

# 未来創発

Dream up the future.

Nomura Research Institute

## Integrated Report 2020

(Year ended March 31, 2020)

COVER STORY

# Creating the Future



Based on the “Dream up the future” corporate philosophy that NRI has upheld since its founding, all NRI directors and employees share the concept of value co-creation to solve social issues and contribute to the realization of a sustainable future through our main business activities. NRI’s mission is to look beyond the client, discern society’s demands, and take charge of their fulfillment.

#### Corporate Philosophy

“Dream up the future.”


#### Mission

To society

“Discern new social paradigms and implement them.”

# Co-creation





NRI exists to support and co-create with clients who bring about innovation to society. In the past and into the future, NRI has and will continue to pursue value co-creation.

**Mission**

To clients:

“Build client’s trust and establish relationships for mutual growth.”

# Realization

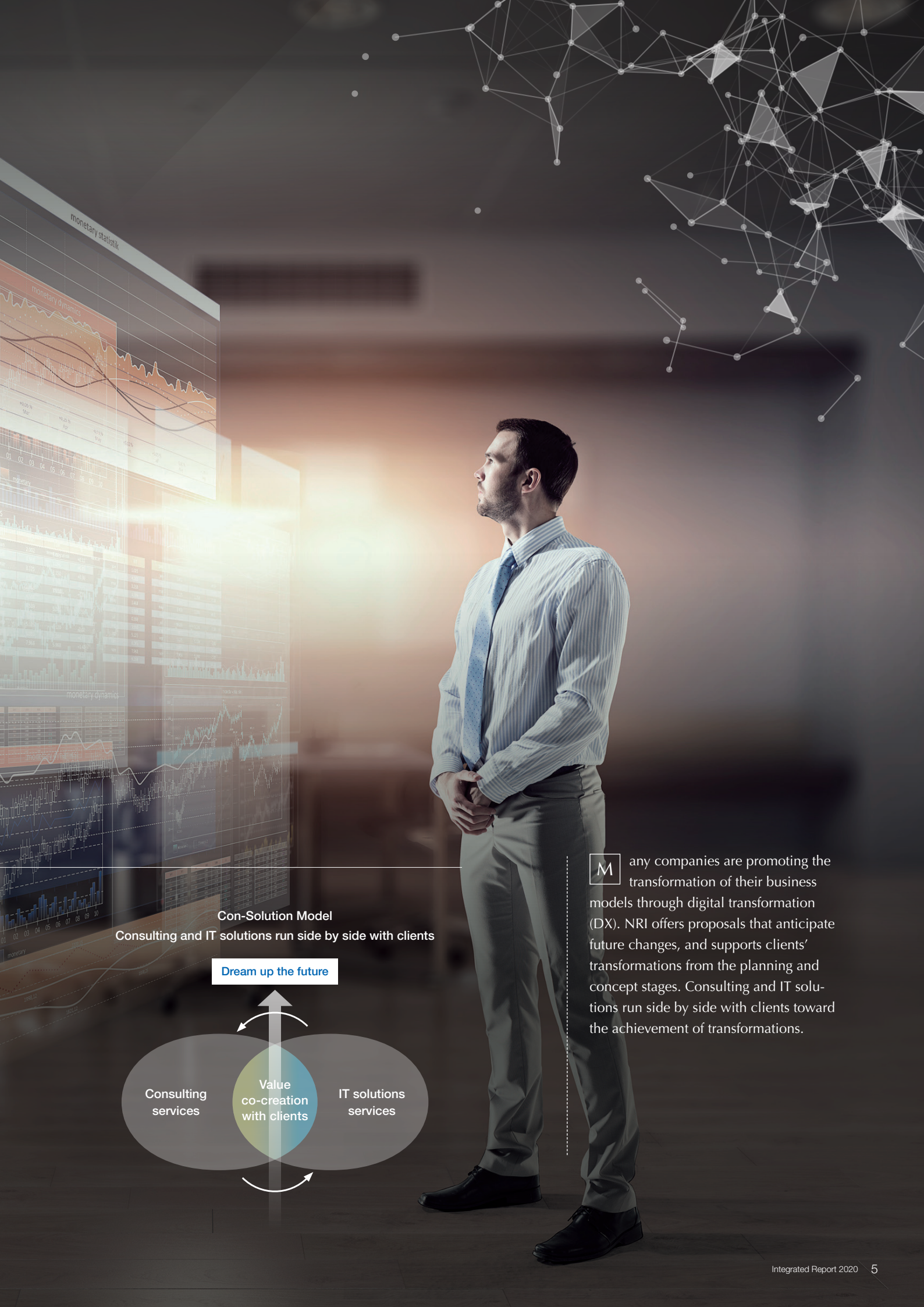
The rapid progression of the digitization of society will accelerate the shift to digital capitalism in which all phenomena can be grasped on the basis of data, and the wealth of data becomes the source of added value.

A company's competitive edge will be directly linked to how and what kind of data it utilizes. NRI has a solution for such management issues.

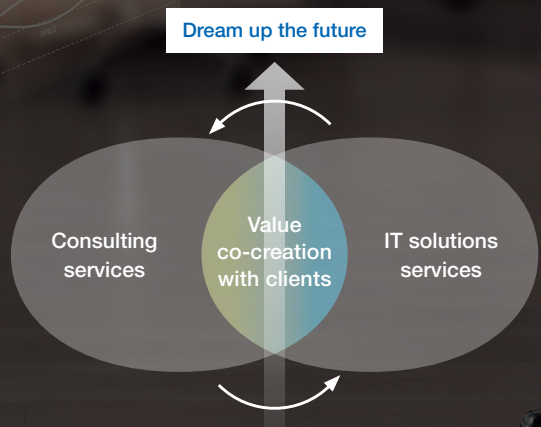
## Con-Solution\*

With one of Japan's largest consulting divisions, NRI possesses expert consulting capabilities for various industries and operating processes. Under the "Con-Solution" model, consultants and system engineers work as a single team to support clients. Consultants possess insight based on the experience and expertise that they have accumulated through long-term business relationships with industries and clients. System engineers, meanwhile, possess capabilities in the latest technologies while keeping utility in mind. This is something that cannot be easily offered by other companies, and we use this strength as ammunition to provide robust support to the digital transformation of our clients.

\* Con-Solution is a business model in which consulting and IT solutions run side by side with clients from the planning and concept stages, and create and promote business while repeating the process of hypothesis testing.



**Con-Solution Model**  
Consulting and IT solutions run side by side with clients

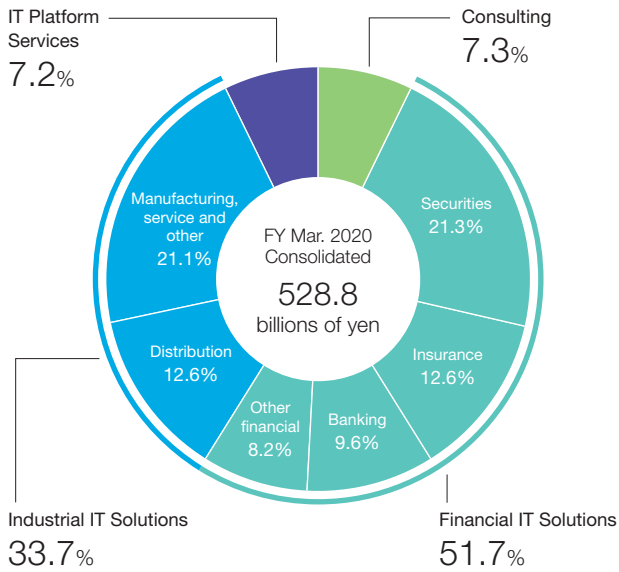


**M**any companies are promoting the transformation of their business models through digital transformation (DX). NRI offers proposals that anticipate future changes, and supports clients' transformations from the planning and concept stages. Consulting and IT solutions run side by side with clients toward the achievement of transformations.

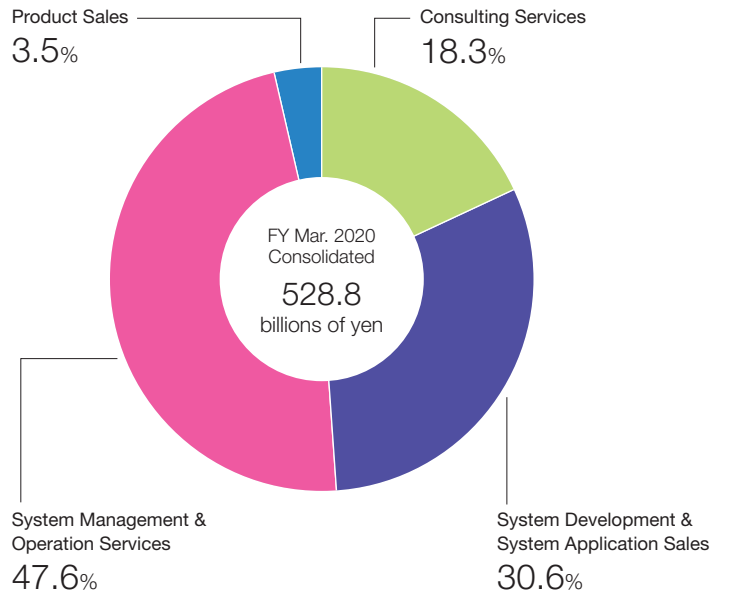
## The NRI Group Business

The NRI Group business is divided into four business segments: Consulting, Financial IT Solutions, Industrial IT Solutions, and IT Platform Services. While maintaining an industry-top-level competitive edge in its respective domain, each business segment flexibly forms teams with other segments as needed. The NRI Group's strength is its possession of both consulting and IT solutions functions. This makes it possible to swiftly and consistently provide on-target solutions that solve the priority issues faced by clients and society.

External sales by segment

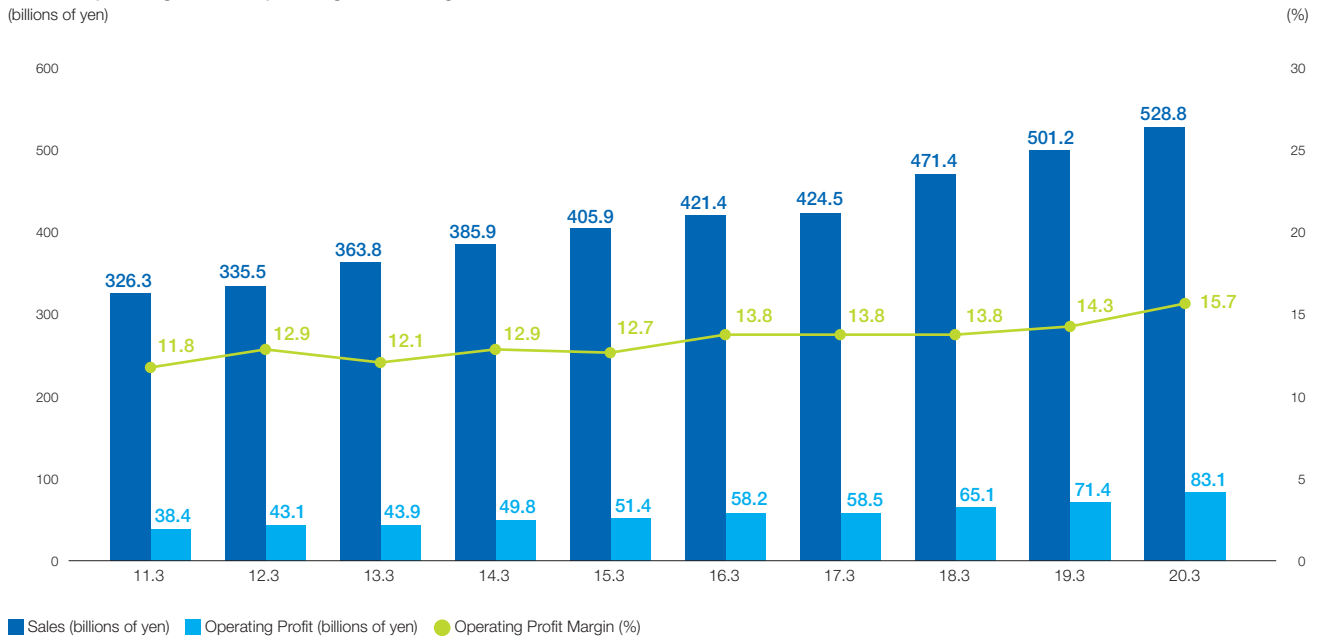


External sales by service



Note: Ratios are for consolidated sales in FY March 2020.

Sales / Operating Profit / Operating Profit Margin





## Consulting

- 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.



## Financial IT Solutions

- 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

NRI Process Innovation, DSB, Nippon Securities Technology, Cutter Associates



## Industrial IT Solutions

- 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 Netcom, NRI System Techno, Brierley+Partners, ASG Group

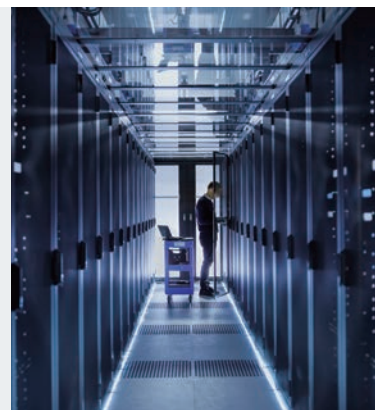


## IT Platform Services

- This segment provides data center operations and construction of IT platforms and networks to the Financial IT and Industrial IT Solutions segments. 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 SecureTechnologies, NRI Data i Tech, NRI digital



With the provision of Con-Solutions as our strength, we will continually raise our corporate worth by providing society with value that is distinctive of NRI.

As society faces major challenges, NRI will fulfill its social mission through value co-creation, and continue to transform itself while looking ahead to the future toward the realization of its corporate philosophy to “Dream up the future.”

July 2020



Shingo Konomoto

Chairman and President & CEO,  
Representative Director, Member of the Board



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## I am sensing signs of a paradigm shift – a major change in digitalization that will take place all at once.

In 2020, the COVID-19 pandemic is raging around the world. I would like to offer my sincerest condolences to those who have lost loved ones to the novel coronavirus. To those who contracted COVID-19, I would like to express my heartfelt concern and wishes for a speedy recovery. And, to the healthcare professionals on the front lines of COVID-19 response, I would like to convey my respect and gratitude.

An unpredictable situation continues in regard to the spread of infection. There are growing concerns that the world economy will experience the first economic malaise since the 2008 global financial crisis. However, there is something that differs greatly from that time. It is that the current situation is accompanied by a paradigm shift.

With the spread of COVID-19 infections, NRI made telecommuting the general rule from April. In fact, even I spent several days a week working from home. During that time, I received various requests from corporate managers as I communicated with them through a web conferencing

system. Many of the requests were related to infrastructure adoption with an eye to business continuity. The complete digitization of operations, for example, in anticipation of full telecommuting, or the bolstering of an intranet infrastructure. At the same time, I could see that companies were exploring the various possibilities of digital transformation (DX) – such as the strengthening of their e-commerce business or conversion to a subscription-type service model – and leverage digital technologies to transform their business models. By providing proposals that anticipate changes, I have a heightened desire to have NRI contribute to the realization of the business model transformation being conceived by each company.

Due to the COVID-19 pandemic, I sense signs that changes, which were expected to require five or ten years, will take place all at once in such ways. I also believe that it will hasten the arrival of a new age.

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## The speed of the shift to “digital capitalism,” in which data becomes the source of added value, will accelerate.

Making recommendations for society is one of the important themes of “dreaming up the future.” Releasing NRI’s Proposals regarding COVID-19 Measures was a part of this. Since FY2017, I have been recommending digital capitalism through books that I have supervised, and lectures given at the NRI Dream Up the Future Forums.

Labor input amounts and labor productivity are the premise of growth under traditional industrial capitalism. I believe that it has reached its limit as population declines and an emphasis on achieving a work-life balance further progresses in developed countries. Meanwhile, the rapid digitization of society has made it possible to obtain a grasp of

all phenomena, including consumer behavior, on the basis of data. I believe that we will be entering the age of digital capitalism going forward, with the wealth of such data becoming the source of added value. With the changes in working styles and shift to non-face-to-face services that have been triggered by the COVID-19 pandemic, what kind of data a company possesses and how well it can utilize such data become important management issues that are linked directly to the company’s competitive edge. That is why I feel that the speed of the shift to digital capitalism will accelerate. NRI has the strength to play a principal role in that kind of a new age.


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## NRI will powerfully assist the DX of clients by providing Con-Solutions.

NRI was born through the 1988 merger of two companies: the former Nomura Research Institute, Ltd. (Japan’s first full-fledged private-sector think tank established in 1965) and Nomura Computer Systems Co., Ltd. (established in 1966 and the first in Japan to make use of a commercial computer in business). The management team that led the merger said, “When forecasting the advanced information

society to come, there can be no think tank without a systems function, and there can be no systems company without a think tank function.”

It was more than 10 years ago that I had an opportunity to learn firsthand the implied meaning behind those words. At the time, I was assisting a client in the development of a new business model. Today, online to offline (O2O) is a



Roughly 30 years after the merger, we now have increasing opportunities to fully exhibit the strength of Con-Solutions for the promotion of DX, with consulting and IT solutions running side by side with our clients.

common business model. However, at the time, it was still a pioneering challenge. That was why we, the consulting segment, spent time with the client's CEO and business division to fully discuss what the aimed-for business model would be. It was on that basis that the IT solutions segment brought the project to completion. At the time, the consulting segment and IT solutions segment typically worked separately, and it was therefore an extremely unusual approach. It was then that I felt sure that like the case of this project, the transformation of business models through the utilization of IT would increase in the future. It was also around this time that I also started handling the systems-related business as an officer. That was why I felt strong potential toward the future in the NRI business model. It is a unique business model known as Con-Solutions in which consulting and IT solutions run side by side with clients from the planning and concept stages, creating and promoting business, while repeating the process of hypothesis testing. I came to the conclusion that we could powerfully assist the DX of clients through Con-Solutions.

It was with that belief that I was involved in the formulation of "Vision2022 (V2022)" – the long-term management

vision that was announced in April 2015. Two years later, from around 2017, which I refer to as the first year of DX, moves to use IT to transform business models (DX) shifted into high gear. Having both consulting services and IT solutions as a set became a condition for project structuring. Roughly 30 years after the merger of the two companies, we now have increasing opportunities to fully exhibit the strength of Con-Solutions for the promotion of DX, with consulting and IT solutions running side by side with our clients.

Today, all of NRI directors and employees understand the true meaning of the words left more than 30 years ago by NRI forerunners at the time of the merger. You could say that the path we are currently following is one that was determined by the forerunners when NRI was founded.

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## We will continue to pursue value co-creation under the mission that is clearly stated in our corporate philosophy.

The “Dream up the future” corporate philosophy, which we have been upholding since NRI’s founding, contains the following statements as our mission.

Discern new social paradigms and implement them.  
Build client’s trust and establish relationships for mutual growth.

Interest in Creating Shared Value (CSV) has been increasing in recent years. This is a concept in which corporate growth is achieved while making a contribution to a sustainable future. Business opportunities are generated through a company’s main business activities that resolve social issues. B2C companies are continually in contact with society through the consumers before them. I think it is easy to imagine that the generation of social value is directly linked to corporate value. On the other hand, B2B companies do not have a direct point of contact with society. Since that is the case, they must be even more conscious of social value than B2C companies. B2B companies must understand the demands of the society that exists on the other side of customers, and this must be done to an even greater extent and ahead of the customers. Otherwise, the companies would be unable to provide added value and would lose their significance. Needless to say, this is especially important for NRI due to the nature of the profession. That is the true meaning of the first statement, “Discern new social paradigms and implement them.” In other words, the CSV concept was already clearly stated in our corporate philosophy from the time of NRI’s founding. NRI’s productivity is among the top in the industry. However, it is not the product of business scale or costs. It is a result of a corporate

culture, which revolves around value taking root – of sensing change ahead of others and offering proposals that lead to social value, or daringly taking on the development of a system that is of benefit to society, no matter how difficult it may be. It is because we use value as a yardstick for all corporate activities and mechanisms, including our human resources strategy.

It is the client who brings about innovation to society. The reason for our existence is to leverage our strengths and actualize innovations with our clients. Our thinking regarding such co-creation is contained in the second statement, “Build client’s trust and establish relationships for mutual growth.”

Going forward, society will start facing an age of non-continuous change to which past experience and theories will not apply. That is why we will be required to discern the future issues of society and uphold a stance of co-creation with an expanded scope of agents – that is, all those who constitute society, including consumers, business partners, local communities, the state, and investors. In addition to such offensives, there are social responsibilities that we must continue to fulfill – they include supporting the business continuity of clients who provide functions that are indispensable to society, taking all possible measures in the operation of data centers that store valuable information, and implementing advanced information security management. The path for the continuous enhancement of NRI’s corporate value is precisely to leverage the consulting and IT solutions functions based on the CSV concept contained in our corporate philosophy, and contribute to the resolution of social issues.

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## I place importance on listening to people, and teamwork.

It goes without saying that it is essential to acquire advanced theories to discern the future and help clients navigate. However, as a management executive, who will discern the future and show the way forward for NRI, I place great importance on not only theories but also on listening to the opinions of those on site.

I had been building my career as a consultant when, in 1994, I was assigned to head the Taiwan office, which had been newly established at the time. I was in my early 30s, and there, I came up against a Chinese-style, no-frills kind of business where theories had no place. The emphasis was on nothing other than how much money could be made. I remember being greatly baffled. I realized the

limitations of making judgments solely on the basis of my own theories, and I started listening to the opinions of not only other executives but also those at the working level. I also started thinking that it was my duty to link the results of the growth of employees to the growth of the company. Even after I took the helm of NRI’s management, I placed emphasis on those on site, and I did my best to always make the time to listen to the opinions of clients as well as our employees on site. I believe that I must continue to learn from those on site and uncover truly valuable information if I am to make correct management decisions. To enable this, I strive to create an open corporate climate that encourages employees to express their opinions freely to me.



I believe that we must learn from those on site and uncover truly valuable information in order to make correct management decisions. To enable this, I strive to create an open corporate climate that encourages employees to express their opinions freely to me.

The same can be said of the management team. A management team that correctly shares on-site information is one that can frankly engage in debates and discussions. What is

more, if the management team is united and exhibits teamwork once a decision is made on the direction to be taken, I believe that employees will unhesitatingly follow the lead.

### I will consider difficulties as opportunities, and promote investments that will lead to long-term growth.

Looking back at history, we see that the economy has gone through difficult periods once every 10 years or so. NRI, too, was hard hit by the collapse of the bubble economy in the 1990s, the Asian currency crisis of 1998, and the bursting of the dot-com bubble in 2001. We were particularly brutally hit by the 2008 global financial crisis. When NRI has encountered such challenging circumstances, the successive NRI management executives have considered them as opportunities to change the Company, tackling structural issues that they were unable to address when the Company was doing well. For example, the fundamental cause of the sizable drop that we experienced during the global financial crisis was a lopsided portfolio that was skewed toward financial institutions and accounted for nearly 70% of the offerings. That was why the management team of that time

came out with the policy of developing the industrial sector as another pillar of NRI's revenues. Reforms toward the resolution of structural issues were carried out. I succeeded that intent, and today, the non-financial sector accounts for roughly 50% of net sales, supporting the stable growth in our financial performance in recent years. In other words, the things that were implemented during a time of crisis have blossomed 10 years later. Managing the Company from a long-term perspective without becoming excessively focused on short-term performance is an NRI tradition. This also holds true when evaluating our officers and employees. We place emphasis on what has been implemented from a long-term perspective.

Although we assume that the COVID-19 pandemic will have some impact on NRI's financial performance, I am

considering the current economic downturn as a major opportunity for us to shape the next 10 years for NRI. I would like to address long-term issues that can only be dealt with at times like this. Specifically, I am planning to further promote investments that will lead to long-term growth. They include investment in the development of digital IP\* and other intellectual properties that will lead to

the future improvement of productivity, and investment in important research themes that will lead to future businesses. Furthermore, I would like us to securely seize the huge swell of new IT investments that will be made when corporate activities normalize after the pandemic.

\* digital IP: Intellectual property that can be used in the digital realm

## We will steadily promote the DX Strategy and Global Strategies under the Medium-Term Management Plan (2019–2022).

In V2022, we set as the financial targets up to FY March 2023, an operating profit of ¥100 billion, an operating profit margin of 14% or more, overseas sales of ¥100 billion, and an ROE of 14%. To promote “creating a DX business” and “globalization,” the drivers of V2022, we formulated the Medium-Term Management Plan so that we may steadily take necessary steps. The Medium-Term Management Plan (2016–2018) covered the first three years of V2022. In the first fiscal year of the plan, we established NRI digital, Ltd., which integrates consulting and IT solutions functions. We transferred there personnel who can lead the DX business as well as projects that were highly compatible with DX2.0\*. The strategic aim of establishing the Company was to fortify the foundation for having diverse experts work together regardless of profession, brainstorm, and cooperate in the provision of support for the digital transformation of clients. We achieved the financial targets of the Medium-Term Management Plan, which were net sales of ¥500 billion and an operating profit of ¥70 billion. Having secured a firm foothold, we moved forward into the next stage.

The Medium-Term Management Plan (2019–2022) establishes the direction to be taken in the last four years of V2022. To move even more powerfully toward the realization of NRI’s corporate philosophy, we clearly specified our CSV-related efforts as “solving social issues through value co-creation.” It is being promoted as NRI Sustainability Management, which enables both the continued growth of NRI and building sustainable futures. Toward the creation of the NRI Group’s 3 Social Values, in addition to financial targets, each quarter, we also monitor quantitative non-financial key performance indicators that are linked to the growth strategy so as to ensure the steady execution of efforts. (➡ P.50-51)

In FY March 2020, the first year of the current Medium-Term Management Plan, we were able, as in the previous fiscal year, to continue marking new records in net sales,

operating profit, and for each stage of income. In regard to operating profit, we are moving a year ahead of the original plan as a result of such factors as an increase in revenue in the consulting business and an improvement in development productivity. It was a year in which we were able to feel a good, strong response toward an increase in DX-related demand. We also saw significant progress, such as in standardization, breakdown into components, and the commercialization of high-value-added analysis models, in the acquisition of digital IP, the objective of which is to increase the profitability of the DX business. The Business Platform Strategy is also steadily moving forward, such as in gaining a foothold toward the bolstering of the financial platform business.

The global strategy is also seeing steady progress. We have made Australia and North America the primary regions of focus. Business expansion based on external growth, such as M&A, is being promoted. Australia, where the population is increasing, has a high growth rate of the IT services market. It is actively adopting new technologies and is an attractive market. In 2017, we integrated the operations of the ASG Group (which has strengths in IT infrastructure services) and SMS (with strengths in consulting services), creating a system and foothold for the consistent provision of IT managed services. In 2020, we commenced proceedings for the acquisition of AUSIEX shares, a back-office division affiliated with an Australian mega bank, and we are steadily putting a business foundation in place in the country. Meanwhile, in North America, we will promote our business with the acquisition of high-value-added IPs in the digital realm as our primary objective.

\* DX2.0: The DX business of NRI defines “DX2.0” as DX that generates new business models themselves via digital technologies, whereas “DX1.0” as DX that contributes to work process transformations in existing businesses.



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## We will recruit and develop human resources who will shoulder the growth strategy as well as pursue a new working style that will be optimal for NRI.

In our human resources strategy, we are recruiting and developing talent who can provide value and lead the DX of our clients to success. In addition to business designers, data scientists, and application platform personnel, who will be part of DX business project teams, we are also bolstering leaders, who not only understand both business and information technology but are also capable of dialogue with the persons responsible at our clients' companies. We are not only hiring such specialists but also strategically cultivating them in-house. A DX Human Resources Development Program has been established, and we are powerfully implementing throughout NRI the development of capabilities required to promote the DX business, including analytics, blockchain, agile software development, and cloud computing. Applications for the various offerings of the program are flooding in, and we are seeing a rise in the drive of young employees.

In terms of the way everyone works at NRI, we are searching for a style that is unique to us. Currently, many companies have adopted working from home as their new

working style. While I do not see a return to our old working styles, I do question the thinking that productivity will increase just through the adoption of telecommuting.

The driving force behind the international competitive edge possessed in the past by Japanese companies was tacit knowledge, as represented by “suriawase” (coordination of differing opinions) in the manufacturing sector. Unlike the West, where rationality is pursued, I believe that Japanese companies brought about added value by having its workers share tacit knowledge with each other, even if it resulted in some unproductiveness. Shifting to telecommuting without giving it careful thought would be a denial of such originally Japanese strengths. Telecommuting may bring about the efficiency of working hours, but I feel that it contains a risk – that of making it harder to create added value. Together with its employees, NRI will explore an optimal working style that combines the conventional with the new. As we search for the answer, I believe that NRI will be able to move one step further as an entity that shoulders the new paradigm in the form of digital capitalism.

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### Editorial Policy for the Integrated Report 2020

Since FY March 2014, NRI has published integrated reports which provide explanations while associating important financial and non-financial information. These reports aim to give an overall picture of our corporate value creation activities in a concise and clear manner.

The Integrated Report 2020 has improved its content using feedback from stakeholders as reference. In particular, our thoughts related to value co-creation, which is contained in the corporate philosophy, and the path for the continuous enhancement of NRI's corporate value are described in an easy-to-understand manner in the Top Message. We also enhanced the disclosure of non-financial key performance indicators (KPIs) and the description of concrete activities, such as NRI's Recommendations for COVID-19 Emergency Measures.

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.

NRI works toward the medium- to long-term enhancement of its corporate value. We strive for even deeper communication with stakeholders to enable the determination of its value.

### Guidelines Referenced for the Disclosure of Information

<p>The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)</p>	<p>Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation by the Ministry of Economy, Trade and the Industry (METI)</p>	<p>GRI Standard by Global Reporting Initiative (GRI)</p>
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### Categorization for NRI's Disclosure Information



### Cautionary Note on Forward-Looking Statements:

- This Integrated Report is prepared for the purpose of providing information on our performance in FY March 2020 and our strategy for the coming years, not for the purpose of attracting investment in stocks issued by Nomura Research Institute, Ltd. (NRI). In addition, this report contains absolutely no guarantees or pledges.
- The opinions and outlook contained herein reflect the views of management at the time of preparation. We do not offer any guarantees or pledges as to the accuracy or completeness of such information, which, moreover, is subject to alteration without advance notice.
- NRI holds all rights to each and every part of the integrated report, which may not be reproduced, transmitted, or otherwise duplicated by any means, whether electronic or mechanical, whatever the purpose, without our express permission.
- For the purpose of convenience within this report, "NRI" is used to refer to the Company and in certain places the entire NRI Group.

# A Corporate Philosophy that Builds on the Founding Spirit and 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 leader of Japan's IT industry.

We summarize our commitment to creating a new society, business, and the future in our corporate philosophy— Dream up the future. While succeeding NRI's founding spirit in these times of rapid change, we are working to develop new social values and resolve various social issues.

The NRI Founding Spirit Continues to Be Passed Down

## 1965 Research consulting

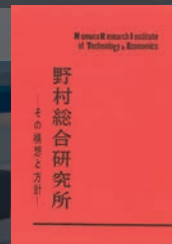
### (former) Nomura Research Institute established

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.

The founding prospectus, "Nomura Research Institute—its Concept and Policies," describes the following as the aims of establishing the Institute: "To be a new type of research institute that had never existed in Japan before," and "To promote industry and be of service to society through research studies." This has been passed down to

today in NRI's DNA, which makes it an organization with the primary goal of creating new social value and engaging in the resolution of social issues through its main business activities.



The founding prospectus of former Nomura Research Institute (Produced by Nomura Securities in 1962)

Research consulting

## 1966 IT solutions

### Nomura Computer Systems established

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. This is the result of the desire and passion to create new systems previously unseen in the world.

In 1966, the Electronic Data Processing Division spun off from Nomura Securities to become the Nomura Computing Center Co., Ltd.\* The philosophy of its establishment was to take the varied expertise acquired through advanced system development as Nomura Securities and put it to

use for management rationalization and other benefits of more companies. The philosophy indicates an attitude to be of service to society as well as create new value.

\* Company name changed to Nomura Computer Systems Co., Ltd., in 1972.



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

IT solutions

Corporate Philosophy

# 未来創発

Dream up the future.

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

Mission	Business engagements	Management goals	Action guidelines
<p><b>To society:</b> Discern new social paradigms and implement them.</p> <p><b>To clients:</b> Build client's trust and establish relationships for mutual growth.</p>	<p>Create an innovative society for the future.</p>	<p>Maximize corporate value through "Navigation X Solution."</p>	<p>Challenge tirelessly with true professionalism.</p>

1988

Merger

Launch of new NRI



2001

Listed on the First Section of the Tokyo Stock Exchange

2015

Vision2022 long-term management vision and "Share the Next Values!" vision statement released

“  
When forecasting the advanced information society to come, there can be no think tank without a systems function, and there can be no systems company without a think tank function  
”

(From the press conference following the signing ceremony for the new NRI)

### The History and Mission of NRI

In a move that foresaw an ideal information services company, the former Nomura Research Institute, Ltd., and Nomura Computer Systems Co., Ltd., merged to become the new Nomura Research Institute, Ltd., (NRI) in 1988. The new NRI succeeded the spirit of the two companies from the time of their founding. It would do more than simply provide research, consulting, and IT services. The Company would create new social value, making its mission the resolution of challenges faced by society and clients.

# The History of NRI's Value Creation

Sales (billions of yen)

Ever since its founding, NRI has been creating a multitude of new value in accordance with the changes in social issues, and continually achieved sustainable growth even amid the impact of various changes in economic trends and economic crises.

In the Long-Term Management Vision "Vision2022" (from FY March 2016 to FY March 2023), and the Medium-Term Management Plan (2019-2022), which are currently being promoted, we are vigorously pushing toward enhancement of our medium- to long-term corporate value under the "Dream up the future" corporate philosophy.

800

600

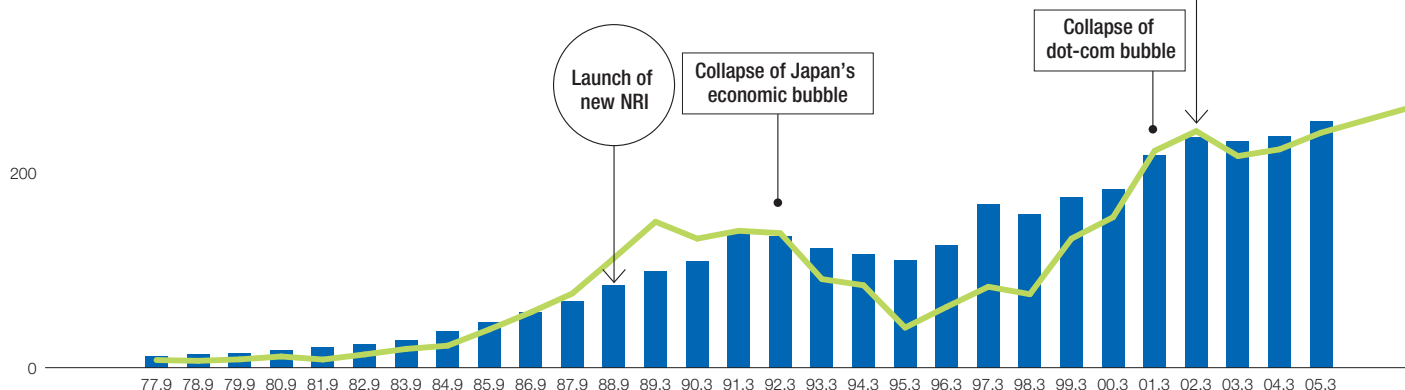
400

200

0

■ Sales (left scale)  
■ Operating profit (right scale)

Notes: 1. The figures prior to 1987 are combined totals for the former Nomura Research Institute and Nomura Computer Systems.  
2. The figures for 1988-1996 are non-consolidated; the figures for 1997 onward are consolidated.  
3. Owing to a change of fiscal year-end, 1989 was a six-month accounting period (October 1988-March 1989). For convenience, the graph shows six-month figures x 2.



## 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

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

2002

Nomura Research Institute Shanghai Limited founded Nomura Research Institute (Beijing), Ltd. founded

2007

NRI Social Information System Services, Ltd. founded

2008

Dallas Office established Moscow Branch established

## Services Created in Response to Societal Demand

### Consulting

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)

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)

### IT Solutions

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

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

1988

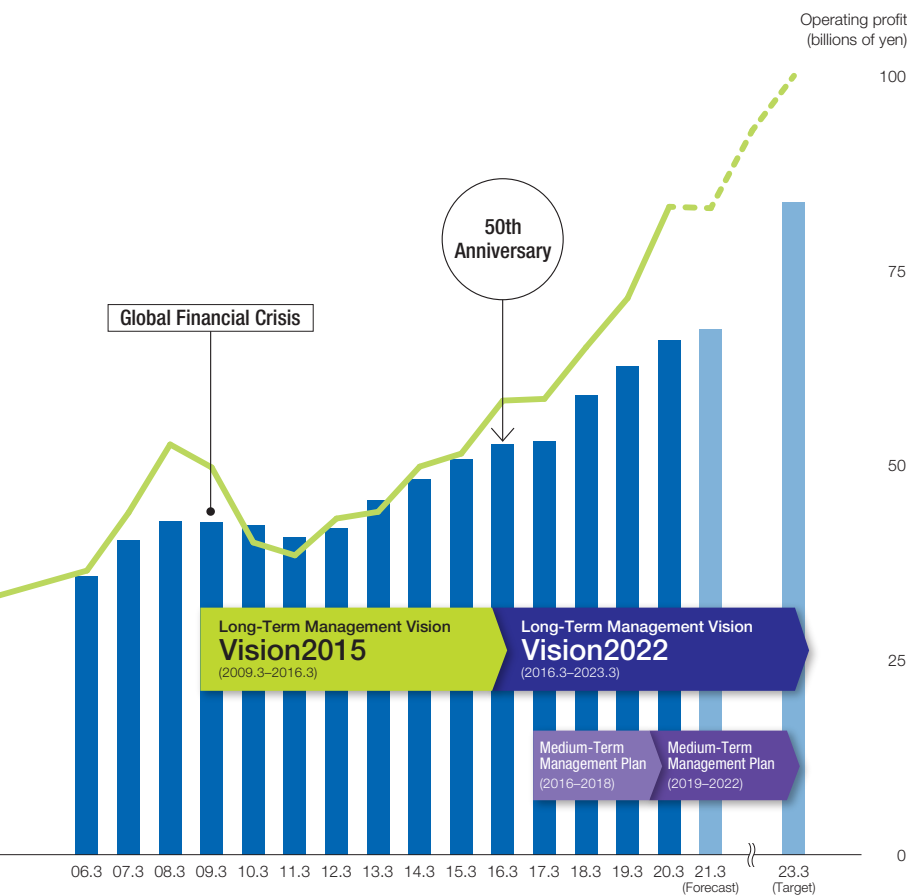
International VAN service between Japan and United States launched

1993

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

1997

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



**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

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

**2013**  
Nomura Research Institute Thailand founded

**2014**  
DSB 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 Australia Pty Ltd founded  
SMS Management & Technology Limited joined the NRI Group

**2018**  
Nvantage India Private Limited founded

**2019**  
Nippon Securities Technology Co., Ltd. joined the NRI Group

**2003**  
Started sending CIO aides to government organizations, including Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, etc.

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

**2011**  
Recommendation activities and others for Great East Japan Earthquake recovery efforts

**2012**  
Provided comprehensive support, from designing the service to the system architecture, for Shiseido's integrated online beauty service "watashi+."

**2014**  
Assisted the rollout of "NISA" system, from design to system construction

**1999**  
Online trading system for an online brokerage firm launched

**2000**  
Bizmart, an electronic commerce support system launched (Support for B2B transactions)

**2001**  
TRUE 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

## Accumulated Assets

### Human Capital

- A deep pool of diverse professionals
- Global employees network

### Intellectual Capital

- R&D that supports a high degree of specialization
- Competitive intellectual properties

### Social and Relationship Capital

- Solid client base and continuous business relationships
- Close cooperation with domestic and overseas business partners

### Manufacturing Capital

- System development quality (NRI-QMS)
- Data center's operational quality

### Financial Capital

- Solid financial base
- Capital reserves for flexible investments
- High capital efficiency to achieve both growth and returns

### Natural Capital

- Reduced greenhouse gas emissions by data centers
- Generation of environmental benefits for clients through shared online services

## Competitive Advantages of Human Capital

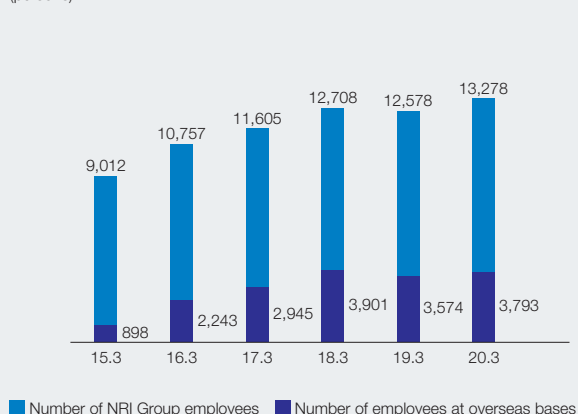
NRI's human resources exceed other companies' levels in the industry both in terms of quality and quantity, and NRI is further improving its human resources by providing them with various opportunities to grow. As a result, NRI maintains high levels of profitability and productivity in the IT service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



Number of Qualified Professionals (persons)

	(Non-consolidated data)	18.3	19.3	20.3
Information Technology Engineers Examination (Advanced)*1		6,608	6,726	<b>6,856</b>
IT Coordinator		197	207	<b>240</b>
Project Management Professional		292	299	<b>320</b>
ITIL Manager/Expert/Intermediate		70	70	<b>68</b>
Chartered Member of the Securities Analysts Association of Japan		245	245	<b>246</b>
Certified Public Accountant		9	16	<b>15</b>
SME Management Consultant		46	46	<b>48</b>
First-Class Registered Architect		10	10	<b>10</b>
Chief Telecommunications Engineer		107	107	<b>108</b>
Public cloud related certification*2		28	94	<b>543</b>

\*1 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.

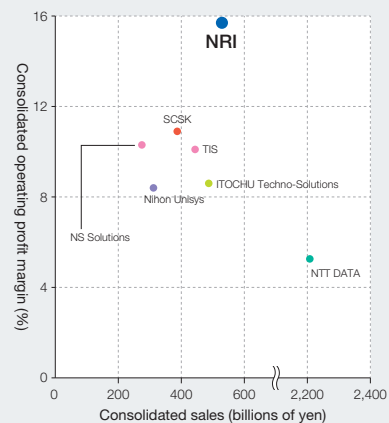
\*2 Total number of people with AWS certification, Google Cloud (GCP) certification, and Microsoft Certified (Technology Azure).

### Outcome

#### High Levels of Profitability and Productivity

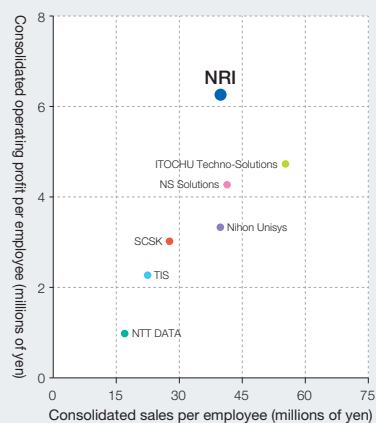
NRI maintains top-level profitability (consolidated operating profit margins and EBITDA margin) as well as productivity (consolidated sales and operating profit per employee) compared with competitors both in Japan and overseas.

Industry-wide Comparison of Consolidated Sales and Operating Profit Margin (FY Mar. 2020)



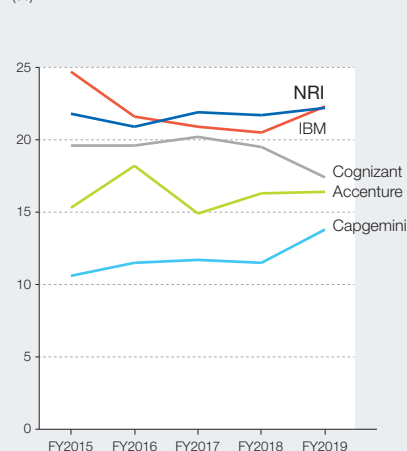
(Source) Compiled by NRI from the above companies' financial statements.

Industry-wide Comparison of Consolidated Sales and Operating Profit per Employee (FY Mar. 2020)



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

EBITDA Margin Comparison (%)



(Source) Compiled by NRI from SPEEDA



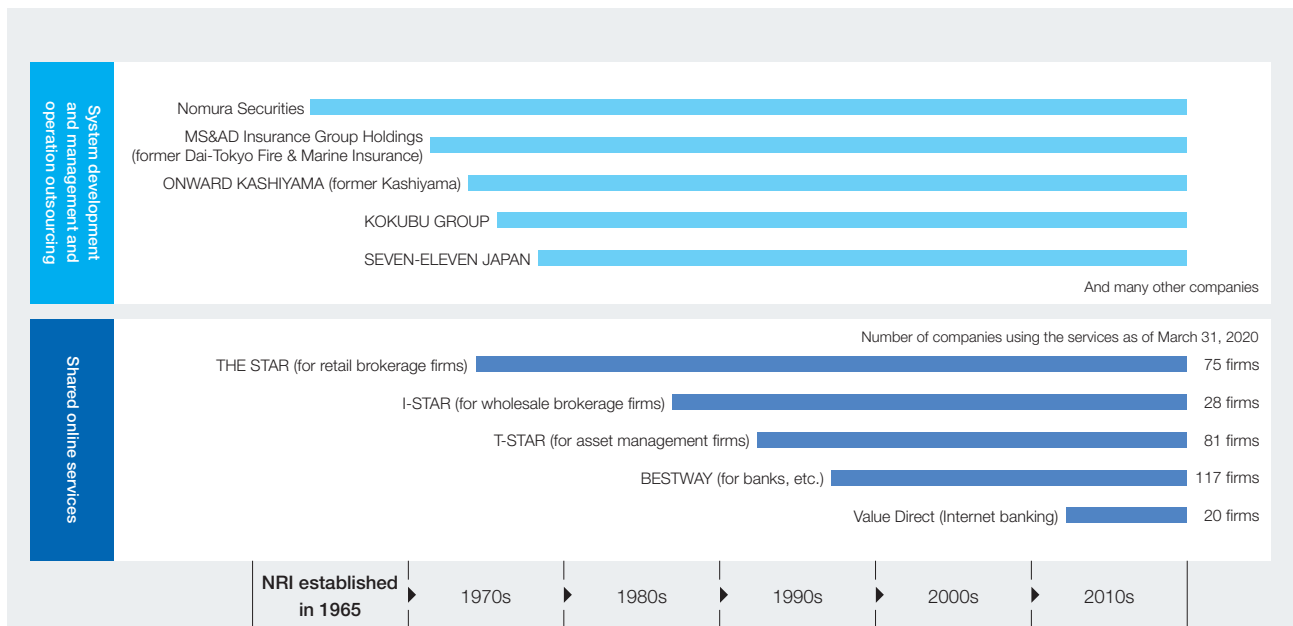
# Competitive Advantages of Social and Relationship Capital

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 contributes not only to the expansion of NRI's business, but also to the stabilization of its profit structure.

## Social and Relationship Capital

**Solid client base and continuous business relationships** →

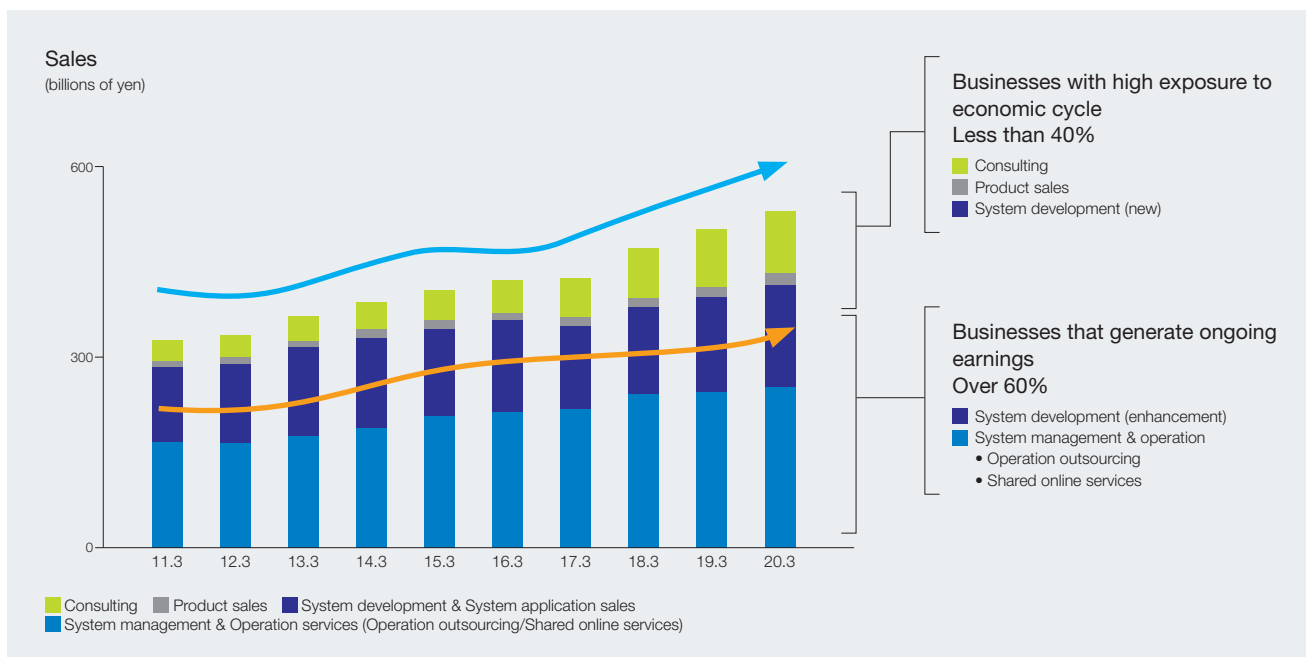
NRI has accumulated its expertise through long-term business relationships with industry leaders. Moreover, by providing shared online services based on that expertise, we have established more sustainable business relationships with more of our clients.



## 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 Intellectual Capital

We promote research and development (hereinafter, “R&D”) with high-quality investigation ability and systems in order to create value unique to NRI with innovations and building sustainable futures by solving social issues. The fruits of R&D are widely communicated to society as future forecasts and recommendations related to society. At the same time, they are integrated with existing expertise that was obtained through business activities and utilized as practical competitive intellectual properties.

## R&D Policy

NRI promotes two categories of R&D. The first is business development, via research and feasibility investigations, prototype development, and proof of concepts for new business and new product development according to our Medium-Term Management Plan and “Vision2022” Long-Term Management Vision. The second is investigative research, via cutting-edge technological research, fundamental technologies, and production/development technologies regarding information technology, and recommendations for society, via surveys and research.

In FY March 2020, we placed particular emphasis on business development themes and accumulated commercialization expertise for businesses that will lead to new value creation.

### R&D Themes and Initiative Policies

Theme	Initiative policy
Business development	• R&D regarding new business development in the medium- to long-term (business discovery, incubation, etc.)
	• R&D for digital transformation activities positioned as important themes, such as artificial intelligence (AI), the Internet of Things (IoT), and FinTech
	• Utility evaluation of technologies related to important themes
Investigative research	• Technology trend surveys to contribute to the vitalization of business development and strengthen the technical competitiveness of NRI
	• Recommendations for society that contribute to the NRI business
	• Recommendations that contribute to government institutions and corporate management

## R&D System

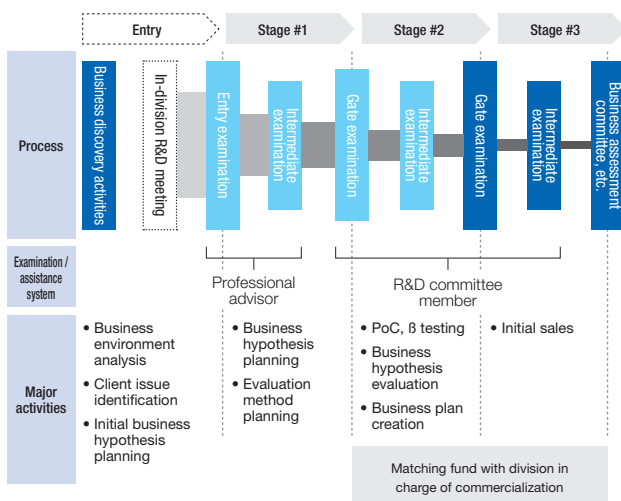
In order to promote R&D across the entire company, we have established the Research & Development Committee and promote research and development while cooperating with society and other parties outside the Company.

Furthermore, we have adopted stage gate management in order to quickly respond to recent rapid changes in the external environment and cutting-edge technologies, as well as ensuring systems that enable us to take on various challenges. We also enhance the internal publishing of R&D results to enable business discovery that utilizes know-how and knowledge across the entire company.

### Organizations Promoting R&D

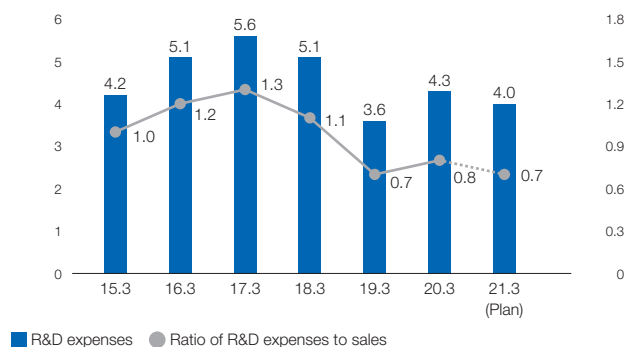
Research & Development Committee	Reviews individual R&D projects from a company-wide perspective, from planning to result utilization, while proposing and deliberating R&D strategies
Center for Strategic Management & Innovation	Conducts surveys and research regarding new systems for society in charge of government policy recommendations and cutting-edge research functions
DX Systems Development Innovation Division	Conducts research into cutting-edge technologies and fundamental technologies in the field of information technology
Business divisions	In charge of medium- to long-term business development and new service development, and conducts feasibility investigations, prototype development, and proof of concepts, etc.

### Stage Gate Management



### Trends in R&D Expenses

(billions of yen / %)



## Development of Competitive Intellectual Properties

Based on expertise acquired through transactions with top-class companies in the industry, and knowledge obtained through R&D activities, we are developing competitive intellectual properties that can be used widely in business. In recent years, in particular, we have been focusing our efforts on the development of digital IPs, including cloud infrastructures and algorithms, which can be used for multiple clients and industries in the DX business area. By having a number of digital IPs available, we would be able to provide high quality IT solutions in a shorter amount of time, thereby contributing to the strengthening of NRI's competitive advantage.

Going forward, we will continue making investment in research for the development of digital IPs.

Goal	Digital IP
Higher quality, higher performance, and better productivity through standardization and breakdown into components	Cloud infrastructure such as IoT and AI
	Standardized components for e-commerce
Commercialize high-value-added analysis models	Algorithms based on data analytics

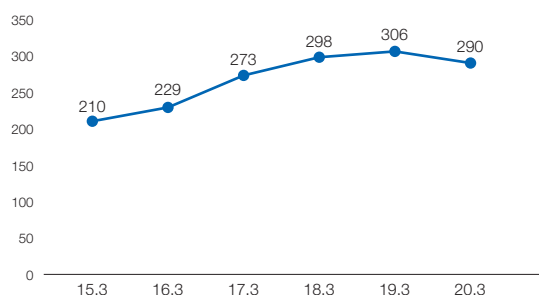
## Future Forecasts and Social Recommendations

Ever since its founding, NRI has continued activities as a think tank, such as the provision of future forecasts and social recommendations. The Company carries out investigative research in industry fields such as finance, distribution and IT, surveys of consumer trends, and future forecasts. The results are widely communicated to society through the publication of books, symposiums, magazines, newspapers, television, and other mass media.

A great number of such results have been picked up by various media and book reviews, and have been highly recognized by various quarters. We believe that such activities are contributing greatly to the enhancement of NRI's corporate brand image.

### Information Dissemination and Recommendation Activities (No. of times contributed to newspapers, magazines, etc.)

(No. of times)



### Books written by NRI employees



### The NRI Dream Up the Future Forum 2019 Held

On October 2, 2019, we held the NRI Dream Up the Future Forum 2019 at the Tokyo International Forum. Based on its "Dream up the future" corporate philosophy, NRI holds the forum every year with the objective of discussing the future vision of Japan and the world.

In the three years since 2017, the common theme has been "Digital, Creating the Near Future." For the third forum held in 2019, NRI Chairman and President & CEO Shingo Konomoto gave the keynote talk. Additionally, a special lecture was given by MIT's Dr. George Westerman, who is a pioneer in DX research. Maoko Kotani, a financial newscaster, served as a moderator for a panel discussion by NRI specialists, who discussed the

desirable future state of society and the direction of corporate management.



The NRI Dream up the Future Forum 2019



Chairman and President & CEO Konomoto giving his keynote talk

# Opportunities and Risks due to Changes in the External Environment

## Changes to the Business Environment Surrounding NRI

NRI flexibly corrects the value creation process according to environmental changes. We include business policies for continuing sustainable growth in medium- to long-term management plans and fiscal year plans upon understanding changes in the social environment and opportunities and threats for NRI.

### Changes to the social environment

Japan
<p><b>Decreasing population / Work-style reform</b>                  There are concerns that a decreasing labor pool due to a low birthrate and an aging population will shrink Japan's markets and reduce the competitiveness of Japanese companies. Meanwhile, effort toward work-style reform in an aim to rectify long working hours and increase labor productivity in Japanese companies is continuing. In particular, the need to respond to the spread of COVID-19 had accelerated the rethinking of work style due to an increased utilization of telecommuting.</p>
Japan / Overseas
<p><b>The evolution of IT and its increased use</b>                  Advances in IT are giving birth to new digital technologies such as artificial intelligence (AI) and IoT, and leading to the rapid digitalization of society. A digital transformation (DX) that transforms business utilizing new IT is currently under way. In particular, it is anticipated that efforts to rethink business models using IT to respond to the spread of COVID-19 will move forward.</p>
Overseas
<p><b>Relative expansion of the scales of the overseas market</b>                  Although the average annual real GDP growth rate of the global economy was 3.2% from 2010 to 2019, the average annual rate in Japan during that same period was only 1.2%. It is anticipated that the Japanese economy will see slow growth compared to the overall rate globally in the future as well.</p> <p><small>* Figures have been calculated based on IMF data.</small></p>



### Opportunities and threats to NRI

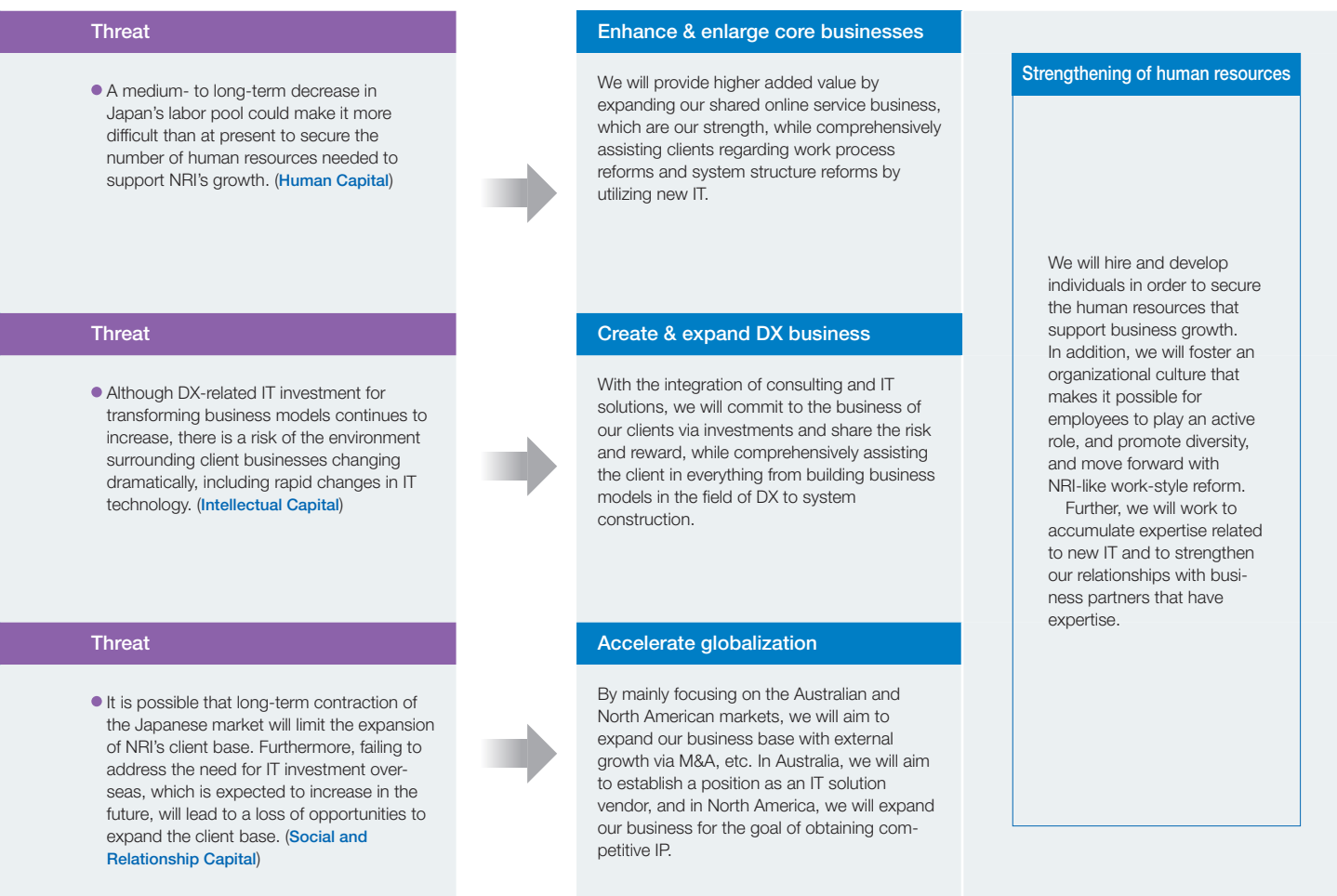
Opportunity
<ul style="list-style-type: none"> <li>● We will see an increased need to streamline business and improve productivity, and opportunities to use NRI's IT services, such as NRI's shared online services and modernization of systems using new technology, will expand. <b>(Social and Relationship Capital)</b></li> <li>● The pursuit of the optimal work style at NRI will lead to an increased possibility of improving productivity. <b>(Human Capital)</b></li> </ul>
Opportunity
<ul style="list-style-type: none"> <li>● Clients require a partner that can lead business transformations via unified business / IT assistance, which is an opportunity for NRI to demonstrate its competitive advantages to lead to solutions via the integration of consulting and IT solutions. <b>(Social and Relationship Capital)</b></li> <li>● Strengthening of research and development, mainly in cutting-edge fields related to DX, and partnerships with clients will lead to an increase in opportunities to accumulate expertise. <b>(Intellectual Capital)</b></li> </ul>
Opportunity
<ul style="list-style-type: none"> <li>● It is an opportunity for NRI to expand our overseas client base by aiming at the need for IT investment in overseas markets. <b>(Social and Relationship Capital)</b></li> <li>● Opportunities for obtaining competitive IP overseas will increase. <b>(Intellectual Capital)</b></li> </ul>

### Risks Receiving Many Questions from Investors and NRI's Response Measures

Risks	Response measures
<p><b>Influence of varying demand for IT investment</b>                      Possibility of income rapidly decreasing due to economic fluctuations, including the impact of the spread of COVID-19, and the update cycle of IT investment</p>	<ul style="list-style-type: none"> <li>● <b>Expanding DX projects directly linked with management issues that are not affected by economic fluctuations</b></li> <li>➔ Consulting and IT solutions segments work together to expand our business for high-priority themes such as business model transformation in the field of DX</li> <li>● <b>Building a stable income structure via the expansion of shared online services</b></li> <li>➔ More than 60% of sales is stable business with a high rate of retention, such as shared online services, operation outsourcing, and enhancement (maintenance/operation)</li> <li>● <b>Promotion of investment in preparation for the future even if the demand for IT investment drops temporarily due to the impact of COVID-19, etc.</b></li> <li>➔ Solidly ensuring growth opportunities to respond to increased demand for IT investment after the economy recovers</li> </ul>
<p><b>Decreased sales in overseas business</b>                      Possibility that the recovery of sales in overseas business will be delayed, mainly in Australia and North America, where economic stagnation continues</p>	<ul style="list-style-type: none"> <li>● <b>Prioritizing of defensive business operation without forcing business expansion in the midst of economic sluggishness</b></li> <li>➔ Reduction of costs through restructuring in FY March 2020</li> <li>● <b>Orientation toward expansion of business based on external growth through M&amp;A, etc., without changing medium- to long-term strategy</b></li> <li>➔ Announcing in April 2020 to begin procedures to acquire stock in AUSIEX Ltd. in preparation for expansion of the business base in Australia's financial sector</li> </ul>

See P.70 for an analysis of the opportunities and risks accompanying the impact of climate change.

### NRI's strategy (business policy)



Risks	Response measures
<p><b>Intensification of price competition and other aspects of the competitive environment</b></p> <p>The possibility of revenue being suppressed through the appearance of competing services or price competition in consulting and IT solutions business</p>	<ul style="list-style-type: none"> <li>● <b>Focus on providing services with high-value-added instead of price competition</b> <ul style="list-style-type: none"> <li>➔ Thoroughly understand the business and IT of a specific client and provide assistance that fits the needs of that client comprehensively and in the medium- to long-term in order to achieve differentiation</li> </ul> </li> <li>● Shared online services build superiority with the largest market share</li> <li>➔ Provide complete and definite operation and cost reduction benefits while maintaining added value such as swift handling of legal system changes</li> </ul>
<p><b>Bottlenecks in development human resources</b></p> <p>The possibility of bottlenecks to expanding revenue due to insufficient development resources caused by a continuous increase of orders</p>	<ul style="list-style-type: none"> <li>● <b>Enhance both new graduate and mid-career recruiting to increase the number of employees (non-consolidated) by 1,000 or more in the four-year period of the Medium-Term Management Plan (2019–2022)</b></li> <li>● <b>Control the turnover rate by providing employees with opportunities for growth and establishing the human resources system and labor environment</b> <ul style="list-style-type: none"> <li>➔ As a result, also ensure reserve resources to handle increased demand</li> </ul> </li> <li>● <b>Maintain good trading relationships with excellent cooperating companies in Japan and overseas, and enable production that overcomes the limitations of NRI's resources</b> <ul style="list-style-type: none"> <li>➔ Conclude "e-partnership agreements" with highly specialized cooperating companies to continue improving quality and productivity together</li> </ul> </li> <li>● <b>Implement company-wide human resource management that transcends business segments, based on order trends</b></li> </ul>


# Value Creation Process

NRI will provide the optimal services to resolve clients' issues through its original "Con-Solution" model. This value co-created with our clients will contribute to the creation of the future society, while at the same time leading to achievement of "Vision2022," NRI's long-term management vision. Repeating this series of processes builds robust competitive advantages for NRI and achieves continuous enhancement of corporate value, which in turn further strengthens our capital and leads to attempts to solve new social issues.

## Dream up

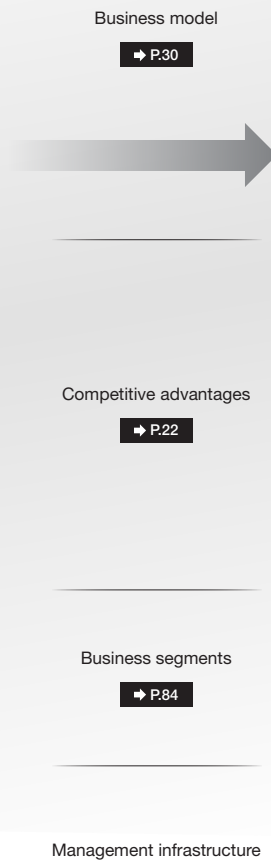
Long-term Management Vision "Vision2022" ➔ P.42

Vision statement



Medium-Term Management Plan (2019-2022)  
(FY Mar. 2020-FY Mar. 2023)

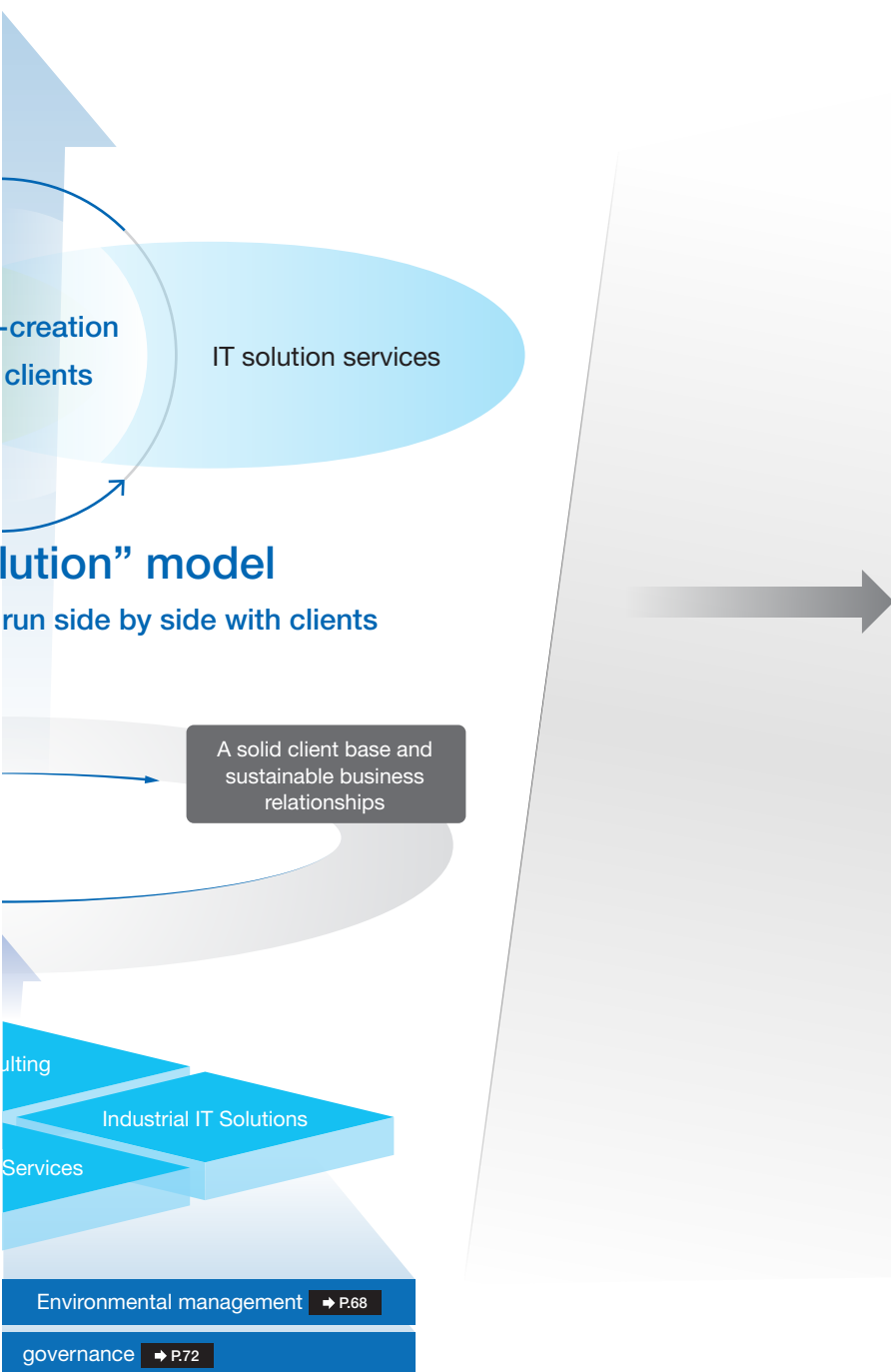
Major initiatives (Input) <span style="float: right; background-color: #0056b3; color: white; padding: 2px 5px;">➔ P.34</span>
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>• Implementation of DX human resources development program</li> <li>• Promotion of diversity</li> <li>• Strengthening of new-graduate / mid-career hiring</li> <li>• Formulation of a human rights report</li> <li>• NRI Group employees: <b>13,278 persons</b></li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>• Digital IP development</li> <li>• Partnership in creating the business model (establishment of BOOSTRY, etc.)</li> <li>• Recommendations for society (Dream Up the Future Forum, Proposals regarding Coronavirus Infection (COVID-19) measures, etc.)</li> <li>• Research and development expenses: <b>¥4.3 billion</b></li> </ul>
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>• Expanded usage of shared online services</li> <li>• Strengthening relationships with business partners (Support for establishment of a telecommuting environment, etc.)</li> <li>• Strengthening dialogue with investors and other stakeholders</li> </ul>
<p><b>Manufacturing Capital</b></p> <ul style="list-style-type: none"> <li>• Company-wide project monitoring</li> <li>• Hosting of the DX Production Innovation Forum and the Safety and Security Forum</li> <li>• Provision of advanced information security services</li> </ul>
<p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>• Share buyback amounting to approximately ¥160 billion</li> <li>• Sale of cross-held shares</li> <li>• Increase of annual dividends per share</li> <li>• Implementation of stock splits</li> </ul>
<p><b>Natural Capital</b></p> <ul style="list-style-type: none"> <li>• Publication of the results of TCFD scenario analysis</li> <li>• Reduction of client CO<sub>2</sub> emissions through expansion of shared online services</li> <li>• Revision of the NRI Group Environmental Policy</li> </ul>



\* Data is for FY March 2020 or as of the end of March 2020.

# the future

## Value provided to society → P.43



## Results (Outcome) → P.34

### Human Capital

- Ratio of female managers: **7.1%**
- Ratio of female hires: **28.2%**
- New graduate hires: **Approx. 300 persons** (non-consolidated)
- Mid-career hires: **Approx. 180 persons** (non-consolidated)

### Intellectual Capital

- DX related sales: **¥308 billion**
- No. of business partnerships related to creation of new business models: **4**
- Number of appearances in major media publications: **122**
- Contributions to newspapers and magazines (times): **290**

### Social and Relationship Capital

- Net sales from shared online services: **¥103.6 billion**
- Partners in Japan: **Approx. 7,500 persons**
- Partners overseas: **Approx. 5,000 persons**
- Interviews with investors/analysts: **568**

### Manufacturing Capital

- Invested **¥5.7 billion** in security and safety
- Data Center awarded the ISO Excellence Award
- No information system failures that have serious financial or societal impact

### Financial Capital

- ROE: **20.3%**
- EBITDA margin: **22.2%**
- Dividend ratio: **27.9%**
- Net Debt-to-Equity ratio: **0.02 times**

### Natural Capital

- Greenhouse gas emissions: **Down 43.8%** (compared to FY March 2014)
- Environmental management system (EMS) coverage ratio: **93.7%**
- Reduction of client CO<sub>2</sub> emissions through shared online services: **83,299 t**

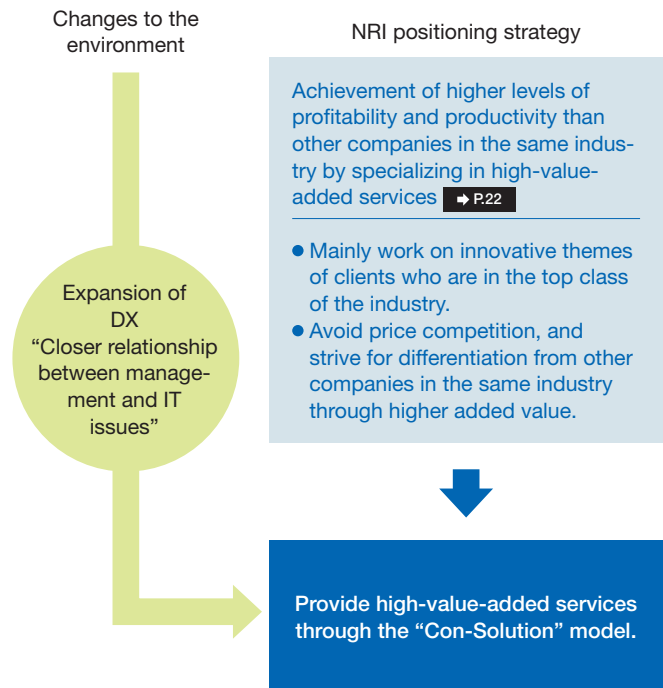
\* Data is for FY March 2020 or as of the end of March 2020.

# Business Model and Business Direction

## NRI positioning and the advantages of the "Con-Solution" model

NRI has achieved higher levels of profitability and productivity than other companies in the same industry. (See P.22.) This is related to NRI's positioning in the IT industry. NRI mainly works on innovative themes of clients who are in the top class of their respective industries, avoiding price competition, and always striving for differentiation through the pursuit of added value. One example of a high-value-added service is shared online services. Strengths such as depth in human resources, a solid client base, and competitive intellectual property support the establishment of this positioning.

In recent years, the progress of the Digital Revolution has strengthened the trend of client management issues and IT problems closely affecting each other. Value has been placed in quickly proposing and implementing viable solutions for transforming business models using IT. Opportunities for NRI's original "Con-Solution" model, in which consulting and IT solutions running side-by-side with clients to solve problems, to provide a high level of added value are increasing.



## Business policy

NRI will aim for business growth in the following three directions.

### 1. Enhance & enlarge core businesses

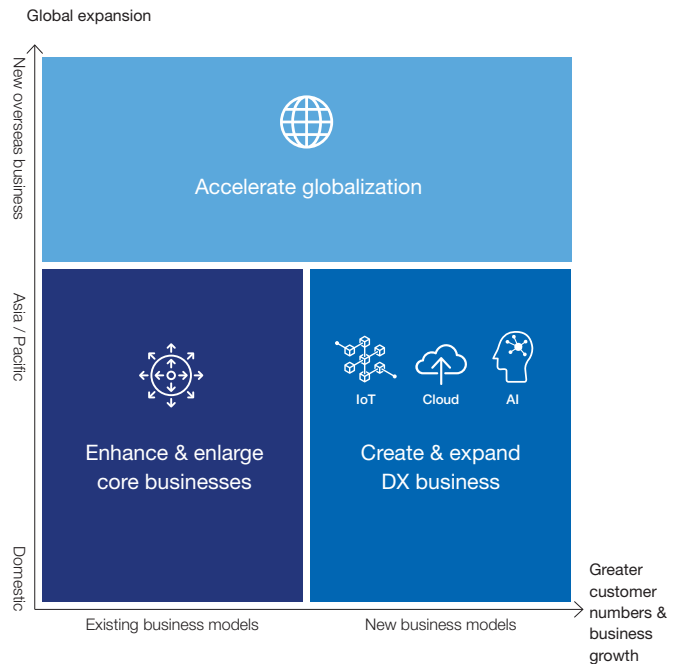
We will strive for further expansion of shared online services, the culmination of long-term accumulation of expertise. In addition, we will continue to provide services that use cutting-edge expertise to resolve the issues of each client, and strive to make existing core businesses more sophisticated and larger.

### 2. Create & expand DX business

We will strive to achieve DX business, which continues to have a rapidly expanding market, through "Con-Solutions" that provide speedy support, while consulting and IT solutions run side-by-side with the client.

### 3. Accelerate globalization

As in Japan, NRI will aim to provide a high level of added value, and seek business opportunities globally where market growth is expected.





## 1. Enhance & Enlarge Core Businesses

Shared online services and utility services are representative services that make it possible to give full play to NRI's capabilities in providing consistent support, from navigation to solutions.

### 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 SaaS\*.

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.

\* Software as a Service: a type of service in which software located on a private NRI cloud is provided via the Internet







### Utility Services

(IT solutions + BPO services)

Utility services are provided in combination with NRI's IT solutions such as shared online services and BPO services.

NRI provides the entire business process with the personnel who handle related work, not just the system.

### Major Shared Online Services

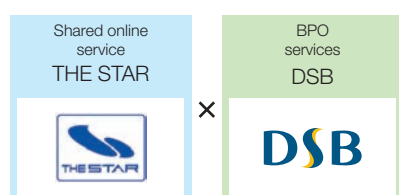
 <p><b>Launched in 1974</b> <b>THE STAR</b> Back-office solution for retail brokerage firms</p>	75 firms	 <p><b>Launched in 1997</b> <b>BESTWAY</b> Back-office solution for mutual fund sales at banks <small>* Including life insurance firms, non-life insurance firms, and investment trust firms, etc.</small></p>	117 firms*
 <p><b>Launched in 1987</b> <b>I-STAR</b> Back-office solution for wholesale brokerage firms</p>	28 firms	 <p><b>Launched in 2012</b> <b>Value Direct</b> Online banking system</p>	20 firms
 <p><b>Launched in 1993</b> <b>T-STAR</b> Back-office solution for asset management firms</p>	81 firms	 <p><b>Launched in 2015</b> <b>e-BANGO</b> My Number management services No. of My Number stored</p>	Approx. 19 million cases

Note: As of March 31, 2020.

### Major Utility Services

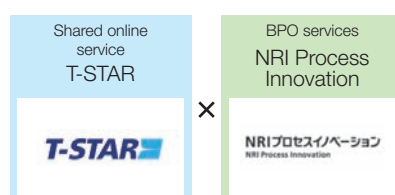
#### For retail brokerage firms

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.



#### For financial institutions / operating companies

NRI provides "e-BANGO" as a My Number storage/management system with high management standards, based on our experience operating backbone systems for financial institutions. DSB Co., Ltd. provides services for the collection, registration, management, and use of individual numbers.

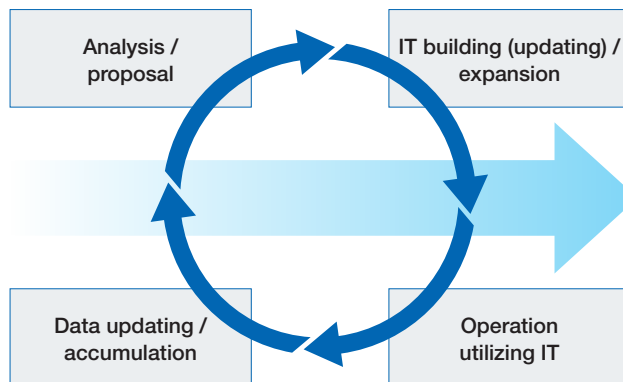


## 2. Create & Expand DX Business

The need of clients to achieve DX business, which transforms business using new digital technology, is increasing. This requires a strategic partner that provides swift implementation while transforming work processes and business models at the same time as transforming IT infrastructure and discussing things together.

NRI has the human resources and functions required for both consulting and IT solutions and provides "Con-Solution" for creating and promoting DX business via repeated hypothesis testing side-by-side with the client, sharing the results and the risks.

**Image of Con-Solutions**  
 —Running side-by-side with consulting and IT solutions, and creating sustainable value—








### DX Strategy

<b>DX2.0</b>	<b>Business model transformation</b>	Build cross-industry platforms that seeks ecosystems • Establishing services and providing functionality in particular fields	
<b>DX1.0</b>	<b>Process transformation</b>	Digital front office	Digitalize actions for end users • Helping customers execute D2C* strategies • CRM, digital marketing, etc.
		Digital back office	Digitalize actions within customer companies • SCM reforms such as inventory optimization • Operational efficiency improvements using AI, RPA, etc. • Industry standard business platforms, etc.
	<b>Infrastructure transformation</b>	Enhance infrastructure such as cloud, security • Supporting migration from on-premises to cloud • Managed services for system platforms • Security business mainly focused on NRI SecureTechnologies, Ltd. (NRI Secure), etc.	

\* D2C stands for Direct to Consumer, or direct sales through e-commerce, etc.

### DX2.0 Business Model Transformation Expanding via Co-creation with Customers

Major initiatives	Business overview
 <b>KDDI Digital Design Inc.</b> Established: December 15, 2017 Capital: ¥7 billion (KDDI: 51%; NRI: 49%)	<ul style="list-style-type: none"> <li>• With <b>KDDI CORPORATION</b>, established a joint venture for assisting digital transformation at companies</li> <li>• Assistance for everything from planning business strategies and validating their commercialization to building and operating the network infrastructure and developing the required systems</li> </ul>
 <b>Technium CO., LTD.</b> Established: January 9, 2018 Capital: ¥300 million (DMG MORI: 66.6%; NRI: 33.4%)	<ul style="list-style-type: none"> <li>• With <b>DMG MORI CO., LTD.</b>, established a joint venture for assisting the high level utilization of production facilities in factories, etc. using digital technologies.</li> </ul>
 <b>NDIAS, Ltd.</b> Established: December 3, 2018 Capital: ¥100 million (DENSO: 50%; NRI Secure: 50%)	<ul style="list-style-type: none"> <li>• <b>DENSO CORPORATION</b> and NRI Secure established a joint venture in the automobile cybersecurity business</li> <li>• Provides security assessment and consulting services, etc., for vehicles and on-board electronic devices for the automobile industry in the age of connected cars and autonomous driving</li> </ul>
 <b>JAL Digital Experience Co., Ltd.</b> Established: February 4, 2019 Capital: ¥475 million (JAL: 51%; NRI Group: 49%)	<ul style="list-style-type: none"> <li>• With <b>Japan Airlines Co., Ltd. (JAL)</b>, established a joint venture for creating services for proposing lifestyle personalization and enrichment in customers' daily lives and at travel destinations, rather than simply while using aircraft</li> </ul>
 <b>BOOSTRY</b> Established September 2, 2019 Capital: ¥1.175 billion (Nomura HD: 66%, NRI: 34%)	<ul style="list-style-type: none"> <li>• Joint venture with <b>Nomura Holdings, Inc.</b> Leveraging blockchain technology to develop/provide a new STO* platform where securities and other rights can be exchanged as tokens</li> </ul>

\* STO: Security Token Offering

### 3. Accelerate Globalization

NRI implements global business on the premise of the solid competitive advantage of a client base and competitive intellectual property (IP) cultivated over many years of experience. Since NRI differentiates via high added value, we do not perform M&A that aims to simply expand the scale, and instead are expanding our business base via external growth in Australia, North America, and Asia.

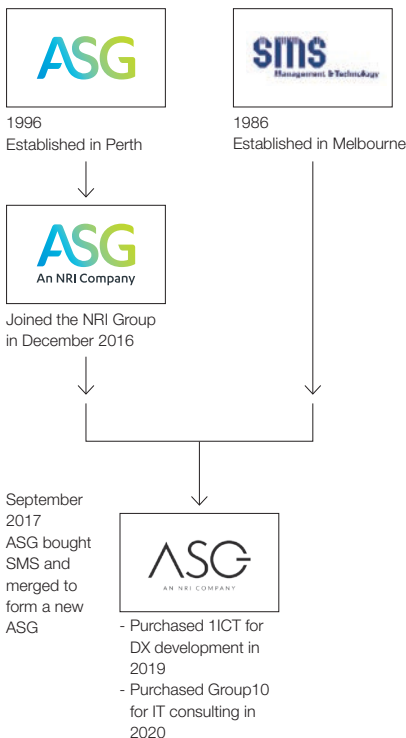
#### Business Base Expanding Globally

Region	Company name	Company overview
Australia		<b>ASG Group</b> (made a Group company in 2016) Provides end-to-end services to enable clients to achieve digital transformation and innovation, from consulting to application, infrastructure, data, and security. The main clients are governmental agencies and major financial and telecommunications companies, etc.
North America	<b>brierley+partners</b>	<b>Brierley+Partners</b> (made a Group company in 2015) The founder was the person who designed and operated the first mileage program at a U.S. airline. "Brierley LoyaltyWare®," an integrated loyalty program solution, including all necessary functions, such as membership registration for customers, recording and tracking customers' action history, acquiring points and mileage as well as redeeming points.
		<b>Cutter Associates</b> (made a Group company in 2016) 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.
Asia		<b>NVANTAGE</b> (established in 2018) Robustly assists and promotes operational reforms focused on the wholesale departments of global financial institutions, via the integration of the financial expertise of Nomura Holdings, Inc. and the provision of human resources, IT solutions, and BPO services by NRI.

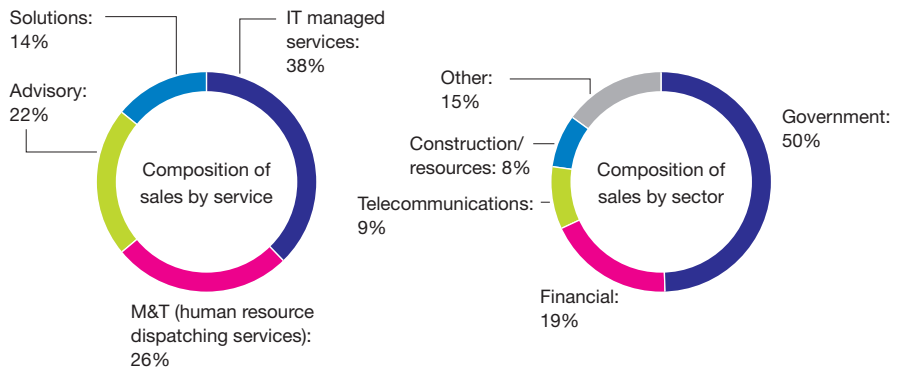
#### Expanding Our Business Base in Australia

As a key player that leads the IT market in Australia, the ASG Group (ASG) has expanded its business base by providing long-term managed services, mainly to governmental agencies. In December 2016, ASG joined the NRI Group as a core global business, and in 2017, SMS was merged. Subsequently, 11CT and Group10 were converted to subsidiaries. In these ways, NRI has been expanding its capabilities related to DX. As of 2020, ASG is a Tier 1 corporation with approximately 1,600 employees in Australia.

#### ASG's History






#### Business Profile of ASG (As of the end of June 2020)



#### ASG's Strengths

<b>End-to-end service in DX</b>	<ul style="list-style-type: none"> <li>• Possible to provide one-stop DX services to clients</li> <li>• Integration of diverse software products and cloud services, etc., according to client needs</li> </ul>
<b>Exceptional client base and extensive track record</b>	<ul style="list-style-type: none"> <li>• Continued, long-term provision of services to governmental agencies and major financial/telecommunications companies in Australia</li> <li>• Front running track record with Australia's leading companies has garnered high praise</li> </ul>
<b>Flexible community-based operating structure</b>	<ul style="list-style-type: none"> <li>• Sales are closely connected to the community and respond to client needs in a flexible and dynamic manner</li> <li>• Operations made efficient across regions (Some offshore)</li> </ul>

# NRI's Capital and the Creation of Value through its Utilization

	 Human Capital	 Intellectual Capital	 Social and Relationship Capital
<b>Importance of various types of capital in value creation</b>	Diverse professionals from Japan and overseas who have advanced expertise, play an active role and lead the way in all value creation	Creation of new value through accumulation of cutting-edge intellectual capital and innovation, on the foundation of knowledge acquired through high-quality investigation / research activities and business	Creation of stable, sustainable value through a solid client base focused on companies that are at the top of their industries, expansion of shared online services, and strengthening of relationships with business partners and other stakeholders
<b>Medium- and long-term strengthening policy</b>	<p><b>Strengthening of hiring (FY2019-FY2022: Increase of more than 1,000 persons; non-consolidated)</b></p> <ul style="list-style-type: none"> <li>● Bolster new graduate hiring: Bolster promotions, etc.</li> <li>● Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc.</li> </ul> <p><b>Promote employee skills transfer and development</b></p> <ul style="list-style-type: none"> <li>● Strategic development of specialists in the DX area</li> <li>● Skills transfer and development for application/platform personnel to support DX strategy</li> </ul> <p><b>Promote employee success</b></p> <ul style="list-style-type: none"> <li>● Promote diverse work styles (diversity, participation and advancement of women and senior personnel)</li> <li>● Initiatives to respect human rights</li> </ul>	<p><b>Digital IP development</b></p> <ul style="list-style-type: none"> <li>● Digital IP development that contributes to improvement of competitiveness in the DX area</li> </ul> <p><b>Investment in business development</b></p> <ul style="list-style-type: none"> <li>● R&amp;D regarding new business development in the medium- to long-term (business discovery, incubation, etc.)</li> <li>● R&amp;D for DX utilization positioned as important themes, such as artificial intelligence (AI), IoT, and FinTech</li> </ul> <p><b>Promotion of recommendations for society</b></p> <ul style="list-style-type: none"> <li>● Recommendation activities related to the impact of digitalization and other environmental changes on society</li> </ul>	<p><b>Business Platform Strategy</b></p> <ul style="list-style-type: none"> <li>● Expansion of existing shared online services and other core businesses</li> <li>● Launch of new platform services in preparation for entry of companies from other industries into financial business</li> </ul> <p><b>Strengthening relationships with business partners in Japan and overseas</b></p> <ul style="list-style-type: none"> <li>● Creation of long-term, stable cooperative relationships with domestic and overseas business partners</li> </ul> <p><b>Strengthening of social activities</b></p> <ul style="list-style-type: none"> <li>● Enhancement of opportunities to engage in dialogue with stakeholders</li> <li>● Enhancement of activities to develop human resources and society</li> </ul>
<b>Main initiatives of FY March 2020 (Input)</b>	<ul style="list-style-type: none"> <li>● Strengthening of the implementation of the human resources development program to support DX strategy</li> <li>● Initiatives to promote diversity ("Supporting training for balancing work and parenting," etc.)</li> <li>● Developed an office environment which promotes work-style reform and internal/external interactions</li> <li>● Increase of the number of new graduate and mid-career hires</li> <li>● Formulation of the NRI Group Human Rights Report</li> <li>● Formulation of the NRI Group AI Ethics Guidelines</li> <li>● <b>NRI Group employees: 13,278 persons</b></li> </ul>	<ul style="list-style-type: none"> <li>● Digital IP development (cloud infrastructure IP, standardized parts for the EC, algorithm IP)</li> <li>● Search for and development of priority themes that lead to new businesses in the DX area</li> <li>● Promotion of partnerships in preparation for the creation of business models (establishment of BOOSTRY, etc.)</li> <li>● Hosting of the Dream Up the Future Forum and announcement of new economic indicators</li> <li>● Released NRI's Proposals regarding Coronavirus Infection (COVID-19) measures</li> <li>● <b>Research and development expenses: ¥4.3 billion</b></li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of the number of companies using shared online services aimed at co-creation of the ideal society</li> <li>● Support for establishment of a telecommuting work environment at business partners</li> <li>● Dialogue with investors through overseas roadshows, dialogue with stakeholders, etc.</li> <li>● Hosting of ESG Briefings</li> <li>● Hosting of the 2019 NRI Student Essay Contest</li> </ul>
<b>Results of FY March 2020 (Outcomes)</b>	<ul style="list-style-type: none"> <li>● Ratio of female managers: 7.1%</li> <li>● Ratio of female hires: 28.2%</li> <li>● Selected as a Nadeshiko Brand listed company for four consecutive years with outstanding promotion of female performance and advancement</li> <li>● Certified as a Health and Productivity Management 500 Organization 2020 (White 500) for four consecutive years</li> <li>● No. of hires New graduate: Approx. 300 persons; mid-career: Approx. 180 persons</li> </ul>	<ul style="list-style-type: none"> <li>● DX related sales of ¥308 billion (Ratio of sales from consolidated: 58%)</li> <li>● No. of business partnerships related to creation of new business models: 4</li> <li>● Number of appearances in major media publications: 122</li> <li>● Contributions to newspapers and magazines (times): 290</li> </ul>	<ul style="list-style-type: none"> <li>● Net sales from shared online services: ¥103.6 billion</li> <li>● No. of companies using the shared online service THE STAR: 75 companies</li> <li>● Partners in Japan: Approx. 7,500 persons</li> <li>● Partners in China: Approx. 5,000 persons</li> <li>● Results of the Client Satisfaction Survey (non-consolidated): 83.8%*</li> <li>● Individual interviews with investors / analysts: total of 568</li> </ul> <p>* Percentage that responded "Satisfied" or "Moderately satisfied" (Total for top two items on five-grade scale)</p>

 Manufacturing Capital	 Financial Capital	 Natural Capital
<p>Contribution to the increased sophistication of social infrastructure and co-creation of safe and secure social infrastructure through high-quality services that have been certified / guaranteed by third-party organizations</p>	<p>Achievement of both growth and shareholder returns through capital reserves and a high level of capital efficiency that enable flexible investment, in addition to creation of a solid financial base</p>	<p>Contribution to maintenance of the global environment by reducing the environmental burden through appropriate management of energy consumption at data centers</p>
<p><b>Improvement of information system quality</b></p> <ul style="list-style-type: none"> <li>Continued strengthening of project supervision activities</li> <li>Emphasis on quality of systems in operation</li> <li>Emphasis on operation quality of data centers</li> </ul> <p><b>Strengthening of quality of information security</b></p> <ul style="list-style-type: none"> <li>Improve the sophistication of security management framework</li> <li>Information Security Training</li> <li>Response to cyber-attacks</li> </ul>	<p><b>Achievement of a solid financial base and strong medium- to long-term growth</b></p> <ul style="list-style-type: none"> <li>Ensuring a level of financial soundness that is suitable for a company that supports the social infrastructure</li> <li>Ensuring the ability to generate cash flows to support growth investment (EBITDA margin: 20% or higher)</li> <li>Maximum Net Debt-to-Equity ratio: 0.3 times</li> </ul> <p><b>Capital efficiency to achieve both growth and return</b></p> <ul style="list-style-type: none"> <li>Target ROE: 14%</li> <li>Efforts to improve returns to shareholders (Aim for a payout ratio of 35%)</li> </ul> <p><b>Improvement of financial management / disclosure with an awareness of global standards</b></p> <ul style="list-style-type: none"> <li>Consideration of implementation of IFRS</li> </ul>	<p><b>Environmental management based on global standards</b></p> <ul style="list-style-type: none"> <li>Reduction of greenhouse gas emissions (Goal for FY March 2031: 55% (compared to FY March 2014))</li> <li>Use of renewable energy at data centers (Goal for FY March 2031: 36%)</li> <li>Implementation of Environmental Management System (EMS)</li> <li>Innovative approach to TCFD recommendations (Evaluation of the impact of climate change on business)</li> </ul> <p><b>Generation of environmental benefits for clients through expansion of shared online services</b></p>
<ul style="list-style-type: none"> <li>Company-wide project watching through project monitoring activities</li> <li>Hosting of the DX Production Innovation Forum</li> <li>Hosting of the Safety and Security Forum</li> <li>Implementation of information security training</li> <li>Provision of advanced information security services</li> </ul>	<ul style="list-style-type: none"> <li>Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</li> <li>Partial sale of cross-held shares</li> <li>Increase of annual dividends per share</li> <li>Stock splits of three shares per one share of common stock</li> </ul>	<ul style="list-style-type: none"> <li>Publication of the results of TCFD scenario analysis targeting data center business</li> <li>Reduction of client CO<sub>2</sub> emissions through expansion of shared online services</li> <li>Revision of the NRI Group Environmental Policy</li> <li>Launch of provision of NOMURA-BPI SDGs</li> </ul>
<ul style="list-style-type: none"> <li>Invested ¥5.7 billion in security and safety</li> <li>Data Center awarded the ISO Excellence Award</li> <li>NRI SecureTechnologies, Ltd. received the Japan Managed Security Service Provider of the Year award for three consecutive years</li> <li>No information system failures that have serious financial or societal impact</li> </ul>	<ul style="list-style-type: none"> <li>ROE: 20.3%</li> <li>EBITDA margin: 22.2%</li> <li>Dividend ratio: 27.9%</li> <li>Net Debt-to-Equity ratio: 0.02 times</li> <li>S&amp;P Global Rating: A (Maintained since September 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions: Down 43.8% (compared to FY March 2014)</li> <li>Environmental management system (EMS) coverage ratio: 93.7%</li> <li>Reduction of client CO<sub>2</sub> emissions through shared online services: 83,299 t</li> <li>Selection by CDP to be on the "Climate Change A List" based on NRI's innovative efforts related to climate change</li> <li>Placement on the "Leaderboard" of CDP's "Supplier Engagement Rating" based on NRI's efforts regarding climate change in the supply chain</li> </ul>

## Utilization of Capital

# Proposals regarding Coronavirus Infection (COVID-19) Measures

On March 24, 2020, NRI began posting emergency proposals related to measures against COVID-19 on the NRI website.

At NRI, diverse professionals with high-level expertise are constantly analyzing changes in the environment, and conducting activities to predict future changes and provide social recommendations, thereby building up intellectual property in a variety of areas. In addition, NRI has co-created social value with its clients by proposing solutions to corporate management issues and social issues that will arise in the future, and providing support for their achievement.

The recent spread of COVID-19 is anticipated to be an environmental change that could significantly change the future society due to the speed and size of its impact. Accordingly, the NRI Group has enlisted all of its strength to provide emergency proposals. We are publishing press releases in a wide range of areas, including macro, public (policy), consumers, management, industry, and global.

### Examples of emergency proposals from various perspectives

 Proposals regarding Coronavirus Infection (COVID-19) measures  
<https://www.nri.com/en/keyword/proposal>

#### Macro

- Macro positioning of the economic shock of COVID-19
- Moving forward with “digital social capital” that considers the “new normal”
- Prediction of the impact of COVID-19 on industry, using the Bayesian structure time series model

#### Public (policy)

- Expectations for cash payments using a My Number card
- The necessity to address the maintenance of employment along with the continued existence of companies in anticipation of the impact becoming long-term
- Rebuilding of a sustainable socio-economic system through risk management in which there is public-private / internal-external partnership
- Medical cybersecurity in conjunction with the spread of COVID-19

#### Consumers

- The possibility of “learning-style reform” and “work-style / lifestyle reform” from the perspective of changes in people’s behavior and awareness accompanying the spread of COVID-19
- The impact of the spread of COVID-19 on the behavior of Japanese consumers
- Sharp progress in the utilization of digital in daily life due to the spread of COVID-19

#### Management

- Utilization of office IT in preparation for BCP Ready
- Measures that should be implemented by the CIO in the midst of COVID-19
- The required post-corona offensive stance learned from past experiences with economic crisis

#### Industry

- Increase of cashless payment: What each person should do to prevent the spread of infection and promote economic recovery
- Status of response and issues related to the supply chain of companies affected by COVID-19
- Utilization of the new normal of consumer behavior, namely, “nest-dweller consumption,” “distraction consumption,” and “no-contact,” as an opportunity for reform by retailers

#### Global

- The UK’s challenges with the “new normal”
- The digital reform of Chinese companies to change the crisis into an opportunity
- The COVID-19 crisis and Thailand’s automotive industry that must go through a conversion: Reorganization of the production / supply structure and development of new business
- The post-corona Chinese online treatment market

## Efforts in preparation for a paradigm shift in the midst of COVID-19

NRI is continuing discussions with clients regarding future management issues, based on the knowledge acquired through emergency proposal activities. From the opinions obtained from our clients, NRI recognizes two priority issues as we move forward, namely, business continuity and digital transformation of business models.

“Business continuity” includes enhancement of the in-house network and digitalization of work to make it possible to execute work in the same manner as when done inside the company even in the context of a work style that has normalized telecommuting. In addition, implementation of sales floor services utilizing unmanned cash registers and other non-contact services and rebuilding of the global supply chain (decentralization of the supply structure, etc.) need to be addressed.

In the case of “digital transformation of business models,” we anticipate that companies will aim to expand business in the EC market, which has expanded during the COVID-19 pandemic, and that manufacturers, etc., will strengthen the EC channels of their own companies. Further, it is possible that there will be an acceleration of conversion to subscription-type or other “As-a-Service” models, and strengthening of non-face-to-face channels at financial institutions.

NRI will move forward with recommendation activities that anticipate such paradigm shifts caused by the COVID-19 pandemic, search for new business opportunities, and support the resolution of issues by our clients.

## The possibility of business opportunities due to a paradigm shift

### Client needs directed to NRI

#### Business continuity

- Make operations fully digital and bolstering customers' intranet infrastructure in preparation for full telecommuting
- Launch non-contact services such as unmanned registers on sales floors
- Fully rebuild global supply chains (drive further decentralization, or, conversely, bring supply chains back to Japan)



#### Digital transformation of business models (DX)

- Bolster e-commerce business (consolidating inventory, more sophisticated call centers, optimal deliveries, etc.)
- Shift to the As a Service model (subscription-based, etc.)
- Strengthen non-face-to-face channels at financial institutions (new services in the front office domain, etc.)

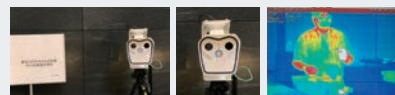


### Implementation of digital solutions in the office as a measure against COVID-19

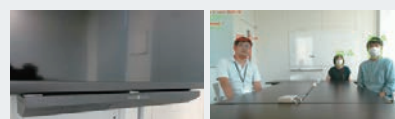
To protect the health of clients and business partner employees who visit NRI, as well as the health of NRI employees, we have implemented digital solutions in NRI's office to avoid the three Cs and detect when visitors have a fever.

AI cameras developed by NRI detect the number of people in a meeting room, their proximity to each other, and whether or not they are wearing masks. A message to call attention to a problem is sent when necessary. In addition, the body temperature of people who enter the building is measured with thermal cameras to detect the possibility of a fever.

Further, we have implemented other solutions to combat COVID-19, such as measuring the degree of crowding, etc., using Bluetooth™ tags, and measuring CO<sub>2</sub> concentration in meeting rooms.



Install thermal cameras at entry / exit gates. Check the temperature of visitors.



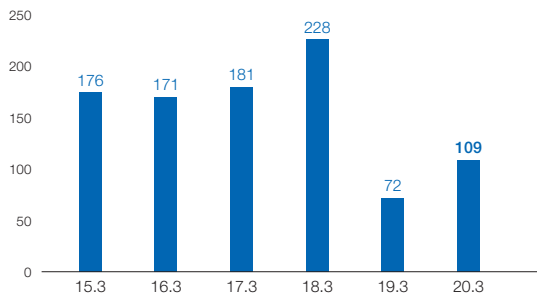
AI cameras in meeting rooms and identification of mask wearing.

See the news release listed below for details.  
[https://www.nri.com/jp/news/newsrelease/1st/2020/cc/0611\\_1](https://www.nri.com/jp/news/newsrelease/1st/2020/cc/0611_1)

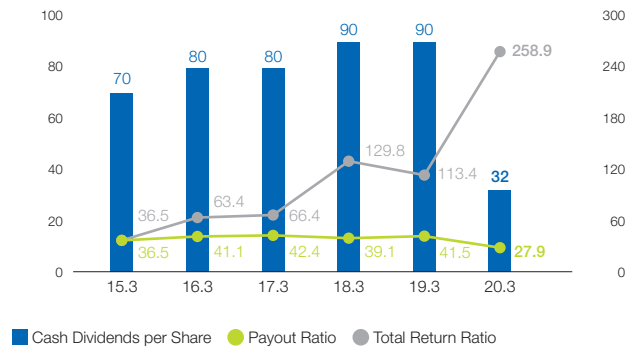
# Financial Highlights

## Shareholder Value / Returns to Shareholders

Earnings per Share (EPS)<sup>\*2\*3</sup>  
(yen)

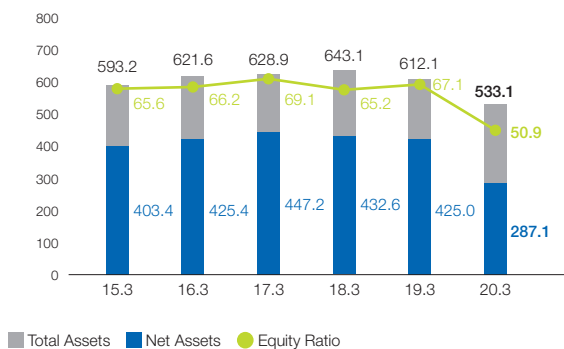


Cash Dividends per Share (DPS)<sup>\*3</sup> / Dividend Payout Ratio<sup>\*4</sup> / Total Return Ratio  
(yen/%)

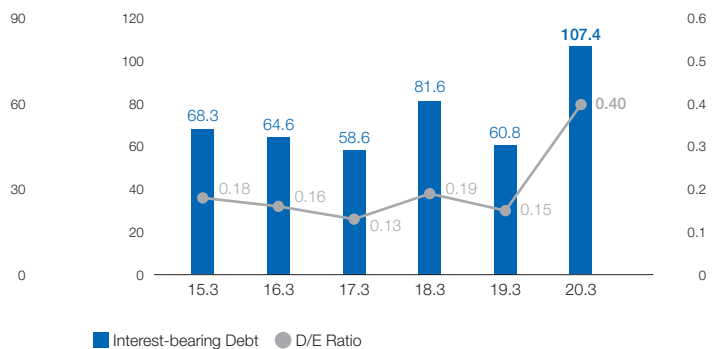


## Financial Condition

Total Assets / Net Assets / Equity Ratio  
(billions of yen / %)

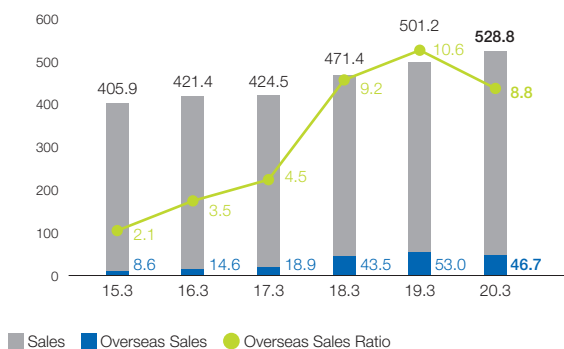


Interest-bearing Debt / D/E Ratio  
(billions of yen / times)

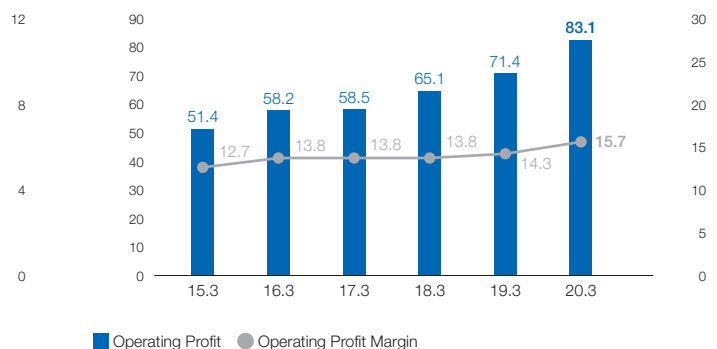


## Financial Results and Cash Flow Situation

Sales / Overseas Sales<sup>\*5</sup> / Overseas Sales Ratio  
(billions of yen / %)



Operating Profit / Operating Profit Margin  
(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 NRI implemented 1:1.1 common stock splits on October 1, 2015, and January 1, 2017. Earnings per share (EPS) 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.

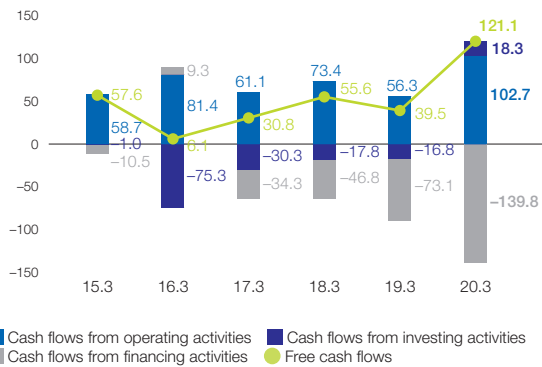
\*3 NRI implemented a 1:3 common stock split on July 1, 2019. Earnings per share (EPS) is calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2019. Dividend per share for the fiscal year ended March 2019 is based on the number of shares prior to the stock split.

\*4 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.

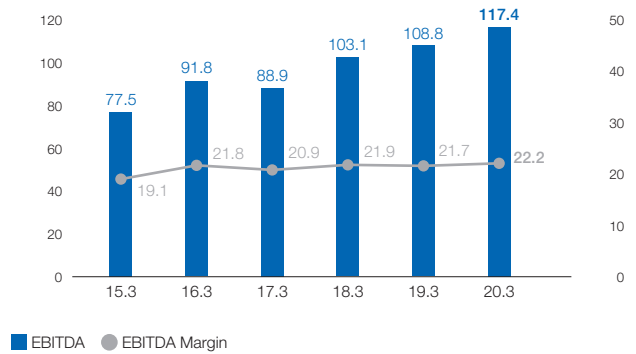
\*5 The method for calculating overseas sales has been changed since the fiscal year ended March 2017.



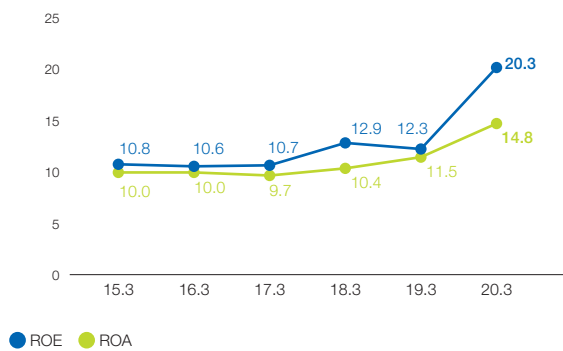
**Cash Flows (CF)**  
(billions of yen)



**EBITDA\*1 / EBITDA Margin**  
(billions of yen / %)

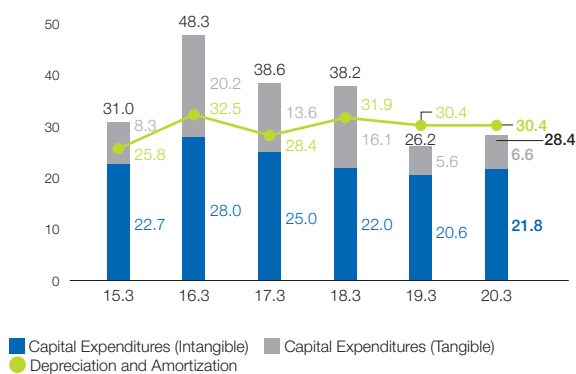


**ROE / ROA\*2**  
(%)

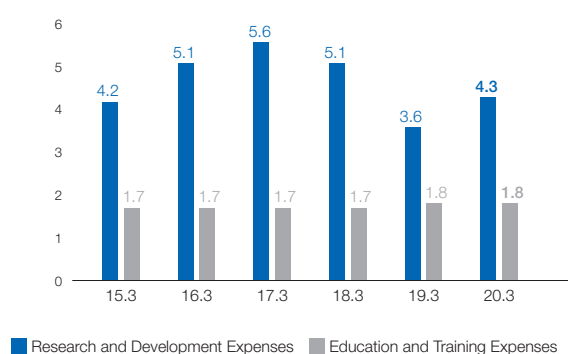


## Investment Situation

**Capital Expenditures / Depreciation and Amortization**  
(billions of yen)



**Research and Development Expenses / Education and Training Expenses**  
(billions of yen)



\*1 EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.

\*2 ROE was calculated as Profit attributable to owners of parent / Beginning and ending balance average net assets.

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

# Non-Financial Highlights

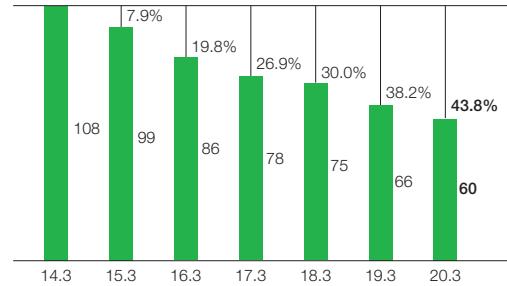
See P.98-99 for more details

## E: Environment-related Data

**Greenhouse Gas Emissions (NRI Group data)**  
(1,000t-CO<sub>2</sub>)

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

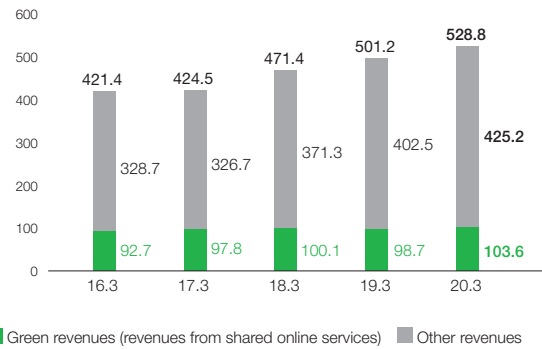
- FY March 2020: Reduced greenhouse gas emissions by 43.8% compared to FY March 2014.



**Green Revenues (Revenues from Shared Online Services) (NRI Group data)**  
(billions of yen)

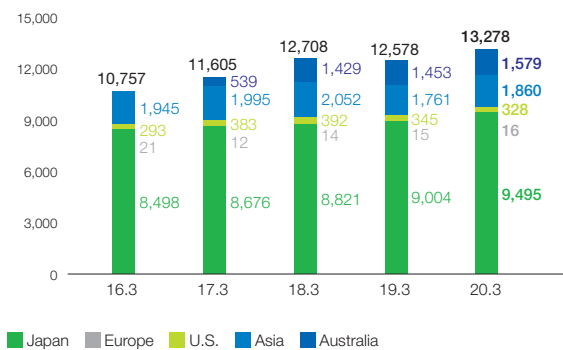
Amid concerns over rising power usage by the IT services industry as a whole, NRI has formulated a business plan intended to reduce power usage by the IT activities of the entire value chain, including client companies. Specifically, growing NRI's shared online service revenues will likely serve to curb 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 CO<sub>2</sub> emissions by around 70%, compared to if they build and operate their own systems independently.

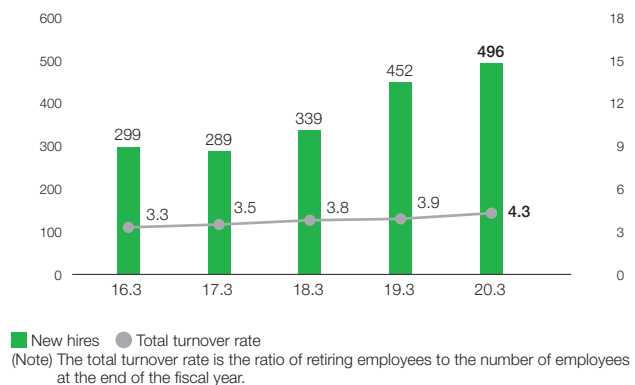


## S: Social-related Data

**Number of Employees (NRI Group data)**  
(persons)



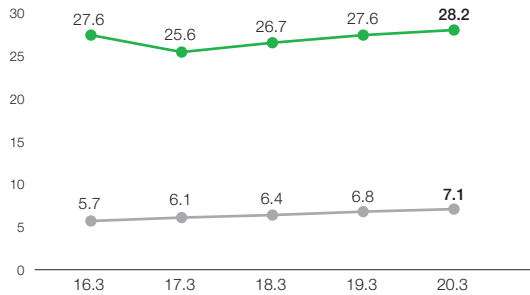
**Number of Hires / Turnover Rate (Non-consolidated data)**  
(persons / %)



(Note) The total turnover rate is the ratio of retiring employees to the number of employees at the end of the fiscal year.

**Ratio of Female Hires and Ratio of Female Managers**  
(Non-consolidated data)

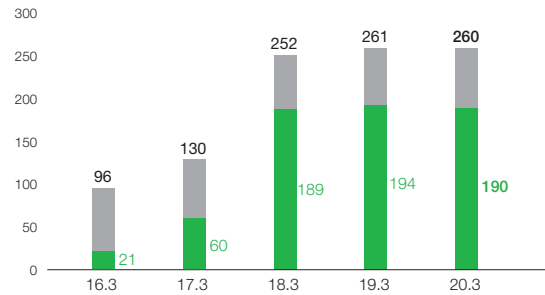
(%)



● Ratio of female hires ● Ratio of female managers  
(Note) Ratio of female managers is the value at the beginning of the term.

**Childcare Leave / Nursing Leave (Non-consolidated data)**

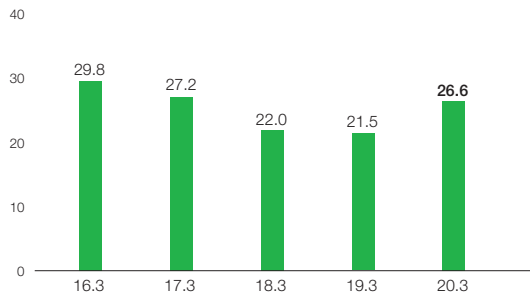
(persons)



■ Of whom were male employees ■ Childcare leave

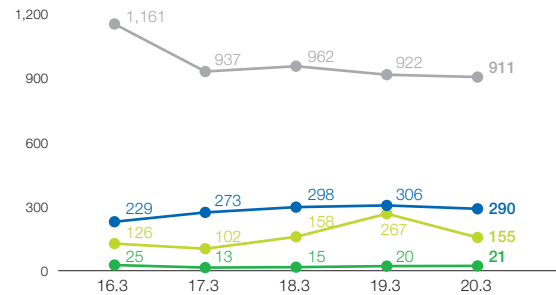
**Monthly Average Overtime Hours per Employee**  
(Non-consolidated data)

(hours)



**Information Communication / Recommendation Projects**  
(Non-consolidated data)

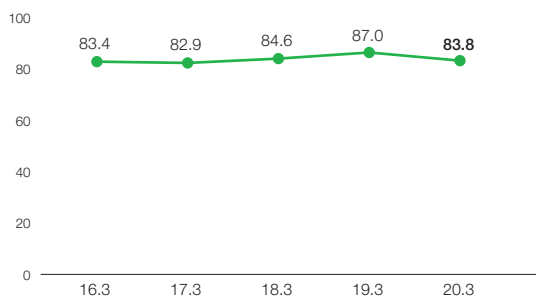
(Copies / times)



● Books published ● Contributions to newspapers and magazines  
● Public lectures given ● TV / radio appearances

**Client Satisfaction (Non-consolidated data)**

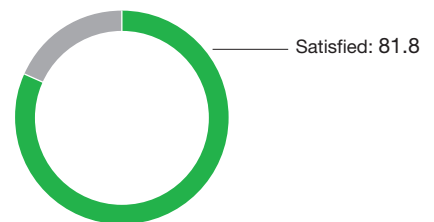
(%)



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

**Employee Satisfaction (Non-consolidated data)**

(%)



(Note) Survey of NRI employees working in Japan (as of July 1, 2019). No. of valid respondents: 5,706; collection rate: 83%. The ratio of employees thought to be satisfied is the ratio of "Satisfied" and "Moderately satisfied" on a four-level scale.

## Vision2022 and NRI Sustainability Management Policy

In April 2015, NRI launched its long-term management vision “Vision2022” (V2022), the final year of which is FY March 2023. Under V2022, we are moving forward with NRI Sustainability Management that enables both NRI’s continued growth and building of a sustainable future.

### The “Dream Up the Future” Corporate Philosophy and CSV

The concept of CSV (Creating Shared Value), which creates business opportunities and enables both the corporate growth and creation of a sustainable society by resolving social issues through the main business activities, has garnered attention in recent years. To achieve sustainable growth, it is indispensable that a company creates both social and economic value, and carries out management from a long-term perspective. The “Dream up the future” corporate philosophy – advocated by NRI since around the time of founding – encapsulates the Company’s commitment to contributing to the resolution of social issues and creating a better tomorrow through the power of innovation. This commitment contains the concept of CSV. Each NRI Group employee shares the thinking that the continued enhancement of NRI’s corporate value can be found only through its resolution of social issues.

### NRI Sustainability Management

NRI’s will to “Dream up the future” is in our DNA and has been inherited by V2022, which was announced in April 2015. Our commitment – to contribute to creating a thriving future society with our clients, to pioneer globally, digitally, and into the realm of the future with the spirit of being ahead of the times, and to solidly create value and provide them to society and clients – is declared in our V2022 Vision Statement, “Share the Next Values!”

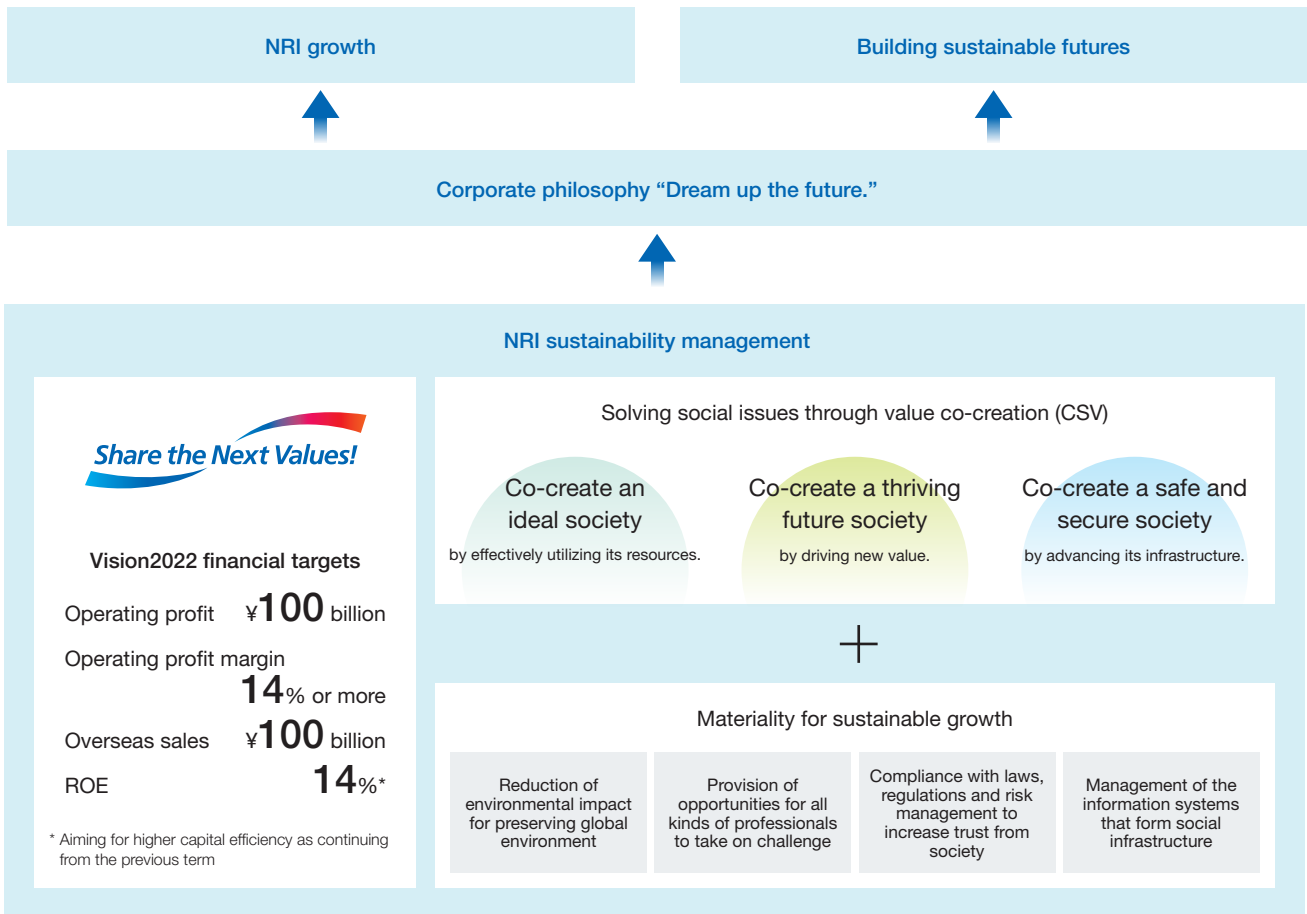
Further, under V2022, in addition to the key issues for sustainable growth, which are financial targets and non-financial targets linked to growth strategy, we are advocating “solving social issues through value co-creation” that clearly indicates efforts toward CSV. Among them, social value created through all NRI businesses has been defined as the NRI Group’s 3 Social Values. They will be incorporated into the PDCA cycle of management, monitored, and promoted as NRI Sustainability Management that enables both the continued growth of NRI and building sustainable future society.

#### Long-Term Management Vision “Vision2022” Vision Statement



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

NRI Sustainability Management Policy



Solving Social Issues through Value Co-creation

NRI's 3 Social Values		Key NRI Initiatives
<p><b>Co-create a thriving future society</b> by driving new value.</p>	<p>Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.</p>	<ul style="list-style-type: none"> <li>● <b>Business Model Transformation</b> <ul style="list-style-type: none"> <li>• DX consulting &amp; analytics</li> <li>• D2C, DX for financial services</li> <li>• Cross-sector cooperation, new market entry support</li> </ul> </li> <li>● <b>Policy proposals for society &amp; systems, information &amp; knowledge sharing to promote global discussion &amp; action in all sectors</b></li> </ul>
<p><b>Co-create an ideal society</b> by effectively utilizing its resources.</p>	<p>Strive to build a more livable society for all people by efficiently utilizing society's main resources of manpower, goods, capital and intellectual property to develop dynamic, strong industry.</p>	<ul style="list-style-type: none"> <li>● <b>Business Process Transformation</b> <ul style="list-style-type: none"> <li>• Strategy / Operations / System Consulting</li> </ul> </li> <li>● <b>Resource Optimization with ASP</b> <ul style="list-style-type: none"> <li>• "STAR", "BESTWAY" and other proprietary business platform solutions</li> </ul> </li> </ul>
<p><b>Co-create a safe and secure society</b> by advancing its infrastructure.</p>	<p>Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.</p>	<ul style="list-style-type: none"> <li>● <b>IT Infrastructure Transformation</b> <ul style="list-style-type: none"> <li>• Cybersecurity business</li> <li>• Cloud &amp; Data Center managed services</li> </ul> </li> <li>● <b>Stable Service Operation</b></li> <li>● <b>Disaster Prevention &amp; Reduction Policy &amp; Disaster Recovery Support</b></li> </ul>

# Vision2022 and Medium-Term Management Plan Overview and Progress Status

As we aim for the final goal of V2022, NRI is moving forward with the Medium-Term Management Plan (2019-2022), the four-year second half of V2022. In FY March 2020, the first year of the Plan, the growth strategy of the Medium-Term Management Plan progressed steadily, and we achieved a high level of performance.

## Overall Picture of V2022 and the Positioning of the Medium-Term Management Plan

In April 2015, NRI launched its Long-Term Management Vision "Vision2022" (V2022), the final year of which is FY March 2023. This indicates the determination to refine IP, one of NRI's existing strengths, as well as to dramatically expand globalization and create new value in the digital area.

The Medium-Term Management Plan (2016-2018) was launched in April 2016 as the first step toward achieving V2022, and NRI promoted the four priority themes of (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. As a result, in FY March 2019 (the final fiscal year), we were able to achieve the originally planned goals of ¥500 billion in net sales and ¥70 billion in operating profit. In addition, we were able to further deepen "Con-Solution," which is critical to the promotion of NRI-like DX business.

NRI launched the Medium-Term Management Plan (2019-2022), the four-year second half of V2022 that aims for the final goal of V2022, in April 2019. As the digital transformation of society speeds even faster ahead, NRI is moving forward with the three growth strategies of (1) DX Strategy, (2) Global Strategy, and (3) Human Resources Strategy, in order to achieve both resolution of the issues of our clients and society and the growth of NRI's businesses.

## 5 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\*\*1 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)

## Vision2022 Numerical Targets

Operating profit	¥100 billion
Operating profit margin	14% or more
Sales from global business	¥100 billion
ROE	14%*2

\*1 IT directly contributes to the expansion of clients' businesses

\*2 Aiming for higher capital efficiency as continuing from the previous term

## Growth Strategy of Medium-Term Management Plan (2019-2022)

### Main strategies

DX	<p>Use technology to transform customer business models and processes</p> <ul style="list-style-type: none"> <li>• Offer comprehensive support through DX from front-office to core systems to develop large-scale customers</li> </ul>
Business platform	<p>Evolve business platforms (BPFs) in finance</p> <ul style="list-style-type: none"> <li>• Additional expansion of BPFs that cater to IT structure reform and new entry</li> </ul>
Cloud	<p>Modernize legacy systems by using cloud</p> <ul style="list-style-type: none"> <li>• Comprehensive support from diversifying system platforms to application development</li> </ul>
Global	<p>Achieve more global business growth, seeking sales of ¥100 billion</p> <ul style="list-style-type: none"> <li>• Expand business base, centered on external growth in Australia and North America</li> </ul>
Human resources	<p>Strategic recruiting, talent development and collaboration with partners to bolster NRI's competitiveness</p> <ul style="list-style-type: none"> <li>• Increase mid-career recruiting, offer diverse work styles, etc.</li> </ul>

## The Three Growth Strategies and Progress Status of the Medium-Term Management Plan

The following is an overview of the Three Growth Strategies of the Medium-Term Management Plan and an explanation of the progress in FY March 2020, the first fiscal year of the Plan.

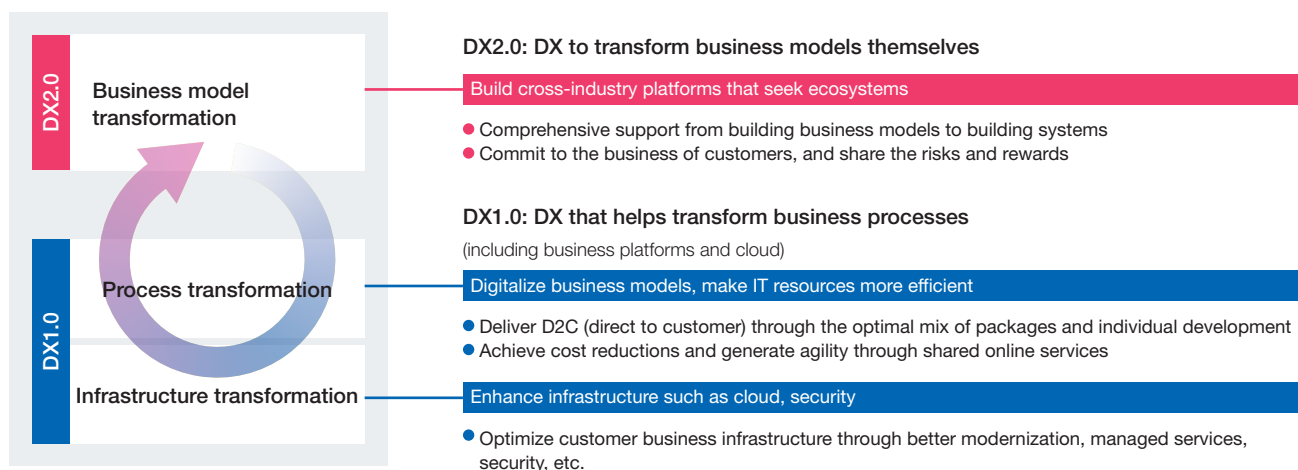
### 1. DX Strategy

Around 2017, during the Medium-Term Management Plan (2016-2018), investment in DX started due to a sudden increase in IT investment for business model and work process transformation utilizing digital technologies. NRI is constructing competitive advantages by utilizing our strength of combining consulting and IT solutions.

The DX business of NRI defines “DX1.0” as DX that contributes to work process transformations in existing businesses and “DX2.0” as DX that generates new business models themselves via digital technologies. In the field of “DX1.0”, NRI is moving forward with many initiatives related to the streamlining of business process and further sophistication of infrastructure, utilizing digital technology. The demand is high for infrastructure transformation of the launch of EC business and the accompanying distribution/inventory systems in the distribution, manufacturing, and service industries, etc., in particular, and NRI is providing support for it.

In the field of “DX2.0”, we establish joint ventures with clients and companies that have advanced technologies and promote the creation of new businesses utilizing digital technologies via collaboration. In September 2019, NRI established BOOSTRY, a joint venture with Nomura Holdings, Inc., and has started business to develop transaction platforms for securities, etc., using blockchain technology.

#### Business Expansion in DX Strategy



#### Business Platform Strategy

We will aim to expand the clients and services by providing new services such as those for handling back-office work, while expanding the users of shared online services such as “THE STAR,” a back-office solution for retail brokerage firms. (See P.31.) In addition, NRI aims to provide new business platforms to our clients who are entering the financial services sector from other industries. In FY March 2020, shared online services expanded significantly, including the decision by Mizuho Securities Co., Ltd., a major securities company, to adopt “THE STAR.”

#### Cloud Strategy

Demand for overall system optimization is increasing due to diversification and sophistication of customer system platforms, such as on-premise usage and utilization of multiple cloud platforms. In order to meet this demand, NRI provides multi-cloud services that enable the centralized management of multiple cloud platforms and managed services that comprehensively assist and optimize entire systems in lieu of customer IT departments. In March 2020, NRI announced that, as part of strengthening this service, it would be the first company in the world to adopt Oracle Corporation’s “Oracle Cloud” dedicated region, and use it as NRI’s exclusive public cloud.

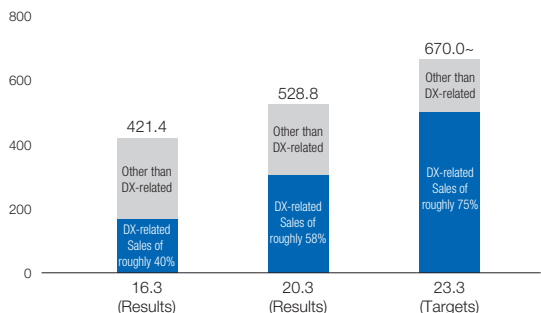
**DX-related Sales**

In order to communicate the degree of achievement of the DX strategy described previously, NRI started detailed disclosure of the ratio of net sales consisting of DX-related sales, beginning in FY

March 2020. The ratio was approximately 58% as of the end of March 2020, and we have set a goal of expanding it to approximately 75% by the end of March 2023.

**Numerical Targets for DX-related Sales**

(billions of yen)



Category	Services
Other than DX-related	<ul style="list-style-type: none"> <li>Conventional consulting other than DX</li> <li>On-premises + scratch system development</li> <li>BPO services, etc.</li> </ul>
DX-related	<ul style="list-style-type: none"> <li>Business platforms such as THE STAR, BESTWAY, T-STAR, etc.</li> <li>DX consulting &amp; analytics, D2C assistance, CRM, digital marketing</li> <li>Improved work efficiency via RPA, AI, and SCM transformation</li> <li>Cloud, security, managed services, etc.</li> </ul>

**2. Global Strategy**

In order to achieve our target of ¥100 billion in overseas sales as indicated in V2022 and our Medium-Term Management Plan (2019-2022), we are executing growth strategies for the three regions of Australia, North America, and Asia / Europe, and moving forward with the expansion of our global business base with external growth via M&A, etc. In April 2020, NRI announced that it had begun procedures\*1 to acquire stock in AUSIEX Ltd., a member of the CBA Group\*2. In addition to aiming for participation in back-office operations services in Australia's wealth management market, which is expected to grow, NRI will take large strides in establishing an infrastructure for expansion of business into the financial sector in the future.

Though sluggishness in Australia's macro environment and intensification of competition in the North American IT industry, along with the impact of the spread of COVID-19, have increased the severity of the environment surrounding the immediate overseas business, we will continue to move forward with the expansion of our global business base with appropriately controlling business risks.

\*1: Stock acquisition to be executed by the end of June 2021 (tentative), pending the fulfillment of all terms specified in the SPA (stock purchase agreement)

\*2: Commonwealth Bank of Australia Limited: One of the four largest banks in Australia, and listed on the Australian stock exchange

**Global Strategy**

**Australia**

- Seek to be a top-10 Australian IT services company by around FY March 2021
- Achieve additional external growth in fields where synergies can be anticipated

**North America**

- Acquire high-value-added IP of companies with advanced technologies and expertise

**Asia, Europe**

- Further expand consulting for Japanese and local companies in locations throughout Asia
- Expand outsourcing business geared toward financial institutions, with NVANTAGE at the core

**Functions of Global Headquarters**

- Formulate global strategies and support their execution
- Work together with regional controlling companies such as NRI Australia, and strengthen governance of overseas subsidiaries

**Efforts to build a business base in Australia**

- Began the procedure to acquire shares of AUSIEX stock
- Enter back-office operations services in Australia's wealth management market
- In the future, aim to be part of Australia's direct finance market infrastructure

**Overview of AUSIEX**

Name:	Australian Investment Exchange Limited
Location:	Sydney
Established:	November 25, 1996
Net sales (FY ended June 2019):	AUD \$61,813,000 (¥4,092 million*)
Business activities:	Back-office services for managing securities trading and portfolios, etc.

\* AUD \$1 = ¥66.21



### 3. Human Resources Strategy

Because there is an urgent need to secure human resources that can solidly move forward in DX strategy, global business, and other growth areas, NRI is strengthening new graduate and mid-career hiring, and developing employees. Hiring activities are proceeding smoothly, and we are securing both new graduate and mid-career hires according to plan. Further, we have enhanced training programs for human resources who want to acquire skills needed for DX projects or convert their skills.

In addition, we are fostering an organizational culture that makes it possible for employees to play an active role and take on challenges, promoting diversity, and moving forward with NRI-like work-style reform. Furthermore, we have collaborated with, and strengthened our relationships with, business partners that have expertise and are well-versed in digital technologies.

#### Human Resources Strategies

Bolster hiring	<ul style="list-style-type: none"> <li>● Increase of 1,000 employees or more (non-consolidated) over four years</li> <li>● Bolster new graduate hiring: Bolster promotions, etc.</li> <li>● Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc.</li> </ul>								
	<table border="1"> <thead> <tr> <th></th> <th>FY Mar. 2019</th> <th>FY Mar. 2023 (Plan)*</th> </tr> </thead> <tbody> <tr> <td>New graduate hires</td> <td>About 300 persons</td> <td>Stable expansion</td> </tr> <tr> <td>Mid-career hires</td> <td>About 100 persons</td> <td>Double</td> </tr> </tbody> </table> <p>* Non-consolidated</p>		FY Mar. 2019	FY Mar. 2023 (Plan)*	New graduate hires	About 300 persons	Stable expansion	Mid-career hires	About 100 persons
	FY Mar. 2019	FY Mar. 2023 (Plan)*							
New graduate hires	About 300 persons	Stable expansion							
Mid-career hires	About 100 persons	Double							
Promote employee skills transfer and development	<ul style="list-style-type: none"> <li>● Strategically develop business designers, data scientists, and other such personnel</li> <li>● Skills transfer and development for application / platform personnel to support DX strategy</li> </ul>								
Promote employee success	<ul style="list-style-type: none"> <li>● Promote diverse work styles (diversity, participation and advancement of women and senior personnel, etc.)</li> </ul>								
More development partners	<ul style="list-style-type: none"> <li>● Get more development partners which have technologies and expertise in areas such as DX</li> </ul>								

### Toward Achievement of the Goals of V2022 and the Medium-Term Management Plan

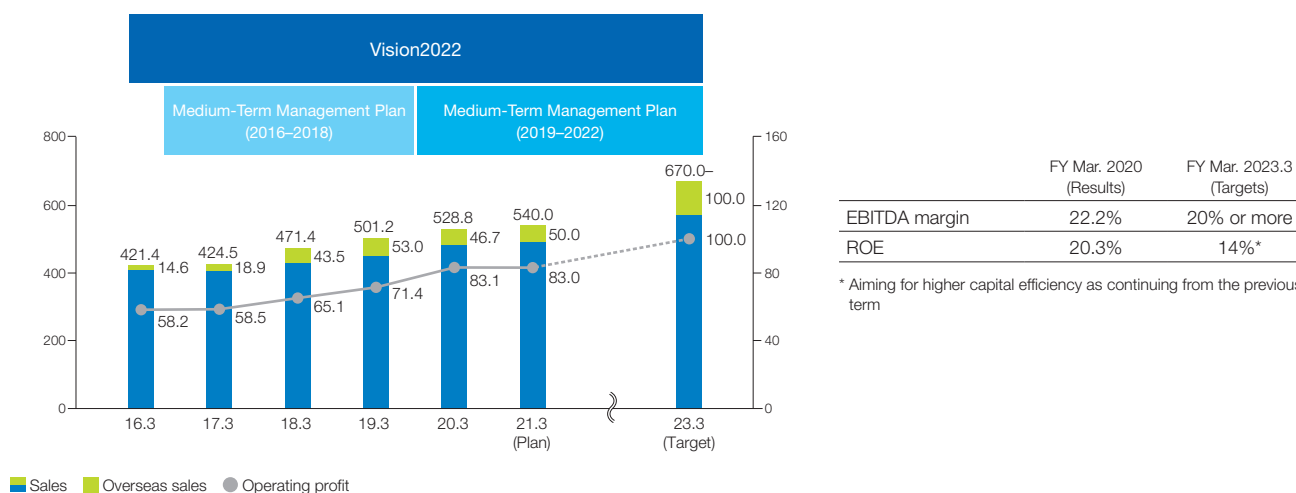
As a result of solid implementation of the aforementioned Three Growth Strategies, net sales for FY March 2020 reached ¥528.8 billion (up 5.5% year on year), operating profit reached ¥83.1 billion (up 16.4% year on year), and profit attributable to owners of parent was ¥69.2 billion (up 36.0% year on year), with each hitting the highest level ever.

Since the spread of COVID-19 began, there have been lively debates regarding the digitalization of economic activities, and it is believed that the digital strategy of companies will accelerate sharply in the future. The NRI Group is working to stay ahead of social changes, discern the ideal nature of future society, and achieve that goal.

Although the immediate future is unclear, NRI will continue to strive to achieve the consolidated performance targets for FY March 2023, as stipulated in the Medium-Term Management Plan, of at least ¥670 billion in net sales, ¥100 billion in operating profit, and ¥100 billion in overseas sales.

#### Medium-Term Management Plan (2019–2022) Financial Targets

(billions of yen)



## CFO Message



Balancing high capital efficiency with financial discipline, while seeking to further boost our corporate value

**Kenji Yokoyama**

Senior Corporate Managing Director  
Head of Finance

### High Capital Efficiency and Greater Shareholder Returns

Finance management at NRI emphasizes financial soundness, aiming to balance growth with returns while keeping capital efficiency in mind.

In August 2019, NRI conducted a share buyback of roughly ¥160 billion in treasury stock from main shareholder Nomura Holdings, Inc. Along with steady profit growth, this initiative helped push NRI's ROE above 20% in FY March 2020. This is already well above our target of 14% for the final year of Vision2022 in FY March 2023. Our ROE is already at a sufficiently high level compared to industry peers in Europe and the United States, but going forward we will seek high capital efficiency with global standards in mind, aiming to consistently keep ROE around 18% to 20%. With earnings per share up significantly to ¥109.35 from ¥72.11 the previous fiscal year, we believe we have significantly enhanced shareholder value.

Measures for shareholder returns during the Medium-Term Management Plan (2019–2022) focus on dividends, and we will continue our policy of a consolidated dividend payout ratio of 35% while seeking to continuously increase cash dividends per share according to income growth.

### Balance Sheet Management during the COVID-19 Pandemic

At NRI, we manage with an emphasis on financial discipline so that we can maintain our services when unseen circumstances arise, due to the social responsibility borne by our information systems that support financial markets and product distribution markets. From the perspective of maintaining liquidity, we have a policy of maintaining approximately two to three months' worth of sales as funds on hand (cash and cash equivalents). To cope with the recent spread of the COVID-19, we have bolstered our funds on hand to three months' worth of sales, the upper limit of that range. We are also considering a further increase to between three and four months' worth of sales, to have a deeper pool of funds on hand in preparedness for any unexpected circumstances that could arise in the future.

As for raising funds, we are working to diversify the methods we use. This includes the issuance of commercial paper. We set an upper limit of 0.3 times for the net D/E ratio, while maintaining financial soundness by conducting management that is strongly conscious of keeping net interest-bearing debt level within the amount of EBITDA.

Our cross-shareholding policy is to reduce cross-held shares while continuously validating rationality of what we retain. The amount of cross-held shares recorded on our balance sheet at the end of March 2020 was around ¥24 billion, a significant decrease from the roughly ¥50 billion recorded a year earlier at the end of March 2019.

## Financial Management with Consciousness of Global Standards

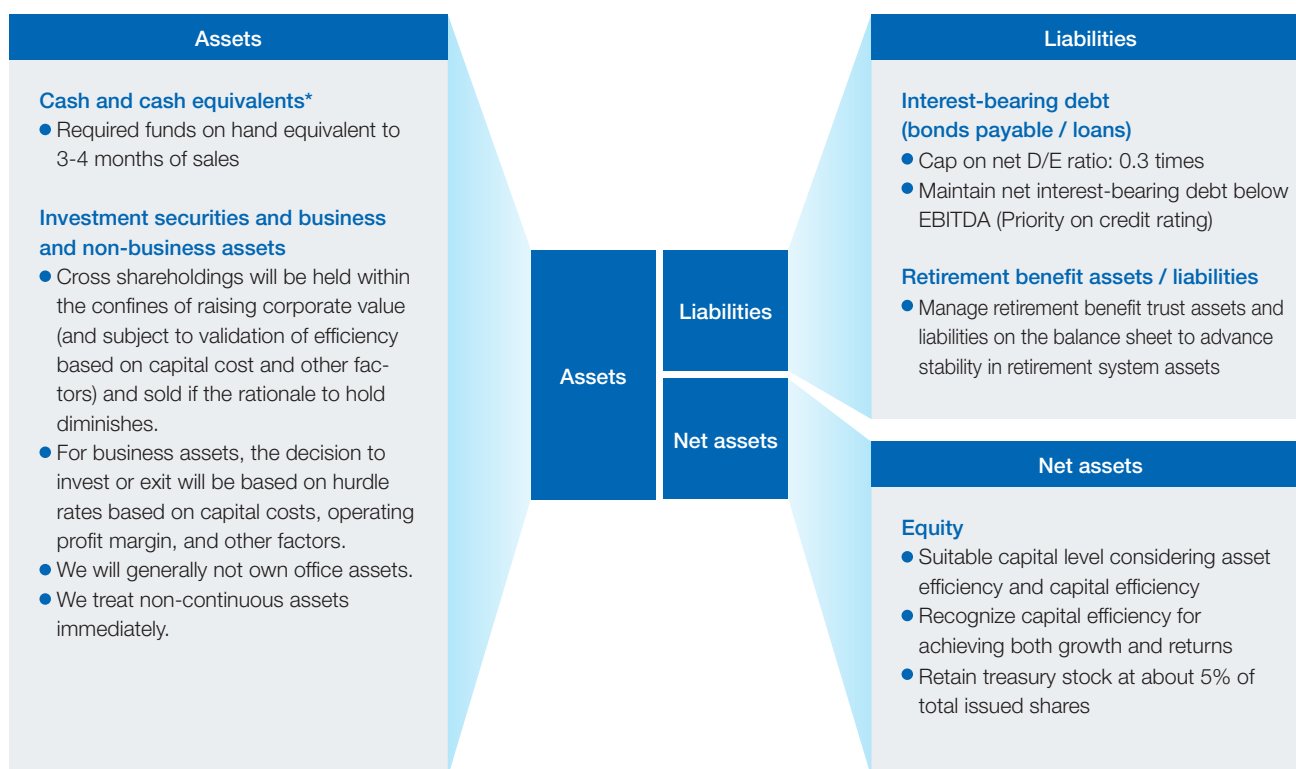
We are pursuing a variety of initiatives in financial management with consciousness of global standards. For example, regarding how our outlook on growth, as emphasizing stable ability to generate cash in addition to expanding sales, we have published a target of 20% EBITDA margin in our Medium-Term Management Plan (2019–2022) out of a strong awareness of benchmarking against industry peers overseas. Our EBITDA margin in FY March 2020 has already reached 22.2%. Even compared to industry peers overseas, our EBITDA margin is quite high. We plan to keep it at a high level of 20% or above going forward. During FY March 2019, we also acquired an S&P rating to bolster our presence overseas.

IFRS implementation is the culmination of our various initiatives in the pursuit of global standards. Preparations for implementation have been proceeding steadily since we began these considerations in earnest back in FY March 2018, and we aim to have IFRS implemented sometime in the near future.

Beyond simply establishing the economic value of our Company, we are seeking to create social value through efforts such as broadening the horizons of our ESG investment and diversifying our methods of raising funds, under our corporate Philosophy of “Dream up the future.” During FY March 2019, we were recognized under the Science Based Targets (SBT) initiative which promotes the setting of environmental targets according to global standards, while also announcing our early approval of the Task Force on Climate-related Financial Disclosures (TCFD) for disclosing the impact of environmental change on finance. We remain committed to progressive efforts such as these. In May 2020, NRI also signed the Business Ambition for 1.5°C pledge, a request for companies to set targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels.

NRI strives to solve social issues via our business and places emphasis on the concept of CSV that aims for both economic value and social value, and will continue to work toward enhancing dialog with our investors via disclosure of various financial and non-financial KPIs and holding ESG briefings, etc.

## Financial Management Policy



\* Cash and cash equivalents

Consists of cash, deposits that can be withdrawn at any time, and short-term investments with maturity within three months of the date of acquisition which are easily convertible and involve little risk of value fluctuations.

## Message from the Head of Corporate Headquarters

Keeping business running and fulfilling our social responsibility as a company that operates information systems that are essential to citizens' lives.

Yasuo Fukami

Representative Director, Member of the Board,  
Senior Executive Managing Director  
Head of Corporate Headquarters



### The Importance of Value Co-creation Reaffirmed in the COVID-19 Pandemic

The rampant spread of the COVID-19 in 2020 is impacting the economic activities of consumers and companies in various ways. We do not know how long this impact will last, so we find ourselves in an unpredictable situation. With these circumstances around us, we at NRI are in the position of supporting the operation of information systems that are essential to the business of our clients, who play key roles maintaining finance, distribution, and other important infrastructure for people's lives and society. Under the state of emergency declaration which began in April of this year, NRI continued operating under the designation of a business engaged in work essential for enduring the stability of people's lives and the national economy in the Basic Policies for Novel Coronavirus Disease Control by the Government of Japan. Our employees came together to keep the information systems that society needs running reliably, while telecommuting and taking other adequate measures against the spread of the virus.

Since NRI was founded, our executives and employees have shared the DNA of NRI's unique way of thinking to help create social value through the Company's business in consulting and IT solutions. We have defined the NRI Group's 3 Social Values for what type of social value to co-create with clients, and we conduct our business accordingly. In the COVID-19 pandemic, I want us to work diligently toward NRI becoming a company that society truly cannot live without, while reaffirming the importance of the value co-creation activities that are our duty to perform.

### Bolstering Efforts for Value Co-creation

To take our value co-creation efforts to the next level, we are implementing value co-creation measures aligned with our company-wide strategy and are defining key performance indexes (KPIs) to measure their progress. The status of value

co-creation efforts is reported in both quantitative and qualitative measurements to the Board of Directors on a quarterly basis and monitored regularly throughout the Company. We also evaluate the value co-creation efforts of executives and employees at the division level, and add to their bonuses based on the results. Taking it a step further, we instill co-creation efforts internally by appointing "Value Co-creation Leaders" to oversee the prevalence and practice of co-creation efforts on-site, while promoting internal dialogue pertaining to these efforts. We believe that this on-site dialog spreads employee buy-in for our value co-creation activities and helps further expand their practical application in our business.

We will continue to create effective mechanisms to further reinforce our sustainability management.

### Exploring the Optimal Work Styles

The COVID-19 pandemic foreshadowed a major change in work styles as many different companies implemented telecommuting. As NRI employees have been able to telecommute for some time, many employees ended up using this system for a large number of hours as a result of the COVID-19 pandemic.

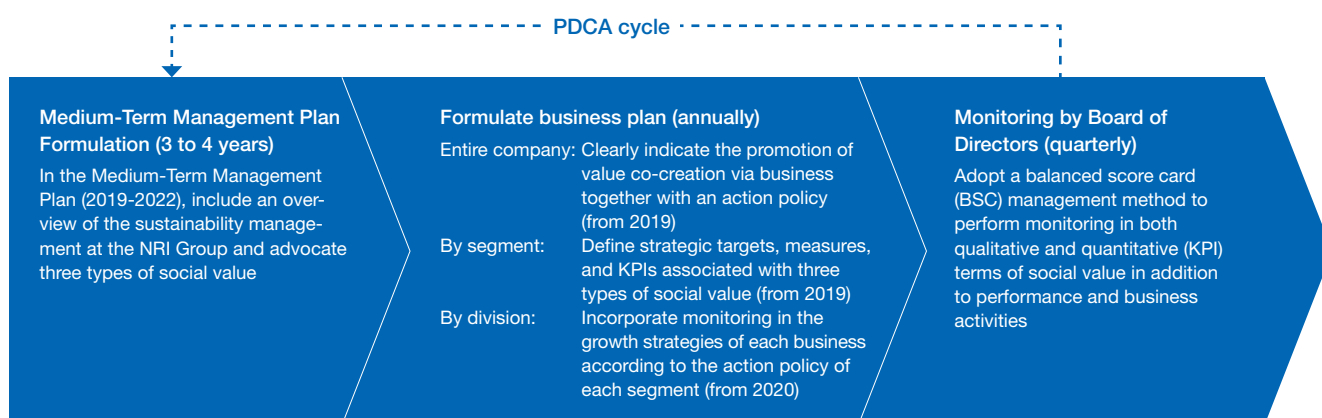
For employees, the natural benefit of telecommuting is better work-life balance. This is something that we absolutely must pursue. On the other hand, telecommuting has also presented some challenges. In some cases, the quality of communication with clients, supervisors, and colleagues has suffered. Restrictions in the environments of clients' systems have also required us to be physically present at work in other cases. Depending on the nature of the work to be performed and the position of the employees involved, the challenges are various. Going forward, we will be implementing NRI's own brand of work-style reforms that establish the optimal combinations of telecommuting with conventional work styles.

## NRI Sustainability Policy

Based on our CSV way of thinking, NRI has defined 3 Social Values that we aim to co-create with clients through our main lines of business such as consulting and IT solutions. We have also defined key performance indexes (KPIs) to monitor our progress in each type of value co-creation.

In addition to CSV-related efforts, we are also addressing our materiality for sustainable growth which underlies these efforts. Furthermore, from the perspectives of management and external stakeholders, we have identified and are working toward four priority issues for our sustainable growth materiality, which are geared toward achieving the Sustainable Development Goals (SDGs). We identified these themes based on international standards and guidelines such as GRI standards, 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. (See P.52.)

## Monitoring the Status of Efforts for Co-creation



## Co-creation Efforts and Key Performance Indexes (KPIs)

“—” means undisclosed

Social value	Medium- to long-term measures	Key indexes	Results in FY March 2020
<b>Co-create a thriving future society</b> by driving new value.	Provide social recommendations and system proposals	Number of appearances in major media publications*1	122
	Promote DX	DX-related sales	308 billion yen
	Create new business models	Overall scale of DX2.0 business	—
<b>Co-create an ideal society</b> by effectively utilizing its resources.	Contribute to reforms for the greater good	Number of business partnerships (joint ventures, local government agencies supported, etc.)	4
	Expand services in business platforms	Size of orders received for operational reform consulting	—
	Generate environmental benefits for clients through business platforms	Business platform sales	103.6 billion yen
	Help build IT infrastructure to create an ideal society	Client CO <sub>2</sub> emission reductions through shared online services*2	83,299 tons
<b>Co-create a safe and secure society</b> by advancing its infrastructure.	Help upgrade the social infrastructure	Scale of cloud and data center services business	—
	Contribute to information security	Scale of business for the public sector	—
	Maintain the quality of systems in operation	Amount invested in security, safety, and peace of mind	5.7 billion yen
(Overall)	Facilitate long-term CSV activities	Number of systems failures	—
		Amount of contributions to the <i>NRI Dream Up the Future Fund</i>	(Launches in FY March 2021)*3

\*1 Articles that contain photos of or at least two paragraphs about NRI

\*2 CO<sub>2</sub> emissions reduction: Difference between the estimated amount of CO<sub>2</sub> emissions if the client were not to use the business platform and their actual emissions (assuming use of the platform)




\*3 Amount of contribution in the first year (FY March 2021) is predicted to be 830 million yen

# Results of Main Sustainability Activities








Our Sustainability Policy is composed of CSV initiatives for solving social issues through value co-creation, and materiality for sustainable growth that supports the aforementioned CSV initiatives. Based on this Sustainability Policy, NRI is implementing a variety of activities aimed at building a sustainable future.

The following is an introduction of initiatives for materiality for sustainable growth for supporting value creation at NRI.

## Initiatives for Materiality for Sustainable Growth








Materiality for sustainable growth	Main policies / Related SDGs / KPIs (Results from FY Mar. 2020)	Examples of main sustainability activities	Page No.
<p>Reduction of environmental impact for preserving global environment</p>	<ul style="list-style-type: none"> <li>Response on climate change</li> <li>Sustainable energy consumption</li> <li>Responsibility and conservation to the environment</li> <li>Environment-conscious supply chain</li> </ul>  <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     Reduction of greenhouse gas emissions (43.8%, compared to FY March 2014)                 </div>	<ul style="list-style-type: none"> <li>Set a New Environmental Target (reduce greenhouse gas emissions by 55% by FY March 2031 (compared to FY March 2014))</li> </ul>	P.68
		<ul style="list-style-type: none"> <li>Implemented and expanded the scope of NRI-EMS, a unique environmental management system for offices at NRI</li> </ul>	P.69
		<ul style="list-style-type: none"> <li>Relocated to office buildings with superior environmental performance; used renewable energy</li> </ul>	P.68
		<ul style="list-style-type: none"> <li>Acquired SBT Initiative certification for greenhouse gas reduction targets formulated by NRI</li> </ul>	P.68
		<ul style="list-style-type: none"> <li>Joined RE100, an initiative by corporations seeking to transition to 100% renewable energy for power used in business activities</li> </ul>	P.68
		<ul style="list-style-type: none"> <li>Initiatives pertaining to Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul>	P.70
		<ul style="list-style-type: none"> <li>Selected for the CDP's highest rating, the Climate Change 'A List'</li> </ul>	P.69
		<ul style="list-style-type: none"> <li>Providing ESG training for employees</li> </ul>	P.69
<p>Provision of opportunities for all kinds of professionals to take on challenge</p>	<ul style="list-style-type: none"> <li>Human resource diversity</li> <li>Healthy employment and labor-management relationship</li> <li>Respect on human rights</li> </ul>  <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     Ratio of female managers (7.1%)                      Ratio of female hires (28.2%)                 </div>	<ul style="list-style-type: none"> <li>Human resources development initiatives including DX human resources development programs</li> </ul>	P.54
		<ul style="list-style-type: none"> <li>Formulating the NRI Group Human Rights Policy and NRI Group AI Ethics Guidelines, Publishing the NRI Group Human Rights Report</li> </ul>	P.58
		<ul style="list-style-type: none"> <li>Expanded actions to support the balance of work and child-rearing by male employees</li> </ul>	P.58
		<ul style="list-style-type: none"> <li>In June 2017, opened the in-office nursery Yumeminato Hoikuen</li> </ul>	P.58
		<ul style="list-style-type: none"> <li>Based on the "Act on Employment Promotion, etc. of Persons with Disabilities," promoted the hiring of persons with disabilities by our special subsidiary NRI Mirai</li> </ul>	P.58
		<ul style="list-style-type: none"> <li>Developed a new office environment which promotes work-style reform and internal/external interactions</li> </ul>	P.59
<p>Compliance with laws, regulations and risk management to increase trust from society</p>	<ul style="list-style-type: none"> <li>Enhancement of corporate governance</li> <li>Risk management</li> <li>Action against corrupt practices abroad</li> <li>Appropriate information disclosure to the customers</li> </ul> 	<ul style="list-style-type: none"> <li>Established the Nomination Committee, which is mainly composed of independent directors</li> </ul>	P.72
		<ul style="list-style-type: none"> <li>Changed the main members composing the Compensation Committee from external experts to independent Members of the Board</li> </ul>	P.72
		<ul style="list-style-type: none"> <li>Implemented the restricted stock compensation plan as a medium- to long-term incentive compensation plan for Members of the Board</li> </ul>	P.76
		<ul style="list-style-type: none"> <li>Held the Sustainability Dialogue in order to discuss CSR with business partners</li> </ul>	P.62
		<ul style="list-style-type: none"> <li>Held the ESG briefing</li> </ul>	P.63
		<ul style="list-style-type: none"> <li>Evaluating efforts for value co-creation at the division level, and adding it to their bonuses</li> </ul>	P.77
		<ul style="list-style-type: none"> <li>Established the Global Headquarters for global governance</li> </ul>	P.81
		<ul style="list-style-type: none"> <li>Enhanced project monitoring functions and held other activities to improve the quality of information systems</li> </ul>	P.64
<p>Management of the information systems that form social infrastructure</p>	<ul style="list-style-type: none"> <li>Management of information security and system</li> <li>Access to information society</li> </ul>  <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     Information systems failures that have serious financial or societal impact (no occurrences)                 </div>	<ul style="list-style-type: none"> <li>Held the DX Production Innovation Forum and took other activities to improve company-wide quality and productivity</li> </ul>	P.65
		<ul style="list-style-type: none"> <li>Held the Safety and Security Forum and acquired certification / guarantees from third-party organizations</li> </ul>	P.65
		<ul style="list-style-type: none"> <li>Increased the level of information security measures both inside and outside Japan</li> </ul>	P.66
		<ul style="list-style-type: none"> <li>Increased the sophistication of our Computer Security Incident Response Team (CSIRT) in order to respond to cyber attacks</li> </ul>	P.67

Participation in Initiatives

 <p>May 2017  <b>United Nations Global Compact (UNGC)</b>                  NRI is active both in Japan and on a global scale. To continue to gain trust from society and meet expectations, NRI endorsed the United Nations Global Compact (UNGC) and announced its participation in May 2017.</p>		
<p>June 2018  <b>Japan Climate Initiative</b></p> 	<p>July 2018  <b>Task Force on Climate-related Financial Disclosures</b></p> 	<p>September 2018  <b>Science Based Targets initiative</b></p> 
<p>January 2019  <b>World Business Council for Sustainable Development (WBCSD)</b></p> 	<p>February 2019  <b>Renewable Energy 100%</b></p> 	<p>May 2020  <b>Business Ambition for 1.5°C</b></p> 

Status of Inclusion at Equities in ESG Stock Indices

NRI is included in the equities used for the main ESG stock indexes.

<p><b>Dow Jones Sustainability World Index</b>                  Included for two consecutive years from 2018</p> <p><b>Dow Jones Sustainability Asia Pacific Index</b>                  Included for four consecutive years from 2016</p> 	<p>NRI is included in all four ESG stock indices selected by the GPIF.</p> <p><b>MSCI Japan ESG Select Leaders Index*</b></p> 
<p><b>MSCI ESG Leaders Indexes*</b>                  Name of indexes changed from MSCI Global Sustainability Indexes                  Included for four consecutive years from 2016</p> 	<p><b>MSCI Japan Empowering Women Index*</b></p> 
<p><b>FTSE4Good Index Series</b>                  Included for fourteen consecutive years from 2006</p> 	<p><b>FTSE Blossom Japan Index</b></p>  <p><b>S&amp;P /JPX Carbon Efficient Index</b></p> 

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# Human Capital / Intellectual Capital

## 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 confers 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 and an internal job posting and self-certification system that aims to increase opportunities for employees to choose their own careers and have the right people in the right places.

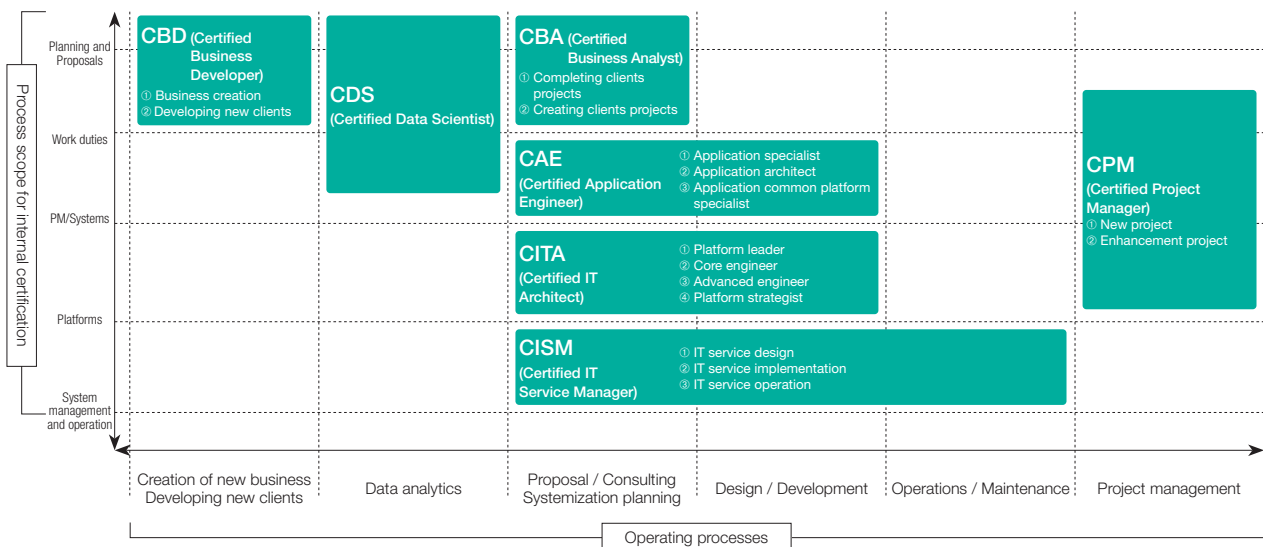
In addition to compensation for short-term performance, we have implemented incentives for medium- and long-term contribution; specifically, for the achievement of sustainable improvements in corporate value. Examples of incentives include retirement allowances, a defined contribution pension plan, employee stock ownership, and an E-Ship\*.

\* Employee Share Holding Incentive Plan: Uses share holding by employees to create the incentive of subsequent increases in share prices.

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)





## 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 (OJT). NRI believes that providing OJT 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. Training programs at NRI (Figure 3) can be divided into two main types: training according to seniority and training according to career field. In addition to curriculums depending on seniority and title, programs according to seniority include managerial talent development of selected individuals, curriculums depending on job type, courses that support women's participation and advancement in the workplace, and courses for veteran career development. Programs according to career field provide a variety of training programs that fulfill the diverse needs of employees. They are directed to the development of individual capabilities that are in line with career fields (Figure 1), career development that aims for acquisition of internal certifications and other objectives. 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 implements many overseas programs to develop global business leaders who can promote the Global Strategy, which is one of the growth strategies contained in the Medium-Term Management Plan (2019–2022). We are especially focusing on an overseas training system where employees can experience global business for about one year through an internship at the overseas office of a globally active client company. Over the past eight years, 180 trainees have so far been sent to 16 countries overseas.

The overseas studies program is a system through which employees obtain wide-ranging knowledge and expertise as well as advanced technical capabilities. In addition to MBAs from overseas business schools, the acquisition of degrees in other fields, such as computer sciences (MSE/MCS) and law (LLM), is also actively pursued. Training is also implemented in China and India to learn project management and data sciences.

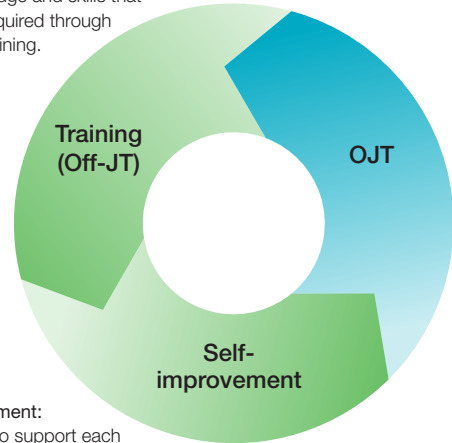
## Three Fundamental Elements of Human Resources Development

### Training:

Compile knowledge gained from on-the-job training for more in-depth understanding. Learn knowledge and skills that cannot be acquired through on-the-job training.

### OJT:

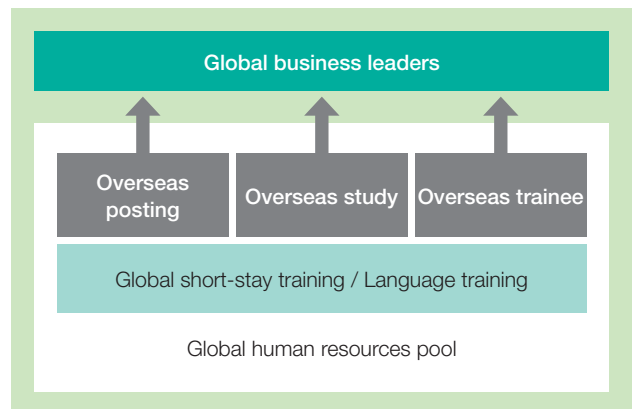
Practical experience is the best chance to gain the capabilities of a professional



### Self-improvement:

Frameworks to support each employee's ongoing efforts

## NRI's Global Human Resources Development Program



Training Program System (Figure 3)

		Compulsory	Recommended	Open recruitment		
Classification	Junior employees		Mid-career employees		Manager / GM / Department head	
	Program according to seniority	New employee training Specialist training	Deputy supervisor training Supervisor training Veteran career planning workshop Female leader development training	Manager training GM training Department head training Training for selected Mid-career employees (management knowledge, leadership, cross-industry exchange meeting, etc.) Female manager training	Training for selected managers Training for selected GMs Training for selected department heads Inclusion seminar for management-level employees	
Program according to career field	Managerial talent					
	Priority fields	Consulting training IT skills training Other skills training	Basic career training (common to all fields; elective) Hands-on career training (by career field)	Advanced career training (by career field)		
Other		DX human resources development program				
		Global human resources development program				
		Self-improvement support program				
	Development programs according to division (Division / Group company / Global)			Selected programs by division		
	Diversity-related programs					

## Development of DX Human Resources

NRI implements a program to develop human resources who can accelerate the DX Strategy, which is a pillar of the growth strategies contained in the Long-Term Management Vision “Vision2022” and the Medium-Term Management Plan (2019–2022). Education to re-skill and increase the capabilities of consultants and systems engineers, who already possess conventional abilities, is being carried out. This enables them to utilize their existing skills while expanding their area of activity to include the field of digital transformation (DX). By doing so, we are promoting the strategic shift of NRI’s human resources portfolio to one that we are aiming for in the DX age.

### DX Human Resources Development Program

With the aim of strengthening capabilities – such as those in artificial intelligence (AI), analytics, blockchain, UX design, agile software development, and microservice architecture – that are required in the DX age, NRI offers training for the acquisition of DX skills. The training is available across different lengths of service in addition to the traditional skills cultivation that takes place according to how long a person has been with the Company (Figure 1). There is a wide array of curriculums available. They include not only those for the acquisition of basic knowledge and IT skills but also courses that share implementation know-how, the latest business-use cases as well as deep insights, distinctive of NRI, and edgy business acumen.

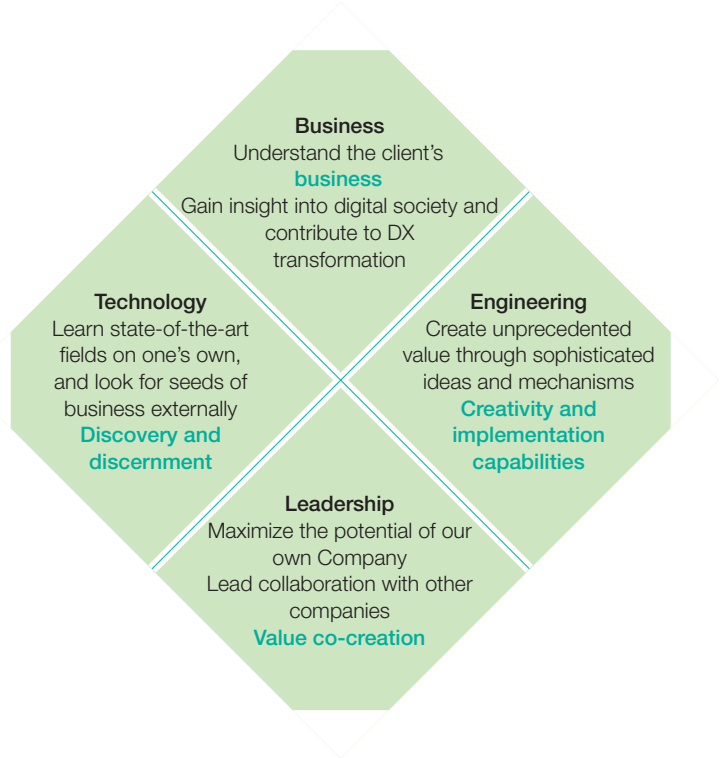
Furthermore, proactive collaboration is carried out with research bodies (graduate schools, etc.) in Japan and abroad, external organizations, such as data scientist (DS) associations, and companies. A multitude of academic knowledge and progressive cases are incorporated to establish places of learning of a higher level as well as support employees in their development of human networks and stages for achieving success. Going forward, curriculums will be planned and designed around creating opportunities for learning, opportunities for development, opportunities for becoming connected, and opportunities for playing an active role. They will be adapted to providing chances for acquiring high skills of greater efficiency (Figure 2).

We are focusing on cultivating data scientists, such as by establishing “data scientist” as a career field in 2012, and institutionalizing “certified data scientist” in 2017.

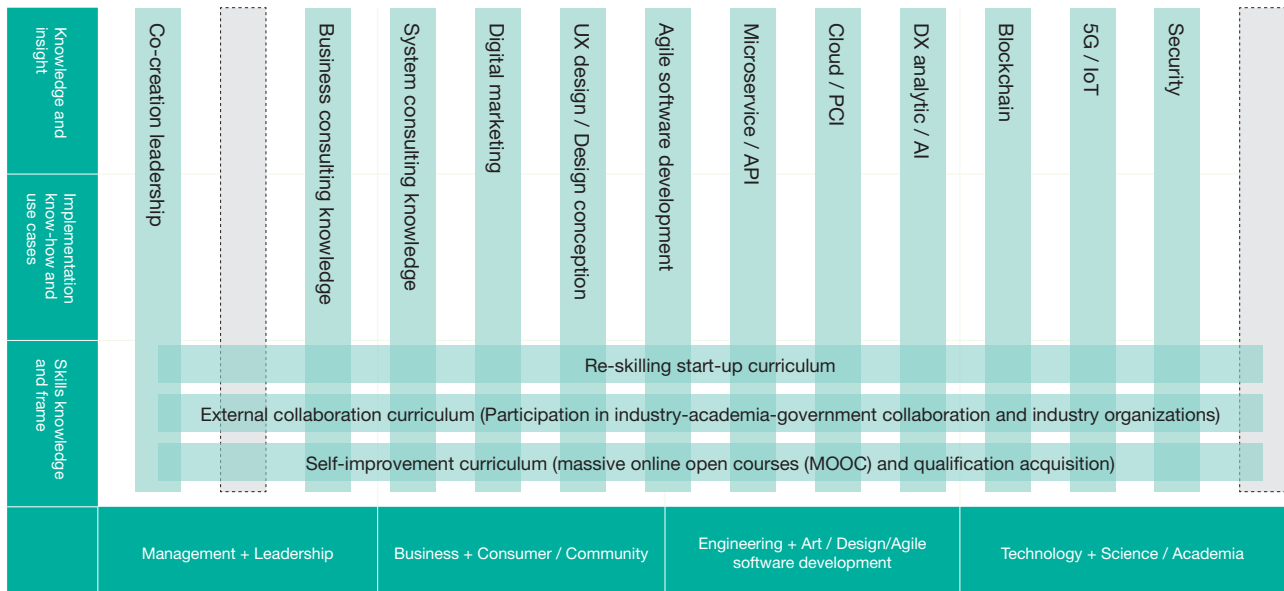
Ranks have been established in accordance with skill levels for each capability to develop the human resources required for execution of the DX Strategy. Programs are planned and operated after establishing numerical targets in regard to the number of people to be cultivated.

### DX Human Resources Development Policy (Aimed-for Ideal)

Each employee will add on the following essences for surviving the DX age while leveraging the skills they have already nurtured through their careers, and they will aim to become human resources who will lead the DX age.



DX Human Resources Development Program (Figure 1)



The Four Places of Learning (Figure 2)

1	Opportunities for learning	Each individual obtains opportunities to learn for making challenges into new fields	2	Opportunities for development	Individuals learn while contributing to the development of the next generation as an expert
<ul style="list-style-type: none"> <li>● Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies</li> <li>● Establishment of courses in which each individual can learn in accordance with their personal circumstances at their own pace as well as courses in which persons at any level, whether a beginner or veteran, can learn the basics</li> <li>● Self-improvement through Coursera*, university lectures, qualification acquisition, etc.</li> </ul> <p>* Coursera: Providing e-learning courses through partnerships with roughly 200 universities and companies throughout the world</p>			<ul style="list-style-type: none"> <li>● Plan internal training and development measures at DX Expert Panel meetings, and lead measures that promote the advanced integration of on-the-job and off-the-job training</li> <li>● Opportunities to develop the next generation by serving as lecturers of internal and external training sessions, and as university professors in industry-academia partnerships, taking the podium at events, and providing guidance to interns</li> <li>● Lead opportunities to teach others to even deeper learning through systematization and introspection</li> </ul>		
3	Opportunities for becoming connected	The enhancement of individual strengths by forming internal networks	4	Opportunities for playing an active role	Increase NRI's presence while also linking it to self-growth
<ul style="list-style-type: none"> <li>● Participate in DX Expert Panel meetings and, based on human resources information and project information, lead measures for interaction between internal advanced human resources, sharing of insights and the reinforcement of organizational strengths</li> <li>● Reinforce the functions of internal DX-related CoE* organizations, strengthen collaboration between consulting and solutions, invigorate job assignment through the discovery of candidates for advanced human resources, and promote the spread and popularization of advanced knowledge</li> </ul> <p>* CoE (Center of Excellence) Organization: An cross-departmental organization within a company that brings together scattered people and knowledge</p> <ul style="list-style-type: none"> <li>● Promote the integration of internal resources and information through these measures, and strengthen the display of capabilities by individuals</li> </ul>			<ul style="list-style-type: none"> <li>● Make strategic assignment of human resources for information communication, such as through external lectures and newspaper and web-based articles, and to external collaborations, such as by dispatching individuals to industry organizations or having persons serve as executive board members of such organizations</li> <li>● Trigger self growth through opportunities to strengthen NRI's branding</li> </ul>		

Holding DX Seminars

In February 2020, we held a DX seminar in Otemachi, Tokyo, with the aim of sharing domestic and international DX-related knowledge and recent practical examples with each other to facilitate greater knowledge and mindfulness among employees. For this seminar, we decided on 5G as the theme, and brought in four experts from NRI and elsewhere to speak about its technological elements, the state of relevant legislation, usage cases in Japan and other countries, future outlook, and other related topics. At least 300 employees were able to participate via simultaneous broadcast to three NRI locations in Japan on the day of the event.



President Konomoto giving a lecture



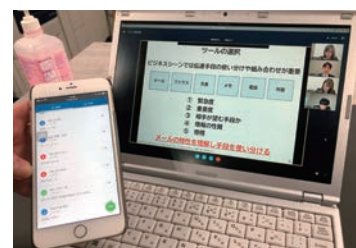
The venue where trainees were located

Training New Employees Online

The NRI Group welcomed 450 new employees to its ranks in April 2020. The Company switched to online training that adopts an at-home learning curriculum for all new employee development activities as a measure against the spread of COVID-19. Trainees were divided into a number of virtual classes. The training emphasized mutual communication during classes as the new employees and training instructors utilized messaging tools to share questions about the lectures and comments about their impressions of the content in real time.



Directors streamed their lectures



Computer screen and question app for the training

## Diversity Management

NRI works to create a workplace environment that provides each one of our employees with diverse values, growth opportunities, the chance to work vibrantly, and prospects for embracing challenges regardless of their race, nationality, gender, age, disability, gender identity, and sexual orientation.

### Efforts for Respecting Human Rights

On February 2019, NRI formulated its NRI Group Human Rights Policy based on international conventions such as the International Bill of Human Rights and the Guiding Principles on Business and Human Rights. Based on this policy, NRI is engaged in efforts toward respect for human rights. As a company involved in the development and utilization of AI, NRI also formulated the NRI Group AI Ethics Guidelines in October 2019 with the belief that it is essential to mitigate the negative effects of AI while developing and utilizing AI in a proper manner. The progress of NRI's efforts toward respect for human rights was published in the NRI Group Human Rights Report in March 2020. This report references the UN Guiding Principles Reporting Framework, a comprehensive set of guidelines for companies to report on how they respect human rights.

NRI will continue to bolster its efforts toward respect for human rights while communicating with our stakeholders and facilitating their understanding of the relevant policies and efforts.

### Promoting Diversity and Inclusion

NRI engages in activities to promote Diversity and Inclusion (D&I) with the approach that the various strengths and individual characteristics of each employee can collectively be made into strength for the organization. We hold seminars for managers and provide career development support training for women as well as e-learning content to promote understanding of unconscious bias and sexual minorities.

To promote women's participation and advancement in the workplace, we are continuously engaged in activities for the NRI Women's Network (NWN) project under the direct supervision of our president which began in 2008. Now that it is commonplace for female employees to continue working even after marriage or childbirth, NRI is prioritizing their continued active participation as professionals with its Leader Development Program and by holding Leader Development Academy courses in which female directors serve as instructors.

### 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 2020, 170 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.35%).

 **NRI Group Policy on Human Rights**  
<https://www.nri.com/en/sustainability/social/policies#jinken>  
**NRI Group AI Ethics Guidelines**  
[https://www.nri.com/en/sustainability/social/policies#AI\\_Ethics\\_Guidelines](https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines)  
**Human Rights Report**  
[https://www.nri.com/en/sustainability/library/back\\_number](https://www.nri.com/en/sustainability/library/back_number)

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

Term	From April 2019 to March 2023
Goals	<ol style="list-style-type: none"> <li>1. Raise the ratio of female managers to at least 8.5% by FY March 2023 (Newly promote more than 100 women to management-level positions)</li> <li>2. Raise NRI's female employee hiring rate to at least 30% of its total hires</li> <li>3. Carry out, toward management-level employees, further awareness-raising activities related to diversity management</li> </ol>
Initiatives	<ol style="list-style-type: none"> <li>1. Continue the Female Leader Development Program with the goal of developing female employees into managers</li> <li>2. Continue measures to increase the number of female students recruited as employees</li> <li>3. Implement awareness-raising measures related to management and development responsibilities of managers toward employees with diverse individualities and values</li> <li>4. Carry out system reforms aimed at allowing employees to select diverse work-style choices</li> </ol>



Scene from a diversity and inclusion seminar for management-level employees



In-office nursery Yumeminato Hoikuen



NRI Mirai employees working at the magazines and books corner

\* 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.

# 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.

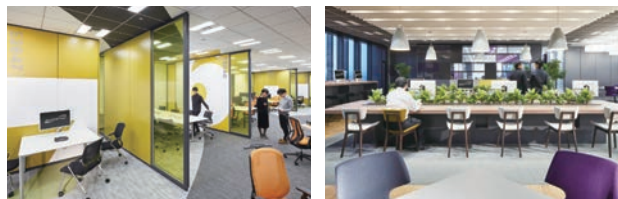
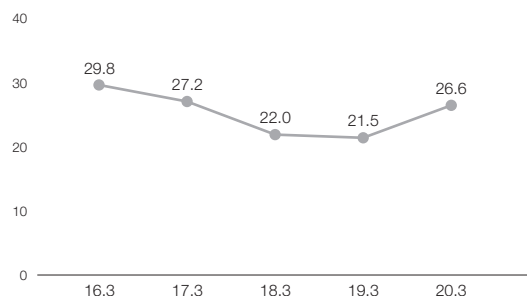
## Initiatives for Work-style Reform

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 FY March 2018, we are supporting the achievement of flexible working styles with even higher productivity. A total of about 20,000 NRI employees participated in Telework Days held in July and August 2018. Through advanced efforts such as these, roughly 90% of NRI employees worked from home while the April 2020 COVID-19 state of emergency declaration was in effect. After the emergency declaration is lifted, NRI employees are telecommuting for roughly half the work week.

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.

Change in Average Monthly Overtime Hours per Employee (hours)



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). The CEO of NRI also serves as Chief Health Officer (CHO) and currently is developing various systems and engaging in the relevant initiatives toward invigorating NRI and achieving increased productivity under the four goals.

\* 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.

### 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	<b>Reduce lifestyle-related diseases</b> <ul style="list-style-type: none"> <li>• Manage employees' reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations</li> <li>• Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases</li> </ul>
2	<b>Lower stress</b> <ul style="list-style-type: none"> <li>• Stress prevention for individual employees and teams</li> <li>• Develop a system to enable employees to return to work earlier</li> </ul>
3	<b>Lower smoking rate</b> <ul style="list-style-type: none"> <li>• Introduce support to help stop smoking</li> <li>• Remove smoking spaces inside the office</li> </ul>
4	<b>Promote work-life balance</b> <ul style="list-style-type: none"> <li>• Reduce overtime and holiday work hours</li> <li>• Encourage employees to take paid leave</li> <li>• Implement the frontline-driven Smart Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work</li> </ul>

### 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 four consecutive years in a row (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 five consecutive terms from 2007 and as “Platinum Kurumin” in 2018 (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 four consecutive years in a row.



## Social and Relationship Capital

### Cooperation with Stakeholders

#### Stakeholder Dialogue

On September 2, 2019, we visited BNP Paribas Asset Management (BNP Paribas AM), the asset management division of the BNP Paribas Group, the world’s leading financial institution in sustainable finance, and Vigeo Eiris, a global ESG assessment organization, in Paris, France, where we held an overseas stakeholder dialogue. This was the third such event for NRI.

During this dialogue, opinions were exchanged on trends in sustainable global finance and the assessment of corporate initiatives toward SDGs.



#### Vigeo Eiris



**Emile Beral**  
Chief Operating Officer



**Elise Attal**  
Institutional Affairs Manager



**Nicolas Moriceau-Gomez**  
Head of Sustainability Rating



**Paul Courtoisier**  
Head of Sustainability Bonds and Loans



**Julie Quiedeville**  
ESG Analyst,  
VE Connect Manager

(Affiliation and position as of September 2019)

#### What an ESG Assessment Organization Looks For

Vigeo Eiris assesses companies in six domains of social responsibility. These are human rights, human resources, business behavior, corporate governance, environment, and community involvement. They also use a number of sustainability criteria within each domain, and manage them from the following three perspectives.

1. Leadership: How does company management engage in the specific issue?
2. Implementation: How extensive is the scope of the measures and initiatives?
3. Results: Their feedback to stakeholders

In the ICT industry, they also watch for privacy issues, as well as lost jobs and new job creation brought about by AI.

#### Approach to Assessing the CSV of Companies

Vigeo Eiris assesses the CSV activities of companies according to a methodology called Sustainable Goods & Services. Vigeo Eiris classifies the impact of a company’s products and services within its nine original themes\* of analysis in line with the UN Sustainable Development Goals (SDGs) to assess what percentage of that company’s activities are contributing to sustainable development.

They consider this to be most important in weighing the impact a company has on society through its goods and services.

\* The nine themes: Access to information, capacity building, energy & climate change, food & nutrition, health, infrastructure, responsible finance, water & sanitation, and protection of ecosystems.



## BNP Paribas Asset Management



**Sheila ter Laag**

Head of ESG Specialists,  
Sustainability Centre  
(Affiliation and position as  
of September 2019)

### Sustainable Investment by Financial Institutions

The BNP Paribas AM Group has been actively engaged in sustainability investment since first issuing SRI funds in 2002. The BNP Paribas AM Group's approach and roadmap to sustainable investment were compiled into its Global Sustainability Strategy which was announced in March 2018. The goal of the Global Sustainability Strategy is to achieve long-term investment returns for the BNP Paribas AM customers through sustainable investment. The strategy sets a variety of goals, including all managed assets being sustainable by the end of the year 2020.

The BNP Paribas AM Group wants to invest in companies that consistently strive to set a better path to the future without draining the earth's resources.



**Kenji Yokoyama**

Senior Corporate  
Managing Director,  
NRI

### We Are Building Sustainable Future, Tomorrow

NRI engaged in CSR dialogues overseas again this year as a continuation from dialogues in 2018. Representatives of global ESG assessment organizations and leading global financial institutions in the field of sustainable finance were on hand for this year's dialogue, and the sessions were highly productive. We are very grateful for their contributions. In the dialogue with Vigeo Eiris, we learned how ESG assessment organizations evaluate companies from the standpoint of CSV and the SDGs, as well as what they pay attention to for ICT companies in particular. We were also reminded of the expectations for ICT companies to accurately comprehend CSV and the SDGs, and integrate these into their sustainability management. In the dialogue with BNPP AM, we gained a deeper understanding of the sustainable strategy of financial institutions and their view of investee companies. The information will also serve as a valuable reference in the education and training of officers and staff. We at NRI also intend to continue to raise the awareness of our officers and staff. We would like to put more effort into promoting initiatives for CSV and respond to the challenge of solving social issues through NRI's services.

We will earnestly take into account the opinions shared with us in these dialogues and incorporate them into our efforts going forward in creating future society at NRI.

### Announcing Acceptance of the Japan Stewardship Code, a First for Contract-type Corporate Pension

NRI announced its acceptance of the Japan Stewardship Code (the "Code") principles for responsible institutional investors on February 14, 2020. It was the first time the principles had been accepted for contract-type corporate pension in Japan.

The Code was announced by the Financial Services Agency (FSA) in February 2014 for the purpose of growing medium- to long-term investment returns for beneficiaries of institutional investors who invest in listed stock and other financial instruments in Japan, by promoting the increased corporate value and sustainable growth of their investee companies through constructive dialogue with those companies. The two types of defined-benefit corporate pensions to which the Code applies are contract-type corporate pensions and fund-type corporate pensions. NRI announced its acceptance as a corporate pension asset owner by way of contract-type corporate pension.

Based on the Code, NRI will fulfill its fiduciary responsibility as a corporate pension asset owner to the beneficiaries of corporate pensions by promoting the increased corporate value and sustainable growth of its investee companies through the asset managers to whom the management of these assets is contracted.



Refer to the website for the policy on fulfilling its stewardship responsibility.  
[https://www.nri.com/jp/sustainability/governance/stewardship\\_code](https://www.nri.com/jp/sustainability/governance/stewardship_code)

| Social and Relationship Capital

## Cooperation with Clients and Business Partners

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

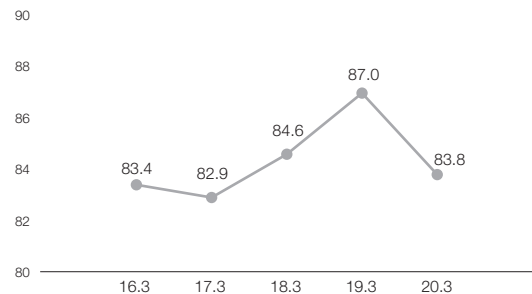
NRI conducts client satisfaction surveys for each project and has clients evaluate the entire project. We also obtain specific feedback from clients on our proposal-making skills and incident-management procedures.

The Quality Management Department compiles 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.

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



The investigation targets all business units. Clients and projects services that will be the target of the investigation are selected for each business unit based on set criteria.

### Cooperation with Business Partners

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/en/company/partner>

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 12,000, 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.

#### Hosting of Partner Sustainability Dialogues

NRI holds annual sustainability workshops with its business partners to share information and exchange opinions about sustainability activities. Twenty business partners participated in the January 2020 event, with four of those companies introducing their sustainability activities.



Lively discussions with business partners regarding the ideal nature of cooperation in sustainability activities



## 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 55th Ordinary General Meeting of Shareholders: Notice released on May 23 → Meeting held on June 18 (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

\* The Management Briefing for June 2020 was canceled for COVID-19.

### 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 principal activities were implemented during FY March 2020:

For shareholders	<ul style="list-style-type: none"> <li>● Shareholder questionnaire: Number of respondents is 3,003 (Number of sent: 12,464 shareholders / Collection rate: 24.1%)</li> </ul>
For institutional investors and analysts	<ul style="list-style-type: none"> <li>● Number of investors met: 568 persons</li> <li>● Domestic: In addition to results briefing sessions for each quarter and individual interviews, held small meetings with management, etc.</li> <li>● Overseas: Visited 15 cities in overseas roadshows/overseas conferences</li> </ul>
For individual investors	<ul style="list-style-type: none"> <li>● Individual investor information meeting: Four were held (two in Tokyo and one each in Osaka and Fukuoka)</li> <li>● Number of attendees: 1,272 persons</li> </ul>

#### Hosting of ESG Briefings

We host "ESG briefings" to help investors, analysts, and the media gain an understanding of NRI's sustainability management and specific efforts regarding ESG. The February 2020 briefing welcomed 71 participants.



See the website for details on ESG briefings.  
<https://www.nri.com/en/sustainability/management/esg/2018>

### 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

2019 Award for Excellence in Corporate Disclosure  
 (Computer Software Sector)  
 (The Securities Analysts Association of Japan)

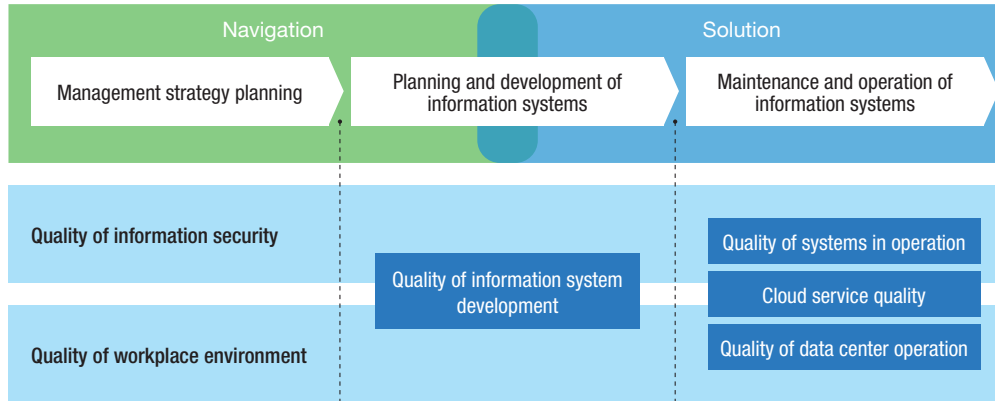


## Manufacturing Capital

### 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.

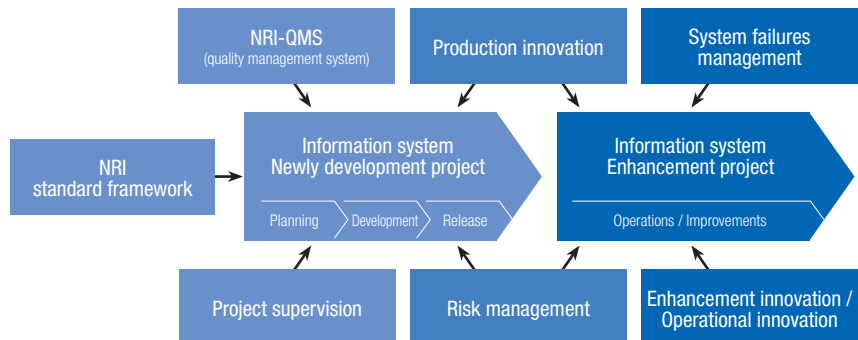
#### Project supervision activities to support the quality of information system development

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

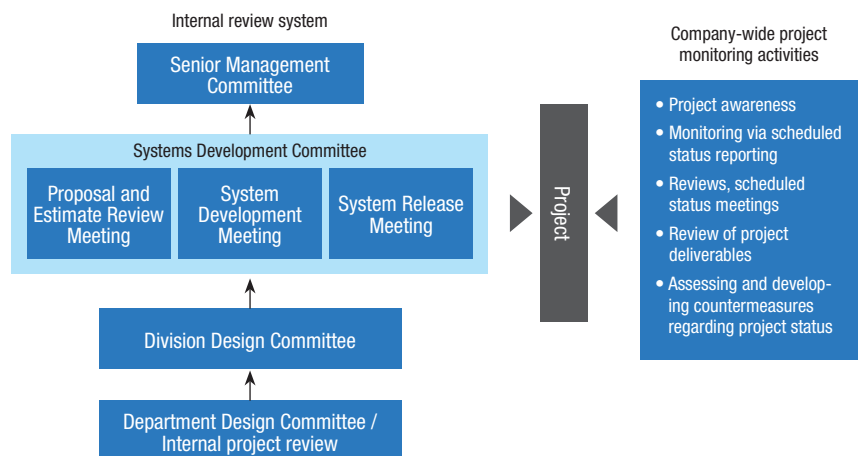
In addition to "project management" for project implementation and success, NRI has a "project supervision" function to propose quality improvements, and to identify and resolve issues early on.

To ensure that internal reviews are not merely process checks, committee members gathered from each division enact 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

Since FY March 2011, NRI has held the Production Innovation Forum for each business division to share its initiatives related to productivity and quality improvements in a company-wide manner, and to recognize innovative initiatives. The name of the forum was changed to DX Production Innovation Forum in FY March 2020, and NRI continues to push forward with company-wide production innovations.

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



### Cloud service quality that supports social infrastructure

Cloud services communally used by large numbers of users serve the function of supporting social infrastructure. These services must be operated safely and securely.

NRI sets standards internally based on guidelines issued by relevant agencies, performs risk assessments on a regular basis, and takes the appropriate measures. We also have independent organizations perform regular audits and evaluations of the operations of these services, and facilitate improvement processes to ensure that they remain highly regulated with good security.

### 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, with lectures on safety by external experts centered around the concepts of 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 (Cloud services security)
- 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

Manufacturing Capital

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

NRI 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 client and public trust.

 Declaration of Information Security Measures  
[https://www.nri.com/en/site/security\\_declare](https://www.nri.com/en/site/security_declare)

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

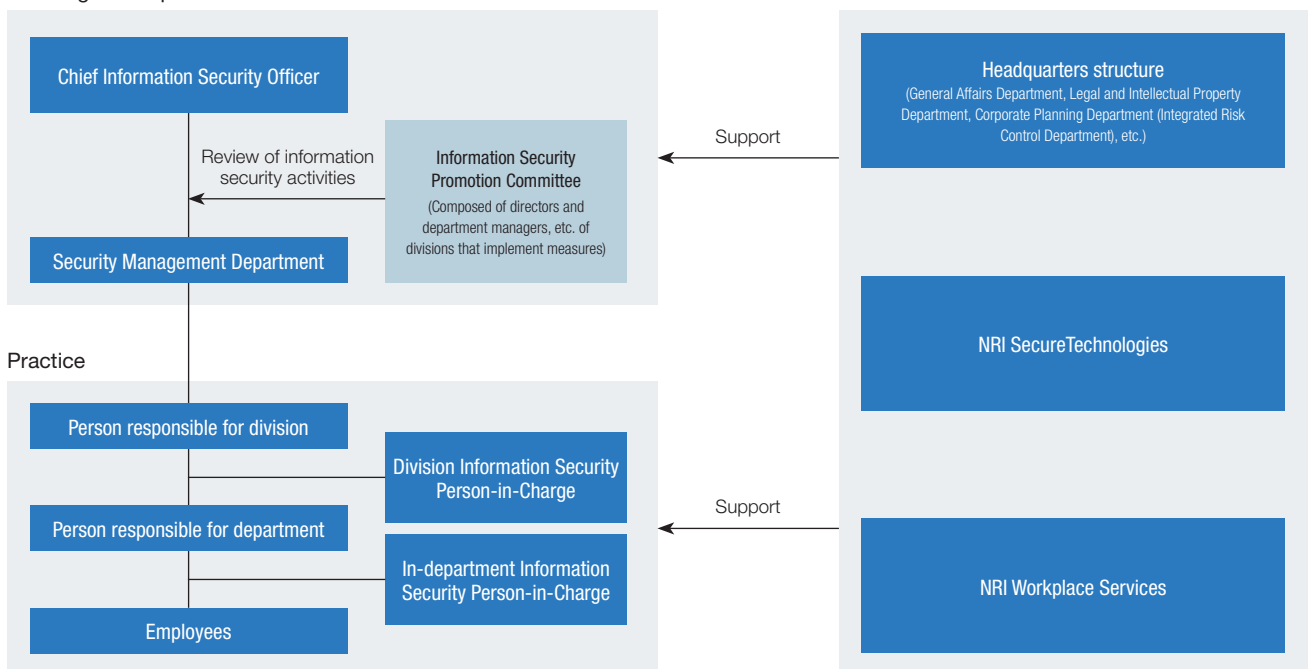
NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed 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. (hereinafter, "NRI Secure") 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

Planning and implementation



### 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.

### NRI's handling of personal data (including individual 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/en/site/security>  
**Privacy Policy**  
<https://www.nri.com/en/site/privacy>

### Response to cyber-attacks

NRI uses system-based defenses against cyber-attacks, such as installing anti-virus (anti-malware<sup>\*1</sup>) software, hard drive encryption, and installing different security measures (such as firewalls, IDS<sup>\*2</sup>, and network behavior analysis technology<sup>\*3</sup>). 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<sup>\*4</sup>).

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.

<sup>\*1</sup> 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.

<sup>\*2</sup> Intrusion Detection System: A system for detecting unauthorized access to a computer or system.

<sup>\*3</sup> 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.

<sup>\*4</sup> 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 Secure recognized as an information security market leader by research firms in Japan and overseas

As part of the "2019 Best Practice Award" released by the major U.S. research and consulting firm Frost & Sullivan Inc., NRI Secure was named the "Japan Managed Security Service Provider of the Year," the top award in the Managed Security Services category, for the third year in a row. In addition, the company was introduced as a representative global vendor by Gartner, Inc. (U.S.)<sup>\*1</sup>, in their Market Guide for Digital Forensics and Incident Response Services<sup>\*2</sup>.

<sup>\*1</sup> Listing of specific vendors, products, or services in Gartner Research publications does not imply recommendation or promotion by Gartner. In addition, it does not constitute advice to technology users to select only vendors that have received the highest ratings or other assessments. Publications by Gartner Research represent the opinions of Gartner Research, and are not necessarily statements of fact. Gartner assumes no liability for the merchantability or suitability for specific purposes of this research, etc., whether explicit or implied.

<sup>\*2</sup> Gartner "Market Guide for Digital Forensics and Incident Response Services", by Brian Reed and Toby Bussa (December 11, 2019)



Received the 2019 Japan Managed Security Service Provider of the Year award from Frost & Sullivan

## 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. The buildings for Headquarters, Yokohama Center, and Osaka Center have open layouts with no assigned seating, and common spaces such as meeting rooms. NRI is working to create better places to work through innovation in work styles and by reconceptualizing the organizational atmosphere. Such efforts include the introduction of a framework for allowing project managers, and those in project supervisor

departments, to grasp the overtime hours of project members. NRI is also continuously working on advancements in our work environments themselves. This includes digital solutions implemented starting in June 2020 that use in-house technologies to protect the health of visiting clients as well as employees of NRI and its partners by detecting body temperatures of visitors and avoiding the "Three C's" — closed spaces, crowded places, and close contact with people, in the office.

# Natural Capital

## Creation of a Future, Low Environmental Impact Society

NRI aims to create a future that is both sustainable and prosperous. All NRI directors and employees strive to reduce environmental impact in order to preserve a global environment where humans and nature coexist in harmony. NRI also engages in initiatives that emphasize dialogue with various stakeholders to be able to join forces with all stakeholders in achieving harmony between humans and nature.

### Environmental Targets

#### Targets related to energy usage

On February 18, 2019, NRI joined RE100\*, an international initiative by corporations seeking to transition to 100% renewable energy for power used in business activities. By FY March 2051, we seek to procure renewable energy for all electric power used in business activities. Electric power accounts for more than 90% of energy used in NRI's business activities. Therefore, we are also working to reduce greenhouse gas emissions from our business activities to zero by FY March 2051. NRI is the 165th company to join RE100 globally, and the 17th in Japan.

\* An international initiative operated through a partnership between the CDP and The Climate Group (an international NGO). Member corporations have publicly declared that they will transition to 100% renewable energy for electric power consumed in business activities by 2050.

 **RE100 website**  
<http://there100.org/>

#### Targets related to energy usage

In September 2018, NRI's target for reducing greenhouse gas emissions was certified by the Science Based Targets (SBT) Initiative\*, an international environmental initiative, as a science-based reduction target for keeping the increase in global mean temperature below 2°C from pre-industrial revolution levels. NRI is the 132nd company to receive certification globally, and the 29th in Japan. In FY March 2021, we are planning to set a target for emissions reductions to keep the increase in global mean temperature below 1.5°C from pre-industrial revolution levels.

\* An initiative to promote the setting of science-based targets for reducing greenhouse gas emissions by companies in order to control the increase in global temperature below 2°C from pre-industrial revolution levels. The initiative was established by four organizations: CDP, which is a federation of institutional investors promoting disclosure on climate-change countermeasures, the UN Global Compact (UNGC), the World Resources Institute (WRI), and the World Wildlife Fund (WWF).

 **Science Based Targets website**  
<https://sciencebasedtargets.org/>



	Target for FY Mar. 2031	Target for FY Mar. 2051
Scope 1+2	Reduce greenhouse gas emissions at the NRI Group by 55% (compared to FY March 2014)	Reduce <b>greenhouse gas emissions</b> at the NRI Group to <b>zero</b>
	Achieve a renewable energy usage rate of 36% at data centers	Achieve a <b>renewable energy usage rate of 100%</b> at the NRI Group
Scope 3	70% or more of NRI group suppliers and vendors will set science-based target for reducing greenhouse gas emissions (by FY March 2024)	

Scope: Target scope of calculation/reporting for greenhouse gas emissions by corporations  
 Scope 1: Direct emissions through combustion of fuel, etc.  
 Scope 2: Indirect emissions through use of electricity, heat, steam, etc.  
 Scope 3: Indirect greenhouse gas emissions other than Scopes 1 and 2  
 Manufacturing in the supply chain, commuting by employees, business travel, etc.

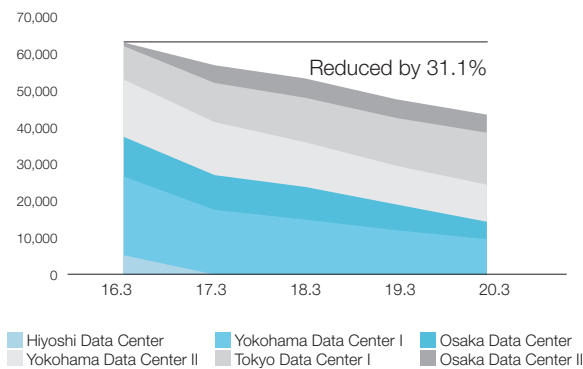
### Greenhouse Gas Emissions by Year

From FY March 2016, NRI has been relocating and consolidating operations into data centers and offices with high environmental performance.

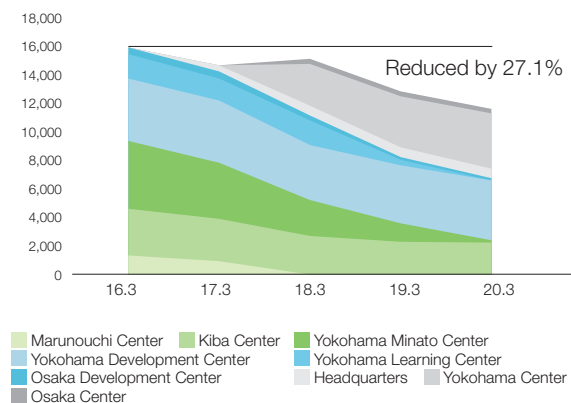
For data centers, we are migrating systems to Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II, all of which have outstanding environmental performance. As a result, we were able to reduce greenhouse gas emissions by 31.1% compared with FY March 2016.

As for offices, we are relocating and consolidating our operations into new offices at Headquarters, Yokohama Center, and Osaka Center, all of which feature outstanding environmental performance. As a result, we were able to reduce greenhouse gas emissions in our main offices by 27.1% compared with FY March 2016.

Changes in Greenhouse Gas Emissions at Data Centers (t-CO<sub>2</sub>)



Changes in Greenhouse Gas Emissions at Offices (t-CO<sub>2</sub>)



## Implementation of Environmental Management System

NRI has acquired ISO14001 certification, an international standard on environmental management systems, for its data centers which are the main source of CO<sub>2</sub> emissions.

As for NRI offices, we began to introduce NRI-EMS, an environmental management system unique to NRI, starting from FY March 2016. Starting with implementations of NRI-EMS at offices in China in FY March 2019, we will be implementing the system at more worldwide offices going forward.

## ESG Training for Employees

NRI is committed to offering ESG instruction for employees to raise each of their awareness. We have been providing curriculum for environmental e-learning to all officers and staff, and engaging in activities to raise their environmental awareness since FY March 2015. In addition to the environment (E), we added society (S) and governance (G) to the curriculum in FY March 2017 and overhauled ESG instructional activities to bolster overall recognition of ESG.

During FY March 2020 NRI started a new initiative to produce an ESG instructional video, which is now being used internally. The video features a basic explanation of ESG, introduces initiatives at NRI, and fosters employee awareness of ESG.

Additionally, we recruit around 30 to 50 employees once each year as volunteers for environmental conservation activities such as forest thinning at Tadami Experience and Observation Forest of Heavy Snow Forestry in the town of Tadami, Fukushima. This project also provides the environmental education experience of being surrounded by Tadami's abundant nature which has also been designated a UNESCO Eco Park, and learning the importance of the earth's environment first-hand.

## External Recognition

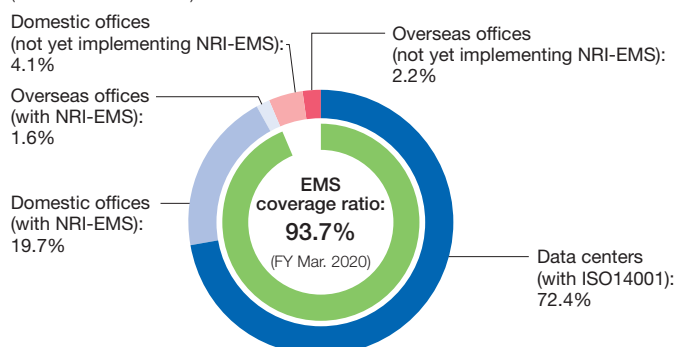
In January 2020, NRI was selected by the international non-profit organization CDP\* as a Climate Change 'A List' company, the CDP's highest level of recognition. We believe that NRI was recognized for its strategy, initiatives, and information disclosure pertaining to climate change.

NRI's initiatives to address climate change in its supply chain were also recognized in February 2020 by selection to the Supplier Engagement Leaderboard, the highest rating assigned to companies in the Supplier Engagement Ratings by CDP. These ratings assess over 4,800 companies around the world. Only the 159 companies comprising the top 3% of the ratings were selected to the Leaderboard in 2019. Including NRI, 29 companies in total were selected in Japan.

\* CDP: A non-profit mainly involved in compelling companies and local governments to disclose information at the request of highly environmentally-aware institutional investors and major purchasing companies about their climate change measures and measures for environmental problems such as safeguarding water resources and protecting forests, and subsequently encouraging them in following through on these measures. CDP is an information disclosure platform that currently provides the world's most useful information pertaining to environmental problems.

CDP website  
<https://www.cdp.net/en>

### Target Scope for Environmental Management System (based on CO<sub>2</sub> emissions)



ESG instructional video via Simpleshow



Environmental conservation activities by employees at Tadami Experience and Observation Forest of Heavy Snow Forestry



Natural Capital

### Initiatives at NRI for TCFD Final Recommendations

NRI established the Sustainability Activities Committee for promoting activities as the management infrastructure to support co-creating social value of sustainability management, and is implementing initiatives for sustainability management.

NRI mainly consumes a large amount of energy during use of our data centers. Therefore, we place particular focus on initiatives to stop climate change. Moreover, since we possess numerous clients

in the financial industry, we declared our support for the TCFD\*1 Final Recommendations (hereinafter, "TCFD") in July 2018, making us one of the first non-financial business firms to do so. A total of nine meetings regarding response to TCFD were held by experts from the Consulting Division and the Sustainability Activities Committee. We announced our progress status at the ESG Briefing\*2 held in February 2019.

### Envisioned Impact on Business (Opportunities and Risks)

During FY March 2019, the first fiscal year after declaring our support for the Final Recommendations of the TCFD, we defined the scope of review and defined scenarios\*3. We set a 2°C Scenario for limiting temperature increases to less than 2°C per the Paris Agreement, and also a 4°C Scenario in which no measures

are taken against climate change other than those that are currently envisioned. Then we identified the impact of each of these scenarios on the business fields of consulting, financial IT solutions, industrial IT solutions, and data centers.

+ Opportunity – Risk

Business Field	World View in 2°C Scenario		World View in 4°C Scenario	
Consulting	+	The demand for client corporations to make changes leading to decarbonization will increase demand for NRI's knowledge and solutions related to sustainability.	-	There is the risk that intensified natural disasters envisioned in the 4°C Scenario will cause stagnation of the macro economy, hurt the profitability of clients, and impact business sales.
Financial IT Solutions	+	Compared to independent system development by individual corporations, NRI's shared online services will enable significant reductions in power consumption, CO <sub>2</sub> emissions, and cost. Furthermore, demand can be increased by raising the renewable energy usage rate aimed at achieving RE100.	-	If the profitability of financial institutions decreases due to climate change becoming a factor in asset damage and long-term stagnation of the macro economy, there is the risk of impact on demand for provided services.
Industrial IT Solutions	+	Support for increasing the efficiency of the supply chain and distribution processes will contribute to low carbonization. The advancement of related initiatives in the future will create opportunities for increasing demand.	+	Providing cloud systems will make it possible to minimize damage in the event of a natural disaster, thus reducing the risk to clients.
Data centers	+	By FY March 2051, we seek to establish carbon-free data centers which use renewable energy for all electric power. We believe that these data centers will create increased demand in conjunction with increased environmental awareness among our clients.	+	The risk of business stoppage is reduced by considering natural disasters when selecting locations, as well as by implementing a mutual backup system using multiple data centers. This creates opportunities for increasing demand.
			-	There is the risk of increased expenses such as equipment maintenance / renewal expenses and cooling expenses due to power malfunctions caused by natural disasters, and due to an increase in days on which the temperature exceeds 30°C.

### Scenario Analysis for Data Centers Business

In FY March 2020, we performed a scenario analysis on our data centers business, which is the business area most greatly impacted by climate change among the risks and opportunities identified in FY March 2019.

To define and identify the scenarios, we set the 2°C Scenario and 4°C Scenario for the year 2030 onward as the medium- to long-term applicable period, and chose the subjects of the scenario analysis in order to assess the business impact in each scenario. Finally, we assessed the impact on our data centers business in each scenario.

[Definition of Scenarios]

2°C Scenario	4°C Scenario
The Special Report on Global Warming of 1.5°C was used as supplementary information while referring to the IEA's Sustainable Development Scenario (SDS) and the IPCC's RCP 2.6 scenario.	Mainly referred to the IPCC's RCP 8.5 scenario
Main anticipated events	Main anticipated events
<ul style="list-style-type: none"> <li>Renewable energy expansion</li> <li>Carbon tax implementation</li> <li>Spread of energy conservation</li> <li>Growth of low-carbon products and services</li> </ul>	<ul style="list-style-type: none"> <li>Greater number of extremely hot days</li> <li>Greater frequency of heavy rains</li> <li>Extreme rises in tide levels and average sea levels</li> </ul>



**[Assessment of Impact in 2°C Scenario]**

In the 2°C Scenario, we studied the impact of carbon taxes and renewable energy implementation by anticipating baseline, Case 1, and Case 2 circumstances, and assessing the financial impact of each one. For the baseline, we anticipated what would happen if NRI did not procure renewable energy in a world where electricity costs increased 21-28% compared to FY March 2019 due to implementation of a carbon tax (\$75 to \$100/ton of CO<sub>2</sub>). In comparison, for case 1 we anticipated achieving our medium-term target of 36% rate of renewable energy procurement by FY March

2031. For case 2 we anticipated the same conditions as case 1, but in a world where the renewable energy procurement prices\*4 have fallen.

From the results, we learned that it is possible that the impact of the carbon tax can be mitigated by achieving our renewable energy procurement goal (see Difference from baseline in Case 1 and Case 2 in the graph below).

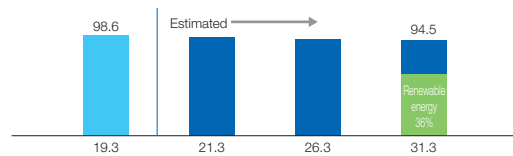
NRI is currently reviewing renewable energy procurement and exploring stable, long-term methods of procuring energy with our sights set on FY March 2031 and FY March 2051.

**Selecting Subjects of Scenario Analysis in 2°C Scenario**

**2°C Scenario**

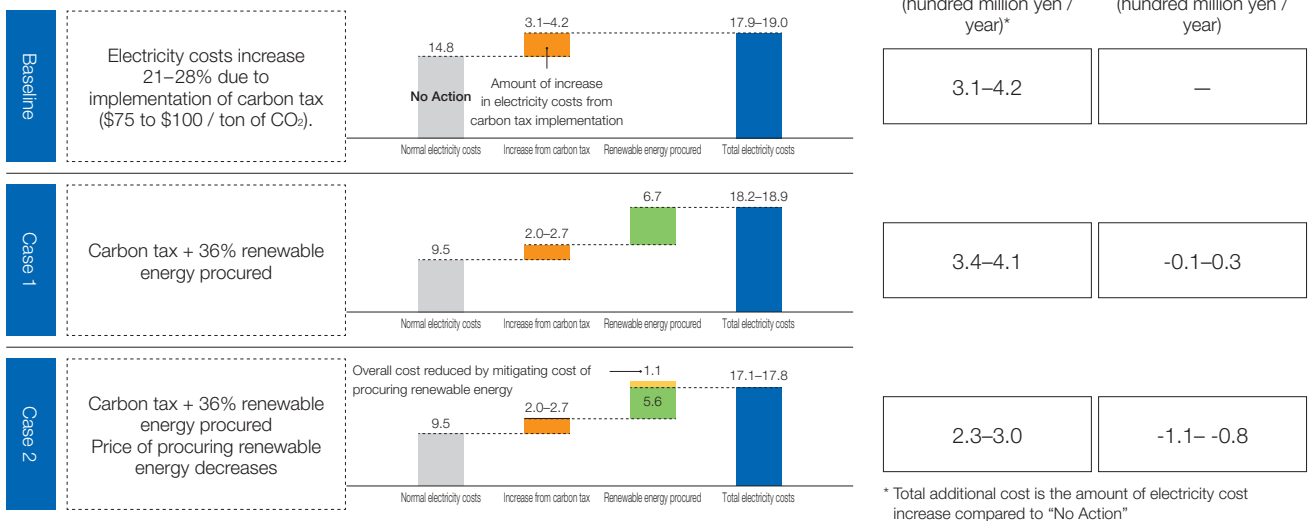
- The cost borne to achieve the renewable energy implementation target (36% in FY March 2031) set when joining the RE100
- The cost borne if the carbon tax anticipated in the 2°C Scenario is implemented

**Electricity Usage (MWh) at Data Centers through FY March 2031**



**Assessment of Impact in 2°C Scenario**

**Impact of Carbon Tax and Achieving Renewable Energy Implementation Target (hundred million yen / year)**



**[Assessment of Impact in 4°C Scenario]**

In the 4°C Scenario, Ministry of Land, Infrastructure, Transport and Tourism hazard maps were used to analyze the risk of floods and landslides around data centers to study the impact of natural disasters on data center facilities, and financial impact was judged to be small. Measures to cope with the anticipated risks are also being taken at the data centers.

**Selecting Subjects of Scenario Analysis in 4°C Scenario**

**4°C Scenario**

- The impact of natural disasters on data center facilities

**Assessment of Impact in 4°C Scenario**

Anticipated risk	Overview of response measures
Water intake restrictions / water stoppage	<ul style="list-style-type: none"> <li>· Stockpile water for water-cooled type air conditioning in case of water intake restrictions / water stoppage</li> <li>· Prioritize use of air-cooled type air conditioning to minimize water usage</li> </ul>
Water damage (heavy rains, etc.)	<ul style="list-style-type: none"> <li>· Design sufficiently capable drainage, taking rainfall amounts into account</li> <li>· Designate sites least vulnerable to natural disasters as construction sites</li> </ul>
Wind damage	<ul style="list-style-type: none"> <li>· Consider the height and local characteristics of the building based on the Building Standards Act</li> <li>· Set the wind load according to the position of the applicable part of the building, and design the firmness of outer materials</li> </ul>
Power failures	<ul style="list-style-type: none"> <li>· Maintain power by automatically switching to power transmitted from batteries when failures occur</li> <li>· Switch from batteries to power supply from in-house generators</li> </ul>

For security reasons, we do not publish details of analysis results from maps.

\*1 TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), which is composed of financial ministries, financial regulatory bureaus, and governors of central banks from 25 main countries throughout the world.  
 The TCFD makes recommendations for disclosure of climate-related financial information in annual reports, etc., with the goal of enabling appropriate investment decisions by investors in corporations. The TCFD recommends disclosure in four items including governance, strategy, and risk management related to risks faced by corporations due to climate change.  
 \*2 ESG briefings are held in order to create understanding among shareholders, analysts, and members of the media regarding NRI's Sustainability Management and specific ESG initiatives. For details, please refer to page 63 and our website (<https://www.nri.com/en/sustainability/management/esg/2018>)  
 \*3 Refers to scenario analysis (analysis for possible future impact of climate change on the Company) as defined by TCFD. For our 2°C scenario, NRI uses the Sustainable Development Scenario listed in the World Energy Outlook 2018 published by the International Energy Agency (IEA). For our 4°C Scenario, we use the RCP (Representative Concentration Pathways) 8.5 (high level reference scenario) published by the Intergovernmental Panel on Climate Change (IPCC).  
 \*4 Renewable energy procurement prices: Two types of renewable energy procurement prices were used in this scenario analysis, the case of prices remaining at the same level as now (Case 1) and the case of prices falling between now and the year 2030 (Case 2). For prices at the same level as now, an amount 4 yen higher than electricity fees up to now was used. The case of prices falling uses procurement prices that fall by 2% each year based on the assumption that electricity costs in the 2030s will be at the same level as they have been up to now according to reports announced by governments, etc.

## Governance

### NRI's Corporate Governance

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

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

 [NRI Corporate Governance Guidelines](https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf)  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline\\_e\\_02.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf)

#### 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

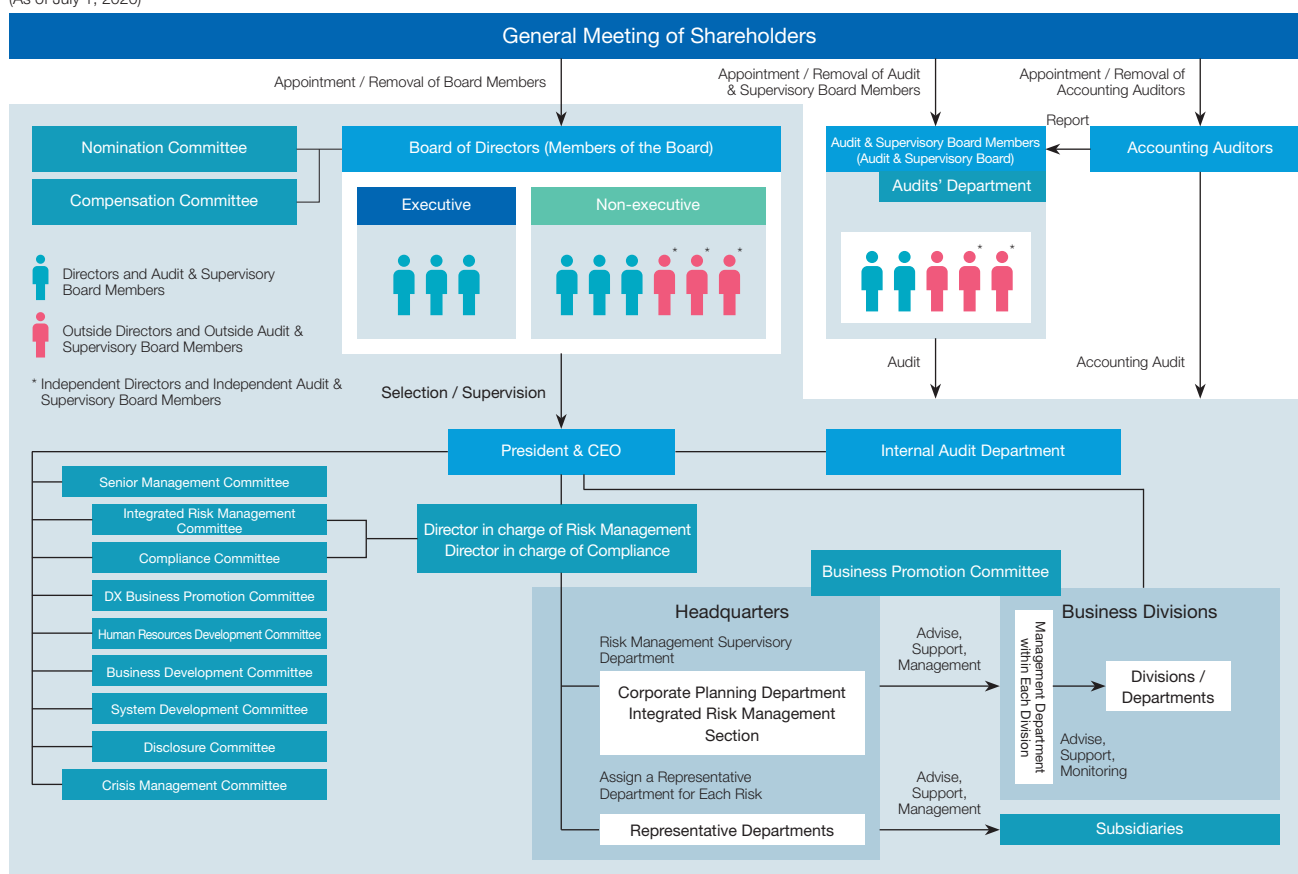
NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Directors and Independent Audit & Supervisory Board Members, as well as the establishment of bodies that are mainly composed of Independent Directors appointed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

#### Main corporate governance efforts since 2001

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

**Corporate governance structure**  
(As of July 1, 2020)

For the Board of Directors and the Audit & Supervisory Board, see P.74–75  
For the Internal Controls, Corporate Ethics, and Compliance, see P.80–81



**Roles and activities of committees**

<b>Nomination Committee</b>	Mainly composed of Independent Directors, the Committee deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CEO, and other Board Members, from the standpoint of fairness and transparency.
<b>Compensation Committee</b>	Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.
<b>Senior Management Committee</b>	The Committee meets in principle to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.
<b>Integrated Risk Management Committee</b>	Based on instructions given by the President & CEO, the Committee deliberates on important issues concerning risk management, including system failure, information security, and business continuity.
<b>Compliance Committee</b>	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.
<b>DX Business Promotion Committee</b>	Based on the instructions given by the President & CEO, the Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.
<b>Human Resources Development Committee</b>	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.
<b>Business Development Committee</b>	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.
<b>System Development Committee</b>	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.
<b>Disclosure Committee</b>	The Committee deliberates on important issues concerning the disclosure of the Annual Securities Report and other documents, based on instructions given by the President & CEO.
<b>Crisis Management Committee</b>	Based on instructions given by the President & CEO, the Committee will promptly develop and support systems at the time of a crisis, including natural disasters, infectious diseases, system failure, and information security emergencies.
<b>Business Promotion Committee</b>	The Committee involves administrative departments from the Headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.

## | Governance

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

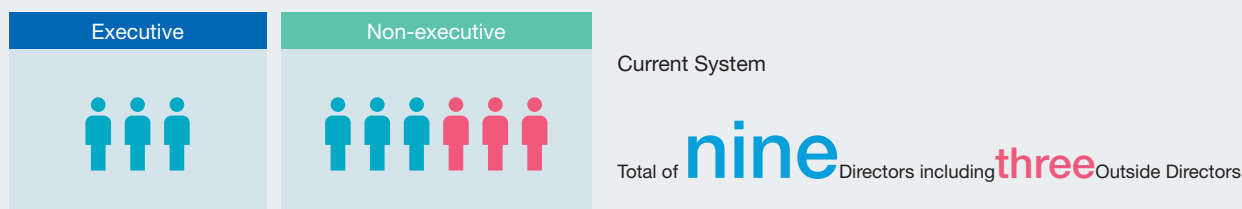
NRI has established a structure to further enhance corporate governance while effectively using the functions of Audit & Supervisory Board Members and the Audit & Supervisory Board as a company with an Audit & Supervisory Board.

NRI has delegated 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 is 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 its business activities and build consensus in executing business operations.

### Structure of the Board of Directors

Has a well-balanced composition of executive directors, non-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, 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: Deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CEO, and other Board Members
- Compensation Committee: A body to advise the Board of Directors on executive compensation

### Structure of the Audit & Supervisory Board

- To ensure independence, more than half are Outside Audit & Supervisory Board Members.
- Currently, there are five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.

Two or more Independent, Outside Audit & Supervisory Board Members are appointed.

One or more persons with substantial knowledge regarding finance and accounting are appointed as Audit & Supervisory Board Members.

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 July 1, 2020)

Name (Date of birth)	Current positions	Executive / Outside / Independent	Terms of office	Attendance (Year ended March 2020)	Reason for Appointment
<b>Shingo Konomoto</b> (February 11, 1960)	Chairman and President & CEO, Representative Director, Member of the Board	Executive	5 years	Board of Directors Attended 14 of 14 meetings	He has been responsible for the management of the NRI Group since 2016 as President & CEO, Representative Director, Member of the Board and possesses abundant experience and achievements related to NRI's management. Furthermore, he formulated and is promoting the Long-Term Management Vision "Vision2022" and the Medium-Term Management Plan for achieving Vision2022. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
<b>Hironori Momose</b> (September 15, 1961)	Vice Chairman, Member of the Board	Non-executive	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings	He served as Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd. He possesses long-standing experience in the securities industry, which is one of NRI's major business areas. He was appointed with the expectation that he will utilize his experience and understanding gained through his career, in the supervision of the management of NRI.
<b>Ayumu Ueno</b> (March 15, 1960)	Senior Executive Vice President, Representative Director, Member of the Board	Executive	5 years	Board of Directors Attended 14 of 14 meetings	He possesses long-standing experience in the business execution and achievements in the area of industrial IT solutions. He has also led business growth in such areas as overseas M&A as Head of Business. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
<b>Yasuo Fukami</b> (August 12, 1960)	Representative Director, Member of the Board, Senior Executive Managing Director	Executive	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings	He possesses a wide range of experience in the business execution and achievements in the areas of financial IT solutions and industrial IT solutions, as well as corporate headquarters. He also has abundant experience and achievements in global business in Asia and Europe gained through being responsible for managing local corporations. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
<b>Tadashi Shimamoto</b> (February 8, 1954)	Member of the Board	Non-executive	12 years	Board of Directors Attended 14 of 14 meetings	He possesses abundant experience and achievements in the management of NRI, having served for six years as President & CEO, Representative Director, Member of the Board. Furthermore, as Chairperson of the Board, he is working for the appropriate operation and vitalization of the Board of Directors. As Chairperson of the Nomination Committee, he is endeavoring to establish and implement a succession plan and to ensure the objectivity and fairness of executive appointments. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the supervision of the management of NRI.
<b>Hiroshi Funakura</b> (July 10, 1963)	Member of the Board	Non-executive	Newly Appointed	—	He possesses long-standing experience in business execution and achievements in the areas of financial IT solutions. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
<b>Masatoshi Matsuzaki</b> (July 21, 1950)	Member of the Board	Non-executive Outside Independent	4 years	Board of Directors Attended 14 of 14 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.
<b>Hideaki Omiya</b> (July 25, 1946)	Member of the Board	Non-executive Outside Independent	2 years	Board of Directors Attended 13 of 14 meetings	He has been involved in the management of Mitsubishi Heavy Industries, Ltd. 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.
<b>Shinoi Sakata</b> (March 31, 1957)	Member of the Board	Non-executive Outside Independent	Newly Appointed	—	She, as a researcher and a person with responsibilities in the area of safety in the chemical industry, has been involved in the activities of evaluating technology strategies of corporations from the perspective of sustainability for many years. NRI requests her election as Outside Director to utilize her abundant experience and excellent understanding gained throughout her career, in the supervision of the management of NRI from an objective standpoint.

## Members of the Audit & Supervisory Board (As of July 1, 2020)

Name (Date of birth)	Current positions	Outside/ Independent	Terms of office	Attendance (Year ended March 2020)	Reason for Appointment
<b>Takuhito Sakata</b> (November 20, 1961)	Audit & Supervisory Board Member (full-time)	—	Newly Appointed	—	He possesses a broad range of experience in business execution and achievements in the areas of industrial IT solutions and IT platform services, as well as the human resources development function of NRI. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the auditing of business execution of NRI's Members of the Board.
<b>Kohei Sato</b> (April 18, 1961)	Audit & Supervisory Board Member (full-time)	Outside	2 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 meetings	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.
<b>Motoya Nishimura</b> (July 23, 1962)	Audit & Supervisory Board Member (full-time)	—	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings Audit and Supervisory Committee Attended 13 of 13 meetings	He possesses a broad range of experience in business execution and achievements in the areas of consulting and financial IT solutions as well as in corporate administration. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the audit of the execution of duties by NRI directors.
<b>Kiyotaka Yamazaki</b> (April 4, 1953)	Audit & Supervisory Board Member	Outside Independent	6 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 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.
<b>Noriaki Okubo</b> (May 22, 1959)	Audit & Supervisory Board Member	Outside Independent	3 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 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

- In the interest of enhancing business results, the compensation system emphasizes connections to business performance.
- Emphasis is placed on bonuses and stock-based compensations so as to create a compensation system that is highly linked to performance.

The standards employed by the compensation 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.

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

Outside Members of the Board do not receive a b. bonus and c. stock-based compensation.

The maximum compensation total

Total Compensation			
¥1,000 million*1			
<b>【Fixed compensation】</b> Basic compensation	【Performance-based compensation】		
	<b>【Short-term performance-based compensation】</b> Bonuses	<b>【Medium- to long-term performance-based compensation】</b> Stock-based compensation (restricted stock-based compensation)	
Basic compensation consists of fixed pay (basic pay and position pay), which is compensation based on each Member of the Board's post.	Bonuses are positioned as a short-term incentive. They reflect performance in the relevant fiscal year and their determination takes into account differences in posts and positions.	Restricted stock compensation (financial compensation used as investment assets for the acquisition of shares with restriction on transfer compensation) as stock-based compensation is provided in order to give 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.	
		Stock-based compensation as long-term incentives ¥120 million*2	Stock-based compensation as medium-term incentives ¥280 million*2
		It is positioned as a 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. The transfer restriction term is from the day of allotment to the day of retirement as an officer, etc., of NRI or its subsidiary.	It is positioned as a medium-term incentive aimed at improvements in the Company's medium-term results and share price as represented in the Medium-Term Management Plan. The transfer restriction term is from the day of allotment and lasts between three and five years thereafter.

\*1 This shall not include employee salaries of Members of the Board who concurrently serve as employees.

\*2 Monetary compensation claims provided for granting restricted stock to Eligible Members

Emphasis is placed on bonuses and stock-based compensations so as to create a compensation system that is highly linked to performance. The approximate ratio of constituent elements of the compensations of directors, etc., in FY March 2020 is as follows. If basic compensation is equalized to “1”, then the bonus is “0.8” and stock-based compensation is “1.1”. If fixed compensation is “1”, then performance-based compensation is “1.9”.

#### Compensation Ratio for Director Compensation (FY March 2020)

【Fixed compensation】 Basic compensation <b>1</b>	【Performance-based compensation】 <b>1.9</b>	
	【Short-term performance-based compensation】 Bonuses <b>0.8</b>	【Medium- to long-term performance-based compensation】 Stock-based compensation <b>1.1</b>

Notes: 1. Calculations are based on the Board of Directors average for FY March 2020 (excluding Outside Directors and Directors who retired or assumed their post during the period)  
2. Stock-based compensations herein are the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions.

### 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

<b>Basic compensation</b>	Basic compensation consists of fixed pay based on each Audit & Supervisory Board Member’s career, knowledge, and responsibilities.
<b>Bonuses</b>	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.

Note: In regards to Audit & Supervisory Board Members, stock-based compensation is not issued.

#### Evaluate efforts for value co-creation at the division level

From the fiscal year ended March 31, 2020, value co-creation (CSV) was added to the evaluation criteria for each division.

To evaluate efforts of executive and employees for value co-creation at the division level, add to their bonuses from the fiscal year ending March 31, 2021.

#### Solving social issues through value co-creation (CSV)



**Evaluate efforts of executives and employees for value co-creation at the division level, and add it to their bonuses**

## Governance

## Executive Compensation Amounts

Executive compensation for the fiscal year ended March 2020 is as follows.

Category	Total compensation (millions of yen)	Compensation by type (millions of yen)						No. of eligible individuals (persons)
		Fixed compensation	Performance-based compensation				Other	
		Basic compensation	Bonuses	Stock options	Restricted stock-based compensation	Total		
Members of the Board (Excluding Outside Members of the Board)	508	205	164	25	110	300	2	6
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	91	57	26	1	4	32	1	3
Outside Members of the Board and Outside Audit & Supervisory Board Members	110	96	13	—	—	13	0	6

- Notes: 1. The above includes one Audit & Supervisory Board Member who retired at the conclusion of the 54th Ordinary General Meeting of Shareholders held on June 20, 2019. In addition to the above, stock option costs (¥2 million per 1 Director) related to officers who have retired in the past are recorded in the current fiscal year.
2. For stock options, the total fair value of subscription rights to shares has been converted to costs equally in accordance with the term of service from the day of the allotment of subscription rights to shares to the commencement date of the exercise period. In regard to those granted prior to the fiscal year ended March 2018, the amount converted to costs for the fiscal year ended March 2020 is shown. Furthermore, the stock options for Audit & Supervisory Board Members are those granted before they assumed their post.
3. For restricted stock-based compensations, the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions has been converted equally in accordance with the term of service from the day of the allotment of shares with transfer restrictions to the day of the lifting of transfer restrictions. The amount posted as expenses in the fiscal year ended March 2020 is shown.
4. Because the amounts of the "stock option" and "restricted stock-based compensations" of Notes 2 and 3 above posted as expenses are equalized in accordance with respective terms of service, each ratio of the constituent elements of the above compensations differ from the ratio of constituent elements of Director compensations, etc., shown on the page 77.
5. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

## Clawback System, etc.

If it becomes necessary to make corrections, etc., to figures in the financial statements which served as the basis for calculating bonuses paid within the past three years, we have implemented a system which makes it possible to request the return of all or a portion of the bonus (clawback system). Furthermore, if persons granted restricted stock under the Restricted Stock Compensation Plan are deemed by the Board of Directors to be in violation of laws, regulations, or internal rules, or to have engaged in nonconforming behavior which constitutes a violation thereof, the agreement on the allocation of restricted stock includes a clause (malus clause) which enables us to freely acquire all granted shares.

## Evaluations of the Board of Directors' Effectiveness (FY March 2020)

We implemented evaluations of the Board of Directors' effectiveness for the fiscal year ended March 2020. By confirming the current state of NRI's Board of Directors through the effectiveness evaluation, we strive to improve the future operation of the Board.

Valuation methods	<ul style="list-style-type: none"> <li>● Questionnaire targeting all Directors and Audit &amp; Supervisory Board Members</li> <li>● Exchange of views with Independent Directors</li> <li>● Deliberations at a Board of Directors meeting based on the results of the above questionnaire and view exchanging sessions</li> </ul>
Results	<ul style="list-style-type: none"> <li>● From the points below, we conclude that the Board of Directors is basically stable in its effectiveness.</li> <li>● The Board is composed of members with diverse experience and include three Independent Directors, and a structure for ensuring appropriate decision making and oversight is in place.</li> <li>● Individual Directors carry out active deliberations with an understanding of NRI's business philosophy, business plans, etc., and based on their respective knowledge, and their duties as Directors are fulfilled as such.</li> <li>● Overall, open and constructive discussions and exchanges of views are carried out as a start to active opinions and recommendations from Outside Directors.</li> <li>● Appropriate discussions are also held by the Nomination Committee and the Compensation Committee, which are arbitrarily appointed committees, and the committees function effectively.</li> </ul>
Challenges for further effectiveness	<ul style="list-style-type: none"> <li>● As agenda items for promoting the strategy defined in the Medium-Term Management Plan (2019-2022), we will work to further improve the form of discussion and devise unique measures for balanced meeting operation, such as further enhancing discussions related to group governance.</li> </ul>



## Message from the Outside Member of the Board



**Hideaki Omiya**  
Member of the Board

### Active Involvement in Management Strategy

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As an Outside Director, I will thoroughly fulfill my duties of supervising the execution of management, including the deliberation of officer nomination and compensation. Furthermore, I will prioritize active involvement in management strategy in order to increase corporate value under appropriate supervision.

Based on my past experience in business management, I am able to provide various suggestions from an independent position outside the Company. I will strive to actively provide opinions on the strategies proposed to the Board of Directors. NRI is aiming to expand the DX business and grow its business through globalization. I would like to support these efforts by indicating opportunities and risks in these areas from an outside objective perspective.

### Contributing to Value as a Social Infrastructure Corporation

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During the crisis caused by the spread of COVID-19, NRI supports social infrastructure that must not be stopped in the area of information systems including finance and distribution. Furthermore, NRI provides value to society in unique ways such as emergency proposal activities. This positive attitude toward society is highly regarded.

However, when considering the potential of NRI as a corporation, the range of social responsibility fulfilled by NRI is still narrow. Recently, digitalization of the government has been raised as a social issue. One example is the delay in procedures for payment of special cash benefit using My Number Cards. Nevertheless, the importance of information systems as social infrastructure will only increase in the future. I believe that

NRI is one of the few corporations that can fulfill a role in social infrastructure that enhances the convenience and safety of people by utilizing its comprehensive strengths including consulting. I would like to see the range of NRI's social responsibilities be expanded further to become an even more essential corporation for society.

### Promoting Diversity and Cultivating Successors

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NRI is working hard to promote diversity, including active participation by women. However, it seems that NRI has not made much progress in hiring women for director positions. From hiring to assignment in managerial positions, the base of participation by women is expanding. I hope that this will lead to the development of female directors and the diversity of the management team.

The discussions at meetings of the Board of Directors are lively. Moreover, I sense the excellent teamwork in coming together to implement the policies decided at those meetings. Additionally, generally speaking, the method of proceeding with discussions is highly transparent and there is a highly effective framework. In particular, the succession plan for executives, including the CEO, is a well-conceived system for selecting and developing human resources while evaluating their abilities. Discussions are held in accordance with the plan.

# Internal Controls, Corporate Ethics, and Compliance

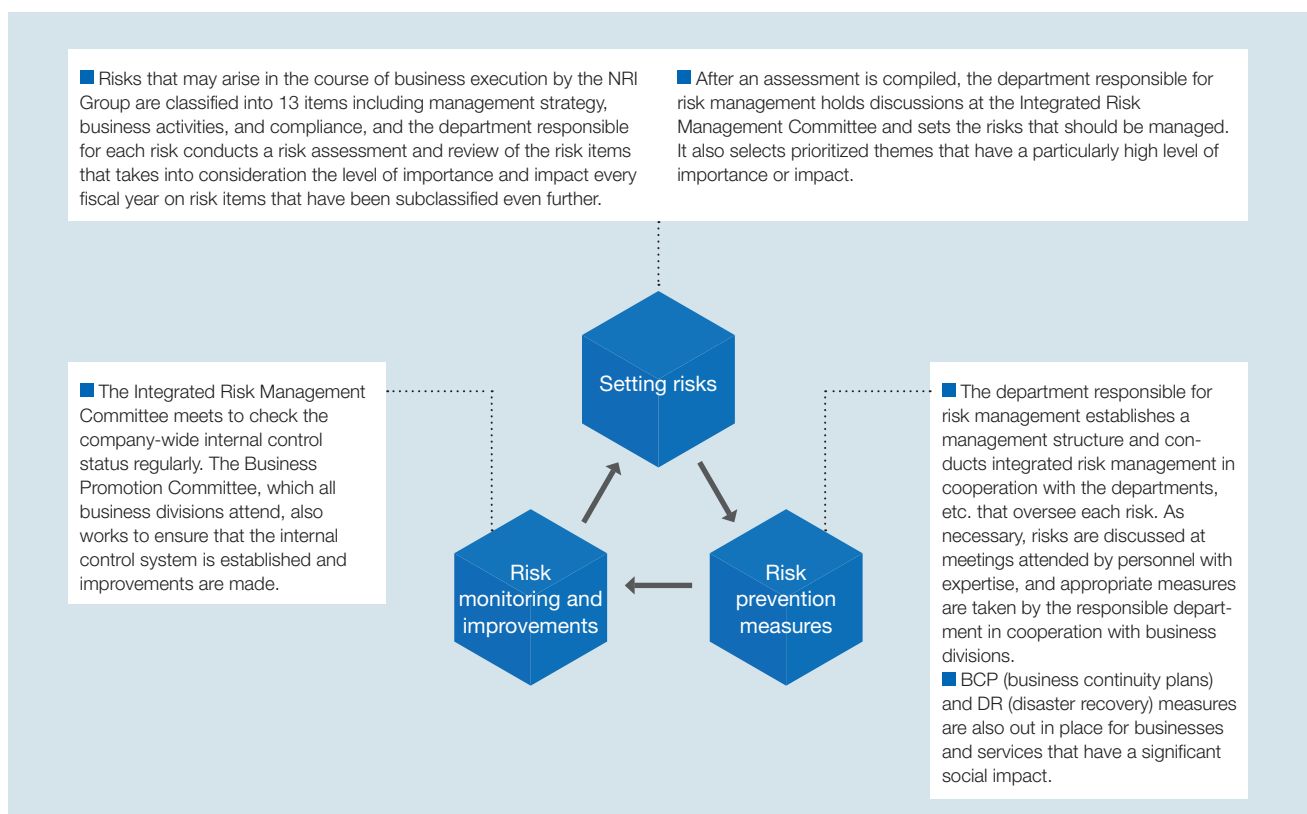
## Internal Control System

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

### Risk Management PDCA Cycle



### Priority themes for FY March 2021

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

### 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.

## The Strengthen of Global Governance

As a system for promoting its global strategies, NRI has established regional headquarters or holding companies in North America, Asia, and Australia. We are strengthening our governance system mainly for acquired subsidiaries. At Headquarters, NRI supports the formulation and execution of global strategies centered on its Global Headquarters established in April 2019. Through this initiative, we are working to strengthen governance at all overseas subsidiaries, including acquired subsidiaries.

### Business Management Through Local Holding Companies, etc.

	Local holding company, etc.	Territory regions
<b>Nomura Research Institute</b>	▶ NRI Australia (Melbourne)	▶ Australia
	▶ NRI Holdings America (New York)	▶ United States
	▶ NRI Asia Pacific (Singapore)	▶ Asia
	▶ NRI Beijing (Beijing)	▶ Mainland China
		▶ Japan and Europe

## Corporate Ethics and Compliance System

To ensure effective ethics and compliance systems, NRI has appointed the Chief Ethics Officer and Chief Compliance Officer, and established the Compliance Committee. Moreover, we have established the NRI Group's Code of Business Principles expressing the code of business principles and the NRI Group Employees' Code of Business Conduct indicating the employees' code of business conduct.



**NRI Group's Code of Business Principles**  
[https://www.nri.com/en/company/company\\_code](https://www.nri.com/en/company/company_code)



**NRI Group Employees' Code of Business Conduct**  
[https://www.nri.com/en/company/business\\_code](https://www.nri.com/en/company/business_code)

The Fundamental Rules composed of 12 items prepared and monitored to confirm that these principles and policies are complied with and that the Company's management is reliably going in the right direction.

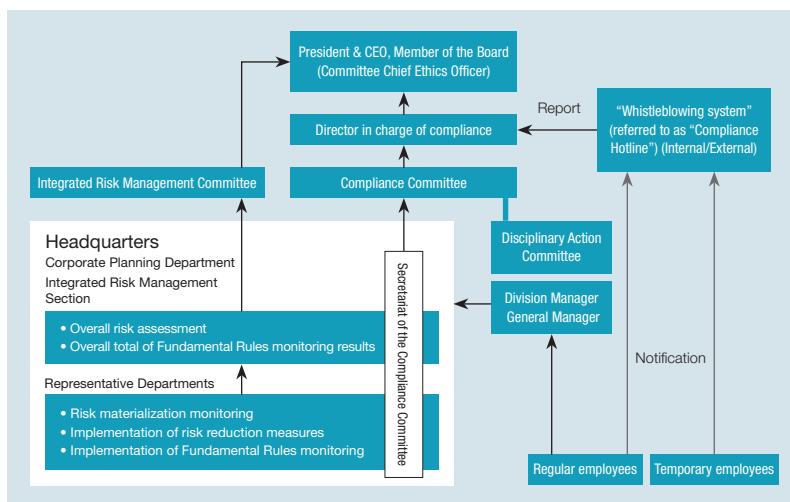
Regular training to raise the awareness of executives and employees towards compliance is conducted, as well as training on the legal knowledge, etc. required for individual operations. Through this training, efforts are made to thoroughly instill awareness on matters such as prohibitions on bribes and facilitation payments to public officials and the importance of compliance with antitrust laws.



**NRI Group Policy on Human Rights / NRI Group Anti-Bribery Policy / NRI Group Competition Law Compliance Policy**  
<https://www.nri.com/en/sustainability/social/policies>

NRI has prescribed Whistleblower Protection Regulations based on the Whistleblower Protection Act, and established internal and external hotlines as a contact point that Japanese Group employees can use to consult with regarding compliance-related issues.

### Compliance Information Communication Process



### Raising and Instilling the Awareness of Executives and Employees through the Rule Book

We have created a Rule Book (Fundamental Rules for Executive Officers and General Staff) as a pamphlet that explains the action guidelines, etc. of the Company to ensure that executives and employees comply with laws, regulations, etc. with a high sense of ethics. By raising and instilling awareness of compliance using this, we work to put in place the foundations for our compliance structure.



# NRI Executives

Independent Outside Non-executive Executive Newly appointed

## Members of the Board



**Shingo Konomoto** Executive  
 Date of birth: February 11, 1960  
**Chairman and President & CEO, Representative Director, Member of the Board** (187,154 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  
 Head of Business  
 Head of Consulting  
 Jun. 2015 Representative Director, Member of the Board,  
 Senior Executive Managing Director  
 Head of Business  
 Head of Consulting  
 Apr. 2016 President & CEO, Representative Director, Member of the Board  
 Jun. 2019 Chairman and President & CEO, Representative Director,  
 Member of the Board (present)



**Hironori Momose** Non-executive  
 Date of birth: September 15, 1961  
**Vice Chairman, Member of the Board** (13,500 shares)  
 Apr. 1985 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)  
 Apr. 2008 Executive Managing Director of Nomura Securities Co., Ltd.  
 Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.  
 Apr. 2013 Senior Corporate Managing Director of Nomura Securities Co., Ltd.  
 Apr. 2016 Executive Vice President of Nomura Securities Co., Ltd.  
 Apr. 2019 Adviser of Nomura Securities Co., Ltd.  
 Jun. 2019 Vice Chairman, Member of the Board of the Company (present)



**Ayumu Ueno** Executive  
 Date of birth: March 15, 1960  
**Senior Executive Vice President, Representative Director,  
 Member of the Board, Head of Business** (87,153 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  
 Head of Distribution, Communication & Industrial Solutions  
 Division Manager of Distribution & Communication Solution Division  
 Apr. 2015 Senior Executive Managing Director  
 Head of Distribution, Communication & Industrial Solutions  
 Head of China & Asia Region Systems  
 Jun. 2015 Division Manager of Industrial Solution Business Development Division  
 Member of the Board, Senior Executive Managing Director  
 Head of Distribution, Communication & Industrial Solutions  
 Head of China & Asia Region Systems  
 Apr. 2016 Division Manager of Industrial Solution Business Development Division  
 Representative Director, Member of the Board, Senior Executive Managing Director  
 Head of Consulting  
 Head of Industrial IT Solutions  
 Apr. 2018 Senior Executive Vice President, Representative Director, Member of the Board  
 Head of Business (present)



**Yasuo Fukami** Executive  
 Date of birth: August 12, 1960  
**Representative Director, Member of the Board,  
 Senior Executive Managing Director,  
 Head of Corporate Headquarters** (75,538 shares)  
 Apr. 1983 Joined the Company  
 Apr. 2011 Senior Managing Director  
 Deputy Division Manager of Distribution & Communication Solution Division  
 Apr. 2016 Senior Corporate Managing Director  
 Head of Distribution, Communication & Industrial Solutions  
 Division Manager of Distribution & Communication Solution Division  
 Apr. 2017 Senior Corporate Managing Director  
 Head of Corporate Administration  
 Apr. 2019 Senior Executive Managing Director  
 Head of Corporate Headquarters  
 Jun. 2019 Representative Director, Member of the Board,  
 Senior Executive Managing Director  
 Head of Corporate Headquarters (present)



**Tadashi Shimamoto** Non-executive  
 Date of birth: February 8, 1954  
**Member of the Board** (375,622 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  
 Head of Business  
 Jun. 2008 Representative Director, Member of the Board, Senior Executive Managing Director  
 Head of Business  
 Apr. 2010 President & CEO, Representative Director, Member of the Board  
 Head of Business  
 Apr. 2015 Chairman and President & CEO, Representative Director, Member of the Board  
 Apr. 2016 Chairman, Member of the Board  
 Jun. 2019 Member of the Board (present)



**Hiroshi Funakura** Newly appointed Non-executive  
 Date of birth: July 10, 1963  
**Member of the Board** (63,921 shares)  
 Apr. 1986 Joined the Company  
 Apr. 2008 Senior Managing Director  
 Deputy Division Manager of Securities Systems Division  
 Apr. 2014 Senior Corporate Managing Director  
 Division Manager of Financial Solution Division  
 Apr. 2018 Senior Executive Managing Director  
 Head of Financial IT Solutions  
 Apr. 2020 Adviser  
 Jun. 2020 Member of the Board (present)



**Masatoshi Matsuzaki** Independent Outside Non-executive  
 Date of birth: July 21, 1950  
**Member of the Board**<sup>Non-1)</sup> (7,643 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, Chairperson of the Board of LXIL Group Corporation



**Hideaki Omiya** Independent Outside Non-executive  
 Date of birth: July 25, 1946  
**Member of the Board**<sup>Non-1)</sup> (2,120 shares)  
 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.  
 Jun. 2018 Member of the Board of the Company (present)  
 Apr. 2019 Member of the Board, Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd.  
 Jun. 2019 Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd. (present)  
 <Important concurrent positions>  
 Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd.  
 Outside Director of SEIKO EPSON CORPORATION



**Shinoi Sakata** Newly appointed Independent Outside Non-executive  
 Date of birth: March 31, 1957  
**Member of the Board**<sup>Non-1)</sup> (—)  
 Apr. 1979 Joined Sumitomo Chemical Co., Ltd.  
 (currently, SUMITOMO CHEMICAL COMPANY, LIMITED)  
 Apr. 2011 Associate Officer of SUMITOMO CHEMICAL COMPANY, LIMITED  
 Apr. 2013 Executive Officer of SUMITOMO CHEMICAL COMPANY, LIMITED  
 Apr. 2016 Advisor of SUMITOMO CHEMICAL COMPANY, LIMITED (present)  
 Director & Vice President of Sumika Technical Information Service, Inc.  
 Jun. 2017 President of Sumika Technical Information Service, Inc.  
 May. 2018 Executive Director of Japan Chemical Industry Association (present)  
 Jun. 2020 Member of the Board of the Company (present)  
 <Important concurrent positions>  
 Advisor of SUMITOMO CHEMICAL COMPANY, LIMITED  
 Executive Director of Japan Chemical Industry Association

## Audit & Supervisory Board Members



### Takuhiro Sakata

Date of birth: November 20, 1961

Newly appointed

**Audit & Supervisory Board Member (full-time)** (148,090 shares)

Apr. 1984 Joined the Company  
Apr. 2010 Senior Managing Director  
Deputy Division Manager of Distribution & Communication Systems Division  
Apr. 2011 Senior Managing Director  
Deputy Division Manager of Services & Industrial Solution Division I  
General Manager of Kansai Regional Headquarters  
Apr. 2017 General Manager of Chubu Regional Headquarters  
Senior Corporate Managing Director  
Division Manager of Data Center Service Division  
Deputy Division Manager of Cloud Computing Service Division  
Apr. 2020 Counselor of the Company  
Jun. 2020 Audit & Supervisory Board Member of the Company (present)



### Kohei Sato

Date of birth: April 18, 1961

Outside

**Audit & Supervisory Board Member (full-time)** (1,231 shares)

Apr. 1984 Joined 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 BABCOCK & BROWN CO., LTD.  
Apr. 2018 Adviser of Nomura Securities Co., Ltd.  
Jun. 2018 Audit & Supervisory Board Member of the Company (present)



### Motoya Nishimura

Date of birth: July 23, 1962

**Audit & Supervisory Board Member (full-time)** (57,594 shares)

Apr. 1987 Joined the Company  
Apr. 2015 Managing Director, Deputy Division Manager of Systems Consulting Division  
Aug. 2015 Managing Director, Deputy Division Manager of the Systems Consulting Division,  
Deputy Division Manager of Insurance Solution Division  
Apr. 2018 Senior Managing Director, Deputy Division Manager of the Systems Consulting Division  
Apr. 2019 Counselor of the Company  
Jun. 2019 Audit & Supervisory Board Member of the Company (present)



### Kiyotaka Yamazaki

Date of birth: April 4, 1953

Outside Independent

**Audit & Supervisory Board Member<sup>(non-1)</sup>** (9,850 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.  
Oct. 2018 Adviser of GYOSEI & CO. (present)

<Important concurrent positions>  
Adviser of GYOSEI & CO.



### Noriaki Okubo

Date of birth: May 22, 1959

Outside Independent

**Audit & Supervisory Board Member<sup>(non-1)</sup>** (—)

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

- Notes: 1. Masatoshi Matsuzaki, Hideaki Omiya, and Shinji Sakata 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 June 18, 2020.
3. For the Audit & Supervisory Board Members, Noriaki Okubo was selected at the Ordinary General Meeting of Shareholders held on June 23, 2017, Kohei Sato and Kiyotaka Yamazaki were selected at the Ordinary General Meeting of Shareholders held on June 22, 2018, Motoya Nishimura was selected at the Ordinary General Meeting of Shareholders held on June 20, 2019, and Takuhiro Sakata was selected at the Ordinary General Meeting of Shareholders held on June 18, 2020.
4. Figures in parentheses are the number of shares of NRI stock owned. This includes holdings in the executive share ownership plan as of June 23, 2020.

## Senior Managing Directors, Managing Directors, and Executive Fellows

NRI makes a distinction between the Board of Directors' decision making on management strategy and business execution function, and the authority and responsibilities for 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

Tatsuya Watahiki Hajime Ueda

### Senior Corporate Managing Directors

Kenji Yokoyama Hirofumi Tatematsu  
Shigeki Hayashi Shuji Tateno  
Fumihiko Sagano Hidenori Anzai  
Yoichi Inada Ken Ebato  
Hiroshi Masutani Minoru Yokote  
Akio Yamamoto Namiki Kubo  
Tomoshiro Takemoto Yuichi Higo  
Naohiro Sako

### Senior Managing Directors

Katsutoshi Murakami Hiroyuki Kawanami  
Hisao Nakajima Sonoko Kitagawa  
Tohru Yasumaru Jun Odashima  
Tomohiko Noguchi Yasuki Nakamaru  
Susumu Nishimoto Takeshi Hihara  
Yasushi Kobara Masaaki Yamazaki  
Shoichi Ohno Koji Shimizu  
Akira Matsumoto Hiroshi Koike  
Yoshihiko Sunaga Ichiro Morisawa  
Tetsuro Watanabe Kazuya Kobayashi  
Shigekazu Ohmoto

### Managing Directors

Noriyasu Kogure Katsuya Mori  
Kaga Yanagisawa Noriyuki Takeda  
Kotaro Gunji Masashi Shimizu  
Hideki Saito Noriyuki Kobayashi  
Takefumi Ikeya

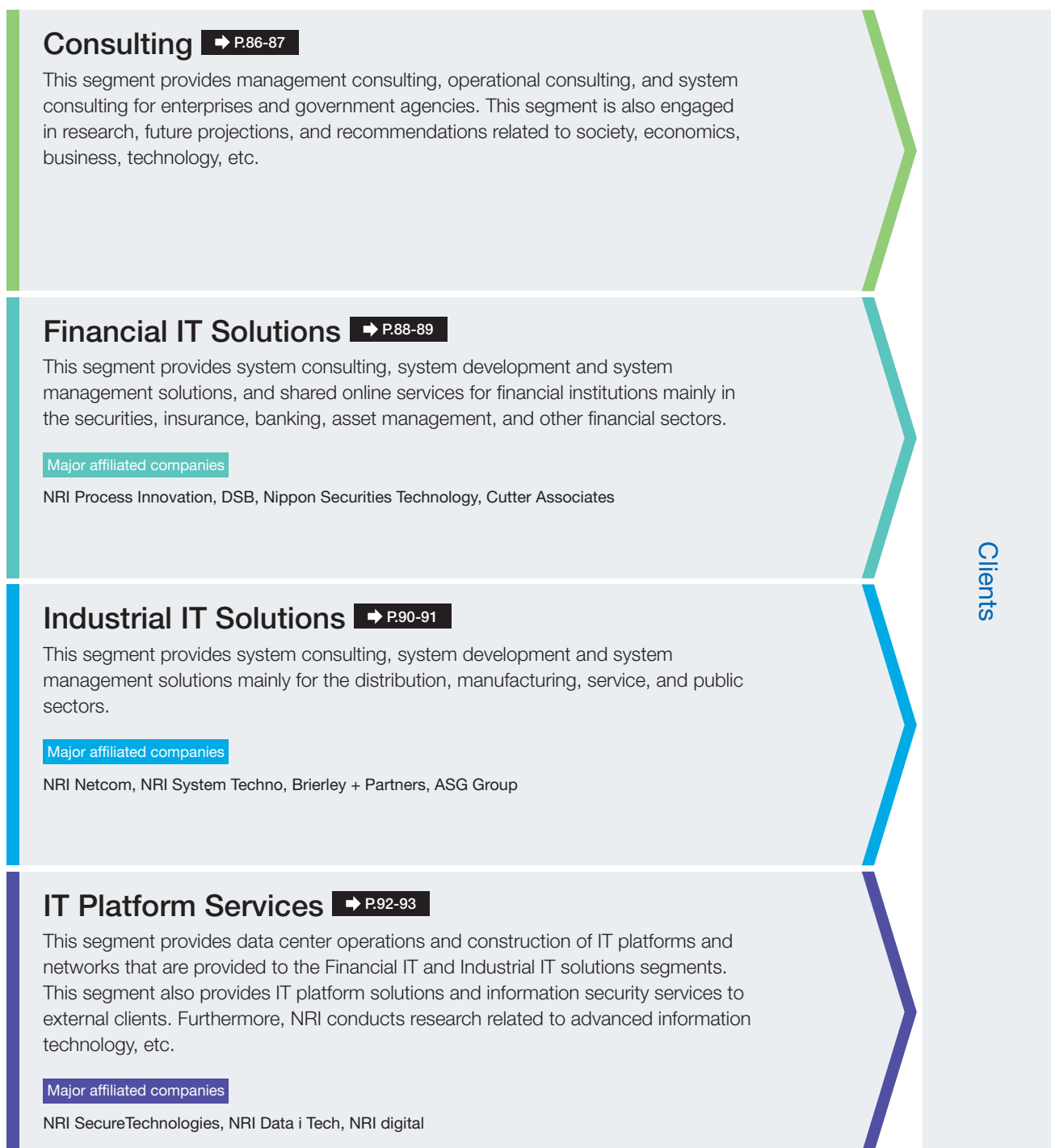
### Executive Fellows

Yasuki Okai Kotaro Kuwazu

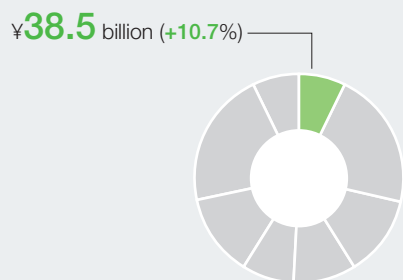
## NRI's Four Business Segments

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

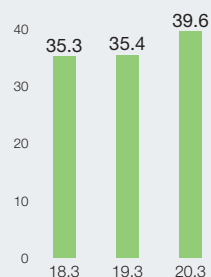
- Consulting: Consulting services
- Financial IT Solutions: IT solutions for the securities, insurance, banking, asset management, and other financial sectors
- Industrial IT Solutions: IT solutions for industrial clients in distribution, manufacturing, and service sectors
- IT Platform Services: Construction 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



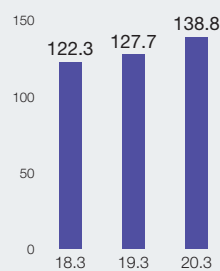
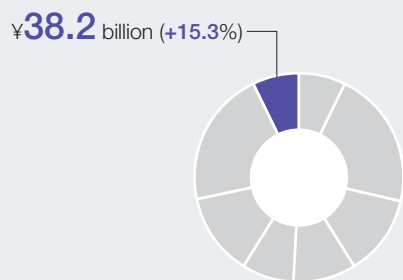
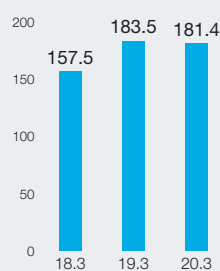
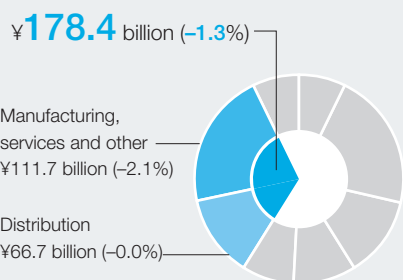
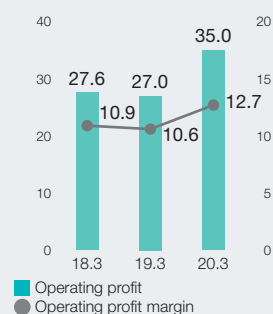
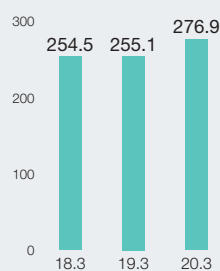
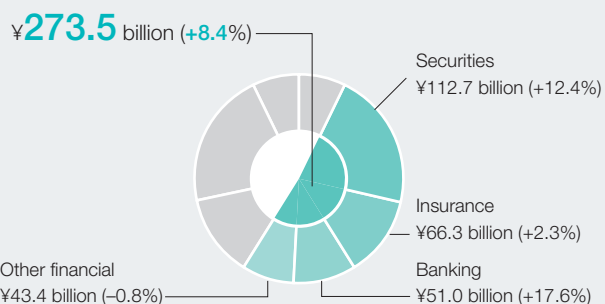
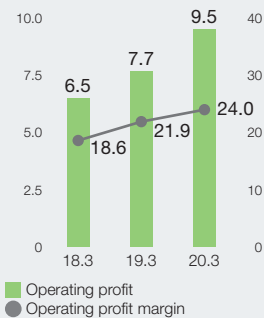
Sales by segments for FY March 2020  
(year-on-year changes)



Sales including inter-segment sales  
(billions of yen)



Operating profit /  
Operating profit margin  
(billions of yen / %)



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

2. There was a partial revision to segment categorization for FY March 2020. Figures for FY March 2019 reflect this change in categorization. Also, year-on-year comparisons use previous year figures which reflect this change in categorization.

# Consulting Segment

The 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 DX business development for companies
- Support in business process reform for the manufacturing industry, service 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.



Digital Wealth of Nations Theory



IT Navigator 2020 Edition

### Domestic and International Business Environment (Client Trends)

#### Acceleration in corporate reform by DX

- Expansion of business transformation themes by DX, further enhancement of transformation needs
- Legacy core system and lack of IT human resources continue to hinder DX (domestic)

#### Non-transparent business environment and heightened difficulty of management

- Responding to rapid environmental changes such as the spread of COVID-19, and increased sophistication of issues
- Increasing needs for execution support leading to the concrete result of enhanced competitiveness



### NRI Strategies and Countermeasures

#### Domestic business

- Enhance DX-related solutions and service menus
  - Expansion of business transformation consulting by DX
  - Strengthen DX execution support such as business consulting and comprehensive support for client IT departments
- Strengthen client responsiveness through increased sophistication of account management
  - Accurate response to client needs through internal collaboration
  - Strengthen ongoing business relationships through large-scale projects and promotion of cross-selling

#### Overseas business

- Strengthen proposal ability through global practice activities
- Search for DX-related intellectual property (IP) in developed countries such as Europe and the United States



## Activity results

### Co-create a thriving future society by driving new value

#### Proposal of “GDP+i” — a new economic indicator for the digital age

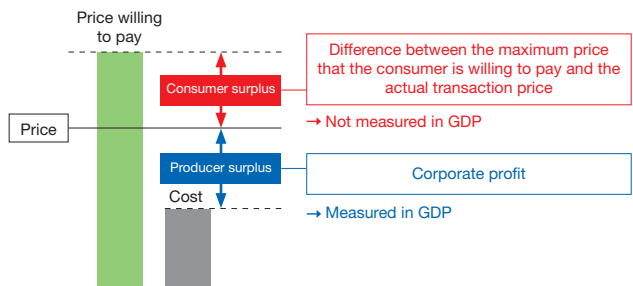
While, in recent years in Japan, key economic indicators such as the real GDP growth rate have been sluggish, NRI's research has revealed that the subjective feelings of consumers toward daily life are improving. NRI believes that the background of this conflicting phenomenon is the abundance obtained from digital services (consumer surplus created by digital services). In response, we proposed “GDP+i” as an indicator representing economic activities in the digital age in a more realistic manner. We announced GDP+i



Scene from the NRI Dream Up the Future Forum 2019 (keynote speech by President Konomoto)

at the NRI Dream Up the Future Forum 2019 held in Tokyo in October 2019.

As shown in the diagram below, the consumer surplus “i” generated by digital is the difference between the maximum price that the consumer is willing to pay and the actual transaction price. “i” is an imaginary value that cannot be represented as an actual monetary amount. We proposed “GDP+i”, as a new index for the digital age. We recommended the need for economic activity analysis which includes abundance obtained from digital services.



Explanatory Diagram for GDP+i

### Co-create an ideal society by effectively utilizing its resources

#### ASEAN nations technical assistance for development of the bond market

As part of growth strategy for the financial capital market in Asia, the Asian Bond Markets Initiative (ABMI) is being promoted by ASEAN nations, as well as by the financial ministries and central banks of Japan, China, and South Korea. NRI has continually provided technological assistance to countries such as Indonesia, Cambodia, Thailand, Vietnam, and Laos, based on the Japan-ASEAN Financial Technical Assistance Fund (JAFTA). As a result of initiatives based on ABMI, the scale of the local currency bond market in the ASEAN region is expanding.

In FY March 2020, a joint workshop on the corporate bond market was held by the Vietnamese Ministry of Finance and the Asian Development Bank at the Vietnam Ho Chi Minh Stock Exchange. The workshop was attended by about 120 people from financial agencies, banks, securities firms, and other institutions.

NRI gave a lecture on visualization and revitalization of the secondary market for corporate bonds, and also participated in a panel discussion.



Scene of workshop at the Ho Chi Minh Stock Exchange

### Co-create a safe and secure society by advancing its infrastructure

#### Supporting urban development by utilizing the digital technology with Tsuruoka City

Tsuruoka City (Yamagata Prefecture) is currently implementing a structural reform project using digital technology. Based upon correcting understanding of economic society in the digital age, Tsuruoka City believes that it is important to work on solving social issues in Japan such as the declining birthrate, aging population, and regional revitalization. On December 12, 2019, the city signed a basic agreement on cooperation activities with NRI, which possesses a wealth of knowledge and technology related to urban development and digitalization.

Through urban development which utilizes digital technology, Tsuruoka City seeks to become a regional city that possesses high productivity and is capable of independent economic growth. Furthermore, by realizing high-quality urban services that support citizens' health, peace of mind, and comfortable living, Tsuruoka City aims to build a local community where individuals can feel “happiness” and “prosperity.” In cooperation with Tsuruoka City, NRI supports the achievement of safe, comfortable, and

high-quality city services, and promotes the construction of efficient digital government.

Based on our know-how and experience related to local communities and industrial development, and extensive experience related to digital technology and its utilization, NRI will contribute to the development of local communities and the resolution of social issues on a wide scale.



President Konomoto at the signing ceremony with Mayor Minakawa (right) of Tsuruoka City

# 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.

Moreover, NRI is utilizing the expertise of the financial industry cultivated over many years and the latest digital technology to support DX of financial institutions in operations and services.

### 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
- Shared online services which have the leading market share in the financial industry
- Utility services provided jointly with Group companies (IT solutions + BPO services)
- Close communication with financial authorities, industry organizations, etc. (supports, 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 (Research Forum for Revitalization of Financial Intermediation in Domestic Economy, Japan-China Financial Roundtable)



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

### Domestic and International Business Environment (Client Trends)

#### Changes to the environment surrounding the financial industry

- Securities industry: Increasing need for reform of profit structure due to a transition to no fees
- Banking industry: Profitability is declining due to low interest rates
- Insurance industry: Profitability is declining due to low interest rates and increased payments due to natural disasters
- Asset management industry: Domestic market which is forecast to grow

#### Amidst decreasing profitability due to low interest rates, etc., changes in the investment area and expand investment aimed at cost reduction

- Utilize BPO services in addition to IT solutions
- Active IT investment in competitive areas such as front-end services
- Search for new profit opportunities and business models

#### Search for partnerships and response in conjunction with new entry into the financial business by new industry players and corporations from other industries

- Securities industry: Partnerships with corporations from other industries
- Banking industry: Expansion of new forms of banks
- Insurance industry: Diversification of products and channels

#### Overseas markets with a higher growth rate than Japan

### NRI Strategies and Countermeasures

#### Acquisition of new clients and expansion of business fields

- Inter-industry business creation that exceeds the conventional financial industry framework and expansion of service lineup
- Response to new entry by corporations from other industries through function modularization and API release
- Expanded BPO services by DSB Co., Ltd.

#### Creation of new businesses aimed at providing digital financial services

- Developed platform services using My Number
- Established BOOSTRY Co., Ltd., which develops and provides trading platforms utilizing blockchain technology
- Developed and provided a telematics damage service system utilizing telematics\* technology
- Policy recommendations for digital government

#### Acceleration of global business expansion

- Expansion of support for worldwide offices of Japanese financial institutions
- Expanded business in Australia through M&A

\* Telematics: A term coined by combining the words "telecommunications" and "informatics." Telematics is a mechanism that provides various information and services by using on-board devices such as car navigation and GPS, and mobile communication systems.

## Activity results

### Created a thriving future society through new value creation

#### New transaction platforms such as securities utilizing blockchain technology

In September 2019, Nomura Holdings, Inc. and NRI established BOOSTRY Co., Ltd., which develops and provides new platforms for issuance and distribution of rights for securities, etc., utilizing blockchain technology. BOOSTRY Co., Ltd. developed the shared platform ibet, which enables the creation, transfer, and usage of bonds and stocks, as well as various rights such as ownership rights, memberships, and digital assets. As a result, it is possible to handle products that previously had a low level of liquidity. Therefore, we expect expansion of the capital market. Using this platform developed by BOOSTRY Co., Ltd., NRI issued Japan's first-ever digital asset bond and digital bond in March 2020.

By providing new platforms for society to support the activities of business corporations, etc., NRI will realize new forms of finance and participate in the co-creation of a thriving future society.

# BOOSTRY

Trade name	BOOSTRY Co., Ltd.
Established	September 2, 2019
Capital	¥1,175 million
Representative Director	Toshinori Sasaki
Shareholder composition	Nomura Holdings, Inc.: 66% Nomura Research Institute, Ltd.: 34%
Business lines	Develop platform for exchanging securities and other rights using blockchain technology; provision of consulting and IT services

 See the BOOSTRY Co., Ltd. website for details.  
<https://boostry.co.jp/>

### Co-create an ideal society by effectively utilizing its resources

#### Further expand use of shared online service THE STAR

NRI has developed multiple shared-use platforms that support finance, such as THE STAR and BESTWAY, thus contributing to the transformation of business processes at financial institutions. In addition to leading the shift from ownership to usage at financial institutions, NRI contributes to the creation of CO<sub>2</sub> reduction effects through joint usage of information systems.

THE STAR, a back-office system for securities firms, began operation in 1974. Since then, THE STAR has been introduced by numerous securities firms, banks, and other institutions. THE STAR supports overall management at securities firms through compatibility with various transaction formats of comprehensive securities firms, including face-to-face sales with investors, Internet transactions, and brokerage. Recently, in addition to Mizuho Securities Co., Ltd., THE STAR has been adopted by the online securities company

LINE Securities Corporation, as well as banks that start securities brokerage businesses.

Moving forward, NRI will continue to co-create an ideal society with our clients by providing numerous clients with business platforms which enable effective utilization of corporate social resources without waste.



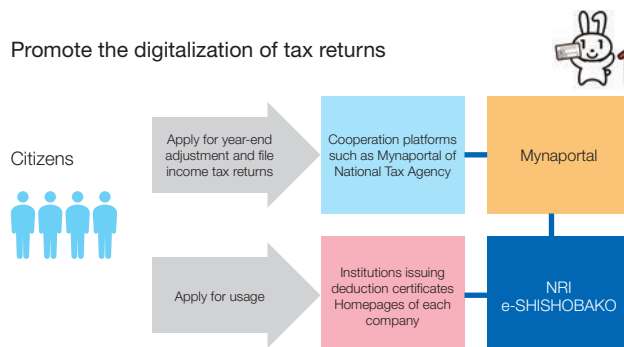
### Co-create a safe and secure society by advancing its infrastructure

#### Providing platform services using My Number Card for a safe digital society

Today, the Social Security and Tax Number (nicknamed "My Number") is an important type of social infrastructure. As a private business operator, NRI has been involved in the My Number system of the Japanese government from the stage of system design. Based on our deep understanding of systems and our many years of experience in operating the core systems of financial institutions, NRI provides systems, services, and solutions related to My Number. e-BANGO, which comprehensively manages the acquisition (collection), storage, use, and disposal of My Number, meets the same high management level as the core systems of financial institutions. Furthermore, digitization of year-end adjustment procedures will be started sequentially from October 2020. By using the e-SHISHOBAKO service which connects private corporations and a personal portal site, Mynaportal, data from institutions issuing the deduction certificates is linked to the Mynaportal, thus simplifying year-end adjustments and income tax returns, and supporting digital government from the private service side.

NRI will continue to contribute to the co-creation of a safe and secure society by providing services that utilize My Number.

#### Promote the digitalization of tax returns



 See the websites on services related to My Number for details.  
<https://www.nri.com/jp/service/solution/fis/mynumber>

# 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 strengthening our relationship as a long-term business partner with industry-leading corporations. Through these relationships, we seek to create new value.

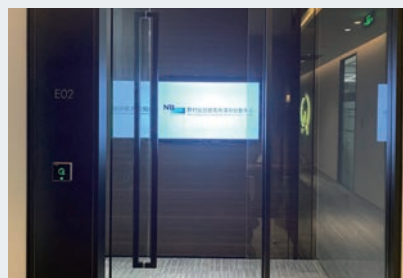
### Service Examples

- Order and supply system and POS information system for major convenience stores
- Customer service support tool for shops of a major communication carrier
- Total beauty website service of a major cosmetics manufacturer
- Dynamic package website for a major airline



### Segment Strengths

- Technical capabilities and experience in building mission-critical systems accumulated over many years
- Compelling proposals and record of implementation fusing package solutions and cloud services
- Business analysts and data scientists cooperate to analyze customer data and propose solutions to business issues such as demand forecasting, logistics forecasting, price optimization, and customer segmentation
- Cultivate experts in each field to support expanded business and increased competitiveness at clients, and accumulate industry-specific research results through advanced technology



In August 2019, opened the NRI Shenzhen Innovation Center as an R&D base of DX

### Domestic and International Business Environment (Client Trends)

#### Evolution of technologies such as mobile, cloud, and AI

- Utilization of technology to significantly change the business model and players in the industry

#### Expansion of e-commerce in the retail field

- Response to product proposals based on consumer preferences and to dynamic price changes, etc.
- Optimization of supply chains and logistics capable of responding to the increase in frequent delivery of small lots is an issue not only for corporations, but also for society as a whole

#### Spread of network-type products in the manufacturing industry

- The quality of network services significantly impacts product value

#### Renewal of core systems

- Expanded utilization of package solutions and cloud services
- Construction of a secure and stable system infrastructure



### NRI Strategies and Countermeasures

#### B2C e-commerce & digital marketing

- Support for the continued growth of clients' e-commerce businesses such as cosmetics, travel, volume sales of home appliances, information service businesses, etc.
- Utilization of advanced R&D results such as customer fitting, hybrid recommendations, and loyalty point programs\*

\* Licensed by Brierley+Partners, a Group company

#### B2B e-commerce

- Construction of a strong e-commerce platform that supports transactions among corporations in the e-marketplace
- Algorithm for high-speed search of an enormous number of products

#### Supply chain and logistics management

- Provision of solutions for solving business issues, from overall resource plans in the supply chain to delivery route optimization

#### Enterprise AI

- Replace work that has been performed based on experience and rules with automated operations utilizing artificial intelligence (AI) and machine learning (ML)

#### Package integration

- When introducing ERP, provision of total solutions that both differentiate value-added operations and standardize indirect operations

#### Mission critical systems

- High availability and rapid service expansion 24 hours a day, 365 days a year

## Activity results

### Co-create a thriving future society by driving new value

#### Launch of JAL Digital Experience, a member service utilizing data analytics and AI

JAL Digital Experience Co., Ltd., a joint venture established with Japan Airlines Co., Ltd. (hereinafter, "JAL"), established the member organization CLASS EXPLORER and started services from October 30, 2019. JAL Digital Experience and affiliated business partners will propose new experience-based services that are based on, but not limited to, JAL's strength in the travel industry. Furthermore, by utilizing data analytics and AI in which NRI excels, we will digitalize the business of "considering services according to the potential needs of each person" that has traditionally been handled face-to-face by concierges. By doing so, we aim to realize DX that includes affiliated business partners. Additionally, in the process of proposing services, we will analyze the interests of customers and increase the sophistication of digital marketing to create new value.

JAL and NRI will strengthen customer engagement in various real-life situations and reflect the results to DX in the aviation business, thus co-creating a thriving future society.



### Co-create an ideal society by effectively utilizing its resources

#### Held a real estate DX seminar under the theme of "Digital Transformation and Smart Cities"

NRI and NRI Digital, Ltd. held a real estate DX seminar under the theme of "Digital Transformation and Smart Cities." This seminar started by taking discussion from the first seminar one step further; specifically, discussing the meaning of DX and what it means in the real estate industry. A lecture was also given on the theme of "Digital Transformation and Smart Cities."

The NRI Group's diverse consultants and business designers gain insight into the possibilities of DX in the real estate industry, trends in smart cities in Japan and overseas, and the impact of smart cities on DX throughout society. Furthermore, consultants make recommendations on the direction that should be taken by Japanese companies.

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.



Scene from venue of the real estate DX seminar

### Co-create a safe and secure society by advancing its infrastructure

#### Strengthening the management base of the Ajinomoto Group by rebuilding the core system

Ajinomoto Co., Inc. used SAP S/4HANA® for the core system in conjunction with the start-up of the new company Ajinomoto Food Manufacturing Co., Ltd. Full operation was started in April 2019.

The rebuilding of the core system is conducted based on the policies of "minimizing individual systems by standardization of operations." Moving forward, we plan to implement a core system at Ajinomoto Co., Inc. based on the system that was installed for Ajinomoto Food Manufacturing Co., Ltd.

Ajinomoto System Techno Corporation, the predecessor of NRI System Techno, Ltd. (hereinafter, "NST"), was established in 1990 as a 100% owned subsidiary of Ajinomoto Co., Inc. and handled all information systems of the Ajinomoto Group. NRI acquired 51% of the issued shares of Ajinomoto System Techno Corporation in 2012. Since then, NST promotes the industrial IT solutions business as a member of the NRI Group.

When rebuilding the core system at Ajinomoto Food Manufacturing Co., Ltd., NST collaborated with NRI to handle all phases from

information strategy formulation to system design/development, construction of infrastructure and operating environments, and maintenance after beginning operation.

NRI and NST will support the further expansion of our clients' businesses and contribute to the co-creation of a safe and secure society.



## IT Platform Services Segment

The segment provides services such as the management, multi-cloud services and operation of data centers and IT platform/network development to the Financial and Industrial IT solutions segments. 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



NRI CODO in WeWork Marunouchi Kitaguchi

### 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 AI (artificial intelligence), deep learning, voice recognition, image recognition, character recognition, etc.
- Acquisition of various global certifications  
<https://www.nri.com/jp/sustainability/evaluations#amc03>



JQA-IM1553



JQA-IC0020

The IT solutions infrastructure\* NRI Cloud provided by NRI has acquired ISO/IEC 27001 and ISO/IEC 27017 certification from the Japan Quality Assurance Organization (JQA) (as of October 19, 2018).

\* General name of NRI solutions for IT infrastructure to achieve stable operation of client systems  
<https://www.nri.com/en/service/ips/managed>

### Domestic and International Business Environment (Client Trends)

#### Multi-cloud services business

- Arrival of the cloud-first era for promoting DX
- Heightening public cloud utilization needs
- Intensifying competition of cloud servicers, differentiation utilizing characteristics
- Actualization of risks due to large-scale cloud failure

#### Digital workplace business

- Heightening expectations for achievement of work-style reform triggered by office relocation
- Increasing need for acceptance of diverse work styles
- Expectations for improving work efficiency by releasing restrictions on work sites

#### 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

#### DX production innovation

- Increasing need for DX support consulting to accompany client DX



### NRI Strategies and Countermeasures

#### Multi-cloud services business

- Expansion of multi-cloud services
- Provision of a safe and secure public cloud environment
- Establishment and expansion of infrastructure consulting

#### Digital workplace business

- Expansion of digitalization of office environments with a focus on work-style reform
- Security business for achievement of an even safer workplace environment

#### Security business

- Provision of security countermeasures solutions for needs of the times; i.e., IoT and blockchain
- Expansion of global security business

#### DX production innovation

- Provision of NRI CODO for supporting DX through co-creation of advanced technology
- Implementation of the atlx Service, a multi-cloud managed service
- R&D activities, industry-academia collaboration and open innovation related to advanced technologies

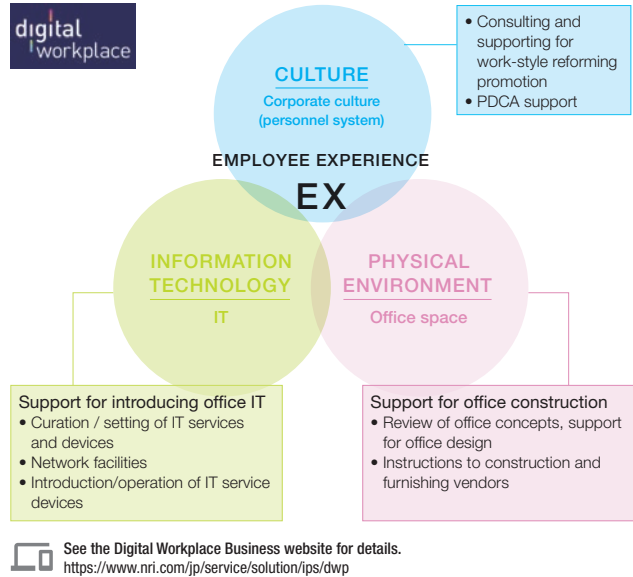
**Activity results**

**Created a thriving future society through new value creation**

**Digital workplace business for providing solutions for new work styles**

Right now, work-style values are about to change significantly. As employees seek to achieve work-life balance, the digital workplace utilizes IT to give people freedom over where and when they work. Employees create new ideas in the spare time made possible by the introduction of the digital workplace. From those ideas, corporations are able to transform themselves into corporations that offer new value. This transformation into high-value production activities will once again give employees more room to adjust their working hours, thus improving their work-life balance and increasing the value of the employee experience.

NRI's digital workplace business combines the three elements of corporate culture, office space, and IT to enhance the employee experience (EX). NRI will co-create a thriving future society through its digital workplace business, which supports working styles based on new values.



**Co-create an ideal society by effectively utilizing its resources**

**Multi-cloud services that optimize infrastructure resources, thus supporting DX promotion at clients**

In order to create high-value-added businesses that utilize IT and ensure the continued growth of those businesses, it is necessary to appropriately use multiple public clouds and on-premise environments to establish an advanced and reliable IT solution infrastructure. NRI's managed services provide flexible and high-level services to fulfill various client needs. Examples include the maintenance and stable operation of systems and various services on private and public clouds, achieving business continuity in the event of a disaster through mutual backup by multiple data centers in Japan, and possession of global networks. Furthermore, the multi-cloud data utilization platform supports corporations in using data to select the most appropriate technology essential for transforming traditional business models, to realize governance for the collection and use of data, and to ensure appropriate management and operation of constantly increasing data sources.

By utilizing the cloud, NRI will support DX promotion by clients and contribute to the co-creation of an ideal society.



Overall image of IT solution infrastructure

See the websites on services related to Multi-cloud for details.  
<https://www.nri.com/jp/keyword/cloud>

**Co-create a safe and secure society by advancing its infrastructure**

**NRI SecureTechnologies' security consulting and solutions protect society from cyber-threats**

In conjunction with the increased use of information technology (IT), there is a continued rise in various security risks such as cyber-attacks aimed at corporations. In recent years, laws and regulations for protecting privacy and personal information are being increasingly enforced in other countries. One example is the EU General Data Protection Regulation (GDPR). Service providers are required to establish a mechanism for fulfilling their social responsibilities in regards to privacy protection and security measures on a global level. NRI SecureTechnologies, Ltd. (hereinafter, "NRI Secure") provides the ID access management solution Uni-ID that achieves various tasks such as integration of customer IDs managed by providers, multi-factor authentication, linkage via API, and privacy protection. NRI Secure also provides solutions for solving various issues related to information security.

We will continue to co-create a safe and secure society by gaining insight into IT and cybersecurity trends, and then providing solutions that meet the needs of the times.

Four businesses	Five service categories	
<b>Consulting</b> Support for customized issue resolution through a high level of expertise	<b>Security consulting</b>	Security measure PDCA support from expert consultants
<b>DX security</b> Security for supporting digital transformation	<b>Development and training of human resources</b>	Support for cultivation of security personnel and acquisition of certification (GIAC, CISSP)
<b>Managed Security Services</b> Offensive and defensive cyber-attacks countermeasures	<b>Security assessment and penetration testing</b>	IT system vulnerability check using technology from the perspective of cyber attackers
<b>Software</b> Independently developed solutions that are high-quality and convenient	<b>MSS and SOC as a Service</b>	24/7 monitoring and managing services for protecting IT systems from cyber attackers
	<b>Solution business</b>	Various security solutions that are high-quality, convenient, and mainly developed independently

Services provided by NRI Secure

See the NRI Secure website for details.  
<https://www.nri-secure.com/>

# 11-Year Summary Consolidated Financial Statements

For the fiscal years beginning April 1 and ending March 31 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://ir.nri.com/en/ir/library/financial.html>

	2010.3	2011.3	2012.3	2013.3
<b>Consolidated Statement of Income:</b>				
Sales	338,629	326,328	335,554	363,891
Cost of sales	245,641	233,119	235,515	262,315
Gross profit	92,988	93,209	100,038	101,575
Selling, general and administrative expenses	52,911	54,782	56,886	57,608
Directors' compensations	1,125	1,093	899	878
Salaries and allowances	18,261	19,167	20,065	20,080
Provision for bonuses	3,700	4,283	4,527	4,582
Retirement benefit expenses	2,111	2,260	2,347	2,492
Welfare expenses	3,376	3,641	3,651	3,641
Education and training expenses	1,477	1,451	1,567	1,843
Operations consignment expenses	7,270	6,831	8,401	8,823
EBITDA	70,992	69,094	74,027	86,567
Operating profit	40,077	38,426	43,152	43,967
Non-operating income and profit	870	1,646	1,533	1,891
Ordinary profit	40,947	40,073	44,686	45,858
Extraordinary income and loss	(3,618)	(219)	11,518	(2,988)
Income taxes	15,476	16,663	23,283	14,261
Profit attributable to owners of parent	21,856	23,188	32,920	28,612
<b>Consolidated Balance Sheet (year-end):</b>				
Total Assets	363,368	380,032	402,784	432,222
Current assets	137,744	177,593	176,804	189,206
Cash and bank deposits	15,055	16,757	8,462	10,273
Fixed Assets	225,623	202,439	225,980	243,016
Tangible fixed assets	58,965	58,451	67,569	63,456
Intangible fixed assets	68,319	57,641	57,861	42,854
Goodwill	—	—	—	—
Investments and other assets	98,339	86,346	100,549	136,705
Investment securities	53,699	43,964	61,273	88,378
Total liabilities	143,131	148,957	144,507	141,404
Current liabilities	67,195	68,160	69,380	118,207
Short-term loans payable	—	—	—	—
Provision for loss on orders received	—	—	—	579
Non-current liabilities	75,936	80,797	75,126	23,196
Bonds	49,997	49,997	49,997	—
Long-term loans payable	—	9,176	6,677	4,250
Net assets	220,237	231,074	258,276	290,818
<b>Consolidated Statement of Cash Flows:</b>				
Cash flows from operating activities	58,060	48,777	53,067	68,600
Cash flows from investing activities	(16,175)	(27,723)	(47,731)	(36,019)
(Investing activities except cash management purpose investment)	(28,184)	(19,292)	(25,299)	(34,055)
Free cash flow	41,885	21,054	5,335	32,580
(Free cash flow except cash management purpose investment)	29,876	29,485	27,767	34,544
Cash flows from financing activities	(10,348)	1,590	(10,438)	(10,723)
Effect of exchange rate change on cash and cash equivalents	10	(335)	62	721
Net increase (decrease) in cash and cash equivalents	31,547	22,309	(5,041)	22,579
Cash and cash equivalents at end of period	59,775	82,085	77,043	99,623
Cash and cash equivalents + Cash management purpose investment	73,837	104,417	121,601	145,974

Notes: 1. Figures less than the 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 is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.



(millions of yen)

2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
385,932	405,984	421,439	424,548	471,488	501,243	<b>528,873</b>
276,664	289,210	287,270	280,761	311,868	336,508	<b>348,006</b>
109,267	116,774	134,168	143,787	159,619	164,735	<b>180,866</b>
59,450	65,287	75,873	85,272	94,481	93,293	<b>97,688</b>
986	1,316	1,227	1,213	1,101	1,069	<b>1,220</b>
20,087	22,450	25,395	27,576	29,681	30,506	<b>32,522</b>
4,715	5,136	5,802	5,993	6,751	6,783	<b>7,032</b>
2,458	2,105	2,155	3,038	2,678	2,533	<b>2,907</b>
3,786	4,362	4,935	5,842	6,348	6,532	<b>6,697</b>
1,853	1,789	1,712	1,768	1,705	1,851	<b>1,840</b>
9,640	11,170	14,246	16,722	16,740	17,073	<b>18,366</b>
84,126	77,528	91,814	88,933	103,177	108,846	<b>117,419</b>
49,816	51,486	58,295	58,514	65,138	71,442	<b>83,178</b>
2,544	1,455	2,705	1,839	1,023	967	<b>1,349</b>
52,360	52,942	61,001	60,354	66,161	72,409	<b>84,528</b>
349	6,132	1,304	4,638	16,366	4,340	<b>17,968</b>
21,175	19,209	19,513	21,042	26,356	25,213	<b>32,288</b>
31,527	38,880	42,648	45,064	55,145	50,931	<b>69,276</b>
469,010	593,213	621,695	628,944	643,117	612,192	<b>533,151</b>
208,121	298,565	306,943	295,915	298,275	285,788	<b>259,855</b>
9,885	26,469	62,138	152,610	159,541	124,773	<b>102,540</b>
260,888	294,647	314,751	333,029	344,842	326,404	<b>273,295</b>
62,767	53,915	65,384	63,790	68,528	65,376	<b>63,422</b>
42,712	55,582	65,085	99,485	103,747	91,505	<b>85,118</b>
—	—	7,864	35,404	36,624	27,572	<b>20,409</b>
155,408	185,148	184,280	169,754	172,566	169,522	<b>124,755</b>
94,766	116,480	120,397	103,841	88,999	80,203	<b>28,512</b>
137,601	189,745	196,286	181,646	210,442	187,160	<b>245,997</b>
79,841	113,208	134,304	111,552	162,133	124,264	<b>140,456</b>
—	10,645	2,270	2,870	6,074	6,345	<b>6,659</b>
3,083	3,911	1,345	1,591	50	933	<b>300</b>
57,759	75,988	61,327	69,500	47,714	62,419	<b>105,076</b>
30,000	30,000	15,000	25,000	34,082	33,931	<b>73,310</b>
22,054	21,333	27,969	24,396	408	13,213	<b>17,876</b>
331,408	403,467	425,409	447,297	432,674	425,032	<b>287,153</b>
33,839	58,710	81,470	61,147	73,493	56,349	<b>102,787</b>
(32,234)	(1,093)	(75,344)	(30,341)	(17,882)	(16,826)	<b>18,382</b>
(38,086)	(13,800)	(52,725)	(41,348)	(30,162)	(15,025)	<b>(6,985)</b>
1,605	57,617	6,126	30,805	55,610	39,523	<b>121,169</b>
(4,246)	44,910	28,744	19,799	43,330	41,324	<b>95,801</b>
(8,773)	(10,536)	9,326	(34,327)	(46,829)	(73,106)	<b>(139,857)</b>
337	694	(1,071)	624	(2,529)	(1,519)	<b>(3,734)</b>
(6,830)	47,775	14,381	(2,897)	6,251	(35,102)	<b>(22,421)</b>
92,792	140,567	154,949	152,051	158,303	123,200	<b>100,778</b>
133,350	169,023	206,031	192,028	185,882	152,743	<b>104,842</b>

## Consolidated Financial Data

		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	
		(millions of yen)						
<b>Segment Information:</b>								
External sales	Consulting	27,353	28,370	30,574	34,577	34,839	<b>38,572</b>	
(Sales to external clients)	Financial IT Solutions	237,111	252,842	246,979	252,122	252,367	<b>273,571</b>	
	Securities	116,534	123,896	119,128	118,397	100,309	<b>112,762</b>	
	Insurance	56,414	57,082	51,982	51,836	64,874	<b>66,374</b>	
	Banking	34,584	37,541	40,286	42,225	43,404	<b>51,022</b>	
	Other financial	29,577	34,321	35,580	39,662	43,780	<b>43,411</b>	
	Industrial IT Solutions	97,938	101,538	107,208	154,917	180,882	<b>178,490</b>	
	Distribution	46,705	51,882	54,256	61,057	66,814	<b>66,789</b>	
	Manufacturing, service and other	51,232	49,656	52,952	93,860	114,068	<b>111,700</b>	
	IT Platform Services	34,779	28,720	29,241	29,870	33,153	<b>38,239</b>	
	Others	8,803	9,966	10,544	—	—	<b>—</b>	
External sales + Sales for each segment	Consulting	Sales	27,749	28,823	31,161	35,332	35,481	<b>39,612</b>
		Operating profit	5,959	5,487	5,853	6,561	7,786	<b>9,515</b>
		Operating profit margin (%)	21.5	19.0	18.8	18.6	21.9	<b>24.0</b>
	Financial IT Solutions	Sales	237,649	253,802	248,188	254,567	255,162	<b>276,937</b>
		Operating profit	22,621	29,171	26,461	27,673	27,095	<b>35,034</b>
		Operating profit margin (%)	9.5	11.5	10.7	10.9	10.6	<b>12.7</b>
	Industrial IT Solutions	Sales	98,974	102,859	107,672	157,585	183,580	<b>181,438</b>
		Operating profit	11,769	9,974	9,076	15,119	18,449	<b>19,719</b>
		Operating profit margin (%)	11.9	9.7	8.4	9.6	10.0	<b>10.9</b>
	IT Platform Services	Sales	113,505	110,044	122,107	122,342	127,777	<b>138,833</b>
		Operating profit	8,636	11,575	14,015	14,764	17,130	<b>18,454</b>
		Operating profit margin (%)	7.6	10.5	11.5	12.1	13.4	<b>13.3</b>
External sales by service	Consulting services	47,110	52,131	62,734	78,987	90,816	<b>96,862</b>	
	System development & System applications sales	136,710	145,157	131,908	138,111	150,467	<b>161,703</b>	
	System management & Operation services	206,698	212,952	217,271	241,198	244,273	<b>251,908</b>	
	Product sales	15,465	11,197	12,634	13,191	15,686	<b>18,399</b>	
Sales to main clients	Nomura Holdings, Inc.	82,469	68,666	71,600	77,937	60,579	<b>65,049</b>	
	Seven & i Holdings Co., Ltd.	40,973	43,254	45,285	47,001	49,109	<b>52,434</b>	
Overseas sales	Overseas sales	8,655	14,618	18,925	43,559	53,081	<b>46,752</b>	
	Overseas sales ratio (%)	2.1	3.5	4.5	9.2	10.6	<b>8.8</b>	

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

2. Sales to main clients include sales to the client's subsidiary and sales made through leasing companies, etc.

3. There was a partial revision to segment categorization for the fiscal year ended March 2020. Figures for the fiscal year ended March 2019 reflect this change in categorization.

		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
		(millions of yen)					
Order volume	Consulting	28,390	27,425	34,609	36,285	34,315	<b>39,352</b>
	Financial IT Solutions	253,830	256,293	246,153	244,794	265,724	<b>284,089</b>
	Industrial IT Solutions	101,380	104,650	116,335	174,260	184,653	<b>176,867</b>
	IT Platform Services	31,215	23,352	31,423	30,154	33,467	<b>40,671</b>
	Others	9,153	10,840	10,463	—	—	<b>—</b>
	Total	423,970	422,561	438,986	485,494	518,161	<b>540,980</b>
Order backlog	Consulting	5,622	4,677	8,711	6,764	3,559	<b>4,339</b>
	Financial IT Solutions	146,268	149,718	148,893	141,574	154,930	<b>165,449</b>
	Industrial IT Solutions	55,412	58,523	67,650	94,120	100,572	<b>98,949</b>
	IT Platform Services	17,205	11,837	14,019	14,295	14,609	<b>17,041</b>
	Others	2,679	3,553	3,472	—	—	<b>—</b>
	Total	227,188	228,310	242,748	256,754	273,672	<b>285,779</b>

Notes: 1. Figures less than the 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)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
<b>Production and Orders:</b>						
Actual production	280,562	279,405	277,736	304,044	327,324	<b>337,197</b>
Subcontracting costs	141,925	139,303	126,361	135,522	150,635	<b>161,305</b>
Of which are subcontracting costs to Chinese companies	23,482	23,476	18,815	19,532	23,213	<b>28,514</b>
Subcontracting ratio (%)	50.6	49.9	45.5	44.6	46.0	<b>47.8</b>
Subcontracting ratio to Chinese companies (%)	16.5	16.9	14.9	14.4	15.4	<b>17.7</b>

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)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
<b>Capital Expenditures / Depreciation and Amortization / Research and Development Expenses:</b>						
Capital expenditures	31,080	48,325	38,668	38,201	26,276	<b>28,496</b>
Capital expenditures (tangible)	8,349	20,285	13,640	16,188	5,615	<b>6,684</b>
Capital expenditures (intangible)	22,731	28,040	25,027	22,012	20,661	<b>21,811</b>
Depreciation and amortization	25,800	32,598	28,476	31,941	30,427	<b>30,414</b>
Research and development expenses	4,222	5,110	5,674	5,170	3,665	<b>4,310</b>

(%)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
<b>Ratios:</b>						
Gross profit margin	28.8	31.8	33.9	33.9	32.9	<b>34.2</b>
Operating profit margin	12.7	13.8	13.8	13.8	14.3	<b>15.7</b>
EBITDA margin	19.1	21.8	20.9	21.9	21.7	<b>22.2</b>
ROE (Return on equity)	10.8	10.6	10.7	12.9	12.3	<b>20.3</b>
ROA (Return on assets)	10.0	10.0	9.7	10.4	11.5	<b>14.8</b>
Debt / Equity ratio (times)	0.18	0.16	0.13	0.19	0.15	<b>0.4</b>
Equity ratio	65.6	66.2	69.1	65.2	67.1	<b>50.9</b>
Price earnings ratio (PER) (times)	23.2	20.1	22.6	22.1	23.3	<b>20.9</b>
Dividend payout ratio	36.5	41.1	42.4	39.1	41.5	<b>27.9</b>
Total return ratio	36.5	63.4	66.4	129.8	113.4	<b>258.9</b>

(yen)

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
<b>Per Share Information:</b>						
Earnings per share (EPS)	176	171	181	228	72	<b>109</b>
Diluted earnings per share (EPS)	176	170	181	227	71	<b>109</b>
Book-value per share (BPS)	1,765	1,646	1,750	1,760	587	<b>455</b>
Dividend per share (DPS)	70	80	80	90	90	<b>32</b>

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 is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.  
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 1:1.1 common stock splits on October 1, 2015, and January 1, 2017. Earnings per share, diluted earnings per share and net assets per share are 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.  
6. NRI implemented a 1:3 common stock split on July 1, 2019. Earnings per share, diluted earnings per share, and net assets per share are calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2019. Dividend per share for the fiscal year ended March 2019 is based on the number of shares prior to the stock split.  
7. 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.

# ESG Data

ESG Databook 2020  
[https://www.nri.com/en/sustainability/library/back\\_number](https://www.nri.com/en/sustainability/library/back_number)

## E: Environment

Environmental KPI (NRI Group data):	2016.3	2017.3	2018.3	2019.3	2020.3
Greenhouse gas emissions (compared to FY March 2014) (%)	19.8	26.9	30.0	38.2	<b>43.8</b>
Share of renewable energy in data centers (%)	0.1	0.1	0.1	0.1	<b>0.1</b>
Supplier's environmental target setting ratio (%) (Category 1, 2 and 11 of Scope 3)	n/a	n/a	4.6	18.1	<b>21.6</b>

Greenhouse gas emissions (NRI Group data):	2016.3	2017.3	2018.3	2019.3	2020.3
Direct greenhouse gas emissions (Scope 1)	(1,000 t-CO <sub>2</sub> )	1	1	1	<b>1</b>
Japan	(1,000 t-CO <sub>2</sub> )	1	1	1	<b>1</b>
Overseas	(1,000 t-CO <sub>2</sub> )	0	0	0	<b>0</b>
Direct greenhouse gas emissions (Scope 2)	(1,000 t-CO <sub>2</sub> )	84	77	73	<b>58</b>
Japan	(1,000 t-CO <sub>2</sub> )	81	74	70	<b>56</b>
Overseas	(1,000 t-CO <sub>2</sub> )	3	3	3	<b>2</b>
Total emissions (Scopes 1 + 2)	(1,000 t-CO <sub>2</sub> )	86	78	75	<b>60</b>
Japan	(1,000 t-CO <sub>2</sub> )	83	75	72	<b>58</b>
Overseas	(1,000 t-CO <sub>2</sub> )	3	3	3	<b>2</b>

Notes: Scope: Target scope of calculation/reporting for greenhouse gas emissions by corporations  
 Scope 1: Direct emissions through combustion of fuel, etc.  
 Scope 2: Indirect emissions through use of electricity, heat, steam, etc.  
 Scope 3: Indirect greenhouse gas emissions other than Scopes 1 and 2. Manufacturing in the supply chain, commuting by employees, business travel, etc.

## S: Social

Number of employees (NRI Group data):		2016.3		2017.3		2018.3		2019.3		2020.3	
		Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Number of employees		10,757	100	11,605	100	12,708	100	12,578	100	<b>13,278</b>	<b>100</b>
By region	Japan	8,498	79.0	8,676	74.8	8,821	69.4	9,004	71.6	<b>9,495</b>	<b>71.5</b>
	Europe	21	0.2	12	0.1	14	0.1	15	0.1	<b>16</b>	<b>0.1</b>
	U.S.	293	2.7	383	3.3	392	3.1	345	2.7	<b>328</b>	<b>2.5</b>
	Asia	1,945	18.1	1,995	17.2	2,052	16.1	1,761	14.0	<b>1,860</b>	<b>14.0</b>
	Of which China	1,398	13.0	1,473	12.7	1,465	11.5	1,168	9.3	<b>1,244</b>	<b>9.4</b>
	Australia	—	—	539	4.6	1,429	11.2	1,453	11.6	<b>1,579</b>	<b>11.9</b>

Employment related (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
New hires for the year (persons)	299	294	339	452	<b>496</b>
Total turnover rate (%)*	3.3	3.5	3.8	3.9	<b>4.3</b>
Average length of service (years)	13.8	14.3	14.6	14.6	<b>14.2</b>
New graduates hires retention rate after 3 years (%)	92.5	90.9	93.3	95.9	<b>92.8</b>
Average compensation: all employees (thousands of yen)	11,560	11,514	11,660	12,217	<b>12,352</b>

\* 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):

	2016.3	2017.3	2018.3	2019.3	2020.3
Ratio of female employees (%)	18.8	19.0	19.3	19.8	<b>20.4</b>
Ratio of female managers (%)*	5.7	6.1	6.4	6.8	<b>7.1</b>
Ratio of female hires (%)	27.6	25.6	26.7	27.6	<b>28.2</b>

\* The ratio of female managers is the value at the beginning of the term.

Childcare leave / Nursing leave (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Paid maternity leave (persons)	17	13	9	13	<b>8</b>
Pre- and post-childbirth leave (persons)	73	76	56	72	<b>78</b>
Childcare leave (persons)	96	130	252	261	<b>260</b>
Of whom were male employees (persons)	21	60	189	194	<b>190</b>
Number of employees utilizing shorter work hour system for childcare (persons)	96	107	107	113	<b>95</b>
Employees returning to work after childcare leave (female employees) (%) <sup>*1</sup>	97.9	97.3	97.0	96.7	<b>98.1</b>
Employees remaining in work after childcare leave (female employees) (%) <sup>*2</sup>	92.3	91.7	93.3	92.8	<b>96.8</b>
Nursing care leave (persons)	1	2	3	3	<b>0</b>

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

<sup>\*1</sup> 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%

<sup>\*2</sup> Number of employees who returned to work in the previous fiscal year after taking childcare leave and who were employed by NRI as of March 31 of the current fiscal year / number of employees who returned to work after taking childcare leave in the previous fiscal year × 100%

<b>Employment of people with disabilities (NRI Group data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Employees with disabilities (persons)	111	121	134	142	<b>166</b>
Percentage of employees with disabilities (%)	2.08	2.22	2.19	2.26	<b>2.45</b>

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

<b>Health and Productivity Management (Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Average overtime hours of employees per month (hours)	29.8	27.2	22.0	21.5	<b>26.6</b>
Employees taking annual paid leave (%)	66.5	70.6	71.4	71.3	<b>71.1</b>
Employee work-related deaths (persons)	0	0	0	0	<b>0</b>
Work accidents (cases)*	0	2	0	2	<b>1</b>

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

#### Client satisfaction survey and employee satisfaction

<b>(Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Client satisfaction (%)**1	83.4	82.9	84.6	87.0	<b>83.8</b>
Employee satisfaction (%)**2	60.3	—	80.5	—	<b>81.8</b>

\*\*1 Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale)

\*\*2 A response to a question on overall satisfaction is used for employee satisfaction. For the fiscal years ended March 2016, this is the percentage that responded "Satisfied" or "Moderately satisfied" on a five-grade scale, while for the fiscal year ended March 2018, this is the percentage that responded "Satisfied" or "Moderately satisfied" on four-grade scale that no longer contains "Neither nor."

#### Information communication / Recommendation projects

<b>(Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Books published	25	13	15	20	<b>21</b>
Contributions to newspapers and magazines (times)	229	273	298	306	<b>290</b>
Public lectures given (times)	1,161	937	962	922	<b>911</b>
TV / radio appearances (times)	126	102	158	267	<b>155</b>

#### Development of human resources / Development of society

<b>(Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Entries to the NRI Student Essay Contest	2,622	3,103	1,767	1,444	<b>2,300</b>
Supporting career education programs:					
No. of schools	38	34	24	31	<b>29</b>
No. of students	Over 1,500	1,277	733	850	<b>704</b>

## G: Governance

<b>Member of Directors (Non-consolidated data) (As of July 1):</b>	2016	2017	2018	2019	2020
Total number of Directors	10	9	7	9	<b>9</b>
Outside Directors	3	3	3	3	<b>3</b>
Female Directors	1	1	1	1	<b>1</b>

<b>Status of the Board of Directors (Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Number of the Board of Directors held (times)	15	14	15	14	<b>14</b>
Attendance average of all Directors (%)	96	96	98	98	<b>99</b>
Attendance average of Outside Directors (%)	88	90	93	95	<b>98</b>
Attendance average of all Audit & Supervisory Board Members (%)	97	99	99	99	<b>100</b>
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	98	98	<b>100</b>

<b>Status of the Audit &amp; Supervisory Board (Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Number of the Audit & Supervisory Board held (times)	19	18	18	17	<b>17</b>
Attendance average of all Audit & Supervisory Board Members (%)	98	99	100	99	<b>100</b>
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	100	98	<b>100</b>

<b>Number of Notification &amp; Consultation (Non-consolidated data):</b>	2016.3	2017.3	2018.3	2019.3	2020.3
Number of notification & consultation (cases)	3	8	2	4	<b>3</b>

# NRI Group Network (As of July 1, 2020)

## 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 SecureTechnologies, Ltd.  
NRI Workplace Services, Ltd.  
NRI Data i Tech, Ltd.  
NRI Social Information System Services, Ltd.  
NRI Process Innovation, Ltd.  
NRI System Techno, Ltd.  
UBsecure, Inc.  
DSB Co., Ltd.  
NRI Mirai, Ltd.  
Zhiming Software Japan, Ltd.  
NRI Retail Next, Ltd.  
Brierley+Partners Japan, Inc.  
NRI digital, Ltd.  
NDIAS, Ltd.  
Financial Digital Solutions, Ltd.  
Nippon Securities Technology Co. Ltd.

## 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.

### [Europe / Russia]

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

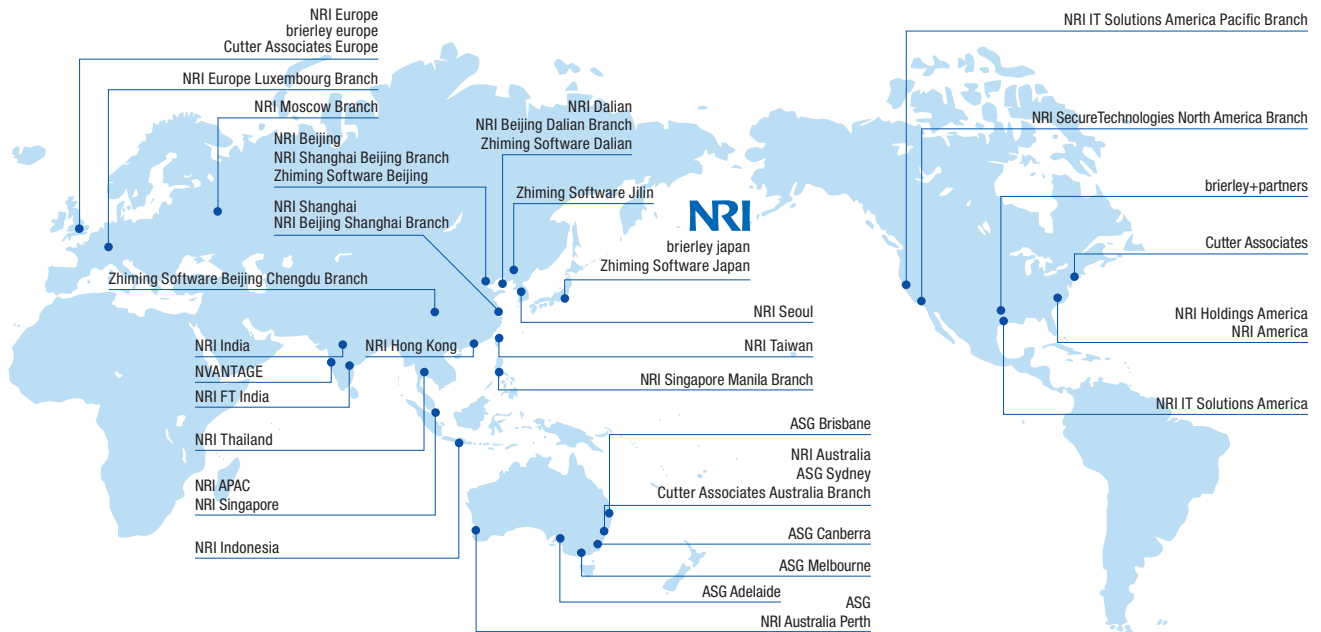
### [Asia / Pacific]

Nomura Research Institute Australia Pty Ltd.  
Perth Office  
ASG Group Limited  
Sydney Office  
Canberra Office  
Melbourne Office  
Brisbane Office  
Adelaide Office  
Cutter Associates Australia Branch

Nomura Research Institute (Beijing), Ltd.  
Shanghai Branch  
Dalian Branch  
Nomura Research Institute Shanghai Limited  
Beijing Branch  
Nomura Research Institute (Dalian), Ltd.  
Zhiming Software Beijing, Ltd.  
Chengdu Branch  
Zhiming Software Dalian, 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.  
Nvantage India Private Limited

 For more about NRI Group offices around the world:  
<https://www.nri.com/en/company/map>

## NRI Group Worldwide Offices

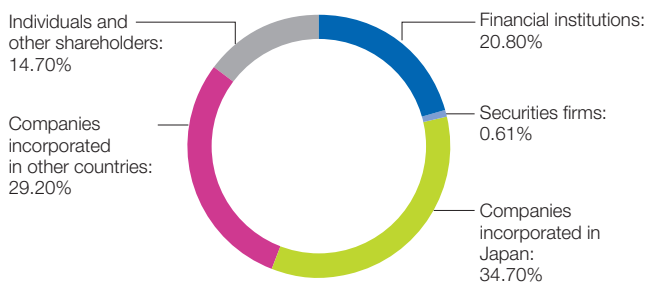


# Corporate Data / Share Information

## Corporate data (As of March 31, 2020)

Name	Nomura Research Institute, Ltd.
Headquarters address	Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Capital	¥20,000 million
Representative	Chairman and President & CEO, Representative Director Shingo Konomoto (As of July 1, 2020)
Number of employees (Consolidated-base)	13,278 persons

## Component ratio of shareholders (As of March 31, 2020)



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

## Share information (As of March 31, 2020)

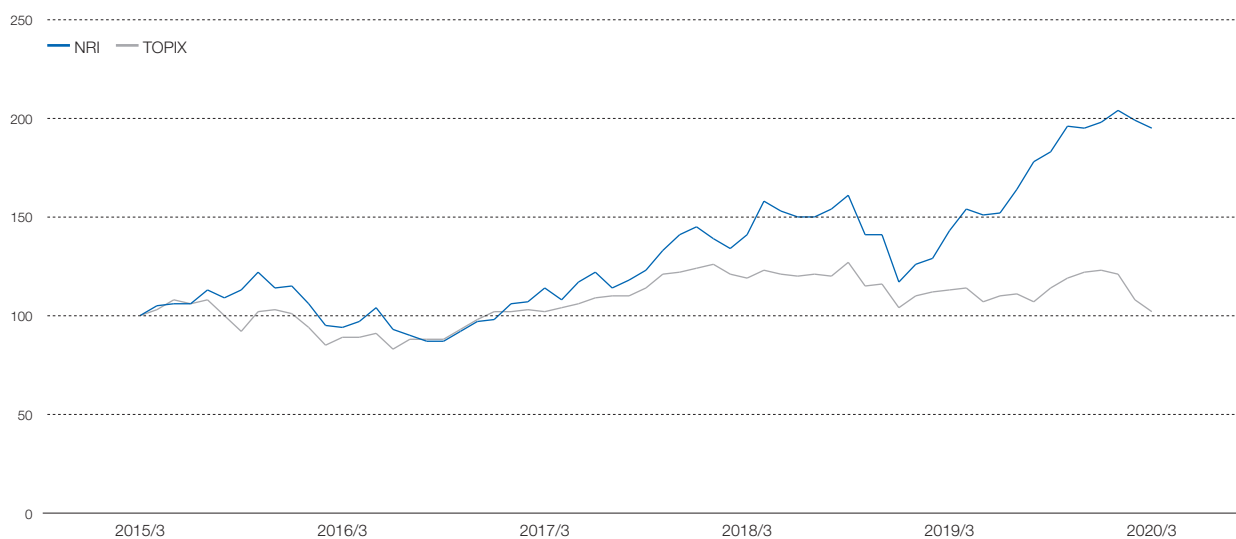
Listed stock exchange	Tokyo Stock Exchange 1st. Section
Code	4307
Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June
A share unit	100 shares
Authorized shares	2,722,500,000 shares
Issued shares	640,000,000 shares
Number of shareholders	15,236 persons
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	September 30, March 31

## Major shareholders (As of March 31, 2020)

Shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Nomura Holdings, Inc.	106,425	17.61
Nomura Facilities, Inc.	67,518	11.17
JAFCO Co., Ltd.	39,468	6.53
NRI Group Employee Stock Ownership Group	29,050	4.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,529	4.22
Nippon Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd.)	24,727	4.09
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	19,842	3.28
Japan Trustee Services Bank, Ltd. (Trust Account)	19,207	3.18
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd.)	13,434	2.22
JPMorgan Chase Bank 385632	11,969	1.98

Note: NRI has 35,565,000 shares of treasury stock as of March 31, 2020 which are 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.

## Total Shareholder Return (TSR) over the Past 5 Years



Holding Period	1 year	2 years	3 years	4 years	5 years
NRI	94.1%	113.7%	141.2%	143.4%	195.0%
TOPIX	89.2%	102.3%	118.5%	112.5%	101.8%

Note: Total shareholder return (TSR) is a ratio calculated by dividing revenues earned through stock investment (dividends and capital gains) by the amount of investment (stock price).

The graph and table shown above display the TSR when investment was made on March 31, 2015. Based 100% on the closing price on March 31, 2015.

Source: Compiled by NRI.

**Nomura Research Institute, Ltd.**

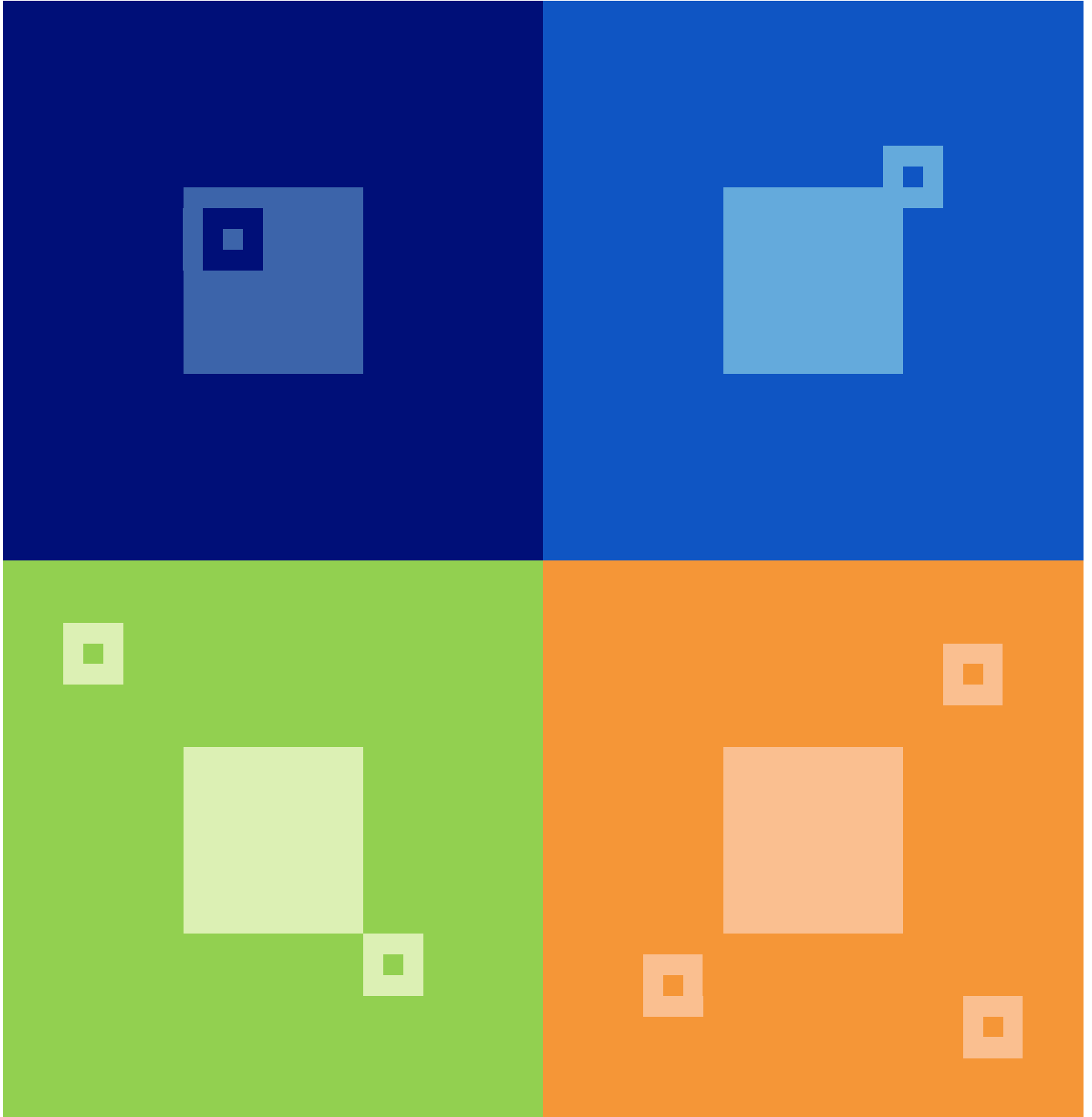
Otemachi Financial City Grand Cube,  
1-9-2 Otemachi, Chiyoda-ku,  
Tokyo 100-0004, Japan  
Tel. +81(3)5533-2111  
<https://www.nri.com/en>

**NRI**



# **ESG Databook 2020**

(Year ended 31st March 2020)





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## GRI Standards Content Index

### ■ Symbol legend

#### Symbols in the table

–	Data not available
n/a	Not applicable

#### Symbols for the data coverage

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



Sustainability Policy

Sustainability management policy

NRI sustainability management policy

NRI provides support to clients to solve social challenges in their business and wishes to become a company that co-creates social values together with the customers. This wish has resulted in NRI to approve and participate in the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD) and others.

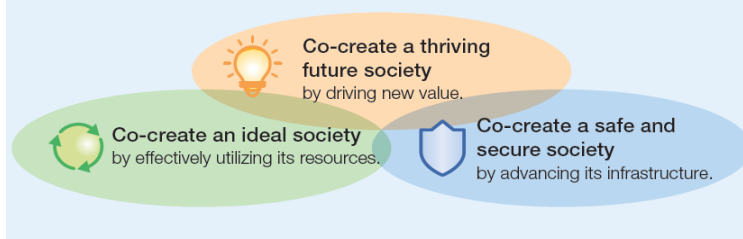
"NRI Group Medium-Term Management Plan (2019 – 2022)" states the "solving of social challenges through co-creation of values" and has set to promote the co-creation of three social values, "Co-create a thriving future society by driving new value", "Co-create an ideal society by effectively utilizing its resources", and "Co-create a safe and secure society by advancing its infrastructure" at its core to promote business.

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

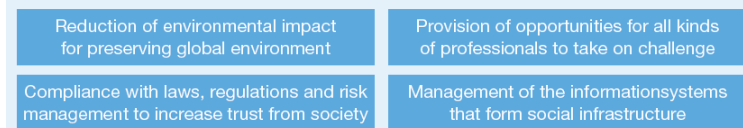
Furthermore, we will listen sincerely to the voices of diversified stakeholders, both domestic and overseas, and control our own actions.

NRI Group Sustainability Management

•Solving social issues through value co-creation (CSV)



•Materiality for sustainable growth



Link Files

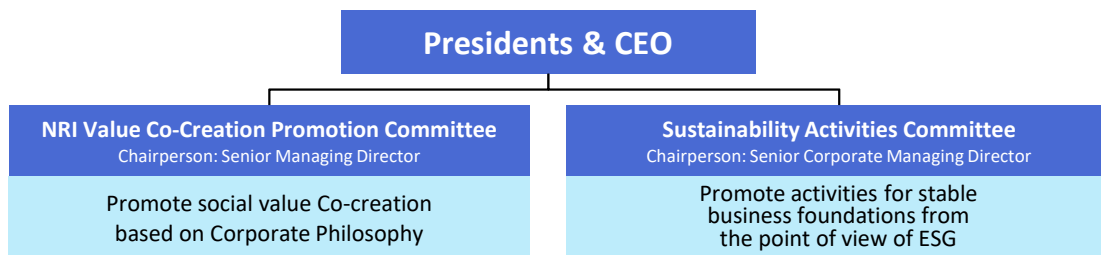
- Sustainability Management "ESG Briefing"  
<https://www.nri.com/en/sustainability/management/esg/2018>
- Vision2020 and NRI Sustainability Management Policy  
[https://ir.nri.com/en/ir/library/report/main/08/teaseritems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=44](https://ir.nri.com/en/ir/library/report/main/08/teaseritems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=44)

Sustainability management structure

Sustainability management structure

NRI has established the "NRI Value Co-Creation Promotion Committee" and "Sustainability Activities Committee" as president's special mission for promoting sustainability, and based on the investigations and discussions in both committees, makes recommendations to the management meeting.

[Organizational chart]



Participation in the initiatives

Participation in the initiatives

- United Nations Global Compact (UNGC)
- Japan Climate Initiative (JCI)
- World Business Council for Sustainable Development (WBCSD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Science Based Targets initiative (SBTi)
- Renewable Electricity 100% (RE100)
- Business Ambition for 1.5°C
- Japan Business Federation (Keidanren) "Charter of Corporate Behavior"

## Stakeholders

### Our stakeholders

#### Our stakeholders

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

### Stakeholder dialogue

#### Stakeholder dialogue

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

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

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

In FY2018, we visited the World Business Council for Sustainable Development (WBCSD), an international NPO promoting SDGs in Geneva, Switzerland, and also visited the international ESG evaluation organization RobecoSAM in Zurich, and held a second dialogue.

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

In addition, we have held ESG briefing sessions every year since this year to introduce sustainability management and specific ESG initiatives, and received valuable feedback from stakeholders regarding "NRI-like value co-creation."

IN FY2019, NRI held its third overseas stakeholder dialogue in Paris, France.

We visited BNP Paribas Asset Management, the asset management division of BNP Paribas Group, a world-leading financial institution in the field of sustainable finance, and Vigeo Eiris, an international ESG rating agency.

In this dialogue, experts from each company and several NRI employees exchanged opinions on the "tide of international sustainable finance" and "evaluation of the company's efforts toward the SDGs."

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

Link File

Stakeholder Dialogue

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

Sustainability Management "ESG Briefing Session"

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

## Materiality

### Materiality

#### Materiality

NRI's 15 material issues (materiality) were identified based on international standards and guideline categories from ISO 26000, GRI\* G4 Guidelines, Dow Jones Sustainability Indices (DJSI), and the SASB (United States Sustainability Accounting Standards Board), and the United Nations Global Compact.

Provision of NRI quality to support safe and secure information society

- Information security / system management
- Access to information society

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

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

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

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

Creation of a future, low environmental impact society

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

\* GRI: Global Reporting Initiative

#### Identification process of materiality

Step1 Clarification of issue elements based on international standards

Clarify elements that may be issues to be considered for sustainable growth based on guidelines for international standards, etc., and prepare an exhaustive list.

Step2 Identification of materiality

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

Step3 Hearings with experts and management review

Adjust highly material elements based on the opinions from external experts, securing the reliability and objectivity of the elements, and identify through management review.

### Key performance indicators of materiality

#### Creation of a future, low environmental impact society

Target material issue

Response on climate change

Long-term target

By FY2030, NRI Group will reduce greenhouse gas by 55% compared to FY2013. (Scope1+2).

Target year

FY2030

progress

FY2019: Greenhouse gas emissions reduction rate 43.8% (compared to FY2013)

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

Target material issue

Diversity of human resources

Long-term target

1. Increase the female manager ratio to at least 8.5% by the end of FY2022 (add more than 100 female managers)
2. Make women's recruitment rate over 30%
3. Conduct awareness raising regarding diversity management for managers

Target year

FY2022

progress

FY2019: Female managerial ratio 7.1%, female recruitment ratio 28.2%

#### Provision of NRI quality to support safe and secure information society

Target material issue

Information security / system management

Long-term target

NRI manages the result of the security review of the client system and corrective situation, and the audit result and corrective situation for each business base and business partner as indicator.

Target year

Continue to work toward the yearly goals set each fiscal year.

progress

FY2019: There were no information system incidents that had serious financial and social impacts.

## Information Disclosure

### Structure of disclosure of information

#### Information disclosure system

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

Link Files	Approach to Disclosure <a href="https://www.nri.com/en/ir/policy">https://www.nri.com/en/ir/policy</a> Integrated Report (Annual Report) <a href="https://ir.nri.com/en/ir/library/report.html">https://ir.nri.com/en/ir/library/report.html</a> Sustainability <a href="https://www.nri.com/en/sustainability">https://www.nri.com/en/sustainability</a> Sustainability Report <a href="https://www.nri.com/en/sustainability/library/back_number">https://www.nri.com/en/sustainability/library/back_number</a>
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### Scope of reporting / Reporting period / Independent assurance

#### Scope of reporting

The disclosure of financial and non-financial information applies as a general rule to the NRI Group (Nomura Research Institute, Inc., and its consolidated subsidiaries). Some of the non-financial information targets a specific range, in which case said range is clearly specified separately.

#### Reporting period

Content is mainly focused on initiatives from FY2019 (from April 1, 2019 to March 31, 2020), but may also include some background information, activities after April 1, 2020, or planned future activities.

#### Independent assurance

We have obtained certification from third-party certification organizations for some environmental data and social contribution activity data.

Link File	Independent Assurance Report (P.76) <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2020_e.pdf#page=79">https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2020_e.pdf#page=79</a>
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### Guidelines referenced for the disclosure of information

#### Guidelines referenced for disclosure

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

Link File	GRI Standards Content Index <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2020_e.pdf#page=80">https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/ESG_Databook_2020_e.pdf#page=80</a>
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### External evaluation

#### External evaluation

- Inclusion in ESG stock indices
- Dow Jones Sustainability World Index (2018 –)
  - Dow Jones Sustainability Asia/Pacific Index (2016 –)
  - MSCI ACWI ESG Leaders Index (2016 –)
  - FTSE4Good Developed Index (2006 –)
  - MSCI Japan ESG Select Leaders Index (2017 –)
  - MSCI Japan Empowering Woman Index (2017 –)
  - FTSE Blossom Japan Index (2017 –)
  - SOMPO Sustainability Index (2012 –)
  - S&P/JPX Carbon Efficient Index (2018 –)
- Diversity related evaluation
- Selected as "Nadeshiko Brand" (The Ministry of Economy and the Tokyo Stock Exchange) (2016 –)
  - Received the highest level of "Eruboshi" (The Ministry of Health, Labor and Welfare) (2017 –)
  - Kurumin Mark (The Ministry of Health, Labor and Welfare) (2007 –)
  - Platinum Kurumin Certification (The Ministry of Health, Labor and Welfare) (2018 –)
- Health and productivity management related evaluation\*
- Certified as "Excellent Enterprise of Health and Productivity Management\* (White 500)" (2017 –)
  - Japan Productivity Center "Work-Life Balance Awards" (2016)

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



## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

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

## 1. Cooperation with stakeholders

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

## 2. Information disclosure and communication

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

## 3. Corporate governance system

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

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

## Priority activities / Medium- to long-term targets

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

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

In order to realize further growth in the future, the NRI Group needs to enhance its competitive advantage in existing business areas both at home and abroad, establish its position as a trusted partner in the DX area, and enlarge transactions with customers.

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

Although the percentage of consolidated overseas sales is about 10%, NRI's foreign ownership ratio is 20% or more and less than 30%, and the NRI Group's overseas workforce ratio has risen to 28%.

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

## Progress / Achievements / Challenges

We improved transparency and independence by increasing the number of independent outside directors from two to three in 2015, and began evaluating the effectiveness of the Board of Directors in 2016.

In 2017, the company established a Nomination Committee with independent outside directors as the principal members, and also changed the principal members of the Compensation Committee from outside experts to independent outside directors.

In terms of sustainability, we established a Sustainability Activities Committee in 2017 to create a system to incorporate a sustainability perspective in management decision making and supervision.

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

Link Files	<p>Corporate Governance  <a href="https://www.nri.com/en/company/governance">https://www.nri.com/en/company/governance</a>            NRI Corporate Governance Guidelines  <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf">https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf</a>            NRI's Corporate Governance  <a href="https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=74">https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=74</a>            Financial Results for the year ended March 31, 2019 (In Japanese only)  <a href="https://data.swcms.net/file/ir-nri/dam/jcr:1b9fb451-1932-41df-ba92-8e931260c6fd/S100IWKT.pdf">https://data.swcms.net/file/ir-nri/dam/jcr:1b9fb451-1932-41df-ba92-8e931260c6fd/S100IWKT.pdf</a></p>
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Corporate Governance - Data

Corporate governance policy

Policy and objectives concerning the independence of the Board of Directors

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

The Board of Directors has a well-balanced composition of non-executive directors, executive directors, and Outside Directors, which is intended to facilitate the realization of appropriate decision-making and oversight of the Board of Directors that take into consideration multiple perspectives, including the viewpoints of business execution, supervision, and outside parties.

NRI elects three Independent Directors in principle, or no less than two Independent Directors.

The independence of the Board of Directors is stipulated in Articles 11, 13, 17, 19, and 23 of the NRI Corporate Governance Guidelines.

Reference

NRI Corporate Governance Guidelines  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline\\_e\\_02.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf)

Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members

(End of June)	unit	End of June 2016	End of June 2017	End of June 2018	End of June 2019	End of June 2020
Total number of Members of the Board	no. of person	10	9	7	9	9
Female directors	no. of person	1	1	1	1	1
Non-Japanese directors	no. of person	0	0	0	0	0
Executive Directors	no. of person	3	3	3	3	3
Non-executive directors	no. of person	4	3	1	3	3
Outside directors	no. of person	3	3	3	3	3
Total number of Audit & Supervisory Board Members	no. of person	5	5	5	5	5
Female members	no. of person	0	0	0	0	0
Non-Japanese members	no. of person	0	0	0	0	0
Outside Audit & Supervisory Board Members	no. of person	3	3	3	3	3
Coverage		c	c	c	c	c

Chairperson of the Board of Directors

The Chairperson of the Board of Directors serves as a non-executive director, thereby achieving the separation of business execution and oversight. (Ref. NRI Corporate Governance Guidelines Article 13. Chairperson of the Board of Directors)

Number of Senior Management Directors

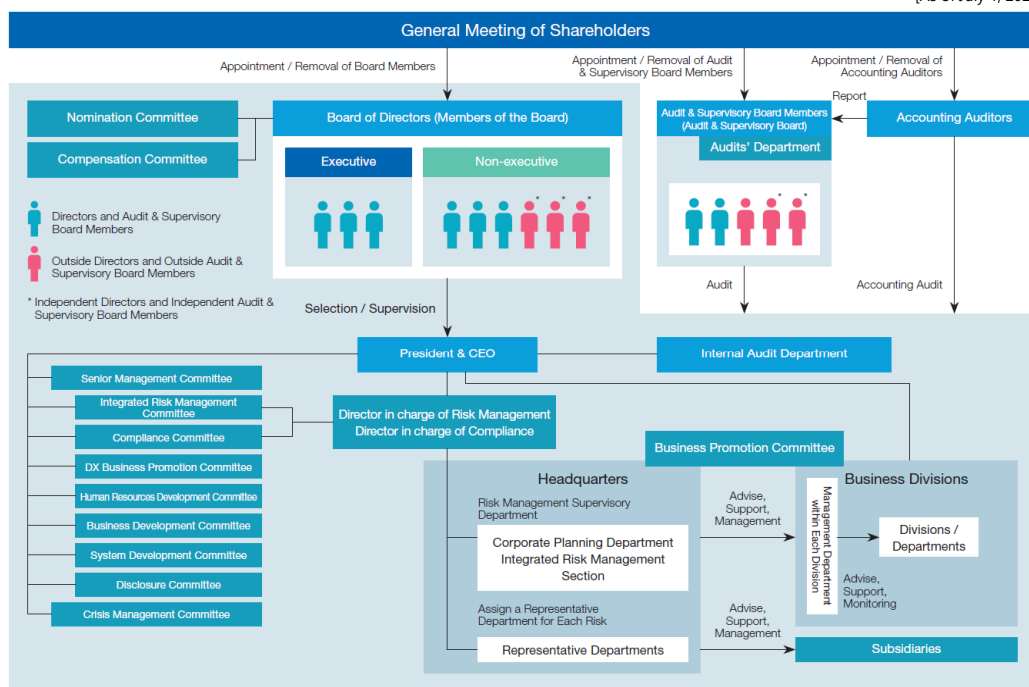
	unit	End of June 2016	End of June 2017	End of June 2018	End of June 2019	End of June 2020
Senior Management Directors	no. of person	37	38	40	38	41
Female	no. of person	0	0	0	1	1
Management Directors*	no. of person	11	12	10	10	9
Female	no. of person	1	1	1	1	1
Coverage		c	c	c	c	c

\* Established in April 2015

Corporate governance structure

Corporate governance structure

[As of July 1, 2020]



## Corporate Governance - Data

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

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

The Board of Directors includes no more than 15 Members of the Board, taking into consideration of the balance and diversity of various factors, including experience in and knowledge of the Company's businesses, corporate management, IT technology, and corporate finances. This composition promotes the realization of supervision and appropriate decision-making from multiple perspectives by the Board of Directors. To ensure the independence of the Audit & Supervisory Board, at least half of the Board members are composed of Outside Audit & Supervisory Board Members. NRI elects at least two Independent Audit & Supervisory Board Members. And at least one of the appointed Audit & Supervisory Board Members must have considerable knowledge of finance and accounting.

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

Candidates for Members of the Board must have extensive practical experience, high capabilities, understanding, and the ability to contribute to the enhancement of corporate value over the mid- to long-term in a manner consistent with the NRI's corporate philosophy. Candidates for Audit & Supervisory Board members must have extensive practical experience, high capabilities, understanding, and can be expected to perform audits from a neutral and objective viewpoint and contribute to the maintenance of the soundness of management.

### Functions and committees

#### The highest governing body

##### Overview

Board of Directors

NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors. The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board.  
(Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)

#### Function for compensation

##### Overview

Compensation Committee

Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. (Ref. NRI Corporate Governance Guidelines Article 22, Compensation Committee)

#### Function for nomination

##### Overview

Nomination Committee

The Committee is mainly composed of independent directors. The appointment of directors and corporate auditors is deliberated from the perspective of fairness and transparency in light of the basic management policy and selection criteria for each officer. In addition, if any doubt arises in the activity results of the board member, the appropriateness of dismissal will be discussed.  
(Article 21 Nomination Advisory Committee of NRI Corporate Governance Guidelines)

#### Function for audit

##### Overview

Audit & Supervisory Board

The Audit & Supervisory Board oversee the execution of duties by Members of the Board. And discusses and decides auditing policies and other important matters related to auditing and formulate and expresses audit opinions. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)

#### Function for strategy

##### Overview

Senior Management Committee

The Committee deliberates on important matters of company management in order to centralize the intention of business execution.

#### Function for risk management

##### Overview

Integrated Risk Management Committee

The Committee deliberates on important issues related to risk management of the Group, such as system failures and information security and business continuity, based on the instructions of the President & CEO.

#### Function for compliance

##### Overview

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.

#### Function for sustainability

##### Overview

NRI Value Co-Creation Promotion Committee / Sustainability Activities Committee

NRI established the NRI Value Co-Creation Promotion Committee that promotes social value creation based on corporate philosophy and the Sustainability Activities Committee that promotes activities for stable business foundations from the point of view of ESG, as a special appointment at the direction of the President & CEO to promote overall sustainability management.

#### Function for human resources

##### Overview

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.

## Function for business development

Overview	Business Development Committee
	The Committee deliberates on important issues concerning investments in research and development, planned businesses and investments, such as the acquisition of securities, based on instructions given by the President & CEO.

## Function for systems development

Overview	Systems Development Committee
	The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.

## Function for disclosure

Overview	Disclosure Committee
	The Committee deliberates on important issues concerning the disclosure of Annual Securities Report and other documents, based on instructions given by the President & CEO.

## Function for crisis management

Overview	Crisis Management Committee
	The Committee will develop and support a prompt system in the event of a crisis such as natural disasters and infectious diseases, system failures, and information security failures, based on instructions given by the President & CEO.

## Function for promotion of internal control

Overview	Business Promotion Committee
	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.

## ▶ Effectiveness of the Board of Directors

Status of the Board of Directors	unit	FY2019
Number of board meetings held*	times	14
Attendance rate of Board of Directors	%	99
Term of office of directors	years	1
Average tenure of directors	years	4.2

\* Duration from the 54th Ordinary General Meeting of Shareholders, 20, June, 2019, to 55th Ordinary General Meeting of Shareholders, 18, June, 2020.

## Evaluations of the Board of Director's effectiveness

1. Evaluation methods:	<ul style="list-style-type: none"> <li>• Questionnaire targeting all Directors and Audit &amp; Supervisory Board Members</li> <li>• Opinion exchange at the Independent Directors Meeting</li> <li>• Discussion at the board of directors meeting based on the results of the above questionnaire and opinion exchange</li> </ul>
2. Results	<p>From the following points, it is evaluated that the effectiveness of the Board of Directors is generally secured.</p> <ul style="list-style-type: none"> <li>• With three independent outside directors, we have a system in place to ensure appropriate decision-making and supervision based on the membership structure based on many experiences.</li> <li>• Each director fulfills his/her duties as a director by having an understanding of the management philosophy and management plan of the Company, and actively conducting deliberation based on his/her knowledge.</li> <li>• Free and open discussions and constructive discussions are held.</li> <li>• The Nomination Advisory Committee and the Compensation Advisory Committee have been properly discussed and evaluated as functioning effectively.</li> </ul>
3. Challenges for further effectiveness	

## ▶ Executive compensation

Executive compensation amounts	No. of eligible individuals (person)	unit	Total compensation	Basic compensation	Performance-linked compensation			
					Bonus	Stock options	Restricted stock-based compensation	Other
Members of the Board (Excluding Outside Members of the Board)	6	millions of yen	508	205	164	25	110	2
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	3	millions of yen	91	57	26	1	4	1
Outside Members of the Board and Outside Audit & Supervisory Board Members	6	millions of yen	110	96	13	–	–	0

Notes:

- The above includes one auditor who retired at the end of the 53rd Ordinary General Meeting of Shareholders held on 20rd June 2019. In addition to the above, stock option costs related to officers who have retired in the past are recorded in the current fiscal year.
- "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Compensation amounts for each executive	Name	Official position	unit	Total compensation	Basic compensation	Performance-linked compensation			
						Bonus	Stock options	Restricted stock-based compensation	Other
	Shingo Konomoto	President & CEO	millions of yen	131	53	40	6	29	0
	Ayumu Ueno	Executive Vice President	millions of yen	107	45	32	4	23	0

Notes: Limited to those whose total amount of consolidated compensation is JPY 100 million or more.

Policy for determining the amount of compensation for Members of the Board and the calculation method

The maximum compensation total for Members of the Board: 1,000 millions of yen per annum (Although, this shall not include employee salaries of Members of the Board who concurrently serve as employees).  
 Based on the Plan, the compensation provided for granting restricted stock to Eligible Members of the Board shall take the form of monetary compensation claims, Stock-based compensation as long-term incentives: within the limit of 120 million yen per annum, stock-based compensation as medium-term incentives: within the limit of 280 million yen per annum, and total of not more than 400 million yen per annum.  
 To improve transparency of directors' compensation and others, NRI has established the Compensation Committee, comprised mainly of Independent Directors, as an advisory body to the Board of Directors. The committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. Using the results of the committee's inquiries, the Board of Directors sets policies for the determination of compensation for Members of the Board and other matters.  
 The compensation system for Members of the Board is based on executive position, but in the interest of enhancing business results, the system emphasizes connections to business performance. The standards employed by the system have been set with reference to market standards and trends and other factors, with the goal of establishing standards appropriate for a leading company in the information services industry.

a. Director compensation policy

- i. We will secure incentives that will motivate the achievement of mid- to long-term management goals in order to achieve a sustainable increase in corporate value with a highly performance-based compensation system.
- ii. Meet the standards required for a leading company in the information service industry.

b. Composition of compensation for directors

Compensation for directors (excluding outside directors) is a system based on job title, and consists of basic compensation, bonuses, and stock-related compensation (hereinafter referred to as "compensation elements").

Considering the role of supervision and advice for the management of the Group based on an objective standpoint, only basic compensation will be paid to outside directors.

In order to establish a highly performance-based compensation system, emphasis is placed on bonuses<sup>\*1</sup> and stock-related compensation<sup>\*2</sup>.

The composition ratio of compensation elements will be linked to the consolidated performance of bonuses for a single year and stock-related compensation depending on the stock price at the time of grant.

The ratio of the components of the compensation of directors, etc. in FY2019 is "0.8" for the basic compensation, "1.1" for the stock-linked compensation, and performance-linked compensation for the fixed compensation of "1".

(Fixed compensation) Basic compensation 【1】	(Performance-based compensation) 【1.9】	
	(Short-term performance-based compensation) Bonus 【0.8】	(Medium- to long-term performance-based compensation) Stock-related compensation 【1.1】

(Notes) 1. Calculated as the average value of directors (excluding outside directors, retired directors, and incumbent directors) for the FY2019.

2. Stock-related compensation uses the total amount of monetary compensation receivables that are invested in kind in exchange for restricted stock.

(I) Basic compensation (Fixed compensation)

It is composed of a salary as a compensation according to the career and work history of each director, and a role-based salary based on the position and duties of each director during the term of office, and is paid as a fixed compensation for the performance of duties.

(II) Bonus

Director bonuses are positioned as short-term incentive remuneration for achieving medium- to long-term management goals, and operating profit, which is the most important performance indicator, is linked to performance index increase/decrease rate while taking into account non-operating profit/loss and extraordinary profit/loss. Decide the rate of change from the previous year.

$$\text{Amount of bonus payment for each director} = \text{Base year bonus } (\alpha) \times \left[ 1 + \text{Change rate of performance indicators } (\beta) \right] \times \text{Position points } (\gamma)$$

← Varies from 0% to 200% →

(α) Base year bonus

The amount of bonus paid by the president in the previous year.

(β) Change rate of performance indicators

The final Change rate of performance indicators is decided by the Board of Directors after deliberation by the Compensation Advisory Committee.

(γ) Position points

President and CEO set to 1.0, and other directors set points based on each position.

(III) Stock-related compensation (Stock compensation with transfer restrictions)

There are the following two types of restricted stock compensation for directors, excluding outside directors, for the purpose of providing medium- to long-term incentives for the sustainable improvement of our corporate value and promoting value sharing with shareholders.

Type	Transfer restriction period
Long-term incentive stock compensation	From the date of allocation until the retirement of officers of the Company or its subsidiaries
Medium-term incentive stock compensation	3 to 5 years from the date of allocation

CEO to employees pay ratio	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Compensation of the President & CEO	millions of yen	less than 100	104	113	115	131
Average employee salary of NRI	thousands of yen	11,560	11,514	11,660	12,217	12,352
Ratio of compensation	ratio	n/a	9.0	9.7	9.4	10.6

## ▶ Executive stock ownership requirements

## Guidelines of Executive stock ownership

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

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

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

These risks conform to the ERM framework (COSO Enterprise Risk Management-Integrated Framework) developed by the USA's COSO (The Committee of Sponsoring Organizations of the Treadway Commission), divided into the 11 categories of management strategy risk, business continuity risk, compliance risk, information security risk, systems impairment risk, project management risk, external outsourcing / procurement risk, subsidiaries / affiliate company risk, business resource risk, information disclosure risk, and reputational risk, and are subject to integrated management.

In recent years, we recognize that the response to risks of social issues such as climate change or human rights will have a major impact on the sustainable growth of the company over the medium to long term.

The NRI Group will also respond to these ESG risks within the integrated risk management framework.

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement.

Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

The Integrated Risk Management Committee reports several times a year to the Board of Directors.

Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

## Priority activities / Medium- to long-term targets

NRI annually inspects and assesses risk for the entire company, based on results from a company-wide monitoring of compliance with regulations as well as from internal audits, after which management sets priority themes to be tackled.

We strive to reinforce our business continuity plan (BCP) and disaster recovery (DR) measures by regularly monitoring risk countermeasures required for business continuity, targeting significant business and service lines.

[Priority themes for FY2019]

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

## Progress / Achievements / Challenges

The items and results of the priority themes of the Integrated Risk Management Council for the FY2019.

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

## Link Files

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

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

Internal Controls, Corporate Ethics and Compliance

[https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=82](https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82)

Risk Management - Data

Risk management system

Risk management system

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

Furthermore, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

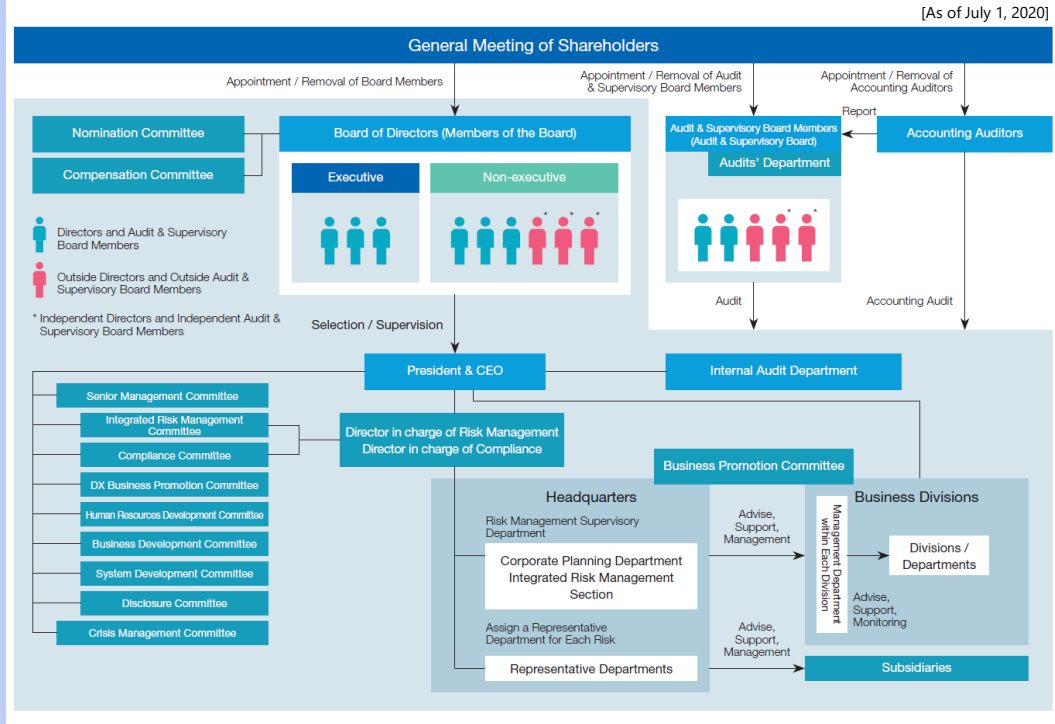
With regard to the main risks associated with business activities, we have established departments in charge of each risk, deliberate as necessary at expert meetings, and take appropriate measures in cooperation with the departments in charge.

An internal audit department (21 employees) under the direct control of the president audits the effectiveness of the risk management system, the compliance system, and the system for streamlining the efficiency of directors' execution of duties.

The audit results are reported to the president and other directors, and when corrections or improvements are needed, the Risk Management Division, the representative department, and the business divisions work together to make improvements.

In addition, the internal audit department cooperates with the accounting auditor to regularly exchange opinions on the implementation plans and results of internal audits.

[Corporate governance structure]



Officer in charge

Yasuo Fukami  
 Representative Director, Member of the Board,  
 Senior Executive Managing Director in charge of Supervising of Corporate Administration\*  
 \* Including risk management and compliance.

Responsible committee

Integrated Risk Management Committee

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

In order to achieve overall optimization of risk management, a resolution of the board of directors established rules for risk management for the entire NRI Group, and has appointed a director in charge of risk management and setting up a department for supervising risk management.

In addition, an Integrated Risk Management Committee has been established in order to deliberate on important matters related to risk management in the NRI Group based on the instructions of the President & CEO.



## Risk Management - Data

### Risk assessment

#### Risk assessment measures

The NRI Group has established, based on the instructions of the President & CEO, an Integrated Risk Management Committee in order to deliberate on important matters related to risk management.

The Integrated Risk Management Committee monitors the major risks at the NRI Group, and after a comprehensive analysis, classifies them as either medium / long-term risks or short-term risks, which it then manages by comprehensively taking into account the importance of each risk and setting priority themes every year.

The risk assessments and monitoring details are reported to the board of directors several times a year.

#### Risk items subject to risk management

Strategy risk  
 Business continuity risk  
 Compliance risk  
 Information security risk  
 Systems impairment risk  
 Project management risk  
 External outsourcing / procurement risk  
 Subsidiaries / affiliate company risk  
 Business resource risk  
 Information disclosure risk  
 Reputational risk

Link Files	Internal Controls, Corporate Ethics and Compliance <a href="https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82">https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82</a> Business and Other Risks <a href="https://www.nri.com/en/company/risk">https://www.nri.com/en/company/risk</a>
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### Long-term risk

#### Long-term risk 1

##### Business impacts

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

Moving ahead with global business is stated as one of the goals in the Medium-term Management Plan of NRI, indicating that M&A in overseas business will become active more than ever.

Review of business risks and financial risks will be duly conducted prior to the acquisition, however if any long-term potential ESG risks that cannot be recognized at the time of acquisition emerge, that would cause reputation damage and negative impact to the business continuity of NRI.

##### Mitigating actions

Prior to actual M&A, ESG risk related due diligence is conducted including environmental and human rights risk, in addition to due diligence for financial risks and legal risks.

Also, after acquisitions, in order to enhance corporate governance, we provide the principle-base education including dissemination of the NRI Group business philosophy to the managements and employees of the acquired company.

#### Long-term risk 2

##### Business impacts

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

Greenhouse gas emissions from electricity usage at NRI's five data centers account for 72% of the NRI Group's total emissions.

Along with rapidly proceeding international consensus of the climate change, there is a risk of increase in operation costs of the data centers due to introduction of new regulations or tax systems.

##### Mitigating actions

All data centers have acquired ISO14001 certification, and we have set environmental targets to reduce greenhouse gas emissions by 55% compared to FY2013 by FY2030, and are focusing on efforts to reduce environmental impact.

We are also working to reduce power consumption and greenhouse gas emissions by raising the environmental performance of data centers to the top level in the world.

In addition, we are beginning to utilize emissions trading in case the environmental regulations cannot be cleared due to efforts to reduce environmental impact.

### Response to risk

#### Integrated risk management structure

NRI divides risk into three categories: 1) Company-wide risks; 2) Business activity risks; and 3) Disaster or accident-related risks. We have developed a risk management structure for each type of risk, working closely together as an organization to conduct integrated risk management.

Periodically we perform assessments of this risk management structure, making improvements when necessary.

We have instituted business continuity and disaster recovery plans especially for those businesses and services which may have a significant impact on society.

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

In the event of a disaster or accident, we will ensure the safety of group employees, protect important information systems and information assets of our customers, and strive to continue operations.

In preparation for large-scale natural disasters, infectious diseases and contingencies of the NRI Group, the risk management department and related risk departments work together to consider preventive measures as necessary.

Their work also includes examining preventive action plans.

On the intranet, we post an emergency action guideline and a contact system to ensure thorough internal awareness.

In addition, we carry out drills every year for quick response by utilizing the "Emergency Safety Confirmation System" that allows us to confirm the safety and attendance status in case of a disaster by e-mail or telephone.

## Risk Management - Data

### Crisis management

We have created an "emergency response plan" that summarizes the basic response system and procedures for emergency situations. In the event of a natural disaster such as a large-scale earthquake, the spread of infectious diseases, large-scale system failure, information security failure, etc., we will establish a company-wide crisis management system at an early stage and consider measures in cooperation with our customers. For large-scale system failures and information security failures, we will implement measures such as failure recovery, investigation of causes, disclosure of information, and consideration of recurrence prevention measures, while taking into account the status of the failure.

### Emerging risks

#### Emerging Risks-1

##### Content of risk

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

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

##### Business impact

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

##### Measures

We need to establish processes and regimes that enable the development of reliable and high quality AI systems. We aim to develop technology for high-quality AI that secures reliability, privacy, security, and dependability by ensuring fairness, accountability, transparency, etc., and establish operation standards and systems. NRI formulated the "AI Ethics Guideline" in FY2019, which summarizes the ideas and guidelines for developing and utilizing AI while referring to international principles such as The OECD AI Principles and Ethics guidelines for trustworthy AI. Going forward, we will continue to study and develop a system within the company so that the ideas expressed in these guidelines can be appropriately reflected in NRI Group activities.

#### Emerging Risks-2

##### Content of risk

Cyber terrorism risk by IoT

There is an increasing number of "connected cars" that connect to networks and provide various useful functions. In 2020, commercialization of self-driving cars that safely drive under the advanced network system will begin. Furthermore, cars are evolving into more comfortable transportation with the evolution of Information and Communication Technology. On the other hand, there is a risk of being exposed to "cyber attacks" that could not be considered with conventional vehicles. In addition, not only cars but also home appliances etc. are connected to the network, and the risk of "cyber attacks" is increasing.

##### Business impact

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

##### Measures

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

#### Link Files

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

## ▶ Risk culture

## Training and awareness on risk management

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

## Evaluation and financial incentives

An oversight department is established for each of the risks associated with business activities, and the results of risk management are directly reflected in the performance evaluations of the heads of the oversight departments.

Other risks\*<sup>1</sup> may be reflected in the evaluation for the head of a department, depending on whether they are responsible for the risk.

Furthermore, in regard to human rights and labor risks\*<sup>2</sup> for employees supervised by those in management positions, the same is directly reflected in performance evaluations as the results of managerial risk management.

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

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

## Finding and reporting of potential risk by employees

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

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

## Feedback process on potential risk

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

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

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

## Priority activities / Medium- to long-term targets

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

Compliance - Data

Compliance policy

Compliance policy	<p>The NRI Group is sincere in its observation of ethics and laws and regulations, and strives to ensure thorough compliance. We have also formulated a policy on the prohibition of bribery and compliance with antitrust laws.</p> <p>The "NRI Group Employees' Code of Business Conduct," which was established to realize the "Corporate Philosophy" and the "NRI Group's Code of Business Principles," establish that "employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity."</p> <p>Furthermore, by establishing a mechanism for the proper processing of reports concerning organizational or personal violation of laws and regulations from persons engaged in the NRI Group's business (including not only company employees, but also employees of partner companies), we will aim for prompt detection and rectification of such misconduct, thereby strengthening compliance management.</p> <p>In addition, we have a policy on anti-bribery and antitrust compliance.</p>
Applicable scope	All directors, officers and employees of NRI Group
References	<p>Corporate Philosophy  <a href="https://www.nri.com/en/company/c_philosophy">https://www.nri.com/en/company/c_philosophy</a>                      NRI Group's Code of Business Principles  <a href="https://www.nri.com/en/company/company_code">https://www.nri.com/en/company/company_code</a>                      NRI Group Employees' Code of Business Conduct  <a href="https://www.nri.com/en/company/business_code">https://www.nri.com/en/company/business_code</a>                      NRI Group approach to compliance  <a href="https://www.nri.com/en/sustainability/social/policies">https://www.nri.com/en/sustainability/social/policies</a></p>

Compliance system

Compliance system	<p>To secure effectiveness of management in observation of ethics and compliance, in addition to the Chief Ethics Officer and a Director in charge of Compliance being assigned and a Compliance Committee being established and operated, its settlement and improvement in its effectiveness has been targeted by continuously conducting training and enlightenment activities.</p> <p>In addition, a basic policy has been established for anti-social forces, not to have any relations, including business transactions, with them, with the representative department undertaking information gathering as well as management and response to prevent any transactions.</p> <p>[Compliance system]</p>
Officer in charge	<p>Chief Ethics Officer : Shingo Konomoto                      President &amp; CEO</p> <p>Director in charge of Compliance : Yoshio Usumi                      Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration</p>
Responsible committee	Compliance Committee
Compliance hotlines	<p>We have set up a number of reporting desks, including an external reporting desk (attorney's office), to provide for anonymous reporting and consultation relating to violations of laws and regulations.</p> <p>In addition, protections for whistleblowers are in place, including the prohibition of disadvantageous treatment such as dismissal or termination of contract based on said whistleblowing.</p> <p>Measures are taken in the event of such reports, including those for prompt handling after investigating the facts, and also those preventing any recurrence of the situation.</p>
Third-party audit of compliance system	As part of the creation of an internal control audit report, the compliance system is audited annually by an auditing firm.

Compliance - Data

Compliance situation

System of thorough compliance

Every year, management set important risks that should be prioritized the following year as "major themes" based on the results of company-wide monitoring of compliance with regulations and the results of internal audits, and the NRI Group is focusing on compliance with the rules. The "major themes" are reflected in a booklet that is distributed to all employees of the NRI Group entitled "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff", which explains the nature of the rules and their legal basis, as well as providing examples. The state of compliance with respect to the rules included in the booklet is regularly monitored, and if any issues are found, the head office organization and business divisions work together to make improvements. Compliance awareness surveys for all NRI Group employees are conducted in principle every other year. In addition to training for each hierarchy level and executive training, confirmation testing relating to the "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff" is also carried out (in an e-learning format).

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Completion Rate for Compliance Confirmation Testing (held every other year)*	%	98.9	-	-	-	97.9
Coverage		a-				b-
Collection Rate for Compliance Awareness Surveys (conducted every other year)	%	-	81.5	-	-	-
Coverage			a			
Numbers of Internal Reports/Consultations		3	8	2	4	3
Coverage		b-	b-	b-	b-	b-

\* Compliance confirmation testing was not conducted in FY2017. In FY2018, we plan to implement compliance training for NRI Group employees, including thorough dissemination of "The NRI Group Rule Book: Important Rules to be Observed by Executives and Employees." In addition, we plan to continue this in FY2020.

Breaches of laws and regulations

In FY2019, there were no compliance breaches that had a significant impact on the management of the NRI Group.

Anti-corruption

Anti-bribery policy

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

Applicable scope

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

Reference

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

Breaches of anti-corruption

Nothing applicable.

Political contribution

Political contribution policy

In the NRI Group Employees' Code of Business Conduct stated that "Employees shall not give political contributions and election campaign support to politicians, candidates and political body directly through their corporate activities".

Applicable scope

All directors, officers and employees of NRI Group

Reference

NRI Group Employees' Code of Business Conduct  
[https://www.nri.com/en/company/business\\_code](https://www.nri.com/en/company/business_code)

Political contribution amount

NRI group does not make political contributions.

Fair competition

Fair competition policy

In order to pursue fair competition, NRI Group will comply with the Japanese Anti-Monopoly Law, the Subcontract Proceeds Law and other Japanese Laws, the US Antitrust Law, the EU Competition Law, the Chinese Anti-Monopoly Law and other applicable competition laws and regulations. NRI Group has established the following code of conduct "NRI Group Competition Law Compliance Policy", applicable to all directors, officers and employees of NRI Group. NRI Group requires its agents and partners to comply with such standards.

Applicable scope

All directors, officers and employees of NRI Group

Reference

NRI Group Competition Law Compliance Policy  
<https://www.nri.com/en/sustainability/social/policies#antitrust>

Breaches of fair competition

Nothing applicable.

## Tax risk and compliance

Tax policy	
	<p>The NRI Group's policy on taxation has been defined in the "NRI Group Global Tax Policy," and stipulates the basic policy, tax compliance, tax governance, tax risk control, tax planning, and relationship with tax authorities.</p> <p>The NRI Group strives to achieve sustainable growth and enhance its medium to long-term corporate value while observing all applicable laws, regulations, social norms, and its own internal rules, and conducting its business in a fair and highly transparent manner. We are working to continuously enhance tax governance, such as establishing a tax system and developing transfer pricing policies in response to the expansion of our global business.</p> <p>The NRI Group observes international tax rules and regulations as well as the tax laws of each country in which we operate, paying appropriate taxes in the appropriate jurisdictions where we operate based on the value which is created through our business activities.</p>
Applicable scope	NRI Group
Reference	<p>NRI Group Global Tax Policy</p> <p><a href="https://www.nri.com/en/sustainability/social/policies#zeimu">https://www.nri.com/en/sustainability/social/policies#zeimu</a></p>

Tax governance	
	<p>The NRI Group is working to enhance tax governance in order to properly manage tax risks and costs in the entire group.</p> <p>NRI's CFO is responsible for NRI Group tax governance. The results of tax audits are reported to the management and corporate auditors, and important matters are reported to the Board of Directors.</p> <p>We have established and operate the "NRI Group Transfer Pricing Policy" regarding transactions between NRI Group companies.</p> <p>The transaction price between NRI group companies is set according to the arm's length price in accordance with the OECD Transfer Pricing Guidelines and the relevant transfer pricing policy.</p>

Taxes paid by region	unit		FY2019
	Japan	100 millions of yen	163
	(Ratio)	%	96.2
	Rest of world	100 millions of yen	6
	(Ratio)	%	3.8
	Total	100 millions of yen	169
	Coverage		a

Notes: Tax paid are classified according to the amount of tax paid by each company in NRI Group.

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

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

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

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

Furthermore, in conducting business both in Japan and overseas, there are now strong demands for engagement with respect to a "responsible supply chain," and in addition to responsibility with respect to legal-compliance, product quality,

and information-security aspects, there is a need to work together with our business partners to also tackle ESG issues such as environmental protection, proper labor practices, and respect for human rights, etc.

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

## Priority activities / Medium- to long-term targets

As an environmental initiative, we are currently making progress with setting environmental targets in supply chains. For our business partners that account for 70% of Category 1 (Purchased Products/Services), Category 2 (Capital Goods), and Category 11 (Sold Products and Services) in Scope 3, which has a large impact on greenhouse gas emissions, we are also working to have them set targets for greenhouse gas emissions.

As a human rights initiative, we are considering a commitment from business partners ensuring compliance with our human rights policy by FY2022, and are currently making progress in dialogues with key business partners.

## Progress / Achievements / Challenges

NRI conducts "Sustainability study sessions" with business partners every year to prepare for the ESG activities that will be demanded of the entire supply chain in the future.

At the meetings we share information and exchange opinions on ESG trends in domestic and foreign companies, as well as on the status of ESG activities of participating companies, including NRI. Above all, much time is devoted to human rights.

In FY2019, 20 business partners participated.

In FY2020, we plan to encourage active participation in "Sustainability study sessions" in order to continue dialogue and awareness-raising with business partners in order to achieve our supply chain goals.



## Supply Chain Management - Data

### Supply chain management policy

#### Policy to apply to suppliers

Applicable scope	The NRI Group has, through its NRI Group Procurement Policy, made stipulations concerning partnership creation and fair selection with respect to business partners such as outside contractors and suppliers. Furthermore, in order to require business partners to take activities that take into consideration ESG (environmental, social, governance) factors, we have established an item "Practice of Sustainable Procurement" in our procurement policy.
Reference	Directors, officers and employees of NRI Group, and business partners such as outside contractors and suppliers.
	NRI Group Procurement Policy <a href="https://www.nri.com/en/company/partner">https://www.nri.com/en/company/partner</a>

### Supply chain situation

#### Supplier overview

The below are the NRI Group's two main kinds of business partners: (1) Partner companies (outside contractors) (2) Vendors (hardware suppliers)						
Speaking from the perspective of systems integration, the NRI Group accepts a not insignificant amount of orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies. There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.						
	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Chinese partner companies*		21	18	18	18	20
Approximate number of partner employee (Japan)	no. of person	7,500	7,000	7,000	7,000	7,500
Approximate number of partner employee (China)	no. of person	4,000	3,500	3,500	4,000	5,000
	Coverage	c	c	c	c	c

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

Procurement amount		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total outsourcing expenses		millions of yen	139,303	126,361	135,522	150,635	161,305
Breakdown by country / region	China	millions of yen	23,476	18,815	19,532	23,213	28,514
	Coverage		a	a	a	a	a

#### Critical supplier

We also sign "e-partnership" agreements with companies that possess particularly sophisticated operational knowhow and IT capabilities. We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development. As of March 31, 2020, we had 8 such e-partners in Japan and 7 in China. In FY2008, we set up a system for certifying "extended e-partners" ("e-e partners") in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2020, we have 3 e-e partners in Japan.						
	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of e-partners	Number of companies	8	8	13	13	15
Japan	Number of companies	7	7	8	8	8
China	Number of companies	1	1	5	5	7
Number of e-e partners	Number of companies	3	3	3	3	3
Japan	Number of companies	3	3	3	3	3
	Coverage	c	c	c	c	c

#### Promoting offshoring

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems. The NRI Group is proceeding to diversify its outsourcing destinations. It is moving to press forward with its offshoring* <sup>1</sup> in China not just in its larger cities such as Beijing and Shanghai but also in regional bases in China, in collaboration with its Chinese partner companies. The number of Chinese partner companies in our IT solutions business stands at 20 companies in 20 regions as of March 31, 2020. In addition, we are promoting nearshore development* <sup>2</sup> in Japan and offshore development in Southeast Asia as China Plus One.	
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\*1 Offshoring: Outsourcing software development and systems development to companies and subsidiaries overseas.

\*2 Nearshore development: To outsource software development and system construction to a company or subsidiary in a remote area in Japan.

## Supply chain risk assessment

## Supply chain risk assessment measures

Before consigning the development of any NRI system to a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its measures on compliance and information security management.

With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act. Regarding information security, to ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

We have also provided hands-on training in dealing with phishing emails for those of their employees who are engaged full-time on security issues.

## Supply chain risk assessment results

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

## 1. Good business relationships with subcontractors

In the fiscal year ended 31st March, 2019, our subcontractors were responsible for 40% of NRI's actual production.

It is essential to secure top-level subcontractors and maintain a good business relationship with them in order to carry out NRI's operation.

At NRI, we strive to secure superior subcontracting partners by performing corporate screening regularly and searching for new collaborating partners both domestically and overseas.

Furthermore, we are conducting activities to raise productivity and quality, including activities with subcontracting partners, through such measures as sharing of project risks with e-Partner Contracts, a contracted business partner with high levels of specialized business expertise, and demands for greater security and thorough information management on the part of subcontracting partners.

Our subcontracting partners are not only in Japan, but also in various overseas locations, including China. Currently, Chinese companies account for 17% of subcontracting costs.

We are therefore striving to strengthen this system of cooperation by regularly dispatching executives and employees to China to visit subcontracting partners and check the status of projects.

In spite of all these efforts, in case we fail to secure superior subcontracting partners or maintain a good business relationship with them, we might not be able to conduct business smoothly.

Especially in subcontracting to a subcontracting partner overseas, an unexpected event might occur caused by political, economic, or social factors which are different from those in Japan.

## 2. Contract work

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

NRI has formulated guidelines relating to contract work to raise common awareness of this problem and to allow the awareness to take root in NRI.

In addition, we host meetings to explain our policies to subcontracting partners as part of our drive for entirely appropriate business outsourcing.

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

## Fair trade

## Fair business relationship with business partners

In accordance with antitrust legislation, the NRI Group prohibits employees from abusing their dominant position as outsourcers.

Furthermore, with respect to compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, outsourcing to subcontractors is in thorough compliance with the law, including with respect to the exchange of order documents, and payment dates.

In addition, we inform our partner companies in writing that we decline offers of gifts and entertainment, and we thoroughly ensure our employees at the NRI Group are aware of the same.

## Voluntary inspection for appropriate subcontracted operations

The partner companies engaged in business with NRI employ just over 12,500 employees between them, and around 40% are full-time at NRI's facilities.

Appropriate measures in accordance with labor-related laws are required for outsourcing under a contract contract.

Work with these subcontracted employees to maintain proper contract work, separate the subcontracted employee's workplace from the NRI employee's workplace, and conduct annual voluntary inspections of the contract work guidelines to prevent spoofed contracts.

Voluntary inspection results		FY2015	FY2016	FY2017	FY2018	FY2019
Number of inspected projects		877	922	939	926	1,206
	Coverage	c	c	c	c	c

\* The target of inspection is the number of persons in charge of execution from FY2019.

## Information security of supply chain

## Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition,

NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

Assessments of business partners		FY2015	FY2016	FY2017	FY2018	FY2019
Number of assessed companies		83	87	81	76	95
	Coverage	c	c	c	c	c

## ▶ Supplier screening criteria

## Supplier screening criteria

We comply with laws and social norms, conduct ESG-friendly procurement activities, and appreciate business partners who contribute to the building of a sustainable society.

We provide opportunities for fair competition and comprehensively evaluate the status of environmental, societal, and governance efforts from the perspectives of business conditions, product and service quality, delivery, and cost, as well as contribution to society.

## ▶ Capacity building and incentives for suppliers

## Efforts toward mutual development with partner companies

When the NRI Group outsources part of the operations for a project concerning the development or operation of information systems to a partner company in or outside Japan, the status of the outsourced processes as a whole, along with any issues and anticipated risks, are identified during regular joint meetings of the project team and responsible officers.

With our principal partner companies, quality management officers from both sides also meet regularly, and aim to ensure and raise quality levels.

The NRI Group is engaged in enhancement services reforms\* to further improve quality and productivity.

We are undertaking these activities in each project on an ongoing CSR Activities and Stakeholder Engagement basis in collaboration with our e-partners and other partner companies.

In fiscal 2008, we set up a system for certifying "extended e-partners" ("e-e partners") in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us.

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of partner companies participating in the training		17	15	14	15	16
Number of participants from partner companies (cumulative number of people)	no. of person	199	300	390	306	511
Number of partner companies participating in management seminars		112	109	103	110	113
Number of participants in management seminars from partner companies	no. of person	234	238	231	226	223
	Coverage	c	c	c	c	c

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

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

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

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

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

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

## Priority activities / Medium- to long-term targets

NRI Group has set "Discerning new social paradigms and assuming the role of implementing such paradigms" and "Building client's trust and prospering together with clients" in its corporate philosophy as its mission, indicating its intent to "co-create future society" together with the customers.

We shall aim for sustained growth of NRI Group and the creation of a sustainable future society through "value co-creation" with our customers.

## Long Term Management Vision "Vision 2022"

Under the abovementioned corporate philosophy, we have established "Vision 2022", the long-term management vision till the end of FY2022. "Share the Next Values!", the vision statement for Vision2022 expresses the intent of NRI Group to continuously make challenges for the realization of new values together with our customers.

## Thoughts Concentrated in "Share the Next Values!"

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

## Medium-Term Management Plan (2019 – 2022)

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

## Growth Strategies (Priority Themes)

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

## Numerical Targets

- FY 2019 Record / FY 2022 Target
- Sales 528.8 billion yen / 670.0 billion yen or more
  - Operating profit 83.1 billion yen / 100.0 billion yen
  - Operating profit margin 15.7% / 14% or more
  - Overseas sales 46.7 billion yen / 100.0 billion yen
  - EBITDA margin 22.2% / 20% or more
  - ROE 20.3% / 14% (Continue to aim for high capital efficiency)

## 3 Social Values

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

Key performance indicator	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Operating profit	billions of yen	582	585	651	714	831
Operating profit margin	%	13.8	13.8	13.8	14.3	15.7
Overseas sales	billions of yen	146	189	435	530	467
ROE	%	10.6	10.7	12.9	12.3	20.3
	Coverage	a	a	a	a	a
Client satisfaction (percentage of "satisfied client")	%	83.5	82.8	84.6	86.9	83.8
	Coverage	c	c	c	c	c

Link Files	
	NRI Group Corporate Philosophy <a href="https://www.nri.com/en/company/c_philosophy">https://www.nri.com/en/company/c_philosophy</a>
	NRI Group's Code of Business Principles <a href="https://www.nri.com/en/company/company_code">https://www.nri.com/en/company/company_code</a>
	NRI Group Employees' Code of Business Conduct <a href="https://www.nri.com/en/company/business_code">https://www.nri.com/en/company/business_code</a>
	Management Vision Driving toward Further Growth."Vision 2022" <a href="https://www.nri.com/en/company/vision">https://www.nri.com/en/company/vision</a>

## Client Relationship Management - Data

### ► Fiduciary duty

#### Comprehensive deliberation on new contracts

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

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

### ► Client satisfaction

#### Client satisfaction surveys

NRI conducts client satisfaction surveys for each project and has clients evaluate the entire project. We also obtain specific feedback from clients on our proposal-making skills and incident-management procedures. The quality control department analyzes the overall trend through the survey results. The project department will also receive survey feedback from the quality management department and follow up to implement measures to improve service quality.

#### Areas receiving a favorable assessment

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

#### Areas of expectations for improvements

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

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Client satisfaction* <sup>1</sup> (percentage of "satisfied client")	%	83.5	82.8	84.6	86.9	83.8
Percentage of clients surveyed* <sup>2</sup> (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
Coverage		c	c	c	c	c

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

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

▶ Innovation management policy

Approach to research and development

To create a sustainable society, companies are greatly expected to create innovation and contribute to solving social issues.  
 The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development.  
 In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules.  
 We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.  
 As R&D focus areas, NRI conducts R&D for different segments. Our Consulting R&D looks at next-generation business and strategies.  
 Finance & Industry R&D looks at promotion of DX and promotion of de facto standard business platform-ization.  
 IT Platform Services R&D involves continually monitoring cutting-edge technologies, and strengthening IT's power to provide solutions that apply those technologies to people's lives and to society at large.

▶ Research and development system

Research and development system

The NRI Group pursues R&D in three areas: "Social proposal", "Technical development", "Business development".  
 The NRI organizations responsible for the various areas of our R&D are as follows, but as needed they engage in collaboration with different organizations both within and outside our Group.

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

Center for Strategic Management & Innovation:  
 Responsible for government policy recommendations and advanced research functions, this Center conducts surveys on new systems for society.

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

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

▶ Research and development situations

Research and development expense

		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total amount		millions of yen	5,110	5,674	5,170	3,665	4,310
Breakdown by segments	Consulting	millions of yen	1,056	1,247	921	796	824
	Financial IT Solutions	millions of yen	2,618	2,947	2,844	1,694	1,984
	Industrial IT Solutions	millions of yen	700	622	622	583	714
	IT Platform Services	millions of yen	734	857	781	590	781
Sales ratio		%	1.2	1.3	1.1	0.7	0.8
Coverage			a	a	a	a	a

▶ Open innovation

Open innovation case 1

Reference

"Dokokani Mairu" is a mileage service for domestic flights in Japan that was developed in 2018, jointly between Japan Airlines Co., Ltd. (hereinafter, "JAL") and NRI. It enables users to go to one of four randomly displayed destinations ("dokoka" i.e., "somewhere") for less miles than usual.  
 An algorithm that was developed on the basis of a patent held by NRI is used in this service.  
 NRI and JAL established a joint venture, JAL Digital Experience, in 2019 to further advance these new service co-creation initiatives.  
 The company is engaged in experience-based services that propose enriching experiences and new lifestyles tailored to the latent needs of each customer, with travel as the foundation, while leveraging the NRI Group's digital technologies including data analytics and AI.  
 As well as expanding customer travel opportunities and offering new experiences, 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.

NRI JOURNAL : Why is JAL's "Go Somewhere Miles" successful? (In Japanese only)  
<https://www.nri.com/jp/journal/2017/0526>  
 Co-creating new value with clients  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/Sustainability\\_Book2019\\_e.pdf#page=14](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2019_e.pdf#page=14)  
 Joint news release (February 4, 2019)  
 Japan Airlines and Nomura Research Institute Joint Venture "JAL Digital Experience" established (In Japanese only)  
[https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2019/190204\\_1.pdf](https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2019/190204_1.pdf)

Open innovation case 2

	<p>NRI and Nomura Holdings, Inc. established BOOSTRY in September 2019 as a joint venture to develop and provide a platform for exchanging rights to securities using blockchain technology.</p> <p>BOOSTRY brings together personnel from both NRI and Nomura Holdings with expertise in areas including finance, law, blockchain technology, and IT solutions to pioneer the business of building a new platform for businesses and other entities to issue and distribute securities and other rights.</p> <p>Using the blockchain technology of BOOSTRY, NRI issued digital asset bonds and digital bonds in Japan in March 2020.</p> <p>The bonds use blockchain technology to manage the bond register, which makes it possible for the issuer to continuously identify bondholders, something that is difficult to do with conventional bonds.</p>
Reference	<p>News Release (September 2, 2019): Nomura and Nomura Research Institute Establish Joint Venture Company  <a href="https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902_1">https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902_1</a></p> <p>News Release (March 30, 2020) : NRI issued the first "digital asset bonds" and "digital bonds" in Japan that utilize blockchain technology. (In Japanese only)  <a href="https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330_1">https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330_1</a></p>

Open innovation case 3

	<p>TORANOTEC Asset Management Ltd., TORANOTEC's wholly-owned subsidiary, offers a service called "TORANOCO" for investing using change. This is a service that allows anyone to invest with a small amount of money.</p> <p>NRI has supported smooth service provision for "TORANOCO" by providing its investment account management system service and its back-office operations support service for asset management companies.</p> <p>Going forward, through this investment, NRI will work on the further evolution of "TORANOCO" and the development of new investment services.</p> <p>Specifically, by adapting "TORANOCO" to existing banks where NRI provides an account management system, it enables new approaches to young and inexperienced people who have not had investment experience so far.</p> <p>We will also promote the development of new asset management services for smallscale investment for financial institutions.</p> <p>Creation and acquisition of new market: By bringing young people and investmentexperienced people into the financial market, it can lead to the development of new financial system and service markets.</p>
Reference	<p>Integrated Report 2018:Investment in TORANOTEC that is involved in asset management and applivation development  <a href="https://ir.nri.com/en/ir/library/report/main/02/teaseritems1/00/linkList/016/link/AR2018_e.pdf#page=41">https://ir.nri.com/en/ir/library/report/main/02/teaseritems1/00/linkList/016/link/AR2018_e.pdf#page=41</a></p>

Process innovation

Process innovation

Overview	<p>Introduction of development tools of information systems</p> <p>We have built a tool for integrated management of both product quality improvement and operational efficiency in large-scale information system development. This tool is a "collaboration solution" that integrates the functions of project management such as quality management, progress management, and issue management to improve teamwork and productivity by accumulating and sharing knowledge and activating communication.</p> <p>It is composed of multiple solution packages such as "DevOps solution" that realizes continuous integration/delivery required for advanced software development. By introducing this tool, it has become possible to achieve both system management project sophistication and project member operational efficiency, as well as modernization and efficiency of the system development process.</p> <p>We have been selling this tool as a service called "Aslead" since 2017, and as of April 2020, we are providing four solutions, and we plan to continue providing new solution packages.</p> <p>It is expected that the results of NRI's process innovation will spread widely to the entire IT industry through "Aslead".</p>
Efficiency gains	<p>Improvement in efficiency by introduction of this tool is expected to create about 30 minutes surplus time per person, which will result in a cost saving effect of about 5.6% as a whole.</p>
Reference	<p>News Release (October 19, 2017) (In Japanese only)                  Started marketing of development tools of information systems "aslead"  <a href="https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019">https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019</a>                  aslead (In Japanese only)  <a href="https://aslead.nri.co.jp/">https://aslead.nri.co.jp/</a></p>

Environmental innovation

Environmental innovation

Overview	<p>Significant Reduction in CO<sub>2</sub> Emissions Due to Shared Online Services</p> <p>The usage of Shared Online Services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, they can markedly reduce power consumption, CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 73.9%.</p>					
Effects of environmental innovation	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Sales ratio of Shared Online Services	%	22	23	21	20	19
Coverage		a	a	a	a	a

Social innovation

Social innovation

Overview	<p>Community development through consulting</p> <p>There are about 700 researchers in our consulting division, which is one of the top consulting institutions in Japan in terms of the number of researchers as well as quality.</p> <p>NRI's diverse consulting services, such as companies, local governments, and governments of emerging countries, are all directly related to the resolution of important social issues and can be said to be social innovation.</p>					
Effects of social innovation	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Sales ratio of consulting	%	6.7	7.2	7.7	8.2	7.3
Coverage		a	a	a	a	a

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

Information systems are widely and deeply ingrained in modern society in a variety of ways, and have become indispensable infrastructure for our convenient and comfortable lives.  
 They are also cornerstones in the realization of new systems and services, and contribute greatly to societal innovation.  
 On the other hand, when an information system fails, it has a large impact on economic activity and civic life.  
 Since its establishment, the NRI Group has consistently focused on the quality of its information systems, from design through to maintenance and operation, with an emphasis on information services not stopping unexpectedly.  
 In addition, all possible measures have been taken in providing backup and business-continuity systems in case of an emergency information system failure.

Priority activities / Medium- to long-term targets

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

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

Progress / Achievements / Challenges

Data center results

NRI acquired certification for ISO9001 Quality Management System Standards in January 2002, which apply to information systems construction projects of a certain size or greater.  
 In addition, in order to successfully guide projects building large and complex information systems to completion, we have established a project supervision system that systematically carries out risk management and project support.

NRI is certified to ISO20000 and ISO27001, the international standards for IT service management, for all five data centers it owns and manages.  
 In addition, three data centers (Tokyo Data Center I, Yokohama Data Center II, Osaka Data Center II) have acquired M&O certification, which is a global standard for data center operation established by the US non-profit organization Uptime Institute.  
 \*Tokyo data center I" was the first data center in Japan to acquire the certification (acquired December 2014).

KPI

	FY2015	FY2016	FY2017	FY2018	FY2019
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO/IEC 20000 , ISO/IEC 27001 Certified Data Centers	5	5	5	5	5
ISO/IEC 27017 Certification Status	-	-	-	Acquired	Acquired
Data Centers with M&O Stamp of Approval	2	2	3	3	3
Failure Response Drills in Data Centers	approx.2,800	approx.2,900	approx.3,400	approx.4,600	approx.4,100
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

Link Files

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

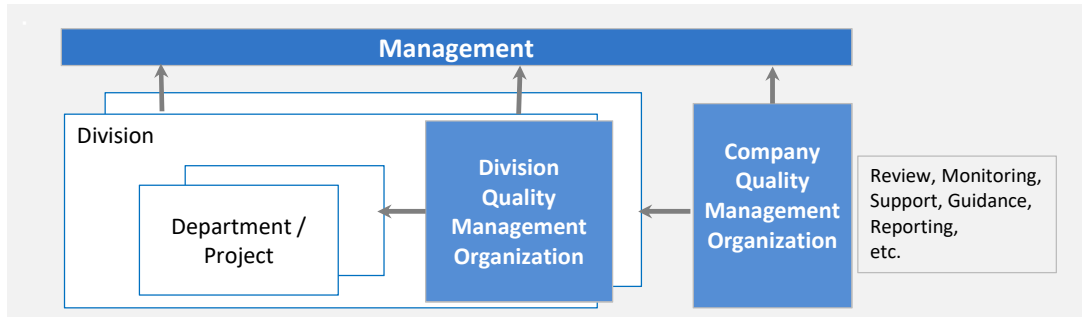


Quality of Information Systems - Data

Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

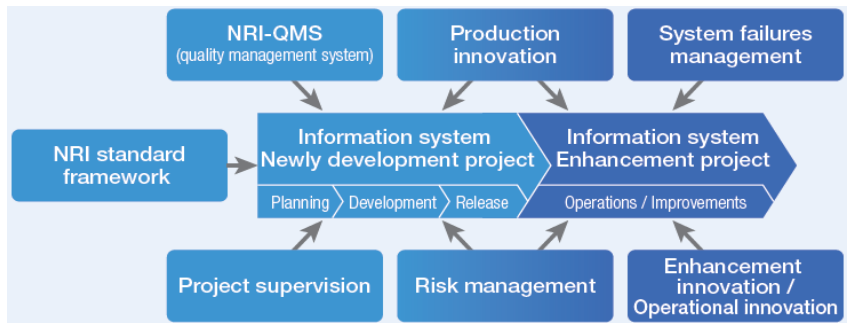
Each business division is responsible for quality control when implementing projects. Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Digital Transformation Systems Development Innovation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



Initiatives for improving the quality of information systems

Project support system for improving the quality of information systems

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



NRI-QMS\* (Quality management system)

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

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

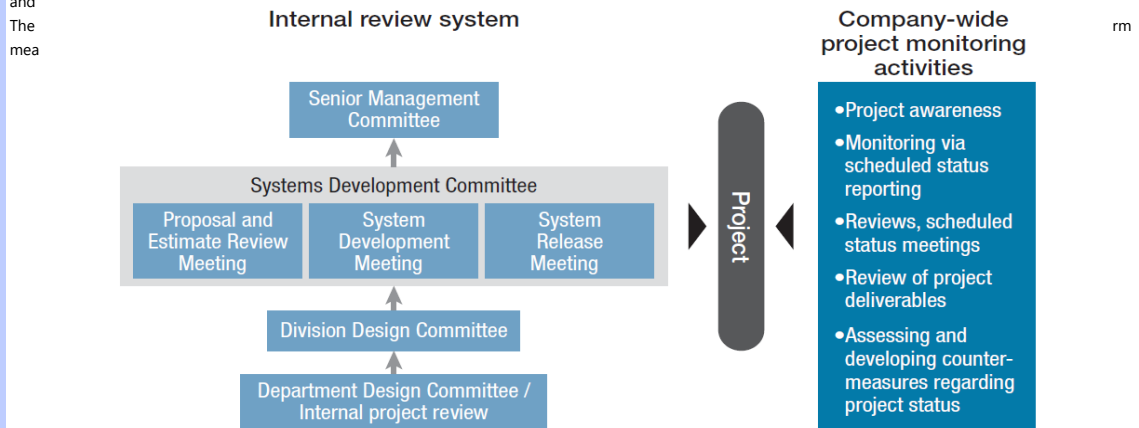
NRI Standard Framework

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

Quality of Information Systems - Data

Project supervision

In order to successfully build large-scale and complex information systems, for projects involving building new information systems, we support each business division from both the "monitoring function" and "promotion and support function" sides. Separate from the "management" required for the implementation and success of each project, we are aiming for improved project quality by promoting "project supervision activities" that support early detection and responses for problems. We constantly monitor the status of each project and provide assistance for project-manager tasks through support activities aimed at risk avoidance/mitigation, while also providing guidance on improving development processes and deliverables to enhance quality. Furthermore, in order to understand and evaluate the risks relating to the quality, delivery, and income/expenditure for each project and respond appropriately, we conduct various review meetings in accordance with our internal rules at each critical juncture for the projects, including the proposal, estimate, construction, and release stages. There are three levels for the review meetings: company, division, and department, and the size, characteristics, and difficulty of the information system being built will determine the review meetings allocated to it. Each review meeting is not merely a process-checking opportunity; it is a place for a company expert who is well versed in areas such as project management, quality control, and information technology to ensure high quality is realized by conducting a rigorous examination down to the details of the system and



Production innovation

NRI has been building and maintaining systems by selecting the appropriate combination of technologies from the variety of technologies available to meet the needs of our customers. Based on that experience, we are endeavoring to improve productivity from the following perspectives. One is not only utilizing new functions when adopting new technologies, but also forming a group of experts for each technology to quickly acquire the expertise to ensure the quality and productivity of development using new technologies. Another is making progress with improvements in productivity that focus on shared processes that are not technologydependent in the maintenance and operation of the many systems NRI supports that apply various technologies from various time periods. We are aiming for "Production Innovation" by combining multiple policies in these two areas.

Information system failure management

NRI has created a company-wide system for reducing information system failures, with focused initiatives that have reduced the incidence of failures. At present, we are working to improve the quality of the system by appropriately implementing measures in the event of a failure along with measures to prevent recurrence, by establishing common rules throughout the company to ensure that action focusing on disaster reduction targeting the specific challenges at each location is continuously being taken. We manage failure impact levels in five stages according to the impact range of the failure, and have established reporting procedures for each failure impact level and created a mechanism that shares information without delay after a failure's occurrence. Failures that do occur are subject to deep and thorough analysis to clarify the root causes and allow relevant improvements to be made. We also have prepared a training curriculum on how to analyze failures and are working to improve the abilities and awareness of our employees and partners.

Enhancement service reforms

We will continue to support our customers' business, from the start of operation of information systems until they are retired. During that time, by improving functions according to business changes, system revisions, or advances in technology, a highly cost-effective system can be used for a longer period of time. NRI believes that it is important to continue to improve functionality while maintaining stable operation of information systems, and refers to the postoperation process commonly called maintenance as "Enhancement." Enhancement is a task that continues for a long period of time, and is characterized in that the losses from any unaddressed problems and benefits from improvements are both large. Therefore, in order to promote improvement activities throughout the company, we have established the slogan of "Enhancement Service Reforms," and we are continuing activities to create and realize an improvement plan for each system every fiscal year.

## Quality of Information Systems - Data

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

#### Overview of quality control

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

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

#### Policy

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

#### ISO/IEC 20000 Scope

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

##### Relevant Locations

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

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

##### Relevant Locations

- Sapporo ITSM Center
- Yokohama Nomura Building

#### Efforts to improve operations quality and reduce system failures

In operation services for information systems, obstacles such as equipment failure, processing delays from sudden increases in data amounts, or malfunctions due to improper operation cannot be completely avoided.

The system operation department is working on a variety of initiatives aimed at reducing these obstacles to increase productivity, including the strengthening of collaboration with the information system construction department, promoting standardization, automation, and labor-saving of operational tasks, and improving operator skills.

#### Strengthening Collaboration with the information systems construction department

In order to improve the quality of information system operations, NRI is strengthening its approach with focus on operational quality from the systems construction stage.

Firstly, we are collaborating with the information system construction department and moving forward to standardize the operational tasks to ensure stable and efficient systems operation.

Items relating to operations have been established in the NRI Standard Framework as a part of the outcome.

Furthermore, we have also started training employees in the system construction department to carry out systems design with consideration on operational quality. Secondly, in the event of a failure, the operation department cooperates with the information system construction department in the effort to clarify its cause and to take countermeasures.

We also cooperate with the departments in charge for other systems, where there are concerns of similar failures, in order to establish countermeasures to prevent the occurrence of such failures.

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

NRI is promoting automation in order to eliminate failures due to human error, such as task omission or procedural errors in the operation of information systems.

We are using our own proprietary "Senju Family" operation management tool to make progress with automation, labor-saving, and mistake-reduction in systems operation, while at the same time achieving advance prevention of failures and prompt and appropriate responses if they do occur by standardizing tasks using other tools and leveraging collections of failure-response case-studies.

#### Promotion of Kaizen Improvement Proposal

NRI gathers more than 1,000 cases of proposals each year aimed at improving the quality of systems operations from employees of NRI and partner companies engaged in the operations of information systems.

We have an award system for outstanding proposals.

These proposals are reflected onto improvement activities, incorporating opinion from employees with thorough knowledge of the system operations.

#### Operational Skill Improvements aimed at Automation and Labor-Saving

In order to operate information systems stably, skill improvement of operators who operate the computers and network equipment is an important factor.

In particular, as automation and laborsaving— progress, it will be necessary for operators to acquire a high level of expertise to be able to cope with various failures with fewer people.

Accordingly, NRI conducts group and e-learning training for operators to improve their skills and awareness. Furthermore, to promote the desire of operators to improve and to have them acquire skills of a certain level or higher, a proficiency assessment system to judge proficiency through examination has been introduced since 2005.

Silver or Gold certifications are awarded depending on the skills and support improving operator skills and motivation.

## Quality of Information Systems - Data

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

#### Increasing the reliability of the data centers

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

Furthermore, global-standard Management and Operation certification (M&O Stamp of Approval) relating to data center equipment and facility operation prescribed by Uptime Institute\* has been obtained for three data centers, ("Tokyo Data Center I", "Yokohama Data Center II", and "Osaka Data Center II"), providing an objective appraisal of global standard in terms of high reliability.

The "Tokyo Data Center I" in December 2014 was the first example in Japan, and as of March 2020, only 5 data centers including 3 NRI data centers have been certified in Japan.

\*Uptime Institute: A United States private organization that provides research, education, and consulting services for data center design, construction, and operation with the aim of supporting improved data center performance and efficiency.

As one of the world's leading independent organizations, it operates globally through locations worldwide (United States, Mexico, Costa Rica, Brazil, UK, Spain, UAE, Russia, China, Taiwan, Singapore, and Malaysia), creating tier standards for data center equipment and overseeing M&O certification.

#### M&O Stamp of Approval

December 2014 Tokyo Data Center I (Updated in December 2016 and December 2018)  
February 2016 Yokohama Data Center II (Updated in February 2018 / Certification period extended by one year in February 2020)  
December 2017 Osaka Data Center II (Updated in December 2019 (usually 2 years but 3 years from now))



#### References

Global quality standards for data center operation - meaning of M&O Stamp of Approval and efforts of NRI - (In Japanese only)

[https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it\\_solution/2016/09/ITSF160903.pdf](https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it_solution/2016/09/ITSF160903.pdf)

Tokyo Data Center I acquires M&O Stamp of Approval for the first time in Japan (In Japanese only)

<https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2014/141225.pdf>

Yokohama Data Center II acquired M&O Stamp of Approval

[https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425\\_1.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425_1.pdf)

Uptime Institute LLC

<https://uptimeinstitute.com/>

### Issuance of SOC2 report

#### Issuance of SOC2 report

It is now a standard practice for global IT service companies to issue SOC2 reports. SOC2 reports are reports based on guidance published by the American Institute of Certified Public Accountants (AICPA) ("Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, based on Confidentiality or Privacy"), that evaluate the internal controls other than financial reporting, such as security and availability of subcontracted companies on the basis of criteria, such as trust services.

As is the case with SOC1 report relevant to financial statements, the opinion of external auditors, the audit results, and a certificate of confirmation from the subcontracted company will be attached.

NRI was the first in Japan to issue SOC2 report in 2012. In issuing the reports, not only did we receive a guarantee of safety and reliability meeting United States standards; we also received third-party assurance that we comply with the safety standards of the Financial Information Systems Center (FISC).

(Note) SOC is an abbreviation of "Service Organization Control"

### Risk management on information systems

#### Risk management on information systems

As advance preparation for emergencies, the NRI Group has created an "NRI Group Contingency Plan" containing the basic response system and procedures in the event of an emergency situation.

#### Risk Management in Information Systems in the Maintenance and Operation Phase

In the event of a large-scale system failure, we will promptly set up an emergency response headquarters to coordinate with the relevant divisions and customers. Based on the circumstances of the failure, we will implement measures such as disaster recovery, investigation of point of origin, disclosure of information, and analysis of preventive measures.

#### Risk Management in Data Centers

NRI's data centers have a Data Center Contingency Plan to support their customers' critical data.

In case of an emergency, such as a power outage due to a large-scale earthquake disaster or trouble with system-related equipment, we carry out regular comprehensive inspections and crisis response drills.

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

ISO9001	Company	Acquisition date	Acquisition object
	NRI	January 2002	Systems design and development planning and subcontracting for projects with anticipated workloads above a certain size
	NRI System Techno	September 2001	System maintenance, operation and development for subcontracted projects
	Daiko Clearing Services	November 2016	Back office operations
ISO/IEC 20000	Company	Acquisition date	Acquisition object
	NRI	March 2008	IT service management systems supporting the provision of customer-oriented IT general control services and service desk services in the Operations Service Promotion Department, the Data Center Service Division
		April 2009	Data-center system operations management, system monitoring and data-center facility management
	NRI Data i Tech	December 2007	IT infrastructure total support service
		October 2008	Integrated desktop services provided to Nomura Securities Co., Ltd.

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

Book of lectures	Book name	Publisher	Issued date
	Textbook for system failure <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book217">https://www.nri.com/jp/knowledge/book/1st/2020/o_book217</a>	Gijyutsu-Hyoron Co., Ltd.	April 2020
	IT Road Map 2020 "Information and communication technology will change like this in 5 years!" <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book216">https://www.nri.com/jp/knowledge/book/1st/2020/o_book216</a>	Toyo Keizai Inc.	March 2020
	Japanese platform business <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book215">https://www.nri.com/jp/knowledge/book/1st/2020/o_book215</a>	Nikkei Publishing Inc.	January 2020
	IT Navigator 2020 <a href="https://www.nri.com/jp/knowledge/book/1st/2019/o_book213">https://www.nri.com/jp/knowledge/book/1st/2019/o_book213</a>	Toyo Keizai Inc.	December 2019
	Jump over the IT debt core system "cliff of 2025" <a href="https://www.nri.com/jp/knowledge/book/1st/2019/o_book206">https://www.nri.com/jp/knowledge/book/1st/2019/o_book206</a>	Nikkei BP Inc.	June 2019
	[Practical] Data Science & Machine Learning with R and Python <a href="https://www.nri.com/jp/knowledge/book/1st/2019/o_book203">https://www.nri.com/jp/knowledge/book/1st/2019/o_book203</a>	Gijyutsu-Hyohron Co., Ltd	April 2019
Periodical	Publication name		Frequency of issue
	IT Solutions Frontier (In Japanese only) <a href="https://www.nri.com/jp/knowledge/publication/cc/it_solution">https://www.nri.com/jp/knowledge/publication/cc/it_solution</a>		

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

As information systems penetrate into every corner of economic activity and civic society, the risks associated with information security, such as cyber-attacks targeting social infrastructure, companies or government offices, or large-scale data-breaches, are growing all over the world. The NRI Group operates important information infrastructure that supports society, such as that for finance and logistics. In order to maintain service continuity and protect this valuable information, we are engaged in a variety of efforts to prevent information security failures in advance. In addition, in the unlikely event an information security failure does occur, we have implemented measures to minimize any impact.

Priority activities / Medium- to long-term targets

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

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

Progress / Achievements / Challenges

**Advance prevention of information security failures**  
 In order to reduce the risk of a client's business data being leaked, we have established rules for each project concerning access to the live system environment and the removal of business data, which are continuously improved using the PDCA cycle. In addition, system responses are in place as preventive measures against cyber-attacks, and include the use of antivirus software, encryption for hard disks, and a variety of security devices, and we are also promoting systematic activity to collect and evaluate vulnerability and attack information in advance and enable prompt and appropriate responses.

**Creation of a solid governance system for information security**  
 A Chief Information Security Officer has been appointed, along with managers and personnel responsible for information security in all business divisions and group companies, to establish an information security management system for the whole organization. In addition to promoting information security measures, we are continuing our activities to enable rapid and more secure responses to emergencies, such as information security failures and cyber-attacks.

KPI	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of information security failures (year-on-year)		About 1% increase	About 11% decrease	About 11% decrease	About 27% increase	About 40% decrease
Number of major information security failures		0	0	0	0	0
Costs incurred due to major information security failures	millions of yen	0	0	0	0	0
	Coverage	c	c	c	c	c

Link File	Declaration of Information Security Measures <a href="https://www.nri.com/en/site/security_declare">https://www.nri.com/en/site/security_declare</a> Information Security as a Management Strategy in the DX Era <a href="https://www.nri.com/en/journal/2019/0821">https://www.nri.com/en/journal/2019/0821</a>
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Information security policy

Information security policy	
	Nomura Research Institute, Ltd., and its group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play. The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of customer and public trust.
Applicable scope	NRI Group
Reference	Declaration of Information Security Measures <a href="https://www.nri.com/en/site/security_declare">https://www.nri.com/en/site/security_declare</a>

Information security management

Governance system for the information security	
	<p>NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, this structure will enable us to respond swiftly, accurately, and reliably in the event of cyber-attacks and other security emergencies.</p> <p>The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. that engages exclusively in information security business.</p> <p>We will draw on their technology, know-how and knowledge when preparing and implementing our information security policies.</p> <p>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.</p> <p>In addition, the NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards.</p>
	<p><b>Information security management system</b></p> <p><b>Planning and Implementation</b></p> <ul style="list-style-type: none"> <li>Chief Information Security Officer</li> <li>Information Security Promotion Committee (Composed of directors and department managers, etc. of divisions that implement measures)</li> <li>Security Management Department</li> </ul> <p><b>Practice</b></p> <ul style="list-style-type: none"> <li>Person responsible for division</li> <li>Division Information Security Person-in-Charge</li> <li>Person responsible for department</li> <li>In-department Information Security Person-in-Charge</li> <li>Employees</li> </ul> <p><b>Support:</b> Headquarters structure (General Affairs Department, Legal and Intellectual Property Department, Integrated Risk Management Group), NRI Secure Technologies, NRI Workplace Services.</p>
Officer in charge	Chief Information Security Officer : Susumu Nishimoto Senior Managing Directors
Responsible committee	Information Security Promotion Committee

Maintenance of rules for the information security

	<p>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.</p> <p>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.</p>
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Training and awareness on information security

	<p>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.</p> <p>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.</p> <p>We also actively incorporate group training and e-learning methods into our training programs.</p>					
Number of information security training participants	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Training for new employees	no. of person	350	355	392	515	557
Training on response to cyber-attacks	no. of person	44	129	78	83	56
Personal information training	no. of person	5,711	5,807	5,997	6,116	6,252
Security training for temporary employees	no. of person	1,516	1,535	1,641	1,695	1,686
	Coverage	b	b	b	b-	b-
Security training for overseas offices	no. of person	2,359	2,438	2,597	2,739	2,417
	Coverage	d	d	d	d	d

## Information Security - Data

### Measures to prevent occurrence of information security failures

#### Information security in client's information system

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

For example, for projects that handle large amounts of personal information or projects that store information that would have a large impact on the client in the event of a leak, the oversight departments conduct individual inspections to confirm that operation is taking place in accordance with the rules.

In addition, the oversight departments also check the validity of any initiatives concerning handling of any data alteration from cyber-attacks, or system service suspensions.

Audits undertaken to ensure the security of clients' systems	Object	FY2015	FY2016	FY2017	FY2018	FY2019
Verification assessments conducted of project security rules	no. of audits	231	269	230	165	141
Audits of public Web system	no. of audits	49	37	84	77	83
Audits of responses to cyber-attacks, and corrections	no. of audits	130	128	145	148	149
Audits of live productions and development management, and corrections	no. of audits	130	155	10	11	147
Surveys of the use of AWS <sup>*1</sup> and making any corrections	no. of audits	14	14	30	48	169
Surveys of the use of BPO <sup>*2</sup> operations and making any corrections	no. of audits	3	3	1	3	4
Coverage		c	c	c	c	c

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

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

#### Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information.

In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

Assessments of business partners	FY2015	FY2016	FY2017	FY2018	FY2019
Number of companies conducting audits	83	87	81	76	95
Coverage	c	c	c	c	c

#### Measures for domestic group companies

The NRI Group conducts regular information security assessments and supports improvement activities.

	Object	FY2015	FY2016	FY2017	FY2018	FY2019
Audits of public Web system	no. of audits	8	4	28	24	22
Audits of responses to cyber-attacks, and corrections	no. of audits	96	99	107	19	154
Audits of live productions and development management, and corrections	no. of audits	5	7	4	6	7
Surveys of the use of AWS <sup>*1</sup> and making any corrections	no. of audits	9	5	58	22	34
Surveys of the use of BPO <sup>*2</sup> operations and making any corrections	no. of audits	6	6	3	2	1

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

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

#### Measures for overseas group companies

The NRI Group conducts regular information security assessments and supports improvement activities.

	FY2015	FY2016	FY2017	FY2018	FY2019
No. of rollouts of information security packages for overseas offices	14	15	16	17	17
Audits of public Web system	3	4	7	3	1
Audits of responses to cyber-attacks, and corrections	10	16	14	4	3

#### Company-wide responses to cyber-attacks

The NRI Group uses system-based defences against cyberattacks, such as installing anti-virus (anti-malware<sup>\*1</sup>) software, hard drive encryption, and installing different security measures (such as firewalls, WAF<sup>\*2</sup>, and network behavior analysis technology<sup>\*3</sup>).

With cyber-attacks, however, it is the attackers who have the upper hand, and NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT<sup>\*4</sup>).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system.

It collects, evaluates and shares information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate.

We also conduct for our employees education and training, such as ongoing real-life training against phishing emails.

\*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 WAF: Web Application Firewall. A system that detects attacks that exploit vulnerabilities in Web applications and protects against those attacks.

\*3 Network behavior analysis (NBA) technology: Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it.

NBA technology works by running software suspected of being malware in a highly restricted environment called a "sandbox."

Checks are then made to see if the software is engaging in behavior such as information exploitation or preparatory activity to that end, and if it is, it is eliminated.

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

#### Managing human error

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

### Penetration Test

#### Penetration Test

NRI conducts a penetration test on our website every month in cooperation with NRI Netcom, a group company, as part of measures against cyber attacks.



## Information Security - Data

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

#### Policies for minimizing the impact of information security failures

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

### ► Certification on Information Security Management System (ISMS<sup>\*1</sup>)

#### ISMS certification acquired Name of company, office, or division

Yokohama Center  
Tokyo Data Center I  
Yokohama Data Center I  
Yokohama Data Center II  
Osaka Data Center  
Osaka Data Center II

Operation office (Yokohama Landmark Tower)  
Nakanoshima Cloud Control Center

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

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

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

### ► Personal data protection

#### Policy for personal data protection

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

#### Applicable scope

NRI

#### References

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

### ► Management on protection of personal information

#### Governance System for the Protection of Personal Information

We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system. The "Personal Information Protection Auditor" is appointed by the President & CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports. The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.

#### Officer in charge

This role is assumed by Chief Information Security Officer.

#### Maintenance of rules for the Protection of Personal Information

Included in the "Maintenance of rules" section of "Information security management".

#### Training and awareness on protection of personal information

Included in the "Training and awareness on information security" section of "Information Security Management."

## Information Security - Data

### Personal information held by NRI

We have introduced a "Personal Information Management Register System," and are aware of the status of personal information with respect to its registration, use, or disposal. In addition, the oversight departments conduct yearly checks regarding whether personal information is being handled properly or not. The personal information in our possession includes information concerning company directors, employees, and temporary staff, persons in charge of our corporate clients, persons in charge of our business partners (outside contractors and suppliers), and participants in NRI Group events. Personal information held by clients may also be handled in system processing.

### Point of contact for external inquiries

General inquiries from the outside are handled by the public relations department.

### Strengthened Personal Information Protection Management for Partner Companies

When partner companies handle personal information held by NRI, we request that they enter into a "Confidentiality Agreement" and "Memorandum of Understanding on the Handling of Personal Information" and also comply with our "Security Guidelines."

## ► Risks related to protection of personal information

### Percentage of Personal Information or Customer Information Used for Secondary Purposes (Internal or Commercial Purposes)

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

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

Not applicable.  
While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information. Accordingly, clients make decisions about and respond to any customer personal information protection issues, including requests from the government.

### Status of Countries and Regions at Risk of Government Control over the Protection of Personal Information in Information Systems

We understand the situation in each country and region, and take appropriate measures.

### Number and Details of Violations relating to the Protection of Personal Information, and Measures Taken

None have occurred.

## ► Acquisition of Privacy Mark\*

### Acquisition of Privacy Mark

NRI  
NRI Netcom, Ltd.  
NRI Data iTech, Ltd.  
DSB Co, Ltd.

\* Certification based on JIS Q 15001

Material issues of NRI related to this management approach

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

NRI's approach to material issues

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO<sub>2</sub> emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector.

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

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

As an example of the great impact of "Green by NRI" activities, by expanding the provision of "Shared Online Services" that utilize one information system in multiple companies, the amount of CO<sub>2</sub> emissions is greatly reduced as measured by society as a whole.

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

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

Priority activities / Medium- to long-term targets

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

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

[Newly Established Environmental Goal]  
NRI Group greenhouse gas emissions (Total of Scope1+Scope2): 55% reduction by 2030 (as compared to 2013)

In addition to the aforementioned goal, we have also established some indices: "renewable energy utilization rate at data centers," (36% by 2030) to expand our use of green energy as a data center business and also aimed at reducing the greenhouse gas emissions that arise from business operations in the supply chain as a whole.  
(NRI commits to engage 70% of its suppliers and vendors by emissions to set science-based targets by 2023)

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

Progress / Achievements / Challenges

The status of achievement of environmental goals is as follows.

- FY2013 (base year): 108 thousand t-CO<sub>2</sub>
- FY2019: 60 thousand t-CO<sub>2</sub>
- Reduction rate 43.8%

NRI's efforts in helping to prevent global warming have been appraised highly by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change information. In FY2015, NRI was entered on CDP's climate disclosure leadership index (CDLI) for that year. In FY2019, NRI was selected as a "Climate Change A List" for the first time, as well as being certified as the "Leader Board", the highest rating in "Supplier Engagement Rating".

KPI	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Greenhouse gas emissions (compared to FY2013)	%	19.8	26.9	30.0	38.2	43.8
Share of renewable energy in data centers	%	0.1	0.1	0.1	0.1	0.1
Supplier's environmental target setting ratio (Category 1, 2, and 11 of Scope 3)	%	n/a	n/a	4.6	18.1	21.6
Coverage		a	a	a	a	a

Link Files	<p>Message from the Sustainability Activities Committee Chair  <a href="https://www.nri.com/en/sustainability/environment/message">https://www.nri.com/en/sustainability/environment/message</a></p> <p>Green by NRI</p> <ul style="list-style-type: none"> <li>• Significantly reducing CO<sub>2</sub> emissions from the use of shared online services</li> <li>• Policy proposal activities to boost data center energy efficiency</li> <li>• Contribution to mitigating environmental impact through consulting activities</li> </ul> <p><a href="https://www.nri.com/en/sustainability/environment/Green_by_NRI">https://www.nri.com/en/sustainability/environment/Green_by_NRI</a></p> <p>Green of NRI</p> <ul style="list-style-type: none"> <li>• Data centers that boast advanced environmental performance</li> <li>• Energy conservation and environmental impact reduction activities in offices</li> <li>• Environmental training for executives and employees</li> </ul> <p><a href="https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center">https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center</a>  <a href="https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving">https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving</a>  <a href="https://www.nri.com/en/sustainability/environment/Green_of_NRI/education">https://www.nri.com/en/sustainability/environment/Green_of_NRI/education</a></p> <p><a href="https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities">https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities</a></p> <p>NRI Green Bond  <a href="https://www.nri.com/en/sustainability/environment/greenbond">https://www.nri.com/en/sustainability/environment/greenbond</a></p> <p>Participation in a Program to Protect Asian Elephants  <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51">https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51</a></p>
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## ■ Environmental Management - Data

### ▶ Environmental policy

#### Environmental policy

We have established the NRI Group Environmental Policy and Biodiversity Action Agenda for all NRI directors and employees. To ask its business partners, such as external contractors and suppliers, to engage in activities that take into consideration the environment, social and governance (ESG), NRI has a procurement policy containing the clause "practice of ESG procurement."

#### Applicable scope

All directors, officers and employees of NRI Group

#### References

NRI Group Environmental Policy  
<https://www.nri.com/en/sustainability/environment/policy>  
 Biodiversity action agenda  
<https://www.nri.com/en/sustainability/environment/biodiversity>  
 NRI Group Procurement Policy  
<https://www.nri.com/en/company/partner>

### ▶ Environmental management system

#### Environmental management structure

At the direction of the President & CEO, the NRI Group has formed the Sustainability Activities Committee as organizations responsible for sustainable operation, including climate change issues, and presents sustainability initiatives and management proposals to the Senior Management Committee and the Board of Directors several times during the fiscal year.

#### Officer in charge

Kenji Yokoyama  
 Senior Corporate Management Director

#### Responsible committee

Sustainability Activities Committee

#### Status of introduction of environmental management system (EMS)

NRI has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO<sub>2</sub>.

As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from FY2015.

In FY2018, China's Zhiming Group was added to the scope of NRI-EMS, and four new bases were added.

We will continue to consider introducing it to other overseas bases.

EMS Coverage (based on CO <sub>2</sub> emissions)		unit	FY2019
		%	93.7
Data centers	(ISO 14001 introduction rate 100%)	%	72.4
Office	(NRI-EMS introduction rate 84%)	%	19.7
Overseas bases	(NRI-EMS introduction rate 21%)	%	1.6
Coverage			a

#### Environmental audit

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

#### Environmental disclosure

NRI is promoting the proactive disclosure of environmental information, mainly through its Sustainability Activities Committee.

Since FY2014, we have also acquired environmental information assurance from third-party organizations, and are endeavoring to provide highly accurate environmental information in accordance with international standards such as GHG protocols.

Through these activities, we were selected for the 2015 Climate Change Leadership Index (CDLI) by CDP, an international non-profit organization that assesses and evaluates information on climate change disclosures.

In FY2019, NRI was first selected on the "Climate Change A List" and was certified as the "Leader Board" with the highest rating in "Supplier Engagement Evaluation".

#### Environmental training

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

In FY2019, we produced an ESG learning video for an ESG (environmental, social, governance) e-learning test and deployed it internally, and activities to participate in forest improvement activities\* in Tadami Town, Fukushima Prefecture, which have been continuously implemented since FY2016, and in Takao Forest, Hachioji City, Tokyo.

We carried out family participatory environmental experience activities at the Natural School.

Moreover, we designated ESG as an important assessment target in an internal incentive scheme titled "Dream up the Future Award", a scheme intended to spotlight activities that contributed to establishing and developing the NRI Group as the "Company Creating Future Society".

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

#### Breaches of environmental laws and regulations

Not applicable.

## ▶ Environmental mass balance

## Environmental mass balance of NRI Group

Assurance

INPUT				FY2015	FY2016	FY2017	FY2018	FY2019
Energy consumption	Total	unit	1,000GJ	1,655	1,529	1,492	1,390	1,328 ✓
	Electricity* <sup>1</sup>		1,000kWh	155,010	143,253	136,518	127,773	121,926 ✓
	Kerosene* <sup>3</sup>		kl	20	35	32	0	52 ✓
	Diesel* <sup>3</sup>		kl	279	103	112	128	113 ✓
	City gas* <sup>3</sup>		1,000m <sup>3</sup>	407	311	569	628	644 ✓
	Cooling, steam, heat* <sup>3</sup>		1,000GJ	88	87	100	85	80 ✓
	Water consumption	Water works* <sup>3</sup>		1,000m <sup>3</sup>	231	200	201	212
Paper rehouses use	Business paper* <sup>3</sup>		t	258	217	213	190	174 ✓
OUTPUT				FY2015	FY2016	FY2017	FY2018	FY2019
Greenhouse gas emissions	Total	unit	1,000t-CO <sub>2</sub>	86	78	75	66	60 ✓
	Electricity* <sup>1</sup>		1,000t-CO <sub>2</sub>	79	72	68	60	54 ✓
	Gas, kerosene, cooling, steam, heat		1,000t-CO <sub>2</sub>	6	6	6	6	6 ✓
Drainage for business* <sup>2</sup>	Volume of wastewater		1,000m <sup>3</sup>	40	40	35	37	34 ✓
Waste paper* <sup>3</sup>	Whole waste		t	305	284	269	193	173 ✓
	Final disposed volume		t	0	0	0	0	0 ✓
	Recycling rate		%	100	100	100	100	100 ✓
Industrial wastes* <sup>4</sup>	Whole waste		t	566	666	2,365	1,414	539 ✓
	Final disposal volume		t	52	22	75	40	25 ✓
	Recycle rate		%	90.7	96.6	96.8	97.2	95.4 ✓
Coverage				(notes-2)				

## Notes:

1) 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."

2) Data coverage is as follows.

\*1 NRI Group

\*2 NRI Group companies with a Head Office in Japan

\*3 NRI Group's Data Centers

\*4 NRI Group Data Centers and Buildings

### ► Governance for climate change

#### Governance system

##### Officer in charge

Kenji Yokoyama  
Senior Corporate Management Director

##### Responsible committee

Sustainability Activities Committee

##### Incentives for management on climate change

To ensure certain operation of the NRI Group environment management system, NRI encourages employees to obtain various external qualifications related to climate change such as ISO14001 internal auditor and energy manager qualifications. For employees who obtain such qualifications, the NRI Group provides examination fees and also recognizes their achievement in employee performance assessments.

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

##### Risk management on climate change

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

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement.

Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

The Integrated Risk Management Committee reports several times a year to the Board of Directors.

Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

With respect to responding to ESG issues, including climate change risk, in addition to the Integrated Risk Management Committee and at the direction of the President & CEO, the Sustainability Activities Committee, which mainly promotes sustainable management, and the NRI Value Co-Creation Committee, which promotes CSV (Creating Shared Value) operation, have also been established.

These three bodies work in a triangle-structure to promote and engage in management strategies for not only ESG risks, but also ESG opportunities.

With respect to climate-related risks (including business continuity risk due to a natural disaster or similar), the Sustainability Activities Committee, which has responsibility for business-foundational ESG, undertakes management to control the impact of the burden on society. The NRI Group has identified the materialities on which it should engage, and one of the 4 materialities is "the creation of a future society with a low environmental burden."

In alignment with the relevant materialities, climate change risk is managed by setting and publishing external environmental targets for each of the themes of "response to climate change," "sustainable energy consumption," "environmental responsibility and preservation," and "supply-chain environmental consideration." Furthermore, as foundational climate change management, PDCA has been implemented, with ISO14001 introduced in all 5 data centers and NRI's original environment management system (NRI-EMS) introduced in major offices.

##### Response to CDP

Since 2015, NRI has responded to a survey by CDP, an international nonprofit organization that assesses and ranks corporate climate change disclosures. In 2015, NRI was named to the CDP's Climate Disclosure Leadership Index (CDLI) for that year.

In FY2019, NRI was first selected as a "Climate Change A List" company.

In addition, we have been evaluated for our commitment to climate change with our suppliers, and have been recognized as the "leader board" with the highest rating in the "Supplier Engagement Assessment".

### ► Climate-related targets

#### Climate-related targets

##### Object

Greenhouse gas emissions based on FY2013 (Scope 1 and Scope 2 are targeted)

##### Target

By FY2030, NRI Group will reduce greenhouse gas by 55% compared to FY2013.

##### Target year

FY2030

##### Progress

	unit	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
CO <sub>2</sub> emissions (Scope1+2)	1,000t-CO <sub>2</sub>	108	99	86	78	75	66	60
Reduction rate (compared to base year)	%	(Base year)	7.9	19.8	26.9	30.0	38.2	43.8
Coverage		a	a	a	a	a	a	a

### ► Climate-related risks

#### Risks due to changes in regulations

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

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

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

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

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

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

#### Risks due to physical impacts

In the NRI Group's business (consulting, system development), personnel costs are the highest of the cost of sales.

Therefore, if climate change occurs and the number of working days decreases due to heavy rain or intensifying typhoons, new personnel will be needed. Increasing of the labor costs would be a risk for the NRI Group.

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

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

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

## ▶ Climate-related opportunities

## Climate-related opportunities

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

In addition, as the NRI Group joined RE100, it has set a goal of achieving a 36% renewable energy utilization rate by FY2030 and 100% by FY2050.

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

## ▶ Action to mitigate climate change

## Mitigating climate change through products and services

## Shared Online Services:

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

Data indicates that using NRI's shared online service can allow our clients to cut their CO<sub>2</sub> emissions by around 70%, compared to if they build and operate their own systems independently.

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Green revenues (revenues from shared online services)	100 millions of yen	927	978	1,001	987	1,036
Sales ratio	%	22.0	23.1	21.2	19.7	19.6
	Coverage	a	a	a	a	a

## Greenhouse Gas Emissions - Data

E03D

## Greenhouse gas emissions

GHG emissions (Scope1, Scope2)	unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Direct GHG emissions (Scope1)	1,000t-CO <sub>2</sub>	1	1	1	1	1	✓
Japan	1,000t-CO <sub>2</sub>	1	1	1	1	1	✓
Overseas	1,000t-CO <sub>2</sub>	0	0	0	0	0	✓
Indirect GHG emissions (Scope2)*	1,000t-CO <sub>2</sub>	84	77	73	65	58	✓
Japan	1,000t-CO <sub>2</sub>	81	74	70	62	56	✓
Overseas	1,000t-CO <sub>2</sub>	3	3	3	2	2	✓
Total emissions (Scope1+2)	1,000t-CO <sub>2</sub>	86	78	75	66	60	✓
Japan	1,000t-CO <sub>2</sub>	83	75	72	63	58	✓
Overseas	1,000t-CO <sub>2</sub>	3	3	3	2	2	✓
Coverage*		a-	a-	a-	a-	a-	

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

GHG emissions (Scope3)	unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Indirect GHG emissions (Scope3)	1,000t-CO <sub>2</sub>	161	112	137	120	180	✓
Category1 Purchased goods and services	1,000t-CO <sub>2</sub>	75	64	69	84	91	✓
Category2 Capital goods	1,000t-CO <sub>2</sub>	48	23	44	12	15	✓
Category3 Fuel-and-energy-related activities	1,000t-CO <sub>2</sub>	6	6	6	5	10	✓
Category6 Business travel	1,000t-CO <sub>2</sub>	6	6	7	8	24	✓
Category7 Employee commuting	1,000t-CO <sub>2</sub>	2	2	2	2	4	✓
Category11 Use of sold products	1,000t-CO <sub>2</sub>	21	9	7	6	34	✓
Category12 End of life treatment of sold products	1,000t-CO <sub>2</sub>	0	0	0	0	0	✓
Coverage		a-	a-	a-	a-	a-	

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

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



## Energy Consumption - Data

E04D

### Energy consumption

Energy consumption	unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Non-renewable energy consumption	1,000kWh	187,270	172,912	172,906	160,866	154,125	
Electricity	1,000kWh	155,010	143,253	136,518	127,773	121,926	✓
Kerosene	kl	20	35	32	0	52	✓
Diesel	kl	279	103	112	128	113	✓
City gas	1,000m <sup>3</sup>	407	311	569	628	644	✓
Cooling, steam, heat	1,000GJ	88	87	100	85	80	✓
Renewable energy consumption	1,000kWh	72	82	621	743	886	
Coverage		a	a	a	a	a	

### Data center energy consumption

Data center energy consumption	unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Data center energy consumption	1,000kWh	117,712	108,598	103,815	98,550	95,779	✓
Renewable energy consumption	1,000kWh	72	82	75	72	75	
Percentage used	%	0.1	0.1	0.1	0.1	0.1	
Scope of data center coverage	%	100	100	100	100	100	

## Resource Use, Waste - Data

E05D

## ▶ Water resources

Water use		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Water use (total)	1,000m <sup>3</sup>	231	200	201	212	185	
	Water works	1,000m <sup>3</sup>	231	200	201	212	185	✓
	Recycled water	1,000m <sup>3</sup>	–	–	–	–	–	
	Coverage		b	b	b	b	b	

Waste water		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Waste water (total)	1,000m <sup>3</sup>	40	40	35	37	34	✓
	Coverage*		c-	c-	c-	c-	c-	

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

## ▶ Paper resources

Paper use		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Paper use (Business paper)	t	258	217	213	190	174	✓
	Coverage		b	b	b	b	b	

Waste paper		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Waste paper (total)	t	305	284	269	193	173	✓
	Recycle rate	%	100	100	100	100	100	✓
	Coverage		b	b	b	b	b	

## ▶ Waste

Waste disposed		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Waste disposed (total)	t	566	666	2,365	1,414	539	✓
	Recycle rate	%	90.7	96.6	96.8	97.2	95.4	✓
	Coverage*		b-	b-	b-	b-	b-	

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

Project status				
KPI	NRI acquired the trust beneficiary right of the Yokohama Comprehensive Center (Yokohama Nomura Building), which will use NRI Green Bond funds in April 2017, and has started using it as a lessee.			
	Field	Item	unit	FY2019
	Environment	Industrial waste volume	t	7
		Recycling rate	%	82.1
	Social	Occupational safety and health: Number of serious occupational accidents (including subcontractors)		0
	Governance	ESG related disputes (including subcontractors)		0
	Local community contribution	Actions taken for dialogue and interaction with the local community		
		Winter illumination will be held from November 14, 2018 to February 17, 2019.		

Environmental evaluation of target facilities					Assurance			
Yokohama Center (Yokohama Nomura Building)					FY2016	FY2017	FY2018	FY2019
INPUT	Energy resources use	Total heat	unit					
	Electricity		1,000kWh	–	62	77	83	✓
	City gas		1,000m <sup>3</sup>	–	269	394	409	✓
	Cooling, heat		1,000GJ	–	15	15	17	✓
OUTPUT	Greenhouse gases emissions	Total emissions	t-CO <sub>2</sub>	–	2,953	3,604	3,909	✓
	Electricity		t-CO <sub>2</sub>	–	1,500	1,858	1,994	✓
	City gas, cooling, heat		t-CO <sub>2</sub>	–	1,453	1,745	1,915	✓
	Emissions per floor area		t-CO <sub>2</sub> /m <sup>2</sup>	–	0.05	0.07	0.07	
	Emissions per employee (A)		t-CO <sub>2</sub> /person	–	0.45	0.54	0.59	
Yokohama Minato Center (Dia Building)					FY2016	FY2017	FY2018	FY2019
OUTPUT	Total heat from energy resources		unit					
	Greenhouse gas emissions		t-CO <sub>2</sub>	3,963	2,537			
	Emissions per floor area		t-CO <sub>2</sub> /m <sup>2</sup>	0.12	0.14			
	Emissions per employee (2018.3 : B)		t-CO <sub>2</sub> /person	1.02	1.13			
Comparison between Yokohama Nomura Building and Dia Building					FY2016	FY2017	FY2018	FY2019
OUTPUT	Improvements in emissions per employee ((A-B)/B)		unit					
			%	–	-60.6	-51.9	-47.8	

Notes 1. When conducting the environmental assessment on the Yokohama Nomura Building, a comparison was conducted with the Yokohama Dia Building that was the main transfer source.

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

Notes 3. Because the energy resources for the Yokohama Nomura Building are electricity, city gas, and cold water and heat,

"total heat", "greenhouse gas emissions", "emissions per floor area", and "emissions per employee" are calculated based on these resources.

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

The NRI Group believes that employees respecting each other's diverse values is the cornerstone of a workplace environment where employees can continue to work happily, sound in both mind and body, and that this is indispensable to the company's sustained growth, as it brings about improvements in the productivity and creativity of individual employees and the organization as a whole. In addition, the NRI Group has expanded its overseas business, and one in every four employees now works overseas.

Therefore, we promote diversity management in line with international social norms so that our value-diverse employees can become established and active in the NRI Group irrespective of their race, ethnicity, nationality, birthplace, social status, social origin (place of birth), gender, marital status, age, language, disability status, health status, religion, thought, belief, property, sexual orientation. Regardless of gender identity and differences in job types and employment types.

In addition, in order to transform this into growth potential for the company, we are working to create an environment in which employees can demonstrate their abilities fully while also valuing their own health and family life by reducing long working hours and improving work-life balance so that employees can demonstrate their creativity.

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

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

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

## Priority activities / Medium- to long-term targets

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

[Action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace] (Target: NRI) Term: April 2019 to March 2023

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

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

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

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

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

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

\*Since we received "Platinum Kurumin Special Exception" from August 2018, instead of formulating an action plan, we announced the implementation status of next-generation upbringing support measures to the Ministry of Health, Labor and Welfare "Holding place for supporting work-life balance".

## Progress / Achievements / Challenges

NRI has been selected as a "Nadeshiko Brand" for the third consecutive year since 2016 as a listed company excellent for promoting female career. The "Nadeshiko Brand" is a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and introduces listed corporations that excel in encouraging the empowerment of women as an attractive brand for investors who focus on "enhancing corporate value in the medium- to long-term," and promotes investment alongside initiatives by the companies.

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

KPI	unit	FY2014	FY2015	FY2016	FY2017	FY2018
Female managers rate <sup>*1</sup>	%	5.7	6.1	6.4	6.8	7.1
Employment continuation ratio of female / that of male <sup>*2</sup>	%	80.9	81.9	78.8	72.4	77.7
Ratio of average service years of female / that of male <sup>*3</sup>	%	78.8	80.1	79.8	78.8	79.7
Female employee hiring rate <sup>*4</sup>	%	27.6	25.6	26.7	27.6	28.2
	Coverage	c	c	c	c	c

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

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

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

\*4 Calculated based on total value for each year

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

## Employee data

Number of employees (Consolidated)		unit	FY2015	FY2016	FY2017	FY2018	FY2019	
Overall	Total number of employees	no. of person	10,757	11,605	12,708	12,578	13,278	
	(breakdown) male	no. of person	7,980	8,375	9,285	n/a	n/a	
		%	74.2	72.2	73.1	–	–	
	female	no. of person	2,777	3,230	3,423	n/a	n/a	
		%	25.8	27.8	26.9	–	–	
	Non-Japanese	no. of person	2,156	2,837	3,799	3,493	3,705	
		%	20.0	24.4	29.9	27.8	27.9	
	By region	Japan	no. of person	8,498	8,676	8,821	9,004	9,495
			%	79.0	74.8	69.4	71.6	71.5
		(breakdown) male	no. of person	6,678	n/a	n/a	n/a	n/a
female		no. of person	1,820	n/a	n/a	n/a	n/a	
Europe		no. of person	21	12	14	15	16	
		%	0.2	0.1	0.1	0.1	0.1	
(breakdown) male		no. of person	14	n/a	n/a	n/a	n/a	
female		no. of person	7	n/a	n/a	n/a	n/a	
Americas		no. of person	293	383	392	345	328	
		%	2.7	3.3	3.1	2.7	2.5	
(breakdown) male		no. of person	153	n/a	n/a	n/a	n/a	
female		no. of person	140	n/a	n/a	n/a	n/a	
Asia		no. of person	1,945	1,995	2,052	1,761	1,860	
		%	18.1	17.2	16.1	14.0	14.0	
(breakdown) male		no. of person	1,135	n/a	n/a	n/a	n/a	
female		no. of person	810	n/a	n/a	n/a	n/a	
of which China		no. of person	1,398	1,473	1,465	1,168	1,244	
		%	13.0	12.7	11.5	9.3	9.4	
(breakdown) male		no. of person	737	n/a	n/a	n/a	n/a	
female		no. of person	661	n/a	n/a	n/a	n/a	
Australia	no. of person	0	539	1,429	1,453	1,579		
	%	0.0	4.6	11.2	11.6	11.9		
(breakdown) male	no. of person	0	n/a	n/a	n/a	n/a		
female	no. of person	0	n/a	n/a	n/a	n/a		
Overseas total	no. of person	2,259	2,929	3,887	3,574	3,783		
	%	21.0	25.2	30.6	28.4	28.5		
(breakdown) male	no. of person	1,302	n/a	n/a	n/a	n/a		
female	no. of person	957	n/a	n/a	n/a	n/a		
	Coverage		a	a	a	a		

Note: As of the end of each fiscal year

Number of employees (Non-consolidated)		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Overall	Total number of employees	no. of person	5,979	6,003	6,130	6,297	6,353	
	(breakdown) male	no. of person	4,855	4,861	4,947	5,049	5,058	
		%	81.2	81.0	80.7	80.2	79.6	
	female	no. of person	1,124	1,142	1,183	1,248	1,295	
		%	18.8	19.0	19.3	19.8	20.4	
	Average age of employees	age	39.5	39.9	40.2	40.3	40.4	
	(breakdown) male	age	40.0	40.5	40.8	41.0	41.2	
	female	age	37.0	37.5	37.7	37.6	37.6	
	Average years of worked	years	13.8	14.3	14.6	14.6	14.2	
	(breakdown) male	years	14.4	14.8	15.2	15.3	14.8	
	female	years	11.4	11.9	12.1	12.1	11.8	
	Ratio of female / that of male	%	78.8	80.1	79.8	78.8	79.7	✓
	Non-Japanese	no. of person	88	92	106	112	110	
		%	1.5	1.5	1.7	1.8	1.7	
	By age	Below 30 years	no. of person	1,248	1,172	1,158	1,223	1,258
		%	20.9	19.5	18.9	19.4	19.8	
(breakdown) male		no. of person	892	847	820	858	889	
female		no. of person	356	325	338	365	369	
30-39 years		no. of person	2,042	2,031	2,023	2,044	2,047	
		%	34.2	33.8	33.0	32.5	32.2	
(breakdown) male		no. of person	1,687	1,650	1,640	1,640	1,615	
female		no. of person	355	381	383	404	432	
40 - 49 years		no. of person	1,589	1,583	1,624	1,575	1,527	
		%	26.6	26.4	26.5	25.0	24.0	
(breakdown) male		no. of person	1,302	1,285	1,315	1,268	1,230	
female		no. of person	287	298	309	307	297	
50-59 years		no. of person	1,016	1,116	1,221	1,338	1,404	
		%	17.0	18.6	19.9	21.2	22.1	
(breakdown) male		no. of person	905	1,000	1,092	1,190	1,231	
female	no. of person	111	116	129	148	173		
Over 60 years	no. of person	84	101	104	117	117		
	%	1.4	1.7	1.7	1.9	1.8		
(breakdown) male	no. of person	69	79	80	93	93		
female	no. of person	15	22	24	24	24		
By managers position level	Total number of managers	no. of person	2,427	2,501	2,607	2,733	2,844	
	(breakdown) male	no. of person	2,288	2,348	2,441	2,547	2,642	
		%	94.3	93.9	93.6	93.2	92.9	
	female	no. of person	139	153	166	186	202	
		%	5.7	6.1	6.4	6.8	7.1	✓
	of which general manager or higher position	no. of person	188	201	211	205	224	
	(breakdown) male	no. of person	182	195	204	197	214	
		%	96.8	97.0	96.7	96.1	95.5	
	female	no. of person	6	6	7	8	10	
		%	3.2	3.0	3.3	3.9	4.5	
Coverage			c	c	c	c	c	

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

#### ► Employment of persons with disabilities

##### Promoting employment of persons with disabilities

Assurance

NRI has been actively working to recruit persons with disabilities. At NRI Mirai, Ltd., a special subsidiary of NRI, Health Keepers (visually-impaired corporate physiotherapists) fulfill their duties by providing relaxation services to NRI Group employees at massage rooms in place at principal offices. Office Supporters, comprising of mentally impaired persons, work actively to provide training assistance, digitize documents, deliver internal mail, keep office space in order and look after equipment and fixtures, among other diverse activities. We will continue to promote workplace participation of persons with disabilities by discovering further employment opportunities for them.

	unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Number of employees with disabilities	no. of person	111	121	134	142	166	✓
Rate of employees with disabilities*	%	2.08	2.22	2.19	2.26	2.45	✓
Coverage			c	d	d	d	

Notes: 1. As of June 1 of each year.

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

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

#### ► Remuneration

Average annual salary	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Employee as a whole	thousands of yen	11,560	11,514	11,660	12,217	12,352
Coverage			c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Master's degree	yen	251,500	251,500	251,500	251,500	251,500
Bachelor's degree	yen	221,500	221,500	221,500	221,500	221,500
Coverage			c	c	c	c

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

## ▶ Promoting diversity and inclusion

## Promoting diversity and inclusion

NRI's Diversity & Inclusion promotion activities began with the "NRI Women's Network (NWN)", an activity for promoting women's advancement that started in FY2008.

Currently, we are engaged in various types of diversity such as differences in careers / specialties, generations, lifestyles such as childcare / nursing / health, and understanding of disabilities / SOGI / cultural differences.

From FY2018, we hold a Diversity & Inclusion Seminar once a year for department managers to explain the necessity of diversity management directly from top management and the importance of communication to promote inclusion.

## Promotion of Women's Participation and Advancement

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

Rising ratios of female employees and women continuing to work have become the norm, and in recent years NWN activities have focused on "a more professional approach broadening one's career and continuing to play an active role."

We formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and in FY2016 we started a Leader Development Program and Career Design Seminars to support women's career development.

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

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

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

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



MSCI Japan Empowering Women Index (WIN)

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## Labor-management consultation on diversity &amp; inclusion

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

## ▶ Long-term incentives

## Long-term incentives for employees

## NRI Group employee stock ownership plan

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

This is an employee benefits system in which employees of the NRI Group (NRI and its consolidated subsidiaries) use a self-determined amount of their salary and bonus to regularly purchase shares in NRI, supporting the creation of medium to long-term assets. Employees are awarded an incentive in the form of NRI shares amounting to 10% of their contribution.

In addition, the holding of NRI shares also serves as an incentive system to increase motivation to improve the performance of the NRI Group.

In addition, dividends are re-invested in purchases of NRI shares after tax is subtracted.

Ratio of the number of shares held by the Shareholding Association to the total number of NRI issued shares excluding treasury stock:  
4.81% (as of March 31, 2020)

## Trust-type employee holding incentive plan

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

The Plan is an incentive plan for all of NRI Group's employees participating in NRI Group Employee Stock Ownership Group. For the Plan, NRI has set up the specific trust (the Trust) for the Stock Ownership Group with a trust bank.

The trust will take out loans to purchase in advance in amount of NRI's stock that is expected to be purchased by the Stock Ownership Group over the following 4 years. After that, the Trust will continuously sell the NRI stock to the Stock Ownership Group.

If a substantial amount of funds from the sale of NRI stock remains in the Trust at the time it is terminated, the funds will be distributed to qualified beneficiaries as residual assets.

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



## ► Hire and turnover

Hire and turnover		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of hires	Total	no. of person	299	289	339	452	496
	(breakdown) male	no. of person	210	212	256	328	374
		%	70.2	73.4	75.5	72.6	75.4
	female	no. of person	89	77	83	124	122
		%	29.8	26.6	24.5	27.4	24.6
	New graduate hires	no. of person	246	223	266	319	308
	Mid-career hires	no. of person	53	66	73	133	188
Number of Turnover*	Total	no. of person	223	237	266	284	322
Turnover rate*		%	3.3	3.5	3.8	3.9	4.3
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

\* Including mandatory retirees

New graduate recruitment		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of hires	Total	no. of person	246	223	266	319	308
	(breakdown) male	no. of person	178	166	195	231	221
		%	72.4	74.4	73.3	72.4	71.8
	female	no. of person	68	57	71	88	87
		%	27.6	25.6	26.7	27.6	28.2
	of which, Bachelor's degree or above	no. of person	246	223	266	319	308
	(breakdown) male	no. of person	178	177	195	231	221
	female	no. of person	68	57	71	88	87
of which, Junior college, Vocational school	no. of person	0	0	0	0	0	
of which, High school, Others	no. of person	0	0	0	0	0	
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Mid-career recruitment		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of hires	Total		53	66	73	133	188
	(breakdown) male	no. of person	32	46	61	97	153
		%	60.4	69.7	83.6	72.9	81.4
	female	no. of person	21	20	12	36	35
		%	39.6	30.3	16.4	27.1	18.6
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
Employment continuation ratio of female / that of male <sup>*1</sup>		%	80.9	81.9	78.8	72.4	77.7	✓
	Coverage		c	c	c	c	c	

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

New graduate hires retention rate after 3 years		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of new graduates hired before 2 business years*	Total	no. of person	228	242	240	218	265
	(breakdown) male	no. of person	170	185	174	164	194
	female	no. of person	58	57	66	54	71
Number of continuing employees in the following fiscal year among new graduates hired before 2 business years	Total	no. of person	211	220	224	209	246
	(breakdown) male	no. of person	160	168	164	161	183
	female	no. of person	51	52	60	48	63
	New graduate hires retention rate after 3 years	%	92.5	90.9	93.3	95.9	92.8
	(breakdown) male	%	94.1	90.8	94.3	98.2	94.3
	female	%	87.9	91.2	90.9	88.9	88.7
	Coverage		c	c	c	c	c

\* Only those who joined on April 1

## ► Employee satisfaction

Employee survey			FY2015	FY2016	FY2017	FY2018	FY2019
Employee survey results <sup>*1</sup>		unit					
Employee satisfaction <sup>*2</sup>	Total	%	60.3	–	80.5	–	81.8
	(breakdown) male	%	60.7	–	80.3	–	81.7
	female	%	58.6	–	81.1	–	82.4
Percentage of employees surveyed <sup>*3</sup>	Total	%	60.3	–	51.4	–	51.9
	(breakdown) male	%	81.0	–	81.3	–	80.6
	female	%	19.0	–	18.7	–	19.4
	Coverage		d		d		d

\*1 The 4 points-scale of the survey is "satisfied", "rather satisfied", "rather dissatisfied", "dissatisfied". (It was 5 points-scale until last survey in FY2015.)

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

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

## ▶ Work-life balance

## Work-life balance supports

NRI has established a system covering durations of pregnancy and childcare that is more comprehensive than that prescribed by the Child Care and Family Care Leave Act.

Shorter working hours and exemptions/limits on overtime because of childcare are available up until the end of the academic year for a child's third year of elementary school.

Meanwhile, these options can be combined with other independent systems, such as shift work or work with selectable start/finish times. We have been working on initiatives to establish an environment for achieving continued balance, including introducing a "Partner Childbirth Leave System" in FY2016 for employees with partners about to give birth, and opening nurseries in our offices in FY2017.

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

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

In addition, we provide information through regularly held nursing seminars and our nursing-care concierge desk.

NRI has been recognized as a corporation that supports child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children, having received the certification mark (nicknamed "Kurumin") since 2007.

In addition to having gained the certification for five consecutive terms, in 2018 we also received the "Platinum Kurumin" special certification granted to companies that carry out initiatives which meet even higher standards.



Utilization of work-life balance support system	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees acquiring Paid maternity leave	no. of person	17	13	9	13	8
Number of employees acquiring Pre- and post-childbirth leave	no. of person	73	76	56	72	78
Number of employees acquiring Childcare leave	no. of person	96	130	252	261	260
(breakdown) male	no. of person	21	60	189	194	190
female	no. of person	75	70	63	67	70
Number of employees utilizing shorter work hour system for childcare	no. of person	96	107	107	113	104
Childcare leave acquiring rate (breakdown) male	%	6.1	18.7	59.6	61.0	65.1
female	%	100.0	100.0	100.0	100.0	100.0
Employees returning to work after childcare leave (female)	%	97.9	97.3	97.0	96.7	98.1
Employees remaining in work after childcare leave (female)	%	92.3	91.7	93.3	92.8	96.8
Number of employees acquiring Nursing care leave	no. of person	1	2	3	3	0
Number of total days of acquiring nursing care leave	days	48.0	43.0	34.0	16.0	21.5
Number of employees utilizing shorter work hour system for nursing	no. of person	0	0	0	0	2
Coverage		c	c	c	c	c

## ▶ Support for diverse and flexible working styles

## Measures to support diverse and flexible working styles

For specialist professions, NRI employs a discretionary labor system in which work formats and hours are to be self-managed at the discretion of the person in question. We furthermore aim for further efficiency and productivity improvements with respect to work accomplishments in specialist professions. In addition to discretion in terms of time, this has involved putting in place a system to also allow a certain amount of discretion in terms of location, making it possible to schedule work from home or a satellite office up to a limit of 100 days per year. Moreover, in Sapporo and Fukuoka we recruit for local positions that are based on the premise of working in those locations. In FY2018, we introduced educational opportunities on a company-wide basis through the Coursera online learning platform, thereby enabling our employees with diverse and flexible working styles to work toward self-study at their own pace regardless of time or location.

## Establishment of in-office nurseries

In order to support our employees returning to work at their desired timing and the development of their career plans, in June 2017, we opened the Yumeminato Hoikuen as NRI's first in-office nursery, in the Yokohama Center (Yokohama Nomura Building).

## Creation of a system to encourage men's participation in housework and childcare

In January 2017, we introduced partner childbirth leave and established a system that makes it easier for our male employees to proactively participate in childcare. In addition to making the "Support for Balancing Work and Childcare Guide Book for Men" available to all of our employees, we have otherwise been promoting greater understanding of the company's systems relating to childcare by conducting briefing sessions introducing our in-house systems and also providing information containing child-rearing advice of our male and female employees currently raising children. We also hold round-table discussions carried out by our male employees who have taken childcare leave.

## Enhancement of measures to support employees returning to work

Three-party interviews aimed at pregnant employees and their supervisors have been taking place throughout pregnancy periods since FY2011. We support a smooth return to the workplace by deepening understanding of the internal systems and discussing post-return working styles. Since FY2010, we have continued to provide training to support balancing work and childcare after an employee returns from childcare leave, which includes guidance for both female employees and their supervisors. In FY2016, we further strengthened our support, commencing "Follow-up Seminars on Balancing Work and Childcare" for employees who had undergone training to support balancing work and childcare 1-2 years earlier.

## Encouragement of the taking of paid leave

We have been encouraging employees to schedule consecutive days off, including hot-weather leave and revitalization leave. Since FY2016, we have been achieving a rate of paid vacation days taken of not less than 70%.

## Telecommuting system

NRI has had a system in place for some time whereby an employee can work at an NRI office that is different from their usual place of work. In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity. We have also been holding campaigns promoting use of the system. In FY2017 and FY2018, NRI was a special participant in the "Telework Days" event implemented by six ministries including the Ministry of Internal Affairs and Communications, in collaboration with the Tokyo Metropolitan Government and the business community. A total of approximately 6,000 employees engaged in telecommuting during the five days of the event, and since that time more than 1,000 employees have been making use of telecommuting arrangements every month.

## Satellite offices

NRI's main offices have "liaison centers" which are made available as satellite offices for workers with no desks at those locations. We also have contractual agreements with satellite offices of outside entities in order to provide our employees with efficient and flexible work arrangements.

## Casual wear

With the objective of increasing productivity by encouraging flexible ideas from relaxed attire, the NRI Group has allowed employees to work in casual wear since 1996, under guidelines such as "wearing a business suit if you are likely to meet clients." In addition, since 2011, in the interests of power conservation we have relaxed the guidelines for casual wear during the Cool-Biz period from May to September, including not requiring ties to be worn in front of clients.

## Material issues of NRI related to this management approach

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

## NRI's approach to material issues

At the NRI Group, highly specialized personnel are major operational resources.

If a situation in which employees are unable to fully demonstrate their ability in a sound environment due to substandard occupational health and safety occurs, there is a risk that business services, such as the information systems that are important foundations for supporting society, and the provision of consulting services that are deeply involved in client operations and businesses, will be impacted due to the lower productivity and quality of deliverables.

Accordingly, since FY2015, NRI has been aiming to realize "Health and Productivity Management<sup>※</sup>," which contributes to improving the Quality of Life (QOL) of employees and is striving towards achieving its goals based on the NRI Health Declaration 2022.

Healthy Operations considers the management of employee health in terms of managerial perspective and strategic implementation.

The health of our employees also occupies an important position from the standpoint of the company's risk management, and we will try to proactively engage in health management as a company instead of entrusting it to individual employees.

It is extremely important for both the individuals concerned and the company that employees are healthy, and Healthy Operations will bring an injection of energy into the organization in the form of active employees and improved productivity by actively pushing employees to become healthy based on that philosophy, which as a result is expected to lead to improved business performance and corporate value.

[NRI Health Declaration 2022]

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

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

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

## Priority activities / Medium- to long-term targets

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

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

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

## 1 Reduce lifestyle-related diseases

- Manage employees' reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations
- Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases

## 2 Lower stress

- Stress prevention for individual employees and teams
- Develop a system to enable employees to return to work earlier

## 3 Lower smoking rate

- Introduce support to help stop smoking
- Remove smoking spaces inside the office

## 4 Promote work-life balance

- Reduce overtime and holiday work hours
- Encourage employees to take paid leave
- Implement the frontline-driven Smart Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work

## Progress / Achievements / Challenges

Nippon Kenko Kaigi<sup>※</sup> certified NRI as an Excellent Enterprise of Health and Productivity Management (White) acknowledging the Company as a large corporation participating superior health and productivity management.

Started in FY2016, this certification scheme reviews companies for their business philosophy, organizational structure, system and initiative execution, assessment and improvement, compliance and risk management.

NRI acquired this certification for the second consecutive year in FY2016-2019 as it met certification requirements in the Large Corporation category, which applies to large-sized corporation and medical corporations.

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

KPI	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total working hours per employee per year*	hours/year	2,140.8	2,085.8	2,034.3	2,017.2	2,050.1
Average overtime hours per employees per month*	hours	29.8	27.2	22.0	21.5	26.6
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	43.5	45.4	70.1	67.9	70.0
Smoking rate	%	18.5	17.0	15.9	15.2	14.6
Exercise habit rate	%	11.5	15.9	19.0	20.7	20.5
	Coverage	c	c	c	c	c

\* All employees including managers, discretionary labor employees

## Link Files

Health and Productivity Management (In Japanese only)

[https://www.nri.com/jp/sustainability/social/health\\_and\\_productivity\\_mgmt](https://www.nri.com/jp/sustainability/social/health_and_productivity_mgmt)

A trial run to assist health and productivity management for workers in the Marunouchi area

<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=49>

## ▶ Occupational health and safety

## Occupational health and safety policy

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

## Occupational health and safety structure

Officer in charge	NRI has established a health and safety committee and has established a sanitation management system in each business division with the aim of achieving an appropriate working environment. With these arrangements we are properly maintain the working environment according to the business and characteristics of each business division
	Chief Occupational Health and Safety Officer Hidenori Anzai Senior Corporate Management Director
Responsible committee	Chief Health Officer Shingo Konomoto President & Chief Executive Officer (CEO)
	Health and Safety Committee

## Status of labor-management consultations on occupational safety and health

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

## Risk management on occupational health and safety

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

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

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

We have mechanisms in place to accurately monitor our employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened.

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

Occupational health and safety situation	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employee work-related deaths	-	0	0	0	0	0
Number of work accidents* <sup>1</sup>	-	0	2	0	2	1
Occupational accident frequency rate* <sup>2</sup>	-	0.00	0.16	0.00	0.16	0.08
Average overtime hours per employees per month* <sup>3</sup>	hours	29.8	27.2	22.0	21.5	26.6
	Coverage	c	c	c	c	c

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

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

\*3 All employees including managers, discretionary labor employees

## ► Health and productivity management

## Overview of health management

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

## Promotion of medical checkups / comprehensive physical examinations

The NRI Group regularly instructs all employees to undergo a medical examination (for those under 30 years old) or a comprehensive physical examination (for those 30 years of age or older) every year, and checks whether they have or not.  
In addition, We also instruct employees who work late into the night to have a health examination every six months and check the status of the medical examination.

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

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

## Stress checks based on the Health and Safety Act

From FY2016, based on the Industrial Health and Safety Act, the NRI Group introduced a web questionnaire-type stress-check to prevent employees from becoming unwell in terms of their mental health.

This has encouraged employees to notice their own stress situations and talk to an industrial physician if they need to.  
In addition, we collate and analyze stress-check results for each organization and use the information to improve the working environments.  
Moving forward, we will continue to implement the program every year in accordance with laws and regulations.

## Consultation desk for work problems

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

## Reduction of overtime and holiday work

NRI has established internal management standards for working hours, late-night work, and holiday work based on labor laws, etc., and engages in proper labor management.

We have established a system that enables a correct understanding of employee work status, including a system that enables supervisors to check online at any time the working hours of their subordinates and how much vacation time they have taken, and the distribution of a list of employees who engaged in late-night or holiday work to management positions on the following day.

In addition, we regularly check the status of each department using indicators such as a "Health Management Index," which is an index of risks such as long working hours that should be eliminated.

## Reduced smoking rate

From November 2015, NRI introduced its "Quit-Smoking Support," in which the company pays 70% of the costs for treatment to quit smoking (borne by the individual).

Furthermore, NRI halved the amount of office smoking spaces in October 2015, and closed all smoking areas in its major offices around the World No Tobacco Day (May 31) in FY2016.

## KPI of health management

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	43.5	45.4	70.1	67.9	70.0
Smoking rate	%	18.5	17.0	15.9	15.2	14.6
Exercise habit rate	%	11.5	15.9	19.0	20.7	20.5
Coverage		c	c	c	c	c

## ► Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total working hours per employee per year	hours/year	2,140.8	2,085.8	2,034.3	2,017.2	2,050.1
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Average overtime hours per employees per month	hours	29.8	27.2	22.0	21.5	26.6
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Annual paid leave*1	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of granted days*2	days	21.2	21.6	21.5	21.4	21.4
Number of days acquired	days	14.1	15.3	15.4	15.3	15.2
Annual paid leave acquisition rate	%	66.5	70.6	71.4	71.3	71.1
Coverage		c	c	c	c	c

\*1 Average base for all employees.

\*2 Excluding carryforward

► Mental health measures

Mental health measures

As measures to safeguard mental health, in addition to reducing late-night work, eliminating continuous long working hours, a thorough system of interviews with industrial physicians for workers who work long working hours, and stress checks based on the Industrial Health and Safety Act, the following initiatives are being implemented.

Establishment of consultation desks for workplace stress

Employees can bring consultations about workplace stress to the health-care rooms (staffed by Industrial physicians and counselors).

In addition, under the health insurance association system, employees can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).

Obligatory interviews with industrial physicians for workers who work long working hours

At NRI, out of consideration of the impact on the mind and body of employees whose overtime working hours exceed internal standards, any such employees are required to have an interview with an industrial physician.

Stress checks

Since 2016, NRI has implemented a stress check system under the provisions of Article 66, Item 10 of the Industrial Health and Safety Act for the following purposes:

- For employees to deal with stress by knowing their stress status, before too much accumulates
- For employees to get advice from a doctor if they have too much stress
- For the company to take any work-related measures as a result of the interviews
- To make improvements in workplace environments that cause stress

Return to work support program

When employees have been absent due to illness, etc., they are only allowed to return to work after a diagnosis by their doctor and a consultation with an industrial physician.

In the case of employees who have been absent more than a set amount of time, NRI is making efforts to have them undergo re-work training that incorporates training conducted by an external professional organization to prevent any relapse, so as to avoid any further time absent from work.

► Various systems provided by Nomura Securities Health Insurance Association

Nomura Health Dial 24

For health, medical care, nursing care, childcare, or mental health issues, experienced physicians, public health nurses, and nurses are available for free phone consultations at any time of the year, 24 hours a day.

Employees can also avail themselves of a search system that finds nearby medical institutions and medical institutions that provide advanced medical care.

Special medical dial

When an employee or member of their family is diagnosed with a serious illness such as cancer, they are eligible for a service that provides them with a referral for a second opinion or to a specialist medical institution (free of charge in certain circumstances).

Mental health counseling service

They can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).

## Material issues of NRI related to this management approach

"Diversity of human resources"

## NRI's approach to material issues

The NRI Group's corporate philosophy states that "continuing endless challenges with the pride of being a true professional" is our action guideline. The cornerstone of the NRI Group is its "human assets". In other words, this refers to employees who are professionals possessing advanced expertise, who independently strive to pursue their own goals and are unafraid to innovate and take on difficult challenges.

To achieve objectives of both NRI's long-term management vision "Vision 2022" and the Medium-Term Management Plan, we must have human assets who not only aim to achieve further growth and improve productivity in our existing specialty areas, but who also take on challenges of venturing into unknown areas of business in anticipation of future trends.

To develop such human assets, the NRI Group has been strengthening systems and the business environment for developing hidden talents of highly motivated people and allowing them to produce results on the job.

The Medium-Term Management Plan 2022 approaches human resource management development as a strategic issue under five conceptual themes of the growth strategy encompassing the plan's 1) DX (digital transformation), 2) business platform, 3) cloud, 4) global, and 5) human resources strategies.

NRI will take steps to secure sufficient quality and quantity of human resources needed to help realize objectives of the digital transformation and global strategies in particular.

## Priority activities / Medium- to long-term targets

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

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

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

Furthermore, with respect to human resources development, NRI places importance on an organic fusion of three approaches to development: training programs, self-study, and on-the-job training which plays the central role.

NRI believes that providing OJT through work experience is the optimal development tool.

As such, its training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding.

The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Moreover, NRI has also established a system to support self-study for employees seeking to gain qualifications and improve their foreign language skills.

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

## Progress / Achievements / Challenges

Since its establishment as Japan's first private think tank, we have grown into Japan's largest think tank by investing in top-class human resource development of Japanese companies and continuing to develop challenging professionals.

The overwhelming number of official qualifications can be said to be one of the indicators for objectively determining that highly specialized personnel are being developed.

Regarding the training of core human resources, we will strengthen the training of successors, conduct four types of selective training for mid-level employees, managers, section managers, and department managers, as well as strengthen candidates for the next successor.

So far, about 190 managers (since 2002) and about 90 section managers since 2015 revision) have completed the selective training program.

In "DX human resource development," in addition to conventional training tailored to the career fields and career stages, we are developing and implementing new training systems such as AI, analytics, blockchain, UX design, agile, and microservices.

We have also started reskilling education to shift personnel to priority strategic areas.

In "Global human resource development," we carry out practical training programs that incorporate actual experience of international operations in order to develop global business leaders who are active in establishing overseas business foundations.

We will enhance our ability to carry out our work through overseas work experience, such as dispatching to a client company or NRI's overseas base for about one year.

Under the overseas trainee system, more than 300 employees have been dispatched to 29 cities in 18 countries and regions so far, and we plan to further enhance and expand these priority activities.

## Link Files

"Education system" for nurturing human resources (In Japanese only)  
[https://working.nri.co.jp/2019/contents/institution/institution\\_a.html](https://working.nri.co.jp/2019/contents/institution/institution_a.html)  
 "Evaluation system" making full use of human resources (In Japanese only)  
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## ▶ Human resources development management

## Human resources development policy (Focus areas)

We regard our people as an essential management resource of the NRI Group and a wellspring of its added value across the board.

The NRI Group's approach to human resources development entails drawing out talents of ambitious employees and cultivating human assets that are capable of producing results on the job.

Meanwhile, professional initiatives of NRI Group employees are backed by the Group's human resources development framework.

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

Of particular importance with respect to human resources development is the notion of organically fusing various aspects of the three elements: 1) on-the-job training, 2) training programs, and 3) self-study.

The lack of any one of those three elements would render it impossible for an employee to achieve growth as a professional.

As such, those three elements combined form the cornerstone of professional development. Of the three elements, OJT provided through work experience is the optimal development tool.

As such, NRI's training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding.

The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Our C&A (Challenge & Act) System acts as a mechanism that effectively facilitates OJT.

Through the system employees are able to confirm and evaluate the extent to which they have achieved their individual targets which are precisely set at half-year intervals through interviews with their supervisors, thereby enabling employees to develop their skills and appropriately gain access to performance evaluations carried out by their supervisors.

This supports the growth of employees according to their respective characters and levels of independence by having them work toward achieving their goals under a supervisor's guidance, while also facilitating communication between supervisors and their subordinates at the regularly scheduled meetings.

The notion of developing human resources who are capable of rapidly addressing changes is crucial in the VUCA (volatility, uncertainty, complexity, ambiguity) and DX (Digital Transformation) eras.

As such, we encourage employees to pursue expertise and diversify their fields of specialization in order to ensure that our personnel assessment and human resources development system functions effectively.

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

We have a career field system and an in-house certification system which both constitute crucial aspects of our efforts to promote human resources development.

## Human resource development program

In addition to various forms of group training, our human resources development programs feature many options that include e-learning, support for gaining qualifications and foreign language study, opportunities to study abroad, researcher dispatch, and trainee arrangements.

To achieve our long-term management vision "Vision 2022," we are particularly focusing our efforts on: 1) developing core human resources, 2) developing DX (Digital Transformation) human resources, and 3) developing global human resources.

1) As for developing core human resources, we implement programs to develop core human resources responsible for growth and business creation of the NRI Group, which mainly involves developing executive candidates, developing capacity of operational management, and developing the ability to create new businesses.

Our selective training for senior management aims to broaden our pipeline of executive candidates with our sights set on the next stage of our long-term management vision "Vision 2022." To such ends, the training enlists a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel.

Meanwhile, the curriculum also entails studies departing from a business perspective centered on profit and loss, with respect to maximizing value by coordinating business segments and optimizing company-wide operations, and also enlists a managerial perspective such that includes striking a balance between the balance sheet and P&L, and multi-stakeholder engagement.

It also entails performing assessments geared to enabling individuals to develop their abilities.

Our selective training for mid-career employees encompasses studies of sophisticated managerial knowledge and the business creation process, thereby departing from career development in terms of practical aspects of business, and also entails offering programs that include leadership in the DX era which is a key element of the growth strategy under the long-term management vision "Vision 2022," and cross-industry exchange that is cognizant of human resources capable of spearheading joint development with our customers.

2) As for developing DX (digital transformation) human resources, we implement programs geared to developing talent that accelerates our DX strategy, which constitutes one of the growth strategies under our long-term management vision "Vision 2022."

This involves establishing venues for studying not only information technology skills but also astute business insights drawing on the latest business use cases with the aim of enhancing capabilities required in the DX era, particularly with respect to AI and analytics, block chain technology, user experience (UX) design, as well as agile software development and microservices.

We lend our support to efforts that include creating forums for our employees conducive to person-to-person networking and activity, which involves establishing venues for sophisticated studies by coordinating with Japanese and overseas universities as well as outside entities such as the Japan Data Scientist Society.

We are also mounting a strategic transition to adopting a human resources portfolio approach, which is an aim of NRI in the DX era.

This involves implementing reskill education whereby consultants and system engineers who are equipped with conventional abilities extend their fields of activity to the DX realm drawing on their existing skills.

3) As for developing our global human resources, we implement programs geared to developing business leaders who are capable of playing active roles on the global stage. In that regard, we are focusing our efforts particularly on our overseas training system under which we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience in global business.

We also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills.

Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools.

Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM).

Moreover, under our system of short-term training abroad and overseas foreign language study, we send employees to overseas business schools and training institutions so that they can acquire skills necessary for global business.

We also implement training in English that involves study of project management and data science in China and India.

Self-study

Self-development is indispensable for career development and is recommended to employees from various aspects such as consideration for human resources. For special qualifications closely related to NRI's business, such as information processing engineer, project management professional (PMP), and certified securities analyst qualifications, we will provide preparatory courses for employees and subsidize external training expenses. We also provide reimbursement and financial assistance to help cover registration costs and examination fees with respect to gaining official qualifications that contribute to our business operations, including certified public accountant and small and medium enterprise management consultant qualifications. We are also enhancing our support for qualifications related to DX (digital transformation), including those in areas such as statistics, data science, artificial intelligence, cloud computing, and agile software development. In language studies, we provide employees with a TOEIC test to help them study at a language school. For language learning, we conduct an in-house TOEIC test and support the cost of employees going to a language school. We are also focusing on efforts in the realm of self-study making use of massive open online courses (MOOCs) such as "Coursera", "Udemy" and "Gacco" in line with the growing popularity of digital learning.

It is also crucial that we shift to new digital learning approaches in conjunction with progress being made in carrying out work-style reforms. As such, in addition to making use of MOOCs, we are promoting various reforms with respect to styles of learning in terms of shifting to digital learning environments, shifting to digital communications related to studies, and establishing educational platforms transcending time and space. The common video streaming platform introduced throughout the company is expanding its opportunities not only for changing training styles, but also for expanding the dissemination of various messages to employees and sharing knowledge and insights accumulated within the company.

References

"Evaluation system" making full use of human resources (In Japanese only)  
[https://working.nri.co.jp/2019/contents/institution/institution\\_b.html](https://working.nri.co.jp/2019/contents/institution/institution_b.html)  
 NRI's Human Resources Strategy  
[https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=56](https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=56)

Human resources development program

Human resources development program 1

NRI has established 22 career fields with the industry-wide Information Technology Skill Standards (ITSS) in mind in order to better make areas and levels of employee expertise clear in-house and outside the company, commensurate with the actual performance of its employees. In so doing, we have defined seven respective levels of employee expertise.

This system acts as a blueprint for employees to better understand their areas and levels of expertise so that they are able to make improvements when pursuing specializations. It also forms the basis for the C&A (Challenge and Act) system for setting goals and confirming results on a semi-annual basis.

Under the system, employees are encouraged to develop their abilities upon having set goals in multiple career fields.

In addition to pursuing a single specialty, having multiple specialized fields will broaden your horizons and grow into a cross-organizational human resource that flexibly responds to changes in the business environment and leads customers' co-creation.

[Career fields]

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

Internal certification system

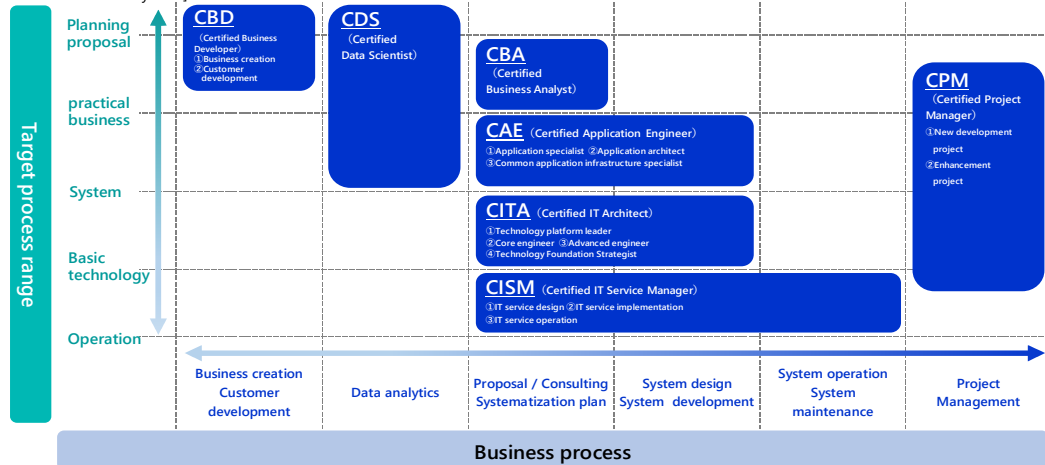
Through the granting of internal certification (NRI Certification) to employees with high levels of expertise who have refined their skills in career fields, NRI offers professional role models while also promoting the development of core NRI human resources in those fields.

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

We review twice a year whether it is suitable as a person representing NRI, including not only ability standards but also business performance.

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

[Internal certification system]



Training program

NRI's training programs implemented company-wide are largely divided into two categories—employment hierarchy-specific training programs and career-specific training programs.

In "Level-specific programs", in addition to curriculums by level and position, we continually implement and improve programs such as selective management human resource development, job type curriculum, support for women's advancement, and veteran career development.

In "Career-specific programs," we carry out programs in accordance with various training systems.

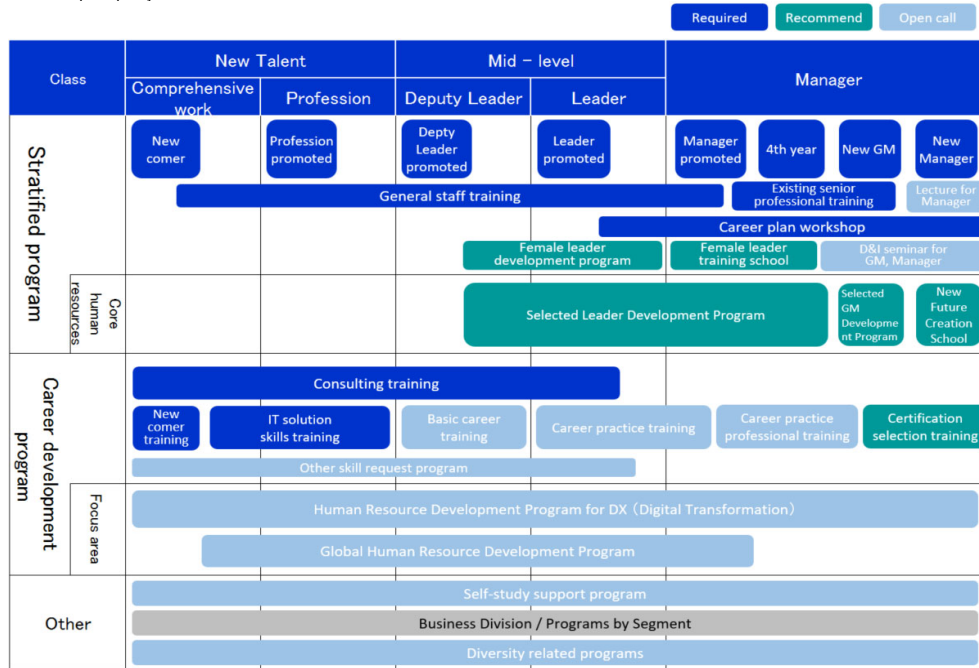
We provide a variety of training programs to meet the diverse needs of employees, conscious of individual skill development along career fields and career development aimed at internal certification.

As a priority development based on the long-term management vision "Vision2022", we are also enhancing "Digital Transformation (DX) human resource development" and "Global human resource development".

In addition to its company-wide training programs, NRI's respective business divisions also develop and implement training programs of their own.

We have a detailed training development system has been established to cover the businesses and operations of each business division.

[NRI Training Program]



Business impacts

We are promoting the expansion of human resources who promote strategic fields by showing employees the image of human resources, careers, and training programs in line with the growth strategy of NRI's long-term management vision, Vision 2022.

In addition, by visualizing the development status and changes over time, we are able to plan long-term human resources strategies, check our human resources portfolio, and develop highly specialized human resources in a short period of time.

Target employee

All employees

Human resources development program 2

Stratified program

The NRI Group implements various training programs according to the career stage.

There are training programs such as promotion of career stage and appointment of positions.

We are implementing a selective training program for each level of employees, from mid-level employees to executives, and are also focusing on the systematic development of management candidates.

In particular, regarding the training for promotion to managerial positions, we have thoroughly reviewed the content since last year.

We are currently considering the content of the training that is unique to our company, and since last year, we have been sequentially revising and implementing each level.

As for new training methods, in addition to the conventional group training, we are also working on online relay training that connects multiple locations in real time.

Furthermore, as a diversity initiative, in addition to a selection program for each layer for female employees, we are also focusing on employee awareness and enlightenment activities through diversity and inclusion seminars.

In addition, veteran employees, such as those in their mid-40s, can show their abilities that they have cultivated so far, and organize their thoughts at regular intervals in order to support their work while challenging new fields and skills. We hold a career plan workshop that allows you to take multiple courses during your career so that you can lead to the next action.

Management Human Resource Development Program

We are implementing a program to develop core human resources who are responsible for the growth strategy and business creation of the NRI Group. The curriculum of these development programs consists mainly of three elements:

1) Courses aiming to develop executive candidates, 2) Course aiming to develop candidates for organizational head 3) Courses aiming to develop proficiency with respect to managing business drawing on a managerial point of view and a company-wide perspective, and 4) Courses aiming to develop the ability to create new businesses.

Our selective training for senior management, particularly that involving courses aiming to develop executive candidates, aims to broaden our pipeline of executive candidates with our sights set on the next stage of our long-term management vision "Vision 2022."

To such ends, the training enlists a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel.

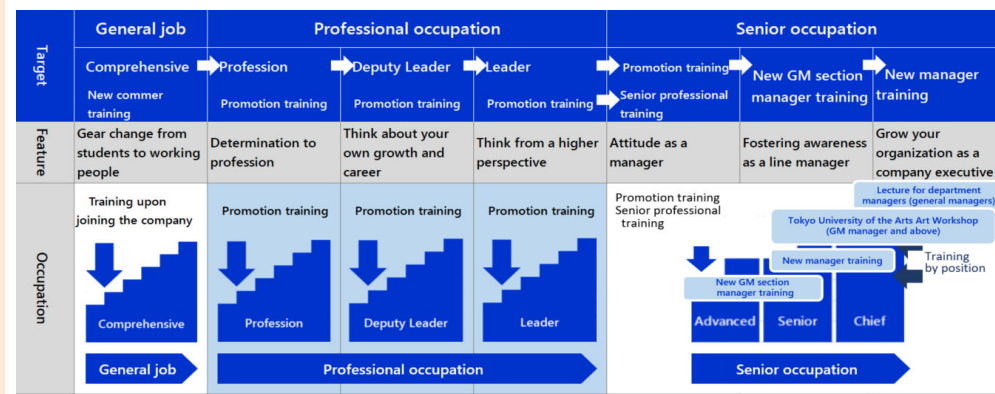
As a manager, it is a curriculum to deepen and learn business perspectives such as business segment coordination, company-wide optimization to maximize value, BS/PL balance, and multi-stakeholders.

In addition, at an external business school (Nomura Management School) supported by the Company, members selected from senior management participate in exchange meetings with executive members dispatched from companies representing Japan to improve management ability.

In the selection training for mid-career, students will leave the career development in business practice and learn advanced management knowledge and business creation process, as well as the leadership in the DX era, which is important for the growth strategy of the long-term management vision "Vision2022". We provide programs such as cross-industry exchanges with the awareness of "people who can lead customer co-creation".

Participants are selected from each level, including managers and mid-career employees, and through programs such as group training, individual work and workshops, we aim to discover problems related to NRI's management and business, and propose and implement solutions.

[Stratified program]



Human resource development program for Digital Transformation

NRI implements programs geared to developing talent that accelerates its DX (Digital Transformation) strategy, which is one of the growth strategies under its long-term management vision "Vision 2022".

With the aim of strengthening the capabilities required in the DX era, such as AI, Analytics, Blockchain, user experience (UX) design, Agile, and Microservices, in addition to the conventional skill training for the year of joining the company, there is a DX skill acquisition training for each year.

These programs have a variety of business curricula that share basic knowledge and IT skills as well as hands-on know-how, modern business use cases, deep NRI-like insights, and cutting-edge business insights.

By actively collaborating with external institutions and companies such as domestic and overseas research institutions (graduate schools) and Data Scientist (DS) associations, we will incorporate a lot of academic knowledge and advanced cases and provide a more advanced learning space. We also help establish employee networks and create opportunities for success.

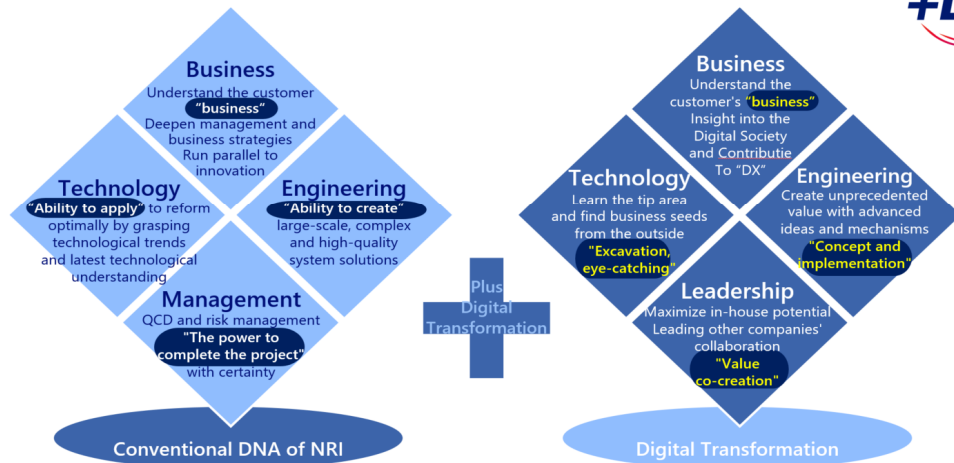
These programs are structured so that curriculums are planned and planned around "Learning Opportunities", "Developmental Opportunities", "Connection Opportunities", and "Opportunities for Success", so that you can get more effective skill acquisition opportunities.

In addition, we will conduct skill skill education for consultants and system engineers who have existing skills, expand the area of activity in the DX field while utilizing existing skills, and strategically transform into a human resources portfolio in the DX era.

Human resource development program for Digital Transformation

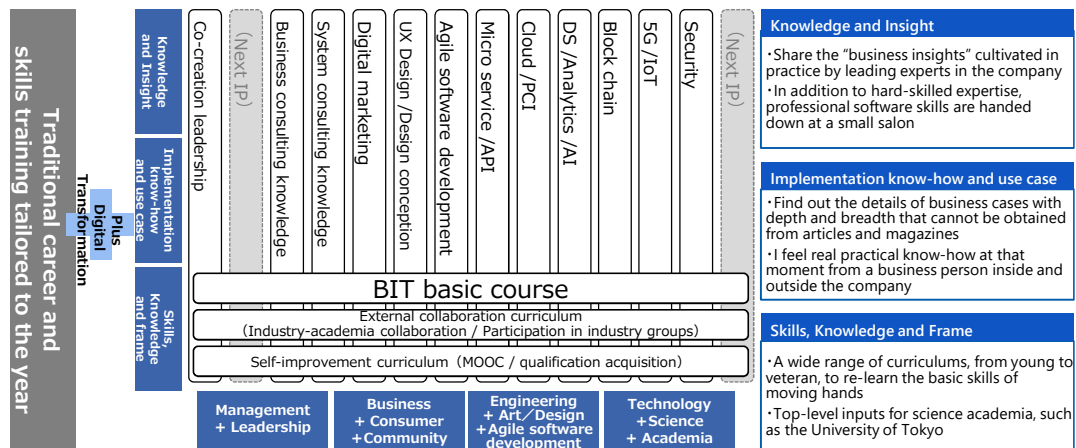
[New human resource image for Digital Transformation]

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



[Human resource development program for Digital Transformation]

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



[Providing four opportunities for Digital Transformation human resource growth]

Add the essence of surviving the DX age in the learning field. Maximize opportunities for "Self-learning"



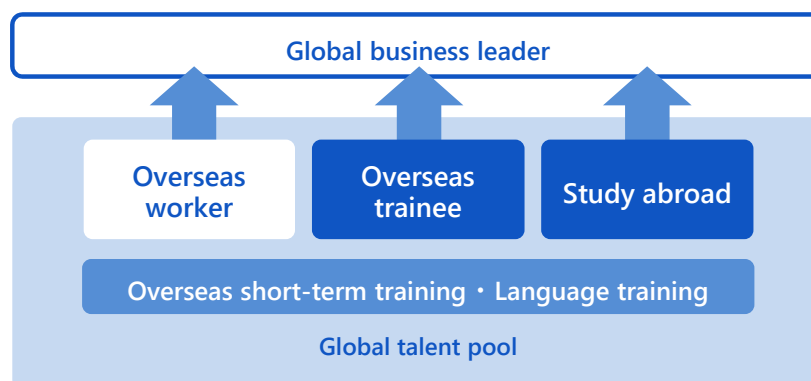
- |   |   |  |   |
|---|---|--|---|
| <p><b>1. Opportunities for Learning</b></p> <ul style="list-style-type: none"> <li>In addition to simple skills and case studies, NRI will offer advanced knowledge sharing and training to learn unique insights</li> <li>We also offer courses that give the degree of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

## Global Human Resources Development Program

NRI implements many overseas programs geared to developing business leaders who are capable of playing active roles on the global stage. In that regard, we are particularly focusing our efforts on our overseas training system whereby we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience of global business. Meanwhile, we also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills. Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools.

Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM). Moreover, under our system of short-term training abroad and overseas foreign language study, we send employees to overseas business schools and training institutions so that they can acquire skills necessary for global business.

We also implement training in English that involves study of project management and data science in China and India.



## Business impacts

We are promoting the expansion of human resources promoting strategic fields by showing employees the image of personnel, careers, and development programs in line with the growth strategy of NRI's long-term management vision "Vision 2022".

In addition to "recruitment" as a measure of the "Human Resources/Resources Strategy" of the new medium-term management plan 2022, we will promote "employee skill change" and promote skill improvement for employees who can respond to DX strategies.

Rather than discarding and replacing the skills that employees have accumulated over the years, we have created a "+DX" concept in which new skills are added based on those skills, and a training program is prepared accordingly.

With regard to the three core issues of core human resource development, approximately 190 department managers since 2002, and approximately 90 section managers after the 2015 revision, have completed the selective development program, and have strengthened the pipeline of successor candidates.

In "DX Human Resources Development," we are strengthening strategic capabilities such as AI, analytics, blockchain and agile, and promoting the realization of growth strategies by shifting personnel to strategic priority areas.

In "Global Human Resources Development," we are promoting the expansion of NRI's global businesses by fostering global business leaders.

## Target employee

Senior and middle management

## Inputs for human resources development

Human resources development investment cost	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total human resources investment cost	millions of yen	3,372	3,365	3,448	3,632	3,531
Coverage		a	a	a	a	a
Human resource development capacity development investment cost per employee	thousands of yen	486	475	466	477	446
Coverage		c	c	c	c	c
Personnel development capacity development period per employee	Hour / person	54	47	45	52	50
Coverage*		c'	c'	c'	c'	c'

\* c':NRI employees engaged in Japan and overseas

## ▶ Effect of human resources development

## Measures of the effect of human resources development

NRI places importance on the number of employees with professional qualifications as an index for objectively assessing investment efficiency in development of individuals with highly advanced professional skills.

Number of employees who acquired the professional qualifications		unit	FY2015	FY2016	FY2017	FY2018	FY2019
	Information processing engineer (IT strategist)	no. of person	279	305	328	354	374
	Information processing engineer (System architect)	no. of person	876	903	949	974	990
	Information processing engineer (Project manager)	no. of person	743	814	869	909	943
	Information processing engineer (Network specialist)	no. of person	909	939	955	975	1,000
	Information processing engineer (Database specialist)	no. of person	743	789	843	879	924
	Information processing engineer (Embedded system specialist)	no. of person	37	40	48	50	55
	Information processing engineer (Information security specialist)	no. of person	1,093	1,218	1,202	1,185	1,163
	Information processing engineer (IT service manager)	no. of person	360	388	409	413	433
	Information processing engineer (System audit engineer)	no. of person	333	342	354	360	363
	Registered Information Security Specialist <sup>*1</sup> (Successful candidates)	no. of person	–	–	108	242	375
	Project Management Professional	no. of person	230	255	292	299	320
	ITIL Manager / Expert / Intermediate	no. of person	63	70	70	70	68
	Chartered Member of the Securities Analysts Association of Japan	no. of person	228	242	245	245	246
	Certified Public Accountant Small and Medium sized	no. of person	10	9	9	16	15
	Enterprise Consultant	no. of person	42	45	46	46	48
	First-class Registered Architect	no. of person	12	11	10	10	10
	Chief Telecommunications Engineer	no. of person	114	110	107	107	108
Number of employees who acquired NRI certification system		unit	FY2015	FY2016	FY2017	FY2018	FY2019
	Certified Business Developer	no. of person	25	24	18	15	23
	Certified Business Analyst	no. of person	23	26	23	22	25
	Certified Data Scientist <sup>*2</sup>	no. of person	–	–	7	14	17
	Certified Application Engineer <sup>*3</sup>	no. of person	7	16	19	23	24
	Certified IT architect	no. of person	70	67	65	69	66
	Certified IT Service Manager	no. of person	27	28	30	33	39
	Certified Project Manager	no. of person	100	96	94	93	107
Coverage			c	c	c	c	c

Note: As of the end of each fiscal year.

\*1 Examination started in April 2017.

\*2 Certification started in October 2017

\*3 Certification started in October 2015

## Material issues of NRI related to this management approach

"Respect for human rights" and "Dialogue with civil society"

## NRI's approach to material issues

We support and respect the International Code of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights, as set out in the NRI Group Policy on Human Rights. The policy reiterates and clearly states the respect for basic labor rights and the prohibition of forced labor, child labor, discrimination, and harassment. Furthermore, the NRI Group's "Procurement Policy of the NRI Group" declares that human rights are taken into consideration when dealing with business partners such as outsourcers and suppliers. In addition, NRI participated in the "UN Global Compact" in May 2017 in support of four principles and ten principles of "human rights," "labor," "environment," and "anticorruption." Under the commitment of top management, NRI is committed to acting as a good member of society and striving to achieve sustainable growth by observing and practicing the ten principles and demonstrating responsible creative leadership.

## Priority activities / Medium- to long-term targets

As one of the growth strategies in the long-term management vision 'Vision 2022', NRI upholds 'Dramatic expansion of globalization', and positioned the overseas human rights issue as critical business challenge. In FY2020, we plan to further promote the human rights due diligence we started in FY2019 and respond to identified issues.

## Progress / Achievements / Challenges

In FY2018, We started to conduct human rights due diligence in Sustainability Activities Committee. In FY2019, we promoted human rights due diligence and identified the current human rights risks of the Group. In addition, as a company involved in the development and utilization of AI, we have established the "NRI Group AI Ethics Guidelines" intended to promote the development and utilization of AI while reducing the negative impact of AI. In addition, we have published "Human rights report" which is summarizing our policies and initiatives concerning human rights.

## Link Files

NRI Group Policy on Human Rights  
<https://www.nri.com/en/sustainability/social/policies#human-rights>  
 NRI Group Procurement Policy  
<https://www.nri.com/en/company/partner>  
 NRI Group AI Ethics Guidelines  
[https://www.nri.com/en/sustainability/social/policies#AI\\_Ethics\\_Guidelines](https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines)  
 Human rights report  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/human\\_rights\\_report\\_e.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf)



Business and human rights management

Chief officer in charge of human rights	Senior Corporate Managing Director of NRI
Responsible committee	Human Rights Education Committee
Involvement of the Board of Directors with respect to human rights (reporting, deliberation, director evaluation, reflection in remuneration)	Any cases that require the approval of the Board of Directors will be appropriately deliberated and judged by the Board of Directors.
Education and awareness	<p>With respect to NRI Group employees, The NRI Group Employee's Code of Conduct stipulates that we respect each other's personality and individuality and do not infringe on human rights in order to create a comfortable workplace.</p> <p>These rules are communicated through the guidance of the Rules Book: "Fundamental Rules for Executive Officers and General Staff", which is reviewed annually. In addition, we are working to raise awareness by focusing on rank-based training and management training.</p> <p>In the event of a statement or action that violates human rights, the facts of the situation will be investigated and then the relevant employee will be subject to disciplinary action for non-compliance if necessary.</p> <p>We explain to our temporary employees that we regularly provide the "Basic rules for working in the NRI Group (for temporary employees)" to respect human rights and prohibit discriminatory behavior.</p> <p>All division heads in NRI Group companies are appointed as promotion members of the Human Rights Education Committee.</p> <p>In addition, department managers are given and recognized the responsibility of creating a comfortable workplace where the human rights of all are respected.</p>

Efforts to respect human rights

Identification process of human rights risks	<p>The NRI Group is promoting efforts to respect human rights based on international norms such as the International Code of Human Rights, the ILO Core Labor Standards, and the Guiding Principles on Business and Human Rights.</p> <p>We will proceed with our efforts to respect human rights by following the process of "policy/commitment", "human rights impact assessment/theme identification", "approach for respecting human rights", and "monitoring/information disclosure".</p>			
	<div style="background-color: #0056b3; color: white; padding: 10px; margin-bottom: 5px;">Policy/ Commitment</div> <ul style="list-style-type: none"> <li>● Formulation/commitment of policies regarding the respect of human rights, including our Policy on Human Rights, and building systems</li> <li>● Embedding of policies/commitment</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 10px; margin-bottom: 5px;">Assess impacts on human rights and identify themes</div> <ul style="list-style-type: none"> <li>● Identifying areas with potential human rights risks (human rights risk assessment)</li> <li>● Identifying human rights themes</li> <li>● Communication with stakeholders</li> <li>● Understanding the situation/assessing</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 10px; margin-bottom: 5px;">Out approach for respecting human rights</div> <ul style="list-style-type: none"> <li>● Measures for human rights themes</li> <li>● Measures based on the result of evaluating impact on human rights</li> <li>● Grievance mechanism</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 10px; margin-bottom: 5px;">Monitoring/ disclosing information</div> <ul style="list-style-type: none"> <li>● Continuous monitoring of the status of countermeasures and their impact on human rights</li> <li>● Disclosing the status of efforts</li> </ul>

Business and human rights policy

Human rights policy	The NRI Group has established the NRI Group Policy on Human Rights and supports international human rights norms such as the "International Human Rights Bill", "The Declaration of the International Labor Organization on Fundamental Principles and Rights at Work", and "10 Principles of the United Nations Global Compact". In addition, NRI conducts procurement activities that respect human rights, as required by the NRI Group Procurement Policy "Practice of ESG Procurement," and requests our business partners to take human rights into consideration.
Applicable scope	NRI Group and business partners such as outside contractors and suppliers
References	<p>NRI Group Policy on Human Rights  <a href="https://www.nri.com/en/sustainability/social/policies#human-rights">https://www.nri.com/en/sustainability/social/policies#human-rights</a></p> <p>NRI Group Procurement Policy  <a href="https://www.nri.com/en/company/partner">https://www.nri.com/en/company/partner</a></p> <p>NRI Group AI Ethics Guidelines  <a href="https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines">https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines</a></p>

## ► Human rights due diligence

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

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

## 1. Human Rights Risk Assessment

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

In accordance with the industry classification of Verisk Maplecroft, this human rights risk assessment covers the software & IT services industry to which the IT service business, the main business of the NRI group, belongs, and the professional services industry to which the consulting business belongs. The report also covers all 37 countries where NRI, consolidated subsidiaries and Tier 1 suppliers are located, and has identified potential human rights risks that these industries could cause in the covered areas.

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

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

\*2 Caux Round Table is a global network of business leaders aimed at ensuring business contributes to a more free, fair and transparent society. Caux Round Table Japan assists companies to promote their human rights activities.

## &lt;Scope of the assessment&gt;

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

## &lt;Identified Human Rights Risks&gt;

## Right to privacy

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

## Decent wages

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

## Decent working time

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

## 2. Human rights impact assessment

In response to the potential risk assessment results, we have begun to grasp the actual situation for NRI and its group companies and business partners in FY2019. In order to understand the actual situation, various types such as the ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights of the European Commission and the CSR Procurement Self-Assessment Tool Set of the Supply Chain Subcommittee of global Compact Network Japan The survey contents and methods are formulated with reference to the guidelines.

We are also reviewing the survey contents and methods by promoting an understanding of the laws and regulations of each country and region and the internal and external environment.

In the future, we will continue to conduct surveys to understand the actual situation, review human rights themes, and address the risks discovered.

## &lt;Contents of understanding the actual situation&gt;

- Status of each country/region: Laws applicable in each country/region, human rights issues and topics in each country/region, etc.
- Human rights/labor: Respect for human rights, discrimination, child labor, forced labor, wages, working hours, inhumane behavior, dialogue/consultation with employees, hotline status, worker privacy, etc.
- Safety and health: workplace safety and health, emergency response, occupational accident status, etc.
- Human rights in business: Relationship with contractors, possibility of human rights violations through business (possibility of privacy infringement, etc.)
- Others: Awareness of issues related to business and human rights, opinions on our company, etc.

## &lt;Identification of human rights themes&gt;

We believe that the NRI Group's priority human rights themes are "Decent Work," "Privacy and Data Security," and "diversity". The basis is the NRI Group's corporate philosophy, vision, potential human rights risk assessment results, and communication with group companies and business partners.

Looking to the future, we will continue to study and act on ways to respect human rights regarding these human rights themes, not only for the NRI Group but also for the business impact of our business partners and other supply chains.

On the other hand, in the midst of changes in the business and human rights environment, it is envisaged that we will make appropriate reviews based on the results of our understanding of the actual situation of human rights risk, dialogue with stakeholders both inside and outside the company, the environment, stakeholders and rights holders.

**Decent Work**

- Realization of work styles that are healthy and rewarding
- Realization of proper working hours and wages

**Privacy and Data Security**

- Realization of privacy protection that properly handles privacy information and protects personal dignity
- Realization of respect for human rights in line with technological evolution representing AI

**Diversity**

- Realization of an environment in which human resources of diverse backgrounds can play active roles without any discrimination or harassment

## ▶ Engagement on human rights

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

We publish our human rights initiatives on our website and in our reports.

We published the "Human Rights Report" in FY2019, which summarizes our policies and efforts concerning human rights. This report was prepared with reference to the UN Guiding Principles Reporting Framework, which is a comprehensive guideline for reporting on the response of companies to human rights issues.

## Reference

Human rights report  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/human\\_rights\\_report\\_e.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf)

► Response to consultation and report on human rights

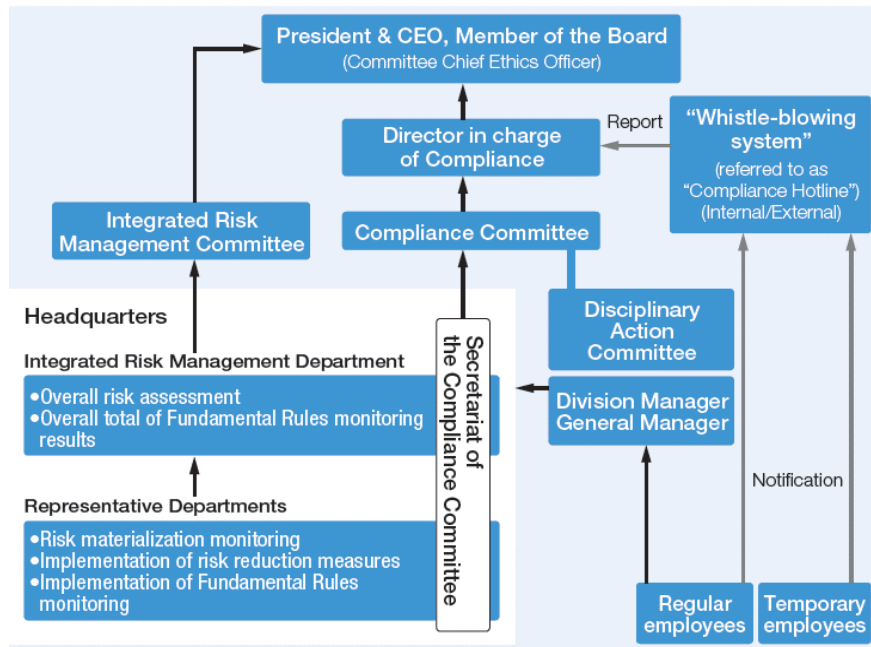
System for responding to consultations and reports for employees, temporary employees and partner company employees

For NRI Group employees, temporary employees, and partner company employees, in the unlikely event that their own human rights or those of someone else have been compromised, or if they notice there may be the risk of the same, there are both internal and external reporting desks available, the contact details for which can be checked on the intranet at any time.

In addition, we strive to keep employees informed by including training when joining the company and in the "NRI Group Rulebook Basic Rules for Executive Officers and General Employees" distributed annually.

Furthermore, temporary employees and employees from partner companies who work at NRI Group offices (outside contractors) are provided with an explanation and materials indicating that there is a reporting desk when they first start work.

Regarding consultations and reports, we will promptly investigate the facts and respond to them to prevent the recurrence of the situation.



Applicable scope

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

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

We have not set up a contact point specializing in human rights complaints against the NRI Group.

However, the representative telephone numbers and e-mail addresses that accept general inquiries are open to the public, and the relevant departments will respond through the public relations department of each company.

Applicable scope

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

► Freedom of association and the right to collective bargaining

Dialogue with labor union

NRI has a union shop contract with the Nomura Research Institute Labor Union.

Through collective bargaining and social gatherings, NRI frequently discusses various issues with unions, such as the economic benefits of union members, personnel systems, and working environment.

The results of the "Employee Attitude Survey" conducted by the labor union every year and the problems revealed during the discussions at the labor union branch meetings and seminars will be reported to the NRI management and will be utilized in the formulation of measures.

	unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of labor union members*1	no. of person	3,709	3,773	3,656	3,579	3,667
Rate of unionization*2	%	100	100	100	100	100
	Coverage*2	d	d	d	d	d

\*1 As of the beginning of following fiscal year.

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

## ▶ Engagement on human rights

## Stakeholder dialogue

Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group. In FY2019, we held dialogues with world-renowned ESG investors and sustainability experts in Japan and overseas. In this dialogue, NRI was pointed out human rights risks to consider, such as digital rights, workers' rights, discrimination on gender or nationality, supply chain human rights, and community impacts. NRI intend to identify specific human rights risks, evaluate and respond to them.

## Reference

Stakeholder Dialogues

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

## Multi stakeholder engagement

## Issues raised

Since FY2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan. We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies, NGOs and NPOs, and industry and academic experts.

Key human rights issues for the ICT sector (extract)

- The potential for employees to work long hours and / or unpaid overtime when working on developing information systems
- The potential threat from service shutdowns to users' activities and daily lives
- The potential for damage to people's privacy from personal data breaches
- The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT)
- The risk of being unable to resist state demands to hand over personal information
- The potential risk in overseas business activities of bribery and corruption involving government officials
- Environmentally sensitive usage of energy and water
- Exerting a positive influence on improving people's lives by bridging the information divide between communities

## References

2018 Stakeholder Engagement Program in Japan (In Japanese only)

<http://crt-japan.jp/portfolio/she-program/>

2018 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme)

<http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf>

## ▶ Corporate citizenship policy

## Corporate citizenship policy

	As an overall stakeholder representative, companies must utilize resources such as people, technology and finance to contribute to the development of local as well as larger communities in society. NRI positions business activities and social contribution activities as comprehensive activities to realize the corporate philosophy of "pioneering the future." And we have established "human resource development", "society development" and "information dissemination" as priority areas for social contribution activities, and we are engaged in various activities utilizing human resources and technology.
References	NRI Student Essay Contest (In Japanese only) <a href="https://www.nri.com/jp/news/event/lst/cc/sustainability/contest">https://www.nri.com/jp/news/event/lst/cc/sustainability/contest</a> Career education program (In Japanese only) <a href="https://www.nri.com/jp/sustainability/edu">https://www.nri.com/jp/sustainability/edu</a> Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake (In Japanese only) <a href="https://www.nri.com/jp/act311">https://www.nri.com/jp/act311</a> Proposals regarding Coronavirus Infection (COVID-19) measures <a href="https://www.nri.com/en/keyword/proposal">https://www.nri.com/en/keyword/proposal</a>

## ▶ Focus areas of corporate citizenship activities

## Focus areas of corporate citizenship activities 1

	Human resources development for the next generation
Relevance to business	Human resource development for the next generation is an activity that can utilize the internal resources of NRI's professional human resources, and at the same time, is an essential activity to realize NRI's corporate philosophy, "Dream up the future". In order to realize the NRI Group's corporate philosophy, "Developing Dreams," we believe that it is important to develop young human resources who will lead the next generation and have a ripple effect on future communities. The NRI Group develops various activities utilizing our know-how in providing a wide range of people such as elementary school students, university students, and international students with a place to think about the future through educational programs, dialogues, and essay contests. In addition, we are working to collaborate with educational institutions, including accepting lectures and lectures by employees at universities and training of teachers at private companies.
Business benefits	Increase brand power and reputation: By maximizing the strengths of our Personal Development, we will improve our brand power as a think tank, which will lead to high praise from students and recruitment of excellent human resources. We hold a dialogue with students every year as a KPI to measure the evaluation of NRI by students.
Social benefits	We have set the transition in the number of student program participants as KPIs for evaluating the social effects of human resource development. The NRI Student Essay Contest has been held since 2006 as one of the major student programs. This program was started with the aim of giving the younger generation, who will be responsible for the future of society, an opportunity to focus on the future of Japan and the world. By widely disclosing the proposals won in this contest to the public, a wide range of generations, including young people, are provided with an opportunity to think about the future of Japan and the world. The number of paper submissions in 2019 was 2,300 (59% increase from the previous year), and the cumulative number of submissions since 2006 was 17,882. In addition, another student program, "Career Education Support," which provides students with opportunities for ICT education, reached 704 participants in 2019.

## Focus areas of corporate citizenship activities 2

	Social development
Relevance to business	Supporting economic and social development in emerging and developing countries and reconstruction support for local communities aiming at recovery from natural disasters such as earthquakes are important elements for realizing a sustainable society. The consulting function, which is one of the NRI Group's powerful resources, supports the development of emerging countries and the reconstruction of the earthquake. We are also supporting the development of local communities by utilizing the IT solution function, which is another powerful resource. Furthermore, contributing to the local community through social contribution activities is also an important activity.
Business benefits	Social contribution activities related to social development lead to consulting and IT solutions businesses related to local community reconstruction support and development support in emerging and developing countries, and generate revenue. The results of that activity can be measured on an individual project basis.
Social benefits	One of the results of social development is the donations to victims of natural disasters. A total of 9,774 NRI Group employees will contribute to the recovery efforts for the Great East Japan Earthquake in March 2011, for a total of 253 million of yen, including matching gifts from NRI. A total of 2,350 NRI Group employees contributed to the 2016 Kumamoto Earthquake recovery efforts, for a cumulative total of 35 million of yen including matching gifts from NRI. For the victims of the heavy rain disaster in July 2018, 626 group employees donated a total of 5 million yen.

## Focus areas of corporate citizenship activities 3

	Information communication
Relevance to business	Publication of investigation and research activities outcome is indispensable, for disseminating the social innovation that NRI promotes and receiving recognition widely from the society. Since our foundation, we have undertaken investigation and research activities in diverse fields. We use the results of these activities in our business and continue to disseminate them through regular publications, reports, books, forums and other events.
Business benefits	By continuing to disseminate information through forums and events, NRI's reputation as a think tank will increase, leading to cutting-edge innovation-related projects. The result can be measured by research and development expenses as innovation investment.
Social benefits	As a KPI to evaluate the social effect of information transmission, we have set the transmission transition for each information transmission medium. In FYI 2019, the information dissemination record was 21 books, 290 newspaper and magazine articles, 911 lectures, 155 television and radio appearances, and 80 news releases.

## Inputs for corporate citizenship activities

Social contribution expense		unit	FY2015	FY2016	FY2017	FY2018	FY2019	Assurance
	Total	millions of yen	687	591	717	841	683	
By expense item	Cash contribution	millions of yen	348	360	272	395	314	✓
	In-kind contribution	millions of yen	0	1	0	0	3	
	Facility offering	millions of yen	4	4	4	4	4	
	Provision of human resources to management school*1	millions of yen	212	122	126	127	58	✓
	R & D expenses*2	millions of yen	-	-	156	152	174	
	Others	millions of yen	123	213	209	162	132	
Ratio to ordinary income (Non-consolidated)		%	1.24	1.06	1.23	1.08	0.90	
Coverage			c	c	c	c	c	

\*1 Due to a change in calculation methodology from 2019, there is a discrepancy with the previous year

\*2 Linked to future society and regional development

## Impacts of corporate citizenship activities

Key performance indicator of corporate citizenship activities		unit	FY2015	FY2016	FY2017	FY2018	FY2019
Human resources development for next generation	Number of entries for NRI Student Essay Contest		2,622	3,103	1,767	1,444	2,300
	Career education support	Number of schools conducted	38	34	24	31	29
		Number of participants	1,500以上	1,277	733	850	704
	Lecture to university	Number of schools conducted	32	n/a	n/a	n/a	n/a
		Number of lecturers dispatched	59	n/a	n/a	n/a	n/a
Coverage			c	c	c	c	c
Social development	Donation support for disaster-stricken areas*1	thousands of yen	16,095	39,904	13,214	16,577	12,000
	Great East Japan Earthquake disaster	thousands of yen	16,095	12,010	9,000	8,000	12,000
	2016 Kumamoto Earthquake	thousands of yen	-	27,894	4,214	2,960	-
	July, 2018 heavy rain disaster	thousands of yen	-	-	-	5,617	-
	Coverage			a	a	a	a
TABLE FOR TWO*2*3		number of meals provided locally	13,842	16,628	24,041	34,982	31,431
Coverage			d	d	d	d	d
Transmission of information	Number of books issued		25	13	15	20	21
	Number of articles in newspapers and magazines		229	273	298	306	290
	Number of lectures given		1,161	937	962	922	911
	Number of appearances on television and radio		126	102	158	267	155
	Number of news releases*4		107	97	104	69	80
Coverage			c	c	c	c	c

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

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

\*3 Including the amount of CUP FOR TWO started from FY2017.

\*4 The publication standard for "News Release" has been revised from FY2018.

Costs Such as to Various Associations		unit	FY2015	FY2016	FY2017	FY2018	FY2019
	Total	thousands of yen	5,400	5,400	5,400	5,000	5,000
	Trade associations/specified public interest promotion cooperations	thousands of yen	5,400	5,400	5,400	5,000	5,000
	Regional organizations/Arbitrary associations	thousands of yen	-	-	-	-	-
	Lobby activities	thousands of yen	-	-	-	-	-
	Others, political contributions	thousands of yen	-	-	-	-	-
Coverage			c	c	c	c	c



### Translation

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

## Independent Assurance Report

July 28, 2020

TO:

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

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

We, Ernst & Young ShinNihon LLC., have been commissioned by Nomura Research Institute, Ltd. (hereafter the "Company") and has carried out a limited assurance engagement on the environment and society data and indices (hereafter the "Indicators") of the Company and its major subsidiaries and Yokohama Center (Yokohama Nomura Building) for the year ended March 31, 2020 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2020 (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol "✓" in the Report.

#### 1. The Company's Responsibilities

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

#### 2. Our Independence and Quality Control

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

#### 3. Our responsibilities

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

We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000") (Revised), and with respect to GHG emissions, the *International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board.

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

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

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

#### 4. Conclusion

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



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

◆ General Disclosures

102 : General Disclosures		Reference	
<b>1. Organizational profile</b>			
102-1	Name of the organization	Integrated Report 2020 - Corporate Data / Share Information	<a href="#">p.101</a>
102-2	Activities, brands, products, and services	Integrated Report 2020 - Business model and business direction	<a href="#">p.30</a>
		Integrated Report 2020 - NRI's Four Business Segments	<a href="#">p.84</a>
102-3	Location of headquarters	Integrated Report 2020 - Corporate Data / Share Information	<a href="#">p.101</a>
102-4	Location of operations	Integrated Report 2020 - NRI Group Network	<a href="#">p.100</a>
		NRI official website - NRI Group Companies and offices	<a href="#">(Link)</a>
102-5	Ownership and legal form	Integrated Report 2020 - Corporate Data / Share Information	<a href="#">p.101</a>
102-6	Markets served	Integrated Report 2020 - Competitive Advantages of Social and Relationship Capital	<a href="#">p.23</a>
		Integrated Report 2020 - NRI's Four Business Segments	<a href="#">p.84</a>
		Integrated Report 2020 - NRI Group Network	<a href="#">p.101</a>
		NRI official website - Solutions & Services	<a href="#">(Link)</a>
102-7	Scale of the organization	NRI official website - NRI Group Companies and offices	<a href="#">(Link)</a>
		Labor Practices, Diversity - Employee data	p.50
		Integrated Report 2020 - 11-year Summary Consolidated Financial Statements	<a href="#">p.94</a>
		Integrated Report 2020 - Corporate Data / Share Information	<a href="#">p.101</a>
102-8	Information on employees and other workers	Annual Securities Report - 2. Business Status - Management discussion and analysis of the financial situation, management results and cash flow situation. (In Japanese only)	<a href="#">p.18-28</a>
		Annual Securities Report - 5. Accounting Status - Consolidated Balance Sheet. (In Japanese only)	<a href="#">p.75-76</a>
102-9	Supply chain	Labor Practices, Diversity - Employee data	p.50
		Supply Chain Management - Supply chain situation	p.20
		Integrated Report 2020 - Value Creation Process	<a href="#">p.28</a>
102-10	Significant changes to the organization and its supply chain	Integrated Report 2020 - Cooperation with Business Partner	<a href="#">p.62</a>
		There is no material changes concerning the supply chain during the reporting period.	
102-11	Precautionary Principle or approach	Risk Management - Management Approach	p.11
		Risk Management - Data	p.12-15
		Client Relationship Management - Fiduciary duty	p.24
		Environmental Management - Management Approach	p.39
102-12	External initiatives	Integrated Report 2020 - Internal Controls, Corporate Ethics and Compliance	<a href="#">p.80</a>
		Sustainability Policy - Participation in the initiatives	p.1
		Integrated Report 2020 - Participation in the United Nations Global Compact	<a href="#">p.53</a>
		NRI official website - Participation in Initiatives (In Japanese only)	<a href="#">(Link)</a>
102-13	Membership of associations	Sustainability Book 2020 - Initiatives that NRI participates	<a href="#">p.40</a>
		Sustainability Policy - Participation in the initiatives	p.1
		Integrated Report 2020 - Participation in the United Nations Global Compact	<a href="#">p.53</a>
		NRI official website - Participation in Initiatives (In Japanese only)	<a href="#">(Link)</a>
		Sustainability Book 2020 - Initiatives that NRI participates	<a href="#">p.40</a>
<b>2. Strategy</b>			
102-14	Statement from senior decision-maker	Integrated Report 2020 - Top Message	<a href="#">p.8</a>
102-15	Key impacts, risks, and opportunities	Risk Management - Long-term risk	p.13
		Climate Change - Climate-related risks, Climate-related opportunities	p.42
<b>3. Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	Compliance - Compliance policy	p.17
102-17	Mechanisms for advice and concerns about ethics	Compliance - Compliance system	p.17
102 : General Disclosures		Reference	
<b>4. Governance</b>			
102-18	Governance structure	Corporate Governance - Corporate governance structure	p.6
		Sustainability Policy - Sustainability management structure	p.1
102-19	Delegating authority	Sustainability Policy - Sustainability management structure	p.1
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	p.1
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholders - Stakeholder dialogue	p.2
		Client Relationship Management - Client satisfaction	p.24
		Integrated Report 2020 - Active dialogues with shareholders and investors	<a href="#">p.63</a>
102-22	Composition of the highest governance body and its committees	Corporate Governance - Members of the Board, Functions and committees	p.6-8
102-23	Chair of the highest governance body	Corporate Governance - Members of the Board	p.6
102-24	Nominating and selecting the highest governance body	Corporate Governance - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	p.7
102-25	Conflicts of interest	Corporate Governance - Corporate governance policy	p.6
		Sustainability Policy - Sustainability management policy	p.1
		Sustainability Policy - Sustainability management structure	p.1
		Integrated Report 2020 - System and Responsibilities of the Board of Directors and the Audit & Supervisory Board	<a href="#">p.74</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance - Corporate governance structure	p.1
102-27	Collective knowledge of highest governance body	Sustainability Policy - Sustainability management structure	p.1
102-28	Evaluating the highest governance body's performance	Corporate Governance - Effectiveness of the Board of Directors	p.8
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Policy - Sustainability management structure	p.1
		Materiality	p.3
102-30	Effectiveness of risk management processes	Risk Management - Risk management system, Risk assessment	p.12-13

102-31	Review of economic, environmental, and social topics	Sustainability Policy - Sustainability management structure	p.1
102-32	Highest governance body's role in sustainability reporting	Sustainability Policy - Sustainability management structure	p.1
102-33	Communicating critical concerns	Compliance - Compliance system	p.17
102-34	Nature and total number of critical concerns	Compliance - Compliance situation	p.18
102-35	Remuneration policies	Corporate Governance - Executive compensation	p.9
102-36	Process for determining remuneration	Corporate Governance - Executive compensation	p.9
102-37	Stakeholders' involvement in remuneration	–	
102-38	Annual total compensation ratio	Corporate Governance - Executive compensation	p.10
102-39	Percentage increase in annual total compensation ratio	–	
<b>5. Stakeholder engagement</b>			
102-40	List of stakeholder groups	Stakeholders - Our stakeholders	p.2
102-41	Collective bargaining agreements	Business and Human Rights - Freedom of association and the right to collective bargaining	p.72
102-42	Identifying and selecting stakeholders	Stakeholders - Stakeholder dialogue	p.2
102-43	Approach to stakeholder engagement	Stakeholders - Stakeholder dialogue	p.2
102-44	Key topics and concerns raised	Stakeholders - Stakeholder dialogue	p.2
<b>6. Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Integrated Report 2020 - NRI Group Network	<a href="#">p.100</a>
102-46	Defining report content and topic Boundaries	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	p.4
102-47	List of material topics	Materiality	p.3
102-48	Restatements of information	Some of the environmental data are shown as figures for which impacts due to important acquisitions, etc. have been recalculated, and note is attached to the relevant part. Environmental Management - Data / Environmental mass balance	p.41
102-49	Changes in reporting	There are no material changes from the past reporting period regarding reporting items and scope.	
102-50	Reporting period	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	p.4
102-51	Date of most recent report	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	p.4
102-52	Reporting cycle	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	p.4
102-53	Contact point for questions regarding the report	Contact information	Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards Content Index	(This table)
102-55	GRI content index	GRI Standards Content Index	(This table)
102-56	External assurance	Disclosure of Information - Scope of reporting / Reporting period / Independent assurance	p.76

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

200 : Economic		Reference	
<b>201 : Economic performance</b>			
201-1	Direct economic value generated and distributed	Integrated Report 2020 - Creation Process	<a href="#">p.28</a>
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change - Climate-related risks, Climate related opportunities	p.43
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report - 5. Accounting Status - Retirement benefits (In Japanese only)	<a href="#">p.104-106</a>
201-4	Financial assistance received from government	–	
<b>202 : Market presence</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	
202-2	Proportion of senior management hired from the local community	–	
<b>203 : Indirect economic impacts</b>			
203-1	Infrastructure investments and services supported	NRI official website - Sustainability Topics	<a href="#">(Link)</a>
203-2	Significant indirect economic impacts	NRI official website - Sustainability Topics	<a href="#">(Link)</a>
<b>204 : Procurement practice</b>			
204-1	Proportion of spending on local suppliers	Supply Chain Management - Supply chain situation	p.21
<b>205 : Anti-corruption</b>			
103	Management Approach	Compliance - Management Approach	p.16
205-1	Operations assessed for risks related to corruption	–	
205-2	Communication and training about anti-corruption policies and procedures	Compliance - Anti-corruption	p.18
205-3	Confirmed incidents of corruption and actions taken	Compliance - Anti-corruption	p.18
<b>206 : Anti-competitive behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance - Fair competition	p.18
<b>300 : Environmental</b>		Reference	
<b>301 : Materials</b>			
301-1	Materials used by weight or volume	Resource use, Waste - Paper resources	p.46
301-2	Recycled input materials used	–	
301-3	Reclaimed products and their packaging materials	–	
<b>302 : Energy</b>			
103	Management Approach	Environmental Management - Management Approach	p.39
302-1	Energy consumption within the organization	Energy Consumption - Energy consumption	p.45
302-2	Energy consumption outside of the organization	–	
302-3	Energy intensity	–	

302-4	Reduction of energy consumption	Energy Consumption - Energy consumption	p.45
302-5	Reductions in energy requirements of products and services	Climate Change - Action to mitigate climate change	p.43
<b>303 : Water</b>			
303-1	Water withdrawal by source	Resource use, Waste - Water resources	p.46
303-2	Water sources significantly affected by withdrawal of water	Not applicable	
303-3	Water recycled and reused	Resource use, Waste - Water resources	p.46
<b>304 : Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside	Not applicable	
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
<b>305 : Emissions</b>			
103	Management Approach	Environmental Management - Management Approach	p.39
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	p.44
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	p.44
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	p.44
305-4	GHG emissions intensity	-	
305-5	Reduction of GHG emissions	Greenhouse Gas Emission - Greenhouse gas emissions	p.44
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
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**Organizations covered by this report**

Regarding disclosure of financial and non-financial information, in principle, it covers the NRI Group (Nomura Research Institute, Ltd. and its consolidated subsidiary).

There are some non-financial information that covers a specific range, but in that case, the target scope is clearly stated separately.

**Period covered by this report**

This report primarily covers fiscal 2019 (April 1, 2019 through to March 31, 2020), but also describes some events from the past, some activities after April 1, 2020, and certain plans for future activities.

**Guidelines referenced**

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan
- Guiding Principles for Business and Human Rights of the United Nations "Protect, Respect and Remedy" Framework
- The Corporate Human Rights Benchmark

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The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of June 2019, the date of publication of the ESG Databook 2020 in Japanese. Changes in assumed conditions may accordingly mean that future outcomes and events for our business activities differ from these plans and forecasts.

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