risk Management Supervisory Department.

To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audits' Department has been established to support the work of the Audit & Supervisory Board Members.

Members of the Board (As of 1st July, 2018)

Name (Date of birth)	Current positions	Executive /Outside /Independent	Terms of office	Attendance (Year ended March 2018)	Reason for Appointment
Tadashi Shimamoto (8th February, 1954)	Chairman, Member of the Board	Non-executive	11 years	Board of Directors Attended 15 of 15 meetings	He has abundant experience and achievements concerning the management of NRI, having served for 6 years as President & CEO, Representative Director, Member of the Board. In addition, the candidate is putting his efforts into the appropriate operation and vitalization of the Board of Directors meetings as chairperson. NRI requests his reelection as Member of the Board to utilize his experience and understanding gained throughout his career, in the supervision of the management of NRI.
Shingo Konomoto (11th February, 1960)	President & CEO, Representative Director, Member of the Board	Executive	3 years	Board of Directors Attended 15 of 15 meetings	He has long-standing experience in business execution and achievements in the area of consulting, with abundant experience and achievements in global business as well, having served as the head of an office in the Asia region. In addition, he has taken over responsibility of the NRI Group's management as President & CEO, Representative Director, Member of the Board. NRI requests his reelection as Member of the Board to utilize his experience and understanding gained throughout his career, in the management of NRI.
Ayumu Ueno (15th March, 1960)	Senior Executive Vice President, Representative Director, Member of the Board	Executive	3 years	Board of Directors Attended 15 of 15 meetings	He has long-standing experience in business execution and achievements in the area of industrial IT solutions. NRI requests his reelection as Member of the Board to utilize his experience and understanding gained throughout his career, in the management of NRI.
Yoshio Usumi (1st July, 1958)	Representative Director, Member of the Board, Senior Executive Managing Director	Executive	1 year	(after assuming the post on 23th June, 2017) Board of Directors Attended 11 of 11 meetings	He has long-standing experience in business execution and achievements in the area of corporate administration. NRI requests his reelection as Member of the Board to utilize his experience and understanding gained throughout his career, in the management of NRI.
Miwako Doi (2nd June, 1954)	Member of the Board	Non-executive Outside Independent	3 years	Board of Directors Attended 14 of 15 meetings	She has long-standing experience as a researcher and a person with responsibilities at a research and development division in the field of advanced information technology. Although she has not been involved in the management of a company in a capacity other than Outside Director, NRI requests her reelection as Outside Director to utilize her abundant experience and excellent understanding as a person with expertise gained throughout her career, in the supervision of the management of NRI from an objective standpoint.
Masatoshi Matsuzaki (21st July, 1950)	Member of the Board	Non-executive Outside Independent	2 years	Board of Directors Attended 15 of 15 meetings	He has been involved in the management of KONICA MINOLTA, INC. for many years. NRI requests his reelection as Outside Director to utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.
Hideaki Omiya (25th July, 1946)	Member of the Board	Non-executive Outside Independent	Newly Appointed	—	He has been involved in the management of Mitsubishi Heavy Industries, Ltd. for many years. NRI requests his election as Outside Director to utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.

Members of the Audit & Supervisory Board (As of 1st July, 2018)

Name (Date of birth)	Current positions	Outside /Independent	Terms of office	Attendance (Year ended March 2018)	Reason for Appointment
Yutaka Harada (11th March, 1960)	Audit & Supervisory Board Member (full-time)	—	2 years	Board of Directors Attended 15 of 15 meetings Audit and Supervisory Committee Attended 18 of 18 meetings	He has long-standing experience in business execution and achievements in the areas of financial IT solutions and consulting. NRI requests his election as Audit & Supervisory Board Member to utilize his experience and understanding gained throughout his career, in the auditing of the execution of NRI's Members of the Board.
Hirofumi Kitagaki (19th April, 1960)	Audit & Supervisory Board Member (full-time)	—	3 years	Board of Directors Attended 15 of 15 meetings Audit and Supervisory Committee Attended 18 of 18 meetings	He candidate has abundant experience in business execution in mainly corporate administration, having served as General Manager of the Audits' Department and of the Internal Control Department, etc. NRI requests his election as Audit & Supervisory Board Member to utilize his experience and understanding gained throughout his career, in the auditing of the execution of NRI's Members of the Board.
Kohei Sato (18th April, 1961)	Audit & Supervisory Board Member (full-time)	Outside	Newly Appointed	—	He has long-standing experience in the securities industry, which is one of NRI's major business areas. NRI requests his election as Outside Audit & Supervisory Board Member to utilize his abundant experience and excellent understanding gained throughout his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Kiyotaka Yamazaki (4th April, 1953)	Audit & Supervisory Board Member	Outside Independent	4 years	Board of Directors Attended 15 of 15 meetings Audit and Supervisory Committee Attended 18 of 18 meetings	He serves as Managing Partner of an audit corporation and has long-standing experience as a certified public accountant. Although he has not been involved in the management of a company in a capacity other than Outside Audit & Supervisory Board Member, NRI requests his reelection as Outside Audit & Supervisory Board Member to utilize his abundant experience and excellent understanding concerning finance and accounting, which he has gained through his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Noriaki Okubo (22nd May, 1959)	Audit & Supervisory Board Member	Outside Independent	1 year	(after assuming the post on 23th June, 2017) Board of Directors Attended 11 of 11 meetings Audit and Supervisory Committee Attended 14 of 14 meetings	He has been involved in the management of JAPAN TOBACCO INC. for many years. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.



Compensation for Members of the Board and Audit & Supervisory Board Members

Compensation System for Members of the Board

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.

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.

Remuneration for the Members of the Board of NRI is comprised of the three categories (a. basic remuneration, b. bonuses and c. stock-based remuneration).

At the Board of Directors held on 26th April, 2018, it was resolved to revise the directors' compensation system, abolish the stock option system, and introduce a Restricted Stock Compensation Plan, and this was approved at the 53rd Ordinary General Meeting of Shareholders held on 22nd June, 2018. Outside Members of the Board do not receive a b. bonus or c. share-based compensation.

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 per annum

Stock-based remuneration as medium-term incentives: within the limit of ¥280 million per annum

Total of not more than ¥400 million per annum

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)	<ul style="list-style-type: none"> •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 •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. <div> <div> <p>Stock-based remuneration as long-term incentives</p> <p>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</p> </div> <div>+</div> <div> <p>Stock-based remuneration as medium-term incentives</p> <p>Medium-term incentive aimed at improvements in the Company's medium-term results and share price as represented in the Medium-Term Management Plan</p> </div> </div> <p>•Stock-based Remuneration=</p>

Compensation for Members of the Audit & Supervisory Board Members

Policies for the determination of compensation for Audit & Supervisory Board Members and other matters are set through discussions among the Audit & Supervisory Board Members.

The role of the Audit & Supervisory Board Members is to audit the Members of the Board in the performance of their duties and to do so from an independent standpoint. However, given that the full-time Audit & Supervisory Board Members share with the Members of the Board the objective of realizing sound, sustainable growth for NRI, their compensation, in addition to a fixed amount, includes a variable portion that changes in accordance with our business performance.

Levels of compensation have been set based on the need to secure human resources capable of playing important roles in the establishment and operation of effective corporate governance.

The maximum compensation total for Audit & Supervisory Board Members: ¥250 million per annum

a. Basic remuneration	•Basic compensation consists of fixed pay based on each Audit & Supervisory Board Member's career, knowledge, responsibilities.
b. Bonuses	•Bonuses are only paid to the full-time Audit & Supervisory Board Members, and it is based on our business performance during the current fiscal year.

Executive Compensation Amounts

Executive compensation for the fiscal year ended March 2018 is as follows.

The CEO to employee pay ratio for the fiscal year ended March 2018 was 9.8: 1, with the President & CEO Shingo Konomoto receiving compensation of ¥113 million compared to an average employee salary of ¥11 million.

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

Notes: 1. The above includes two Directors and one Audit & Supervisory Board Member, who retired at the conclusion of the 52nd Ordinary General Meeting of Shareholders held on 23rd June, 2017.

2. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

3. The stock options for Audit & Supervisory Board Members are granted before they assume their post.

Evaluations of the Board of Directors' Effectiveness (FY March 2018)

We implemented evaluations of the Board of Directors' effectiveness for the fiscal year ended March 2018. The aim of the effectiveness evaluation is to confirm the current state of the Company's Board of Directors and reflect the issues identified in the operations policy for the Board of Directors from the fiscal year ending March 2019.

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



Message from the Outside Member of Board and the Audit & Supervisory Board Member



Message from the Outside Member of the Board

Miwako Doi
Member of the Board

NRI from the perspective of R&D expertise

I have been involved in R&D in various fields such as Japanese word processing, computer graphics, and wearable devices since the 1980s as computers have developed. Based on this experience, I have come to understand that in addition to seeds-oriented R&D, needs-oriented R&D is also important.

NRI not only supports Corporate IT that covers a company's internal business operations, but also leads supporting Business IT that backs business model reform. In order to support business model reform, the ability to make proposals based on the needs of not only the customers, but also the end user beyond the customer is necessary. I feel that discussions on R&D at NRI value the needs of customers based on this strategy.

Creation of opportunities in which small failures are allowed

It is important to take on challenges without fear of failure in the processes of transition of strategy. If there are employees that want to bring about innovation in-house, they should be given the opportunity to start off small. For example, NRI is engaged in R&D at the Palo Alto Research Center in Silicon Valley, and they are learning that failure is normal as a sense of values on site. As a result of

discussions at the Board of Directors on these matters, it was decided to launch a committee called the Innovation Promotion Committee to flexibly support start-up investment and partnerships from the current fiscal year.

Globalization is another pillar of NRI's strategy. I have also experienced difficulties regarding partnerships with overseas research institutions in the past. Recently, I have visited several overseas businesses that NRI has acquired subsidiaries through M&As, and I have really noticed that both commercial practices and the sense of values towards work differ between Japan and overseas. I would like to support the process of growing as a global company as NRI comes to terms with the corporate culture that has been developed through doing business in Japan.

Promotion of diversity and inclusion

NRI provides abundant information to Outside Directors. For example, we hold lunch meetings that allow Outside Directors to have comfortable conversations with employees every year. They also participate in women leader development training, and they have interacted with many female employees in the process. NRI has many outstanding female employees, and it offers workplaces where both men and women can participate without restrictions. I feel that inclusion that transforms diversity into a strength of the organization is being valued.



Message from the Outside Audit & Supervisory Board Member

Kiyotaka Yamazaki
Audit & Supervisory Board Member

Stance of learning from unprofitable projects

When I was first appointed as an Audit & Supervisory Board Member of NRI in 2014, it was a year of struggle for NRI as they had to deal with some unprofitable projects. I have many years of auditing experience in the construction industry, and I have seen several companies that have put off account closing for the application of the percentage-of-completion method. Based on this experience, I was able to provide advice from an objective perspective to NRI at that time. Subsequently, NRI has set the goal of eliminating unexpected large-scale unprofitable projects, established higher level quality management systems, and continued further steady improvements. Thanks to these efforts, NRI has continued to achieve no cases of large-scale projects unexpectedly losing profitability for several years.

Acceptance towards the opinions of third parties

NRI has a corporate culture that allows Audit & Supervisory Board Members to frankly speak their minds towards execution by the Member of the Board, and people on the execution side respond sincerely towards the opinions of Audit & Supervisory Board Members. I feel that NRI correctly understands the Audit & Supervisory Board system, and that this system is being used effectively at NRI.

In addition, based on my experience at an auditing firm, I strongly feel that NRI has developed a constructive relationship with the accounting auditor. For example, there have been more employees from the accounting and financial departments of the Headquarters being seconded to overseas subsidiaries to provide guidance, and the accounting auditor pointed out that this could result in the risk of the structure at the Headquarters being left shorthanded. NRI has responded to this comment and promptly started to review the Headquarters structure.

Monitoring globalization from an objective standpoint

NRI made decisions at a pace faster than ever before during the M&A process in Australia from 2016 to 2017. During this time, difficult opinions and questions were exchanged at the Board of Directors, and as a result, I believe we were able to share multiple risk scenarios and even worst case scenarios. Thanks to this, I believe that the Board of Directors was able to maintain calm judgment.

Globalization is inevitable in NRI's medium to long-term plans. As long as quantitative targets are set for executive directors at NRI, there will be an incentive for expansion. I intend to calmly point out risks that may be overlooked from the objective standpoint of an Outside Audit & Supervisory Board Member.



NRI Executives

Members of the Board

**Tadashi Shimamoto**

Date of birth: 8th February, 1954

Chairman, Member of the Board (120,400 shares)

Apr. 1976 Joined the Company
 Jun. 2001 Member of the Board
 Division Manager of Advanced Information Technology Division
 Apr. 2002 Senior Managing Director
 Division Manager of Advanced Information Technology Division
 Apr. 2004 Senior Corporate Managing Director
 Division Manager of Advanced Information Technology Division
 Deputy Division Manager of Center for Knowledge Exchange & Creation
 Apr. 2008 Senior Executive Managing Director in charge of Supervising of Business Divisions
 Jun. 2008 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Business Divisions
 Apr. 2010 President & CEO, Representative Director, Member of the Board in charge of Supervising of Business Divisions
 Apr. 2015 Chairman and President & CEO, Representative Director, Member of the Board
 Apr. 2016 Chairman, Member of the Board (present)

**Shingo Konomoto**

Date of birth: 11th February, 1960

President & CEO,
Representative Director, Member of the Board (31,000 shares)

Apr. 1985 Joined the Company
 Apr. 2004 Senior Managing Director
 Division Manager of Consulting Division III
 Apr. 2010 Senior Corporate Managing Director
 Division Manager of Consulting Division
 Apr. 2015 Senior Executive Managing Director in charge of Supervising of Business Divisions and Consulting
 Jun. 2015 Representative Director, Member of the Board,
 Senior Executive Managing Director in charge of Supervising of Business Divisions and Consulting
 Apr. 2016 President & CEO, Representative Director, Member of the Board (present)

**Ayumu Ueno**

Date of birth: 15th March, 1960

Senior Executive Vice President,
Representative Director, Member of the Board,
in charge of Supervising of Business Divisions (20,300 shares)

Apr. 1983 Joined the Company
 Apr. 2008 Senior Managing Director
 Deputy Division Manager of Center for Innovative Systems Research for Management
 Apr. 2013 Senior Corporate Managing Director in charge of Distribution, Communication & Industrial Solutions
 Division Manager of Distribution & Communication Solution Division
 Apr. 2015 Senior Executive Managing Director in charge of Distribution, Communication & Industrial Solutions and China & Asia Region Systems
 Division Manager of Industrial Solution Business Development Division
 Jun. 2015 Member of the Board, Senior Executive Managing Director in charge of Distribution, Communication & Industrial Solutions and China & Asia Region Systems
 Division Manager of Industrial Solution Business Development Division
 Apr. 2016 Representative Director, Member of the Board,
 Senior Executive Managing Director in charge of Supervising of Consulting and Industrial IT Solutions
 Apr. 2018 Senior Executive Vice President, Representative Director, Member of the Board, in charge of Supervising of Business Divisions (present)

**Yoshio Usumi**

Date of birth: 1st July, 1958

Representative Director, Member of the Board,
Senior Executive Managing Director in charge of
Supervising of Corporate Administration (19,900 shares)

Apr. 1983 Joined the Company
 Apr. 2010 Senior Managing Director in charge of Corporate Planning, Corporate Communications and Legal & Intellectual Property
 Apr. 2015 Senior Corporate Managing Director in charge of Corporate Administration, Corporate Planning, Corporate Communications, Personnel and Legal & Intellectual Property
 Division Manager of Center for Human-Resources Development
 Jun. 2017 Representative Director, Member of the Board, Senior Corporate Managing Director in charge of Supervising of Corporate Administration
 Apr. 2018 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration (present)

**Miwako Doi**

Date of birth: 2nd June, 1954

Member of the Board ^(Note 1) (900 shares)

Apr. 1979 Joined Tokyo Shibaura Electric Co., Ltd. (currently, TOSHIBA CORPORATION)
 Jul. 2005 Senior Fellow of Corporate Research & Development Center of TOSHIBA CORPORATION
 Jul. 2008 Chief Fellow of Corporate Research & Development Center of TOSHIBA CORPORATION
 Apr. 2014 Auditor of National Institute of Information and Communications Technology (present)
 Jun. 2015 Member of the Board of the Company (present)
 <Important concurrent positions>
 Auditor of National Institute of Information and Communications Technology

**Masatoshi Matsuzaki**

Date of birth: 21st July, 1950

Member of the Board ^(Note 1) (1,300 shares)

Apr. 1976 Joined Konishiroku Photo Industry Co., Ltd. (currently, KONICA MINOLTA, INC.)
 Oct. 2003 Director of Konica Minolta Business Technologies, Inc. (currently, KONICA MINOLTA, INC.)
 Apr. 2005 Executive Officer of KONICA MINOLTA HOLDINGS, INC. (currently, KONICA MINOLTA, INC.; the same hereinafter)
 Representative Director and President of Konica Minolta Technology Center, Inc. (currently, KONICA MINOLTA, INC.)
 Apr. 2006 Senior Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Jun. 2006 Director and Senior Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Apr. 2009 Director, President and CEO, and Representative Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Apr. 2013 Director, President and CEO, and Representative Executive Officer of KONICA MINOLTA, INC.
 Apr. 2014 Director and Chairman of the Board of KONICA MINOLTA, INC. (present)
 Jun. 2016 Member of the Board of the Company (present)
 <Important concurrent positions>
 Director and Chairman of the Board of KONICA MINOLTA, INC.
 Outside Director of Ichigo Inc.
 Outside Director of Nippon Sheet Glass Company, Limited

**Hideaki Omiya**

Date of birth: 25th July, 1946

Member of the Board ^(Note 1) (—)

Jun. 1969 Joined Mitsubishi Heavy Industries, Ltd.
 Jun. 2002 Member of the Board of Mitsubishi Heavy Industries, Ltd.
 Jun. 2005 Member of the Board (Representative Director), Executive Vice President of Mitsubishi Heavy Industries, Ltd.
 Apr. 2007 Member of the Board (Representative Director), Senior Executive Vice President of Mitsubishi Heavy Industries, Ltd.
 Apr. 2008 Member of the Board (Representative Director), President and CEO of Mitsubishi Heavy Industries, Ltd.
 Apr. 2013 Chairman of the Board (Representative Director) of Mitsubishi Heavy Industries, Ltd.
 Jun. 2014 Chairman of the Board of Mitsubishi Heavy Industries, Ltd. (present)
 Jun. 2018 Member of the Board of the Company (present)
 <Important concurrent positions>
 Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
 Outside Director of SEIKO EPSON CORPORATION
 Outside Director of Mitsubishi Corporation

- Notes: 1. Miwako Doi, Masatoshi Matsuzaki and Hideaki Omiya are Outside Directors. Kiyotaka Yamazaki and Noriaki Okubo are Outside Audit & Supervisory Board Members. NRI specifies those members as Independent Directors pursuant to the regulations of the Tokyo Stock Exchange and has notified them to the said stock exchange.
2. Members of the Board were selected at the Ordinary General Meeting of Shareholders held on 22nd June, 2018.
3. For the Audit & Supervisory Board Members, Hirofumi Kitagaki was selected at the Ordinary General Meeting of Shareholders held on 19th June, 2015, Yutaka Harada was selected at the Ordinary General Meeting of Shareholders held on 17th June, 2016, Noriaki Okubo was selected at the Ordinary General Meeting of Shareholders held on 23rd June, 2017, and Kouhei Sato and Kiyotaka Yamazaki were selected at the Ordinary General Meeting of Shareholders held on 22nd June, 2018.
4. The figures in the parenthesis are the number of shares of NRI owned by the Members of the Board and Audit & Supervisory Board Members. This includes the holdings in the executive share ownership plan as of 27th June, 2018.

Audit & Supervisory Board Members



Yutaka Harada

Date of birth: 11th March, 1960

Audit & Supervisory Board Member (full-time) (43,700 shares)

Apr. 1982 Joined the Company
Apr. 2008 Senior Managing Director,
Deputy Division Manager of Insurance Systems Division
Apr. 2010 Senior Managing Director,
Division Manager of Insurance Systems Division
Apr. 2013 Senior Corporate Managing Director,
Division Manager of Insurance Solution Division
Apr. 2014 Senior Corporate Managing Director,
Division Manager of Systems Consulting Division
Apr. 2016 Adviser of the Company
Jun. 2016 Audit & Supervisory Board Member of the Company (present)



Hirofumi Kitagaki

Date of birth: 19th April, 1960

Audit & Supervisory Board Member (full-time) (12,200 shares)

Apr. 1985 Joined the Company
Jun. 2000 General Manager of Asset Management System Services Consulting
Department
Apr. 2002 General Manager of Audits' Department
Apr. 2006 General Manager of Internal Control Department
Apr. 2010 General Manager of Office of COO
Apr. 2011 General Manager of Corporate Strategy Department
Apr. 2015 Senior Manager of Center for Corporate Planning
Jun. 2015 Audit & Supervisory Board Member of the Company (present)



Kohei Sato

Date of birth: 18th April, 1961

Audit & Supervisory Board Member (full-time) (–)

Apr. 1984 Joined The Nomura Securities Co., Ltd.
(currently, Nomura Holdings, Inc.)
Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2009 Director of Nomura Securities Co., Ltd.
Apr. 2011 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2013 President and Chief Executive Officer, Representative Director of
NOMURA BACCOCK & BROWN CO., LTD.
Apr. 2018 Adviser of Nomura Securities Co., Ltd.
Jun. 2018 Audit & Supervisory Board Member of the Company (present)

New Outside



Kiyotaka Yamazaki

Date of birth: 4th April, 1953

Audit & Supervisory Board Member (Note 1) (2,400 shares)

Oct. 1979 Joined M. Serizawa & CO. (CPA Office)
Aug. 1983 Registered as a certified public accountant
Jul. 2005 Partner of M. Serizawa & CO. (currently, GYOSEI & CO.)
Oct. 2006 Managing Partner of GYOSEI & CO.
Sep. 2007 Vice Executive Director, Partner of GYOSEI & CO.
General Manager of Head Office Tokyo of GYOSEI & CO.
Jul. 2010 Managing Partner (CEO) of GYOSEI & CO.
Jun. 2014 Audit & Supervisory Board Member of the Company (present)
Jul. 2014 Managing Partner of GYOSEI & CO.
Oct. 2017 Partner of GYOSEI & CO. (present)
<Important concurrent positions>
Partner of GYOSEI & CO.

Outside Independent



Noriaki Okubo

Date of birth: 22th May, 1959

Audit & Supervisory Board Member (Note 1) (–)

Apr. 1983 Joined Japan Tobacco and Salt Public Corporation
(currently, JAPAN TOBACCO INC.)
Jun. 2004 Member of the Board, Senior Vice President of JAPAN TOBACCO INC.
Jun. 2006 Member of the Board, Executive Vice President of JAPAN TOBACCO INC.
Jun. 2009 Member of the Board, Senior Executive Vice President of
JAPAN TOBACCO INC.
Jun. 2012 Executive Deputy President, Representative Director of
JAPAN TOBACCO INC.
Jun. 2016 President of Tobacco Academic Studies Center (present)
Jun. 2017 Audit & Supervisory Board Member of the Company (present)
<Important concurrent positions>
President of Tobacco Academic Studies Center

Outside Independent

Senior Managing Directors, Managing Directors and Executive Fellows

The Company makes clear distinction between the Board of Directors' decision making on management strategy and business execution function, and the authorities and responsibilities on business execution are largely delegated to Senior Managing Directors, etc. There are 49 Senior Managing Directors, etc. (excluding three people who serve concurrently as a Member of the Board).

Senior Executive Managing Directors

Harumi Saitou
Tatsuya Watahiki
Masaki Takimoto
Hiroshi Funakura

Senior Corporate Managing Directors

Hajime Ueda
Masahiro Fuchida
Masato Matsuo
Kenji Yokoyama
Yoshio Murata
Yasuo Fukami
Shigeki Hayashi
Takuhiro Sakata

Fumihiko Sagano
Yoichi Inada
Hiroshi Masutani
Akio Yamamoto
Tomoshiro Takemoto

Senior Managing Directors

Naohiro Sako
Hirofumi Tatamatsu
Shuji Tateno
Hidenori Anzai
Minoru Yokote
Namiki Kubo
Ken Ebato
Yuichi Higo
Katsutoshi Murakami

Hisao Nakajima
Tohru Yasumaru
Tomohiko Noguchi
Susumu Nishimoto
Yasushi Kobara
Shoichi Ohno
Akira Matsumoto
Motoya Nishimura
Tetsuro Watanabe
Shigekazu Ohmoto
Hiroyuki Kawanami

Managing Directors

Sonoko Kitagawa
Jun Odashima
Yasuki Nakamaru

Takeshi Hihara
Masaaki Yamazaki
Koji Shimizu
Hiroshi Koike
Ichiro Morisawa
Kazuya Kobayashi
Noriyasu Kogure

Executive Fellows

Yasuki Okai
Kotaro Kuwazu



Internal Controls, Corporate Ethics and Compliance

Internal Control 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.

In addition, the Integrated Risk Management Committee meets to check the company-wide internal control status as appropriate. The Business Promotion Committee, which all business divisions and group companies attend, also works to ensure that the internal control system is established.



Basic policy for building an internal control system
<http://www.nri.com/jp/company/internal.html>

◆ Risk management PDCA cycle

• Risks that may arise in the course of business execution by the NRI Group are classified into 13 items including management strategy, business activities, and compliance, and the department responsible for each risk conducts a risk assessment and review of the risk items that takes into consideration the level of importance and impact every fiscal year on risk items that have been subclassified even further.

• After an assessment is compiled, the department responsible for risk management holds discussions at the Integrated Risk Management Committee and sets the risks that should be managed. It also selects prioritized themes (*see below) that have a particularly high level of importance or impact.

• The Integrated Risk Management Committee meets to check the company-wide internal control status regularly. The Business Promotion Committee, which all business divisions attend, also works to ensure that the internal control system is established and improvements are made.



• Department responsible for risk management establishes a management structure and conducts integrated risk management in cooperation with the departments, etc. that oversee each risk. As necessary, risks are discussed at meetings attended by personnel with expertise, and appropriate measures are taken by the responsible department in cooperation with business divisions.

• BCP (business continuity plans) and DR (disaster recovery) measures are also out in place for businesses and services that have a significant social impact.

*Priority themes for FY March 2019

- I. Continue proper management of quality risks for systems in operation
- II. Further strengthen the management of project risks
- III. Continuously improve the preparedness of information security
- IV. Develop governance systems suitable to increasing globalization
- V. Create comfortable working environments
- VI. Implement appropriate preparation for fulfilling our business continuity responsibilities

Internal Audits Conducted by the Internal Audit Department

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.

70



Cooperation with Stakeholders

NRI's stakeholders, mainly consisting of clients, employees and their family members, shareholders and investors and business partners, include a wide range of entities composed of general consumers, media, local communities, industry associations and competitors, government agencies, education/research institutions, students and NGOs/NPOs.

Cooperation with Clients

NRI engages in sincere business activities for its clients and strives to deliver services that are satisfactory and in conformity with client agreements.

•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.

•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.

Cooperation with Business Partner

NRI's operations are based on cooperation with its business partners, such as external contractors and suppliers. Accordingly, NRI has a fundamental policy of building business relationships that are mutually beneficial, as well as obey sound business practices and laws.



NRI Group Procurement Policy
<https://www.nri.com/global/company/procurement.html>

When an NRI system development project is contracted out to a business partner, it should be assessed comprehensively with respect to its technological capability, quality, delivery date, cost of products and services, staffing and platform, financial condition, compliance and efforts on information security management. Overseas business partners should also be screened under laws such as the Foreign Exchange and Foreign Trade Act.

The number of employees involved in business at NRI's business partners stands at approximately 10,500, about half of which are permanently stationed in NRI offices.

To continue the appropriate contract services, we formulated the Guidelines Relating to Contract Work. Moreover, we separate the work sites of business partner employees under a contract service agreement from the work site of NRI employees, preventing a practice of falsified contract service in which an NRI employee directly issues instructions and orders to a business partner employee. We annually conduct the required self-inspections.

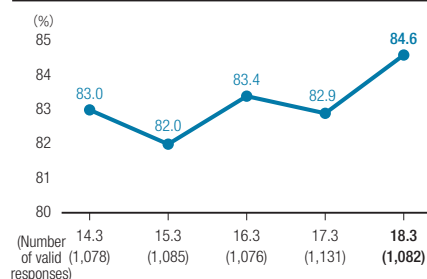
The main items for deliberation on new contracts

- 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

Results of the client satisfaction survey (Non-consolidated data)

We received responses from clients on 1,082 projects in the fiscal year ended March 2018.

◆Percentage that responded "Satisfied" or "Moderately satisfied" (Total for top two items on five-grade scale)



The conclusion of e-Partner Agreement

NRI enters into an e-Partner Agreement especially with business partners equipped with highly specialized operational and information technology knowledge. NRI works closely with them throughout the project to rigorously manage information security and to attain improved quality management. NRI also supports their human resources development.



CSR study meetings held with business partners mainly consisting of nine e-partners in February 2018



Information Disclosure and Communication

NRI is committed to gain the trust of shareholders and investors through constructive dialogue, and to receive an appropriate evaluation from capital markets. For these reasons, taking fair disclosure as our fundamental policy, we are working to promote understanding of both our business and our medium- to long-term strategies for growth, and to expand our shareholder and investor base.

Measures Aimed at Ensuring a Meaningful General Meeting of Shareholders

To energize the General Meeting of Shareholders and ensure that voting rights are exercised, we perform the following procedures:

- Set the date of the General Meeting of Shareholders on a day where such meetings are not concentrated
- In addition to sending out individual notices of convocation of a General Meeting of Shareholders earlier, post the notice on the NRI and Tokyo Stock Exchange websites prior to sending the individual notices. This effort allows shareholders to have sufficient time to consider the proposed resolutions for the meeting
- The 53rd Ordinary General Meeting of Shareholders: Notice released on 24th May→Meeting held on 22nd June (Notice about one month before)
- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure
- Deliver a notice of convocation of a General Meeting of Shareholders in English (summary)
- Provide an opportunity to exercise voting rights by using the Internet system run by a trust bank (a shareholder register administrator)
- Provide an opportunity to exercise voting rights by using the Voting Rights Electronic Exercise Platform, run by ICJ, Inc.
- Hold a Management Reporting Session for shareholders after the conclusion of the General Meeting of Shareholders

Active dialogues with shareholders and investors

With the aim of expanding our shareholder and investor base, we are promoting better understanding of our business activities and strategies for growth through direct and indirect communication.

The following principle activities were implemented during the fiscal year ended March 2018:

For shareholders	<ul style="list-style-type: none"> •Shareholder questionnaire: Number of respondents is 3,003 (Number of sent: 12,464 shareholders/Collection rate: 24.1%)
For institutional investors and analysts	<ul style="list-style-type: none"> •Number of investors met: 492 •Domestic: In addition to results briefing sessions for each quarter and individual interviews, held small meetings with management, business briefings, etc. •Overseas: Cities visited in overseas roadshows: New York, Boston, London, Edinburgh, Milano, Copenhagen, Stockholm, Singapore, Hong Kong and Sydney
For individual investors	Individual investor information meeting: Four were held (two in Tokyo and one each in Osaka and Fukuoka) Number of attendees: 911

Providing Appropriate Information Disclosure

In order to achieve accountability to shareholders, investors, and other stakeholders, NRI is striving to enhance the level of information disclosure and the timely disclosure of information through activities including those below.

- Disclosed the Long-Term Management Vision and the Medium-Term Management Plan (mid-and long-term management strategy and numerical targets etc.)
- Established the Disclosure Committee, which checks the preparing process for, and appropriateness of, disclosed materials
- Published our financial results and latest information promptly under the Investor Relations section on our website
- Provided a dedicated website for individual investors to enhance information disclosure and understandability and clarity

External Evaluation of NRI

- 2017 Awards for Excellence in Corporate Disclosure (Computer Software Sector) (The Securities Analysts Association of Japan)
- JIRA IR Awards 2017 (22nd) (Japan Investor Relations Association)



2017 Award for Excellence in Corporate Disclosure
-Institution-
The Securities Analysts Association of Japan



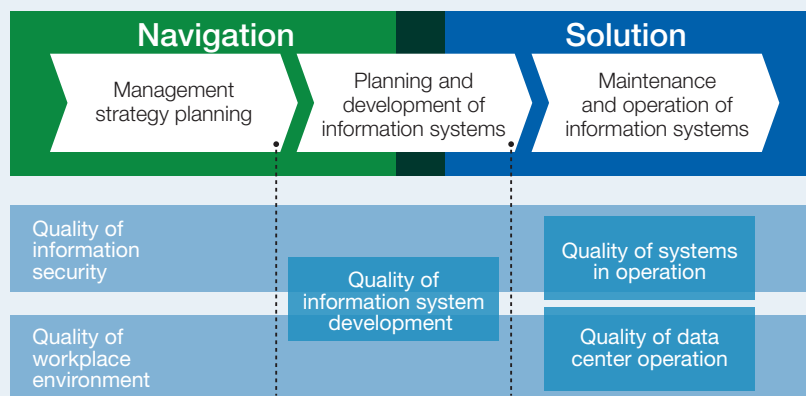
2017 IR Award
優良企業賞
member of Japan Investor Relations Association



NRI's Quality Management

We continually work to improve the quality of services, fully aware of our responsibility to deliver and operate information systems that serve as a key component of social infrastructure.

◆NRI's quality management framework



Initiatives 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.

In addition, work is under way to post all of the knowledge gathered at NRI on its internal website in order to share expertise and examples across the entire Company.

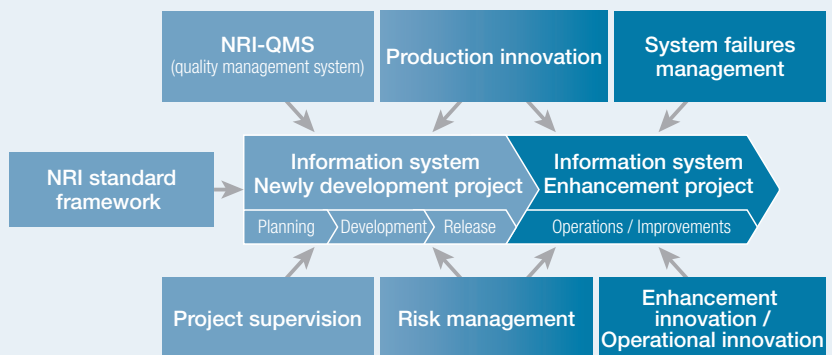
•Project supervision activities to support the quality of information system development

The Quality Management Division provides both supervisory and Project Management Office functions for each individual division, when they develop a new information system.

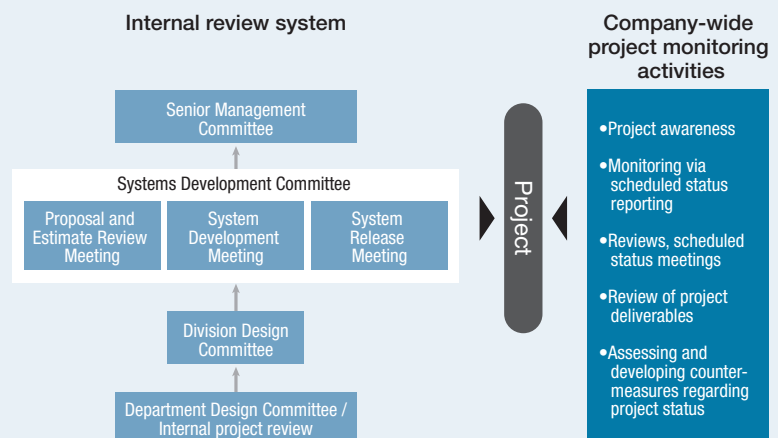
In addition to "project management" for project implementation and success, NRI has a "project supervision" function to propose quality improvements, and to identify and resolve issues early on.

To ensure that internal reviews are not merely process checks, committee members gathered from each division enacts a strict check through the system details, thus achieving a high level of quality.

◆Project support system for improving the quality of information systems



◆Project supervision activities



•Emphasis on quality of systems in operation

Operating and maintaining completed information systems of a high quality not only builds solid relationships with clients, but also provides opportunities to improve and propose new solutions for the streamlining and further growth of clients' businesses.

For this reason, NRI refers to operations and maintenance projects as "enhancement projects," which are assigned the same level of importance as projects to develop new information systems.

Production Innovation Initiatives

NRI has held the Production Innovation Forum every year since the fiscal year ended March 2011. At this forum, each business division shares initiatives related to productivity and quality improvements in a company-wide manner, and production innovation activities are promoted throughout NRI through means such as the enhancement service reforms award that is given in recognition of innovative initiatives.

We will continue to make endless improvements as a leader of the IT services industry and foster a corporate culture of taking on new challenges.



The Production Innovation Forum venue and enhancement service reforms award ceremony



•Quality of data center management that supports stable operations

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

It also conducts inspections that are interconnected with data center facilities. In respect to these efforts, NRI has obtained certification from third party review agencies.

Safety and Security Forum

The stable operation of data centers is NRI's social mission. As part of this mission, we hold a forum on the themes of safety and security every year.

The forum served as an opportunity for employees to pledge to the stable operation of information systems in the fiscal year ended March 2018, with lectures on safety by external experts centered around the concepts or thinking, learning, and not forgetting, and awards for excellent slogans on safety and security thought up by individual employees.



Safety and Security Forum and safety and security slogan grand prize award ceremony



Examples of Certifications and Assurances Acquired by NRI

- ISO9001 (quality management system)
- ISO14001 (environmental management system)
- ISO20000 (IT service management)
- ISO27001 (information security management)
- SOC 1/SOC 2 Report (internal control assurance report)
- Uptime Institute M&O (global certification standard for data center management prescribed by Uptime Institute)*

*Certification acquired for Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II



Quality of Information Security

NRI operates important infrastructure that supports society including finance and distribution. We have established an advanced information security framework to continue service and protect important information at all times, and through that framework, we work to remain a trusted partner to our clients and society.

•Policies relating to information security

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.



Declaration of Information Security Measures
http://www.nri.com/global/site/security_declare.html

•Related rules concerning information security

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.

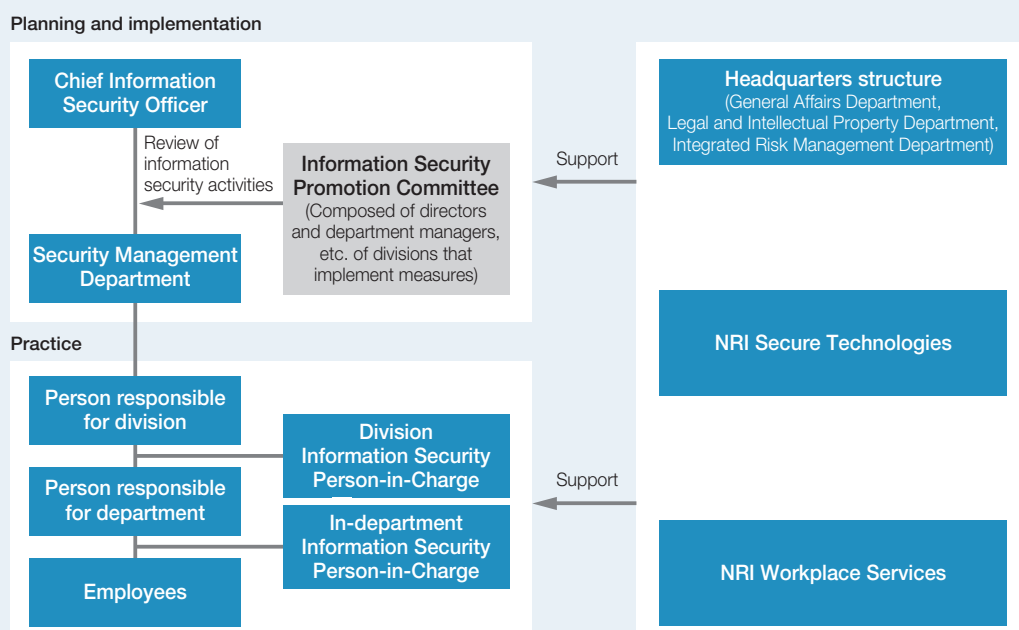
•Information security management structure

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

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

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

◆Information security management structure



•Education 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.

•Response to cyber-attacks

The NRI Group uses system-based defenses 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}). However, NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT^{*4}).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates and shares that is organized, swift, and appropriate. We also conduct for our employees education and training, such as ongoing real-life training against phishing emails.

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

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

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

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

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

NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the “My Number Act”); and other relevant laws and regulations.

NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission.



Personal Data Protection Statement
<https://www.nri.com/global/site/security.html>
 Privacy Policy
<https://www.nri.com/global/site/privacy.html>

Quality of Workplace Environment

NRI promotes a multitude of initiatives to foster a workplace environment where employees can keep on working positively in good mental and physical health.

In 2016, the Tokyo Headquarters was relocated, followed by relocation of the Yokohama Center and Osaka Center in 2017. Each of these buildings has an open layout with no assigned seating, and common spaces such as meeting rooms. The relocations served as an opportunity for efforts to create a better place to work through innovation in work style and by reforming the organizational atmosphere.

Additionally, there are continuous efforts under way to establish sophisticated management that considers employee health. Such efforts include the introduction of a framework for allowing project managers, and those in project supervisory departments, to grasp the overtime hours of project members.

11-year Summary Consolidated Financial Statements

For the fiscal years beginning 1st April and ending 31st March of the following year
This financial summary is prepared solely for convenience.
Readers are recommended to refer to Consolidated Financial Results.



Consolidated Financial Results
<https://www.nri.com/global/ir/financial/index.html>

	2008.3	2009.3	2010.3	2011.3
Consolidated Statement of Income:				
Sales	342,289	341,279	338,629	326,328
Cost of sales	238,537	240,854	245,641	233,119
Gross profit	103,751	100,425	92,988	93,209
Selling, general and administrative expenses	51,087	50,711	52,911	54,782
Directors' compensations	1,178	1,242	1,125	1,093
Salaries and allowances	15,385	16,272	18,261	19,167
Provision for bonuses	3,557	3,826	3,700	4,283
Retirement benefit expenses	1,636	1,690	2,111	2,260
Welfare expenses	2,815	3,165	3,376	3,641
Education and training expenses	1,063	1,250	1,477	1,451
Operations consignment expenses	9,787	8,168	7,270	6,831
EBITDA	69,181	70,476	70,992	69,094
Operating profit	52,664	49,713	40,077	38,426
Non-operating income and profit	2,853	2,017	870	1,646
Ordinary profit	55,517	51,731	40,947	40,073
Extraordinary income and loss	(7,530)	(7,549)	(3,618)	(219)
Income taxes	19,829	19,668	15,476	16,663
Profit attributable to owners of parent	28,157	24,513	21,856	23,188
Consolidated Balance Sheet (year-end):				
Total Assets	362,447	354,487	363,368	380,032
Current assets	190,910	122,572	137,744	177,593
Cash and bank deposits	17,709	20,307	15,055	16,757
Fixed Assets	171,537	231,915	225,623	202,439
Tangible fixed assets	58,253	58,274	58,965	58,451
Intangible fixed assets	30,257	74,886	68,319	57,641
Goodwill	—	—	—	—
Investments and other assets	83,026	98,754	98,339	86,346
Investment securities	46,682	55,436	53,699	43,964
Total liabilities	155,084	149,020	143,131	148,957
Current liabilities	74,779	70,026	67,195	68,160
Short-term loans payable	—	—	—	—
Provision for loss on orders received	—	—	—	—
Non-current liabilities	80,305	78,994	75,936	80,797
Bonds	49,997	49,997	49,997	49,997
Long-term loans payable	—	—	—	9,176
Net assets	207,363	205,466	220,237	231,074
Consolidated Statement of Cash Flows:				
Cash flows from operating activities	31,806	46,180	58,060	48,777
Cash flows from investing activities	(47,925)	(70,994)	(16,175)	(27,723)
(Investing activities except cash management purpose investment)	(37,424)	(74,058)	(28,184)	(19,292)
Free cash flow	(16,119)	(24,813)	41,885	21,054
(Free cash flow except cash management purpose investment)	(5,617)	(27,877)	29,876	29,485
Cash flows from financing activities	(23,537)	(22,414)	(10,348)	1,590
Effect of exchange rate change on cash and cash equivalents	(672)	(68)	10	(335)
Net increase (decrease) in cash and cash equivalents	(40,329)	(47,296)	31,547	22,309
Cash and cash equivalents at end of period	75,524	28,228	59,775	82,085
Cash and cash equivalents + Cash management purpose investment	102,697	51,271	73,837	104,417

Notes: 1. Figures less than unit indicated have been rounded down for amounts.
2. Consumption tax and local consumption tax are accounted for by the tax-exclusion method.
3. EBITDA = Operating profit + Depreciation and amortization + Goodwill amortization

(millions of yen)

2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
335,554	363,891	385,932	405,984	421,439	424,548	471,488
235,515	262,315	276,664	289,210	287,270	280,761	311,868
100,038	101,575	109,267	116,774	134,168	143,787	159,619
56,886	57,608	59,450	65,287	75,873	85,272	94,481
899	878	986	1,316	1,227	1,213	1,101
20,065	20,080	20,087	22,450	25,395	27,576	29,681
4,527	4,582	4,715	5,136	5,802	5,993	6,751
2,347	2,492	2,458	2,105	2,155	3,038	2,678
3,651	3,641	3,786	4,362	4,935	5,842	6,348
1,567	1,843	1,853	1,789	1,712	1,768	1,705
8,401	8,823	9,640	11,170	14,246	16,722	16,740
74,027	86,567	84,126	77,528	91,814	88,933	101,223
43,152	43,967	49,816	51,486	58,295	58,514	65,138
1,533	1,891	2,544	1,455	2,705	1,839	1,023
44,686	45,858	52,360	52,942	61,001	60,354	66,161
11,518	(2,988)	349	6,132	1,304	4,638	16,366
23,283	14,261	21,175	19,209	19,513	21,042	26,356
32,920	28,612	31,527	38,880	42,648	45,064	55,145
402,784	432,222	469,010	593,213	621,695	628,944	652,671
176,804	189,206	208,121	298,565	306,943	295,915	309,781
8,462	10,273	9,885	26,469	62,138	152,610	159,541
225,980	243,016	260,888	294,647	314,751	333,029	342,890
67,569	63,456	62,767	53,915	65,384	63,790	68,528
57,861	42,854	42,712	55,582	65,085	99,485	102,716
—	—	—	—	7,864	35,404	39,028
100,549	136,705	155,408	185,148	184,280	169,754	171,645
61,273	88,378	94,766	116,480	120,397	103,841	88,999
144,507	141,404	137,601	189,745	196,286	181,646	219,888
69,380	118,207	79,841	113,208	134,304	111,552	162,133
—	—	—	10,645	2,270	2,870	6,074
—	579	3,083	3,911	1,345	1,591	50
75,126	23,196	57,759	75,988	61,327	69,500	57,160
49,997	—	30,000	30,000	15,000	25,000	34,082
6,677	4,250	22,054	21,333	27,969	24,396	408
258,276	290,818	331,408	403,467	425,409	447,297	432,783
53,067	68,600	33,839	58,710	81,470	61,147	73,493
(47,731)	(36,019)	(32,234)	(1,093)	(75,344)	(30,341)	(17,882)
(25,299)	(34,055)	(38,086)	(13,800)	(52,725)	(41,348)	(30,162)
5,335	32,580	1,605	57,617	6,126	30,805	55,610
27,767	34,544	(4,246)	44,910	28,744	19,799	43,330
(10,438)	(10,723)	(8,773)	(10,536)	9,326	(34,327)	(46,829)
62	721	337	694	(1,071)	624	(2,529)
(5,041)	22,579	(6,830)	47,775	14,381	(2,897)	6,251
77,043	99,623	92,792	140,567	154,949	152,051	158,303
121,601	145,974	133,350	169,023	206,031	192,028	185,882

Consolidate Financial Data

(millions of yen)

			2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
Segment Information:								
External sales (Sales to external customers)	Consulting		22,761	25,631	27,353	28,370	30,574	36,168
	Financial IT Solutions		219,754	225,313	237,111	252,842	246,979	251,876
	Securities		115,904	115,646	116,534	123,896	119,128	118,412
	Insurance		50,162	49,813	56,414	57,082	51,982	51,836
	Banking		27,909	31,763	34,584	37,541	40,286	42,225
	Other financial		25,778	28,090	29,577	34,321	35,580	39,401
	Industrial IT Solutions		83,615	87,322	97,938	101,538	107,208	141,662
	Distribution		44,806	44,066	46,705	51,882	54,256	60,894
	Manufacturing, service and other		38,808	43,255	51,232	49,656	52,952	80,767
	IT Platform Services		28,850	37,579	34,779	28,720	29,241	30,117
Others		8,910	10,085	8,803	9,966	10,544	11,663	
External sales + Sales for each segment	Consulting	Sales	22,908	25,820	27,749	28,823	31,161	36,923
		Operating profit	2,801	4,708	5,959	5,487	5,853	5,954
		Operating profit margin (%)	12.2	18.2	21.5	19.0	18.8	16.1
	Financial IT Solutions	Sales	219,916	225,345	237,649	253,802	248,188	253,281
		Operating profit	22,280	27,809	22,621	29,171	26,461	27,349
		Operating profit margin (%)	10.1	12.3	9.5	11.5	10.7	10.8
	Industrial IT Solutions	Sales	83,662	87,389	98,974	102,859	107,672	142,214
		Operating profit	6,478	8,408	11,769	9,974	9,076	13,652
		Operating profit margin (%)	7.7	9.6	11.9	9.7	8.4	9.6
	IT Platform Services	Sales	103,376	114,624	113,505	110,044	122,107	128,839
		Operating profit	10,059	6,470	8,636	11,575	14,015	15,101
		Operating profit margin (%)	9.7	5.6	7.6	10.5	11.5	11.7
External sales by service	Consulting services		39,078	42,233	47,110	52,131	62,734	78,987
	System development & System application sales		140,478	143,213	136,710	145,157	131,908	138,111
	System management & Operation services		174,990	187,361	206,698	212,952	217,271	241,198
	Product sales		9,344	13,124	15,465	11,197	12,634	13,191
Sales to main clients	Nomura Holdings, Inc.		100,984	90,688	82,469	68,666	71,600	77,937
	Seven & i Holdings Co., Ltd.		44,984	40,888	40,973	43,254	45,285	47,001
Overseas sales	Overseas sales		4,938	6,945	8,655	14,618	18,925	43,559
	Overseas sales ratio (%)		1.4	1.8	2.1	3.5	4.5	9.2

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. Net sales by client includes sales to the client's subsidiary and sales made through leasing companies, etc.

(millions of yen)

		2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
Order volume	Consulting	23,816	25,575	28,390	27,425	34,609	35,871
	Financial IT Solutions	227,820	236,216	253,830	256,293	246,153	244,556
	Industrial IT Solutions	90,999	88,079	101,380	104,650	116,335	162,945
	IT Platform Services	27,578	44,127	31,215	23,352	31,423	30,393
	Others	9,446	10,123	9,153	10,840	10,463	11,727
	Total	379,661	404,122	423,970	422,561	438,986	485,494
Order backlog	Consulting	4,641	4,584	5,622	4,677	8,711	8,415
	Financial IT Solutions	118,645	129,548	146,268	149,718	148,893	141,573
	Industrial IT Solutions	50,930	51,688	55,412	58,523	67,650	88,933
	IT Platform Services	14,222	20,769	17,205	11,837	14,019	14,295
	Others	2,572	2,610	2,679	3,553	3,472	3,537
	Total	191,012	209,202	227,188	228,310	242,748	256,754

Notes: 1. Figures less than unit indicated have been rounded down for amounts.
2. The amounts are based on sales price.
3. In regard to continuous services and those services for which fees are received according to the number of times used, etc., expected net sales for the following year is booked as the order amount at the end of each fiscal year.

(millions of yen)

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
Productions and Orders:						
Actual production	240,794	264,839	280,562	279,405	277,736	304,044
Subcontracting costs	116,166	132,825	141,925	139,303	126,361	135,522
Of which are subcontracting costs to Chinese companies	16,943	21,387	23,482	23,476	18,815	19,532
Subcontracting ratio (%)	48.2	50.2	50.6	49.9	45.5	44.6
Subcontracting ratio to Chinese companies (%)	14.6	16.1	16.5	16.9	14.9	14.4

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. The amounts are based on production costs. The amount for each segment is the figure before intra-company transfers between segments. The intra-company transfer amount has been eliminated in the adjusted amount.
3. The subcontracting ratio is the ratio against actual production; the subcontracting ratio to Chinese companies is the ratio against total subcontracting costs.

(millions of yen)

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
Capital Expenditures/Depreciation and Amortization/Research and Development:						
Capital expenditures	31,048	33,878	31,080	48,325	38,668	38,201
Capital expenditures (tangible)	14,880	11,217	8,349	20,285	13,640	16,188
Capital expenditures (intangible)	16,167	22,661	22,731	28,040	25,027	22,012
Depreciation and amortization	42,474	34,118	25,800	32,598	28,476	31,941
Research and development expenses	3,643	3,903	4,222	5,110	5,674	5,170

(%)

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
Ratios:						
Gross profit margin	27.9	28.3	28.8	31.8	33.9	33.9
Operating profit margin	12.1	12.9	12.7	13.8	13.8	13.8
EBITDA margin	23.8	21.8	19.1	21.8	20.9	21.5
ROE (Return on equity)	10.5	10.2	10.8	10.6	10.7	12.9
ROA (Return on assets)	11.0	11.6	10.0	10.0	9.7	10.3
Debt/Equity ratio (times)	0.21	0.17	0.18	0.16	0.13	0.19
Equity ratio	66.9	70.4	65.6	66.2	69.1	64.2
Price earnings ratio (PER) (times)	16.6	20.5	23.2	20.1	22.6	22.1
Dividend payout ratio	36.6	35.9	36.5	41.1	42.4	39.1
Total return ratio	36.6	35.9	36.5	63.4	66.4	129.8

(yen)

	2014.3	2015.3	2016.3	2017.3	2018.3
Per Share Information:					
Earnings per share (EPS)	158	176	171	181	228
Diluted earnings per share (EPS)	149	176	170	181	227
Book-value per share (BPS)	1,657	1,765	1,646	1,750	1,760
Dividend per share (DPS)	56	70	80	80	90

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. EBITDA = Operating profit + Depreciation and amortization + Goodwill amortization
3. ROE = Profit attributable to owners of parent / Beginning and ending balance average net assets
4. ROA = Ordinary profit / Beginning and ending balance average total assets
5. NRI implemented a 1.1-for-1 stock split effective 1st January, 2017. To reflect this stock split, earnings per share, diluted earnings per share and net assets per share as of and for the years ended March 2016 and 2017 are calculated as if the stock split took place on 1st April, 2015.
6. The dividend payout ratio is calculated to include dividends earmarked for the NRI Group Employee Stock Ownership Group.

E: Environment

Accounting period: FY2018 (1st April, 2017 to 31st March, 2018)

Scope of data collection and method of calculation: http://www.nri.com/~media/PDF/global/csr/greenstyle/data/180630_e.pdf

Key Sustainability Performance Indicators

Environment load information INPUT (resources used)

	INPUT	FY2017	FY2018	Assurance	Object of data collection
Energy resources use	Electricity (1,000 kWh)	143,253	136,518	✓	*1
	Kerosene (kl)	35	32	✓	*3
	Diesel (kl)	103	112	✓	
	City gas (1,000 m³)	311	569	✓	
	Cooling, steam, heat (1,000 GJ)	87	100	✓	
	Total heat (1,000 GJ)	1,529	1,492	✓	
Water resources	Water works (1,000 m³)	200	201	✓	*3
Paper resources	Business paper (t)	217	213	✓	*3

Environment load information OUTPUT (impact on environment)

	OUTPUT	FY2017	FY2018	Assurance	Object of data collection
Greenhouse gases emissions	Electricity (1,000 t-CO₂)	72	68	✓	*1
	Kerosene, diesel, city gas (1,000 t-CO₂)	1	1	✓	*3
	Cooling, steam, heat (1,000 t-CO₂)	5	5	✓	
	Total greenhouse gases emissions (1,000 t-CO₂)	78	75	✓	
Drainage for business	Volume of wastewater (1,000 m³)	40	35	✓	*2
Waste paper	Whole waste (t)	284	269	✓	*3
	Final disposal volume (t)	—	—	✓	
	Recycling rate (%)	100.0%	100.0%	✓	
Industrial wastes	Whole waste (t)	666	2,365	✓	*4
	Final disposal volume (t)	22	75	✓	
	Recycle rate (%)	96.6%	96.8%	✓	

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

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

Environment load information OUTPUT (Emissions by Scope)

	Category	FY2017	FY2018	Assurance	Change(%)	Object of data collection
Scope 1 emissions (1,000t CO₂)						
NRI Group total		1	1	✓	55.2%	*1
For:	Japanese offices	1	1	✓	55.2%	*2
	Overseas offices	—	—	—	—	—
Scope 2 emissions (1,000t CO₂)						
NRI Group total		77	73	✓	-5.0%	Electricity*1 Cooling, steam, heat*2
For:	Japanese offices	74	70	✓	-5.7%	*2
	Overseas offices	3	3	✓	11.0%	*3
Scope 1 emissions, Scope 2 emissions Total (1,000t CO₂)						
NRI Group total		78	75	✓	-4.2%	Electricity*1 Kerosene, Diesel, City Gas, Cooling, steam, heat*2
For:	Japanese offices	75	72	✓	-4.9%	*2
	Overseas offices	3	3	✓	11.0%	*3

	Category	FY2017	FY2018	Assurance	Change(%)	Object of data collection
Scope 3 emissions (1,000t CO₂)						
1	Purchased goods and services	64	69	✓	8.0%	*1
2	Capital goods	23	44	✓	88.6%	*1
3	Fuel-and-energy-related activities	6	6	✓	-1.0%	Electricity*1 Cooling, steam, heat*2
6	Business travel	6	7	✓	10.3%	*1
7	Employee Commuting	2	2	✓	9.6%	*1
11	Use of sold products	9	7	✓	-22.8%	*1
12	End of life treatment of sold products	0	0	✓	-58.8%	*1
Total		112	137	✓	21.9%	

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

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

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.

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."

Information on NRI Green Bond (3rd series unsecured corporate bonds)

1) Status of allocation of funds raised

FY2018 (1st April, 2017 to 31st March, 2018)

(millions of yen)

Category	Amount
Balance at the beginning of year	8,725
Expenditures for acquisition of buildings trust beneficiary rights	-8,364
Expenditures for acquisition of buildings and accompanying facilities	-361
Balance at the end of year	—

Notes 1: The state of allocation of funds raised represents a summary of the Statement of Cash Income and Expenditure prepared according to the Green Bond Cash Management Rules.

2: The Statement of Cash Income and Expenditure was subjected to an audit by Ernst & Young ShinNihon LLC (an audit of non-consolidated financial statements or financial statement items [Audit Standards Committee Report 805]).

2) Status of the project

In April 2017, NRI acquired the trust beneficiary rights to the Yokohama Center (Yokohama Nomura Building), for which the proceeds from the NRI Green Bond are to be used, and began to use the building as a tenant.

Category	Category	
Environment	Quantity of industrial waste (t)	371
	Recycling rate (%)	72.8
Social	Labor safety and health: Number of serious industrial accidents (including that of subcontractors)	0
Governance	Whether there was any ESG-related dispute (including that of subcontractors)	0
Contribution to local communities	Action taken for engagement and interaction with local communities	<ul style="list-style-type: none"> ●Held opening event including local residents and local office workers from 13th to 14th June, 2017. ●Winter illumination event held from 7th November, 2017 to 14th March, 2018.

3) Environmental assessment on target facilities

Yokohama Center (Yokohama Nomura Building)

Environment load information: Input (resources used)

	INPUT	FY2017	FY2018	Assurance
Energy resources use	Electricity (1,000 kWh)	—	3,086	✓
	City gas (1,000 m ³)	—	269	✓
	Cooling, steam, heat (1,000 GJ)	—	15	✓
	Total heat (1,000 GJ)	—	62	✓

Environment load information: Output (impact on environment)

	OUTPUT	FY2017	FY2018	Assurance
Greenhouse gases emissions	Electricity (t-CO ₂)	—	1,500	✓
	City gas (t-CO ₂)	—	583	✓
	Cooling, steam (t-CO ₂)	—	870	✓
	Total emissions (t-CO ₂)	—	2,953	✓
	Emissions per floor area (t-CO ₂ /m ²)	—	0.18	
	Emissions per employee (t-CO ₂ /person) A	—	0.24	

Yokohama Minato Center (Dia Building)	FY2017	FY2018	Assurance
Total heat from energy resources (1,000 GJ)	77	51	
Greenhouse gas emissions (t-CO ₂)	3,963	2,537	
Emissions per floor area (t-CO ₂ /m ²)	0.41	0.45	
Emissions per employee (t-CO ₂ /person) B	0.54	0.60	

Comparison between Yokohama Nomura Building and Dia Building	FY2017	FY2018	Assurance
Improvements in emissions per employee (target 9%) A÷B	—	39.4%	

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.

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.

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.



S: Social

Number of employees
(NRI Group data):

		2014.3		2015.3		2016.3		2017.3		2018.3	
		Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Number of employees		8,123	100	9,012	100	10,757	100	11,605	100	12,708	100
By gender	Male	6,432	79.2	6,980	77.5	7,980	74.2	8,375	72.2	9,285	73.1
	Female	1,691	20.8	2,032	22.5	2,777	25.8	3,230	27.8	3,423	26.9
By region	Japan	7,302	89.9	8,105	89.9	8,498	79.0	8,676	74.8	8,821	69.4
	Europe	13	0.2	12	0.1	21	0.2	12	0.1	14	0.1
	U.S.	33	0.4	41	0.5	293	2.7	383	3.3	392	3.1
	Asia	775	9.5	854	9.5	1,945	18.1	1,995	17.2	2,052	16.1
	Of which China	331	4.1	374	4.2	1,398	13.0	1,473	12.7	1,465	11.5
	Australia	—	—	—	—	—	—	539	4.6	1,429	11.2

Employment related (Group used for new hires for the year;
non-consolidated for others):

	2014.3	2015.3	2016.3	2017.3	2018.3
New hires for the year (persons)	308	328	299	289	338
Total turnover rate (%) [*]	2.4	3.2	3.3	3.5	3.9
Of which, voluntary resignations (%)	1.7	1.9	2.3	2.3	2.3
Average length of service (years)	13.0	13.4	13.8	14.3	14.6
New graduates hires retention rate after 3 years (%)	96.6	95.5	94.8	90.9	93.3
Average remuneration: all employees (thousands of yen)	10,911	10,892	11,560	11,514	11,660

^{*}The total turnover rate is the percentage of the number of retirees compared to the number of employees at period end.

Promotion of women's participation and advancement
in the workplace (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Female employees (%)	17.7	18.2	18.8	19.0	19.3
Female directors (%)	0.0	0.0	6.7	7.1	8.3
Female managers (%)	5.2	5.4	5.8	6.0	6.5
Female hires (%)	25.6	25.9	29.8	27.0	25.1

Childcare leave / Nursing leave (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Paid maternity leave (persons)	9	12	17	13	9
Pre- and post-childbirth leave (persons)	53	53	73	76	56
Childcare leave (persons)	66	56	96	94	85
Of whom were male employees (persons)	8	9	21	24	22
Partner childbirth leave (persons) ^{*1}	—	—	—	38	168
Number of employees utilizing shorter work hour system for childcare (persons)	70	79	96	107	107
Of which, male employees (persons)	1	1	1	2	1
Employees returning to work after childcare leave (%) ^{*2}	98.0	96.1	97.9	98.4	97.0
Employees remaining in work after childcare leave (%) ^{*3}	92.9	95.9	92.3	91.7	93.3
Nursing care leave (persons)	3	1	1	2	3

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

^{*1} The partner childbirth leave scheme was launched in January 2017.

^{*2} Employees returning to work after childcare leave :Number of employees returning to work in the current fiscal year after taking childcare leave / number of employees expected to return to work after taking childcare leave in the fiscal year × 100%

^{*3} Employees remaining in work after childcare leave :Number of employees who returned to work in the previous fiscal year after taking childcare leave and who were employed by NRI as of 31st March of the current fiscal year / number of employees who returned to work after taking childcare leave in the previous fiscal year × 100%

Employment of people with disabilities (NRI Group data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Employees with disabilities (persons)	109	108	117	119	134
Percentage of employees with disabilities (%)	2.1	2.1	2.2	2.2	2.2

Note: Number of employees with disabilities at NRI and its Group companies

Health and Productivity Management (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Average overtime hours of employees per month (average) (hours)	34:46	32:58	29:45	27:13	22:01
Employees taking annual paid leave (%) ^{*1}	58.6	61.7	66.5	70.6	71.4
Employee work-related deaths (persons)	0	0	0	0	0
Work accidents (cases) ^{*2}	0	1	0	2	0

^{*1} Starting from FY March 2016, this figure includes the summer break (up to 3 days a year)

^{*2} Figure represents the number of either fatal accidents or incidents necessitating four or more days' leave due to a casualty accident.

**Information communication/Recommendation projects
(Non-consolidated data):**

	2014.3	2015.3	2016.3	2017.3	2018.3
Books published	12	19	25	13	15
Contributions to newspapers and magazines (times)	278	210	229	273	298
Public lectures given (times)	943	1,088	1,161	937	962
TV/radio appearances (times)	117	81	126	102	158

**Development of human resources/Development of society
(Non-consolidated data):**

	2014.3	2015.3	2016.3	2017.3	2018.3
Entries to the NRI Student Essay Contest	1,518	883	2,622	3,103	1,767
Supporting career education programs	No. of schools	35	31	38	34
	No. of students	Over 1,600	Over 1,700	Over 1,500	1,277

Client satisfaction survey (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Number of customer satisfaction survey responses (responses)* ¹	1,078	1,085	1,076	1,131	1,082
Customer satisfaction (%)** ²	83.0	82.0	83.4	82.9	84.6

*1 Number of questionnaire response by project unit that NRI received an order for

*2 Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale)

Employee satisfaction (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Employee satisfaction (%)*	64.2	—	60.3	—	80.5

*A response to a question on overall satisfaction is used for employee satisfaction. For the fiscal years ended March 2014 and March 2016, this is the percentage that responded "Satisfied" or "Moderately satisfied" on a five-grade scale, while for the year ended March 2018, this is the percentage that responded "Satisfied" or "Moderately satisfied" on four-grade scale that no longer contains "Neither nor".

G: Governance

Member of Directors (Non-consolidated data):	2014	2015	2016	2017	(As of 1st July) 2018
Total number of Directors	9	10	10	9	7
Outside Directors	2	3	3	3	3
Female Directors	0	1	1	1	1

Status of the Board of Directors (Non-consolidated data):	2014.3	2015.3	2016.3	2017.3	2018.3
Number of the Board of Directors held (times)	14	14	15	14	15
Attendance average of all Directors (%)	97	98	96	96	98
Attendance average of Outside Directors (%)	92	89	88	90	93
Attendance average of all Audit & Supervisory Board Members (%)	99	94	97	99	99
Attendance average of Outside Audit & Supervisory Board Members (%)	98	90	98	98	98

**Status of the Audit & Supervisory Board
(Non-consolidated data):**

	2014.3	2015.3	2016.3	2017.3	2018.3
Number of the Audit & Supervisory Board held (times)	17	17	19	18	18
Attendance average of all Audit & Supervisory Board Members (%)	98	95	98	99	100
Attendance average of Outside Audit & Supervisory Board Members (%)	96	92	98	98	100

Number of notification & consultation (Non-consolidated data):

	2014.3	2015.3	2016.3	2017.3	2018.3
Number of notification & consultation (cases)	1	6	3	8	2

NRI Group Network (As of 1st July, 2018)

Headquarters

Nomura Research Institute, Ltd.
Otemachi Financial City Grand Cube,
1-9-2, Otemachi, Chiyoda-ku,
Tokyo, 100-0004, Japan
Tel. +81(3)5533-2111

Domestic Bases

NRI Netcom, Ltd.
NRI Secure Technologies, Ltd.
NRI Workplace Services, Ltd.
NRI Data i Tech, Ltd.
NRI Cyber Patent, Ltd.
NRI Social Information
System Services, Ltd.
NRI Process Innovation, Ltd.
NRI System Techno, Ltd.
DSB Co., Ltd.
NRI Mirai, Ltd.
Zhiming Software Japan, Ltd.
NRI Retail Next, Ltd.
NRI digital, Ltd.
Brierley+Partners Japan, Inc.

Overseas Bases

[U.S.]

Nomura Research Institute
Holdings America, Inc.
Nomura Research Institute
America, Inc.
Nomura Research Institute
IT Solutions America, Inc.
Pacific Branch
NRI Secure Technologies, Ltd.
North America Branch
Cutter Associates, LLC
Brierley+Partners, Inc.
Los Angeles Branch

[Europe/Russia]

Nomura Research Institute Europe
Limited
Luxembourg Branch
Cutter Associates Europe, Ltd.
Brierley Europe Limited
Nomura Research Institute, Ltd.
Moscow Branch

[Asia/Pacific]

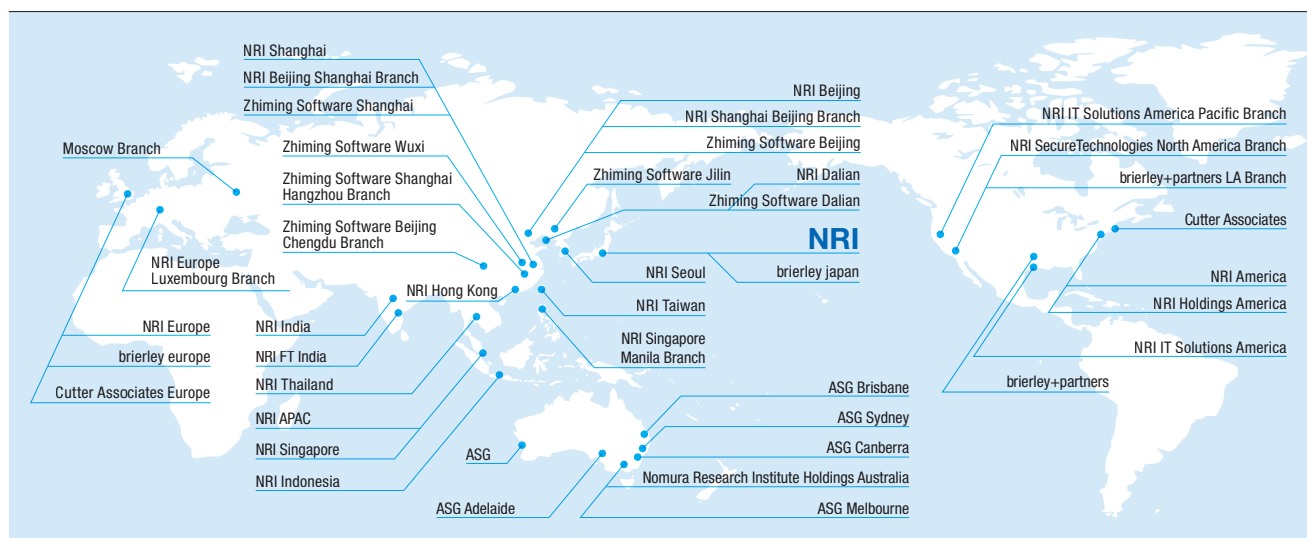
Nomura Research Institute
Holdings Australia Pty Ltd.
ASG Group Limited
Sydney Office
Canberra Office
Melbourne Office
Brisbane Office
Adelaide Office



For more about NRI Group offices around the world:
<http://www.nri.com/global/company/office/index.html>

Nomura Research Institute
(Beijing), Ltd.
Shanghai Branch
Nomura Research Institute
Shanghai Limited
Beijing Branch
Nomura Research Institute (Dalian), Ltd.
Zhiming Software Beijing, Ltd.
Chengdu Branch
Zhiming Software Shanghai, Ltd.
Hangzhou Branch
Zhiming Software Dalian, Ltd.
Zhiming Software Wuxi, Ltd.
Zhiming Software Jilin, Ltd.
Nomura Research Institute
Taiwan Co., Ltd.
Nomura Research Institute
Seoul Co., Ltd.
Nomura Research Institute
Thailand
Nomura Research Institute
Asia Pacific Private Limited
Nomura Research Institute
Singapore Pte. Ltd.
Manila Branch
Nomura Research Institute
Hong Kong Limited
PT. Nomura Research Institute
Indonesia
Nomura Research Institute
Consulting and Solutions India
Private Limited
Nomura Research Institute
Financial Technologies India Pvt. Ltd.

NRI Group worldwide offices



Corporate Data/ Share Information

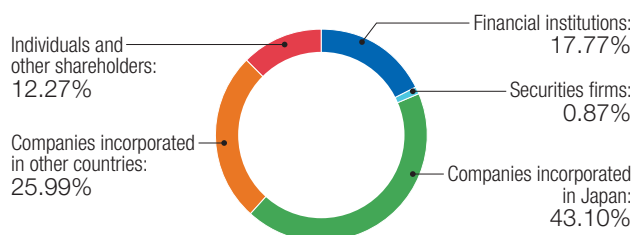
Corporate data (As of 31st March, 2018)

Name	Nomura Research Institute, Ltd.
Headquarters address	Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Capital	¥18,600 million
Representative	President & CEO Shingo Konomoto
Number of employees (Consolidated-base)	12,708

Share information (As of 31st March, 2018)

Listed stock exchange	Tokyo Stock Exchange 1st. Section
Code	4307
Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June
A share unit	100 shares
Authorized shares	907,500,000 shares
Issued shares	251,000,000 shares
Number of shareholders	11,186
Transfer agent (address for inquiries posts)	Mitsubishi UFJ Trust and Banking Corporation Shin-TOKYO Post Office post office box No.29 137-8081, JAPAN Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Tel: 0120-232-711 (toll-free)
Shareholder Fixed Day for Dividend Payment	30th September, 31th March

Component ratio of shareholders (As of 31st March, 2018)



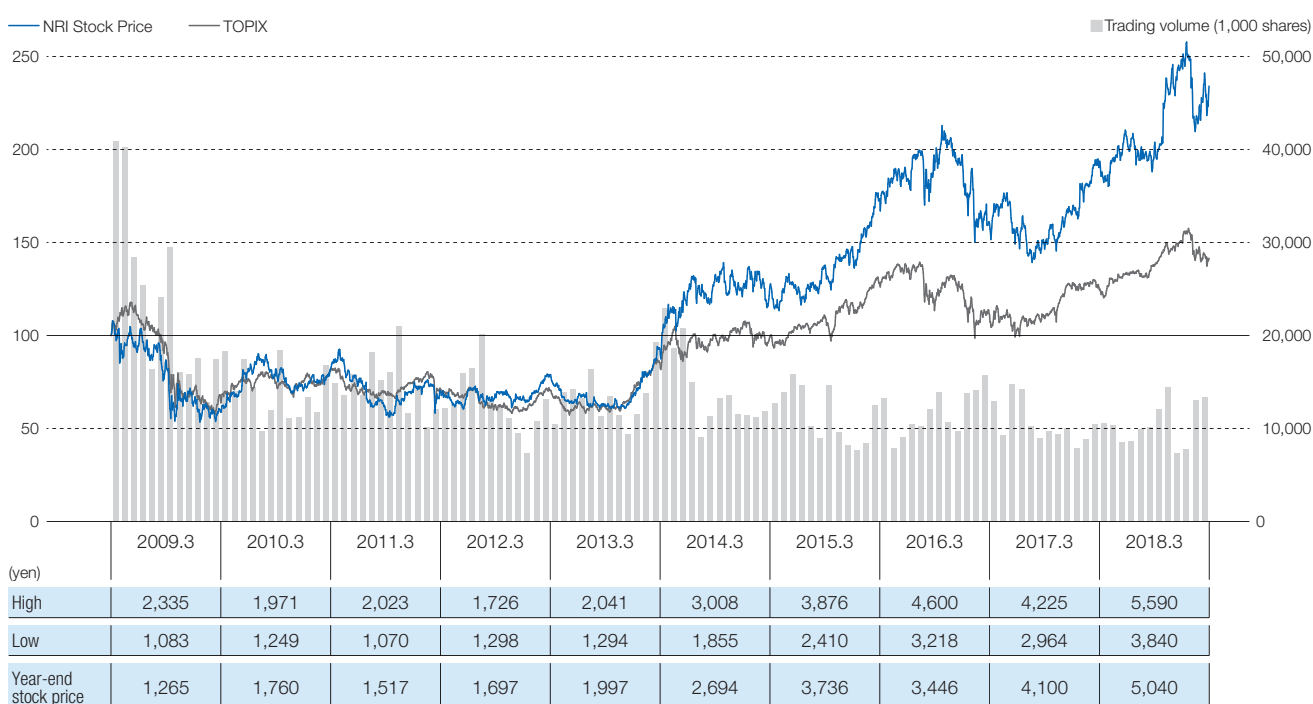
Note: The treasury stock is included in "individual and other shareholders."

Major shareholders (As of 31st March, 2018)

Shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Nomura Holdings, Inc.	69,438	29.02
Nomura Facilities, Inc.	22,506	9.41
JAFco Co., Ltd.	13,156	5.50
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	11,017	4.60
NRI Group Employee Stock Ownership Group	9,451	3.95
Japan Trustee Services Bank, Ltd. (Trust Account)	8,475	3.54
Nippon Life Insurance Company	8,242	3.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,655	2.78
National Mutual Insurance Federation of Agricultural Cooperatives	4,478	1.87
The Bank of New York 133522 (Standing Agent: Mizuho Bank, Ltd., settlement division)	4,233	1.77

Note: NRI has 11,729,155 shares of treasury stock as of 31st March, 2018 which is not included in the major shareholders list above.
Figures for number of shares held are rounded down to the nearest thousand and figures for percentage of shares held are calculated excluding treasury stock.

Stock price and trading volume in the last ten years



*1 The NRI stock price and TOPIX (Tokyo Stock Exchange Price Index) are indexed at 100 based on the closing price of stock on 28th March, 2008.

*2 The NRI stock price and volume are displayed after adjustments for the stock split.

Nomura Research Institute, Ltd.

Otemachi Financial City Grand Cube,
1-9-2 Otemachi, Chiyoda-ku,
Tokyo 100-0004, Japan
Tel. +81(3)5533-2111
<http://www.nri.com>

