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NRI

未来創発
Dream up the future.

Nomura Research Institute

Integrated Report 2021

Year ended March 31, 2021

Our Founding Spirit Continues to Be Passed Down

“To promote industry and be of service to society through research studies” and “to take the varied expertise acquired through advanced system development and put it to use for management rationalization and other benefits of more companies” are, respectively, the founding spirit of the former Nomura Research Institute, Ltd., and of Nomura Computer Systems Co., Ltd.

We have carried on the founding spirit of both companies even until today as we have created new social value and resolved the challenges faced by society and by our clients, by providing consulting and IT solutions.

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)

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

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

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.

Sustained Growth Over Many Years

Since its founding, NRI has continued to anticipate changes and grow, even amid a variety of economic fluctuation and economic crises. In every era, we have worked to achieve sustained growth in both consulting and IT solutions.



Creating Future Society Together

NRI believes that true value is not in merely predicting the future but is in creating the future ourselves.

Under the corporate philosophy of “Dream up the future” that has been passed down to us and builds on the founding spirit, we will continue to engage in the resolution of social issues and take on the challenge of building a sustainable future society with our clients.

Corporate Philosophy

未来創発 Dream up the future.

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

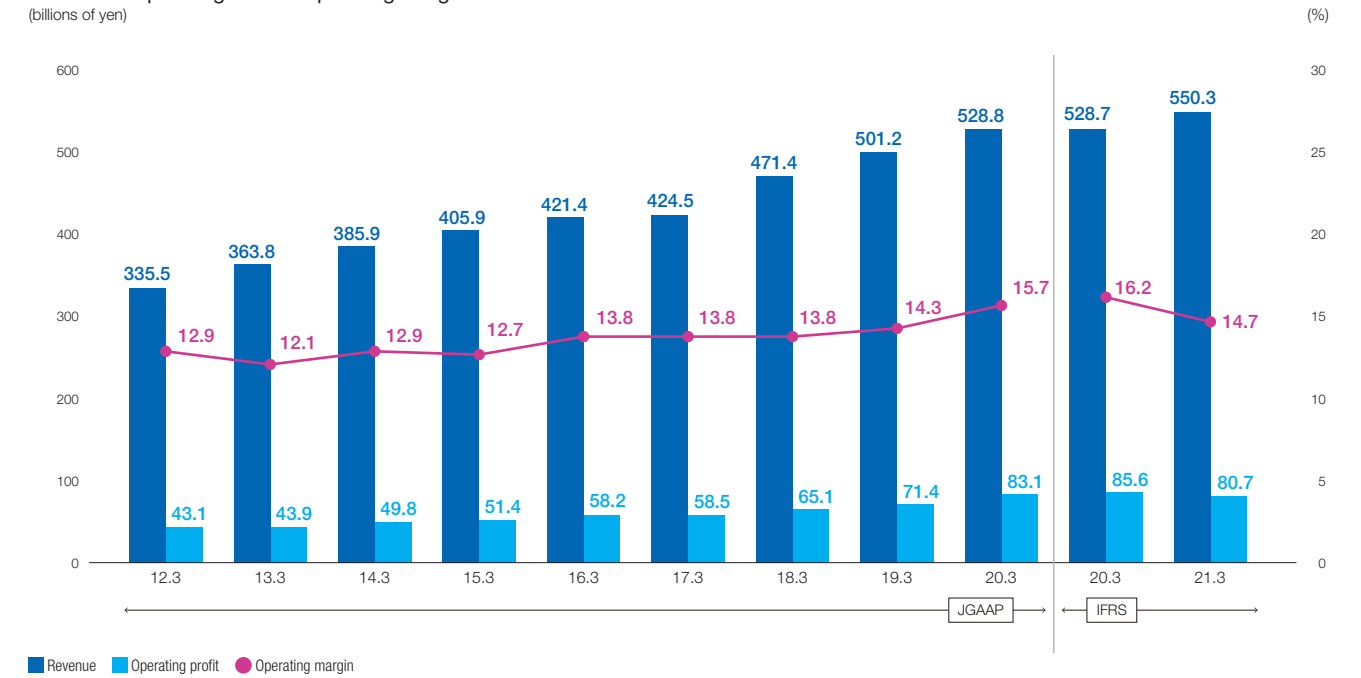
Mission	Business domain	Management goals	Action guidelines
<p>To society: Discerning new social paradigms and assuming the role of implementing such paradigms</p> <p>To clients: Building clients' trust and prospering together with clients</p>	Company creating future society	Pursuing the maximization of corporate value through “Navigation × Solution”	Continuing never-ending challenges with pride of true professionals

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.



Revenue / Operating Profit / Operating Margin (billions of yen)



NRI's Four Business Segments [P.92-101](#)

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, and technology, etc.

Financial IT Solutions

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

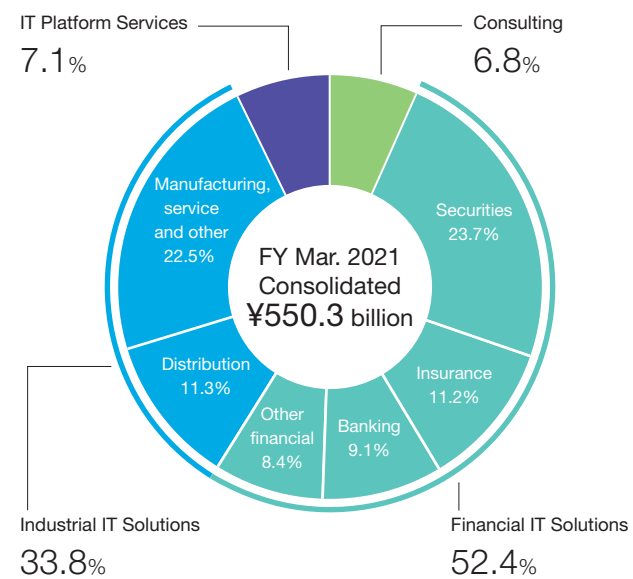
Industrial IT Solutions

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

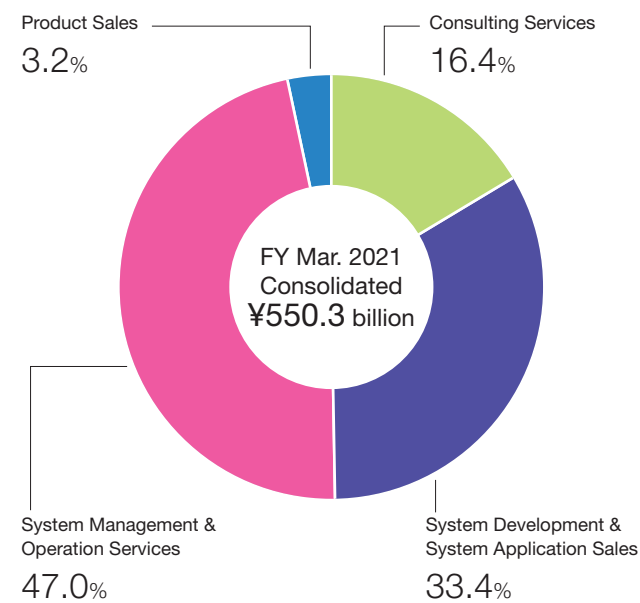
IT Platform Services

This segment provides data center operations and construction of IT platforms and networks are provided 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.

External Revenue by Segment



External Revenue by Service



Note: Ratios are for consolidated sales in FY March 2021.

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Editorial Policy for the Integrated Report 2021

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

The Integrated Report 2021 has improved its content using feedback from stakeholders as reference. In particular, regarding NRI's value co-creation, we have introduced the contents of our sustainability management together with details on specific efforts. Further, we have worked to provide ample descriptions of our past efforts, including the history of our value co-creation and reflections on growth strategy.

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



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 31, 2021 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.



NRI will continue to practice its corporate philosophy, “Dream up the future,” and co-create social value that is distinctive of the Group.

July 2021

Shingo Konomoto

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

Changes that were expected to require 10 years to achieve are taking place at once.

The lives of people around the world continue to be at the mercy of the COVID-19 pandemic. I would like to express my heartfelt appreciation to health care professionals, committed to working at the forefront of medical care, and other essential workers who have been providing us with the essential services that make it possible for us to maintain our lives.

The COVID-19 pandemic has changed our lives drastically. The spread of telecommuting significantly increased people’s disposable hours, creating free time. Furthermore, the increase in matters going online (becoming non-face-to-face), which resulted from dramatic behavioral changes, has also brought about a release from spatial restraints. Such changes in the behaviors of consumers and companies are creating bipolarization. In addition to an expansion in stay-at-home demand, such as for online entertainment and e-commerce, new businesses are appearing, one after another, in the direct-to-consumer field. While, on the one hand, there are some companies that are benefiting in such ways, there are also those that find themselves in an extremely difficult business environment.

I believe that an affluent society in which we can be strong and resilient toward risks and live in safety and security can be achieved through the power of digitalization.

Digital transformation (DX) has become indispensable for Japanese companies to promote global competitiveness. However, as has been pointed out in the Ministry of Economy, Trade and Industry’s “DX Report,” outdated, legacy systems and software are factors obstructing the progression of DX in Japan. The modernization of such legacy systems is required for non-face-to-face sales systems, the digitalization of contact with clients, and other changes to a company’s front office. Such work requires the resolve to destroy existing structures as well as bold investment decisions. Bottom-up design was the mainstream approach of past systems that were constructed with its focus on streamlining work processes. Meanwhile, some companies that are leading DX efforts are taking the top-down design approach in promoting their transformation. In leading the way, members of top management are executing daring investments. Up to now, such moves were limited to a small number of companies taking the lead. However, many companies, which have realized the necessity of implementing transformation that utilizes digital means, are embarking on DX through top-down designs.

The COVID-19 pandemic has heightened the momentum for reform. I have the sense that the changes that we expected would require five to ten years to achieve are now taking place at once.

The Medium-Term Management Plan was steadily able to pass its halfway point.

Vision2022 (V2022) is our long-term management vision that spans the period from FY March 2016 to FY March 2023. In it, we have set as our targets an operating profit of ¥100 billion, operating margin of 14% or more, revenue from global business of ¥100 billion, and an ROE of 14%. We established our direction for the four years that constitute the latter half of V2022 in the Medium-Term Management Plan (2019–2022). The outlook for FY March 2021, which was the second year of this plan, initially looked grim. However, ultimately, we ended the fiscal year with increases in both revenues and profits. Our financial performance exceeded the initial plan.

FY March 2021 was positively impacted by the momentum of the aforementioned business model reform. Contributing to our performance was growth in the DX projects of our large clients as well as in clients' adoption of THE STAR, a shared online service for brokerage firms. The DX Strategy, which is the growth strategy established under the Medium-Term Management Plan, made steady progress.

NRI will promote its business with a focus on challenging, high added-value areas and technology that is of benefit to society. These are what lead to the operating margin that is at an overwhelming level compared with our competitors in Japan, consolidated operating profit per employee, and an EBITDA margin that is higher than our overseas competitors. The revenue ratio of our non-financial sector is also growing year after year. Our business portfolio is one in which recurring business, which stably generates income, accounts for more than 60% of revenue. FY March 2021 was a year in which we were able to show the full merit of such a business structure that is highly resilient toward economic fluctuations. Having smoothly passed the halfway point of the Medium-Term Management Plan, NRI has

taken a strong step into the third year of the Plan.

We will firmly capture the demand for DX where we expect to see continuing expansion.

Our forecast is that we will again see growth in both revenues and profits in FY March 2022, the third year of the Medium-Term Management Plan.

The DX investment of companies that have been taking the top-down design approach in their promotion of DX is accelerating under even stronger leadership. We intend to stay side-by-side with such clients through the intensive injection of resources that will meet the speed of transformation.

For our clients who are earnestly undertaking the task of breaking away from legacy systems and achieving DX, we will also offer our assistance, starting with upstream consulting services. We will work with them to achieve DX through the provision of services for business overall, inclusive of information technology.

We believe that the expansion of this demand that surfaced at once will continue. We expect that demand will arise in waves going forward. Furthermore, in contrast to hardware and conventional core systems, which have the most value at the moment of their completion, software that supports "X as a service," e-commerce, and other business models, is repeatedly updated after the service is launched, and there is a need to enhance its value through the use of technology, such as machine learning and analytics that utilize the accumulated data. Conventionally, the demand structure formed a temporary peak. However, due to the aforementioned characteristics, it is beginning to change into one that continuously accumulates, for example, and is more enduring. NRI will work to steadily amplify its resources. With assuring quality as the major premise, we will undertake standardization and modularization to the extent possible. By doing so, we will improve productivity as well as contribute to the sophistication of the services provided by clients.



Thirty-four years after the merger, we now have increasing opportunities to further exhibit the strength of Con-Solution in which consulting and IT solutions come together and support clients in their promotion of DX.

We will demonstrate the full worth of Con-Solution and provide high added value.

As DX gained momentum through the implementation of top-down design, we became highly aware of the importance of the relationship of trust with those in management. By understanding management's determination, providing required resources at a similar kind of speed as clients, and earning their trust, we strive to be chosen continuously by our clients as a strategic partner. Con-Solution is a business model that is unique to NRI. It becomes a forceful factor for differentiating us as we build such relationships of trust with clients.

To achieve DX, a strategic partner that is capable of transforming work processes, creating business models, and swiftly implementing the necessary IT for their realization, while at the same time, discussing things together is indispensable. NRI is capable of comprehensively providing such functions. NRI made a new start through the 1988 merger

of the former Nomura Research Institute, Ltd., (Japan's first private sector think tank) and Nomura Computer Systems Co., Ltd., (the first company in Japan to make use of a commercial computer in business). In 2016, a year following the launch of V2022, we strengthened the continuous integrated operation of our consulting services and IT solutions services, such as by establishing NRI Digital, Ltd. In Con-Solution, the business model that was honed through such processes, consultants and systems engineers collaborate to work side-by-side with clients, from the initial planning stage of DX strategies. Even after systems become operational and clients' businesses are launched, we contribute to the transformation of our clients' business models by enhancing value, such as through data analysis. While moves to strengthen consulting services have become active in the industry, we believe that we have a decisive advantage of having accumulated over many years, ahead of others, the capability to develop hypotheses based on a deep understanding related to the operations,

businesses, and strategies of our clients. NRI will continue to pursue a further evolution by honing such advantages.

We will launch a challenge for new transformation that is appropriate for Digital Transformation 3.0.

NRI has been promoting DX strategies that primarily contribute to the transformation of clients and the industry. DX 1.0 primarily contributes to the renovation of work processes and infrastructures. Meanwhile, DX 2.0 is a strategy that contributes to the creation of new business models and ecosystems via digital technologies. The resolution of social issues has been required even more strongly in recent years. We believe that digital technologies will also be playing an even greater role in the resolution of social issues. That is why NRI intends to undertake DX 3.0 that co-creates new themes with social issues as their starting

point. Although the policy is to explore various possibilities, one of the leading themes is carbon neutrality.

Triggered by the move toward carbon neutrality, various matters will be made into services and shared over platforms, while reducing the amounts of resources used and greenhouse gas emissions. We expect that such structural changes through which our world will be optimized into an affluent society will progress rapidly over the next 10 years. The new economic systems, represented by this kind of sharing economy, is none other than the very nature of the digital capitalism that we have been proposing through the NRI Dream Up the Future Forum, books, and other means as part of making social recommendations and system proposals.

Industrial capitalism was premised on population growth, and economic activities were centered around production and consumption. As populations decline and

digitalization progresses rapidly in leading industrialized countries, a shift is occurring to a new economic system – digital capitalism in which data becomes the source of added value. In it, the main actors have transitioned from industrial capitalists and laborers to digital platforms and users. The definition of value has also moved from possession and use to utility. It is a vision of a society in which “X as a service” on digital platforms cuts across various industries and expands the sharing of non-operating assets. To achieve this, there is a need for the public and private sectors to work as one and accelerate the evolution of the digital social capital. This includes the promotion of a digital government, preparation of a shared digital infrastructure, the redesigning of the social and industrial structure toward a rich and secure life, and the improvement of productivity.

With an eye on the progress of digital capitalism, NRI is attempting the evolution of business models that go beyond conventional frameworks, including a platform-based business in which various players provide X as a service. Depending on circumstances, there may be a chance that NRI itself provides a platform. Co-creation with stakeholders becomes indispensable in the development of such mechanisms and their implementation in society. We will contribute to the achievement of a sustainable future society by co-creating with clients and partners social value that is distinctive of NRI. The process on the way to this is consistent with the passion that is behind our corporate philosophy.

We will contribute to the achievement of a sustainable future society through business activities.

The founding spirit is incorporated in the “Dream up the future” corporate philosophy, which states our mission: “Discern new social paradigms and implement them” and “Build client trust and establish relationships for mutual growth.” The corporate philosophy contains our thinking that the continued enhancement of NRI’s corporate value can be found only through the resolution of social issues through innovation. NRI’s corporate value consists of two facets. That is, economic

value in the form of the achievement of financial targets, and social value, or contributing to the achievement of a sustainable future society through business activities.

The Medium-Term Management Plan specifies Creating Shared Value (CSV) as the initiative for solving social issues through value co-creation. CSV links solving social issues to the generation of business opportunities and is being promoted as NRI Sustainability Management. “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” are defined therein as the NRI’s 3 Social Values. Toward “Co-create a thriving future society by driving new value,” we are energetically making recommendations, such as those related to various social issues including unemployment among women and a post-corona vision of the future. In regard to “Co-create an ideal society,” we are contributing to our clients’ reduction of CO₂ emissions through a shared business platform service for financial institutions. Furthermore, toward the reduction of environmental impact for preserving the global environment, NRI’s data centers will proactively adopt the use of renewable energy. As for “Co-creation of a safe and secure society,” we will undertake various efforts for promoting the use of My Number Cards for progress toward a digital society. We will establish non-financial KPIs linked to our growth strategy for each of these 3 Social Values and work on them robustly every quarter while implementing the PDCA cycle. We are spreading understanding of the corporate philosophy to each employee so as to continuously promote such value co-creation.

I see spreading value co-creation as an important mission of mine.

For NRI to continue to be an “indispensable existence” for the world, we must give our attention to the challenges being faced by clients and society as a whole. We must give serious consideration to ways for overcoming these challenges. Working to solve the many social issues that are present on a global scale is the duty of all companies. Solving social

NRI’s corporate value consists of two facets. That is, economic value in the form of the achievement of financial targets, and social value, or contributing to the achievement of a sustainable future society through business activities.



issues through the company's business is not a special act for NRI, which upholds "Dream up the future" as its corporate philosophy. Rather, it is something that we implement as part of our everyday operations. As solving issues becomes increasingly complex, NRI's capability to consistently provide services, from consulting to IT, should enable us to exhibit great strengths. What can we do for the achievement of a sustainable future society? How should we further hone and exhibit our strengths? These are questions that each one of us must ask ourselves.

Led by the Social Value Creation Promotion Committee, which promotes the internal spread of the corporate philosophy, NRI has been working since 2019 to nurture value co-creation leaders, who will spread value co-creation to all employees and lead the next generation, as well as provide assistance in cross-organizational efforts. With the awareness that these are my important responsibilities, I carry out dialogue with such value co-creation leaders and work to foster empathy.

We are steadily promoting the recruitment of human resources and engaging in their development so as to capture current demand with certainty and continuously achieve value co-creation thereafter.

Under the Human Resources Strategy contained in the growth strategy of the Medium-Term Management Plan, we are aiming to increase the number of employees by around 1,000 over four years. We have been steadily hiring highly talented human resources every year toward the achievement of this plan.

Furthermore, human resources development is also progressing steadily. We have prepared a training program consisting of roughly 100 courses that will enable acquisition of the comprehensive technologies and skills required for DX. In FY March 2021, one and a half times more employees than the previous year took the courses online.

The global strategy is also moving ahead steadily toward the continuous improvement of corporate value.

The structure of our current business portfolio is one focused around the domestic Japanese market. We see expanding this globally as being an important management issue. That is why the Global Strategy was included as part of the growth strategy in the Medium-Term Management Plan and is being promoted with a long-term view. NRI places priority in high added-value areas. Because of this, industrialized countries that have reached a certain level of maturity become candidates for the expansion of our business. Among them, we are carrying out business development with a focus on Australia, due to its high rates of population and IT market growth. Because it will be centered for the time being around external growth through M&A, Australia's rational valuation will also become a favorable condition.

ASG, which became part of the NRI Group in 2016, has grown into a company that provides consistent services, from consulting to IT solutions and management. Furthermore, in May 2021, NRI made two Australian companies into subsidiaries. One is AUSIEX, which provides back-office services, such as securities transaction and portfolio management, in the Australian wealth management market where long-term growth is expected. The other is Planit, which is the largest IT testing company in the Oceania region. Both new subsidiaries share NRI's sense of values in terms of the provision of high added-value services.

Through this, we have taken a large step forward toward building a business model in Australia that is similar to the one in Japan. That is, the provision of IT consulting, development, management, BPO, and security for the finance, public, and industrial sectors, under NRI Australia, which oversees the Australia region. Our policy is to aim for business expansion through further M&A, in addition to organic

With each of us demonstrating possessed strengths, we would like to continue to be an "indispensable existence for the world" toward the achievement of a sustainable future society.



growth, while improving and expanding services.

NRI will fulfill its mission and contribute to the progression toward digital capitalism.

It is impossible to correctly forecast what technology and society will be like in 10 years. Even so, in that future, we expect that the integration of business and IT will progress even further. And, we believe that what we need to promote with certainty is to contribute to the

development of digital capitalism that will achieve a rich life for all people. With our mission, "Discern new social paradigms and implement them" in our hearts, NRI will work to continue to be an indispensable existence for society.

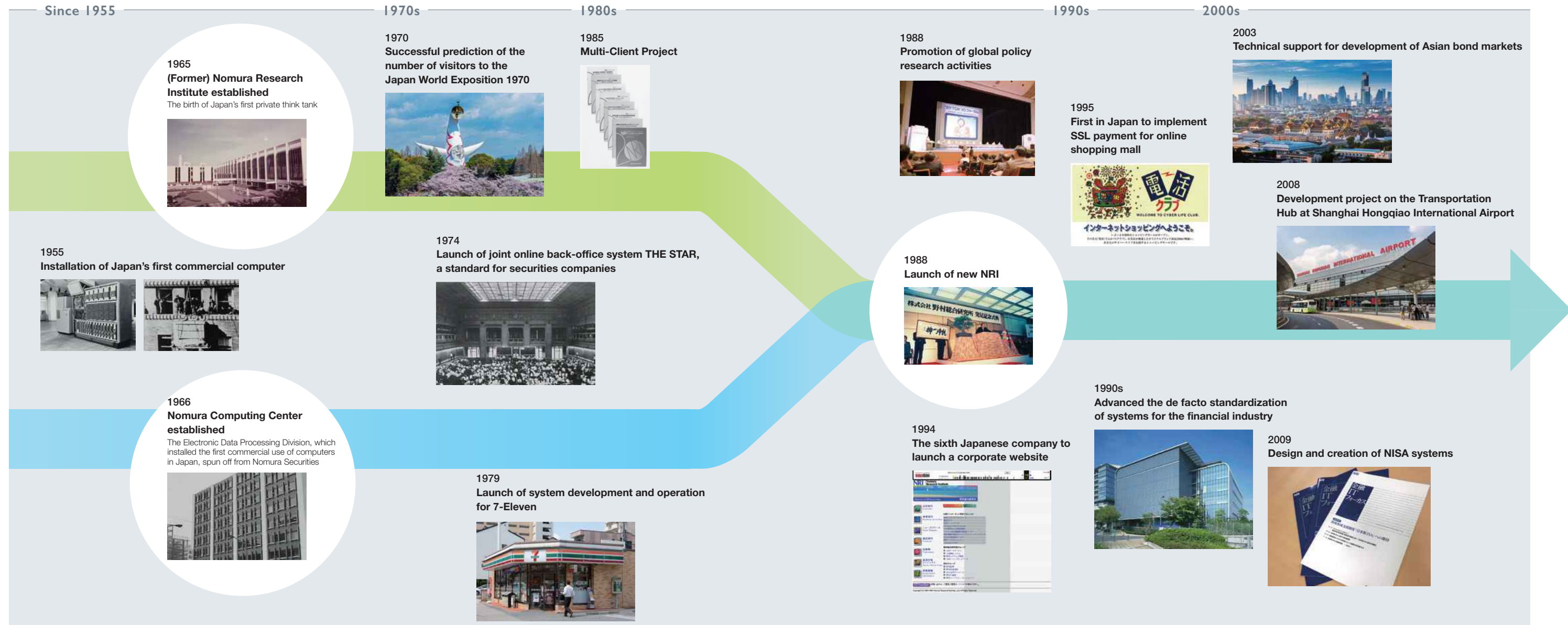
Shingo Konomoto

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

A Path of Unchanging Value Co-Creation

We were established in 1988 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. NRI succeeded the spirit of the two companies from the time of their founding. It would do more than provide research, consulting, and IT services.

The Company would continue to create new social value, making its mission the resolution of challenges faced by society and clients.



Services Created in Response to Societal Demand

Service Category	Year	Description
Consulting	1970	Forecasted the number of visitors to the Japan World Exposition held in Osaka (a pioneer in research and 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	Became the sixth company in Japan to launch a corporate website
	1995	Center for Cyber Communities Initiative established with Keio University
	1997	Conducted the first Survey of 10,000 Consumers (thereafter conducted every three years)
	2000	Advocated the concept of Ubiquitous Networking (a new information technology paradigm)
	2003	Started sending CIO aides to government organizations, including the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries etc.
	2011	Recommendation activities and others for Great East Japan Earthquake recovery efforts
IT Solutions	1970	Launched Nomura Securities' "Integrated Online System"
	1974	THE STAR, a shared online service for retail brokerage firms, launched
	1979	Launched a new ordering system for SEVEN-ELEVEN JAPAN CO., LTD.
	1987	I-STAR, a shared online system for wholesale brokerage firms, launched
	1987	Famicom Trade System in Nomura Securities launched (a pioneer in contemporary home trading services)
	1988	International VAN service between Japan and United States launched
	1993	T-STAR, a shared online system for asset management firms, launched
	1997	BESTWAY, an over-the-counter sales system for mutual funds launched
	1999	Online trading system for an online brokerage firm launched
	2004	e-JIBAI, a compulsory automobile liability insurance system, launched
2012	Value Direct (for online banking) launched	
2016	TRAINA, AI solution, launched	
2014	Assisted the rollout of "NISA" system, from design to system construction	
2020	Proposals regarding Coronavirus Infection (COVID-19) measures	
2017	Started the provision of the identity verification service "e-NINSHO" using My Number	

Process of Value Co-Creation

NRI will provide the optimal services to resolve clients' issues through its consulting services and solutions services. The social value created through value co-creation with clients not only contributes to the creation of a prosperous future society but also further enhances NRI's competitive advantage and achieves sustainable growth.

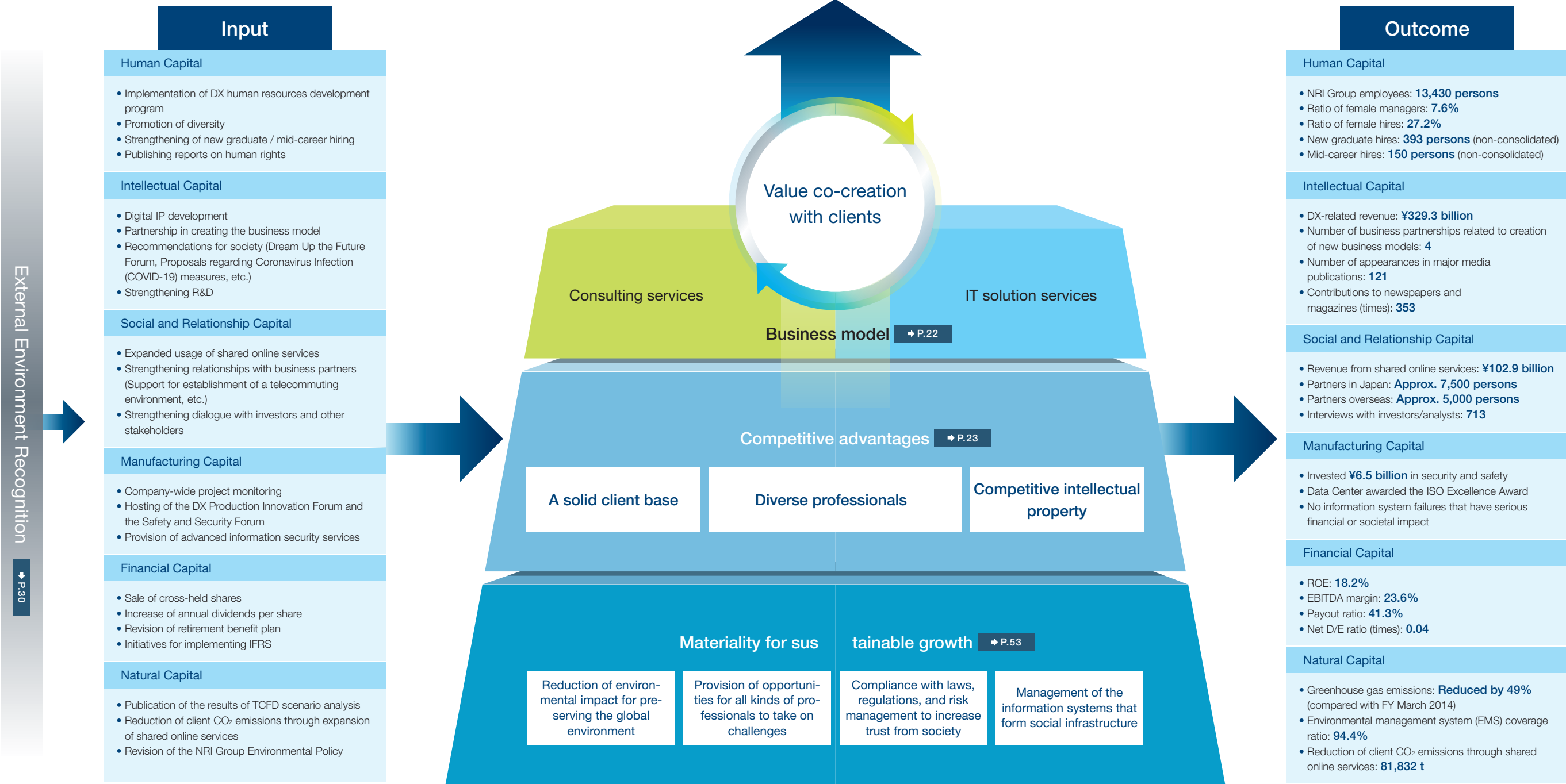
Dream up the future

NRI's 3 Social Values → P.50

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

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

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



* Data is for FY March 2021 or as of the end of March 2021.

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Business Model

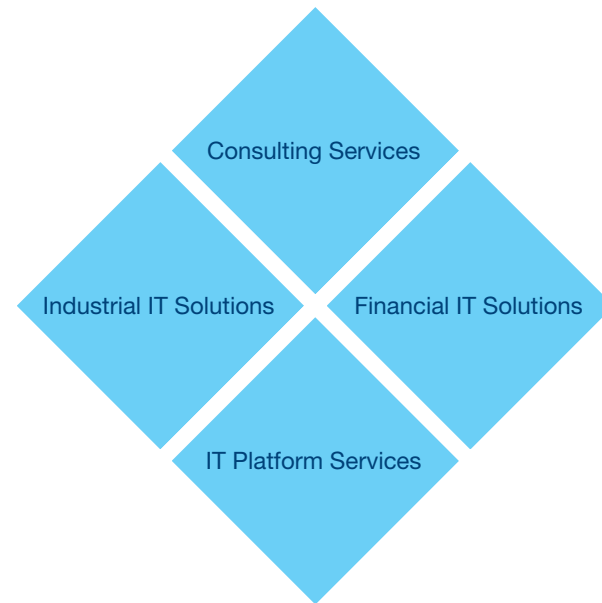
NRI has a consulting function that guides solutions from the stage of problem finding and an IT solutions function that realizes problem solving through system development and operation, and has accumulated related experience and knowledge over a long period of time. NRI combines these two functions to develop two types of unique business models that cannot be easily realized by other companies.

Consulting

With one of Japan's largest consulting divisions, NRI possesses expert consulting capabilities for various industries and operating processes. As a pioneer in Japan, we have contributed to the development of society, industry, and corporations for many years. Our diverse and highly specialized consultants support the transformation of our clients based on the experience and know-how accumulated through long-term business relationships.

IT Solutions

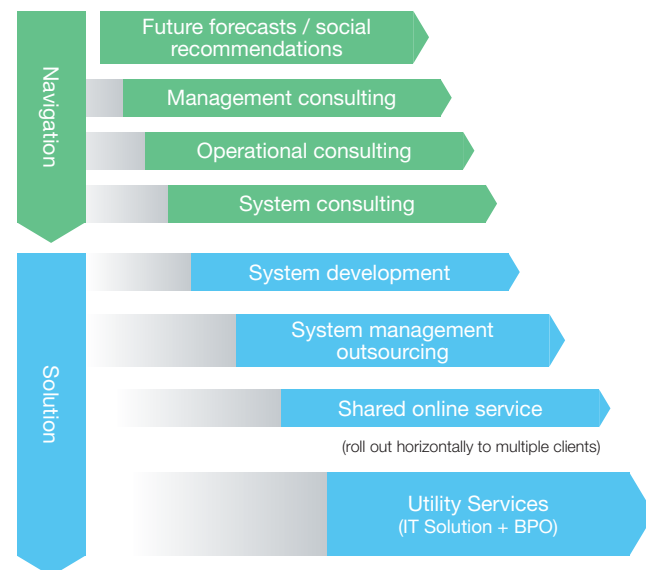
System engineers capable of fully utilizing the latest technology will achieve transformation of clients through systems. In particular, NRI's greatest area of expertise is the financial industry, where we provide solutions to many clients. NRI's IT solutions anticipate cutting-edge technology, and strategically incorporate that technology into solutions for provision.



Navigation x Solution

Providing Value by Combining Navigation and Solutions

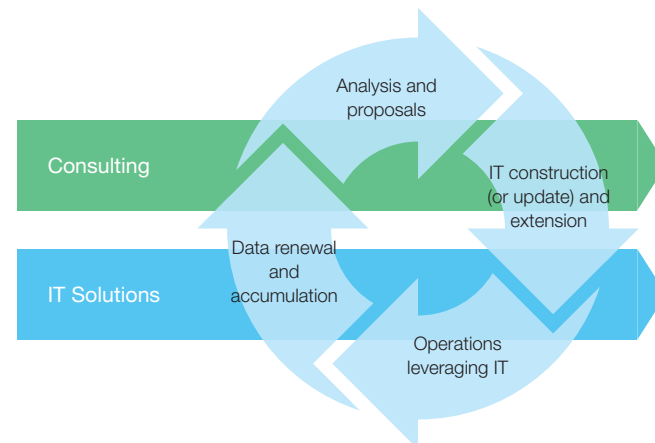
This model provides consulting that guides clients from problem discovery to solutions, and integrates all phases to the solution of problems through IT solutions. In this way, the model responds accurately to client needs.



Con-Solution

Consulting and IT Solutions Run Side-by-Side With Clients to Provide Continuous Value

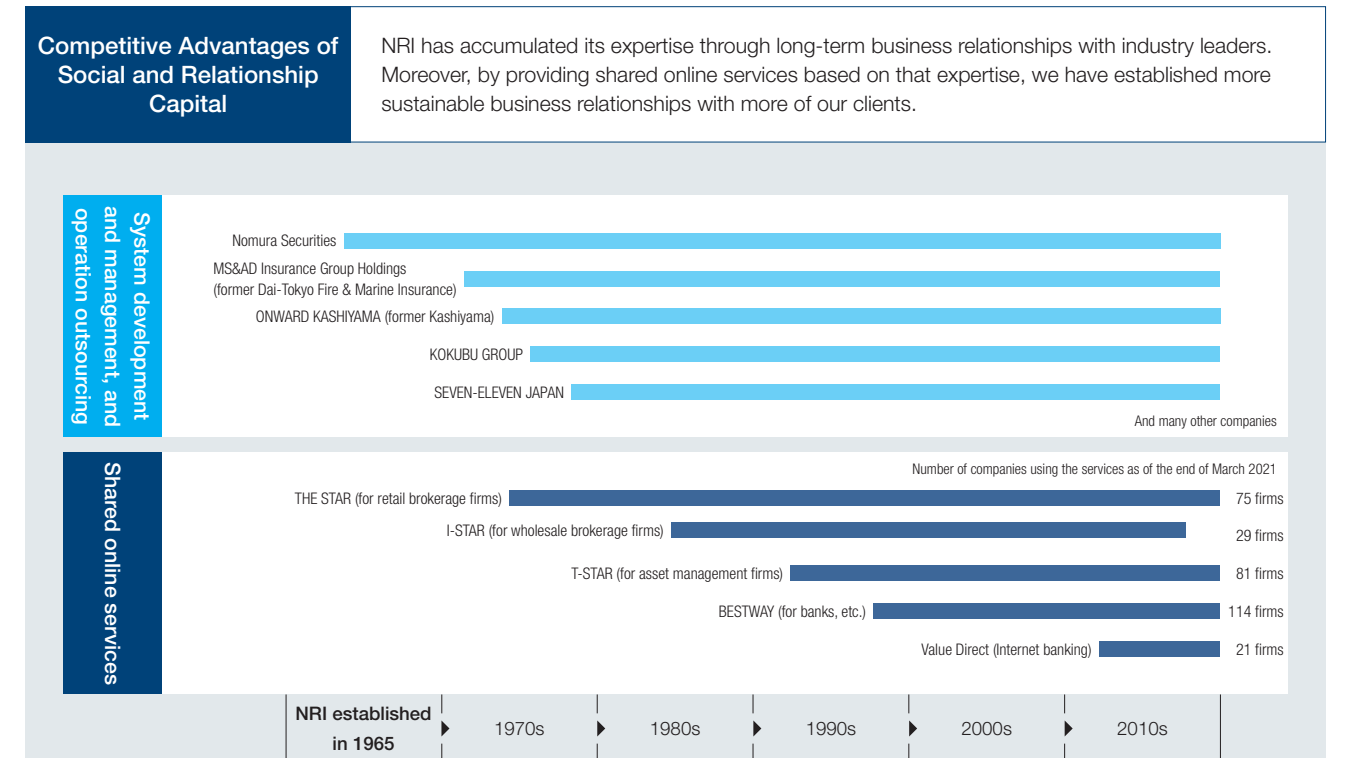
This business model is run side-by-side from the planning and concept stages. The model creates and promotes business while repeating the process of hypothesis testing. In this way, we co-create business value with clients and heighten that value.



Competitive Advantages

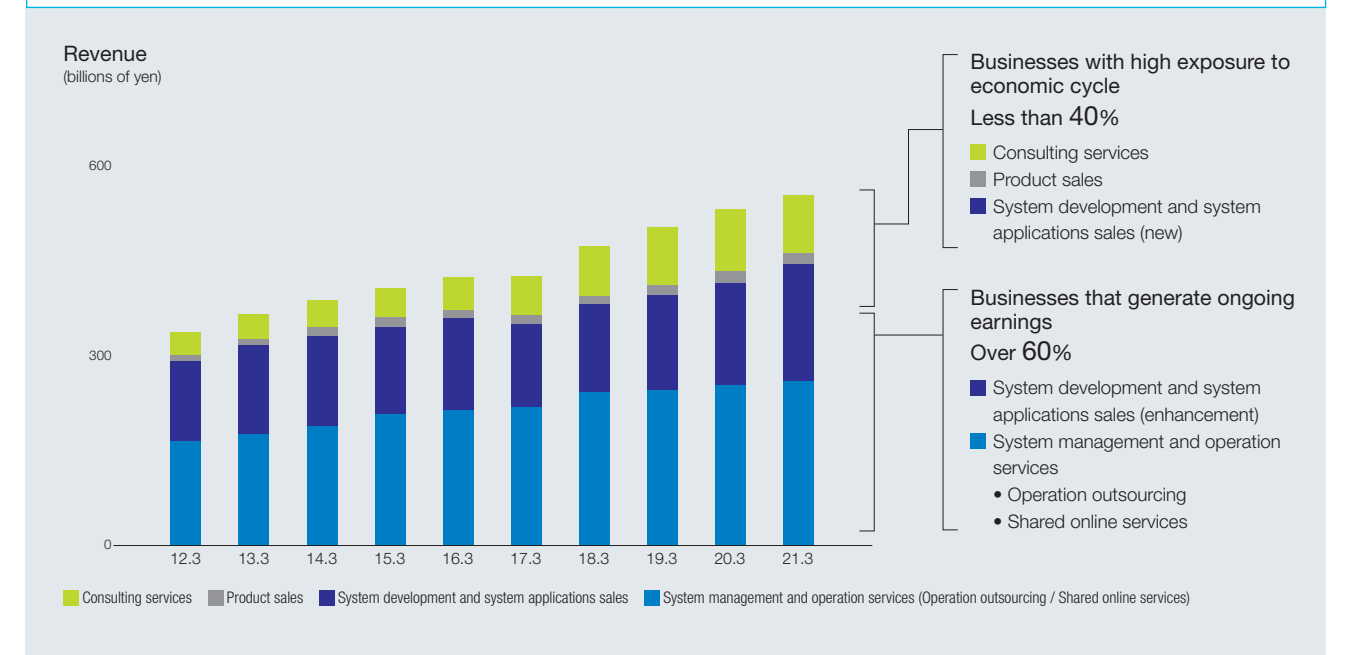
Solid Client Base

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.



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

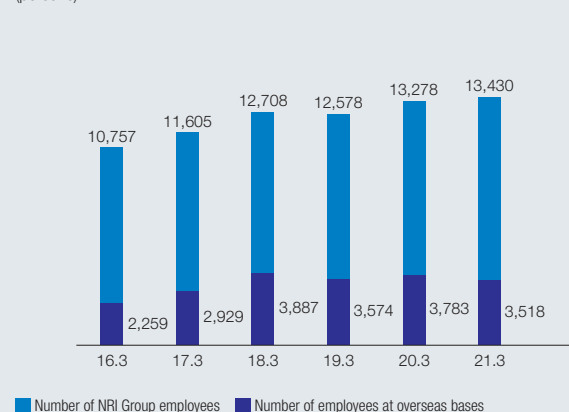
Diverse Professionals

NRI's human resources exceed other companies' levels in the industry in terms of both 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.

Competitive Advantages of Human Capital

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)

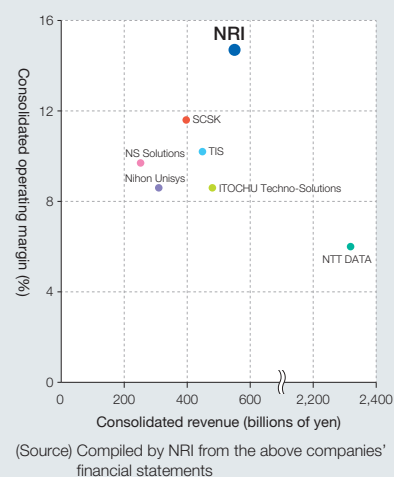
(Non-consolidated data)	19.3	20.3	21.3
Information Technology Engineers Examination (Advanced)*1	6,726	6,856	6,824
IT Coordinator	207	240	254
Project Management Professional	299	320	336
ITIL Manager/Expert/Intermediate	70	68	77
Chartered Member of the Securities Analysts Association of Japan	245	246	246
Certified Public Accountant	16	15	12
SME Management Consultant	46	48	46
First-Class Registered Architect	10	10	10
Chief Telecommunications Engineer	107	108	86
Public Cloud-Related Certification*2	94	543	1,442

*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).

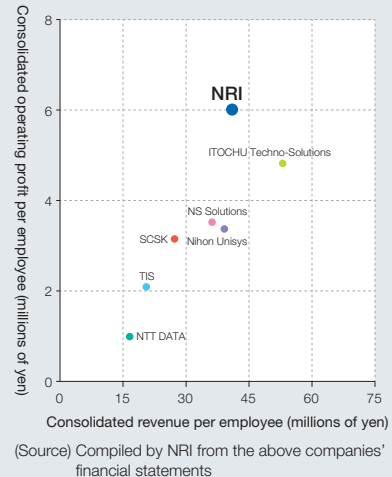
High Levels of Profitability and Productivity

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

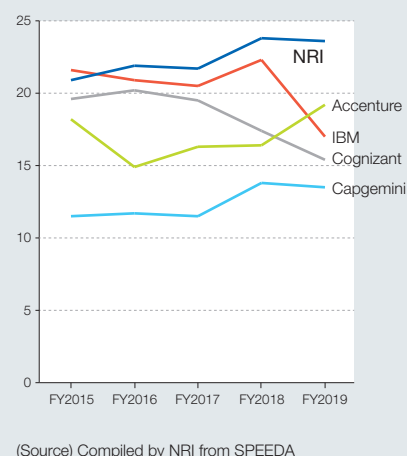
Industry-wide Comparison of Consolidated Revenue and Operating Margin (FY Mar. 2021)



Industry-wide Comparison of Consolidated Revenue and Operating Profit per Employee (FY Mar. 2021)



EBITDA Margin Comparison (%)



Competitive Advantages

Competitive Intellectual Property

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.

Competitive Advantages of Intellectual Capital

NRI widely communicate the fruits of R&D 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.

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.

Books written by NRI employees



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
Commercialize high value-added analysis models	Standardized components for e-commerce
	Algorithms based on data analytics

Advanced R&D

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 2021, we invested ¥4.4 billion in R&D and 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
Investigative research	• Research and theoretical research from a medium- to long-term perspective
	• Investigation research contributing to NRI business development
	• Technology trend surveys to contribute to the vitalization of business development and strengthen the technical competitiveness of NRI
	• Systematic policy research, consumer surveys, etc.
Business development	• Recommendations that contribute to government institutions and corporate management
	• Business development for priority themes such as 5G, next-generation stores, and smart cities
	• Technological research focusing on DX-related technology

Utilization of Capital

NRI utilizes its capital to create a variety of high value-added services. DX for corporations has been attracting attention in recent years. By fully utilizing capital that we have cultivated, we contribute to the realization of DX by co-creating value with clients.

Examples of Utilization in the Financial Field







Shared Online Services

Shared online services consist of the 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 with 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 about 50 years.

* A type of service in which software located on a private NRI cloud is provided via the Internet

Major Shared Online Services

 <p>Launched in 1974 THE STAR Back-office solution for retail brokerage firms</p>	75 firms	 <p>Launched in 1997 BESTWAY Back-office solution for mutual fund sales at banks * Including life insurance firms, non-life insurance firms, and investment trust firms, etc.</p>	114 firms*
 <p>Launched in 1987 I-STAR Back-office solution for wholesale brokerage firms</p>	29 firms	 <p>Launched in 2012 Value Direct Online banking system</p>	21 firms
 <p>Launched in 1993 T-STAR Back-office solution for asset management firms</p>	81 firms	 <p>Launched in 2015 e-BANGO My Number management services</p>	No. of My Number stored Approx. 26 million cases

Note: No. of firms and cases are as of the end of March 2021.

Utility Services (IT solutions + BPO services)

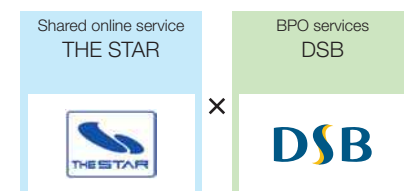
Utility services are provided in combination with NRI's IT solutions such as shared online services and BPO services.

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

Major Utility Services

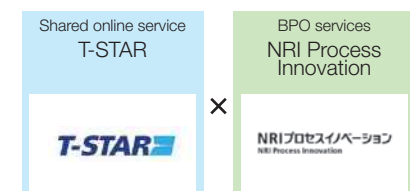
For retail brokerage firms

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 net asset value 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.



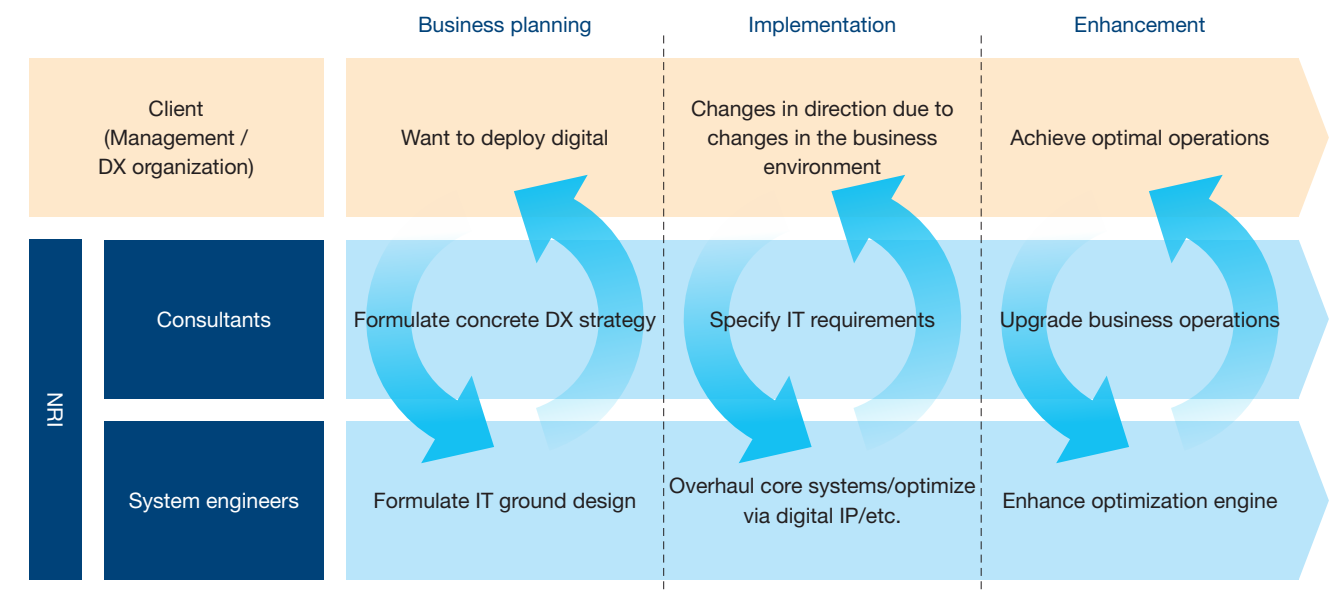
Examples of Utilization of DX for the Industrial Field

In response to the increasing number of DX initiatives by clients in recent years, NRI is accumulating and utilizing cloud infrastructure, data analytics, and other common functions that can be used across clients and industries as intellectual assets called "digital IP." The use of digital IP enables us to provide our clients with high-quality systems in a short period of time.

Furthermore, NRI's unique business model Con-Solution enables clients, NRI consultants, and system engineers to work together to repeat the process of strategy planning, implementation, and sophistication in a short period of time. Even after the start of business, NRI supports the growth of our clients by using the same process to quickly respond to their ceaselessly changing business needs and to constantly optimize their business.

This kind of co-creation with clients is an initiative that can only be achieved by NRI as a company possessing both consulting and IT solution functions.

Image of Con-Solution initiatives









The NRI Dream Up the Future Forum 2020

On October 5, 2020, we held the NRI Dream Up the Future Forum 2020 at the Tokyo International Forum. Based on its corporate philosophy of "Dream up the future," NRI holds the forum every year with the objective of discussing the future vision of Japan and the world.

At Future Forum 2020, NRI Chairman and President & CEO Shingo Konomoto gave a lecture entitled "Development of Digital Social Capital for the Post-Corona Era." He pointed out that the spread of working from home has increased people's disposable income and created more free time. President Konomoto also discussed how more time spent online due to dramatic behavioral changes has resulted in more free space. Furthermore, he explained that these paradigm shifts are beginning to create unprecedented new demand. President Konomoto reiterated that national and local governments must continue initiatives from 2019 to transition from traditional industrial social capital that emphasizes quantitative growth of industry to digital social capital that emphasizes the affluence of people's lives.



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

	 Human Capital	 Intellectual Capital	 Social and Relationship Capital		 Manufacturing Capital	 Financial Capital	 Natural Capital
Importance of various types of capital in value creation	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		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	Achievement of both growth and shareholder returns through capital reserves and a high level of capital efficiency that enable flexible investment, in addition to the creation of a solid financial base	Contribution to maintenance of the global environment by reducing the environmental burden through appropriate management of energy consumption at data centers
Medium- and long-term strengthening policy	<p>Strengthening of hiring (FY2019-FY2022: Increase of more than 1,000 persons; non-consolidated)</p> <ul style="list-style-type: none"> Bolster new graduate hiring: Bolster promotions, etc. Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc. <p>Promote employee skills transfer and development</p> <ul style="list-style-type: none"> Strategic development of specialists in the DX area Skills transfer and development for application/platform personnel to support DX strategy <p>Promote employee success</p> <ul style="list-style-type: none"> Promote diverse work styles (diversity, participation, and advancement of women and senior personnel) Initiatives to respect human rights 	<p>Digital IP development</p> <ul style="list-style-type: none"> Digital IP development that contributes to improvement of competitiveness in the DX area <p>Investment in business development</p> <ul style="list-style-type: none"> R&D regarding new business development in the medium to long term (business discovery, incubation, etc.) R&D for DX utilization positioned as important themes, such as artificial intelligence (AI), IoT, and fintech <p>Promotion of recommendations for society</p> <ul style="list-style-type: none"> Recommendation activities related to the impact of digitalization and other environmental changes on society 	<p>Business Platform Strategy</p> <ul style="list-style-type: none"> Expansion of existing shared online services and other core businesses Launch of new platform services in preparation for entry of companies from other industries into financial business <p>Strengthening relationships with business partners in Japan and overseas</p> <ul style="list-style-type: none"> Creation of long-term, stable cooperative relationships with domestic and overseas business partners <p>Strengthening of social activities</p> <ul style="list-style-type: none"> Enhancement of opportunities to engage in dialogue with stakeholders Enhancement of activities to develop human resources and society 		<p>Improvement of information system quality</p> <ul style="list-style-type: none"> Continued strengthening of project supervision activities Emphasis on quality of systems in operation Emphasis on operation quality of data centers <p>Strengthening of quality of information security</p> <ul style="list-style-type: none"> Improve the sophistication of security management framework Information Security Training Response to cyberattacks 	<p>Achievement of a solid financial base and strong medium- to long-term growth</p> <ul style="list-style-type: none"> Ensuring a level of financial soundness that is suitable for a company that supports the social infrastructure Ensuring the ability to generate cash flows to support growth investment (EBITDA margin: 20% or higher) Maximum Net D/E ratio (times): 0.3 <p>Capital efficiency to achieve both growth and return</p> <ul style="list-style-type: none"> Improve capital efficiency: Awareness of the European/U.S. level (20% level) Improve returns to shareholders: Aim for a payout ratio of 35% <p>Improvement of financial management/disclosure with an awareness of global standards</p> <ul style="list-style-type: none"> Consideration of implementation of IFRS 	<p>Environmental management based on global standards</p> <ul style="list-style-type: none"> Reduction of greenhouse gas emissions (Target for FY March 2031: 72% (compared with FY March 2014)) Use of renewable energy at data centers (Target for FY March 2031 70%) Implementation of Environmental Management System (EMS) Innovative approach to TCFD recommendations (Evaluation of the impact of climate change on business) <p>Generation of environmental benefits for clients through expansion of shared online services</p>
Main initiatives of FY March 2021 (Input)	<ul style="list-style-type: none"> Strengthening of the implementation of the human resources development program to support DX strategy Initiatives to promote diversity (Supporting training for balancing work and parenting, etc.) Developed an office environment that promotes work-style reform and internal/external interactions Enhance hiring of new graduates and mid-career hires Formulation of the NRI Group Human Rights Report 	<ul style="list-style-type: none"> Digital IP development (cloud infrastructure IP, standardized parts for the EC, algorithm IP) Search for and development of priority themes that lead to new businesses in the DX area Promotion of partnerships in preparation for the creation of business models Hosting of the Dream Up the Future Forum Released NRI's Proposals regarding Coronavirus Infection (COVID-19) measures Enhance R&D expenses 	<ul style="list-style-type: none"> Expansion of the number of companies using shared online services aimed at co-creation of the ideal society Support for establishment of a telecommuting work environment at business partners Dialogue with investors through overseas roadshows, dialogue with stakeholders, etc. Hosting of ESG Briefings and Business Information Sessions Hosting of the 2020 NRI Student Essay Contest 		<ul style="list-style-type: none"> Company-wide project watching through project monitoring activities Hosting of the DX Production Innovation Forum Hosting of the Safety and Security Forum Implementation of information security training Provision of advanced information security services 	<ul style="list-style-type: none"> Partial sale of cross-held shares Increase of annual dividends per share Revision of retirement benefit plan Initiatives for implementing IFRS 	<ul style="list-style-type: none"> Publication of the results of TCFD scenario analysis targeting consulting business and asset management business Reduction of client CO₂ emissions through expansion of shared online services Revision of the NRI Environmental Target Revision of the NRI Group Environmental Policy Issuance of NRI Sustainability-Linked Bond
Results of FY March 2021 (Outcome)	<ul style="list-style-type: none"> NRI Group employees: 13,430 persons Ratio of female managers: 7.6% Ratio of female hires: 27.2% Selected as a Nadeshiko Brand listed company for five consecutive years with outstanding promotion of female performance and advancement Certified as a Health and Productivity Management 500 Organization 2020 (White 500) for five consecutive years No. of hires: New graduates: 393 persons; mid-career: 150 persons 	<ul style="list-style-type: none"> DX-related revenue of ¥329.3 billion (Ratio of revenue from consolidated: 59%) Number 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 	<ul style="list-style-type: none"> Revenue from shared online services: ¥102.9 billion Number of companies using the shared online service THE STAR: 75 companies Partners in Japan: Approx. 7,500 persons Partners in China: Approx. 5,000 persons Results of the Client Satisfaction Survey (non-consolidated): 86.4%* Individual interviews with investors/analysts: total of 713 <p>* Percentage that responded "satisfied" or "moderately satisfied" (Total for top two items on five-grade scale)</p>		<ul style="list-style-type: none"> Invested ¥6.5 billion in security and safety Data Center awarded the ISO Excellence Award NRI SecureTechnologies, Ltd., received the Japan Managed Security Service Provider of the Year award for three consecutive years No information system failures that have serious financial or societal impact 	<ul style="list-style-type: none"> ROE: 18.2% EBITDA margin: 23.6% Payout ratio: 41.3% Net D/E ratio (times): 0.04 S&P Global Rating: A (Maintained since September 2018) 	<ul style="list-style-type: none"> Greenhouse gas emissions: Reduced by 49% (compared with FY March 2014) Environmental management system (EMS) coverage ratio: 94.4% Reduction of client CO₂ emissions through shared online services: 81,832 t Selection by CDP to be on the Climate Change A List based on NRI's innovative efforts related to climate change Placement on the Leaderboard of CDP's Supplier Engagement Rating based on NRI's efforts regarding climate change in the supply chain

Opportunities and Risks due to Changes in the External Environment

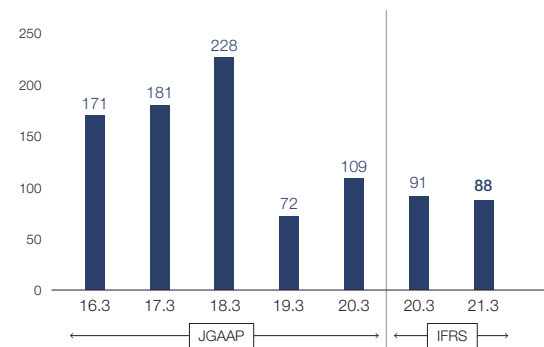
Based on an understanding of changes in the external environment and opportunities/risks for NRI, we formulate policies for continuing sustainable growth and implement related initiatives.

	Main changes to the external environment	Opportunities	Risks	Related Initiatives
Japan	<p>Decreasing Population/Work-Style Reform</p> <p>There are concerns that a decreasing labor pool due to a low birthrate and an aging population will reduce the competitiveness of Japanese companies. Meanwhile, efforts toward work-style reform in an aim to rectify long working hours and increase labor productivity in Japanese companies are continuing. In particular, the need to respond to COVID-19 is accelerating the rethinking of work style through working from home.</p> <p>* The population estimate issued by the Statistics Bureau of the Ministry of Internal Affairs and Communications decreased by 3.6% in 2020.</p>	<ul style="list-style-type: none"> • Expansion for Usage of IT Services <ul style="list-style-type: none"> • Heightened needs for increasing business efficiency and improving productivity • Shift to shared online services • Modernization of systems by using new technology • Improvement of Productivity Through Work-Style Reform <ul style="list-style-type: none"> • Pursuit of optimal work style for NRI through use of methods such as working from home 	<ul style="list-style-type: none"> • Securing/Cultivating Human Resources <ul style="list-style-type: none"> • Insufficient securing and cultivating of human resources possessing expertise • Decrease in labor productivity, outflow of human resources • Business Partners <ul style="list-style-type: none"> • Insufficient securing of business partners with highly specialized business know-how • Decline in productivity and quality in the NRI Group, including business partners 	<p>Diverse Professionals → P.24 NRI's Human Resources Strategy → P.58 Development of DX Human Resources → P.60</p> <p>Cooperation with Business Partners → P.65 NRI's Quality Management → P.68</p>
	<p>The Evolution of IT and its Increased Use</p> <p>Advances in IT are giving birth to new digital technologies such as artificial intelligence (AI) and the 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>	<ul style="list-style-type: none"> • Expansion of Client Base <ul style="list-style-type: none"> • Needs for simultaneous transformation of client business and IT by connecting consulting and IT solutions • Emergence of DX-Related Business <ul style="list-style-type: none"> • R&D for advanced themes with a focus on DX-related business • Emergence of business by accumulating know-how through collaboration with clients 	<ul style="list-style-type: none"> • Quality <ul style="list-style-type: none"> • Occurrence of large-scale system failures • Unstable operation of the operating system • Projects <ul style="list-style-type: none"> • Late delivery • Work man-hours exceeding the initial estimate 	<p>Competitive Intellectual Property → P.25 NRI's Quality Management → P.68</p>
	<p>Increase in Cyberattacks</p> <p>The number of cyberattacks observed by NICTER was about 500.1 billion in 2020. This is an increase of 3.3 times from three years ago. About half of cyberattacks target IoT devices. This poses a threat to the progress of DX.</p>	<ul style="list-style-type: none"> • Strengthening of Information Security <ul style="list-style-type: none"> • Needs for information security services for safe and secure management of data such as personal information • Needs for advisory services by experts due to lack of information security specialists 	<ul style="list-style-type: none"> • Information Security <ul style="list-style-type: none"> • Information leakage due to unauthorized access from outside • Rule violations at the NRI Group and business partners 	<p>Cooperation with Business Partners → P.65 Quality of Information Security → P.70</p>
Japan Overseas	<p>Increase in Seriousness of Social Issues</p> <p>Social issues such as climate change are becoming more serious on a global scale. There is an even greater need for international initiatives aimed at resolving social issues; for example, the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). As globalization and networking of business activities continues to increase, the scale of damage expected in the unlikely event of a disaster or system failure is increasing.</p>	<ul style="list-style-type: none"> • Contribution to Preserving the Global Environment <ul style="list-style-type: none"> • Reduction of client greenhouse gases through shared online services • Business Continuity in State of Emergency <ul style="list-style-type: none"> • Needs for data centers that possess advanced disaster functions • Initiatives for Resolving Social Issues <ul style="list-style-type: none"> • Response to decarbonization and carbon neutral • Response to resource conservation and circular economy • Response to agriculture reform and food value chain 	<ul style="list-style-type: none"> • Social Responsibility <ul style="list-style-type: none"> • Insufficient contribution to global environmental preservation • Inappropriate behavior in business activities • Business Continuity <ul style="list-style-type: none"> • Lack of preparation for COVID-19 and large-scale natural disasters 	<p>Environmental Impact Reduction Activities for Preserving the Global Environment → P.72 Initiatives for the TCFD Final Report → P.74 Internal Controls, Corporate Ethics, and Compliance → P.88</p> <p>Cooperation with Business Partners → P.65 NRI's Quality Management → P.68</p>
	<p>Strengthening the Protection of Rights</p> <p>Regulations for protecting rights such as intellectual property rights and personal information are becoming stronger.</p>	<ul style="list-style-type: none"> • Prevention of Legal Violations and Serious Accidents <ul style="list-style-type: none"> • Needs for advisory services for the practice and establishment of protecting rights 	<ul style="list-style-type: none"> • Compliance <ul style="list-style-type: none"> • Infringement on the intellectual property rights of a third party • Violation of domestic and foreign laws and regulations 	<p>Internal Controls, Corporate Ethics, and Compliance → P.88</p>
	<p>Increase in Complexity of the Global Value Chain</p> <p>Given the trends of geopolitical changes and the increased complexity of factors requiring consideration, demand is increasing for the construction of sustainable and highly reliable value chains.</p>	<ul style="list-style-type: none"> • Reconstruction of Value Chain <ul style="list-style-type: none"> • Needs for advisory services for corporations reconstructing the global value chain 	<ul style="list-style-type: none"> • Partners <ul style="list-style-type: none"> • Risks and reduced efficiency for offshore development overseas 	<p>Cooperation with Business Partners → P.65</p>
	<p>Relative Expansion of Scale of Overseas Market</p> <p>The GDP growth rate of developed countries/regions is expected to recover from -4.6% in 2020 to 5.6% in 2021 and 4.4% in 2022. The GDP growth rate of Japan is expected to recover from -4.7% in 2020 to 2.8% in 2021 and 3.0% in 2022. This means that relatively low growth is expected to continue in Japan.</p> <p>* Figures are excerpted from the IMF World Economic Outlook July 2021.</p>	<ul style="list-style-type: none"> • Entry into Overseas Markets <ul style="list-style-type: none"> • Initiatives for IT investment needs in overseas markets • Acquire competitive IP overseas 	<ul style="list-style-type: none"> • Group Governance <ul style="list-style-type: none"> • Insufficient synergy through M&A and alliances • Insufficient system to promote global strategy 	<p>Global Strategy → P.42 NRI's Corporate Governance → P.80</p>

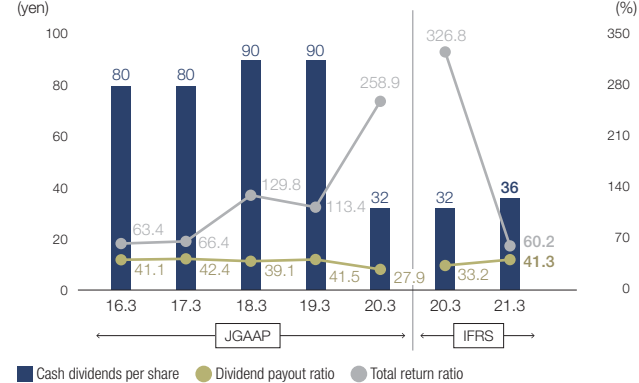
Financial Highlights

Shareholder Value / Returns to Shareholders

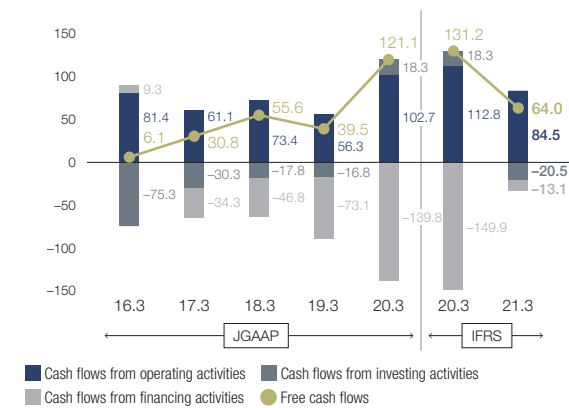
Earnings per Share (EPS)^{*2*}
(yen)



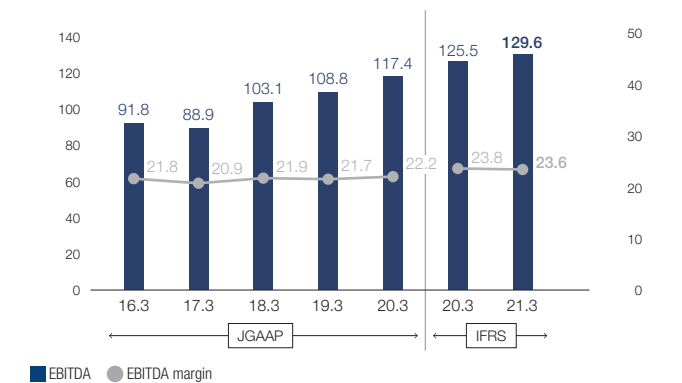
Cash Dividends per Share (DPS)^{*3} / Dividend Payout Ratio^{*4} / Total Return Ratio
(yen)



Cash Flows (CF)
(billions of yen)

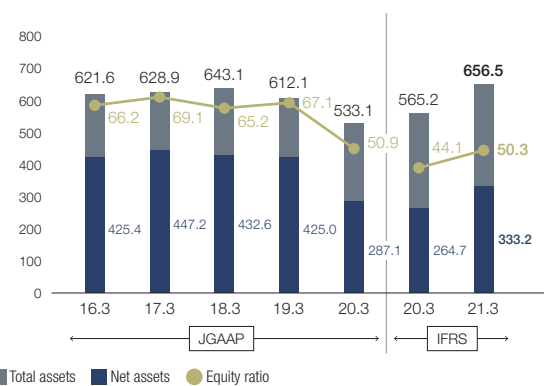


EBITDA^{*6} / EBITDA Margin
(billions of yen)

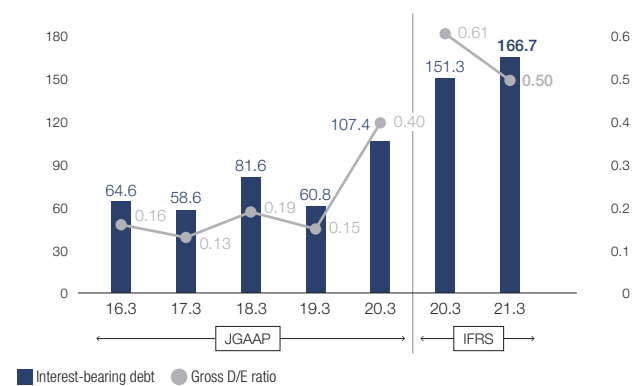


Financial Condition

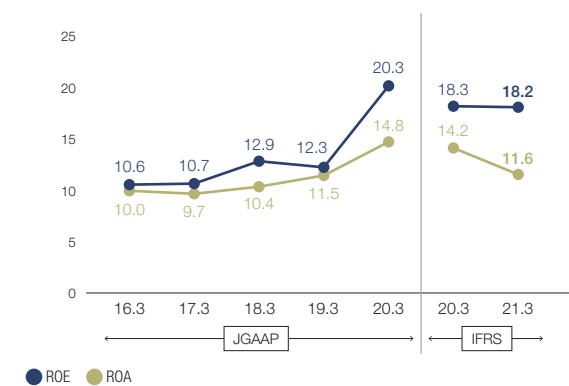
Total Assets / Net Assets / Equity Ratio
(billions of yen)



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

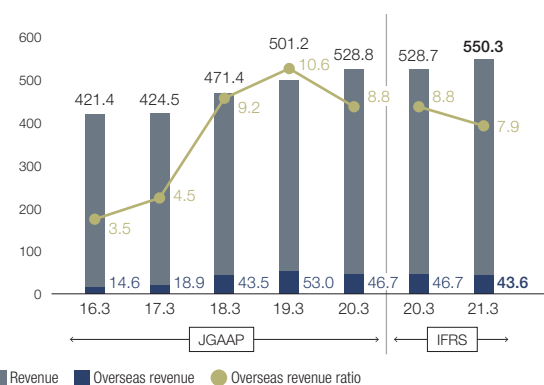


ROE / ROA
(%)

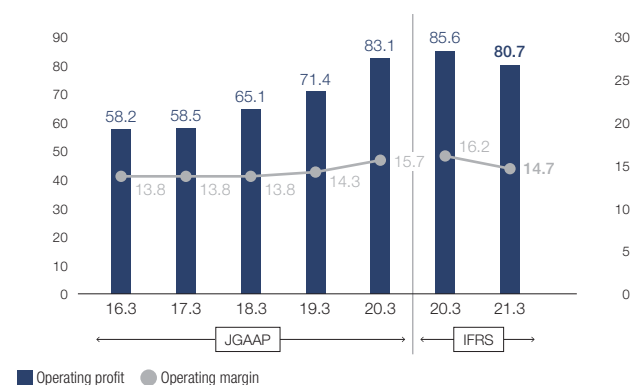


Financial Results and Cash Flow Situation

Revenue / Overseas Revenue^{*5} / Overseas Revenue Ratio
(billions of yen)

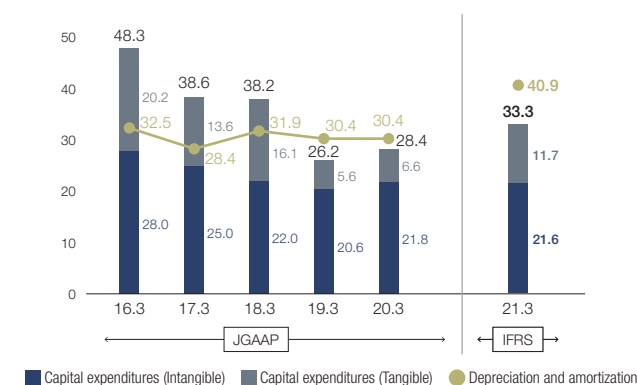


Operating Profit / Operating Margin
(billions of yen)

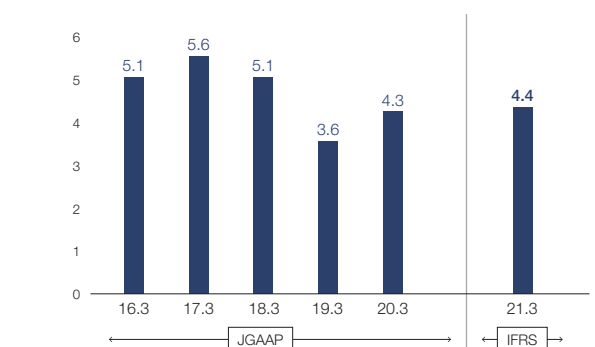


Investment Situation

Capital Expenditures / Depreciation and Amortization
(billions of yen)



Research and Development Expenses
(billions of yen)



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

*2 NRI implemented 1:1.1 common stock splits on January 1, 2017. EPS is calculated by deeming stock splits to have occurred respectively at the beginning of FY March 2015, and FY March 2016.

*3 NRI implemented 1:3 common stock splits on July 1, 2019. EPS is calculated by deeming stock splits to have occurred respectively at the beginning of FY March 2019. Dividend per share for FY 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 revenue has been changed since FY March 2017.

*6 EBITDA is calculated as operating profit + depreciation and amortization + goodwill amortization up to FY March 2017, as operating profit + depreciation and amortization + goodwill amortization + loss on retirement of fixed assets from FY March 2018 and as operating profit + depreciation and amortization + loss on retirement of fixed assets ± temporary factors from FY March 2020 (IFRS).

Non-Financial Highlights

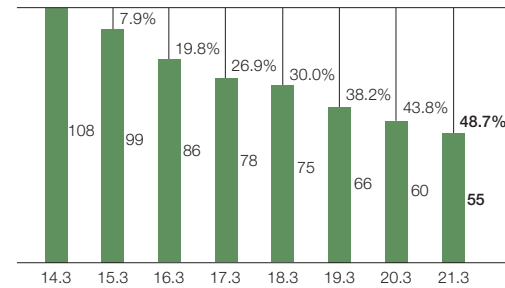
See P.106-107 for more details

E: Environment-related Data

Greenhouse Gas Emissions (NRI Group data)
(1,000t-CO₂)

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

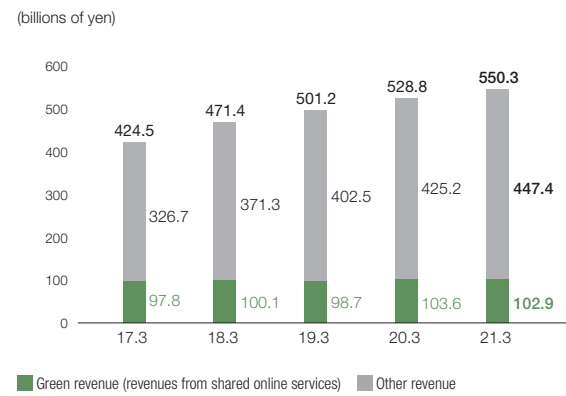
- FY March 2021: Reduced greenhouse gas emissions by 48.7% compared with FY March 2014.



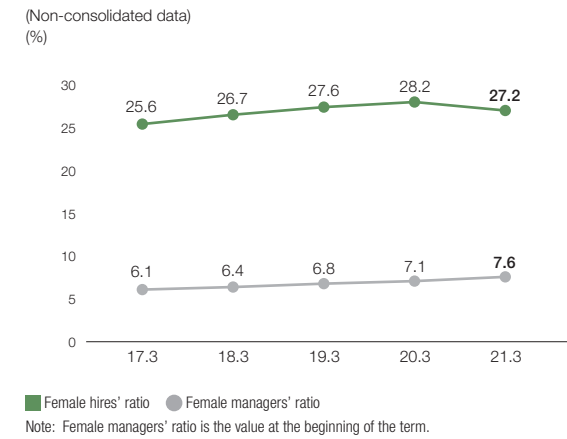
Green Revenues (Revenue from Shared Online Services)
(NRI Group data)

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

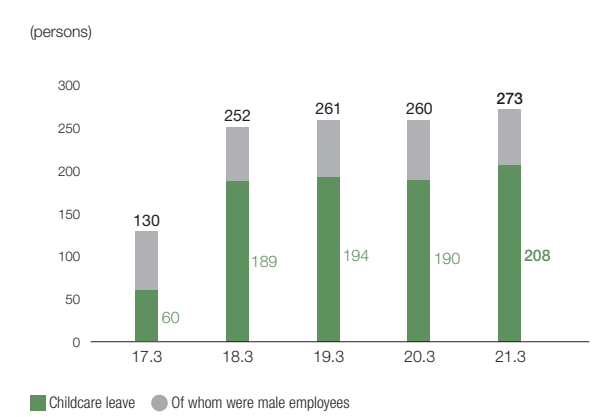
Data indicates that using NRI's shared online service can allow our clients to cut their CO₂ emissions by around 70%, compared with if they build and operate their own systems independently.



Female Hires' Ratio and Female Managers' Ratio

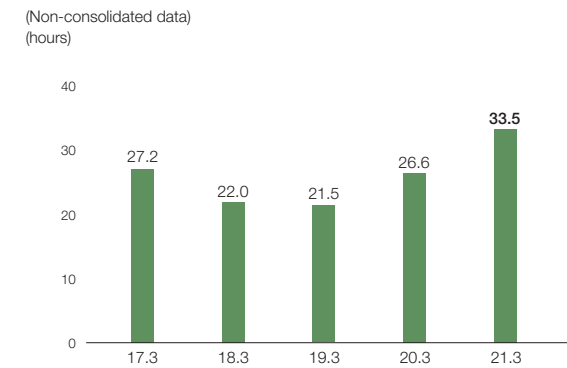


Childcare Leave / Nursing Leave (Non-consolidated data)

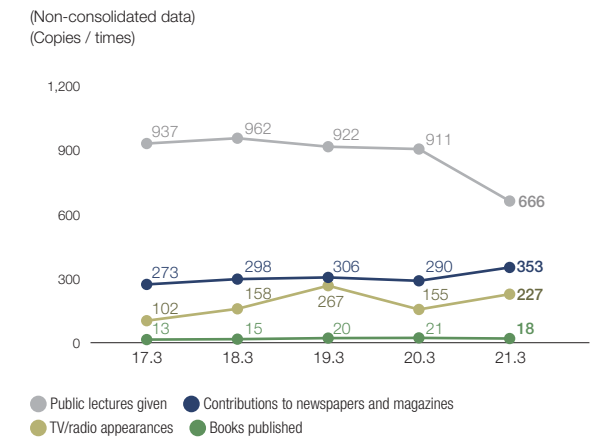


Note: Female managers' ratio is the value at the beginning of the term.

Monthly Average Overtime Hours per Employee

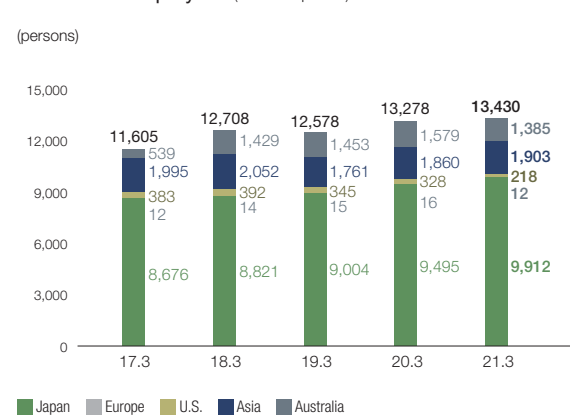


Information Communication / Recommendation Projects

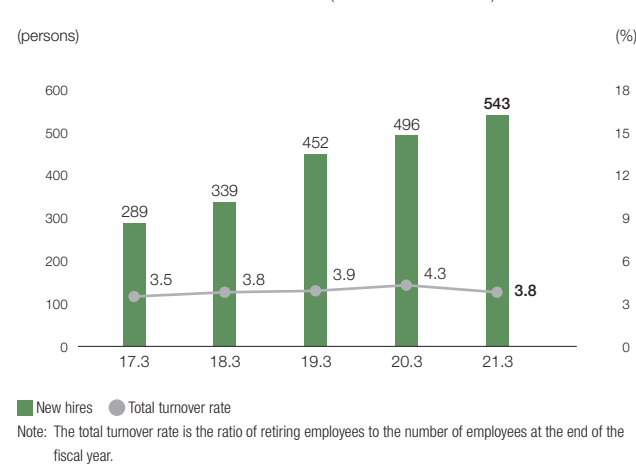


S: Social-related Data

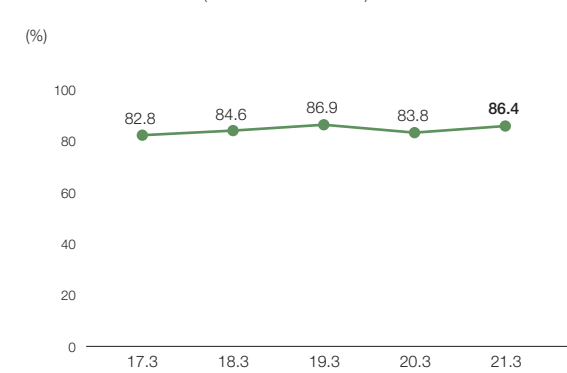
Number of Employees (NRI Group data)



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

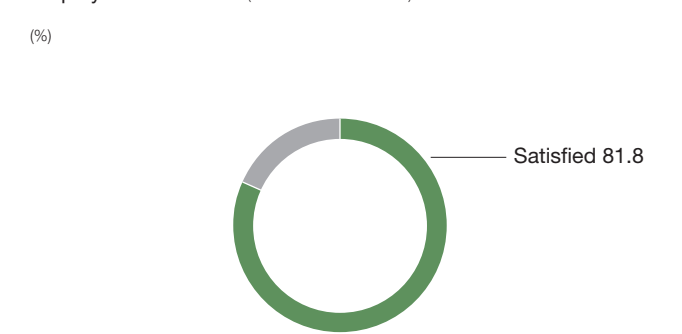


Client Satisfaction (Non-consolidated data)



Note: Number of questionnaire responses 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 every two years (as of July 1, 2019). Number 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.

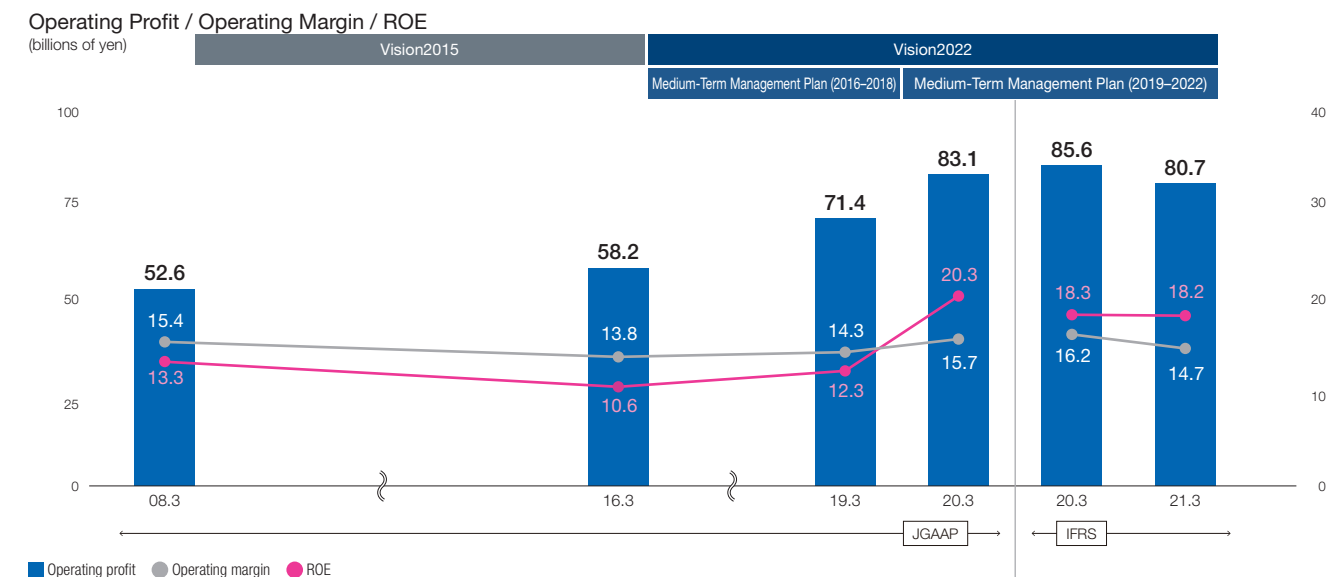
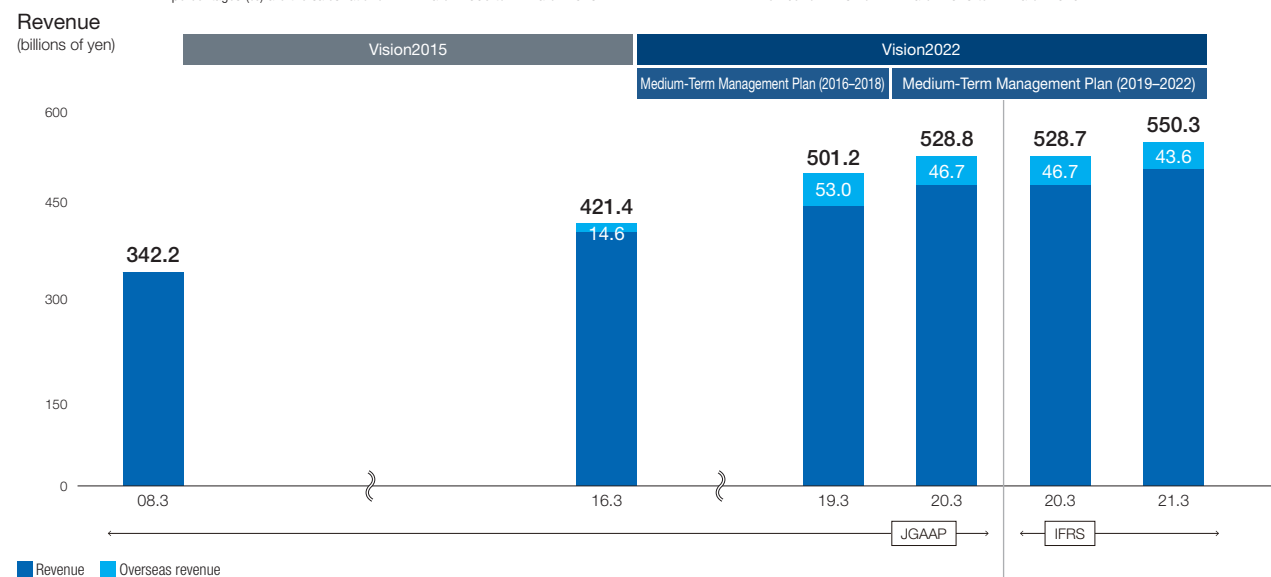
Looking Back on Past Medium-Term Management Plans

Vision2015 NRInnovation!		Vision2022 Share the Next Values!															
FY March 2009 – FY March 2016		Medium-Term Management Plan (2016–2018)		Medium-Term Management Plan (2019–2022)													
FY March 2009 – FY March 2016		FY March 2017 – FY March 2019		FY March 2020 – FY March 2023													
Objectives	To provide a business platform that laterally spans the industry and market	Expand the customer base and take on the challenge of new areas, including global and digital															
Strategy and main results	<ul style="list-style-type: none"> Growth higher than industry average and profitability set NRI apart in the industry <ul style="list-style-type: none"> Growth potential: 7% growth Profitability: 13% OPM or more Powerful business portfolio <ul style="list-style-type: none"> Break dependence on two major clients (Expand business from clients other than two major clients) 58%→74%* Expand business in industrial sector 19%→24%* Expand industry standard business platforms 12%→22%* Expand overseas-related business 1%→6%* 	<ul style="list-style-type: none"> Improve productivity in specialty areas in Japan <ul style="list-style-type: none"> Hardly any unexpected large-scale unprofitable projects Improved productivity by integrating business platform development systems and implementing development management integration tool Expand industry-standard business platforms and develop large-scale clients <ul style="list-style-type: none"> In Industrial IT, major progress has been achieved in the context of DX, and great progress has been made in development of large-scale clients In Financial IT, worsening business conditions of clients had an impact but business platforms grew, and large-scale projects were also acquired Expand number of clients to whom sales was ¥1 billion or more 64 firms→86 firms* Build foundations for global business <ul style="list-style-type: none"> Business in Australia is progressing smoothly, mainly with ASG Initiated more governance improvements in conjunction with global business expansion Create business IT <ul style="list-style-type: none"> More projects involving D2C, digital marketing, and analytics Greater proficiency in agile development for BiT, and productivity has improved Collaborative models have been achieved by establishing joint ventures 	<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Growth Strategy</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;"> <p>DX Strategy P.40</p> <p>Business Platform Strategy P.41</p> <p>Cloud Strategy P.41</p> <p>Global Strategy P.42</p> <p>Human Resources Strategy P.44</p> </div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Target</div> </div>		<table border="1"> <tr> <td>Revenue</td> <td>¥670 billion or more</td> </tr> <tr> <td>Operating profit</td> <td>¥100 billion</td> </tr> <tr> <td>Operating margin</td> <td>14% or more</td> </tr> <tr> <td>Overseas revenue</td> <td>¥100 billion</td> </tr> <tr> <td>EBITDA margin</td> <td>20% or more</td> </tr> <tr> <td>ROE</td> <td>14%*</td> </tr> </table>	Revenue	¥670 billion or more	Operating profit	¥100 billion	Operating margin	14% or more	Overseas revenue	¥100 billion	EBITDA margin	20% or more	ROE	14%*
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Operating profit	¥100 billion																
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Overseas revenue	¥100 billion																
EBITDA margin	20% or more																
ROE	14%*																
Specific initiatives	<ul style="list-style-type: none"> Introduce THE STAR to Nomura Securities Co., Ltd. Established and acquired subsidiaries in the industrial field <ul style="list-style-type: none"> Acquired NRI System Techno, Ltd. (2012) Established Marubeni IT Solutions Inc. (2014) Acquired Brierley+Partners, Inc. (2015) Started provision of new industry standard business platform services <ul style="list-style-type: none"> Online banking system "Value Direct" Solution supporting financial institutions' retail sales representatives "Advisor Platform" STP platform solution for asset managers "SmartBridge Advance" My Number management services "e-BANGO" Established overseas bases <ul style="list-style-type: none"> Moscow, Dalian, India, Indonesia, and Thailand 	<ul style="list-style-type: none"> Expanding the number of companies using industry standard business platforms <ul style="list-style-type: none"> THE STAR: 68 firms→73 firms* BESTWAY: 109 firms→114 firms* T-STAR: 73 firms→75 firms* Global acquisition <ul style="list-style-type: none"> North America: Cutter Associates, LLC (2016) Australia: ASG Group Limited (2016), SMS (2017) Established joint ventures <ul style="list-style-type: none"> KDDI Digital Design Inc. (2017) Technium CO., LTD. (2018) NDIAS, Ltd. (2018) JAL Digital Experience Co., Ltd. (2019) 															

* Awareness of the European/U.S. level (20% level)

* All percentages (%) are the sales ratio form FY March 2008 to FY March 2016

* Number of firms from FY March 2016 to FY March 2019



Vision2022 and Medium-Term Management Plan Overview and Progress Status

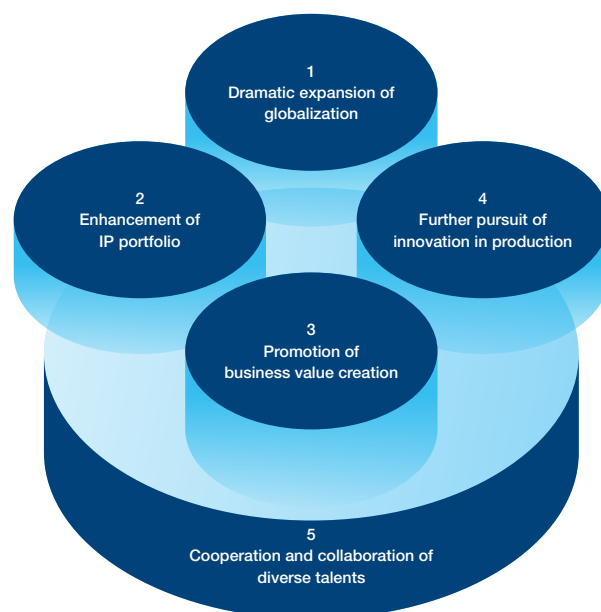
As we aim for the final goal of V2022, NRI is moving forward with the Medium-Term Management Plan (2019–2022), the four-year second half of V2022. In FY March 2021, the second year of the Plan, the growth strategy of the Medium-Term Management Plan progressed steadily, and we achieved a high level of performance.

Long-Term Management Vision “Vision2022”

In April 2015, NRI launched its long-term management vision “Vision2022” (V2022), the final year of which is FY March 2023. It was created to realize NRI’s corporate philosophy of “Dream up the future.” NRI is positioning itself as a corporation that boldly tackles truly meaningful innovation based on its commitment and strengths.

In order to create the ideal future society, NRI will achieve its goals by further refining the three strengths that we have cultivated thus far; namely, insight, the ability to achieve, and the ability to co-create, and by achieving our five growth strategies.

5 Pillars of Vision2022 Growth Strategy



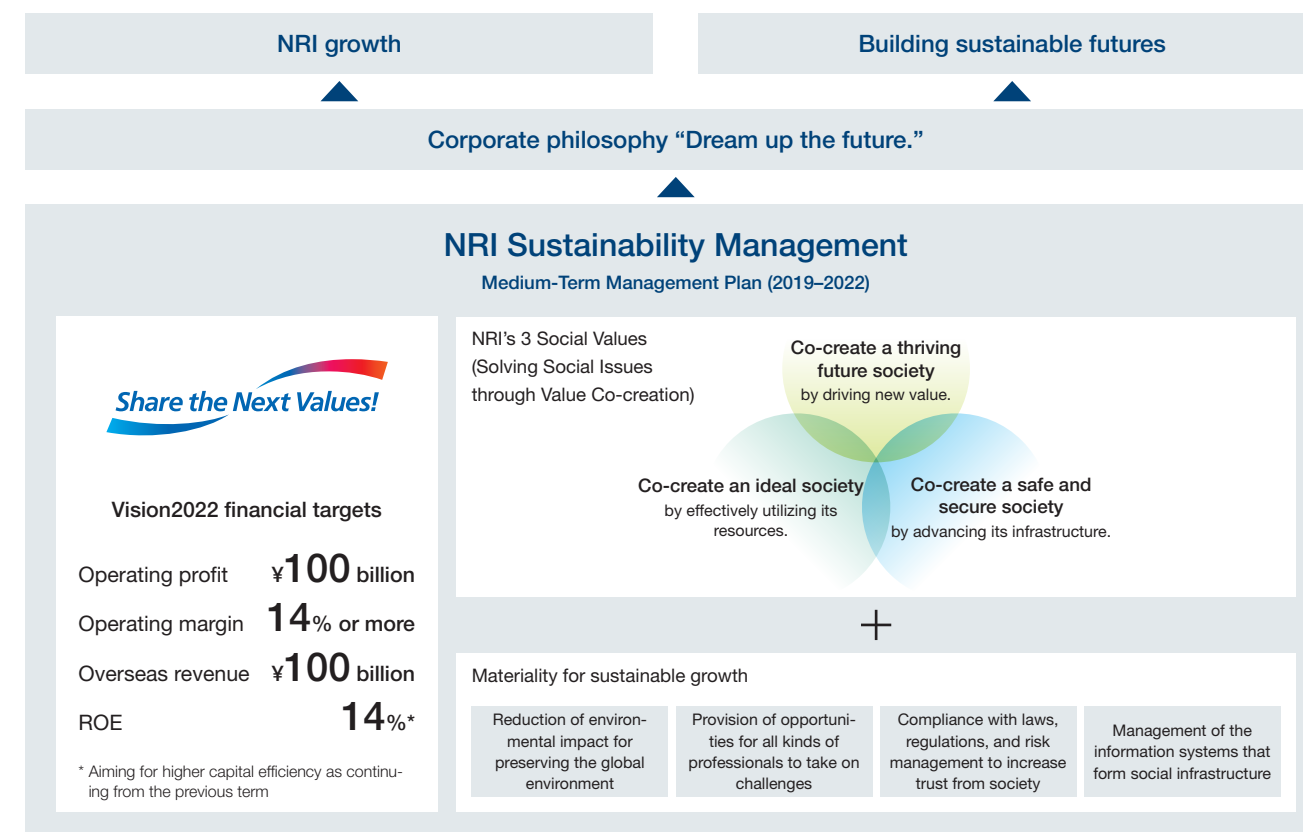
Vision Statement

We have imbued our thoughts for achieving V2022 into our vision statement “Share the Next Values!” With this in mind, each NRI employee is embracing the challenge of achieving new value.



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 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.

NRI Sustainability Management Policy



Medium-Term Management Plan (2019–2022)

The Medium-Term Management Plan (2016–2018) was launched in April 2016 as the first step toward achieving V2022. In FY March 2019 (the final fiscal year), we were able to achieve the originally planned goals of ¥500 billion in revenue and ¥70 billion in operating profit.

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.

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

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 infrastructure
Global Strategy	Achieve more global business growth, seeking revenue of ¥100 billion
Human Resources Strategy	Strategic recruiting, talent development

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

DX Strategy

In recent years, movement toward DX has heightened due to an increase in IT investment for business models and work process transformation utilizing digital technologies. Furthermore, corporations are accelerating the speed of change, triggered by rapid changes in the business environment caused by the spread of COVID-19. NRI realizes client transformation by leveraging its strength of combining consulting and IT solutions, and by utilizing technology to provide comprehensive support from strategy formulation to solution implementation.

NRI defines DX that contributes to business process transformation of existing businesses as "DX 1.0," and DX that uses digital technology to create a new business model itself as "DX 2.0." We are implementing initiatives for each type of DX. In the field of "DX 1.0," NRI is moving forward with many initiatives related to the streamlining of business 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 for clients in the distribution, manufacturing, and service industries, etc., in particular, and NRI is providing support for it. In the field of "DX 2.0," we establish joint ventures with clients and companies that have advanced technologies and promote the creation of new businesses utilizing digital technologies via collaboration. Also, NRI has newly defined DX that solves social issues and realizes a paradigm change as "DX 3.0."

Framework of NRI's DX Strategy

Social transformation	DX 3.0	Paradigm transformation	Resolve social issues through co-creation with various partners <ul style="list-style-type: none"> Revitalize local communities through digital and entrepreneur support Digital solutions to reduce carbon, save resources, etc. 	
	DX 2.0	Business model transformation	Establish innovative digital services <ul style="list-style-type: none"> Build new multi-industry platforms Create new business models and ecosystems for clients 	
Transformation of clients and industries	DX 1.0	Process transformation	Digital front office	Digitalize actions for end users <ul style="list-style-type: none"> D2C*, CRM, digital marketing
			Digital back office	Digitalize actions within client companies <ul style="list-style-type: none"> SCM reforms, AI & RPA, business platforms
	Infrastructure transformation	Enhance infrastructure such as cloud, security <ul style="list-style-type: none"> Support migration to cloud, managed services, security business 		

* D2C (Direct to Consumer): Selling directly to consumers through e-commerce, etc.

DX 2.0 (Business Model Transformation) Expanding via Co-Creation with Customers

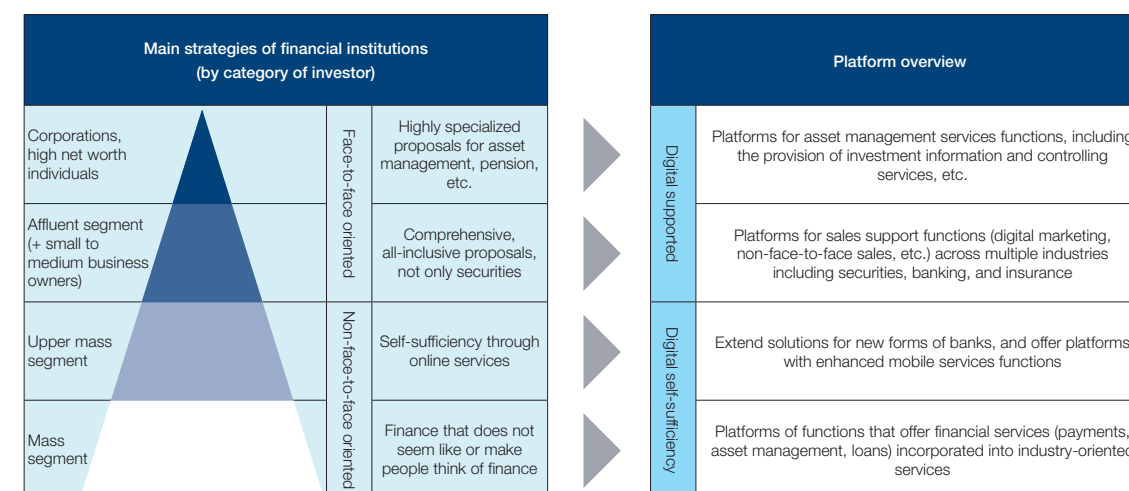
<p>KDDI Digital Design Inc.</p> <p>Established with KDDI CORPORATION in 2017. Provides total support from drafting of corporate DX strategy to commercial verification and system development/operation.</p>	<p>Technium CO., LTD.</p> <p>Established with DMG MORI CO., LTD., in 2018. Leverages digital technologies to support high-level utilization of production equipment at plants, etc.</p>	<p>NDIAS, Ltd.</p> <p>Established by DENSO CORPORATION and NRI Secure in 2018. Provides security assessment and consulting services for onboard electronic devices for the automobile industry.</p>
<p>JAL Digital Experience Co., Ltd.</p> <p>Established with Japan Airlines Co., Ltd. (JAL), in 2019. Proposes personalized services for a rich experience and lifestyle during tourism and everyday life.</p>	<p>BOOSTRY Co., Ltd.</p> <p>Established with Nomura Holdings, Inc., in 2019. Develops and provides transaction platforms that use blockchain technology for issuing and distributing securities and other rights.</p>	<p>Financial Digital Solutions, Ltd.</p> <p>Established with QUICK Corp. in 2019. Uses the experience and know-how of both companies to develop efficient services for responding to changes in the environment surrounding financial institutions.</p>

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. For our clients who will be entering the financial services industry from other industries to meet transformations in the industry structure, we will provide new business platforms as support for customers to swiftly create new businesses and advance into new markets.

Initiatives for Business Platform Strategy

In addition to back-office platform services such as THE STAR, which we have provided up to now, NRI aims to create platform services in the front-office processes of financial institutions by reorganizing and expanding existing intellectual assets and constructing new mechanisms.



Cloud Strategy

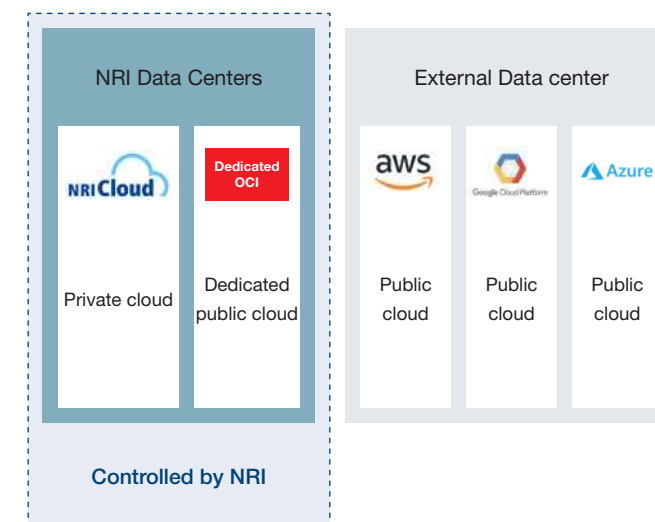
Demand for overall system optimization is increasing due to the diversification and sophistication of customer system platforms, such as on-premise usage and utilization of multiple cloud platforms. In order to meet this demand, NRI provides multi-cloud services that enable the centralized management of multiple cloud platforms and managed services that comprehensively assist and optimize entire systems in lieu of customer IT departments.

Initiatives for Cloud Strategy

Using the World's First Oracle Dedicated Region Cloud

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 Dedicated Region Cloud" and use it as NRI's exclusive public cloud.

Utilizing useful services in the public cloud is an important factor for successfully realizing DX. NRI has established a dedicated public cloud in our own data center in order to maximize the usefulness and competitiveness of the public cloud, while at the same time responding to the need for safe and secure governance and security under our own control.

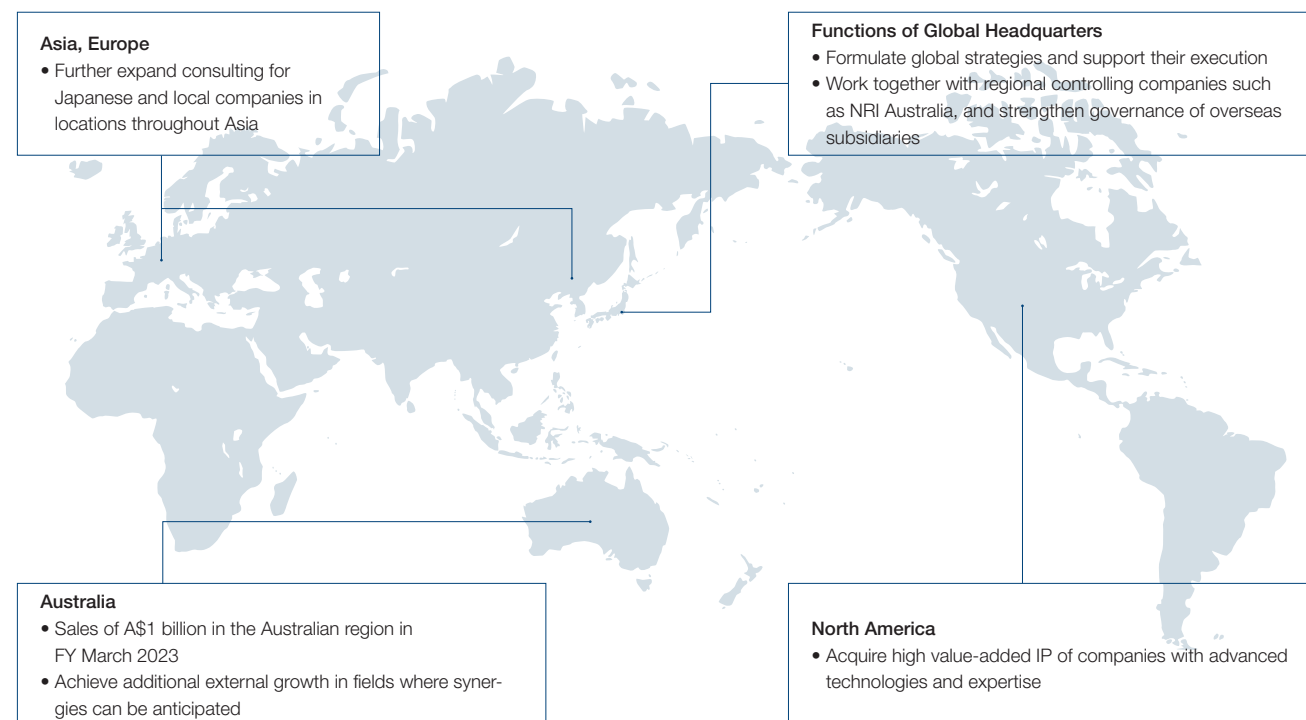


Global Strategy






In order to achieve our target of ¥100 billion in overseas revenue 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 FY March 2021, business was sluggish due to the effects of COVID-19. However, in May 2021, we established two new subsidiaries in Australia. NRI will continue to pursue our global strategy centered on Australia. We aim to reach overseas sales of ¥100 billion in FY March 2023.

Global Strategy



Business Base Expanding Globally

Region	Company name	Company overview
Australia		ASG Group Limited (Acquired 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.
		Planit (Acquired in 2021) A group specialists in IT testing headquartered in Sydney. More than 1,000 specialists in testing provide a wide range of services from consulting related to improving the quality of IT systems to support for executing test processes and provision of automated tools for testing. The largest IT testing corporation in the Oceania region.
		AUSIEX (Acquired in 2021) Providing high value-added IT services to major Australian financial institutions and IFAs through IT systems developed independently for back-office areas (securities transaction management, portfolio management, etc.) and standardized operations.
North America		Brierley+Partners, Inc. (Acquired 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, and acquiring points and mileage, as well as redeeming points.
		Cutter Associates Europe, Ltd. (Acquired 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.

Initiatives of Expanding Our Business Base in Australia

In May 2021, we established two new subsidiaries: Planit, which is Australia's largest testing company, and AUSIEX, which is a group company of CBA Bank (Commonwealth Bank of Australia Limited), one of Australia's four largest banks.



Planit Test Management Solutions

- **Third highest revenue in the world** as IT testing specialists (first in Oceania region)
- Strength in testing for mission critical domains with abundant human resources and original IP

Established	1997
Locations	Australia (HQ: Sydney), New Zealand, India, UK
Business	IT testing, test automation, consulting, etc.
Employees	Approx. 1,300
Annual revenue	A\$151 million (FY ended June 2020)

AUSIEX

Australian Investment Exchange

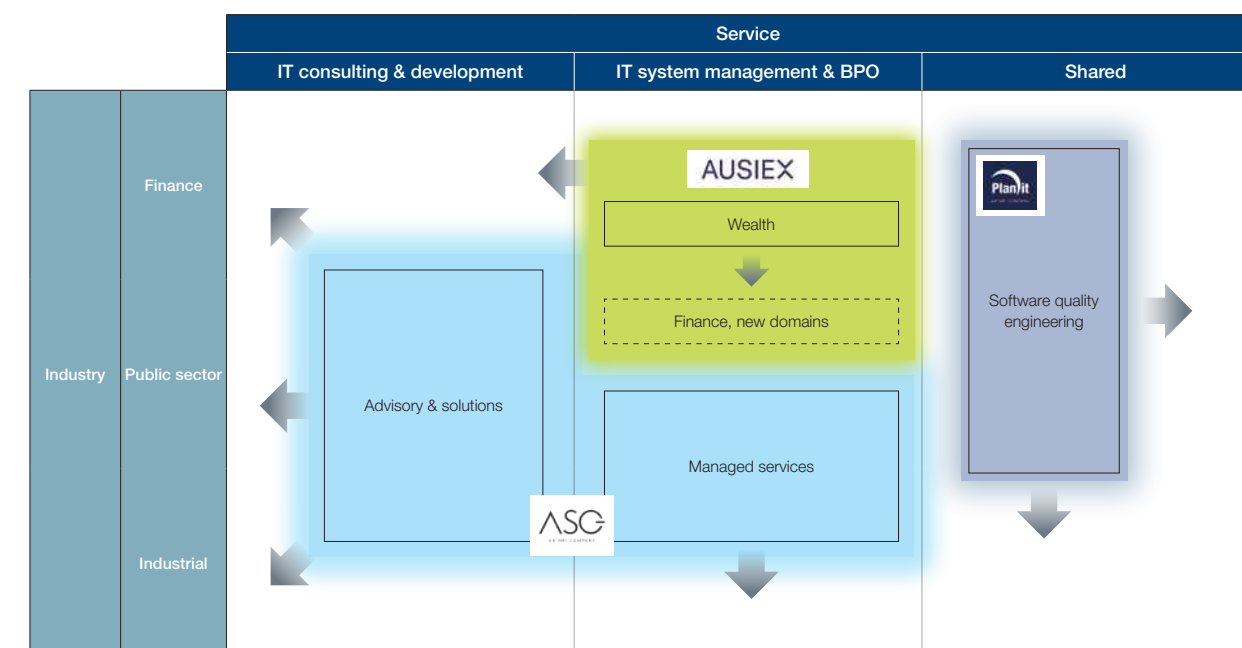
- **Among the top** in Australia's finance back-office services industry
- Providing high value-added services through in-house developed systems and standardized operations

Established	1996
Locations	Australia (Sydney, Perth)
Business	Financial institutions, back-office services for independent financial advisors (IFAs)
Employees	Approx. 250
Annual revenue	A\$62 million (FY ended June 2019)

NRI Australia Expansion Strategy

ASG was acquired in 2016. As a key player that leads the IT market in Australia, ASG has expanded its business platform by providing long-term managed services, mainly to governmental agencies. Moving forward, in addition to organic growth, NRI will seek to expand our industry and services in Australia through M&A. AUSIEX, which was established as a new subsidiary, will seek to incorporate technologies related to shared online services provided in Japan and build a business platform that covers areas other than wealth management, an area in which AUSIEX has traditionally excelled. NRI also plans to further expand the business of the newly acquired Planit by expanding our provided services and expanding the region.

NRI Australia oversees the Australian region. Similar to our operations in Japan, the company aims to evolve into a corporate entity that possesses services for heightening system quality in addition to strengths in consulting, operational services, and BPO.



Human Resources Strategy

In order to execute the DX strategy and global strategy of the Medium-Term Management Plan (2019–2022), we must secure human resources that can solidly advance these strategies. Therefore, NRI is strengthening new graduate and mid-career hiring, and developing employees. In terms of development, we are enhancing training programs for human resources who want to acquire skills needed for advancing DX projects or for converting their skills.

Moreover, 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. We are also strengthening relationships by collaborating with business partners that possess expertise in digital technology and know-how.

Human Resources Strategy

Bolster hiring	<ul style="list-style-type: none"> • Increase of 1,000 staff or more (at NRI alone) over four years • Bolster new graduate hiring: Bolster promotions, etc. • Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc. 									
	<table border="1"> <thead> <tr> <th></th> <th>FY March 2019</th> <th>FY March 2023 (Plan)</th> </tr> </thead> <tbody> <tr> <td>New graduate hires</td> <td>319 persons</td> <td>Stable expansion</td> </tr> <tr> <td>Mid-career hires</td> <td>133 persons</td> <td>Double</td> </tr> </tbody> </table>		FY March 2019	FY March 2023 (Plan)	New graduate hires	319 persons	Stable expansion	Mid-career hires	133 persons	Double
		FY March 2019	FY March 2023 (Plan)							
New graduate hires	319 persons	Stable expansion								
Mid-career hires	133 persons	Double								
Promote employee skills transfer and development	<ul style="list-style-type: none"> • Strategically develop business designers, data scientists, and other such personnel • Skills transfer and development for application/platform personnel to support DX strategy 									
Promote employee success	<ul style="list-style-type: none"> • Promote diverse work styles (diversity, participation, and advancement of women and senior personnel, etc.) 									
More development partners	<ul style="list-style-type: none"> • Get more development partners that have technologies and expertise in areas such as DX 									

Initiatives for Human Resources Strategy

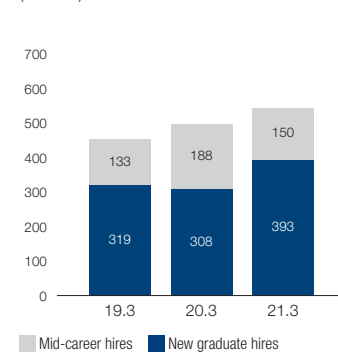
• Bolster hiring

Hiring activities were conducted online in FY March 2021. NRI is steadily expanding the hiring of new graduates in accordance with the hiring plan set forth in the Human Resources Strategy. NRI is also steadily hiring mid-career hires and enhancing support for achieving their goals; for example, vitalizing promotion activities.

• Promote employee skills transfer and development

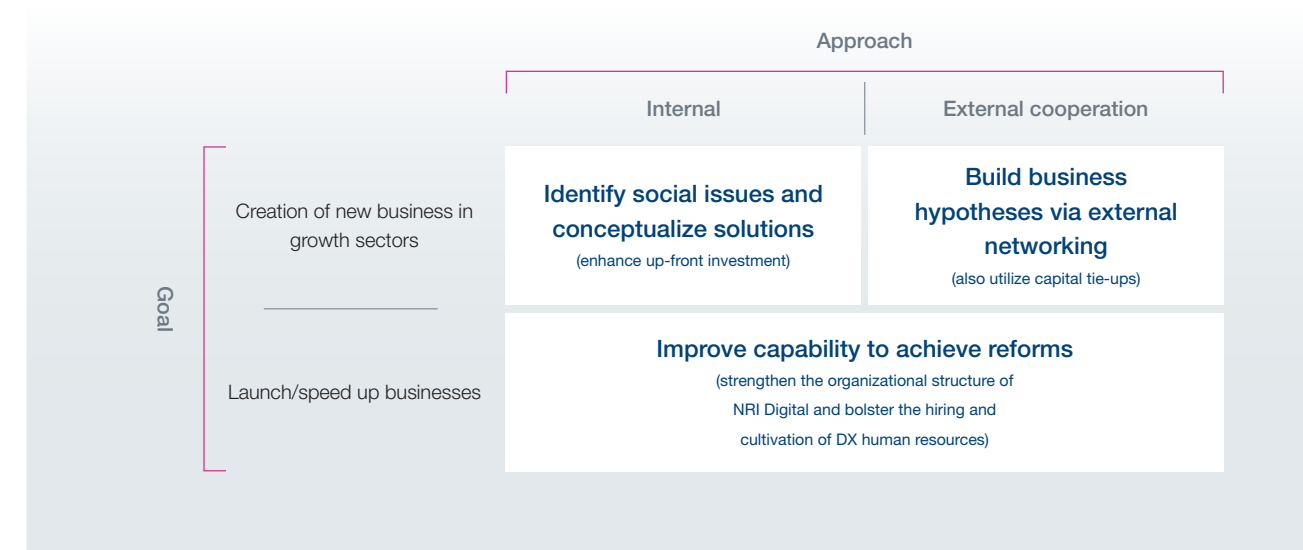
In accordance with the concept of “+DX” that adds the essence of surviving the DX era instead of discarding skills that have been cultivated thus far, NRI has held more than 100 human resources programs for developing skills ranging from technical skills to human skills and DX skills. NRI held online training programs in FY March 2021. The number of employees participating in training increased by 1.5 times compared with the previous year, and many employees are working to convert and improve their skills.

Number of New Hires (Persons)



Embracing the Challenge of Solving Social Issues

Until now, NRI has implemented DX 1.0 for achieving process transformation and infrastructure transformation, and DX 2.0 for realizing business model transformation. Through these strategies, NRI has achieved the transformation of clients and the industry. Awareness of social issues has increased in recent years, and corporations are expected to solve such issues. NRI believes that digital technology can be used to solve social issues. We will take on the challenge of social transformation through DX 3.0, which aims to solve social issues through co-creation with various partners.



NRI will promote DX 3.0 by strengthening and accelerating our unique business model “Con-Solution” based on NRI’s strengths in consulting and IT solutions. In particular, we will explore business opportunities for carbon neutral, circular economy, and food value chain, which are areas that have been attracting attention in recent years.

Example of initiative themes

Carbon neutrality



- Visualization/central management, etc., of CO₂ emissions in business activities and products/services

Circular economy



- Save resources by tracing product usage information and resource utilization after product use, etc.

Food value chain



- Digital infrastructure for producers and common platforms for ordering and distribution, etc.

Promote DX 3.0 to create a sustainable future society

Finance Strategy Message from the Head of Finance

We will practice even more robust and aggressive financial management against the background of high cash flow generation ability.

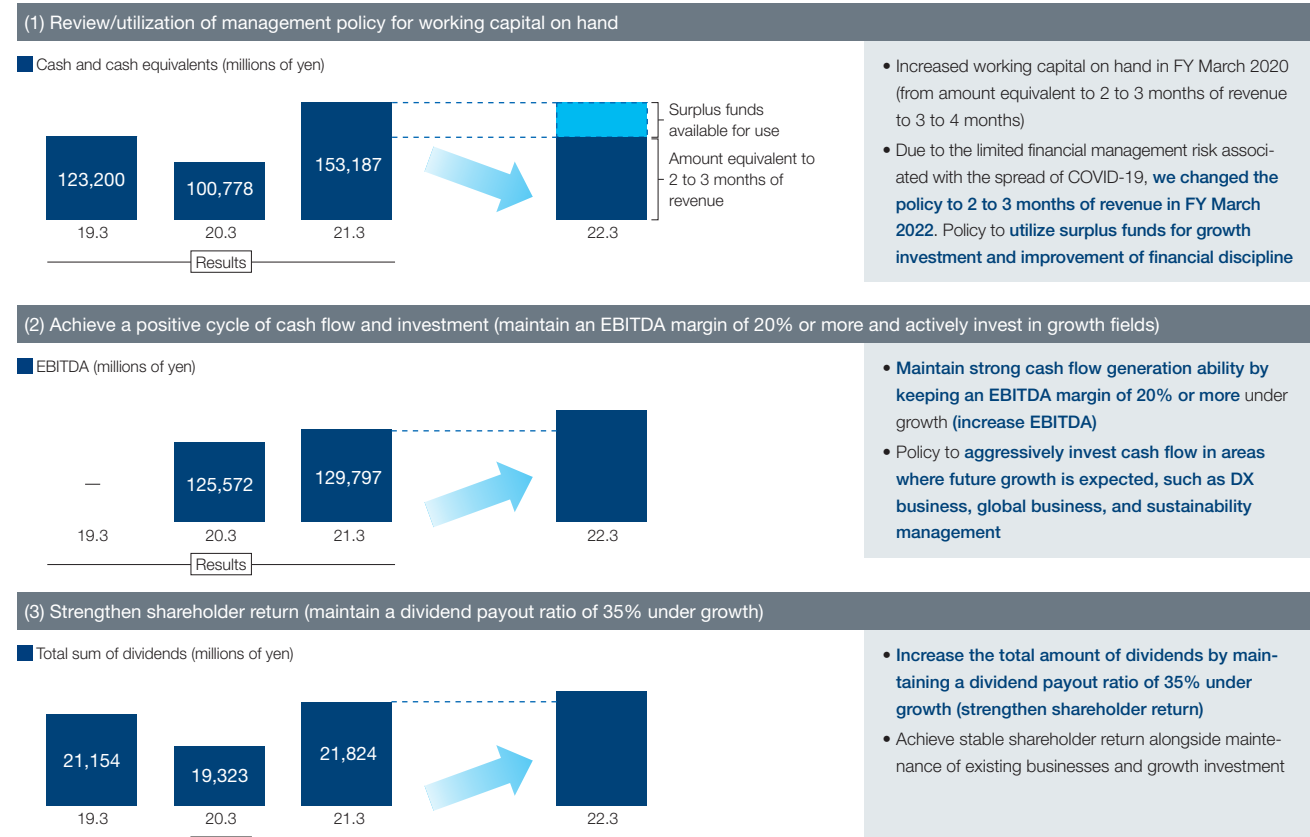
Yoshihiko Sunaga
Senior Corporate Managing Director
Head of Finance



In FY March 2021, net sales and operating profit grew steadily based on the powerful cash flow generation ability that leveraged NRI's strengths even during the spread of COVID-19. At the same time, in addition to voluntary application of International Financial Reporting Standards (IFRS) and other efforts for responding to globalization, NRI has largely achieved the goals of the financial indicators that we emphasized, and have implemented stable financial management that supports growth.

In FY March 2022, as we move toward the completion of V2022, we will consider an appropriate balance for maintenance of existing businesses, growth investment, and shareholder returns based on our existing policies. At the same time, we will enhance the following three points in order to further increase corporate value: (1) aggregation/sale of offices and reform of the pension system in conjunction with changes/reform of work styles, (2) active investment in new business opportunities, and (3) improvement of capital efficiency and return to shareholders.

Major Strengthening Points in FY March 2022 (Example of Important Financial Indicators)



* All figures are from IFRS. The total amount of dividends listed above includes dividends earmarked for the NRI Group Employee Stock Ownership Group.

Aggregation/Sale of Offices and Reform of the Pension System in Conjunction with Changes/Reform of Work Styles

In addition to the diversification of people's values, the spread of COVID-19 is significantly changing our values regarding work styles. In response to this transformation and diversification of people's values, in addition to more appropriate reform of systems, NRI has reviewed and organized assets to strengthen our financial base. Specifically, NRI has introduced a hot-desking system and promoted working from home with an office attendance ratio of about 50%. We also sold an office building in Yokohama City and actively worked to aggregate offices. Under our general policy of not holding office assets in principle, we will continue to further aggregate and sell offices in conjunction with work-style reforms.

Furthermore, NRI has revised its retirement benefit plan in response to people's changing values regarding work styles. In addition to increasing options for pension contribution methods that employees can select according to their work style, this also makes it possible to significantly reduce future contributions for pension financing.

In FY March 2021, due to the spread of COVID-19, we temporarily increased our working capital on hand in preparation for unforeseen circumstances. However, as a result of monitoring and analyzing the movement of funds over the past year, we confirmed that the anticipated risk is limited. Therefore, in FY March 2022, we plan to secure an amount of working capital on hand equivalent to two to three months of revenue and operate our business. NRI will continue to work to strengthen our financial base by carefully gaining insight into social trends and changes in people's values.

Active Investment in New Business Opportunities

Based on our corporate philosophy of "Dream up the future," NRI has shown our commitment to creating a brighter future through innovation and to contributing to the

resolution of social issues. By utilizing the powerful cash flow generation ability that did not decline even during the COVID-19 pandemic, and based on value provided to society as defined by NRI, we will actively invest in new business opportunities in order to strengthen both financial capital and non-financial capital such as intellectual capital, social/relationship capital, and nature capital.

Specifically, in FY March 2022, we will continue to maintain an EBITDA margin of 20% or higher and aggressively invest in DX business including carbon neutral and other DX 3.0 themes, such as global business, sustainability management, etc. By doing so, we will contribute to the resolution of social issues while stimulating a positive cycle of cash flows and investment.

At the same time, the net D/E ratio for bonds payable and loans will support further growth under appropriate financial discipline, up to a maximum of 0.3 times the conventional standard.

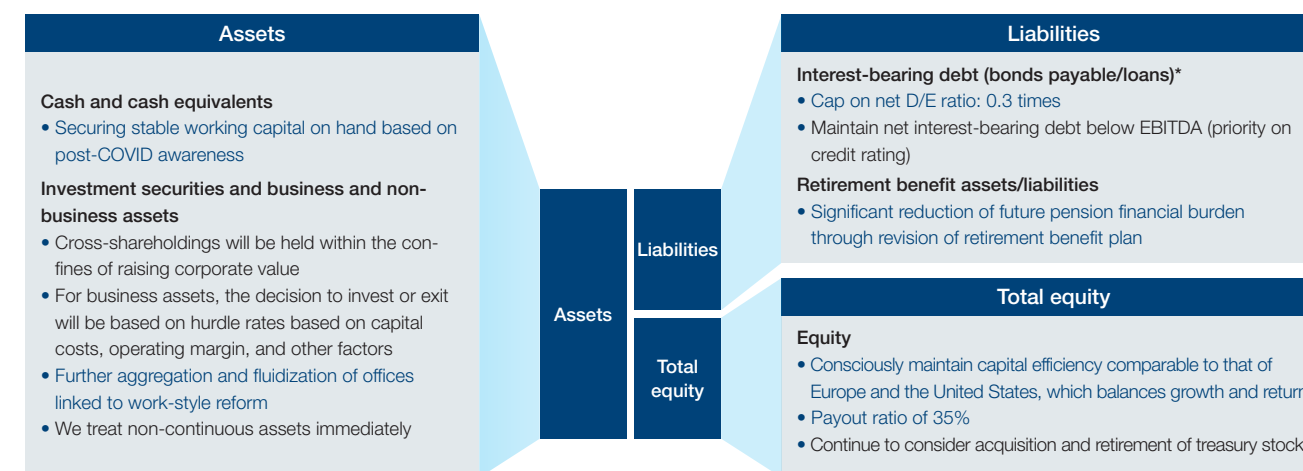
Improving Capital Efficiency and Shareholder Returns

NRI has traditionally conducted financial management while consciously maintaining an ROE of 20%. We announced the acquisition of treasury stock in June 2021. Going forward, we will continue to conduct financial management while consciously maintaining an ROE of around 20%, which is equivalent to the level of capital efficiency in Europe and the United States.

At the same time, NRI will continue to provide stable shareholder return with the goal of a dividend payout ratio of 35%, which has always been our policy. We will also continue to consider the acquisition and retirement of treasury stock to enable flexible capital policies that respond to changes in the management environment.

By enhancing the three points discussed above, NRI will practice robust and active financial management so that we can co-create with clients, shareholders, and society, and further improve our corporate value.

Balance Sheet Management Policy



Blue: Areas prioritized for enhancement for FY March 2022

* Interest-bearing debt refers to bonds payable and loans from among liabilities recorded on the consolidated financial statements.

NRI Sustainability Management Policy

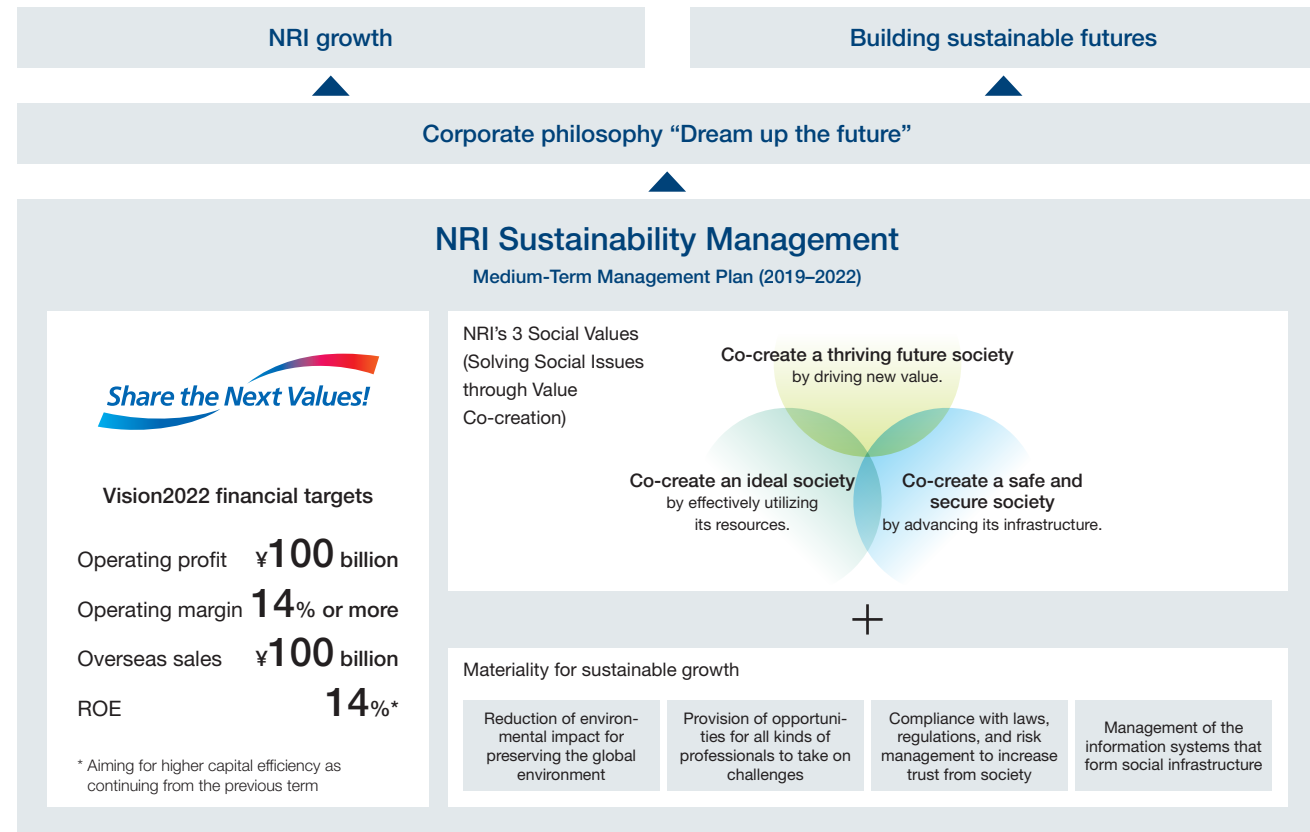
Under V2022, we are moving forward with NRI Sustainability Management that enables both NRI's continued growth and the building of a sustainable future.

The "Dream Up the Future" Corporate Philosophy and Sustainability Management Policy

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 prospectus that was created at the time of NRI's founding states that the aim of establishing the company was "to promote industry and be of service to society." In other words, resolving social issues through our business is natural for NRI, and is itself our DNA. 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.

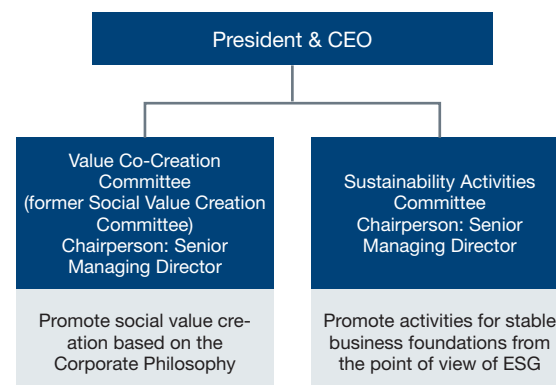
NRI has identified material issues (materiality) for sustainable growth and defines solutions to social issues through co-creation of value in business as "NRI's 3 Social Values." NRI aims for sustained growth and to create a sustainable future society by implementing sustainability management that increases corporate value from the perspective of economic value as well as the perspective of social value.

NRI Sustainability Management Policy



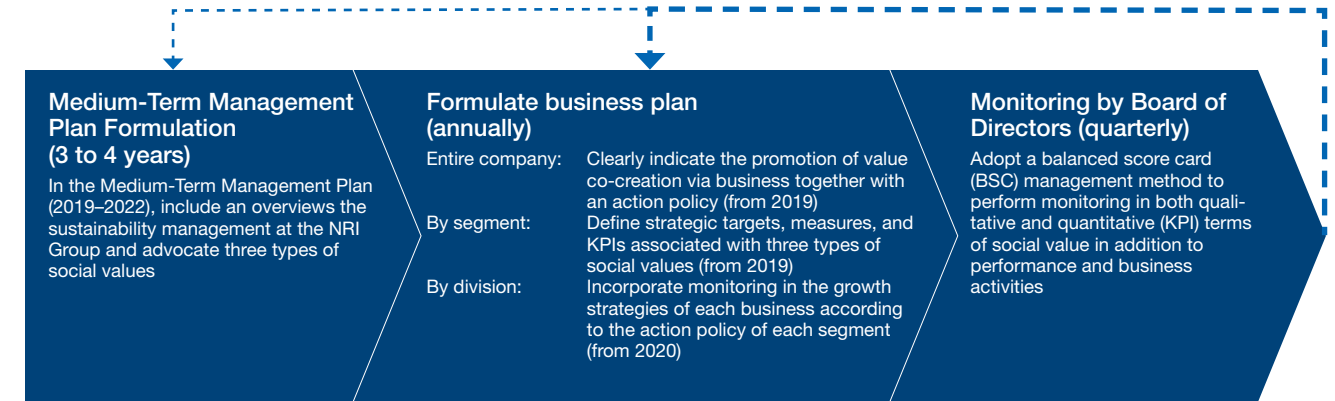
Sustainability Management Structure

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

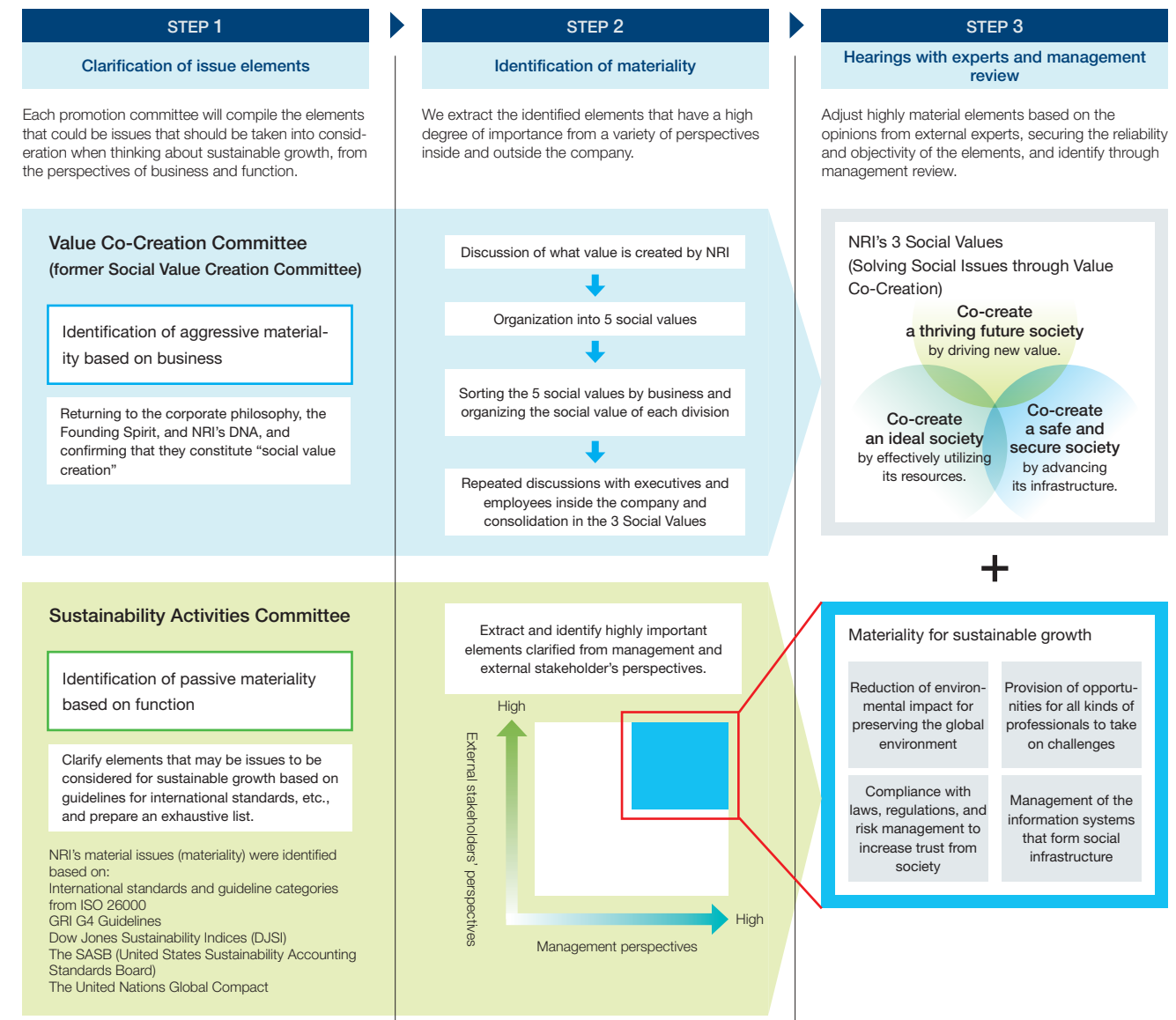


Monitoring the Status of Efforts for Co-Creation

NRI's 3 Social Values that were formulated in the Medium-Term Management Plan are incorporated into the business plan each year and implemented in each business. The status of efforts is reported to, and monitored by, the Board of Directors each quarter and the results are reflected again in the plan. We are promoting sustainability management by implementing this PDCA continuously throughout the company.




NRI's 3 Social Values and the Process for Identifying Material Issues



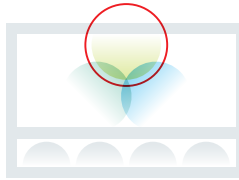
NRI's 3 Social Values (Solving Social Issues through Value Co-Creation)

Social value created in efforts to solve problems through all NRI businesses have been defined as NRI's 3 Social Values, with the aim of resolving social issues through value co-creation. We contribute to creating a sustainable future society through co-creation of the 3 Social Values.

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



The continuous generation of new values for the future and the creation of an affluent and comfortable society in which all consumers can enjoy those values.



NRI is promoting digital transformation (DX) in different ways: DX 1.0, in which we upgrade clients' legacy business processes, and DX 2.0, where we work with clients to create new businesses, in many cases launching joint ventures with those clients.

Medium- to long-term measures	FY March 2021	
	Status	KPI
Promote DX	Working on large numbers of DX projects including for non-face-to-face, remote, e-commerce. Leading the digital transformation of companies	DX-related sales: ¥329.3 billion
Create new business models	Collaborating with outside companies to create AI analysis systems, new DX consulting services, etc.	Number of affiliations (joint ventures, government support, etc.): 4
Provide social recommendations and system proposals	Recommendations for how post-COVID-19 society should be, including employment policy based on estimated real unemployment	Number NRI articles featured in the big five national newspapers: 121

Example of Co-Creation

Communication of Recommendations for Society that are Unique to NRI

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. The recent spread of COVID-19 is anticipated to result in environmental change that could significantly alter the future society due to the size of its impact. Accordingly, we are actively providing recommendations related to a variety of social issues and the ideal nature of post-COVID-19 society.

Proposals regarding Coronavirus Infection (COVID-19) measures

We posted on the website and otherwise communicated recommendations for society from a variety of perspectives, such as changes in behavior caused by the spread of COVID-19 and the ideal nature of post-COVID-19 corporate management.



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

The "Substantial Unemployment" and "Isolation from Assistance" of Women That are Sharply Increasing during the COVID-19 Pandemic → P.95

Apart from the statistics indicating a decrease in the number of female non-regular employees and part-timers caused by the COVID-19 pandemic, it has been hypothesized that there are a large number of substantially unemployed people. NRI conducted its own survey analysis on the matter.

It caused a significant impact, including being cited in more than 200 articles in newspapers and other publications.




Shinichiro Umeya
Center for Strategic Management & Innovation

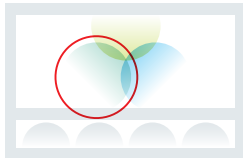


Kana Takeda
Center for Strategic Management & Innovation

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



Nurture strong industries that effectively utilize valuable social resources (manpower, goods, capital, and intellectual property) and aim to create a comfortable society for everyone.



NRI has contributed to reforming the business processes of financial institutions by developing shared-use platforms that support finance, such as THE STAR and BESTWAY, and also bringing about a reduction in CO₂ emissions through cloud-based joint use of information systems. Going forward, we will continue to create new platforms for new fields and new customers, and promote businesses that co-create a business foundation that ensures effective utilization of corporate social resources.

Medium- to long-term measures	FY March 2021	
	Status	KPI
Expand services in business platforms	Deployment of shared online services, including THE STAR implementations at large clients	Business platform sales: ¥102.9 billion
Generate environmental benefits for clients through business platforms	Selected for inclusion in the DJSI World stock index for 3 consecutive years, and recognized as a CDP A List company for 2 consecutive years	Clients' reduced CO ₂ emissions due to shared use: 81,832 tons
Help build IT infrastructure to create an ideal society	Collaborating with Oracle on advancing IT infrastructure by expanding use of the public cloud	Size of cloud and data center services business: +5% , compared to FY March 2020
Facilitate transformation for societal optimization	Working on operational reform projects including logistics and transport optimization leveraging data science	Size of business regarding operational reform-related services: +17% , compared to FY March 2020

Example of Co-Creation

Supporting Reduction of Clients' Greenhouse Gas (CO₂) Emissions through the Use of Shared Online Services

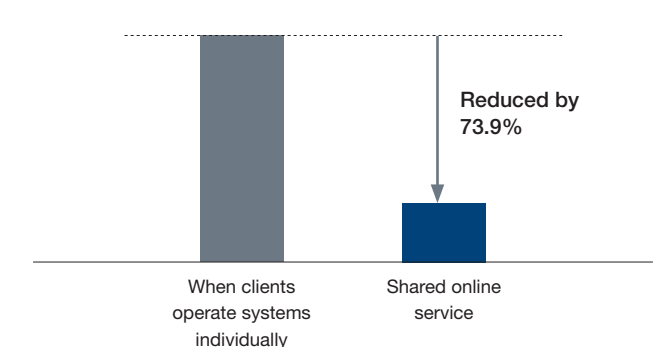
Shared online services, one of NRI's main businesses, enable customers to share use of systems that operate in NRI's data centers. It makes it possible to keep electric power consumption below what it would be if the client built and operated the system on its own, and leads to a reduction of greenhouse gas emissions. NRI provides shared online services such as THE STAR and BESTWAY in a variety of areas.

Shared use of the data centers resulted in a 81,832 ton reduction of clients' CO₂ emissions.*

NRI estimates that it is possible to reduce clients' greenhouse gas emissions by 73.9% through the use of shared online services.

* Reduction of clients' CO₂ emissions: The difference between the estimated amount of CO₂ emissions if the client were not to use shared online services and the actual estimated emissions (when using shared online services in that fiscal year)

CO₂ reduction effects via shared online services



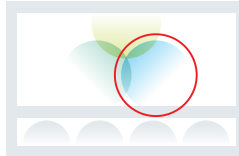
Major shared online services



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



Protect social infrastructures such as information systems and aim to create a safe and secure society that can easily withstand accidents and disasters.



As information systems become more complex, NRI is engaged in business providing security and other managed services. We have also been involved in activities related to disaster prevention and mitigation, and reconstruction support.

Medium- to long-term measures	FY March 2021	
	Status	KPI
Help upgrade the social infrastructure	E-filing year-end tax adjustments using Mynaportal, and expansion of e-NINSHO identity verification	Size of business involving public sector: +22% year-on-year
Contribute to information security	Bolstering our Zero Trust business structure and supporting better security in the cloud era	Amount of investment in safety and security: ¥6.5 billion
Maintain the quality of systems in operation	Conducting and maintaining training for operations during large-scale failures at data centers in remote environments	Number of information systems failures causing significant financial and social impact: No occurrences

Example of Co-Creation

Digitalization of Tax Returns through the Use of Mynaportal and Expansion of the e-NINSHO Public Identity Verification Service

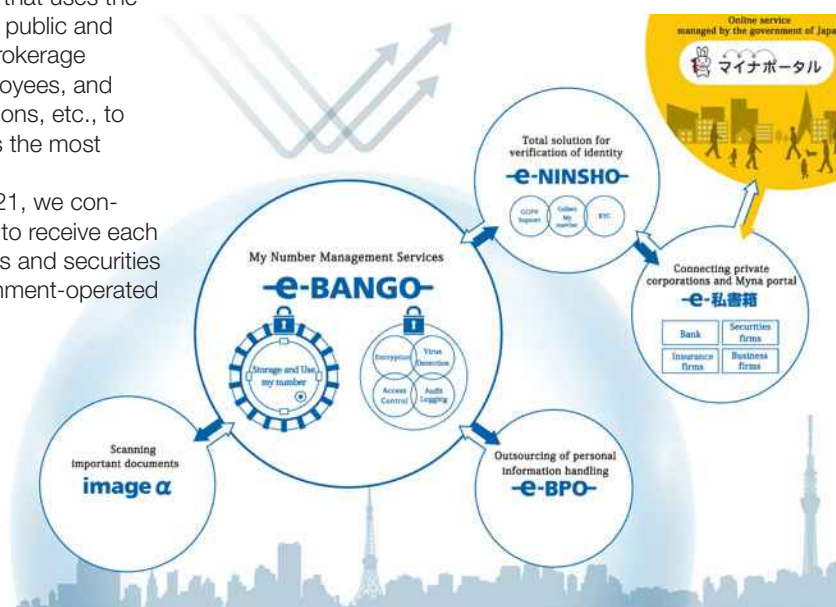
NRI is engaged in the development of services that cross the boundaries between the public and private sectors and creation of usage scenarios to spread and entrench the My Number Card, which is increasingly taking hold, as a “digital society ID.”

The e-NINSHO identity verification service that uses the My Number Card is being widely used in the public and private sectors for things such as opening brokerage accounts, collecting My Numbers from employees, and identity verification when submitting applications, etc., to local municipalities (Yahoo! Kurashi), and has the most extensive track record in the public sector.

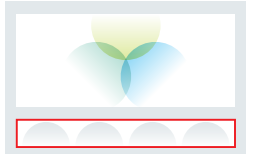
Further, in the fiscal year ended March 2021, we constructed a mechanism that made it possible to receive each type of notification from insurance companies and securities companies and file tax returns via the government-operated

Mynaportal, in preparation for the digitalization of tax return filing, a priority theme in digital government policy. We will continue expanding the targets of digitalization in the future, including *furusato nozei* (“hometown tax”).

NRI will contribute to the promotion of use of the My Number Card and the improvement of convenience, and promote and achieve the digital transformation of society, by addressing digitalization from the perspective of users.



Materiality for Sustainable Growth



The continued growth of NRI is crucial to the promotion of resolution of social issues through growth strategy and value co-creation. NRI has identified issues that should be considered when working to achieve sustained growth, then combined them in four key issues for sustainable growth, and we are working toward resolving the issues.

	Policies	Status	Page No.	
	KPI			
<p>Reduction of environmental impact for preserving the global environment</p>	<ul style="list-style-type: none"> Response to climate change Sustainable energy consumption Responsibility and conservation to the environment Environment-conscious supply chain 	<ul style="list-style-type: none"> Set a New Environmental Target Implemented and expanded the scope of NRI-EMS, a unique environmental management system for offices at NRI Relocated to office buildings with superior environmental performance; used renewable energy Acquired SBT Initiative certification for greenhouse gas reduction targets formulated by NRI Joined RE100, an initiative by corporations seeking to transition to 100% renewable energy for power used in business activities Initiatives pertaining to Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Selected for the CDP's highest rating, the Climate Change A List for the second year in row Providing ESG training for employees 	Natural Capital P.72-79	
<p>Provision of opportunities for all kinds of professionals to take on challenges</p>	<ul style="list-style-type: none"> Human resource diversity Healthy employment and labor management relationship Respect of human rights 	<ul style="list-style-type: none"> Human resources development initiatives including DX human resources development programs Hosting of the Work Motivation Co-Creation Forum Formulating the NRI Group Human Rights Policy and NRI Group AI Ethics Guidelines, Publishing the NRI Group Human Rights Report Expanded actions to support the balance of work and child-rearing by male employees In June 2017, opened the in-office nursery Yumeminato Hoikuen Based on the “Act on Employment Promotion, etc. of Persons with Disabilities,” promoted the hiring of persons with disabilities by our special subsidiary NRI Mirai Developed a new office environment that promotes work-style reform and internal/external interactions 	<p>Ratio of female managers 7.6%</p> <p>Ratio of female hires 27.2%</p>	Human Capital P.58-64
<p>Compliance with laws, regulations, and risk management to increase trust from society</p>	<ul style="list-style-type: none"> Enhancement of corporate governance Risk management Action against corrupt practices abroad Appropriate information disclosure to customers 	<ul style="list-style-type: none"> Established the Nomination Committee, which is mainly composed of independent directors Changed the main members composing the Compensation Committee from external experts to independent Members of the Board Implemented the restricted stock compensation plan as a medium- to long-term incentive compensation plan for Members of the Board Held the Sustainability Dialogue in order to discuss CSR with business partners Held ESG briefing and business information sessions for institutional investors and analysts Evaluating efforts for value co-creation at the division level, and adding it to their bonuses Established the Global Headquarters for global governance 	Social and Relationship Capital P.65-67 Governance P.80-91	
<p>Management of the information systems that form social infrastructure</p>	<ul style="list-style-type: none"> Management of information security and system Access to information society 	<ul style="list-style-type: none"> Enhanced project monitoring functions and held other activities to improve the quality of information systems Held the DX Production Innovation Forum and took other activities to improve company-wide quality and productivity Held the Safety and Security Forum and acquired certification/guarantees from third-party organizations Increased the level of information security measures both inside and outside Japan Increased the sophistication of our Computer Security Incident Response Team (CSIRT) in order to respond to cyberattacks 	Information systems failures that have serious financial or societal impact No occurrences Manufacturing Capital P.68-71	

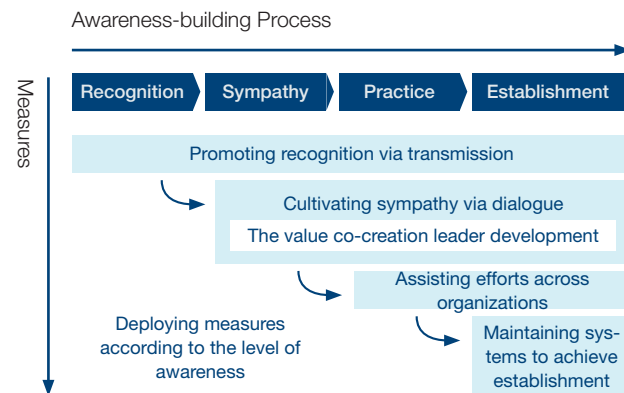
Special Report

Awareness building activities for Value Co-Creation

For NRI to continue growing in the future as well, it is important to continue being “an indispensable presence in the world” that conducts business that contributes to the resolution of social issues. What can we do toward achieving a sustainable future society? Each employee continues to pose that question to himself/herself.

Instilling Value Co-Creation

NRI conducts a variety of activities, centering on the Social Value Creation Promotion Committee, to enable each employee to think about what value co-creation is, and consider ways to take on the issues faced by our clients and society overall, and overcome them. We have defined the processes for instilling organizations and employees with the concept of value co-creation as Recognition, Sympathy, Practice, and Establishment, and we are implementing a variety of measures suited to each process.



The Value Co-Creation Leader Development

Value co-creation leaders are the “successors” who continue spearheading reform through implementation of value co-creation. The value co-creation leaders gathered from each organization think about their own value co-creation and that of NRI and build a network that crosses boundaries between organizations, through a two-year development program. Further, they engage in implementation of value co-creation through dialogue with the president and members of management.

To date, 61 individuals have completed the value co-creation leader development program that was launched in the fiscal year ended March 2020, and value co-creation leaders are being born in each organization every year. After completing the program, value co-creation leaders do not merely implement value co-creation but they also promote activities to instill their own organizations with the value co-creation concept.



Dialogue with the president

The Value Co-Creation Leader Development Program

STEP 0 Realization	Realization as a successor
STEP 1 Knowing oneself	Rediscovering and recreating your own value standards
STEP 2 Knowing NRI	Rediscovering and recognizing the value standards of NRI
STEP 3 Knowing the client/society	Understanding the circumstances of the client and society and identifying issues
	Presentation to managers of value co-creation activities/dialogue with the president
Practical succession	Implementing value co-creation (1) Dialogue with young employees/managements
	Implementing value co-creation (2) Value co-creation day

The Views of Value Co-Creation Leaders

Through the development program, we were able to deepen understanding of the corporate philosophy to which we needed to return. Discussions with the president and members of management in the development program were helpful in regarding value co-creation as my own issue, and I have a strong feeling that I grew significantly myself. As a value co-creation leader, in the future, I want to work on implementing value co-creation in business myself rather than merely promoting efforts to entrench it in the organization.



Kaori Yamamoto
Cloud Computing Service & Planning Department

Kengo Sohara
IT Consulting of Financial-Sector Department

Natsumi Kashimoto
NRI System Techno, Ltd.

Promoting Recognition via Transmission

We are communicating a variety of information both inside and outside the company to spread recognition of value co-creation.

Sharing information on a special internal website

We launched an exclusive value co-creation website and are providing information on the thoughts of management, the views of clients, and efforts inside the organization.

Transmit information outside the company

In addition to providing information about NRI's value co-creation activities on the website, we introduce our efforts at the ESG Briefings that are held each year.

NRI's Value Co-Creation
https://www.nri.com/en/co_creation



Special internal value co-creation website

Cultivating Sympathy via Dialogue

We regularly establish opportunities, such as Co-Creation Day, for value co-creation leaders to report on activities and for members of management to engage in dialogue with employees, and to cultivate sympathy for value co-creation. Further, we conduct a variety of other activities aimed at helping everyone in the company think of value co-creation as their own issue, such as having value co-creation leaders take the lead in thinking about value co-creation in their own organizations and planning opportunities for dialogue.



A panel discussion on Value Co-Creation Day

Assisting Efforts Across Organizations

We support cross-organizational efforts from the implementation stage to the establishment stage. We aim to develop these activities into cross-organizational efforts by establishing opportunities for the sharing of past cases and discussion between organizations that are facing similar issues and concerns. In the fiscal year ended March 2020, we also began worksite-initiated efforts to think about social issues, not only across departments inside the company but also with stakeholders outside the company, and find ways for the overall industry to achieve sustained growth.

Worksite-initiated Efforts to Co-Create Value Across Multiple Organizations

Each year since 2019, NRI has planned and hosted the Next-generation Leader Exchange Session as a forum for young leaders in client companies and industrial associations that will lead the future of the securities industry and NRI employees to think about the social issues surrounding the industry. The third occasion of the event in October 2020 had 31 participants from throughout Japan, who discussed the ideal nature of securities sales during the COVID-19 pandemic, and exchanged views and ideas, on the theme “Considering Securities Sales to Survive the New Normal Era.”



A scene from the Next-generation Leader Exchange Session

Participants' Voices



Ruriko Hara
Tokyo Stock Exchange, Inc.

The Next-generation Leader Exchange Session provided an opportunity to understand the current state of the securities industry and think about what we can do as providers of market infrastructure.

As social issues become more serious, I feel that the meaning of such activities to strengthen collaboration within the industry is significant. In the future as well, I would like to collaborate with the people and organizations that support the industry, work to broaden the horizons of investment, and contribute to the sustained growth of the financial industry.



Taichi Takano
HIROGIN SECURITIES CO., LTD.

One of the greatest things I gained from it was the ability to confirm that securities companies, industry associations, and other involved parties with different standpoints were all working toward the common goal of “creating a better future for investors.”

In order to respond to the needs of investors that change with the times, it is necessary for us to constantly identify changes and change ourselves as well. I would like to contribute to helping people achieve an abundant life by providing financial services that match the needs of the times.

Message from the Head of Corporate Headquarters

Contributing to a sustainable future through ceaseless self-transformation and resolute decision-making

Hidenori Anzai

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



Making our own choices, learning our own way

Throughout our history, we at NRI have stayed ahead of the times by adopting new technologies at a lightning quick pace for our progressive initiatives. Back when digital technologies still played only a small role in society, it was possible to clarify a policy and advance in a straight line toward a goal. The human resources and skills needed were clear. However, digitalization has progressed in rapid succession. Now, systems are the very essence of business. And technology is more important than ever. We have found ourselves in an age where it is unclear what even constitutes a competitive advantage. That is particularly why our clients require insight that is ahead of the times, and creativity to be able to dream up the future.

In our age of uncertainty, meeting this demand means seeking out the goals, policies, and paths forward on our own, among a broad range of possibilities. In other words, we believe that each of us must think individually about what we can do and what we want to do, then set our own goals accordingly. That does not mean abandoning or changing the skills that have carried NRI to where we are today. Rather, our approach is to value these skills while adding the skills needed to survive in the digital age. We refer to this as “+DX.” Based on this approach, we are creating new learning forums by establishing several training programs to refine the skills required in the digital age, from technological skills in cloud and data analytics to the human skills of mental strength and leadership. Employees make

their own choices, and go to our learning forums to elevate their skills. This is how we nurture professionals of substance who reinforce NRI’s competitive advantage.

Evolving work styles and co-creating job satisfaction

Employees must feel satisfaction and fulfillment from their work in order to fully harness their skills and capabilities and successfully implement our management strategy. We also believe that a culture that leverages diversity to break down tough challenges is necessary for each and every employee to feel true job satisfaction. The COVID-19 pandemic has forced us to change our outlook on work styles and work itself. Work styles that incorporate telecommuting have become the norm, and most communication has shifted from in-person to online. Job satisfaction is something that is fostered in the work environment and the mutual influences the employees working there exert on each other. Particularly since work styles these days are evolving so rapidly, we are pursuing our “co-creating job satisfaction” initiative to work together throughout the company at creating job satisfaction.

Raising employee engagement is essential in being able to create and improve job satisfaction. At NRI, we regularly conduct employee engagement surveys to measure their motivation toward proactively contributing to the organization and their psychological state on the job. We are working toward visualizing employee engagement. We are also working in unison to design various support programs to

address what we identify from the results of these surveys, and to do whatever else is necessary to create and improve employee job satisfaction.

Additionally, we are doubling our efforts toward diversity and inclusion in order to create workplaces that generate job satisfaction, where human resources with diverse values can continue to challenge themselves. NRI formulated an action plan to achieve at least a 30% ratio of female hires among new graduates in FY March 2023 and achieved it one year ahead of schedule. We are also establishing systems and environments that are even more conducive to female employee participation. Additionally, we have been stepping up efforts to create tolerant environments that value differences, with the aim of having workplaces where human resources of all different career backgrounds and generations can thrive.

Good work-life balance is also essential to any considerations about job satisfaction. NRI was early to seize upon telecommuting as a new work style that would unlock the maximum potential of employees and the organization, and we have been making company-wide efforts to incorporate it. When the state of emergency declaration was issued in Japan, we utilized telecommuting and reduced our office attendance ratio to 30%. Even after the COVID-19 pandemic is contained, we plan to actively implement work styles that enable employees to choose the best environments for their own productivity, with the general expectation of a 50% office attendance rate. Telecommuting is a tool we are using to actively engineer our own transformation. As NRI accommodates these new work styles, we will also be actively working to consolidate and reorganize our offices, which include handing over office spaces that are no longer needed.

We will be striving to create workplaces that offer a greater sense of job satisfaction and to foster a culture that yields positive cycles in which the diverse people who work there can thrive, challenge themselves, and produce results.

Reducing our environmental impact

The NRI Group recognizes that efforts to address global environmental issues, including climate change and environmental pollution, are common issues worldwide. As a leading IT company, we set environmental targets early on, and have made specific efforts such as joining the RE100 initiative and endorsing the TCFD Final Report. In response to the increasing global sense of crisis regarding climate change, we revised our target for limiting the rise in global temperatures from less than 2°C compared with preindustrial levels to less than 1.5°C, and received SBTi (Science Based Targets initiative) approval for the new target.

We believe that clients using the shared online services provided by NRI offers a drastic reduction in greenhouse gas emissions compared with those clients operating systems on their own. Going forward, we plan to actively transition to renewable energy sources to power the shared online services and cloud operations at NRI’s data centers. Currently, we are pursuing our goal of renewable energy usage at our data centers of 70% by 2030 and 100% by 2050. Our entire company is working toward the

procurement of renewable energy, with the ambition that we could achieve this goal even earlier than planned. We also intend to work continuously toward achieving our other environmental targets earlier than planned, including for greenhouse gas emissions in our supply chain. In FY March 2021, we accelerated initiatives to reduce our environmental impact, including the issuance of NRI Sustainability-Linked Bonds that commit explicitly to future improvements in sustainability outcomes. Leveraging both creativity and technological capability, NRI is working together with all of our stakeholders to reduce our environmental impact.

Governance that is globally viable

NRI is continuously working on better governance to support the sustainable growth of our company. As one of our growth strategies, we are improving our governance according to global standards in light of our current stated goal to expand business globally. This includes voluntary application of International Financial Reporting Standards (IFRS) and revising the NRI Group tax policy. In FY March 2021, we implemented the clawback system. At NRI we will continue striving to enhance our corporate governance for transparent and sound decision-making and, in doing so, contribute even more toward the creation of a sustainable future society.

Human 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 encourages 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 or 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.

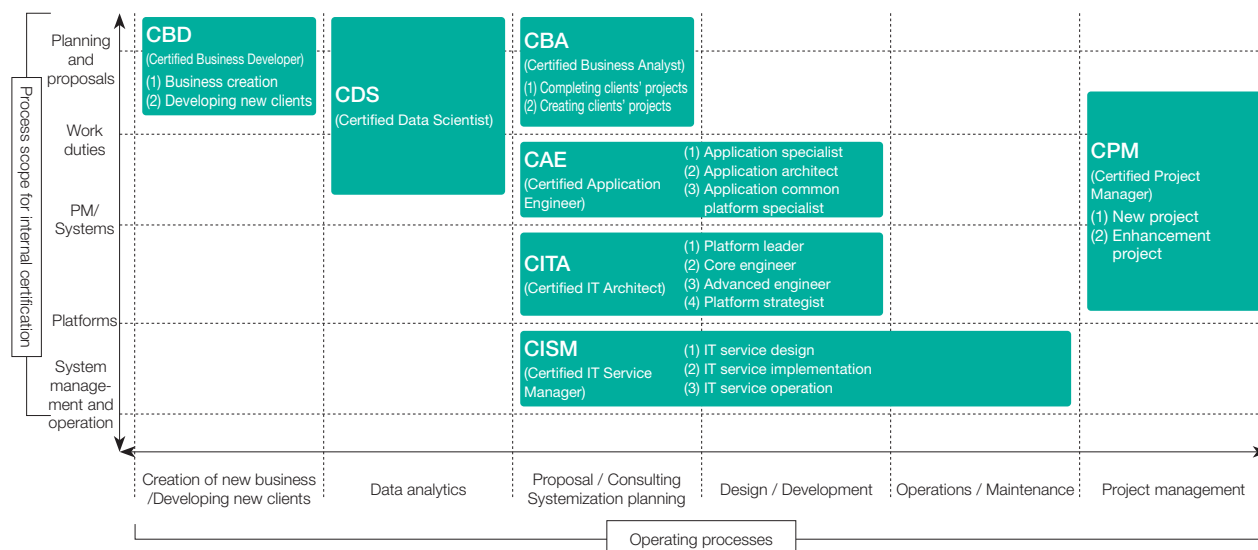
In addition to compensation for short-term performance, we have implemented incentives for medium- and long-term contribution; specifically, for the achievement of sustainable improvements in corporate value. Examples of incentives include retirement allowances, a defined contribution pension plan, employee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

* Employee Share Holding Incentive Plan: Uses shareholding 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

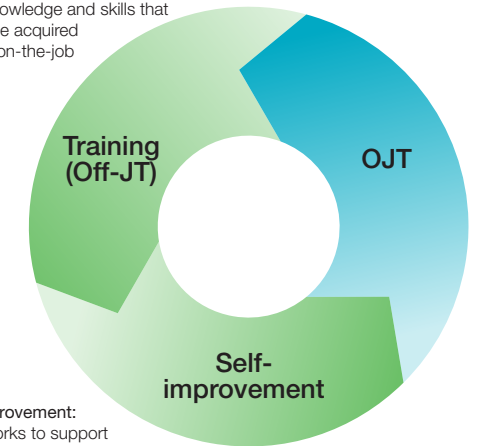
Human resources development at NRI is an organic fusion of three methods: training programs, self-improvement, and on-the-job training (OJT). NRI believes that providing OJT through work experience is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deepening understanding. It is also positioned as a method for obtaining knowledge and skills that cannot be acquired through OJT. Our training program system (Figure 3) is generally divided into three program classifications. In addition to training at the time of receiving pay raises, Seniority-based Programs include programs for managerial talent development of selected individuals, for supporting women's participation and advancement, and for career development of tenured employees. Career Development Programs provide a variety of training programs that fulfill the diverse needs of employees, directed toward the development of individuals' capabilities in line with their career fields (Figure 1) and acquisition of in-house certifications. Diversity & Inclusion Programs offer programs geared toward diversity and work-life balance. NRI has also established a system to support self-development for employees to become qualified in and improve their foreign language skills.

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.



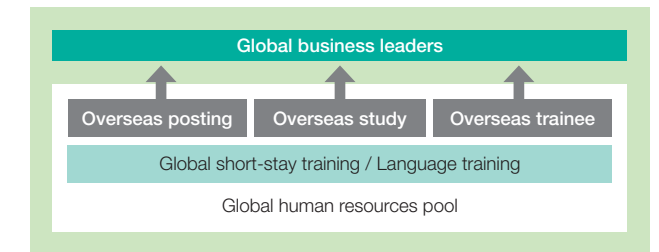
Global Human Resources Development Programs

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 nine years, 190 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.

Overseas assignments were halted during FY March 2021 due to worldwide COVID-19 pandemic, but we are sequentially resuming these assignments in FY March 2022.

NRI's Global Human Resources Development Program



Training Program System (Figure 3)

Classification	Junior employees		Mid-career employees		Senior employees		
	Assistant employees	Specialist employees	Deputy Supervisor	Supervisor			
Program according to seniority and position	New employee training	Training for promotion to specialist	Training for promotion to deputy supervisor	Training for promotion to supervisor	Training for promotion to senior employees	Training for new GM	Training for new department head
					Career planning workshop		
Career development program					Selected leader development program		
					Female leader development program	Female leader training program	Selected female department head and GM program
Priority fields	Consulting training				Selected GM training program		
	New employee training				IT solution skill training	Basic career training	Hands-on career training
D&I-related program	Human skills and other skill development program				Training for selected certifiers		
					DX human resources development program		
Other					Global human resources development program		
					E-learning related to diversity promotion, including unconscious bias and nursing care		
Other					Support for balancing work with childbirth, parenting and nursing care program		
					D&I seminar for department head and GM		
Other					Self-improvement support program		

Human Capital

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 reskill 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.

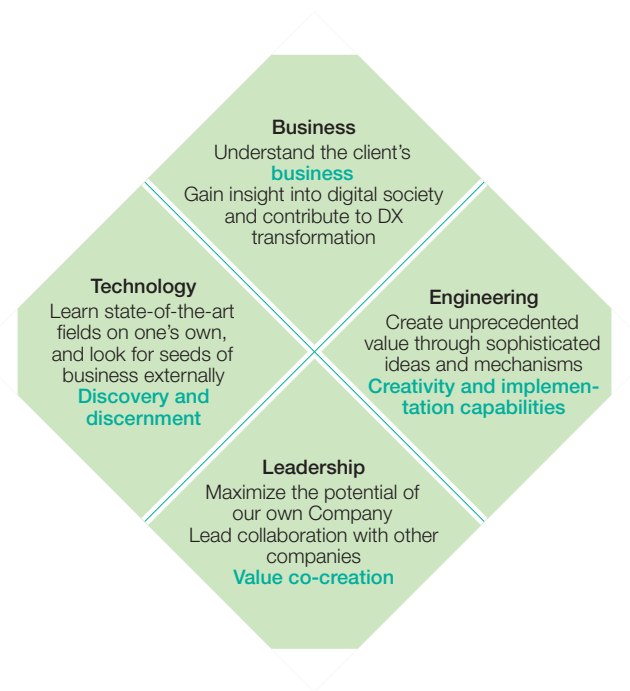
Furthermore, proactive collaboration is carried out with research bodies (graduate schools, etc.) in Japan and abroad, external organizations, such as data scientist (DS) associations, and companies. A multitude of academic knowledge and progressive cases are incorporated to establish places of learning 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.

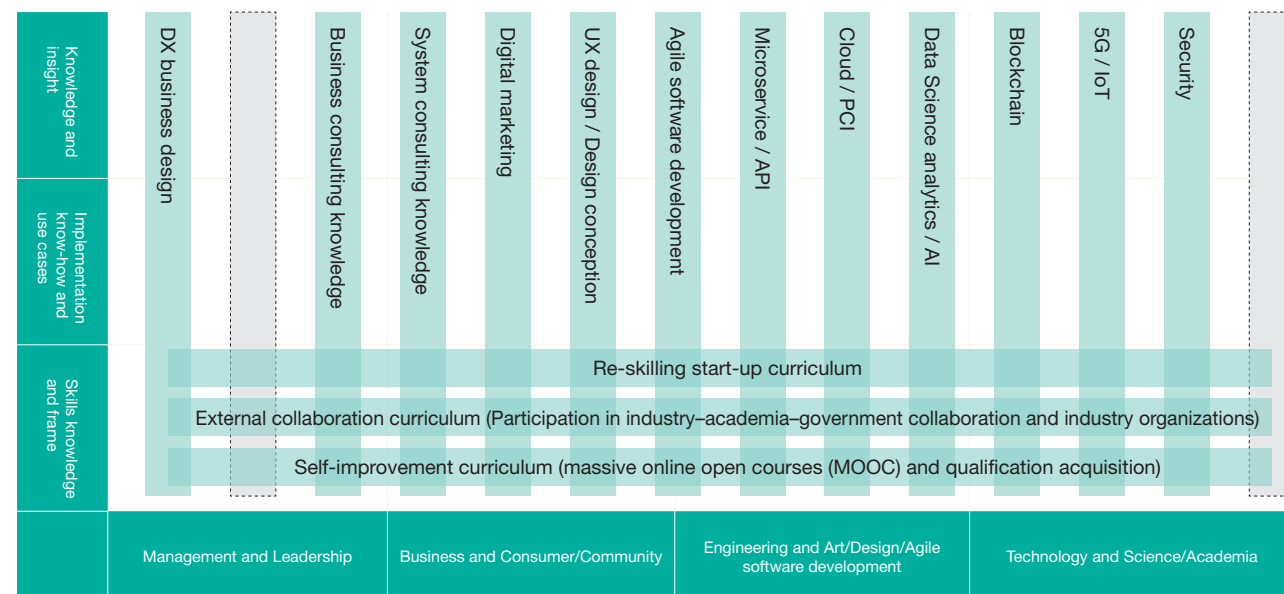
Ranks have been established in accordance with skill levels for each capability to develop the human resources required for execution of the DX Strategy. Programs are planned and operated after establishing numerical targets in regard to the number of people to be cultivated.

DX Human Resources Development Policy (Aimed-for Ideal)

Based on the concept of "+DX" 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)



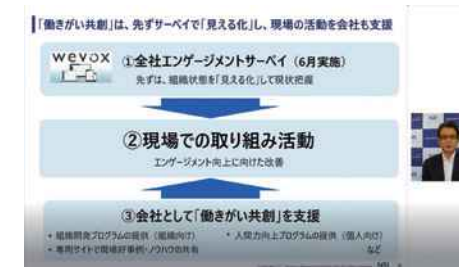
The Four Places of Learning (Figure 2)

1	Opportunities for learning	Each individual obtains opportunities to learn to challenges 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"> • Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies • 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 • Self-improvement through Coursera*, university lectures, qualification acquisition, etc. <p>* Coursera: Providing e-learning courses through partnerships with roughly 200 universities and companies throughout the world</p>		<ul style="list-style-type: none"> • 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 • 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 • Lead opportunities to teach others to even deeper learning through systematization and introspection 			
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"> • 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 • 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 <p>* CoE (Center of Excellence) Organization: A cross-departmental organization within a company that brings together scattered people and knowledge</p>		<ul style="list-style-type: none"> • 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 • Trigger personal growth through opportunities to strengthen NRI's branding 			
<ul style="list-style-type: none"> • Promote the integration of internal resources and information through these measures, and strengthen the display of capabilities by individuals 					

Job Satisfaction Co-Creation Forum

The Job Satisfaction Co-Creation Forum was held online in May 2021 with the goal of communicating management's stance on raising employee engagement and to have employees themselves aim to create workplaces conducive to job satisfaction.

At the forum, four experts from inside and outside NRI, including senior management, spoke about the importance of stimulating the organization through higher engagement. There were roughly 700 participants on the day of the forum, and over 250 more employees watched the video from the forum that was posted later.



Projection video of the Job Satisfaction Co-Creation Forum

All training and seminars moved online

Training sessions and seminars attended in-person by employees could not be held due to the COVID-19 pandemic. However, nearly all of these were shifted to interactive livestreaming online where virtually the same content and activities were offered, including group work.

The smooth transition to online training made it possible to conduct the same level of human resources development activities as a normal year, with the Human Resources Development Department alone being able to hold 233 courses with 685 sessions overall (excluding e-learning courses and courses organized by the division) in FY March 2021.



Online training session taking place

Human Capital

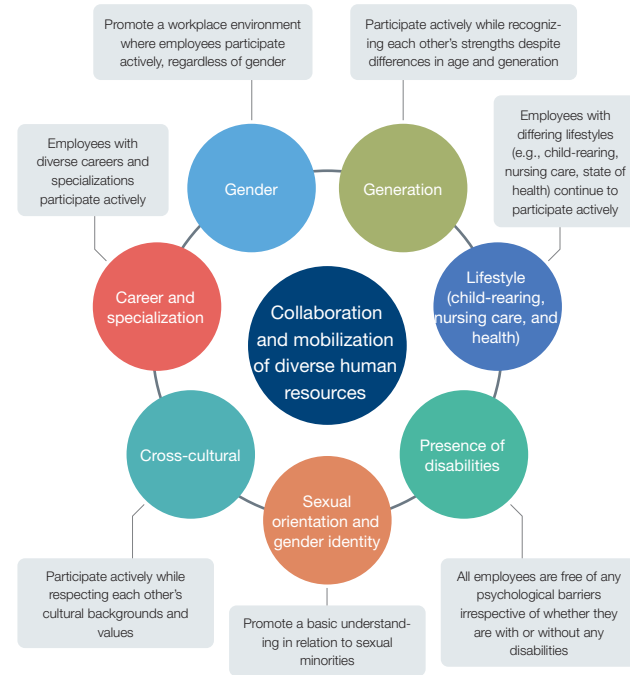
Promoting Diversity and Inclusion, and Respect for Human Rights

NRI is promoting diversity and inclusion to promote employee success, which is in the Human Resources Strategy. Furthermore, we are engaged in the respect of the human rights of all people who are impacted by NRI's business activities.

Diversity and Inclusion at NRI

NRI believes that consolidating the strengths of each of its employees, with their various strengths and individual characteristics, leads to the strength of the organization. The Group aims to foster a workplace environment where diverse employees can all keep working positively and continue embracing challenges. To all employees, we offer e-learning content (e.g., understanding of unconscious biases and sexual minorities) that promotes understanding of diversity and inclusion. Additionally, in the past few years, related activities have prioritized three areas (gender, career/specialization, and generation) out of the seven areas shown in the figure on the right.

NRI Action Policy for Promoting Diversity and Inclusion



Initiatives for the Promotion of Women's Participation and Advancement in the Workplace

We are continuing our engagement in activities for the NRI Women's Network (NWN) project, which began in 2008 under the direct supervision of our president. When activities were first launched, an issue was women's turnover due to life events. We therefore created systems that supported the balance of work and parenting, prepared training, and fostered an environment that facilitated greater participation by women, making it only natural for women to continue working. Furthermore, we implemented measures to encourage women to advance their careers, including the Leader Development Program launched in FY March 2016, and the Leader Development Academy, in which female directors serve as instructors and was launched in FY March 2019. We thereby succeeded in boosting the female managers' ratio.

Discussions related to diversity promotion, including hiring women for management positions, are also taking place in Senior Management Committee and Board of Directors meetings. To facilitate the further hiring and promotion of women to director and management positions, we are engaging in the promotion of women's participation and advancement while keeping the job assignment and development plan in mind.

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"> 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) 2. Raise NRI's female employee hiring rate to at least 30% of its total hires 3. Carry out, toward management-level employees, further awareness-raising activities related to diversity management
Initiatives	<ol style="list-style-type: none"> 1. Continue the Female Leader Development Program with the goal of developing female employees into managers 2. Continue measures to increase the number of female students recruited as employees 3. Implement awareness-raising measures related to management and development responsibilities of managers toward employees with diverse individualities and values 4. Carry out system reforms aimed at allowing employees to select diverse work-style choices

Initiatives for Promoting the Success of Mid-career Hires

NRI is strengthening mid-career hiring in order to promote the DX and Global Strategies. We are enhancing on-boarding measures when mid-career hires join NRI to enable them to become used to their new work environment as soon as possible and exhibit their expertise and capabilities to the fullest extent. From FY March 2021, we are holding a semi-annual exchange event for mid-career recruits and the president. Additionally, we interview mid-career hires who are doing well and publish articles for internal consumption.



Get-together of mid-career hires (held online)



Initiatives for Strengthening Intergenerational Integration and Synergy

Employees of a broad range of ages work at NRI, from those in their teens to their sixties. In regard to differences in thinking and values arising from generational differences,

there is a need to create an environment that enables people to recognize each other's strengths while respecting differences. In 2021, we worked to enhance the awareness of managers and department heads by holding a D&I seminar for them with generational inclusion as the theme.

Support for Balancing Work with Childbirth, Parenting, and Nursing Care

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 encouraging male employees to take paternity leaves and vacations. 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, to promote balance between work and nursing care, we have systems such as nursing care leave and shorter working hours for nursing care. We also hold nursing care seminars on a periodic basis.



In-office nursery Yumeminato Hoikuen



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 up meeting rooms and libraries, supporting training, collecting/delivering internal mail, managing 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 2021, 181 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.37%).

* 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.



NRI Mirai employees working at the magazines and books corner

Efforts for Respecting Human Rights

NRI considers respect for human rights an important social responsibility. 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. Furthermore, as an initiative to entrench respect for human rights, we exercise human rights due diligence toward NRI and its Group companies based on the UN Guiding Principles on Business and Human Rights. In addition, we also carry out in-house training (e-learning) related to ESG, including human rights.

To further promote sustainable procurement, we are reviewing the terms and expressions used in the existing NRI Group Procurement Policy and the NRI Group Employees' Code of Business Conduct. Additionally, in April 2021, we established the NRI Group Business Partners'

Code of Conduct that outlines those matters that we would like our business partners to observe, including respect for human rights, compliance with laws and regulations, and preserving the global environment. Currently, we have made the Code known to our business partners, such as external contractors and procurement sources, and are seeking their understanding and cooperation.

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.

- 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
- Human Rights Report**
https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf
- NRI Group Business Partner Code of Conduct**
https://www.nri.com/en/company/partner_code

Human Capital

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 that 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 that 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. Although roughly 90% of NRI employees telecommuted while the April 2020 COVID-19 state of emergency declaration was in effect, we were able to continue providing services that did not differ from normal times. Currently, we are engaged in enhancing productivity through a new work style that combines telecommuting with in-office work. The percentage of people coming into the office to work has been set at 30% when a state of emergency declaration or pre-emergency measures are in effect.

At all other times, the attendance rate has been set at 50%. 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 that matches the content and characteristics of work at each division.



New office that achieves an innovative working style

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 QOL.

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

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.

* This refers to a business policy that 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.



External Evaluation of NRI

- In 2017, NRI 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 five 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 five consecutive years in a row



Social and Relationship Capital

Cooperation with Stakeholders

NRI's stakeholders, mainly consisting of clients, employees and their family members, shareholders, 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 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

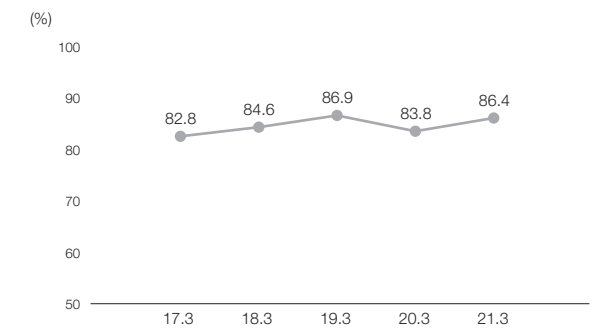
NRI conducts client satisfaction surveys for each project and has clients evaluate the entire project. We also obtain specific feedback from clients on our proposal-making skills and incident-management procedures.

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 project 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 or currently working from home.

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. The dialogue was held online for the first time in January 2021. There was participation by a record 53 business partners, a testimony of their strong interest in sustainability activities.



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

Social and Relationship Capital

Dialogue with External Experts

Talks with the CEO of the World Business Council for Sustainable Development (WBCSD)

In September 2020, we received a request from WBCSD CEO Peter Bakker to hear the thoughts of President Konomoto on the impact of the COVID-19 pandemic on NRI.

In the dialogue, Mr. Bakker described the state of the global business community under the COVID-19 pandemic and the stakeholder capitalism actionable project that leads sustainability performance to investment. He spoke of his expectations toward NRI, which possesses knowledge related to finance and IT.

Meanwhile, NRI described how industry's metabolism will be promoted after the end of the COVID-19 pandemic, companies will need to transform their business model, and NRI will lead the transformation of companies from the aspects of both consulting and IT. Furthermore, it was

explained that, in regard to stakeholder capitalism, NRI is advancing research on databases to appropriately match investors with companies requiring funds.

To continue to be an indispensable existence for the world toward the Group's sustainable growth, NRI is promoting global collaborations for solving the social issues that are arising on a global scale.



WBCSD online meetings



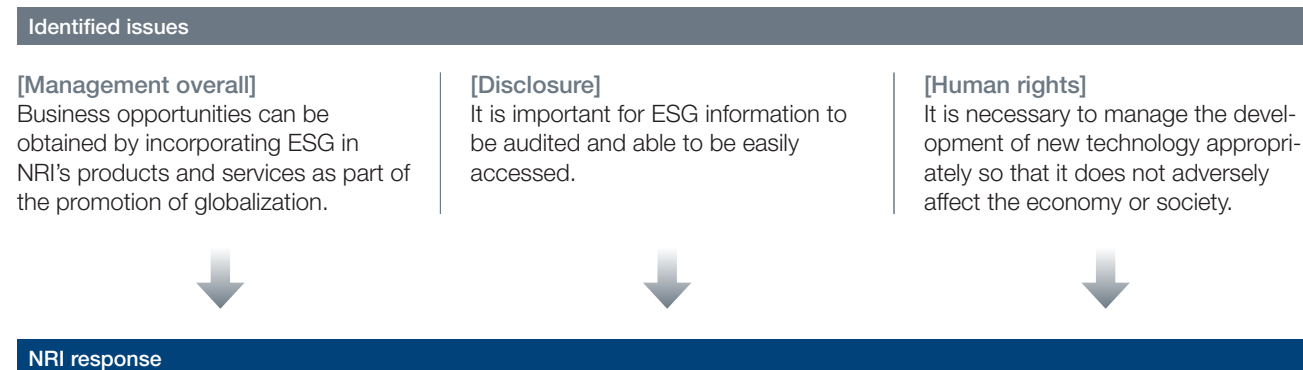
Dialogue with WBA

Dialogue with the World Benchmarking Alliance

In October 2020, dialogue was carried out with the World Benchmarking Alliance (WBA), an international NGO that promotes the Sustainable Development Goals (SDGs). Opinions were exchanged on such topics as corporate value from the perspective of the SDGs, and how disclosure should be made in regard to human rights-related initiatives.

Status of Response to Issues Identified in Past Dialogue

NRI is improving its ESG initiatives and risk management based on the pointers acquired through dialogue with various stakeholders.



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
 - 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 56th Ordinary General Meeting of Shareholders: Notice released on May 21 → 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

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 2021:

For shareholders	<ul style="list-style-type: none"> • Shareholder questionnaire: Number of respondents: 4,139 (Number sent: 14,538 shareholders / Collection rate: 28.5%)
For institutional investors and analysts	<ul style="list-style-type: none"> • Number of investors met: 713 persons • Domestic: In addition to results briefing sessions for each quarter and individual interviews, held small meetings with management, ESG briefings, Business Information Sessions, etc. • Overseas: Online roadshows and online conferences
For individual investors	<ul style="list-style-type: none"> • Individual investor information meeting: two were held (Online) • Number of attendees: 1,430 persons

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 2021 briefing welcomed 106 participants.



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

2020 Award for Excellence in Corporate Disclosure
 · IT Service / Software Industries
 · Disclosure to Individual Investors
 (The Securities Analysts Association of Japan)

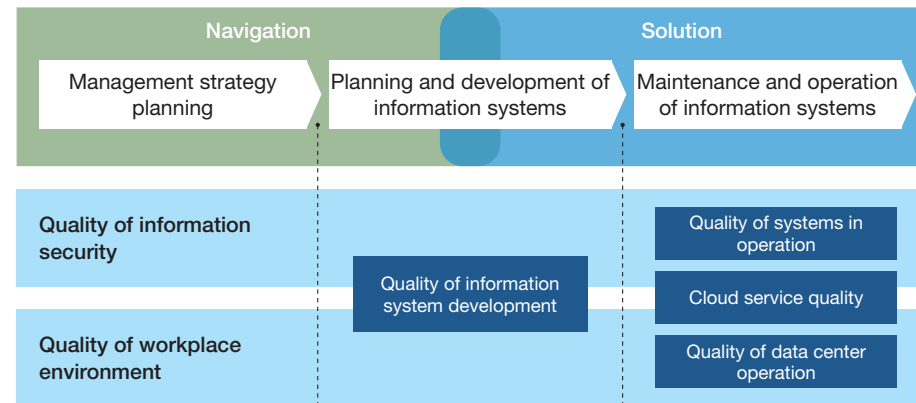


Manufacturing Capital

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

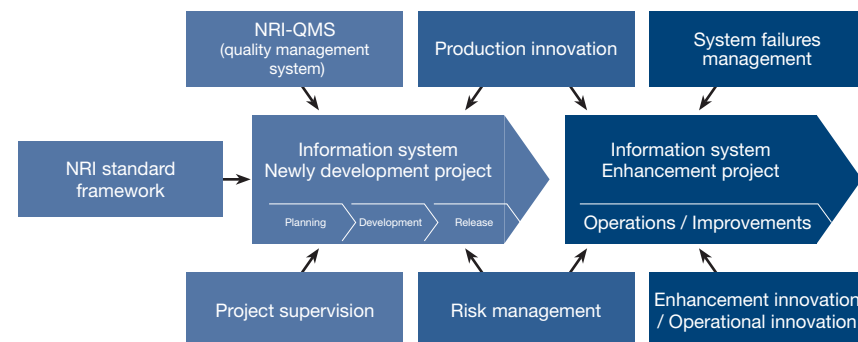


Initiatives for Improving the Quality of Information Systems

Each division is responsible for quality management over system development, maintenance and operations, and consulting services projects. In addition, NRI has an organization that 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 Support System for Improving the Quality of Information Systems

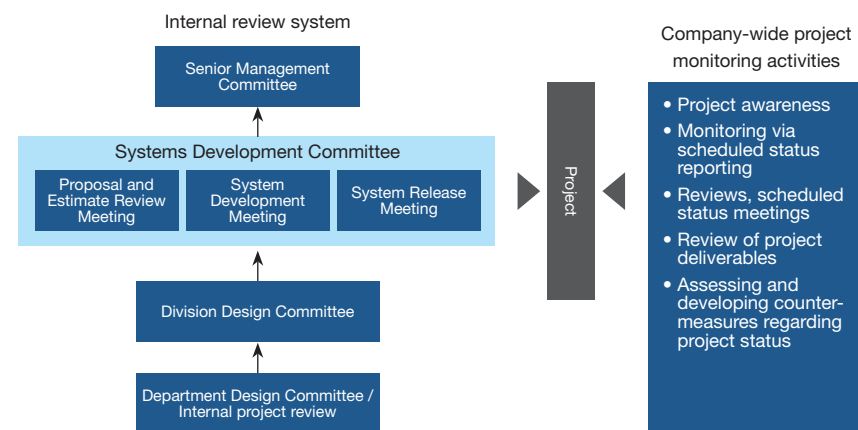


Project Supervision Activities to Support the Quality of Information System Development

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 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. In FY March 2021, NRI explained its internal initiatives related to the 2025 digital cliff and new technology, such as AI, under the theme of "how to deal with the digital cliff and new technology and meet the expectations of clients."

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 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.



Video content from the Safety and Security Forum (excerpts)

Examples of Certifications and Assurances Acquired by NRI

- ISO9001 (Quality management system)
- ISO14001 (Environmental management system)
- ISO20000 (IT service management)
- ISO27001 (Information Security Management System)
- ISO27017 (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

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

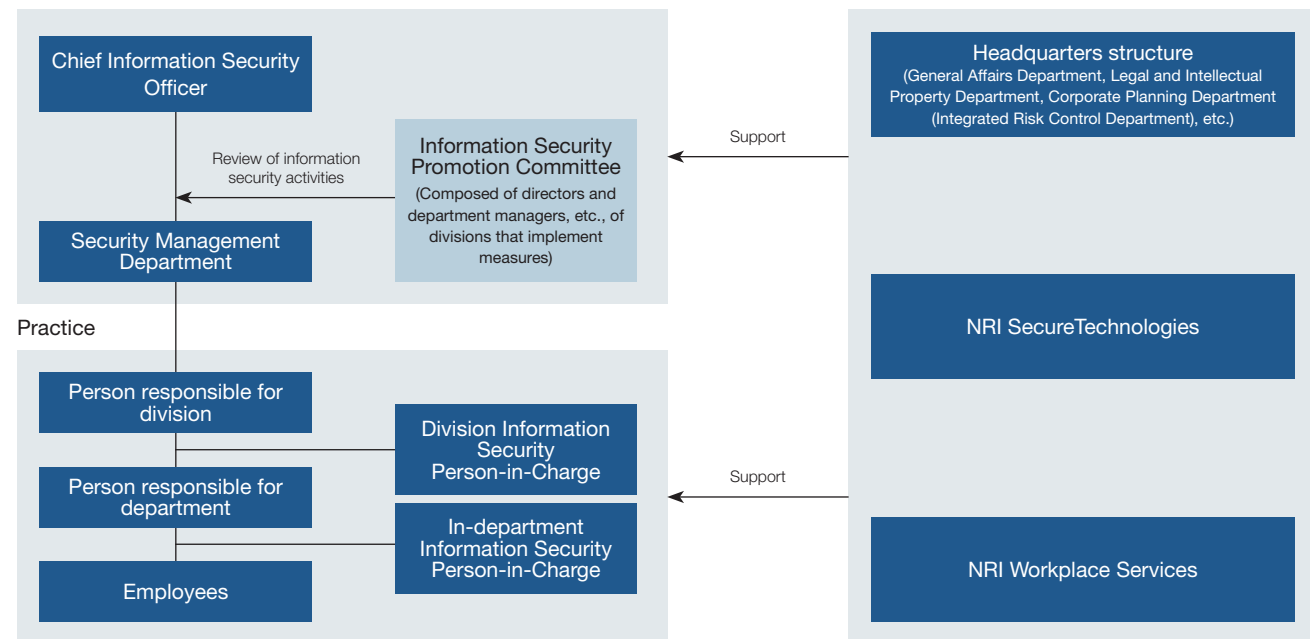
NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed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

NRI uses system-based defenses against cyberattacks, such as installing antivirus (anti-malware*) software, hard drive encryption, and installing different security measures (such as firewalls, WAF**2, and network behavior analysis technology**3). However, NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT**4).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates, and shares vulnerability and attack information that is organized, swift, and appropriate. We also conduct for our employee's education and training.

*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 Web Application Firewall: System for detecting or providing protection against attacks that take advantage of the vulnerabilities of web applications.
 **3 Malware used in a phishing attack is often produced to target a specific company alone, which means general antivirus software may not be able to detect and eliminate the attack. NBA technology works by running software suspected of being malware in a highly restricted environment called a "sandbox." Checks are then made to see whether the software is engaging in behavior such as information exploitation or preparatory activity to that end, and if it is, it is eliminated.
 **4 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.

III

NRI Secure Recognized as an Information Security Market Leader by Research Firms in Japan and Overseas

As part of the "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 fourth year in a row. Furthermore, NRI was introduced as one of the representative global vendors in reports published by U.S.-based Forrester Research related to managed security services providers and fraud management solutions.

Received the 2020 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, the Yokohama Center, and the 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

Environmental Impact Reduction Activities for Preserving the Global Environment

One of the key issues (materiality) for sustainable growth raised by the NRI Group is environmental impact reduction for preserving the global environment. All officers and employees are striving to reduce the environmental impact.

Environmental Targets

The environmental target set by the NRI Group in FY March 2019 was certified under the Science Based Targets initiative (SBTi)*1, an international environmental initiative, as a 2°C target or a pathway to limiting global temperature rise to below 2°C from preindustrial revolution levels. Later, in May 2020, NRI committed to Business Ambition for 1.5°C, in response to the mounting sense of crisis related to global climate change. In February 2021, NRI set a greenhouse gas emissions reduction target that aimed to limit global temperature rise to 1.5°C from preindustrial revolution levels. The target has been certified by SBTi as a 1.5°C target. To achieve this target, NRI has changed the target for the renewable energy utilization rate by NRI Group data centers, from 36%, which was set when joining RE100**2 in FY March 2019, to 70% in FY March 2031.

*1 SBTi: 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 preindustrial 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).
*2 RE100: 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.

Science Based Targets website
<https://sciencebasedtargets.org/>
RE100 website
<http://there100.org/>

NRI Group's Environmental Targets

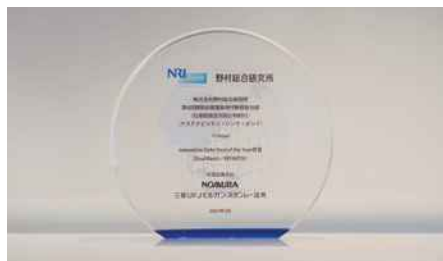
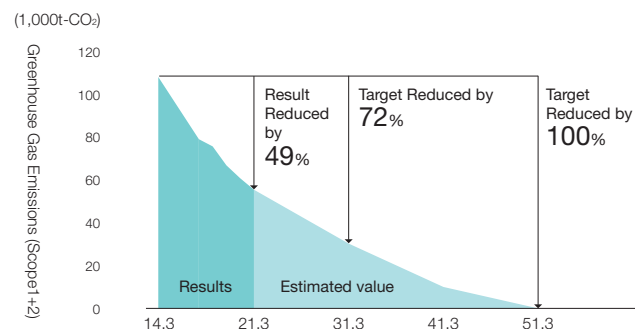
Category	Initiatives
Scope1+2	Target for FY Mar. 2031
	Reduce greenhouse gas emissions at the NRI Group by 72% (compared with FY March 2014)
	Achieve a renewable energy usage rate of 70% at data enters
	Target for FY Mar. 2051
	Reduce greenhouse gas emissions at the NRI Group to zero
Scope 3	Achieve a renewable energy usage rate of 100% at the NRI Group
	Target for FY Mar. 2024
	70% or more of NRI Group suppliers and vendors will set science-based target for reducing greenhouse gas emissions (Categories 1, 2 and 11)
	Target for FY Mar. 2031
	Reduce greenhouse gas emissions related to employee travel and commuting (Categories 6 and 7) by 25% (compared to FY March 2014)

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.

In March 2021, we issued NRI Sustainability-Linked Bonds**3, which are linked to the aforementioned greenhouse gas emissions and renewable energy utilization rate by NRI Group data centers. The bond has adopted a mechanism for having investors agree with and support the achievement of NRI's environmental target in FY March 2031. The NRI Sustainability-Linked Bonds were selected as Refinitiv Japan K.K.'s Innovative Debt Deal of the Year in the corporate bond category of the DEAL WATCH AWARDS 2020.

*3 Sustainability-Linked Bonds are bonds with terms that change depending on whether sustainability/ESG targets specified in advance can be realized. Issuers of Sustainability-Linked Bonds commit to improving outcome related to future sustainability within a time frame specified in advance. Specifically, Sustainability-Linked Bonds are financial instruments based on future performance that is evaluated by key performance indicators ("KPIs") and sustainability performance targets ("SPTs") specified by the issuer in advance, and the terms of such bonds will change depending on whether SPTs, which are set as target values to be realized in relation to KPIs, are realized.

Results and Annual Targets of Greenhouse Gas Emissions (Scope1+2)



Award plaque for the Innovative Debt Deal of the Year

Actual Greenhouse Gas Emissions

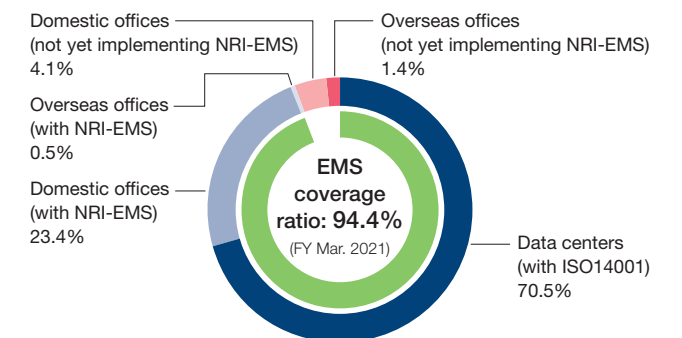
From FY March 2016, NRI has been relocating and consolidating operations into data centers and offices with high environmental performance. As a result, the NRI Group's greenhouse gas emissions (Scope1+2) in FY March 2021 were 55,000 tons, which was a reduction of about 49% from FY March 2014. Going forward, we will engage in the reduction of GHG emissions by promoting

renewable energy procurement in addition to our conventional energy conservation measures.

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 CO₂ emissions. Furthermore, NRI-EMS, an environmental management system unique to NRI, has been introduced at key NRI offices. 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.

Target Scope for Environmental Management System (based on CO₂ emissions)



Progress in Renewable Energy Procurement

Because 90% of the NRI Group's greenhouse gas emissions arise from the use of electricity, we are sequentially promoting a switchover to the use in business of electrical power derived from renewable energy. As for our offices, thanks to efforts such as the lobbying of building owners, a switchover from FY March 2022 to the use of electricity derived from renewable energy has been decided at

some offices. Meanwhile, at our overseas bases, we achieved net-zero GHG emissions in three regions—China, the U.S., and Australia—by purchasing renewable energy certificates. To achieve our target of making the renewable energy utilization rate by our data centers 70% by FY March 2031, we launched a company-wide decarbonization project in February 2021.

ESG Training for Employees

We believe that spreading the NRI Group's sustainability policy to each officer and employee, and having them engage in their daily duties with an awareness of the key issues for sustainable growth is of importance in the implementation of sustainability efforts. To enable this, we opened our intranet ESG Site in November 2020 as a means to build awareness and familiarize employees with the

necessary knowledge and wisdom, including those matters that need to be observed. Through the ESG Site, employees can learn about the global trends related to ESG from each of the themes—Environmental, Social, and Governance. What is more, employees can also learn about and deepen their understanding of the sustainability activities that the NRI Group is engaged in.

External Recognition

For the second year in a row following FY March 2020, NRI was selected, through the climate change survey carried out by the international non-profit organization CDP*, as a Climate Change 'A List' company, which is 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 for the second year in a row in February 2020 by selection to the Supplier Engagement Leaderboard—the highest rating assigned to companies in the Supplier Engagement Ratings by the CDP.

Going forward, all NRI officers and employees, together with our business partners, will promote transparent environmental impact reduction activities toward creation of a sustainable society.

* 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>



Natural Capital

Initiatives for the TCFD Final Report

NRI's Initiatives Regarding the TCFD Final Report

The NRI Group established our Sustainability Activities Committee to carry out initiatives upholding value co-creation in sustainability management by implementing initiatives related to sustainability management.

Because we consume a large amount of electric power—mainly at our data centers—the NRI Group acknowledges the importance of the effect electricity usage has on the climate. We announced that the NRI Group endorses the TCFD*1 Final Report (“TCFD”) in July 2018, and we are appropriately disclosing information based on the TCFD framework. Repeated discussions are being held in the Sustainability Activities Committee together with experts from

the consulting business division, and in FY March 2018 we began publicly releasing information about our progress at the annual ESG Briefing*2.

In FY March 2018, we identified risks and opportunities throughout the NRI Group's overall business. In FY March 2019, we conducted a scenario analysis for the data center business (which is vulnerable to the impacts of climate change) and calculated the financial impacts. In FY March 2020, we conducted a scenario analysis for profit centers—the asset management solution business (which is part of the Financial IT Solutions business) and Consulting business—and calculated financial impacts.

TCFD scenario analysis Implementation status

	FY March 2018	FY March 2019	FY March 2020
Implementation details	Study the scenarios and identify risks/opportunities · Identifying risks and opportunities for the 2°C and 4°C scenarios	Scenario analysis for businesses vulnerable to climate change · Calculating financial impact	Scenario analysis for profit center · Calculating financial impact
Target Project	Consulting		Consulting
	Financial IT Solutions		Asset Management Solution
	Industrial IT Solutions		
	Data centers	Data centers	Report target for FY March 2021

Anticipated Impacts on Our Businesses (Opportunities and Risks)

After declaring our support for the TCFD Final Report, we established the scope of our investigations in FY March 2018, the first fiscal year. We defined and identified scenarios*3: a “2°C or lower scenario,” in which the temperature increase is kept below 2°C according to the Paris Agreement, and a “4°C scenario,” in which

no measures are implemented besides those expected at present. We identified the impacts in these scenarios on the Consulting, Financial IT Solutions, Industrial IT Solutions, and Data Center businesses.

+ Opportunity - Risk

Business Field	2°C or lower scenario		4°C scenario	
	+	-	+	-
Consulting	+	-	-	-
Financial IT Solutions	+	-	-	-
Industrial IT Solutions	+	-	+	-
Data centers	+	-	+	-

Scenario Analysis for the Asset Management Solution Business

In FY2020, we conducted a scenario analysis for the asset management solution business, which is part of the Financial IT Solutions business.

[Business model analysis]

To identify risks and opportunities in the asset management solution business, we first conducted a business model analysis for the asset management solution business. The asset management solution business is broadly classified into the asset management service, investment information service, and BPO service. We surveyed the relationships between these three services and the variation factors of profit that are expected to be affected by climate

change events. The below illustration demonstrates these relationships. In the asset management service, we learned that client companies' asset balances had the largest impacts. In other words, in this business model, as client companies' asset balances increase, NRI's profit grows. As client companies' asset balances decrease, NRI's profit falls. In the investment information service, we found that the amount of information required by investors had the largest impacts.

Variation factors of profit and business for asset management firms

Variation factors of profit expected to be impacted by climate-related events

		Asset balance	Transactions	No. of clients	Investor information required	No. of funds
Asset management service	• Industry-standard business platform for the total support of investment trust, investment advisory, and pension operations at asset management firms	⊙	○	○	○	○
Investment information service	• Provision of financial information data regarding economy, finance, corporations, and securities in Japan and overseas • Platform for supporting investment analysis, the collection of investment information, and provision of investment information inside and outside the company at financial institutions			○	⊙	○
BPO service	• Operation services for middle- to back-office work regarding all finance, including asset management	○	○			

[Risk and opportunity analysis]

We then conducted a risk/opportunity analysis. We surveyed impacts on our services and changes anticipated at client companies regarding six climate-related events, and analyzed whether these posed risks or opportunities for NRI. The results are shown in the following illustration.

We assumed that there would be opportunities overall as ESG disclosure and other information advances. We have also conducted interviews with the management of client companies to corroborate the expected changes.

○ Opportunity ▲ It can be both a risk and an opportunity ✕ Risk

	Climate-related event	Anticipated changes	Risks / Opportunities	Related businesses
(1)	Adoption of carbon pricing (carbon tax, etc.) and subsidies for new technology	Changes to corporate competitiveness and corporate value impacts the asset balance.	▲	Asset management service
(2)	Promoting standardization and requesting improved disclosure of ESG/climate-related information to companies	Asset management companies will have increased need for organizing corporate information due to increasing amounts of information disclosed from companies and standardization of the information to disclose.	○	Investment information service BPO service
(3)	Improve disclosure of information to asset management companies	Increased need for assistance due to improved disclosure of ESG investment and sustainable finance in operation at regulatory authorities and asset owners.	○	Asset management service Investment information service BPO service
(4)	Improve disclosure of ESG information for financial products	There is demand for explanation of ESG related items, etc., in financial products for individuals developed by asset management firms.	○	Investment information service BPO service
(5)	Increased interest in personal ESG and climate change	With increasing demand for ESG investment and impact investment among millennials and generation Z, who have a particularly high interest in environmental and social problems, there is increasing need for visualizing the environmental/social impact of asset management.	○	Asset management service
(6)	Intensifying natural disasters	Loss due to natural disasters will cause a slowdown in economic activity and a temporary drop in the asset balance.	✕	Asset management service

Natural Capital

[Calculating financial impact]

Next, we predicted how variation factors of profit will change based on the anticipated changes at client companies and calculated financial impacts for the six events. The below illustration shows the calculation methods used.

Climate related events		Method for calculating financial impact
Adoption of carbon tax	(1) Adoption of carbon pricing (carbon tax, etc.) and subsidizes for new technology	Set share price variation from result of GPIF estimation, etc. We analyzed the relationship between the net total assets of client companies and how much they pay to NRI to calculate the impact of share price variation on NRI.
Improve disclosures	(2) Promoting standardization and requesting improved disclosure of ESG/climate-related information to companies	We calculated the financial impact based on the market share forecast by multiplying the service usage rate by the average budget for ESG/integrated report related consulting at companies. Calculated by multiplying the service usage rate by the budget of client companies (financial institutions).
	(3) Improve disclosure of information to asset management companies	Calculated by multiplying the service usage rate by the budget of client companies (financial institutions).
Increased interest in ESG investment	(4) Improve disclosure of ESG information for financial products	Calculated by multiplying the service usage fee of client companies (financial institutions) by the unit price for providing information on financial products.
	(5) Increased interest in personal ESG and climate change	We analyzed the relationship between the number of funds of client companies and how much they pay to NRI to calculate the impact of the related fund composition on NRI.
Intensifying natural disasters	(6) Intensifying natural disasters	Set share price variation from result of GPIF estimation and past examples. We analyzed the relationship between the net total assets of client companies and how much they pay to NRI to calculate the impact of share price variation on NRI.

Anticipated contents for "2°C or lower scenario" and "3°C to 4°C scenario"

2°C or lower scenario		3 to 4°C scenario	
<p>○ Policy (1) + technology</p> <ul style="list-style-type: none"> Adoption of carbon tax: \$100 to \$140/t-CO₂ Subsidies for new technology, etc.: Plentiful subsidies for environmental technologies <p>Large impact on business profit structure and corporate value, etc.</p>	<p>○ Policy (1) + technology</p> <ul style="list-style-type: none"> Adoption of carbon tax: \$30 to \$50/t-CO₂ Subsidies for new technology, etc.: Certain amount of subsidies for environmental technologies <p>Small impact on business profit structure and corporate value, etc.</p>		
<p>○ Policy (2)</p> <ul style="list-style-type: none"> Improve disclosure regarding ESG and climate: Requests/obligations for improved ESG disclosure increase the information disclosed by companies. Disclosure frameworks, etc., will also be standardized 	<p>○ Policy (2)</p> <ul style="list-style-type: none"> Improve disclosures regarding ESG and climate: Requests for improved disclosure regarding ESG increase the information disclosed by companies. But disclosure frameworks, etc., will not be standardized 		
<p>○ Economy/society</p> <ul style="list-style-type: none"> Increased interest in environment/society: Asset owners and individuals will increase interest in the impact of their asset management on the environment/society 	<p>○ Economy/society</p> <ul style="list-style-type: none"> Increased interest in environment/society: Asset owners and individuals will not have much increased interest in the impact of their asset management on the environment/society 		
<p>○ Natural environment</p> <ul style="list-style-type: none"> Intensifying natural disasters: Intensifying natural disasters will not change significantly from the current situation 	<p>○ Natural environment</p> <ul style="list-style-type: none"> Intensifying natural disasters: Intensifying natural disasters become apparent and changes in climate patterns become clear 		

We derived calculation methods for and calculated financial impact for each of the events based on the calculation methods in the above illustration and what we anticipated for each scenario.

For instance, regarding (1) Adoption of carbon pricing (carbon tax, etc.) and subsidies for new technology, changes to corporate competitiveness and corporate value impact the asset balance. These impacts on the asset balance also affect profit in the asset management service. Therefore, we conducted a regression analysis to find the correlation coefficient for client companies' asset balances and profit in NRI's asset management service. Assuming asset balance changes caused by the 2°C or lower scenario and the 3 to 4°C scenario, we can derive profit changes in the asset management service.

To predict stock asset balance changes in the 2°C or lower scenario and the 3 to 4°C scenario, we used the rate of fluctuation, which indicates the impacts of climate on the corporate value of the entire portfolio, from the GPIF's ESG Report released in August 2020.

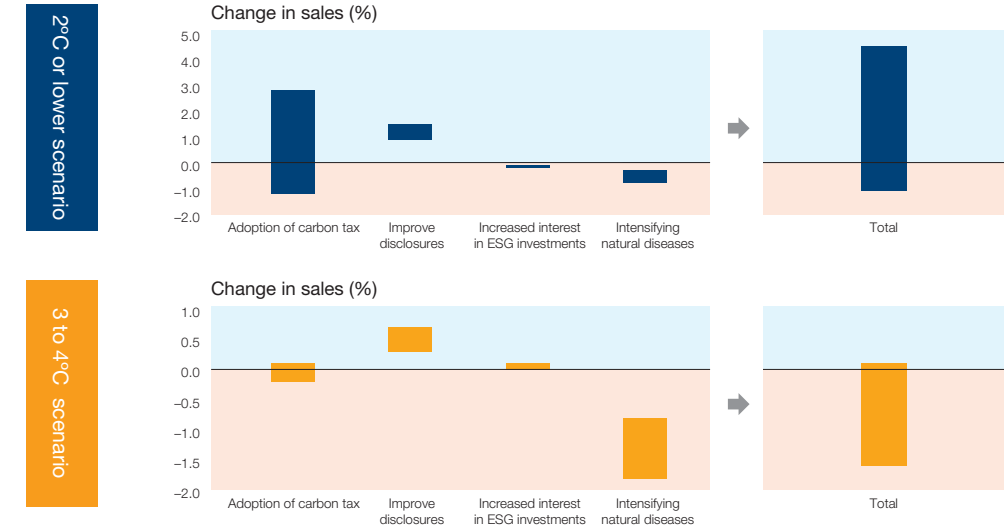
For events (2) to (6), we once again derived calculation methods and calculated financial impacts.

Financial impact was expressed as profit change. The following illustration shows the financial impacts in terms of changes in earnings, summarized in four categories: adoption of a carbon tax, etc.; improved disclosure; increased interest in ESG investing; and intensifying natural disasters.

According to the illustration above, the impact of increased sales is relatively larger in the 2°C or lower scenario, while the impact of decreased sales is larger in the 3 to 4°C scenario.

Financial impact for Asset Management Solution Business

- In a 2°C or lower scenario, positive impact on sales is relatively larger, but in a 3 to 4°C scenario, negative impact on sales is larger.



Scenario Analysis for the Consulting Business

In FY March 2020, we conducted a scenario analysis for the consulting business.

[Risk and opportunity analysis]

We conducted a risk and opportunity analysis for the consulting business. The results are shown in the illustration below.

We found that, while climate change results in increased needs for consulting business regarding sustainability, there is a high level of business risk if an economic slowdown occurs due to a failed shift to decarbonization and intensifying natural disasters.

Risks and Opportunities in the Consulting Business

- Demand for corporate assistance for adapting to climate change and shifting to a decarbonized society is expected to increase, but negative impact due to a slowdown in the macro economy is expected if the shift fails.

Climate-related events	Anticipated changes	Opportunities / Risks
Adoption of carbon pricing (carbon tax, etc.) and subsidies for new technology	Increased need for consulting due to higher necessity for strategy building and business structure reform for shifting to decarbonization	○ Opportunity
Setting terms and conditions that include climate change in the market	On the other hand, if many companies fail to shift to decarbonization in the long term, this may impact the sales of our consulting business	✗ Risk
Changes to market structure due to new environmental technologies	A slowdown in economic activity due to loss caused by natural disasters may impact the sales of our consulting business	✗ Risk
Intensifying natural disasters	On the other hand, there may be greater need for our consulting business in order to build countermeasures	○ Opportunity
Changes in weather patterns		

Natural Capital

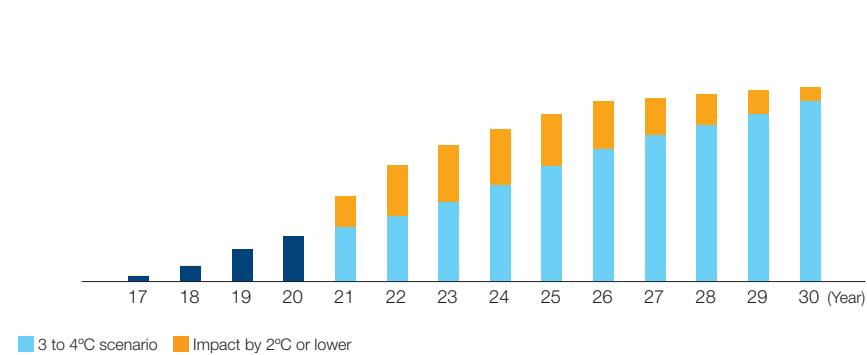
[Opportunities in the consulting business]

We anticipated future consulting opportunities based on our current track record for consulting work regarding sustainability. The results are shown in the illustration below. We found that there would be greater consulting needs in the 2°C or lower scenario than in the 3 to 4°C scenario, and that sales would increase as well.

Opportunities in the consulting business

- With companies in a period of migrating to decarbonization, demand for related consulting is increasing due to rising interest in the sustainability of the economic community, and is expected to further increase with 2°C or lower scenario.

Sustainability-related sales in the consulting business (forecast)



[Risks in the consulting business]

Regarding consulting risks, the economy will worsen if the global shift to decarbonization fails, causing natural disasters to intensify. Assuming that the impacts of a worsened economy would be similar to the financial crisis, we calculated that sales would decrease by 12.1%.

Risks in the Consulting Business

- We analyzed the impact of the economy worsening due to the crisis that may occur if the shift to decarbonization fails, based on past impacts
- Sales (net sales) decreased by 12.1% in FY March 2009 due to the financial crisis that year

Past impacts of major crises in the consulting business

	FY March 2008	FY March 2009	Rate of change
Actual production	¥18.12 billion	¥17.27 billion	-4.7%
Status of orders	¥32.25 billion	¥28.23 billion	-12.5%
Sales results	¥32.87 billion	¥28.88 billion	-12.1%

Expected business loss due to the economy worsening because of increased severity of natural disasters if the shift to decarbonization fails


* The above was based on the Annual Securities Report at the time, therefore the values are to be used as reference values for scenario analysis only, as there have been changes to the segments and business structure.

*1 TCFD: The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board, whose members include ministries of finance, financial regulatory agencies, and central bank governors from 25 major nations around the world. TCFD recommends that corporations disclose climate-related financial information, in formats such as major annual reports, so investors can make suitable investment decisions. TCFD asks that these reports disclose information on four themes about the risks that climate change poses to corporations, including governance, strategy, and risk management.

*2 ESG Briefing: The NRI Group holds its ESG Briefing so investors, analysts, and members of the media can understand our sustainability management and specific ESG-related initiatives. Refer to the website (<https://www.nri.com/en/sustainability/management/esg/2018>).


*3 Scenario: We are striving to conduct scenario analyses (analyses on how climate change could affect our business in the future) as recommend by TCFD. Regarding the 2°C or lower scenario, the NRI Group uses the Sustainable Development Scenario in the World Energy Outlook 2018 released by the International Energy Agency (IEA), and Representative Concentration Pathway (RCP) 2.6 (low, stable scenario) from the Intergovernmental Panel on Climate Change (IPCC). We also use the IPCC Special Report on the impacts of global warming of 1.5°C (SR1.5) in a supplementary manner. For the 4°C scenario, we use the IPCC's RCP 8.5 (high reference scenario).

Participation in Initiatives




May 2017
United Nations Global Compact
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.


June 2018
Japan Climate Initiative




July 2018
Task Force on Climate-related Financial Disclosures




September 2018
Science Based Targets initiative




January 2019
World Business Council for Sustainable Development (WBCSD)



February 2019
Renewable Electricity 100%



May 2020
Business Ambition for 1.5°C




Status of Inclusion at Equities in ESG Stock Indices


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

Dow Jones Sustainability World Index
Included for three consecutive years from 2018


Dow Jones Sustainability Asia Pacific Index
Included for five consecutive years from 2016



MSCI ESG Leaders Indexes*
Name of indexes changed from MSCI Global Sustainability Indexes
Included for five consecutive years from 2016



FTSE4Good Index Series
Included for fifteen consecutive years from 2006




MSCI Japan ESG Select Leaders Index*

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX


MSCI Japan Empowering Women Index*

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan Index



S&P/JPX Carbon Efficient Index



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Governance

NRI's Corporate Governance

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

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

 [NRI Corporate Governance Guidelines](https://www.nri.com/-/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

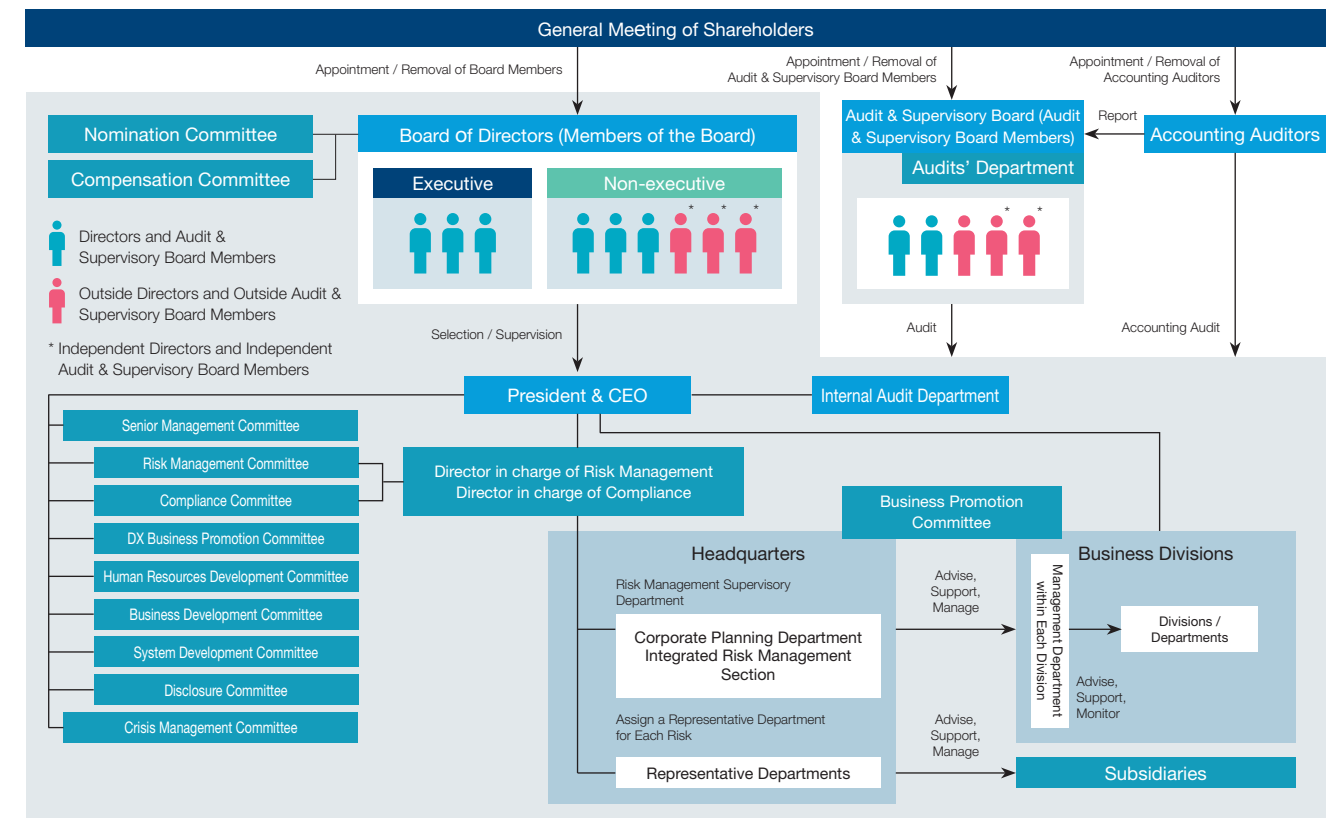
2001	<ul style="list-style-type: none"> Formulated the NRI Group's corporate philosophy Listed on the Tokyo Stock Exchange (Section 1)
2002	<ul style="list-style-type: none"> Introduced an executive officer system to assist in separating management and execution functions Reduced the number of members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

Corporate governance structure

(As of July 1, 2021)

For the Board of Directors and the Audit & Supervisory Board, see P.82-83

For the Internal Controls, Corporate Ethics, and Compliance, see P.88-89



Roles and activities of committees

Name of the organization	Objective and authority	Head of the organization
Board of Directors	Conduct the fundamental decision-making that is the basis for the Company's business execution and oversee the execution of duties by Members of the Board.	Yasuo Fukami Vice Chairman, Member of the Board
Audit & Supervisory Board	Discuss and decide auditing policies and other important matters related to auditing and formulate and express audit opinions.	Takuhito Sakata Audit & Supervisory Board Member
Nomination Committee	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.	Yasuo Fukami Vice Chairman, Member of the Board
Compensation Committee	Mainly comprising Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.	Yasuo Fukami Vice Chairman, Member of the Board
Senior Management Committee	The Committee meets in principle to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision-making.	Shingo Konomoto President & CEO, Representative Director, Member of the Board
Integrated Risk Management Committee	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.	Hidenori Anzai Representative Director, Member of the Board, Senior Executive Managing Director
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.	Hidenori Anzai Representative Director, Member of the Board, Senior Executive Managing Director
DX Business Promotion Committee	Based on the instructions given by the President & CEO, the Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.	Hiroshi Masutani Senior Executive Managing Director
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.	Hidenori Anzai Representative Director, Member of the Board, Senior Executive Managing Director
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.	Yoshihiko Sunaga Senior Corporate Managing Director
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.	Susumu Nishimoto Senior Corporate Managing Director
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.	Yoshihiko Sunaga Senior Corporate Managing Director
Crisis Management Committee	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.	Hidenori Anzai Representative Director, Member of the Board, Senior Executive Managing Director
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.	Yoshihiko Sunaga Senior Corporate Managing Director

Governance

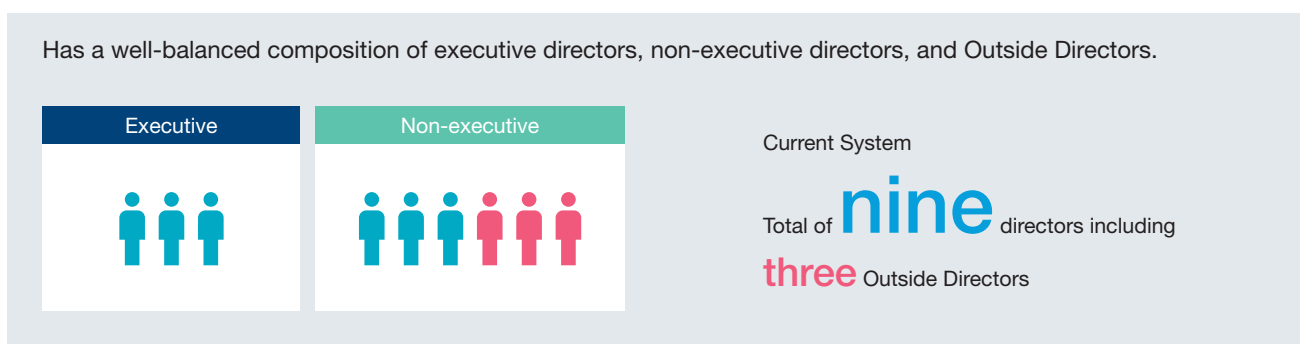
System of the Board of Directors and the Audit & Supervisory Board

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 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 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 our business activities and build consensus in executing business operations.

Structure of the Board of Directors



The Company elects three Independent Directors in principle, or no less than two Independent Directors.

The Board of Directors includes no more than 15 Members of the Board, taking into consideration of the balance and the diversity of various factors, including experience in and knowledge of the Company's businesses, corporate management, IT technology, and corporate finances.

Advisory committees for the Board of Directors

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

- Nomination Committee: 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, 2021)

Name (Date of birth)	Current positions	Executive/ Outside/ Independent	Terms of office	Attendance (Year ended March 2021)	Reason for Appointment
Shingo Konomoto (February 11, 1960)	President & CEO, Representative Director, Member of the Board	Executive	6 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, 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 achievement of the Vision. NRI has appointed him with the expectation that the experience and knowledge nurtured through his career can be utilized in the management of NRI.
Yasuo Fukami (August 12, 1960)	Vice Chairman, Member of the Board	Non-executive	2 years	Board of Directors Attended 14 of 14 meetings	In addition to experience in global business in Asia and Europe, he possesses a broad range of experience and achievements in the execution of business in the financial IT solutions and industrial IT solutions business areas as well as in corporate administration. Furthermore, as Chairperson of the Compensation Committee, he is endeavoring to ensure objectivity and fairness in the determination, etc., of director compensations. NRI has appointed him with the expectation that the experience and knowledge nurtured through his career can be utilized in the supervision of the management of NRI.
Hironori Momose (September 15, 1961)	Vice Chairman, Member of the Board	Non-executive	2 years	Board of Directors Attended 14 of 14 meetings	He has successively assumed various posts at Nomura Securities Co., Ltd., including that of Executive Officer and Senior Executive Managing Director, and 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.
Hidenori Anzai (November 9, 1964)	Senior Executive Managing Director, Representative Director, Member of the Board	Executive	Newly Appointed	—	He possesses a broad range of experience and achievements in the execution of business in the financial IT solutions, industrial IT solutions, and IT infrastructure solutions business areas 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 management of NRI.
Ken Ebato (October 28, 1963)	Senior Executive Managing Director, Member of the Board	Executive	Newly Appointed	—	He possesses a wide range of experience in the business execution and achievements in the areas of financial IT solutions and industrial 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.
Hiroshi Funakura (July 10, 1963)	Member of the Board	Non-executive	1 year	(after assuming the post on June 18, 2020) Board of Directors Attended 11 of 11 meetings	He has 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 knowledge nurtured through his career can be utilized in the management of NRI.
Hideaki Omiya (July 25, 1946)	Member of the Board	Non-executive Outside Independent	3 years	Board of Directors Attended 13 of 14 meetings	For many years, he has been involved in the management of Mitsubishi Heavy Industries, Ltd., and has worked for the growth of the NRI Group and related industries. Utilizing the abundant experience and high level of insight cultivated through his career, he has contributed to enhancing the Company's management supervision function; for example, he has expressed a wide range of opinions regarding overall management at the Company's Board of Directors, Nomination Committee, and Compensation Committee. NRI requests his election so that he can continue to utilize his abundant experience and outstanding insight to supervise management of NRI from an objective standpoint in the Board of Directors, Nomination Committee, and Compensation Committee.
Shinoi Sakata (March 31, 1957)	Member of the Board	Non-executive Outside Independent	1 year	(after assuming the post on June 18, 2020) Board of Directors Attended 11 of 11 meetings	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. Utilizing the abundant experience and high level of insight cultivated through her career, she has contributed to enhancing the Company's management supervision function, such as giving opinions on securing sustainability, ensuring diversity, and developing human resources, at the Board of Directors, Nomination Committee, and Compensation Committee of the Company. NRI requests her election so that she can continue to utilize the abundant experience and excellent understanding gained throughout her career to supervise management of the Company from an objective standpoint in the Board of Directors, Nomination Committee, and Compensation Committee.
Tetsuji Ohashi (March 23, 1954)	Member of the Board	Non-executive Outside Independent	Newly Appointed	—	For many years, he has been involved in the management of Komatsu Ltd. and has promoted growth through innovation at Komatsu Ltd.; for example, such as promoting the digitization of construction sites. NRI requests his reelection so that he can utilize his abundant experience and excellent understanding gained throughout his career in the supervision of the management of NRI from an objective standpoint in the Board of Directors, Nomination Committee, and Compensation Committee.

Audit & Supervisory Board Members (As of July 1, 2021)

Name (Date of birth)	Current positions	Outside/ Independent	Terms of office	Attendance (Year ended March 2021)	Reason for Appointment
Takuhiro Sakata (November 20, 1961)	Audit & Supervisory Board Member (full-time)	—	1 year	(after assuming the post on June 18, 2020) Board of Directors Attended 11 of 11 meetings Audit and Supervisory Committee Attended 14 of 14 meetings	He possesses a broad range of experience and achievements in the execution of business in the areas of industrial IT solutions and IT platform services, as well as the human resources development function of NRI group. NRI has appointed him with the expectation that the experience and knowledge nurtured through his career can be utilized in the audit of the execution of duties by NRI directors.
Kohei Sato (April 18, 1961)	Audit & Supervisory Board Member (full-time)	Outside	3 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 18 of 18 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.
Motoya Nishimura (July 23, 1962)	Audit & Supervisory Board Member (full-time)	—	2 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 18 of 18 meetings	He possesses a broad range of experience and achievements in the execution of business in the consulting and financial IT solutions business areas as well as in corporate administration. NRI has appointed him with the expectation that the experience and knowledge nurtured through his career can be utilized in the audit of the execution of duties by NRI directors.
Kiyotaka Yamazaki (April 4, 1953)	Audit & Supervisory Board Member	Outside Independent	7 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 18 of 18 meetings	He serves as Managing Partner of an audit corporation and has long-standing experience as a certified public accountant. Although he has not been involved in the management of a company in a capacity other than Outside Audit & Supervisory Board Member, NRI requests his reelection as Outside Audit & Supervisory Board Member to utilize his abundant experience and excellent understanding concerning finance and accounting, which he has gained through his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Kenkichi Kosakai (August 9, 1953)	Audit & Supervisory Board Member	Outside Independent	Newly Appointed	—	For many years, he has been involved in the management of Mitsubishi Chemical Holdings Corporation and other Mitsubishi Chemical Holdings Corporation group companies. He possesses work experience in the accounting and finance department, and experience as CFO 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.

Governance

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, comprising mainly 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 comprises three categories (a. basic compensation, b. bonuses and c. stock-based compensation).

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

The maximum compensation total

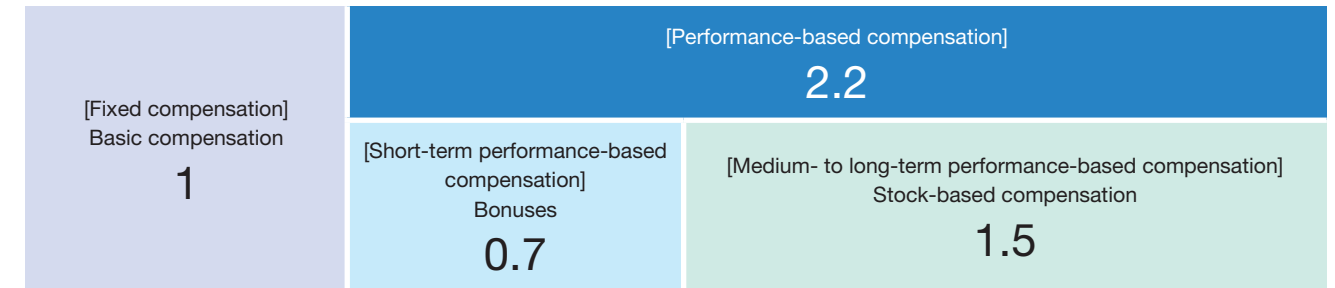
Total Compensation ¥1,000 million*1			
[Fixed compensation] Basic compensation	[Performance-based compensation]		
	[Short-term performance-based compensation] Bonuses	[Medium- to long-term performance-based compensation] Stock-based compensation (restricted stock-based compensation)	
		¥400 million*2	
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	Stock-based compensation as medium-term incentives
		¥120 million*2	¥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.	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 to the day of retirement as an officer, etc., of NRI or its subsidiary.	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 2021 is as follows. If basic compensation is equalized to "1", the bonus is "0.7" and stock-based compensation is "1.5". If fixed compensation is "1", performance-based compensation is "2.2".

Compensation Ratio for Director Compensation (FY March 2021)



Note:

1. Calculations are based on the Board of Directors average for FY March 2021 (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.

Clawback System, etc.

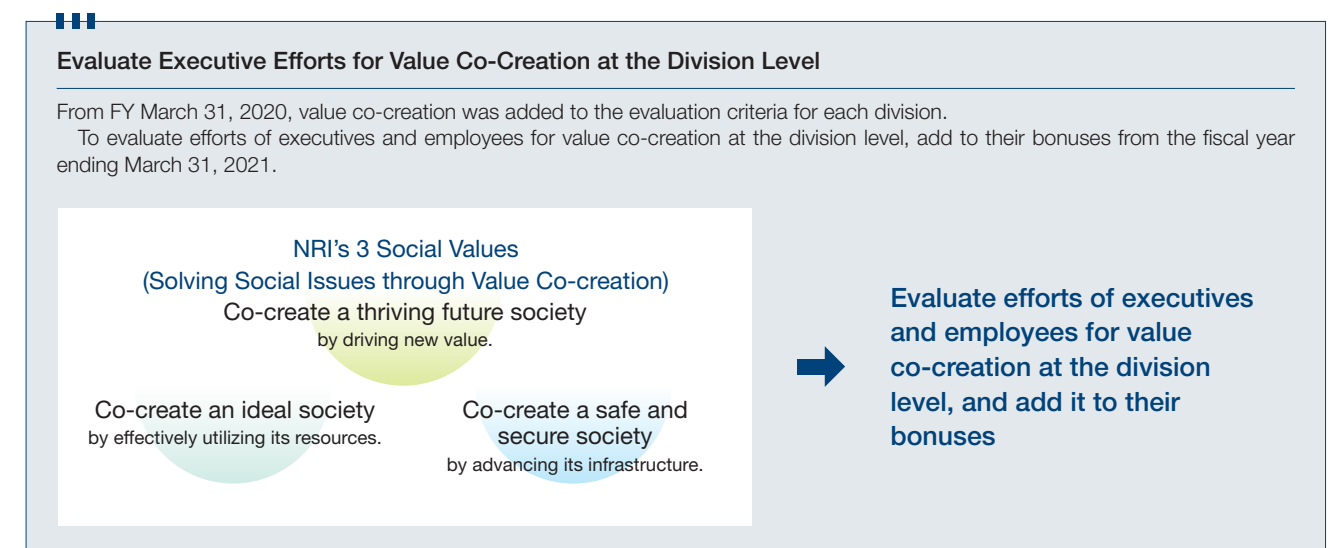
If it becomes necessary to make corrections, etc., to figures in the financial statements that served as the basis for calculating bonuses paid within the past three years, we have implemented a system that makes it possible to request the return of all or a portion of the bonus (clawback system). Furthermore, 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 that constitutes a violation thereof, the agreement on the allocation of restricted stock includes a clause (malus clause) that enables us to freely acquire all granted shares.

The target of the clawback system is Members of the Board (excluding Outside Directors), Senior Managing Directors, Managing Directors, and Executive Fellows.

Process for Determining Compensation, etc., for Members of the Board

Regarding compensation, etc., for Members of the Board, the Compensation Committee, which functions as an advisory body to the Board of Directors and is composed mainly of Independent Directors, provides advice on the system and level of compensation, the content of individual compensation, and related decision-making policies and procedures. Based on the results, the Board of Directors decides on the policy of compensation, for Members of the Board and the contents of individual compensation, etc.

The amount of basic compensation, among compensation paid to individual Members of the Board, is confirmed by the Compensation Committee according to the tables for each position as defined in decision policy for compensation, of Members of the Board. The final decision on the amount of basic compensation, etc., is entrusted to the Chairman and President & CEO, Shingo Konomoto.



Governance

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

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

(Note) In regard to Audit & Supervisory Board Members, stock-based compensation is not issued.

Executive Compensation Amounts

Executive compensation for FY March 2021 is as follows.

Category	Total compensation (millions of yen)	Compensation by type (millions of yen)					Other	No. of eligible individuals (persons)
		Fixed compensation	Performance-based compensation					
		Basic compensation	Bonuses	Stock options	Restricted stock-based compensation	Total		
Members of the Board (Excluding Outside Members of the Board)	620	228	164	5	219	390	1	7
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	107	58	27	0	20	47	2	3
Outside Members of the Board and Outside Audit & Supervisory Board Members	110	96	13	—	—	13	0	7

- Notes:
- The above includes two Members of the Board, including one Outside Members of the Board, and one Audit & Supervisory Board Member who retired at the conclusion of the 55th Ordinary General Meeting of Shareholders held on June 18, 2020.
 - 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 FY March 2018, the amount converted to costs for FY March 2021, is shown. Furthermore, the stock options for Audit & Supervisory Board Members are those granted before they assumed their post.
 - 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 FY March 2021 is shown.
 - 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 85.
 - "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Evaluations of the Board of Directors' Effectiveness (FY March 2021)

We implemented evaluations of the Board of Directors' effectiveness for FY March 2021. The following is an overview of the evaluation based on the results of a questionnaire targeting all Directors and Audit & Supervisory Board Members, exchange of views with Independent Directors, and deliberations at meetings of the Board of Directors. We continue to work toward improving the effectiveness of the Board of Directors in light of this analysis/evaluation.

Results	Item	Details
Results	Composition and Status of Operation of the Board of Directors	<ul style="list-style-type: none"> Active explanation of opinions and presentation of recommendations from Outside Directors and other open and constructive discussions and exchanges of views are carried out by the Board of Directors as a whole. A well-balanced composition ratio of executive directors, non-executive directors, Independent Outside Directors and the diversity of their experience are being maintained, and a structure to ensure appropriate decision-making and oversight is in place.
	Management Strategy	<ul style="list-style-type: none"> Discussion and exchange of views regarding DX strategy and global strategy, which are business strategies based on the Medium-Term Management Plan, are being implemented continuously and appropriately in conjunction with discussion of the status of progress of the Plan.
	Internal Control/Risk Management/Group Governance	<ul style="list-style-type: none"> In conjunction with the increase in the number of Group companies in Japan and overseas, the current state of Group governance and related issues are shared, and discussions and exchange of views regarding the orientation of efforts in the future are being conducted appropriately. In regard to internal control and risk management, reports and discussion related to the creation and operation of internal control for each risk are continuing.
	Committee	<ul style="list-style-type: none"> In the Nomination Committee and the Compensation Committee, discussions and exchange of views related to the president & CEO succession plan, the director candidate selection and development process, and the method of determining directors' compensation, etc., are being conducted appropriately, and while being arbitrarily appointed committees, they are functioning effectively.
Challenges for further effectiveness	Efforts in Light of Effectiveness Evaluations	<ul style="list-style-type: none"> The topics of discussion by the Board of Directors are set in advance in order to enhance further discussions related to promotion of the strategy defined in the NRI Group's Medium-Term Management Plan (2019-2022) and Group governance that were issues for the fiscal year ended March 2021, and discussions are carried out according to plan. These and other improvements in light of the results of past evaluations are being implemented.
	Challenges for further effectiveness	<ul style="list-style-type: none"> Continued discussion of the ideal nature of Board of Directors composition and diversity in light of the status of business and management strategy in the future Enhancement of discussions of the ideal nature of governance from the perspective of Group management in conjunction with expanded scale after sorting out the positioning and function of each company within the Group

Message from the Outside Member of the Board



As a corporation that operates an information system serving as lifestyle infrastructure, I will support the diversification and sophistication of human resources utilization.

Shinoi Sakata
Member of the Board

Steady Promotion of the Medium-Term Management Plan

NRI is steadily achieving the goals set forth in our Medium-Term Management Plan, such as globalization and DX strategy. We have also acquired know-how that is effective on a global scale. For example, NRI has acquired Australia's largest IT testing company, Planit, which specializes in software quality*. Reliability is the most important factor in the development and operation of IT systems. There is great meaning in possessing both Japanese know-how and overseas know-how in terms of software reliability.

NRI's strengths in supporting the steady achievement of plans are its resolute and sincere attitude toward corporate culture and the depth of its human resources in both consulting and IT. Additionally, as a corporation that leads digital transformation (DX), NRI expects to continue to enhance our unconventional free thinking and break-through ability in promoting innovation.

* A service that verifies whether the designed/developed systems and applications operate according to the specifications.

Highly Effective Board of Directors

The NRI Board of Directors is able to engage in open and frank discussion with executives. One basis for meaningful discussion is that executives provide detailed background information including past questions and answers. Executives provide detailed explanations until directors are fully satisfied, thus enabling the Board of Directors to obtain an in-depth understanding of agenda items. This leads to positive discussion.

Furthermore, I feel that skills and achievements are accurately evaluated during the selection of executive human resources. NRI is expected to grow further as a corporation, including overseas expansion. Accordingly, it will be necessary to increase the sophistication of our system for selecting executive human resources as we expand the size of our corporation.

Expectations for Sustainability Management

As an initiative for sustainability management, NRI is working to solve social issues through value co-creation. These goals are integrated into NRI's businesses. Depending on the industry, there may be conflicts between initiatives for sustainability management and business. However, at NRI, our work is value co-creation with clients and contributes to solving social issues. In this way, I am very happy to be able to explain how sustainability management is directly linked to our business. It is important for all executives and employees at NRI to understand this concept.

Initiatives for diversity and inclusion aim to maximize the abilities of all executives and employees, without regard for gender. I believe that the further performance of female employees will contribute to the development of the NRI Group. Based on my experience at the company where I served as an executive, I will also contribute to increasing the diversity of NRI from the standpoint of a female Outside Director.


Governance

Internal Controls, Corporate Ethics, and Compliance

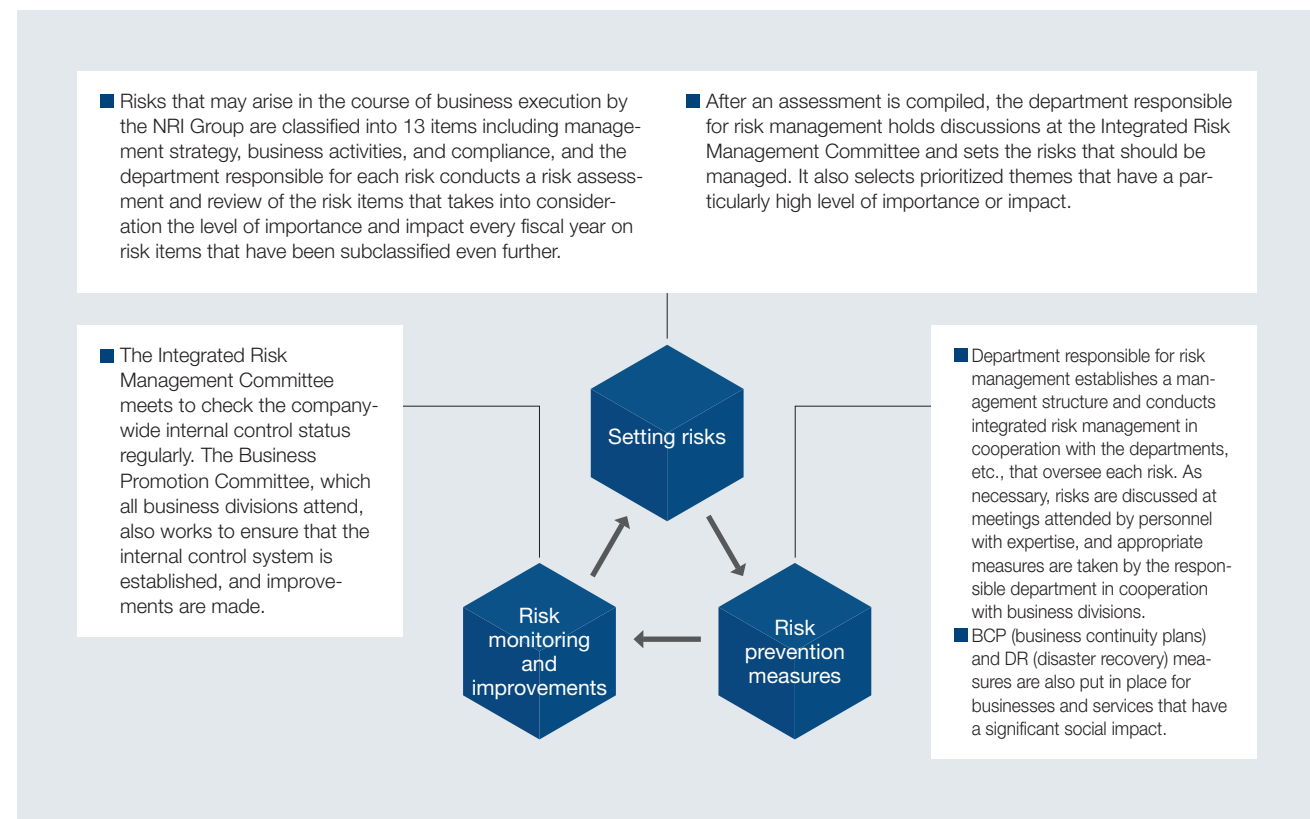
Internal Control System

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 (Japanese)**
<https://www.nri.com/jp/company/internal>

Risk Management PDCA Cycle



Priority themes for FY March 2022

- 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 Improving the effectiveness of governance for the entire 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 (22 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 Strengthening 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
Nomura Research Institute	▶ NRI Australia (Sydney)	▶ 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 NRI Group's Code of Business Principles expressing the code of business principles and NRI Group Employees' Code of Business Conduct indicating our employees' code of business conduct.

 **NRI Group's Code of Business Principles**
https://www.nri.com/en/company/company_code

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

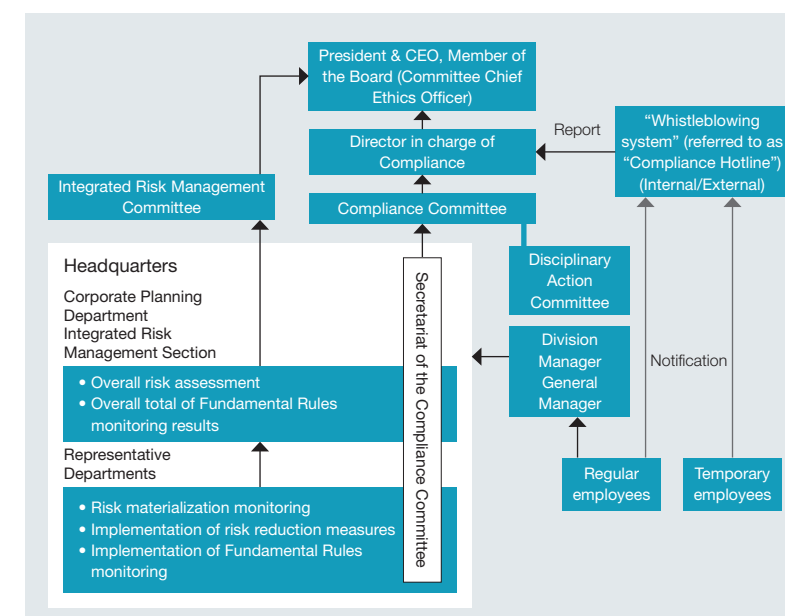
The Fundamental Rules are composed of 12 items prepared and monitored to confirm that these principles and policies are complied with and that the company's management is reliably going in the right direction.

Regular training to raise the awareness of executives and employees toward 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 AI Ethics Guidelines / NRI Group Anti-Bribery Policy / NRI Group Competition Law Compliance Policy / NRI Group Global Tax 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 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.



Governance

NRI Executives

Newly appointed Independent Outside Non-executive Executive

Members of the Board



Shingo Konomoto Executive
 Date of birth: February 11, 1960
 Chairman and President & CEO,
 Representative Director, Member of the Board (190,837 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)



Yasuo Fukami Non-executive
 Date of birth: August 12, 1960
 Vice Chairman, Member of the Board (113,077 shares)

Apr. 1983 Joined the Company
 Apr. 2011 Senior Managing Director
 Deputy Division Manager of Distribution & Communication Solution Division
 Senior Corporate Managing Director
 Apr. 2016 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
 Apr. 2021 Vice Chairman, Member of the Board (present)



Hironori Momose Non-executive
 Date of birth: September 15, 1961
 Vice Chairman, Member of the Board (27,000 shares)

Apr. 1985 Joined The 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)



Hidenori Anzai Newly appointed Executive
 Date of birth: November 9, 1964
 Senior Executive Managing Director,
 Representative Director, Member of the Board,
 Head of Corporate Headquarters (80,094 shares)

Apr. 1989 Joined the Company
 Apr. 2014 Senior Managing Director
 Deputy Division Manager of Distribution & Communication Solution Division
 Apr. 2017 Senior Managing Director
 Division Manager of IT Platform Services Division
 Deputy Division Manager of Systems Development Innovation Division
 Apr. 2019 Senior Corporate Managing Director
 Head of Corporate Administration
 Apr. 2021 Senior Executive Managing Director
 Head of Corporate Headquarters
 Jun. 2021 Representative Director, Member of the Board, Senior Executive Managing Director, Head of Corporate Headquarters (present)



Ken Ebato Newly appointed Executive
 Date of birth: October 28, 1963
 Senior Executive Managing Director, Member of the Board,
 Head of Financial IT Solutions, Division Manager of Capital Markets &
 Wealth Management Solutions Division (118,195 shares)

Apr. 1987 Joined the Company
 Apr. 2015 Senior Managing Director
 Deputy Division Manager of Capital Markets & Wealth Management Solutions Division
 Apr. 2018 Senior Managing Director
 Division Manager of Capital Markets & Wealth Management Solutions Division
 Apr. 2019 Senior Corporate Managing Director
 Division Manager of Capital Markets & Wealth Management Solutions Division
 Apr. 2021 Senior Executive Managing Director
 Head of Financial IT Solutions
 Division Manager of Capital Markets & Wealth Management Solutions Division
 Jun. 2021 Member of the Board, Senior Executive Managing Director
 Head of Financial IT Solutions
 Division Manager of Capital Markets & Wealth Management Solutions Division (present)



Hiroshi Funakura Non-executive
 Date of birth: July 10, 1963
 Member of the Board (84,704 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)



Hideaki Omiya Independent Outside Non-executive
 Date of birth: July 25, 1946
 Member of the Board ^(Note 1) (3,351 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.
 Apr. 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 Independent Outside Non-executive
 Date of birth: March 31, 1957
 Member of the Board ^(Note 1) (272 shares)

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 Adviser 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>
 Adviser of SUMITOMO CHEMICAL COMPANY, LIMITED
 Executive Director of Japan Chemical Industry Association



Tetsuji Ohashi Newly appointed Independent Outside Non-executive
 Date of birth: March 23, 1954
 Member of the Board ^(Note 1) (—)

Apr. 1977 Joined Komatsu Ltd.
 Jan. 2004 President and Chief Operating Officer (COO) of Komatsu America Corp.
 Apr. 2007 Executive Officer of Komatsu Ltd.
 Jun. 2009 Director and Senior Executive Officer of Komatsu Ltd.
 Apr. 2012 Director and Senior Executive Officer of Komatsu Ltd.
 Apr. 2013 President and Representative Director, and CEO of Komatsu Ltd.
 Apr. 2019 Chairperson of the Board and Representative Director of Komatsu Ltd. (present)
 Jun. 2021 Member of the Board of the Company (present)

<Important concurrent positions>
 Chairperson of the Board and Representative Director of Komatsu Ltd.
 Outside Director of Yamaha Motor Co., Ltd.

Audit & Supervisory Board Members



Takuhito Sakata
 Date of birth: November 20, 1961
 Audit & Supervisory Board Member (full-time) (175,731 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
 General Manager of Chubu Regional Headquarters
 Apr. 2017 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 (present)



Kohei Sato Outside
 Date of birth: April 18, 1961
 Audit & Supervisory Board Member (full-time) (1,573 shares)

Apr. 1984 Joined The Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
 Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
 Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
 Apr. 2009 Director of Nomura Securities Co., Ltd.
 Apr. 2011 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
 Apr. 2013 President and Chief Executive Officer, Representative Director of
 NOMURA 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) (70,338 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 Independent Outside
 Date of birth: April 4, 1953
 Audit & Supervisory Board Member ^(Note 1) (10,466 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)



Kenkichi Kosakai Newly appointed Independent Outside
 Date of birth: August 9, 1953
 Audit & Supervisory Board Member ^(Note 1) (1,000 shares)

Apr. 1976 Joined Mitsubishi Chemical Industries Limited (currently, Mitsubishi
 Chemical Corporation)
 Jun. 2010 Director of the Board, Managing Executive Officer of Mitsubishi Tanabe
 Pharma Corporation
 Apr. 2014 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
 Apr. 2015 Senior Managing Executive Officer of Mitsubishi Chemical Holdings
 Corporation
 Jun. 2015 Representative Corporate Executive Officer, Senior Managing Corporate
 Executive Officer, Chief Financial Officer of Mitsubishi Chemical Holdings
 Corporation
 Apr. 2017 Representative Corporate Executive Officer, Deputy CEO, Chief Financial
 Officer of Mitsubishi Chemical Holdings Corporation
 Jun. 2017 Director of the Board, Representative Corporate Executive Officer, Deputy
 CEO, Chief Financial Officer of Mitsubishi Chemical Holdings Corporation
 Jun. 2019 Adviser of Mitsubishi Chemical Holdings Corporation
 Jun. 2021 Audit & Supervisory Board Member of the Company (present)

Note:
 1. Hideaki Omiya, Shinoi Sakata, and Tetsuji Ohashi are Outside Directors. Kiyotaka Yamazaki and Kenkichi Kosakai 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, 2021.
 3. For the Audit & Supervisory Board Members, 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, Takuhito Sakata was selected at the Ordinary General Meeting of Shareholders held on June 18, 2020, and Kenkichi Kosakai was selected at the Ordinary General Meeting of Shareholders held on June 18, 2021.
 4. Figures in parentheses indicate number of the company's shares held. These list the number of shares held as of April 30, 2021, including holdings in the executive share ownership plan.

Managing Directors and 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 48 Senior Managing Directors, etc. (excluding three people who serve concurrently as a Member of the Board).

Senior Executive Managing Directors

Hajime Ueda Tomoshiro Takemoto
 Shigeki Hayashi Hirofumi Tatematsu
 Hiroshi Masutani Shuji Tateno

Senior Corporate Managing Directors

Fumihiko Sagano Tohru Yasumaru
 Yoichi Inada Tomohiko Noguchi
 Minoru Yokote Susumu Nishimoto
 Namiki Kubo Yoshihiko Sunaga
 Yuichi Higo

Senior Managing Directors

Katsutoshi Murakami Takeshi Hihara
 Hisao Nakajima Masaaki Yamazaki
 Yasushi Kobara Koji Shimizu
 Shoichi Ohno Hiroshi Koike
 Akira Matsumoto Ichiro Morisawa
 Tetsuro Watanabe Kazuya Kobayashi
 Shigekazu Ohmoto Noriyasu Kogure
 Hiroyuki Kawanami Kaga Yanagisawa
 Sonoko Kitagawa Kotaro Gunji
 Jun Odashima Hideki Saito
 Yasuki Nakamaru Katsuya Mori

Managing Directors

Takefumi Ikeya Toshifumi Hara
 Noriyuki Takeda Akihiro Kamei
 Masashi Shimizu Hiroyuki Nakayama
 Noriyuki Kobayashi Takao Yamaguchi

Research Directors

Yasuki Okai Fumihiko Kamio
 Kotaro Kuwazu

Fellow

Minoru Aoshima

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 that support NRI's IT solutions business and data center operations, in addition to system management solutions and security services for external clients

Consulting → P. 94-95

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 → P. 96-97

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

Major affiliated companies

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

Industrial IT Solutions → P. 98-99

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

Major affiliated companies

NRI Netcom, NRI System Techno, NRI digital, Brierley+Partners, ASG Group, SMS Management & Technology Limited

IT Platform Services → P. 100-101

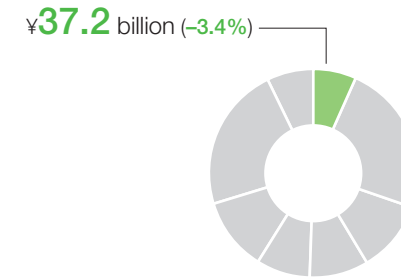
This segment provides data center operations and construction of IT platforms and networks that are provided to the Financial IT and Industrial IT solutions segments. This segment also provides IT platform solutions and information security services to external clients. Furthermore, NRI conducts research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

Major affiliated companies

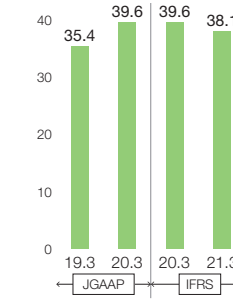
NRI SecureTechnologies, NRI Data i Tech, NRI digital

Clients

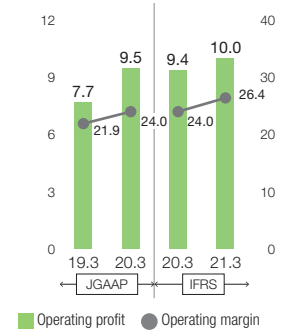
Revenue by segments for FY March 2020 (year-on-year changes)



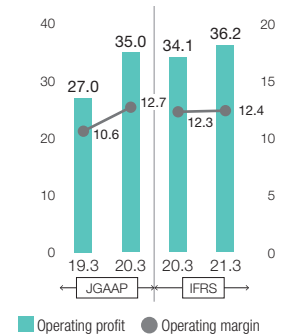
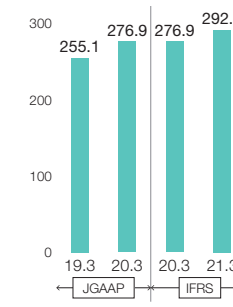
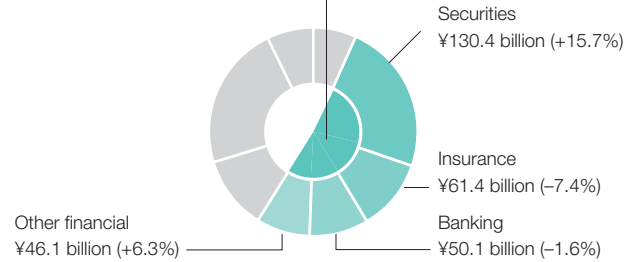
Revenue including inter-segment revenue (billions of yen)



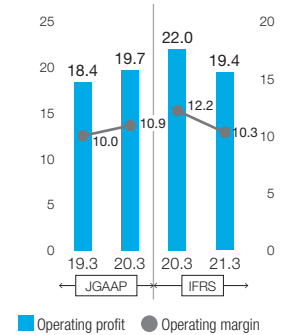
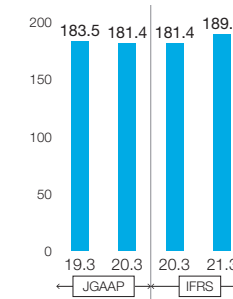
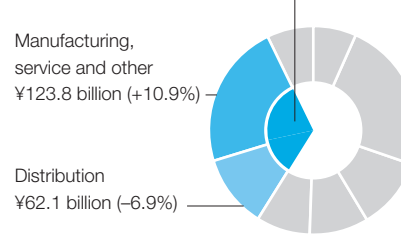
Operating profit / Operating margin (billions of yen / %)



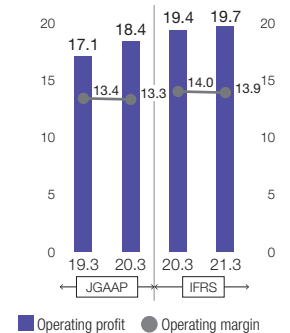
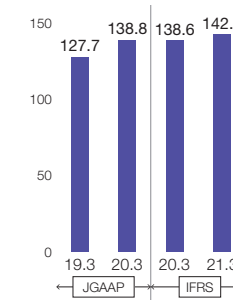
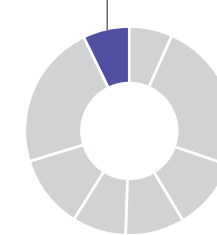
¥288.1 billion (+5.3%)



¥186.0 billion (+4.2%)



¥38.8 billion (+2.0%)



Note: 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 that 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 the 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.



Recurring Shift
Business model transformation in the manufacturing industry



Digital Capability
Organizational abilities leading to successful DX

Domestic and International Business Environment (Client Trends)

Solving social issues through DX

- Consideration of incorporating decarbonization and other social issues into management strategy progresses

Acceleration in corporate reform by DX

- Expansion of business transformation themes by DX, further enhancement of transformation needs
- Increased needs for consulting to control projects
- 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

- Solving social issues through co-creation with various partners
 - Carbon neutrality, circular economy, food value chain
 - 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 customer 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 United States

Activity results

Proposing rapid support for “substantially unemployed” non-regular employees and part-timers that have sharply increased during the COVID-19 pandemic

An investigation revealed that the actual circumstances of employment of non-regular employees and part-timers have been impacted by COVID-19 more severely than statistics show. Nationwide, 29.0% of all female non-regular employees/part-timers indicated that their shifts had decreased due to COVID-19, and 45.2% of those individuals (13.1% of the total) indicated that their shifts had decreased by 50% or more.

Non-regular employees and part-timers whose shifts have "decreased by 50% or more" and "are not receiving a temporary business closure allowance" have been defined as "substantially unemployed individuals." It is estimated that 1,031,000 women and 434,000 men were in that category as of February 2021. Substantially unemployed individuals are generally not included in the statistics for the unemployed or for individuals on leave due to a temporary business closure.

Further, the survey found that many substantially unemployed individuals are not aware that they can receive a temporary business closure allowance and that many wanted to look for a new job. In light of the findings of the investigation, we suggested that there was an urgent need to encourage the recognition and use of economic support

for non-regular employees and part-timers and to expand supportive measures that encourage labor mobility (changing jobs), in order to prevent a worsening of economic and societal circumstances as well.



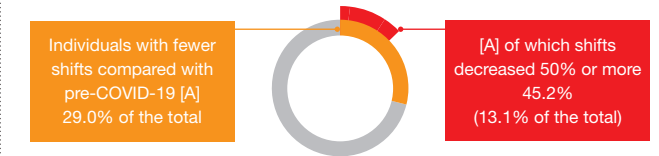
Shinichiro Umeya
Center for Strategic Management & Innovation



Kana Takeda
Center for Strategic Management & Innovation

Changes in shifts compared with pre-COVID-19

(Female non-regular employees/part-timers)



Source: NRI "Investigation of the Actual Circumstances of Non-regular Employees/Part-timers" (Feb. 2021)

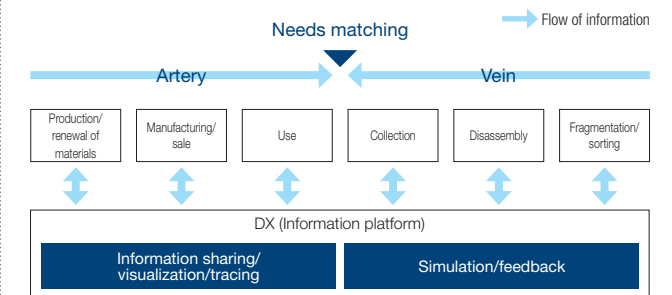
Investigation of streamlining the overall recycling process with the aim of reducing carbon dioxide emissions from energy sources

In order to achieve a circular economy, it is necessary to implement initiatives based on the overall optimal thinking that will further increase the efficiency of resource recycling, and the creation of a mechanism to share each type of information is an extremely important issue for encouragement of collaboration throughout the industry and between individual industries. In such circumstances, artificial intelligence (AI), the Internet of Things (IoT), blockchains, and other digital technologies that have been rapidly advancing are expected to contribute significantly to efficient and effective information sharing and collaboration between entities.

In a project consigned by the Ministry of the Environment, NRI conducted an investigation and made recommendations regarding the possibility of demonstration projects in the product and materials area, which has significant potential, with the aim of establishing information platform business related to resource recycling throughout society. Specifically, we considered a unified information collaboration system aimed at efficient collection of used solar panels

and appropriate reuse and recycling, as well as a system for management of waste from factories, which is unified through a shared categorization axis, and other matters.

Image of cooperation between arteries and veins through DX



Discussion of the current circumstances in digital government in Denmark and Japan, and the direction in the future

NRI CODO* hosted the Denmark Digital Government Webinar: The Current State and Future of Denmark's Globally Top-rated Digital Government.

Taking the top spot in the United Nations World e-Government Rankings for two years in a row, Denmark has shown a high level of international competitiveness through innovation and has seen the birth of many unicorn companies. The reason for Denmark's success is thought to be the Scandinavian model that is based on enhancing the infrastructure of information communication technology (ICT), which has developed conspicuously in recent years, in addition to societal mechanisms displayed in the welfare state that has garnered attention for many years.

NRI gave lectures on comparisons between the current state of Denmark's digital government and that of Japan, as well as the impact and orientation of response in the creation of Japan's digital government. Specifically, the status of consideration of Japan's digital government (My Number verification, e-Post Office Box, open data, government information system, etc.), characteristics

and issues of Japan's initiatives as compared with those of Denmark, examples of local governments that are actively working to promote digital government, etc.

* A co-creation space for development of new business and exploration of new value through collaboration with countries/regions and clients



A view of the webinar (Left)
Karen Ejersbo Iversen
Ministry of Finance, Denmark
Agency for Digitalisation, Denmark (Right)
Fumihiko Kamio
Research Director

Financial IT Solutions Segment

This segment provides system consulting, system development, and system management solutions, shared online services, and BPO 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, 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 that 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 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 11th 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: Strong financial market
- Banking: Expansion of new forms of bank and entry of companies from other industries
- Insurance: Revitalization of development of small-amount short-term insurance through revision of the Insurance Business Act
- Asset management industry: Domestic market that is forecast to Grow. Revitalization of movement to newly establish management firms

Increased digitalization due to the COVID-19 pandemic

- Establishment of remote work (non-face-to-face, no-contact)
- Increased need for business model transformation through digitalization and entry of companies from other industries
- Spread of My Number and advancement of conversion to paperless
- Expansion of demand for BPO from the perspective of business continuity



NRI Strategies and Countermeasures

Expansion of industry-standard business platforms

- Expansion of cloud-native, inter-business-category services that exceed conventional financial industry framework
- Response to diverse services needs through provision of API
- Expansion of ITO x BPO services united with Group companies

Creation and expansion of digital financial services

- Promotion of new DX business that contributes to My Number and other digital government policy
- Expansion of financial business platforms for the front office in securities companies
- Response to new forms of bank and entry of companies from other industries
- Provision of the InsDirect/MP solution for mini insurance
- Expansion of front functions for asset management firms

Acceleration of global business expansion

- Stable operation and expansion of business of AUSIEX (Australia)
- Taking on the challenge of further growth through M&A

Activity results

Issuance of “digital asset bonds” and “digital bonds,” which are corporate bonds that utilize blockchain technology for the first time in Japan

In March 2020, NRI issued “digital asset bonds” and “digital bonds,” which are corporate bonds that utilize blockchain technology. It was the first time for a Japanese company to do so. At the time of the issuance, BOOSTRY Co., Ltd., which was founded as a joint venture in 2019 by Nomura Holdings, Inc. and NRI, provided the “ibet” blockchain infrastructure. In the case of “digital asset bonds,” NRI recruits investors through a smartphone app that connects to ibet, and grants digital assets (points that can be used at a cafe in this case) in place of interest.

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.

By providing new platforms for society to support the activities of business corporations, etc., NRI will achieve new forms of finance.



Provision of the InsDirect/MP online complete business package for mini insurance

Implementation of a small-amount short-term insurance system through revision of the Insurance Business Act has led to the development of small-amount short-term insurance (mini insurance) that makes it possible to provide just the necessary amount of coverage at the necessary timing for limited risks that had not been covered by conventional insurance or mutual aid programs, such as medical insurance coverage that could be acquired even if the individual had a chronic condition, and electronic appliance malfunction insurance/insurance coverage extension services. There has also been an increase in the number of companies outside the insurance industry, such as retailers and platformers, participating as providers of mini insurance.

In light of these increasing needs, NRI released the mini insurance business system package InsDirect/MP in September 2020. In addition to streamlining implementation of the system, this package reduces confirmation work when investigating the impact of system renovation. Because of this, it is possible to propose and

modify product strategy and sales strategy dynamically while checking the needs of the insured person.

NRI is working to implement DX in insurance business to respond to new insurance needs of consumers and spread peace of mind in daily living in the future.



Taking transaction screening at securities companies to a higher level through the utilization of artificial intelligence (AI)

Securities companies are required to screen transactions, in which the transactions of investors are monitored, and customers are alerted if evidence of unfair trading is discovered. In recent years, a type of unfair trading called “market manipulation” has become more complex and sophisticated, and therefore more difficult to discover with only the transaction data possessed by a single securities company due to the use of multiple securities companies.

The NRI Group's DSB Co., Ltd., has begun conducting transaction screenings using AIFIX, an AI-based unfair trading detection algorithm developed by DSB Information System Co., Ltd. AIFIX was developed through joint research in an industry-academia collaboration with the University of Tokyo's Matsuo Laboratory, led by Professor Yutaka Matsuo. By adding screening and detection logic to the current transaction screening process, transaction screening work was significantly streamlined, and detection was conducted at a high level of precision even in the case of alert items.

The NRI Group streamlines the transaction screening work of securities companies, supports deep transaction screening, and contributes to the healthy development of the financial instruments market.



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 Scene from venue of the real estate DX seminar Center as an R&D base of DX

Domestic and International Business Environment (Client Trends)

Expansion of e-commerce due to the COVID-19

- Rapid increase for home delivery needs
- Impersonalization of sales and service

Evolution of technologies such as mobile, cloud, and AI

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

Spread of network-type products in the manufacturing industry

- Network services that significantly affect 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 and digital marketing

- Support for the continued growth of clients' e-commerce businesses
- Utilization of advanced R&D results such as customer fitting, hybrid recommendations, and loyalty point programs

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

Achievement of improved safety, productivity, and environmental friendliness in the construction industry through DX

In July 2021, Komatsu, NTT Docomo Inc., Sony Semiconductor Solutions Corporation, and NRI jointly launched the new company EARTHRAIN Ltd. (EB) with the aim of implementing DX in the construction industry and achieving dramatic improvements in safety, productivity, and environmental-friendliness.

Social issues faced by the construction industry in Japan, such as aging of employees and a decreasing worker population, as well as the spread of COVID-19, have made it necessary to reform the work style at construction sites around the world. EB utilizes digital technology to take the smart construction ordinarily provided by Komatsu to a higher level, monitoring the entire process of production remotely, and controlling it at the optimal level, thereby safely improving productivity and creating a smart and clean workplace of the future. NRI supports DX in the construction industry through

development of solutions and providing services that utilize its insight in business model transformation and digitalization.



Holding of a real estate DX seminar under the theme of "Pathway to Smart Cities"

NRI and NRI Digital hosted the 4th Real Estate DX Seminar in March 2021. In recent years, although the enactment of the Super City Act and other developments related to smart cities have accelerated on one hand, there are also a variety of hurdles to the achievement of smart cities, and the gap between the ideal and reality has become clear. During the seminar, under the theme "Pathway to Smart Cities," five consultants and business designers provided suggestions from a variety of perspectives for achievement of smart cities, addressing smart city trends and the thinking behind implementation and establishment of systems, etc.

In the future as well, NRI will communicate information, provide solutions, and support DX in the creation of smart cities and other aspects of the real estate industry.



Communicating initiatives related to the physical Internet in Japan

Yamato Group Research Institute (Yamato Research) and NRI were in charge of planning and operating sessions of the 8th Annual International Physical Internet Conference (IPIC), an international conference related to the physical Internet that was held in June 2021, and communicated efforts related to the physical Internet in Japan.

The physical Internet is an innovative distribution system in which logistics companies share and mutually use information related to the physical space of trucks and other means of transportation, as well the supplementary physical space of warehouses. We will achieve a sustainable society by controlling fuel consumption of trucks, etc., and reducing the burden on the environment, while at the same time increasing the rate of operation of transportation and storage space. Yamato Research and NRI have collaborated to conduct research related to the physical Internet up to this point.

The two companies will collaborate in the future as well, and move forward with initiatives related to the physical Internet in Japan, and communicate it to the world.



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-Solution” and open innovation



Segment Strengths

- Data centers with facilities and operational management capabilities that conform to the highest standards
- Management operation centers in five locations in Japan and network hubs around the world
- Security business that 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>



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

- Full-scale IT investment activities in clients' digital areas
- Establishment of “public cloud first” with clients
- Acceleration of business model and process transformation in anticipation of post-COVID-19

Digital workplace business

- Diversification of work locations due to the COVID-19 pandemic
- Emergence of no-contact services and other new needs
- Increased need for work-style reform

Security business

- Normalization and expansion of the scope of security threats
- Increased security needs to support zero-trust security and DX

DX production innovation

- Increased reform of client organizations through DX
- Shortage of DX personnel in client organizations



NRI Strategies and Countermeasures

Multi-cloud services business

- Provision of safe and secure IT infrastructure services
- Enhancement of the ability to take action in the DX area
- Streamlining through the use of cloud-related technology, etc.

Digital workplace business

- Creation of a high-quality office infrastructure and voice infrastructure
- Expansion of services that respond to new needs, such as no-contact interaction
- Provision of services to improve the convenience of the workplace

Security business

- Response to the migration to zero trust, cloud security for DX, and other areas with significant needs
- Provision of constant security diagnoses through utilization of the cloud

DX production innovation

- Higher level of DX support (enterprise agility, low-code development, etc.)
- Provision of AI solutions
- Technological trend surveys, search for new technology

Activity results

Promotion of measures against infection in the office through digital technology

In order to promote measures against the spread of infection of COVID-19 in offices, NRI utilized the cutting-edge technology of Amazon Web Services (AWS) to develop the NRI AI Camera, a safe and secure AI image analysis solution that considers the protection of personal information.

To avoid the three Cs in work areas, conference rooms, and other office areas, AI cameras automatically detect whether employees are wearing masks or coming into close proximity, etc., and give audio warnings. The image data acquired by the AI camera is discarded at the camera terminal through edge computing technology, and only the post-analysis data is sent to the cloud. Utilizing a variety of AWS services in the cloud enables high-level visualization and analysis. NRI uses digital technology to prevent infection of COVID-19, in order to contribute to the restart of

business activities “with COVID-19” and “after COVID-19,” which is a significant issue for companies.

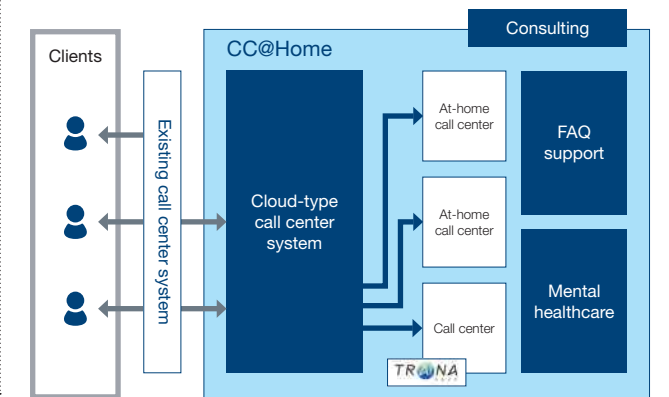


The NRI AI Camera for Office detects that the person at the left side of the screen is not wearing a mask (indicated by the red frame) and gives an audio warning to wear a mask

Achievement of at-home call centers in a short period of time

NRI provides CC@Home, a platform that makes it possible to conduct call center work at home, without going in to the call center, even in the midst of the spread of COVID-19.

CC@Home not only provides consultation to achieve an at-home call center, and is not merely FAQ support or preparation of a cloud-type call center system that resolves technical issues related to at-home call center infrastructure, but it also utilizes digital technology to support mental health management, such as making daily measurement of stress, and identification of mental fatigue and stress to identify signs of mental health issues caused by working at home. CC@Home resolves a variety of issues related to at-home work, and enables implementation in short periods of a few months. NRI supports the sustained business of companies through digital technology.



Creating an attractive community through XR technology and art

At Yokohama Triennale 2020, an international exhibition of contemporary art held in 2020, NRI took on the challenge of creating a new artistic experience using XR technology*.

In addition to enabling first-time visitors to Minatomirai to arrive at the venue without worry by having them scan a QR Code on a postcard, connect to an app, and display a map of Minatomirai, etc., it is possible to get background stories on the artists and their works displayed around town. In addition, by selecting “View in AR,” visitors could display a faithfully reproduced AR work on the postcard. The use of XR technology also made it possible to see things that would have been impossible in real life, such as works of art made of lead sinking to the bottom of the ocean.

XR is expected to become one answer as a medium for communicating messages with a spatial effect in 3D. NRI expects XR and other technology to change the patterns of behavior and awareness of companies and individuals and give birth to better circulation in the community.

* XR technology: A comprehensive term for augmented reality (AR), virtual reality (VR), and mixed reality (MR)



10-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>

	JGAAP									IFRS		
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	
Consolidated Statement of Income:												
Sales	335,554	363,891	385,932	405,984	421,439	424,548	471,488	501,243	528,873	Revenue	528,721	550,337
Cost of sales	235,515	262,315	276,664	289,210	287,270	280,761	311,868	336,508	348,006	Cost of sales	346,101	364,539
Gross profit	100,038	101,575	109,267	116,774	134,168	143,787	159,619	164,735	180,866	Gross profit	182,620	185,798
Selling, general and administrative expenses	56,886	57,608	59,450	65,287	75,873	85,272	94,481	93,293	97,688	Selling, general and administrative expenses	97,491	98,366
Directors' compensations	899	878	986	1,316	1,227	1,213	1,101	1,069	1,220	(The breakdown of cost of sales and selling, general and administrative expenses)		
Salaries and allowances	20,065	20,080	20,087	22,450	25,395	27,576	29,681	30,506	32,522	Employee benefit expenses	164,707	171,521
Provision for bonuses	4,527	4,582	4,715	5,136	5,802	5,993	6,751	6,783	7,032	Operations consignment expenses	179,721	190,008
Retirement benefit expenses	2,347	2,492	2,458	2,105	2,155	3,038	2,678	2,533	2,907	Depreciation and amortization	39,383	40,911
Welfare expenses	3,651	3,641	3,786	4,362	4,935	5,842	6,348	6,532	6,697	Equipment and machinery expenses	42,954	46,819
Education and training expenses	1,567	1,843	1,853	1,789	1,712	1,768	1,705	1,851	1,840			
Operations consignment expenses	8,401	8,823	9,640	11,170	14,246	16,722	16,740	17,073	18,366			
Operating profit	43,152	43,967	49,816	51,486	58,295	58,514	65,138	71,442	83,178	Operating profit	85,625	80,748
Non-operating income and profit	1,533	1,891	2,544	1,455	2,705	1,839	1,023	967	1,349	Finance income & finance costs	(140)	(9,672)
Ordinary profit	44,686	45,858	52,360	52,942	61,001	60,354	66,161	72,409	84,528	Profit before tax	85,484	71,075
Extraordinary income and loss	11,518	(2,988)	349	6,132	1,304	4,638	16,366	4,340	17,968			
Income taxes	23,283	14,261	21,175	19,209	19,513	21,042	26,356	25,213	32,288	Income tax expense	26,388	18,497
Profit attributable to owners of parent	32,920	28,612	31,527	38,880	42,648	45,064	55,145	50,931	69,276	Profit attributable to owners of parent	58,195	52,867
Consolidated Balance Sheet (year-end):												
Total assets	402,784	432,222	469,010	593,213	621,695	628,944	643,117	612,192	533,151	Total assets	565,229	656,536
Current assets	176,804	189,206	208,121	298,565	306,943	295,915	298,275	285,788	259,855	Current assets	259,187	323,366
Cash and bank deposits	8,462	10,273	9,885	26,469	62,138	152,610	159,541	124,773	102,540	Cash and cash equivalents	100,778	153,187
Fixed assets	225,980	243,016	260,888	294,647	314,751	333,029	344,842	326,404	273,295	Non-current assets	306,042	333,170
Tangible fixed assets	67,569	63,456	62,767	53,915	65,384	63,790	68,528	65,376	63,422	Property, plant and equipment	48,611	46,714
Intangible fixed assets	57,861	42,854	42,712	55,582	65,085	99,485	103,747	91,505	85,118	Goodwill and intangible assets	83,167	89,067
Goodwill	—	—	—	—	7,864	35,404	36,624	27,572	20,409	Goodwill	16,053	20,351
Investments and other assets	100,549	136,705	155,408	185,148	184,280	169,754	172,566	169,522	124,755	Other financial assets	55,189	59,254
Investment securities	61,273	88,378	94,766	116,480	120,397	103,841	88,999	80,203	28,512	Investment securities	31,190	34,780
Total liabilities	144,507	141,404	137,601	189,745	196,286	181,646	210,442	187,160	245,997	Total liabilities	300,502	323,329
Current liabilities	69,380	118,207	79,841	113,208	134,304	111,552	162,133	124,264	140,456	Current liabilities	156,179	174,348
Short-term loans payable	—	—	—	10,645	2,270	2,870	6,074	6,345	6,659	Bonds and borrowings	11,822	23,844
Provision for loss on orders received	—	579	3,083	3,911	1,345	1,591	50	933	300	Provisions	390	1,497
Non-current liabilities	75,126	23,196	57,759	75,988	61,327	69,500	47,714	62,419	105,076	Non-current liabilities	144,322	148,981
Bonds	49,997	—	30,000	30,000	15,000	25,000	34,082	33,931	73,310	Bonds and borrowings	91,186	93,651
Long-term loans payable	6,677	4,250	22,054	21,333	27,969	24,396	408	13,213	17,876	Lease liabilities	36,261	35,748
Net assets	258,276	290,818	331,408	403,467	425,409	447,297	432,674	425,032	287,153	Total equity	264,727	333,206
Consolidated Statement of Cash Flows:												
Cash flows from operating activities	53,067	68,600	33,839	58,710	81,470	61,147	73,493	56,349	102,787	Cash flows from operating activities	112,838	84,594
Cash flows from investing activities	(47,731)	(36,019)	(32,234)	(1,093)	(75,344)	(30,341)	(17,882)	(16,826)	18,382	Cash flows from investing activities	18,382	(20,522)
(Investing activities except cash management purpose investment)	(25,299)	(34,055)	(38,086)	(13,800)	(52,725)	(41,348)	(30,162)	(15,025)	(6,985)	(Investing activities except cash management purpose investment)	—	(22,811)
Free cash flows	5,335	32,580	1,605	57,617	6,126	30,805	55,610	39,523	121,169	Free cash flows	131,221	64,071
(Free cash flows except cash management purpose investment)	27,767	34,544	(4,246)	44,910	28,744	19,799	43,330	41,324	95,801	(Free cash flows except cash management purpose investment)	—	61,782
Cash flows from financing activities	(10,438)	(10,723)	(8,773)	(10,536)	9,326	(34,327)	(46,829)	(73,106)	(139,857)	Cash flows from financing activities	(149,908)	(13,183)
Effect of exchange rate change on cash and cash equivalents	62	721	337	694	(1,071)	624	(2,529)	(1,519)	(3,734)	Effect of exchange rate change on cash and cash equivalents	(3,734)	1,520
Net increase (decrease) in cash and cash equivalents	(5,041)	22,579	(6,830)	47,775	14,381	(2,897)	6,251	(35,102)	(22,421)	Net increase (decrease) in cash and cash equivalents	(22,421)	52,408
Cash and cash equivalents at end of period	77,043	99,623	92,792	140,567	154,949	152,051	158,303	123,200	100,778	Cash and cash equivalents at end of period	100,778	153,187
Cash and cash equivalents + cash management purpose investment	121,601	145,974	133,350	169,023	206,031	192,028	185,882	152,743	104,842	Cash and cash equivalents + cash management purpose investment	—	157,251

Note:

1. Figures less than unit indicated have been rounded down for amounts.
2. Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

Consolidated Financial Data

(Years ended March 31)

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(millions of yen)								
Segment Information:								
External revenue (Revenue to external clients)	Consulting	28,370	30,574	34,577	34,839	38,572	38,572	37,246
	Financial IT Solutions	252,842	246,979	252,122	252,367	273,571	273,571	288,196
	Securities	123,896	119,128	118,397	100,309	112,762	112,762	130,427
	Insurance	57,082	51,982	51,836	64,874	66,374	66,374	61,441
	Banking	37,541	40,286	42,225	43,404	51,022	51,022	50,181
	Other financial	34,321	35,580	39,662	43,780	43,411	43,411	46,146
	Industrial IT Solutions	101,538	107,208	154,917	180,882	178,490	178,490	186,051
	Distribution	51,882	54,256	61,057	66,814	66,789	66,789	62,192
	Manufacturing, service and other	49,656	52,952	93,860	114,068	111,700	111,700	123,858
	IT Platform Services	28,720	29,241	29,870	33,153	38,087	38,087	38,843
	Others	9,966	10,544	—	—	—	—	—
External revenue + Revenue for each segment	Consulting	28,823	31,161	35,332	35,481	39,612	39,612	38,155
	Revenue	28,823	31,161	35,332	35,481	39,612	39,612	38,155
	Operating profit	5,487	5,853	6,561	7,786	9,494	9,494	10,059
	Operating margin (%)	19.0	18.8	18.6	21.9	24.0	24.0	26.4
	Financial IT Solutions	253,802	248,188	254,567	255,162	276,937	276,937	292,038
	Revenue	253,802	248,188	254,567	255,162	276,937	276,937	292,038
	Operating profit	29,171	26,461	27,673	27,095	34,170	34,170	36,275
	Operating margin (%)	11.5	10.7	10.9	10.6	12.3	12.3	12.4
	Industrial IT Solutions	102,859	107,672	157,585	183,580	181,438	181,438	189,551
	Revenue	102,859	107,672	157,585	183,580	181,438	181,438	189,551
	Operating profit	9,974	9,076	15,119	18,449	22,055	22,055	19,482
	Operating margin (%)	9.7	8.4	9.6	10.0	12.2	12.2	10.3
	IT Platform Services	110,044	122,107	122,342	127,777	138,680	138,680	142,686
	Revenue	110,044	122,107	122,342	127,777	138,680	138,680	142,686
	Operating profit	11,575	14,015	14,764	17,130	19,450	19,450	19,785
	Operating margin (%)	10.5	11.5	12.1	13.4	14.0	14.0	13.9
External revenue by service	Consulting services	52,131	62,734	78,987	90,816	96,862	96,862	90,056
	System development & System applications sales	145,157	131,908	138,111	150,467	161,703	161,703	183,847
	System management & Operation services	212,952	217,271	241,198	244,273	251,757	251,757	258,656
	Product sales	11,197	12,634	13,191	15,686	18,399	18,399	17,777
Revenue to main clients	Nomura Holdings, Inc.	68,666	71,600	77,937	60,579	65,049	65,049	66,309
	Seven & i Holdings Co., Ltd.	43,254	45,285	47,001	49,109	—	—	—
Overseas revenue	Overseas revenue	14,618	18,925	43,559	53,081	46,752	46,752	43,625
	Overseas revenue ratio (%)	3.5	4.5	9.2	10.6	8.8	8.8	7.9

Note: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. Revenue to main clients include revenue to the client's subsidiary and revenue made through leasing companies, etc.
3. There was a partial revision to segment categorization for FY March 2020. Figures for FY March 2019 reflect this change in categorization.

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(millions of yen)								
Order volume	Consulting	27,425	34,609	36,285	34,315	39,352	—	39,957
	Financial IT Solutions	256,293	246,153	244,794	265,724	284,089	—	307,715
	Industrial IT Solutions	104,650	116,335	174,260	184,653	176,867	—	189,587
	IT Platform Services	23,352	31,423	30,154	33,467	40,671	—	37,083
	Others	10,840	10,463	—	—	—	—	—
	Total	422,561	438,986	485,494	518,161	540,980	—	574,343
Order backlog	Consulting	4,677	8,711	6,764	3,559	4,339	4,339	7,050
	Financial IT Solutions	149,718	148,893	141,574	154,930	165,449	165,449	184,968
	Industrial IT Solutions	58,523	67,650	94,120	100,572	98,949	98,949	102,484
	IT Platform Services	11,837	14,019	14,295	14,609	17,041	17,041	15,281
	Others	3,553	3,472	—	—	—	—	—
	Total	228,310	242,748	256,754	273,672	285,779	285,779	309,785

Note: 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 revenue for the following year is booked as the order amount at the end of each fiscal year.

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(millions of yen)								
Production and Orders:								
Actual production		279,405	277,736	304,044	327,324	337,197	—	354,035
Subcontracting costs		139,303	126,361	135,522	150,635	161,305	161,353	171,560
Of which are subcontracting costs to Chinese companies		23,476	18,815	19,532	23,213	28,514	28,514	30,460
Subcontracting ratio (%)		49.9	45.5	44.6	46.0	47.8	48.1	48.5
Subcontracting ratio to Chinese companies (%)		16.9	14.9	14.4	15.4	17.7	17.7	17.8

Note: 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.

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(millions of yen)								
Capital Expenditures / Depreciation and Amortization / Research and Development Expenses:								
Capital expenditures		48,325	38,668	38,201	26,276	28,496	—	33,372
Capital expenditures (tangible)		20,285	13,640	16,188	5,615	6,684	—	11,712
Capital expenditures (intangible)		28,040	25,027	22,012	20,661	21,811	—	21,660
Depreciation and amortization		32,598	28,476	31,941	30,427	30,414	39,383	40,911
Research and development expenses		5,110	5,674	5,170	3,665	4,310	4,310	4,468

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(%)								
Ratios:								
Gross profit margin		31.8	33.9	33.9	32.9	34.2	34.5	33.8
Operating margin		13.8	13.8	13.8	14.3	15.7	16.2	14.7
EBITDA margin		21.8	20.9	21.9	21.7	22.2	23.8	23.6
ROE		10.6	10.7	12.9	12.3	20.3	18.3	18.2
ROA		10.0	9.7	10.4	11.5	14.8	14.2	11.6
Gross D/E ratio (times)		0.16	0.13	0.19	0.15	0.40	0.61	0.50
Net D/E ratio (times)		—	—	—	—	—	0.20	0.04
Ratio of equity attributable to owners of parent to total assets		66.2	69.1	65.2	67.1	50.9	44.1	50.3
Price earnings ratio (PER) (times)		20.1	22.6	22.1	23.3	20.9	24.9	38.8
Dividend payout ratio		41.1	42.4	39.1	41.5	27.9	33.2	41.3
Total return ratio		63.4	66.4	129.8	113.4	258.9	326.8	60.2

		JGAAP					IFRS	
		2016.3	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3
(yen)								
Per Share Information:								
Basic earnings per share		171	181	228	72	109	91	88
Diluted earnings per share		170	181	227	71	109	91	88
Equity attributable to owners of parent per share		1,646	1,750	1,760	587	455	418	547
Annual dividends per share		80	80	90	90	32	32	36

Note: 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 FY March 2017, as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of non-current assets from FY March 2018 and as Operating profit + Depreciation and amortization + Loss on retirement of non-current assets ± Temporary factors from FY March 2020 (IFRS).
3. NRI implemented 1:1.1 common stock splits on January 1, 2017. Basic earnings per share, diluted earnings per share and equity attributable to owners of parent per share are calculated by deeming stock splits to have occurred respectively at the beginning of FY March 2016.
4. NRI implemented a 1:3 common stock split on July 1, 2019. Basic 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 FY March 2019. Dividend per share for FY March 2019 is based on the number of shares prior to the stock split.
5. The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by Profit attributable to owners of parent.

ESG Data

ESG Databook 2021
https://www.nri.com/en/sustainability/library/back_number

E: Environment

Environmental KPI (NRI Group data):	2017.3	2018.3	2019.3	2020.3	2021.3
Greenhouse gas emissions (compared with FY March 2014) (%)	26.9	30.0	38.2	43.8	48.7
Share of renewable energy in data centers (%)	0.1	0.1	0.1	0.1	1.6
Supplier's environmental target setting ratio (%) (Categories 1, 2 and 11 of Scope 3)	n/a	4.6	18.1	21.6	30.5

Greenhouse gas emissions (NRI Group data):	2017.3	2018.3	2019.3	2020.3	2021.3	
Direct greenhouse gas emissions (Scope 1)	(1,000t-CO ₂)	1	1	1	1	1
Japan	(1,000t-CO ₂)	1	1	1	1	1
Overseas	(1,000t-CO ₂)	0	0	0	0	0
Direct greenhouse gas emissions (Scope 2)	(1,000t-CO ₂)	77	73	65	58	53
Japan	(1,000t-CO ₂)	74	70	62	56	53
Overseas	(1,000t-CO ₂)	3	3	2	2	0
Total emissions (Scopes 1 + 2)	(1,000t-CO ₂)	78	75	66	60	55
Japan	(1,000t-CO ₂)	75	72	63	58	55
Overseas	(1,000t-CO ₂)	3	3	2	2	0

Note: 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):	2017.3		2018.3		2019.3		2020.3		2021.3	
	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Number of employees	11,605	100	12,708	100	12,578	100	13,278	100	13,430	100
By region										
Japan	8,676	74.8	8,821	69.4	9,004	71.6	9,495	71.5	9,912	73.8
Europe	12	0.1	14	0.1	15	0.1	16	0.1	12	0.1
U.S.	383	3.3	392	3.1	345	2.7	328	2.5	218	1.6
Asia	1,995	17.2	2,052	16.1	1,761	14.0	1,860	14.0	1,903	14.2
Of which China	1,473	12.7	1,465	11.5	1,168	9.3	1,244	9.4	1,289	9.6
Australia	539	4.6	1,429	11.2	1,453	11.6	1,579	11.9	1,385	10.3

Employment related (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
New hires for the year (persons)	289	339	452	496	543
Total turnover rate (%)*	3.5	3.8	3.9	4.3	3.8
Average length of service (years)	14.3	14.6	14.6	14.7	14.7
New graduates hires retention rate after 3 years (%)	90.9	93.3	95.9	92.8	92.4
Average compensation: all employees (thousands of yen)	11,514	11,660	12,217	12,352	12,251

* 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):	2017.3	2018.3	2019.3	2020.3	2021.3
Ratio of female employees (%)	19.0	19.3	19.8	20.4	20.8
Ratio of female managers (%)*	6.1	6.4	6.8	7.1	7.6
Ratio of female hires (%)	25.6	26.7	27.6	28.2	27.2

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

Childcare leave / Nursing leave (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Pre- and post-childbirth leave (persons)	76	56	72	78	61
Childcare leave (persons)	130	252	261	260	273
Male (persons)	60	189	194	190	208
Of which acquired partner childbirth leave only (persons)	36	167	156	137	124
Of which acquired childcare leave (persons)	24	22	38	53	84
Female (persons)	70	63	67	70	65
Number of employees utilizing shorter work hour system for childcare (persons)	107	107	112	103	108
Employees returning to work after childcare leave (female employees) (%) ^{*1}	97.3	97.0	96.7	98.1	100.0
Employees remaining in work after childcare leave (female employees) (%) ^{*2}	91.7	93.3	92.8	96.8	96.5
Nursing care leave (persons)	2	3	3	0	1

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

*1 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%.

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

Employment of people with disabilities (NRI Group data):	2017.3	2018.3	2019.3	2020.3	2021.3
Employees with disabilities (persons)	121	134	142	166	170
Percentage of employees with disabilities (%)	2.22	2.19	2.26	2.45	2.35

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

Health and productivity management (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Average overtime hours of employees per month (hours)	27.2	22.0	21.5	26.6	33.5
Employees taking annual paid leave (%)	70.6	71.4	71.3	71.1	64.1
Employee work-related deaths (persons)	0	0	0	0	0
Work accidents (cases)*	2	0	2	1	0

* 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 (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Client satisfaction (%) ^{*1}	82.8	84.6	86.9	83.8	86.4
Employee satisfaction (%) ^{*2}	—	80.5	—	81.8	—

*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. This is the percentage that responded "Satisfied" or "Moderately satisfied" on four-grade scale.

Information communication / Recommendation projects (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Books published	13	15	20	21	18
Contributions to newspapers and magazines (times)	273	298	306	290	353
Public lectures given (times)	937	962	922	911	666
TV / radio appearances (times)	102	158	267	155	227

Development of human resources / Development of society (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Entries to the NRI Student Essay Contest	3,103	1,767	1,444	2,300	1,925
Supporting career education programs					
No. of schools	34	24	31	29	2
No. of students	1,277	733	850	704	41

G: Governance

Member of Directors (Non-consolidated data) (As of July 1):	2017.3	2018.3	2019.3	2020.3	2021.3
Total number of Directors	9	7	9	9	9
Outside Directors	3	3	3	3	3
Female Directors	1	1	1	1	1

Status of the Board of Directors (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Number of the Board of Directors held (times)	14	15	14	14	14
Attendance average of all Directors (%)	96	98	98	99	100
Attendance average of Outside Directors (%)	90	93	95	98	100
Attendance average of all Audit & Supervisory Board Members (%)	99	99	99	100	100
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	98	100	100

Status of the Audit & Supervisory Board (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Number of the Audit & Supervisory Board held (times)	18	18	17	17	18
Attendance average of all Audit & Supervisory Board Members (%)	99	100	99	100	100
Attendance average of Outside Audit & Supervisory Board Members (%)	98	100	98	100	100

Number of Notification & Consultation (Non-consolidated data):	2017.3	2018.3	2019.3	2020.3	2021.3
Number of notification & consultation (cases)	8	2	4	3	4

NRI Group Network (As of the end of March 2021)

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.
DSB Information System 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

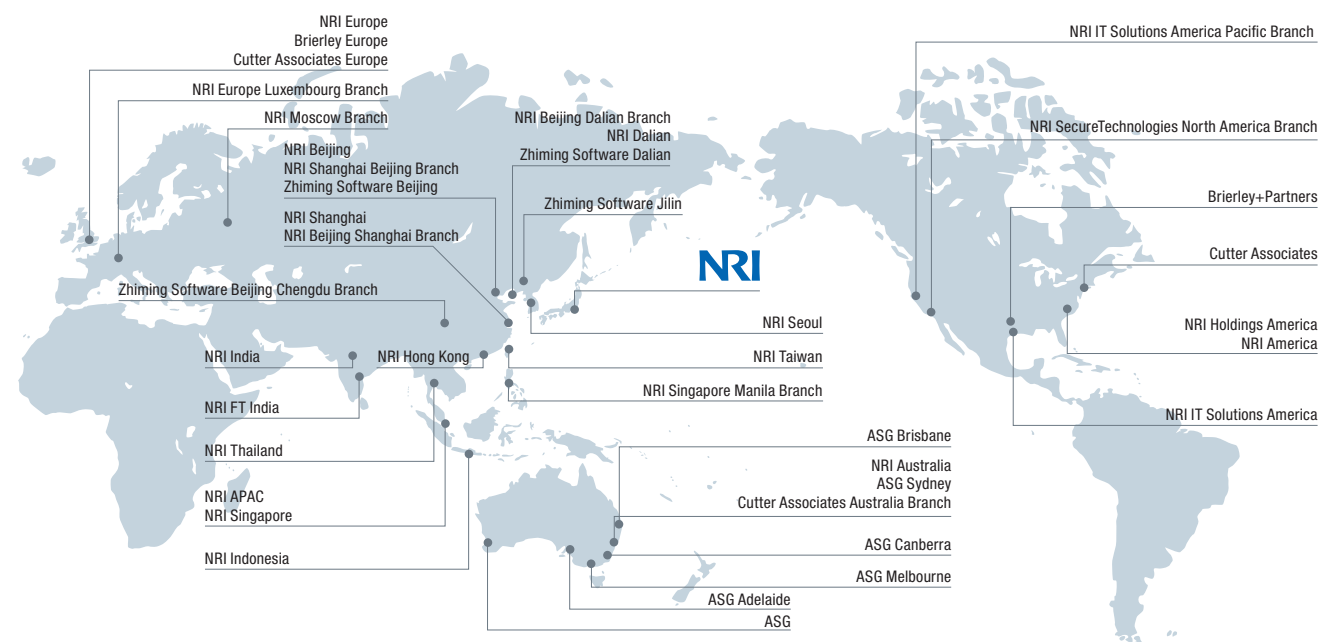
PT. Nomura Research Institute Indonesia

Nomura Research Institute Consulting and Solutions India Private Limited

Nomura Research Institute Financial Technologies India Pvt. Ltd.

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

NRI Group Worldwide Offices



Corporate Data / Share Information (As of the end of March 2021)

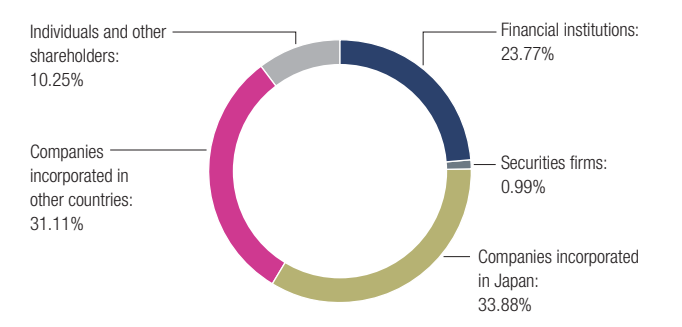
Corporate data

Name	Nomura Research Institute, Ltd.
Headquarters address	Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Capital	¥21,175 million
Representative	Chairman and President & CEO, Representative Director Shingo Konomoto
Number of employees (Consolidated base)	13,430 persons

Share information

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	610,000,000 shares
Number of shareholders	18,445 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

Component ratio of shareholders

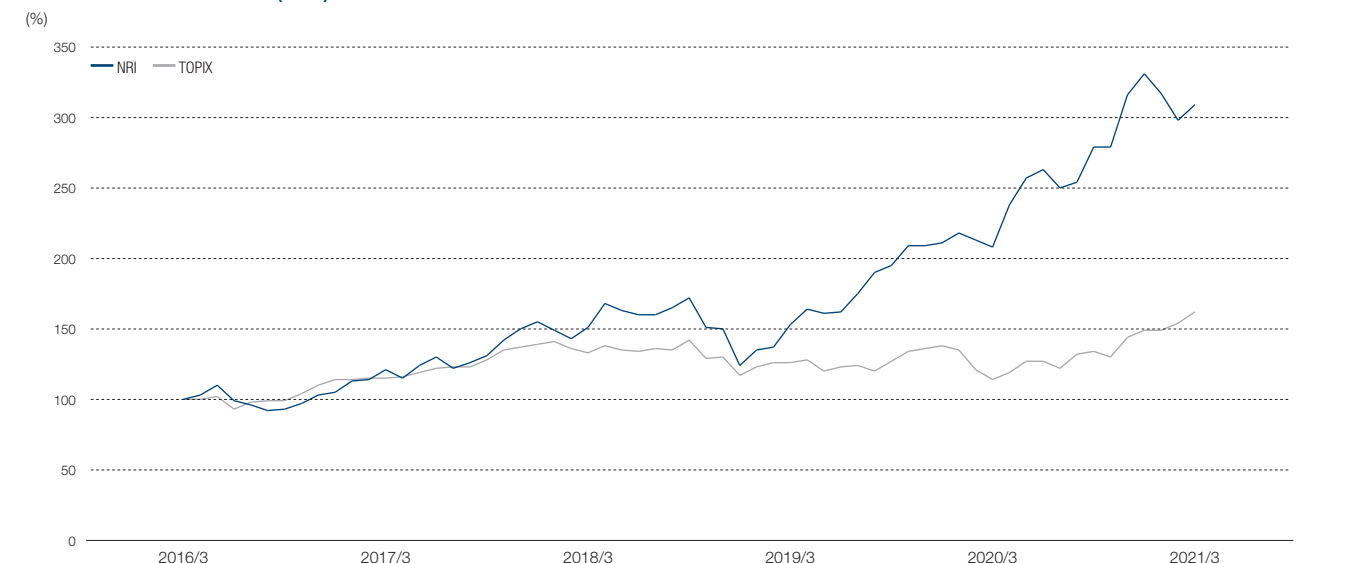


Major shareholders

Shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Nomura Holdings, Inc.	106,425	17.54
Nomura Facilities, Inc.	67,518	11.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,590	5.7
NRI Group Employee Stock Ownership Group	28,739	4.74
Nippon Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd.)	24,727	4.08
JP Morgan Chase Bank 385632 (Standing Agent: Mizuho Bank, Ltd., settlement division)	24,578	4.05
JAFCO Co., Ltd.	23,968	3.95
Japan Trustee Services Bank, Ltd. (Trust Account)	22,954	3.78
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	13,870	2.29
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd.)	13,434	2.21

Note: 1. NRI has 3,385 thousand shares of treasury stock as of March 31, 2021, which is not included in the major shareholders list above.
2. 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.
3. Nomura Facilities Inc. merged with Nomura Land & Building Co., Ltd., on April 1, 2021, and changed its name to Nomura Properties, Inc.

Total Shareholder Return (TSR) Over the Past Five Years



Holding Period	1 year	2 years	3 years	4 years	5 years
NRI	121.2%	151.1%	153.4%	209.4%	311.6%
TOPIX	114.7%	132.9%	126.2%	114.2%	162.3%

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.

NRI

ESG Databook

2021

〈Year ended 31 March 2021〉

Environment

Social

Governance

Nomura Research Institute

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■ 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 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.

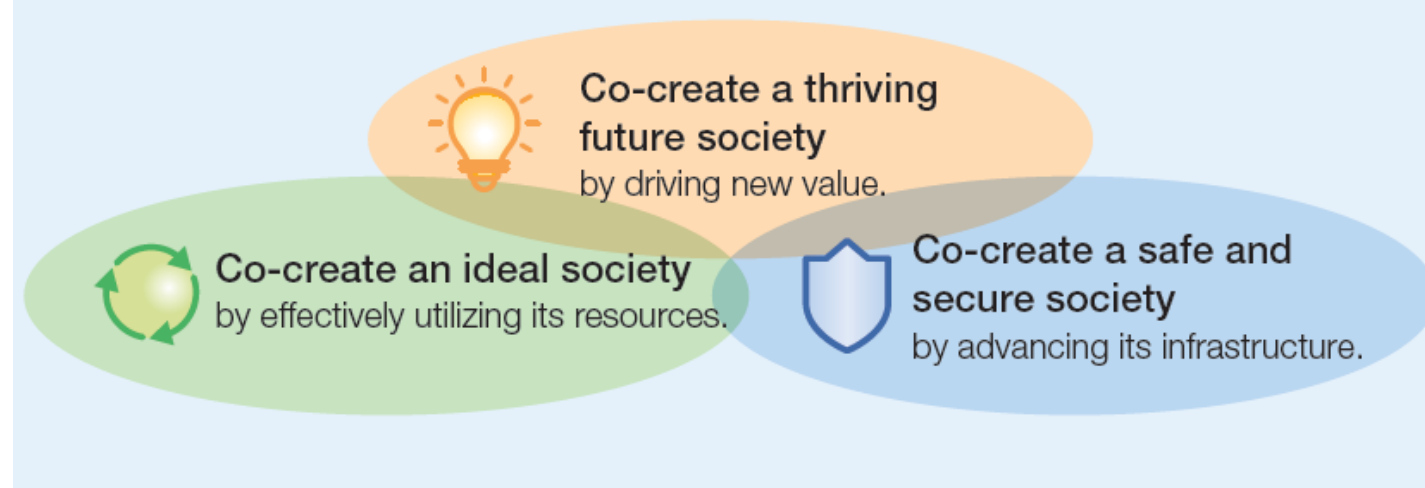
“NRI Group Medium-Term Management Plan (2019 – 2022)” states the “solving of social challenges through co-creation of values” and has set to promote the co-creation of three social values, “Co-create a thriving future society by driving new value”, “Co-create an ideal society by effectively utilizing 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

Reduction of environmental impact for preserving global environment	Provision of opportunities for all kinds of professionals to take on challenge
Compliance with laws, regulations and risk management to increase trust from society	Management of the informationsystems that form social infrastructure

Link Files

Sustainability Management "ESG Briefing"
<https://www.nri.com/en/sustainability/management/esg/2018>

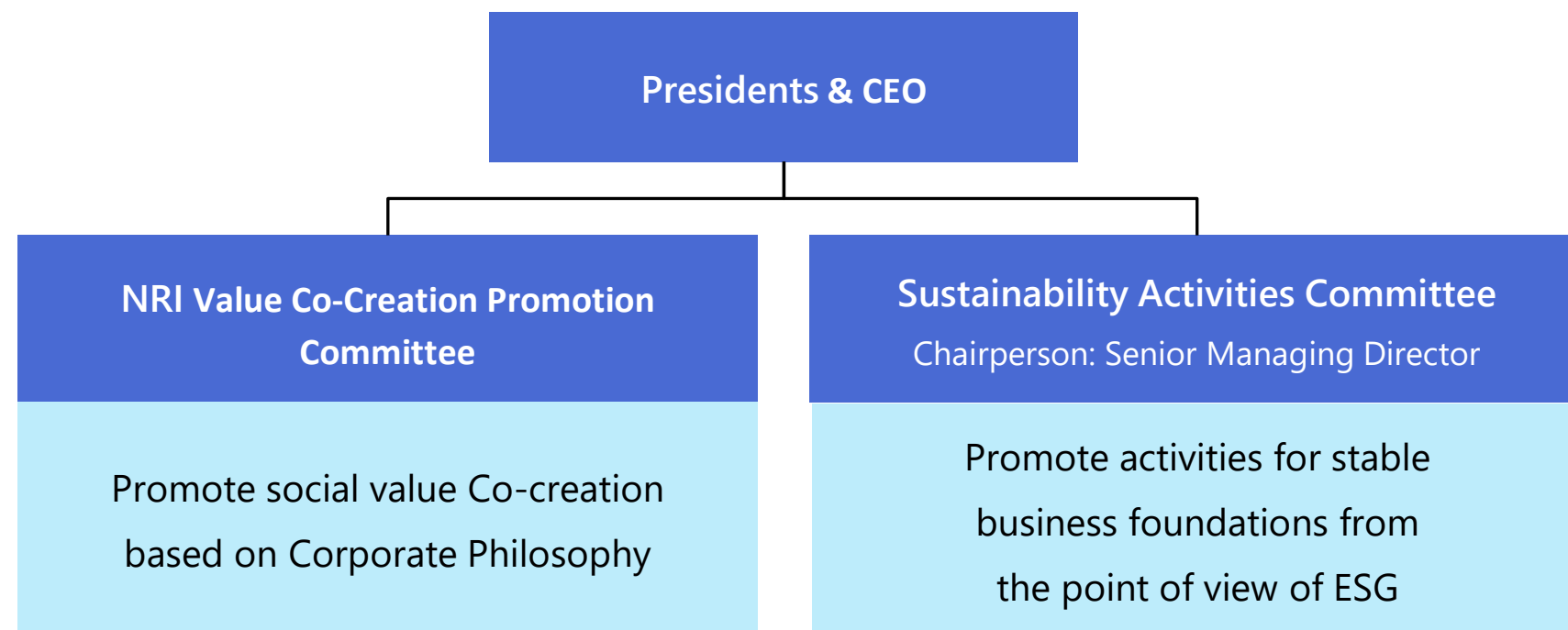
Vision2020 and NRI Sustainability Management Policy
https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=44

▶ 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"
- COOL CHOICE

► 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 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."

In FY2020, we held the fourth round of expert dialogues with the World Benchmarking Alliance, an international NGO promoting the Sustainable Development Goals (SDGs). In the dialogue, we mainly exchanged opinions on corporate evaluations from the perspective of SDGs and how human rights initiatives should be disclosed.

* The dialogues were conducted on-line due to COVID-19.

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

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 72% compared to FY2013. (Scope1+2).

Target year

FY2030

progress

FY2020: Greenhouse gas emissions reduction rate 48.7% (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

FY2020: Female managerial ratio 7.6%, female recruitment ratio 27.2%

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.

KPI

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of IT infrastructure incidents that had serious financial and social impacts	0	0	0	0	0
Coverage	c	c	c	c	c

▶ 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 https://www.nri.com/en/ir/policy
	Integrated Report (Annual Report) https://ir.nri.com/en/ir/library/report.html
	Sustainability https://www.nri.com/en/sustainability
	Sustainability Report https://www.nri.com/en/sustainability/library/report

▶ 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 FY2020 (from April 1, 2020 to March 31, 2021), but may also include some background information, activities after April 1, 2021, 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.134)
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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 \(p.135\)](#)

▶ External evaluation

External evaluation

Inclusion in ESG stock indices

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

Sustainability related evaluation

- Silver Class of the Sustainability Award 2021 by S&P Global (2021)

Climate change related evaluation

- CDP climate change A list company (FY2019 –)
- CDP Supplier Engagement Leaderboard (FY2019 –)

Diversity related evaluation

- Selected as “Nadeshiko Brand” (The Ministry of Economy and the Tokyo Stock Exchange) (2017 –)
- 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)

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. Furthermore, client companies are taking COVID-19 as an opportunity for 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 8.8%, NRI's foreign ownership ratio is about 30%, and the NRI Group's overseas workforce ratio is 26.2%. 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 annually from 2016.

In 2017, the company established a Nomination Committee with independent outside directors as the principal members, and also changed the principal members of the Compensation Committee from outside experts to independent outside directors.

In terms of sustainability, we established a Sustainability Activities Committee in 2017 to create a system to incorporate a sustainability perspective in management decision making and supervision.

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

Link Files

Corporate Governance

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

NRI's Corporate Governance

https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=74

Financial Results (In Japanese only)

<https://ir.nri.com/jp/ir/library/securities.html>

▶ Corporate governance policy

Policy and objectives concerning the independence of the Board of Directors

Reference	<p>NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Directors and Independent Audit & Supervisory Board Members, as well as the establishment of bodies that are mainly composed of Independent Directors appointed to advise the Board of Directors.</p> <p>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.</p> <p>NRI elects three Independent Directors in principle, or no less than two Independent Directors.</p> <p>The independence of the Board of Directors is stipulated in Articles 11, 13, 17, 19, and 23 of the NRI Corporate Governance Guidelines.</p>
	<p>NRI Corporate Governance Guidelines</p> <p>https://www.nri.com/en/company/governance</p>

▶ Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members (Beginning of July)		unit	2017	2018	2019	2020	2021
Total number of Members of the Board	no. of person		9	7	9	9	9
Female directors	no. of person		1	1	1	1	1
Non-Japanese directors	no. of person		0	0	0	0	0
Executive internal directors	no. of person		3	3	3	3	3
Non-executive internal directors	no. of person		3	1	3	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 directors	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, etc. (Beginning of July)		unit	2017	2018	2019	2020	2021
Senior Management Directors*	no. of person		38	40	38	41	40
Female	no. of person		0	0	1	1	2
Management Directors	no. of person		12	10	10	9	8
Female	no. of person		1	1	1	1	0
Research Directors	no. of person		1	2	2	2	3
Female	no. of person		0	0	0	0	0
Coverage			c	c	c	c	c

* Including members who also serve as executive internal directors

► Functions and committees

The highest governing body

Overview	<p>Board of Directors</p> <p>NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors.</p> <p>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)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Shingo Komoto (Chairman and President & CEO, Representative Director, Member of the Board), Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Ken Ebato (same as above), Hironori Momose (Non-Executive Director), Hiroshi Funakura (same as above), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata (same as above), Tetsuji Ohashi (same as above)

Function for compensation

Overview	<p>Compensation Committee</p> <p>Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. (Ref. NRI Corporate Governance Guidelines Article22, Compensation Committee)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata ("), Tetsuji Ohashi (same as above)

Function for nomination

Overview	<p>Nomination Committee</p> <p>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.</p> <p>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)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Shingo Kinomoto (Chairman and President & CEO, Representative Director, Member of the Board), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata (same as above), Tetsuji Ohashi (same as above)

Function for audit

	Audit & Supervisory Board
Overview	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)
Committee Chair	Takuhito Sakata, Audit & Supervisory Board Member
Members	Kohei Sato (Outside Audit & Supervisory Board Member), Motoya Nishimura (Audit & Supervisory Board Member), Kiyotaka Yamazaki (Outside and Independent Audit & Supervisory Board Member), Kenkichi Kosakai (same as above)

Function for strategy

	Senior Management Committee
Overview	The Committee deliberates on important matters of company management in order to centralize the intention of business execution.
Committee Chair	Shingo Konomoto, Chairman and President & CEO, Representative Director, Member of the Board
Members	Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Ken Ebato (same as above), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Directors), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Director), Kaga Yanagisawa (same as above)

Function for risk management

	Integrated Risk Management Committee
Overview	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.
Committee Chair	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Director), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Directors), Kaga Yanagisawa (same as above)

Function for compliance

	Compliance Committee
Overview	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.
Committee Chair	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Directors), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Director), Kaga Yanagisawa (same as above), Takao Yamaguchi (Managing Director)

Function for sustainability

	NRI Value Co-Creation Promotion Committee / Sustainability Activities Committee	
Overview	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.	
Committee Chair		
	NRI Value Co-Creation Promotion Committee	Ichiro Morisawa, Senior Managing Director
	Sustainability Activities Committee	Takeshi Hihara, Senior Managing Director

Function for DX business promotion

	DX Business Promotion Committee
Overview	Based on the instructions given by the President & CEO, the Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.
Committee Chair	Hiroshi Masutani, Senior Executive Managing Director
Members	Shigeki Hayashi (Senior Executive Managing Director), Fumihiko Sagano (same as above), Takeshi Hihara (Senior Managing Director), Kotaro Gunji (same as above), Hideki Saito (same as above), Shohei Ishiwata (General Manager), Masakazu Amamiya (President & COO of NRI Digital, Ltd.)

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.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	
	Kaga Yanagisawa (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above)

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.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director
Members	
	Shigeki Hayashi (Senior Corporate Managing Director), Hiroshi Masutani (same as above), Takeshi Hihara (Senior Managing Director)

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.
Committee Chair	
	Susumu Nishimoto, Senior Corporate Managing Director

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.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director

Function for crisis management

	Crisis Management Committee
Overview	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.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Susumu Nishimoto (Senior Corporate Managing Director), Takeshi Hihara (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (Senior Corporate Managing Director), Hiroshi Masutani (Senior Managing Director), Tomoshiro Takemoto(same as above), Hiroshi Tatematsu(same as above), Shuji Tateno(same as above), Tohru Yasumaru (Senior Corporate Managing Director), Yoshihiko Sunaga (same as above), Tetsuro Watanabe (Senior Managing Director), Kaga Yanagisawa (same as above)

Function for promotion of internal control

	Business Promotiion Committee
Overview	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director

▶ Effectiveness of the Board of Directors

Status of the Board of Directors	unit	FY2020
Number of board meetings held*	times	14
Attendance rate of Board of Directors	%	100
Term of office of directors	years	1
Average tenure of directors	years	4.3

* Duration from the 55th Ordinary General Meeting of Shareholders, 18, June, 2020, to 56th Ordinary General Meeting of Shareholders, 18, June, 2021.

Evaluations of the Board of Director's effectiveness

	<p>1. Evaluation methods:</p> <ul style="list-style-type: none"> • Questionnaire targeting all Directors and Audit & Supervisory Board Members • Exchange of views with Independent Directors • Deliberations at a Board of Directors meeting based on the above results <p>2. Results</p> <p>From the following points, it is evaluated that the effectiveness of the Board of Directors is generally secured.</p>
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a. Structure/status of Board of Directors

- Open and constructive discussions and exchanges of views are carried out by the entire Board of Directors, including active opinions and recommendations from Outside Directors. We expect a further improvement in the quality of discussion due to increased opportunities for providing information to Outside Directors and efforts made to improve such methods.
- A good balance of inside executive/non-executive directors and Independent Directors with diverse experience is maintained, and a system for ensuring appropriate decision making and supervision is provided. We recognized the necessity of continuously debating the composition and diversity of the Board of Directors based on the future business situation and management strategy.

b. Management strategy

- Although discussions and exchanges of views regarding DX and global business, which are part of our business strategy based on the Medium-Term Management Plan, are carried out continuously and appropriately, further discussion is required.
- We appropriately debated the strengthening of human resource management that supports strategic action, as well as sustainability.

c. Internal control, risk management, and group governance

- With the increase in Group Companies in Japan and overseas, information was shared on the current situation and issues regarding group governance, and discussions and exchanges of views were carried out appropriately regarding the future direction. We recognized the importance of enhancing discussion about governance upon organizing its positioning and function in each company group, in line with the perspective of Group management for future business expansion.
- In regard to internal control and risk management, there was progress in reports and discussion on the construction and operation of internal control by individual risk. In the future, it will be desirable to also enhance discussion on the future risks stemming from strategy promotion and changes to the business environment, from a medium to long-term perspective.

d. Committees

- In regard to the Nomination Committee and Compensation Committee, discussions and exchanges of views on the succession plan for the president, Member of the Board candidate selection and cultivation process, and method for determining Member of the Board compensation are carried out appropriately and the committees are functioning effectively despite being voluntary.

e. Actions based on effectiveness evaluations

- The themes to discuss at Board of Directors meetings were set in advance, in order to further enhance discussions regarding the group governance and strategy promotion touted in the NRI Group Medium-Term Management Plan (2019-2022), which were issues in FY2020, and improvements have been made based on past evaluation results, such as systematic discussion regarding human resources strategies, sustainability, value co-creation promotion activities, and group governance.

3. Challenges for further effectiveness

- Based on the above analysis and evaluation, we will continuously aim to improve the effectiveness of the Board of Directors

▶ 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	11	millions of yen	663	271	164	5	219	1
Outside Members of the Board	4	millions of yen	43	43	–	–	–	–
Audit & Supervisory Board Member	6	millions of yen	174	111	40	0	20	2
Outside Audit & Supervisory Board Member	3	millions of yen	67	53	13	–	–	0

Notes:

1. The above includes two auditor who retired at the end of the 55th Ordinary General Meeting of Shareholders held on 18 June 2020.
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. For stock options granted prior to FY2017, the amount of costs calculated in FY2019 is listed. Furthermore, the stock options for Audit & Supervisory Board Members are those granted before they assumed their post.
3. For restricted stock option 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 FY2020 is shown. Furthermore, the restricted stock option compensations for Audit & Supervisory Board Members are those granted before they assumed their post.
4. Because the amounts of the "stock option" and "restricted stock option 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 compensations shown in ""(1) b. Composition of compensation for directors"" above."
5. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Compensation amounts for each executive					Performance-linked compensation			
Name	Official position	unit	Total compensation	Basic compensation	Bonus	Stock options	Restricted stock-based compensation	Other
Shingo Konomoto	Chairman and President & CEO, Representative Director, Member	millions of yen	149	53	41	1	52	0
Ayumu Ueno	Members of the Board	millions of yen	124	47	32	1	43	0
Yasuo Fukami	Vice Chairman, Member of the Board	millions of yen	103	37	28	0	35	0

Notes:

- Limited to those whose total amount of consolidated compensation is JPY 100 million or more.
- 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. For stock options granted prior to FY2017, the amount of costs calculated in FY2019 is listed.
- For restricted stock option 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 FY2020 is shown.
- Because the amounts of the "stock option" and "restricted stock option 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 compensations shown in ""(1) b. Composition of compensation for directors"" above."
- "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Policy for determining the amount of compensation for Members of the Board or 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^{*1} and stock-related compensation^{*2}. 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 approximate ratio of the components of compensation to directors, etc. in FY2020 is 2.2 for performance-linked compensation because the bonus is 0.7 and the stock-linked compensation is 1.5 when the fixed compensation (basic compensation) is 1.

(Fixed compensation) Basic compensation 【1】	(Performance-based compensation) 【2.2】	
	(Short-term performance-based compensation) Bonus 【0.7】	(Medium- to long-term performance-based compensation) Stock-related compensation 【1.5】

* 1. Calculated as the average value of directors (excluding outside directors, retired directors, and incumbent directors) for the FY2020.

* 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)

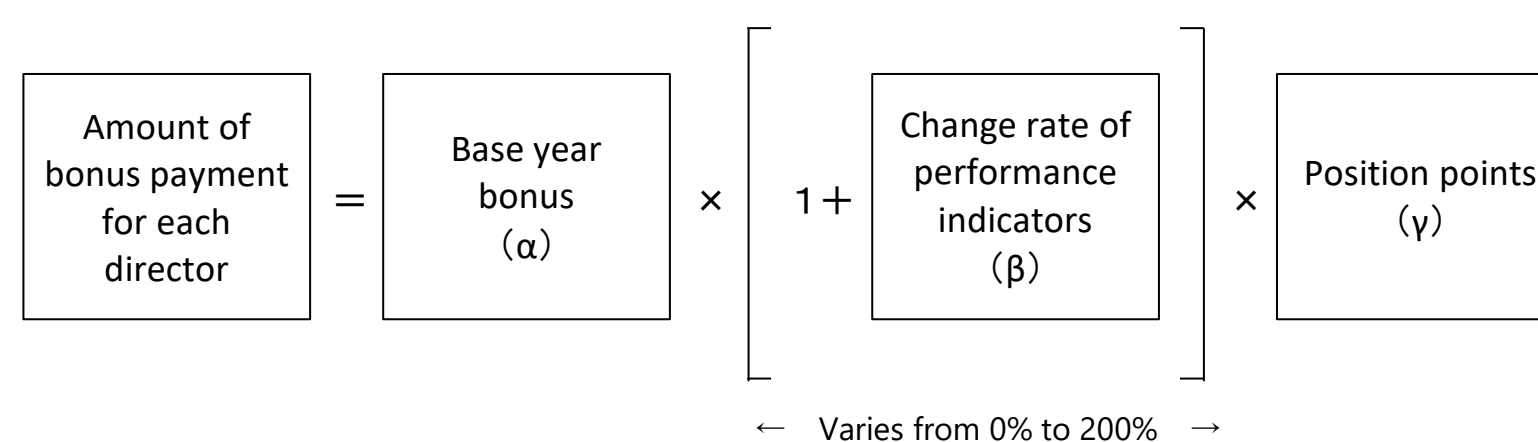
It is composed of a salary as a compensation according to the career and work history of each director, and a role-based salary based on the position and duties of each director during the term of office, and is paid as a fixed compensation for the performance of duties.

The basic compensation for each Member of the Board is decided by the Board of Directors according to the results of the Compensation Committee inquiries, based on the policy for determining compensation, etc. for Members of the Board.

(II) Bonus

Members of the Board bonuses are positioned as short-term incentive compensation for achieving medium- to long-term management goals, and operating profit, which is the performance indicator that we place the most importance on, is linked to performance index increase/decrease rate while taking into account ordinary income and profit attributable to owners of parent based on non-operating profit/loss and extraordinary profit/loss, to decide the rate of change in Member of the Board bonuses from the previous year. The specific calculation method is indicated below.

The bonuses for each Member of the Board are decided by the Board of Directors according to the results of the Compensation Committee inquiries.



(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 according to the results of the Compensation Committee inquiries.

The values of performance indicators for this fiscal year used to calculate the change rate of performance indicators are as follows, and led to a +3.0% in Member of the Board bonuses this fiscal year when calculated with each performance indicator given a fixed evaluation weight.

Performance indicator (Japanese standard)	FY2019	FY2020	YoY change
Operating Profit	83.1 billion yen	86.5 billion yen	4.00%
Ordinary Profit	84.5 billion yen	86.0 billion yen	1.80%
Profit attributable to owners of parent	69.2 billion yen	68.1 billion yen	△1.7%

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

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

c. Clawback system, etc.

We have adopted a system (clawback system) that enables us to request bonuses to be repaid in full or in part if the values in the financial report that was used to calculate the bonuses paid over the past three years are revised. The restricted stock allocation contract contains a provision (malus provision) that enables all stock granted by the company to be reclaimed free-of-charge if the recipients of restricted stock in the restricted stock compensation plan have violated the law or the company rules, etc. or deemed to have done so by the Board of Directors.

d. Decision process for Member of the Board compensation, etc.

In regard to Member of the Board compensation, the Compensation Committee, an advisory committee for the Board of Directors made up mostly of Independent Directors, conducts inquiries on matters such as the system, level, determination policy and procedure for compensation and individual compensation, and the Board of Directors makes decisions on the policy for determining Member of the Board compensation and individual compensation based on the results of those inquiries.

The amount of compensation paid to Members of the Board that is basic compensation is checked by the Compensation Committee according to the table for each position defined in the policy for determining Member of the Board compensation, and a final decision is made by Shingo Konomoto, Chairman and President & CEO of Nomura Research Institute. The reason for delegating these privileges to Mr. Konomoto was because it was determined that the President & CEO is in a suitable position for evaluating the work of each Member of the Board, as he commands an overview of the performance of the entire company.

The NRI policy for determining Member of the Board compensation, etc. was decided at the Board of Directors meeting held on February 18, 2021, and states that from FY2021, decisions on the amount of compensation paid to individual Members of the Board will not be left to one specific Member of the Board, but instead decided by the Board of Directors.

CEO to employees pay ratio	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Compensation of the President & CEO	millions of yen	104	113	115	131	149
Ratio of compensation	ratio	9.0	9.7	9.4	10.6	12.2

▶ 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 shares, in accordance with their respective positions. When based on based salary, the number of shares executives must hold fluctuates significantly due stock price fluctuations. Therefore, we define the number of shares an executive must hold in our guidelines.

It is stipulated that executives must hold at least three times the number of remuneration shares granted in a single year.

In FY 2020, shares equivalent to 1.5 times basic remuneration were granted to each executive. Therefore, executives hold shares equivalent to approximately 4.5 times or more of their basic remuneration.

■ Risk Management - Management Approach

G02M

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 FY2020]

- (1) Continue proper management quality risks
- (2) Further strengthen the management of project risks
- (3) Improve the management preparedness of information security
- (4) Improve the effectiveness of governance over the entire NRI Group
- (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 FY2020.

- (1) Continue proper management quality risks
In addition to continuous activities for reducing system trouble, improved our businesses that would have a wide impact in the event of system failure, built a system for responding to trouble while working from home, and conducted failure response drill.
- (2) Further strengthen the management of project risks.
Improved CSIRT system, investigated new security measures required for the DX business, and re-inspected the status of information access management.
- (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
Improved governance functions centered on regional supervisory organizations overseas, and investigated and improved measures regarding internal control at the NRI Group.
- (5) Appropriate preparations for fulfilling our business continuity responsibility
Built a system for responding to COVID-19, investigated and implemented countermeasures, built a crisis handling system compatible with working from home, and conducted training for responding to natural disasters and system trouble
- (6) Providing an environment that makes it easy-to-work
Monitored the labor situation based on labor management standards and provided a work environment that supports diverse workstyles due to COVID-19

Link Files

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

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

Business and Other Risks

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

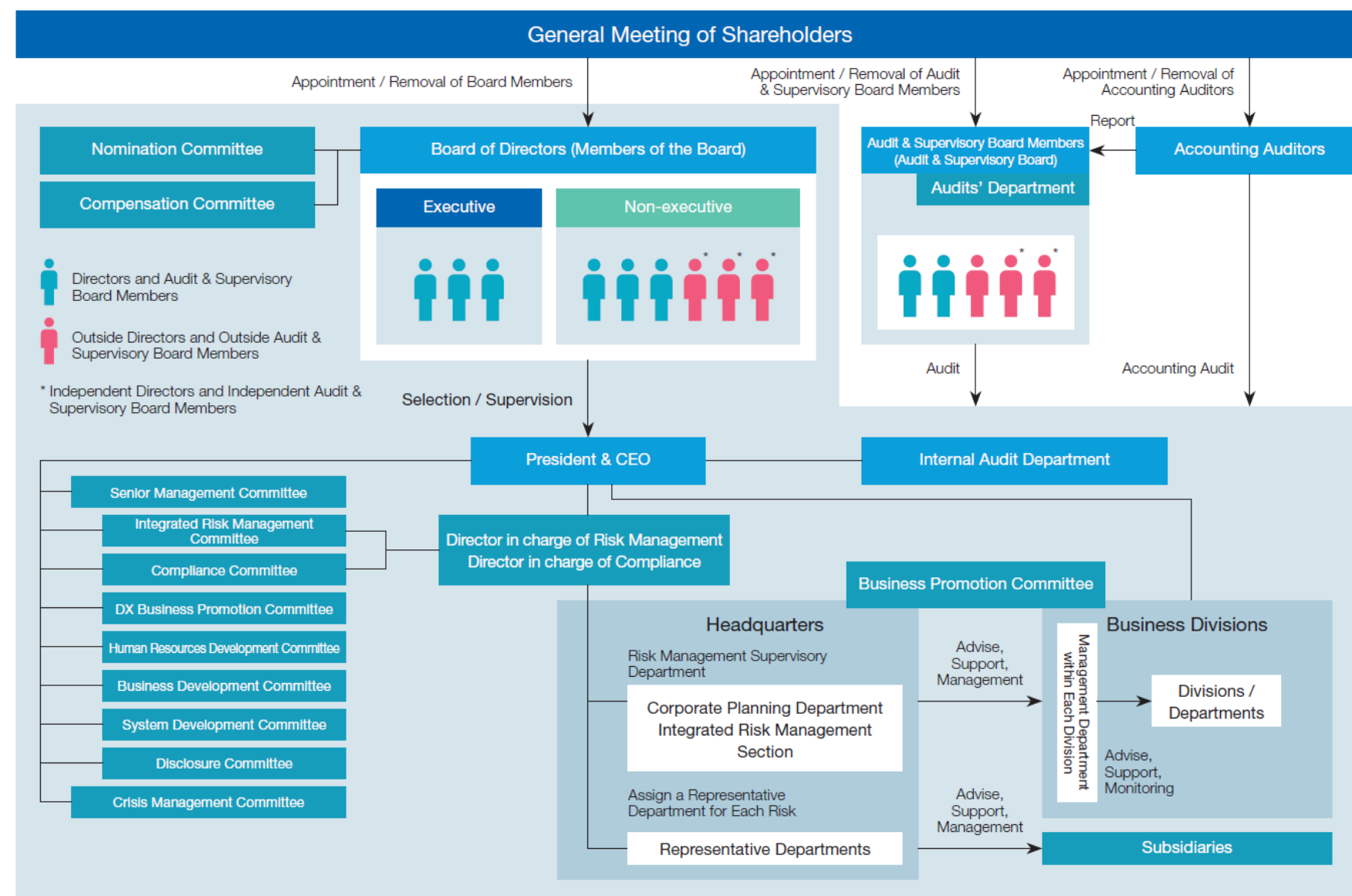
▶ Risk management system

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 (23 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]

[As of July 1, 2021]



Officer in charge

Responsibility for risk management

Hidenori Anzai

Representative Director, Member of the Board,

Senior Executive Managing Director in charge of Supervising of Corporate Administration*

* Including risk management and compliance.

Responsibility for monitoring and auditing risk management performance

Norihiro Suzuki

General Manager of the Internal Audit Department

Responsible committee

Integrated Risk Management Committee

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

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

► Risk assessment

Risk assessment measures

The NRI Group has established, based on the instructions of the President & CEO, an Integrated Risk Management Committee to deliberate important matters related to risk management. The Integrated Risk Management Committee monitors the major risks at the NRI Group, and after comprehensive analysis, classifies them as either medium to long-term risks or short-term risks. The risks are then managed by comprehensively taking into account the importance of each risk and setting priority risk topics every year. The risk assessments and monitoring details are reported and presented to the board of directors several times a year. Furthermore, we regularly provide trainings about the risk management including the industry specific risks to directors.

Risk items subject to risk management

- Strategy risk
- Business continuity risk
- Compliance risk
- Information security risk
- Systems impairment risk
- Project management risk
- External outsourcing / procurement risk
- Subsidiaries / affiliate company risk
- Business resource risk
- Information disclosure risk
- Reputational risk

Link Files	Internal Controls, Corporate Ethics and Compliance https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82 Business and Other Risks https://www.nri.com/en/company/risk
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▶ Long-term risk

Long-term risk 1

	M&A associated risk: ESG risks of a company that NRI acquires.
Business impacts	<p>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.</p> <p>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.</p>
Mitigating actions	<p>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.</p> <p>Also, after acquisitions, in order to enhance corporate governance, we provide principle-based education including dissemination of the NRI Group business philosophy to the management and employees of the acquired company.</p>

Long-term risk 2

	The climate change risks associated with CO2 emission by electricity use of the Data Centers
Business impacts	<p>Greenhouse gas emissions from electricity usage at NRI's five data centers account for 72% of the NRI Group's total emissions.</p> <p>Along with rapidly proceeding international consensus on climate change, there is a risk of increase in operation costs of data centers that emit large amounts of green house gases due to introduction of new regulations and tax systems such as the carbon tax.</p>
Mitigating actions	<p>We are working to reduce power consumption and greenhouse gas emissions by raising the environmental performance of data centers to the top level in the world.</p> <p>All data centers have acquired ISO14001 certification and improve environmental management level continuously by using a PDCA cycle.</p> <p>We also have set environmental targets to reduce greenhouse gas emissions by 72% compared to FY2013 by FY2030. This target has been certified by SBTi as a 1.5°C targets, which is in line with international efforts to combat climate change. In addition, in order to achieve the environmental targets we have set a target of increasing renewable energy utilization rate in the data centers to 70% by FY2030. By increasing the utilization rate of renewable energy to achieve these goals, we will respond to the transition risk of climate change.</p>

▶ 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.

In order to decrease the ratio of work at the office due to COVID-19 and ensure that work can continue in the event of a large-scale natural disaster where it is not possible to go to the office, we have built a crisis handling system compatible with working from home and are continuously reviewing our business continuity plan.

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	<p>Human rights risks in system development using artificial intelligence(AI)</p> <p>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.</p>
Business impact	<p>Advances in AI technology will increase the demand for building business strategic systems which will possibly increase our sales.</p> <p>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.</p>
Measures	<p>We need to establish processes and regimes that enable the development of reliable and high quality AI systems.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Emerging Risks 2

	Risk of unauthorized access from inside and outside the company
Content of risk	<p>In the age of the new normal created by COVID-19, the new working style of remote work has spread at an unexpected rate. This gives rise to new threats such as information leaks and cyber-attacks due to increasing numbers of people working remotely. Remote work leads to more people accessing the company network from outside locations such as the home, and this leads to the possibility of attackers abusing the vulnerabilities of VPN connections to infiltrate the company. With conventional network security, infiltrators that have gained access to the inside of the company are trusted no matter what and can easily spread malware infections or leak confidential information.</p>
Business impact	<p>Due to the novel workstyles of the new normal, the IT environment is changing day by day, and the boundary between the inside and outside of the company is becoming ambiguous due to networks. Because a company such as NRI handles the confidential information and personal information of client companies due to the system development and operation work we are involved in, we are required to implement all possible security measures based on the latest trends.</p> <p>Even one information leak caused by unauthorized access can damage the reputation of a system development company, regardless of whether it occurred inside or outside the company.</p>
Measures	<p>We have collaborated with NRI Secure Technologies, the NRI Group company who specializes in security, to implement security measures based on a "zero trust policy" for both the inside and outside of the company.</p> <p>This involves abandoning the preconceived notion that the internal network is safe, and constantly verifying all access, regardless of whether it comes from inside or outside the company.</p> <p>More specifically, this means verifying the user identity and state of device security each time an access request is made, and adding a system for authorizing access to information assets based on conditions defined in advance, so that suspicious access that was not caught by a firewall alone can be detected and stopped.</p>

Link Files	<p>Zero trust security to support remote work (In Japanese only) https://www.nri.com/jp/journal/2021/0323</p> <p>Essential Security Strategies for Digital Transformation https://www.nri.com/en/journal/2019/1211</p>
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▶ Risk culture

Training and awareness on risk management

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

Evaluation and financial incentives

An oversight department is established for each of the risks associated with business activities, and the results of risk management are directly reflected in the performance evaluations of the heads of the oversight departments. Other risks*¹ may be reflected in the evaluation for the head of a department, depending on whether they are responsible for the risk.

Furthermore, in regard to human rights and labor risks*² for employees supervised by those in management positions, the same is directly reflected in performance evaluations as the results of managerial risk management.

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

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

Finding and reporting of potential risk by employees

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

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

Feedback process on potential risk

Ability to respond to risk is raised by a business promotion committee's by holding in twice for each of every quarter of the year developing a risk case promptly for all fields also sharing information during a section. Eight business promotion committee meetings were held in FY2020.

■ Compliance - Management Approach

G03M

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 we established "NRI Group Policy on Human Rights," "NRI Group AI Ethics Guidelines," "NRI Group Anti-Bribery Policy," "NRI Group Competition Law Compliance Policy," and "NRI Group Global Tax Policy" to strengthen global compliance.

► Compliance policy

<p>Compliance policy</p>	<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, NRI Group has a policy on human rights, AI ethics, anti-bribery, competition law compliance, and tax.</p>
<p>Applicable scope</p>	<p>All directors, officers and employees of NRI Group</p>
<p>References</p>	<p>Corporate Philosophy https://www.nri.com/en/company/c_philosophy</p> <p>NRI Group's Code of Business Principles https://www.nri.com/en/company/company_code</p> <p>NRI Group Employees' Code of Business Conduct https://www.nri.com/en/company/business_code</p> <p>NRI Group approach to compliance https://www.nri.com/en/sustainability/social/policies</p>

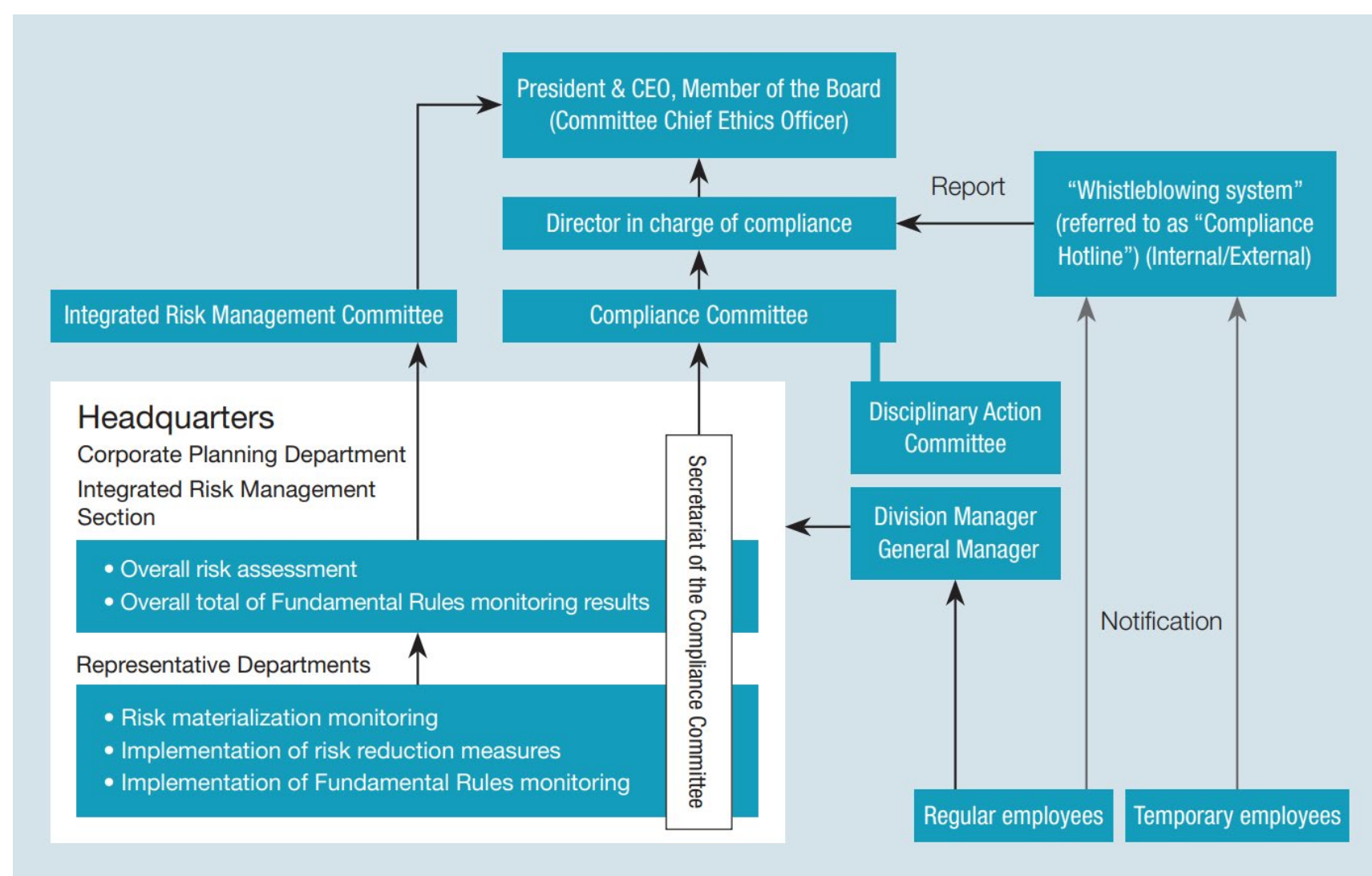
► Compliance system

Compliance system of the NRI Group

To secure effectiveness of management in observation of ethics and compliance, in addition to the Chief Ethics Officer and a Director in charge of Compliance being assigned and a Compliance Committee being established and operated, its settlement and improvement in its effectiveness has been targeted by continuously conducting training and enlightenment activities.

In addition, a basic policy has been established for anti-social forces, not to have any relations, including business transactions, with them, with the representative department undertaking information gathering as well as management and response to prevent any transactions.

[Compliance system]



Officer in charge

Chief Ethics Officer : Shingo Konomoto
Chairman and President & CEO, Representative Director, Member of the Board

Director in charge of Compliance : Hidenori Anzai
Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration

Responsible committee

Compliance Committee

Compliance hotlines

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

Third-party audit of compliance system

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

▶ Compliance situation

System of thorough compliance

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	FY2016	FY2017	FY2018	FY2019	FY2020
Completion Rate for Compliance Confirmation Testing *	%	–	–	–	97.9	–
Coverage					b-	
Collection Rate for Compliance Awareness Surveys *	%	81.5	–	–	–	82.5
Coverage		b-				b-
Numbers of Internal Reports/Consultations		8	2	4	3	4
Coverage		b-	b-	b-	b-	b-

* Compliance confirmation testing was conducted in FY2019. Compliance Awareness Surveys was conducted in FY2016 and FY2020.

Breaches of laws and regulations

In FY2020, there were no compliance breaches that had a significant impact on the management of the NRI Group.

If a violation of compliance or our regulations is found, we take disciplinary measures including pay cuts and/or suspension of employment based on rules established by each Group company.

Depending on the case, the results are reflected in personnel assessment processes.

▶ Anti-corruption

Anti-bribery policy

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

Breaches of anti-corruption

	No cases of corruption and bribery or disputes were identified in FY 2020.
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▶ Political contribution

Political contribution policy

	<p>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".</p>
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Employees' Code of Business Conduct</p> <p>https://www.nri.com/en/company/business_code</p>

Political contribution amount

	NRI group does not make political contributions.
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► Fair competition

Fair competition policy

	<p>In order to pursue fair competition, NRI Group will comply with the Japanese Anti-Monopoly Law, the Subcontract Proceeds Law and other Japanese Laws, the US Antitrust Law, the EU Competition Law, the Chinese Anti-Monopoly Law and other applicable competition laws and regulations.</p> <p>NRI Group has established the following code of conduct "NRI Group Competition Law Compliance Policy", applicable to all directors, officers and employees of NRI Group.</p> <p>NRI Group requires its agents and partners to comply with such standards.</p>
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Competition Law Compliance Policy</p> <p>https://www.nri.com/en/sustainability/social/policies#antitrust</p>

Breaches of fair competition

	Nothing applicable.
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► 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, while considering the intended spirit of those laws and paying appropriate taxes in the appropriate jurisdictions where we operate based on the value which is created through our business activities.</p> <p>This policy has been authorized by the executive in charge of finance at NRI.</p>
Applicable scope	NRI Group
Reference	<p>NRI Group Global Tax Policy</p> <p>https://www.nri.com/en/sustainability/social/policies#zeimu</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>
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Taxes paid by region		unit	FY2019	FY2020
Japan		100 millions of yen	163	332
	(Ratio)	%	95.5	97.7
Rest of the world		100 millions of yen	7	7
	(Ratio)	%	4.5	2.3
Total		100 millions of yen	170	339
	Coverage		a	a

Notes: Tax paid are classified according to the amount of tax paid by each company in NRI Group.

■ Supply Chain Management - Management Approach

G04M

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, the practice of ESG procurement has been clearly stated in the "NRI Group Procurement Policy," we formulated the new NRI Group Business Partner Code of Conduct in April 2021, 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 correspond to 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 emission reductions based on SBT standards.

In regard to human rights initiatives, we defined requirements regarding human rights in the new NRI Group Business Partner Code of Conduct formulated in April 2021 and are spreading awareness regarding the matter.

We will ask our major business partners to agree to the NRI Group Business Partner Code of Conduct and implement sustainable procurement throughout the entire supply chain.

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 FY2020, 53 business partners participated.

In FY2021, 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 policy

Policy to apply to suppliers	
	<p>The NRI Group has, through its NRI Group Procurement Policy, made stipulations concerning partnership creation and fair selection with respect to business partners such as outside contractors and suppliers. Furthermore, in order to 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.</p> <p>In April 2021, we formulated the new NRI Group Business Partner Code of Conduct and are promoting activities for achieving a sustainable future within our entire supply chain.</p>
Applicable scope	Directors, officers and employees of NRI Group, and business partners such as outside contractors and suppliers.
Reference	<p>NRI Group Procurement Policy https://www.nri.com/en/company/partner</p> <p>NRI Group Business Partner Code of Conduct https://www.nri.com/en/company/partner_code</p>

Supply chain situation

Supplier overview																																				
	<p>The below are the NRI Group's two main kinds of business partners:</p> <p>(1) Partner companies (outside contractors)</p> <p>(2) Vendors (hardware suppliers)</p> <p>Speaking from the perspective of systems integration, the NRI Group accepts a not insignificant amount of orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies.</p> <p>There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.</p>																																			
	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Number of Chinese partner companies</td> <td></td> <td>18</td> <td>18</td> <td>18</td> <td>20</td> <td>19</td> </tr> <tr> <td>Approx. no. of partner employee in Japan</td> <td>no. of person</td> <td>7,000</td> <td>7,000</td> <td>7,000</td> <td>7,500</td> <td>7,000</td> </tr> <tr> <td>Approx. no. of partner employee in China</td> <td>no. of person</td> <td>3,500</td> <td>3,500</td> <td>4,000</td> <td>5,000</td> <td>5,000</td> </tr> <tr> <td>Coverage</td> <td></td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> </tr> </tbody> </table>		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Number of Chinese partner companies		18	18	18	20	19	Approx. no. of partner employee in Japan	no. of person	7,000	7,000	7,000	7,500	7,000	Approx. no. of partner employee in China	no. of person	3,500	3,500	4,000	5,000	5,000	Coverage		c	c	c	c	c
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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, 2021, we had 7 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, 2021, we have 2 e-e partners in Japan.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of e-partners	Number of companies	8	13	13	15	14
Japan	Number of companies	7	8	8	8	7
China	Number of companies	1	5	5	7	7
Number of e-e partners	Number of companies	3	3	3	3	2
Japan	Number of companies	3	3	3	3	2
	Coverage	c	c	c	c	c

Utilization of offshore development

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.
 We are promoting nearshore development^{*1} in Japan and offshore^{*2} development in Southeast Asia as China Plus One.

*1 Nearshore development: To outsource software development and system construction to a company or subsidiary in a remote area in Japan.

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

Supply chain risk assessment

Supply chain risk assessment measures

Before consigning the development of any NRI system to a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its measures on compliance and information security management.
 With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act.
 Regarding information security, to ensure that our partner companies provide the same level of security as NRI do, NRI 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, 2020, 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 the NRI group's operation.

At the NRI group, we strive to secure superior subcontracting business partners by performing corporate screening regularly and searching for new collaborating business 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.

The NRI group have formulated guidelines relating to contract work to raise common awareness of this problem and to allow the awareness to take root in the NRI group. In addition, we host meetings to explain our policies to contracting business 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.

Supply Chain Management - Data

G04D

Voluntary inspection for appropriate subcontracted operations

The partner companies engaged in business with NRI employ just over 12,000 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	FY2016	FY2017	FY2018	FY2019	FY2020
Number of inspected projects	922	939	926	1,206	1,186
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, NRI 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	FY2016	FY2017	FY2018	FY2019	FY2020
Number of assessed projects	87	81	76	95	780
Coverage	c	c	c	c	c

Supplier screening criteria

Supplier screening criteria

We provide opportunities for fair competition to all of our business partners and comprehensively evaluate the status of environmental, societal, and governance efforts from the perspectives of business conditions, product and service quality, delivery, and cost, and perform selection in a fair and transparent manner.

▶ 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.

The management seminar for fiscal 2020 has been cancelled.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of partner companies participating in the training		15	14	15	16	12
Number of participants from partner companies (cumulative number of people)	no. of person	300	390	306	511	402
Number of partner companies participating in management seminars		109	103	110	113	—
Number of participants in management seminars from partner companies	no. of person	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.

■ Client Relationship Management - Management Approach

G05M

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 bn. yen	670 bn. yen or more
• Operating profit	83.1 bn. yen	100 bn. yen
• Operating profit margin	15.7 %	14 % or more
• Overseas sales	46.7 bn. yen	100.0 bn. yen
• EBITDA margin	22.2 %	20 %
• ROE	20.3 %	14 % *

* Aiming for higher capital efficiency continuously

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

■ Client Relationship Management - Management Approach

G05M

Key performance indicator	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Operating profit	billions of yen	58.5	65.1	71.4	83.1	86.5
Operating profit margin	%	13.8	13.8	14.3	15.7	15.7
Overseas sales	billions of yen	18.9	43.5	53.0	46.7	43.6
ROE	%	10.7	12.9	12.3	20.3	21.8
	Coverage	a	a	a	a	a
Client satisfaction (percentage of "satisfied client")	%	82.8	84.6	86.9	83.8	86.4
	Coverage	c	c	c	c	c

Link Files	
	NRI Group Corporate Philosophy https://www.nri.com/en/company/c_philosophy
	NRI Group's Code of Business Principles https://www.nri.com/en/company/company_code
	NRI Group Employees' Code of Business Conduct https://www.nri.com/en/company/business_code
	Management Vision Driving toward Further Growth."Vision 2022" https://www.nri.com/en/company/vision

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

- Enthusiasm and strength of commitment
- Flexible response to demands
- Specialized knowledge and skills relating to systems
- System reliability
- Incident prevention countermeasures

Areas of expectations for improvements

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

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Client satisfaction* ¹ (percentage of "satisfied client")	%	82.8	84.6	86.9	83.8	86.4
Percentage of clients surveyed* ² (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
Coverage		c	c	c	c	c

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

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

▶ Innovation management 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 promotes research and development in the three fields of "digital society infrastructure," "development and acquisition of leading technologies," and "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 manages 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	FY2016	FY2017	FY2018	FY2019	FY2020
Total amount		millions of yen	5,674	5,170	3,665	4,310	4,468
Breakdown by segments	Consulting	millions of yen	1,247	921	796	824	1,109
	Financial IT Solutions	millions of yen	2,947	2,844	1,694	1,984	1,947
	Industrial IT Solutions	millions of yen	622	622	583	714	757
	IT Platform Services	millions of yen	857	781	590	781	654
Sales ratio		%	1.3	1.1	0.7	0.8	0.8
	Coverage		a	a	a	a	a

▶ Open innovation

Open innovation case 1

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. 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. Using the blockchain technology of BOOSTRY, NRI issued digital asset bonds and digital bonds in Japan in March 2020. 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.

Reference

News Release (September 2, 2019) :

Nomura and Nomura Research Institute Establish Joint Venture Company

https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902_1

News Release (March 30, 2020) (In Japanese only) :

NRI issued the first "digital asset bonds" and "digital bonds" in Japan that utilize blockchain technology.

https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330_1

Open innovation case 2

"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.

Reference

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) (In Japanese only) :

Japan Airlines and Nomura Research Institute Joint Venture "JAL Digital Experience" established

https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2019/190204_1.pdf

Open innovation case 3

TORANOTEC Asset Management Ltd., TORANOTEC's wholly-owned subsidiary, offers a service called "TORANOCO" for investing using change. This is a service that allows anyone to invest with a small amount of money.

NRI has supported smooth service provision for "TORANOCO" by providing its investment account management system service and its back-office operations support service for asset management companies.

Going forward, through this investment, NRI will work on the further evolution of "TORANOCO" and the development of new investment services.

Specifically, by adapting "TORANOCO" to existing banks where NRI provides an account management system, it enables new approaches to young and inexperienced people who have not had investment experience so far.

We will also promote the development of new asset management services for smallscale investment for financial institutions.

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.

Reference

Integrated Report 2018:Investment in TORANOTEC that is involved in asset management and applivation development

https://ir.nri.com/en/ir/library/report/main/02/teaserItems1/00/linkList/016/link/AR2018_e.pdf#page=41

▶ 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. 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. We have been selling this tool as a service called "aslead", and as of May 2021, we are providing four solutions, and we plan to continue providing new solution packages. 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 50 minutes surplus time per person, which will result in a cost saving effect of about 9.3% as a whole.</p>
Reference	<p>News Release (October 19, 2017) (In Japanese only) Started marketing of development tools of information systems "aslead" https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019</p> <p>What's New (February 26, 2021) (In Japanese only) : We have entered a partner agreement with GitLab to start selling the first leading DevOps solutions focused on GitLab as an official distributor in Japan.☒ https://www.nri.com/jp/news/info/cc/lst/2021/0226_1</p> <p>What's New (March 16, 2021) (In Japanese only) : Received the "2020 Best Solution Partner" award from Elastic https://www.nri.com/jp/news/info/ips/lst_ips/2021/0316_1</p> <p>aslead (official site, In Japanese only) https://aslead.nri.co.jp/</p>

▶ Environmental innovation

Environmental innovation																						
Overview	<p>Significant Reduction in CO₂ 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, CO₂ emissions and costs, more so than when each company independently developed their own system. Estimates show that THE STAR, a back-office system for retail brokerage firms, enables the user to lower its CO₂ emissions by 73.9%.</p>																					
Effects of environmental innovation	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Sales ratio of Shared Online Services</td> <td>%</td> <td>23</td> <td>21</td> <td>20</td> <td>19</td> <td>19</td> </tr> <tr> <td>Coverage</td> <td></td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> </tr> </tbody> </table>		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Sales ratio of Shared Online Services	%	23	21	20	19	19	Coverage		a	a	a	a	a
	unit	FY2016	FY2017	FY2018	FY2019	FY2020																
Sales ratio of Shared Online Services	%	23	21	20	19	19																
Coverage		a	a	a	a	a																

▶ Social innovation

Social innovation

Overview

Community development through consulting

There are about 700 researchers in our consulting division, which is one of the top consulting institutions in Japan in terms of the number of researchers as well as quality.
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.

Effects of social innovation	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Sales ratio of consulting	%	7.2	7.7	8.2	7.3	6.8
Coverage		a	a	a	a	a

■ Quality of Information Systems - Management Approach

G07M

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

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

On the other hand, when an information system fails, it has a large impact on economic activity and civic life.

Since its establishment, the NRI Group has consistently focused on the quality of its information systems, from design through to maintenance and operation, with an emphasis on information services not stopping unexpectedly.

In addition, all possible measures have been taken in providing backup and business-continuity systems in case of an emergency information system failure.

Priority activities / Medium- to long-term targets

The NRI Group provides total support, extending to maintenance and Operation, for the systems that we produce for a variety of business sectors, including the securities, banking, insurance, distribution, and communications industries.

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

From this perspective, in order to increase the reliability of our information systems, we at the NRI Group are directing our efforts towards the following priorities:

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

Progress / Achievements / Challenges

NRI acquired certification for ISO9001 Quality Management System Standards in January 2002, which apply to information systems construction projects of a certain size or greater. In addition, in order to successfully guide projects building large and complex information systems to completion, we have established a project supervision system that systematically carries out risk management and project support.

Data center results

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

	FY2016	FY2017	FY2018	FY2019	FY2020
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	Acquired
Data Centers with M&O Stamp of Approval	2	3	3	3	3
Failure Response Drills in Data Centers	approx. 2,900	approx. 3,400	approx. 4,600	approx. 4,100	approx. 4,000
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

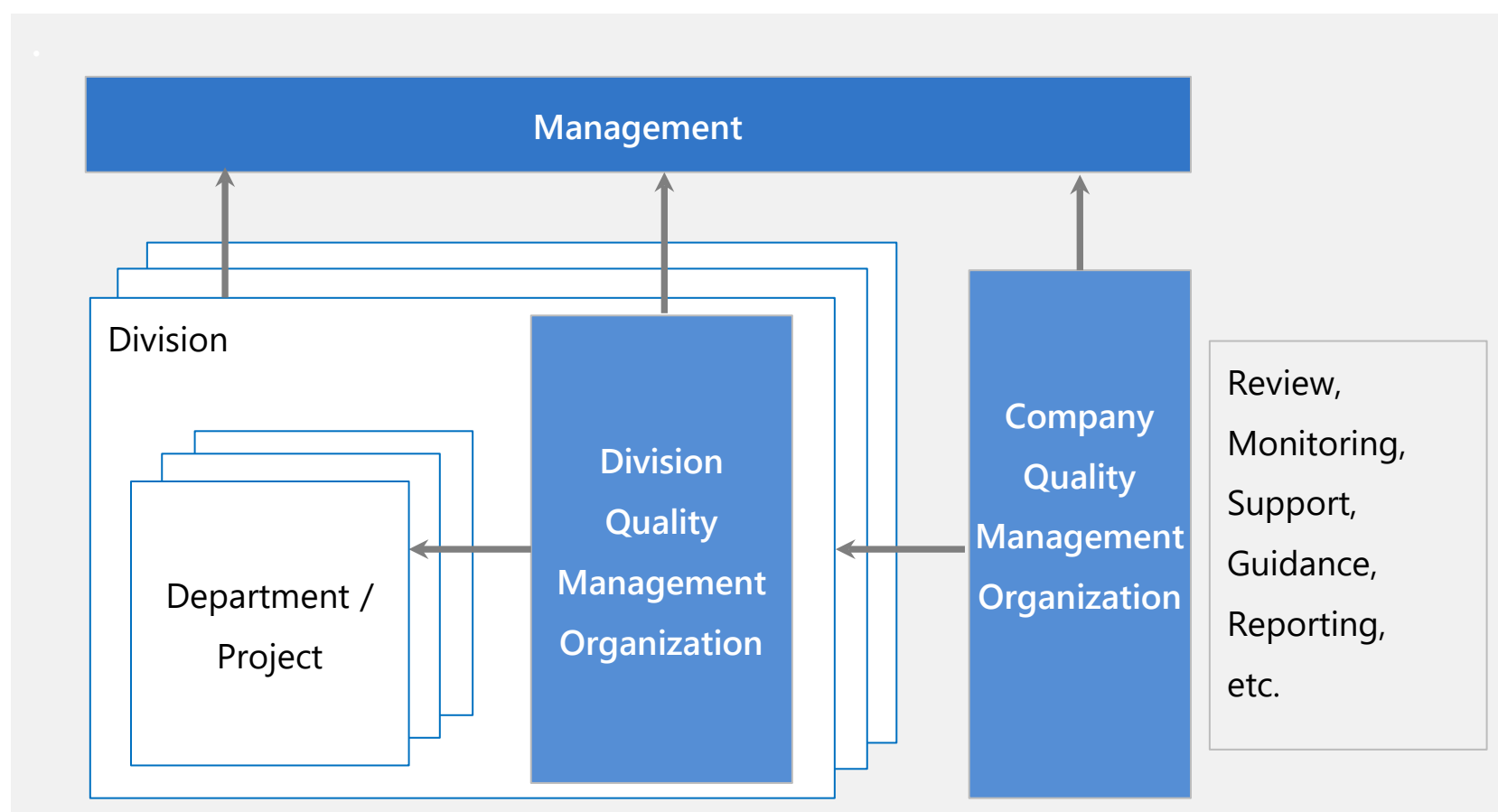
Link Files

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

► Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

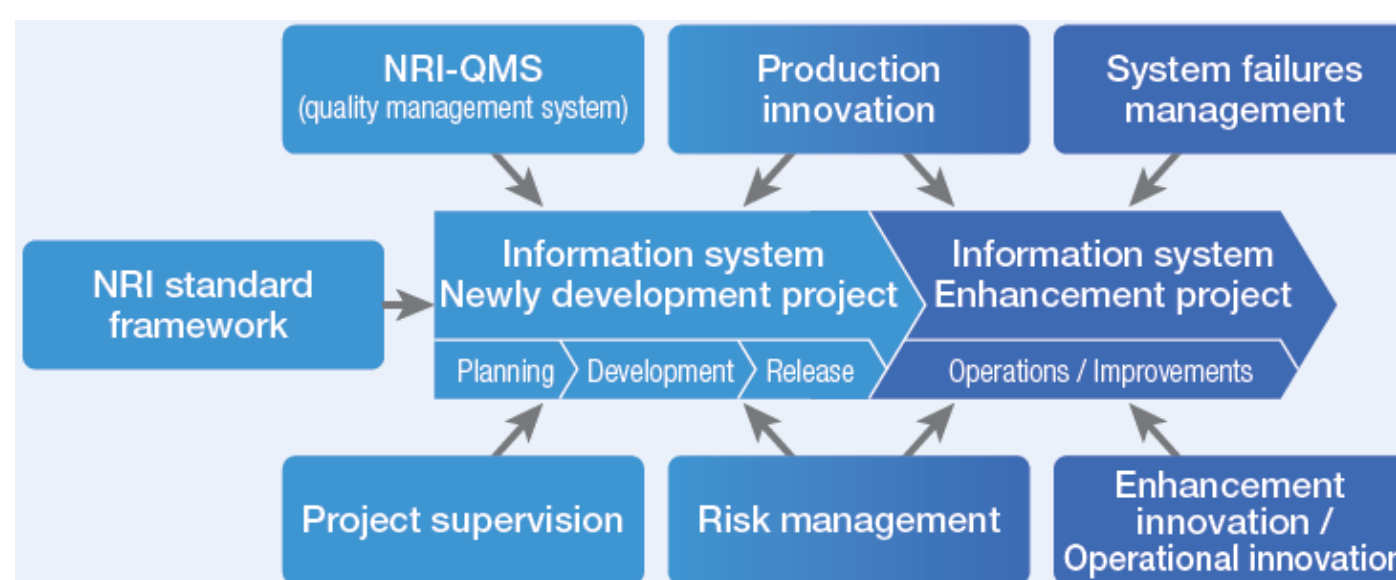
Each business division is responsible for quality control when implementing projects. Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Digital Transformation Systems Development Innovation 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 eliverables (documents) that should be created in each process, and play a role in instilling practical know-how in the company.

Project supervision

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

Separate from the "management" required for the implementation and success of each project, we are aiming for improved project quality by promoting "project supervision activities" that support early detection and responses for problems.

We constantly monitor the status of each project and provide assistance for project-manager tasks through support activities aimed at risk avoidance/mitigation, while also providing guidance on improving development processes and deliverables to enhance quality.

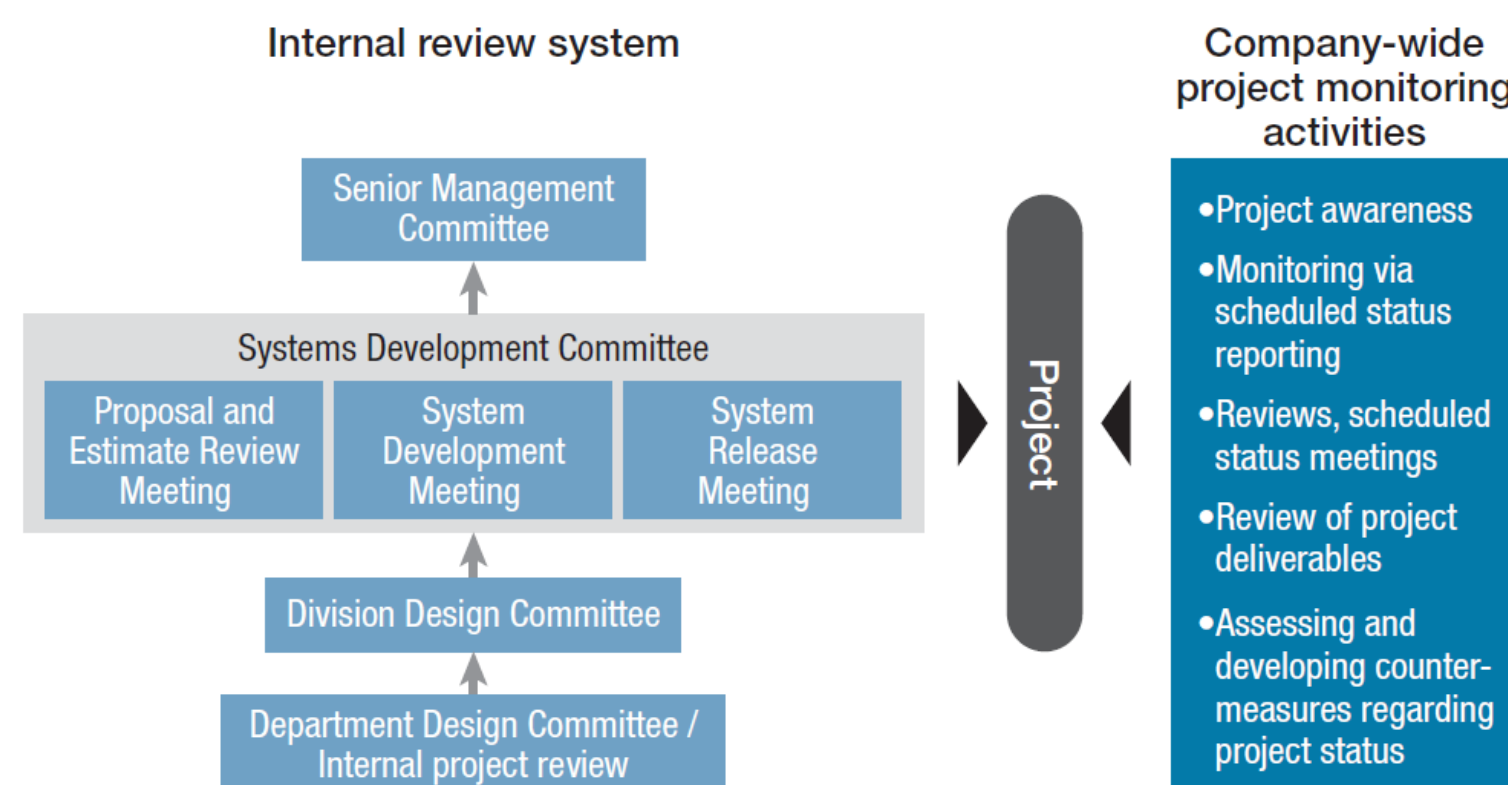
Furthermore, in order to understand and evaluate the risks relating to the quality, delivery, and income/expenditure for each project and respond appropriately, we conduct various review meetings in accordance with our internal rules at each critical juncture for the projects, including the proposal, estimate, construction, and release stages.

There are three levels for the review meetings: company, division, and department, and the size, characteristics, and difficulty of the information system being built will determine the review meetings allocated to it.

Each review meeting is not merely a process-checking opportunity; it is a place for a company expert who is well versed in areas such as project

management, quality control, and information technology to ensure high quality is realized by conducting a rigorous examination down to the details of the system and also provide appropriate guidance and support to the person in charge of the project, including advice and know-how.

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



Production innovation

NRI has been building and maintaining systems by selecting the appropriate combination of technologies from the variety of technologies available to meet the needs of our customers. Based on that experience, we are endeavoring to improve productivity from the following perspectives. One is not only utilizing new functions when adopting new technologies, but also forming a group of experts for each technology to quickly acquire the expertise to ensure the quality and productivity of development using new technologies.

Another is making progress with improvements in productivity that focus on shared processes that are not 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 a improvement plan for each system every fiscal year.

Quality management in the maintenance and operation of information systems

Overview of quality control

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

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

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

ISO/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.

▶ 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 systems requires not only the quality of the information system itself, but also the quality of the data center facility 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 2021, only 6 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

Tokyo Data Center I (first obtained in December 2014, updated in December 2018, and updates reviewed every three years)

Yokohama Data Center II (first obtained in February 2016, updated in January 2021, and updates reviewed every three years)

Osaka Data Center II (first obtained in December 2017, updated in December 2019, and updates reviewed every three years)



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

Tokyo Data Center I acquires M&O Stamp of Approval for the first time in Japan (In Japanese only)

<https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2014/141225.pdf>

Yokohama Data Center II acquired M&O Stamp of Approval

https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425_1.pdf

Uptime Institute LLC

<https://uptimeinstitute.com/>

▶ Issuance of SOC2 report

Issuance of SOC2 report

SOC2 reports are reports expressing the opinion of an external auditing company on internal control for the confidentiality, security, and availability of a service in service provision work, based on guidance* from the American Institute of Certified Public Accountants (AICPA).

Because the system services provided by NRI often require a high level of reliability and security, in addition to receiving certification based on the above guidelines, we receive an annual SOC2 report expressing the opinion of an external auditing company on whether some of our other services conform to the safety measure standards for computer systems at financial institutions, etc. published by the Financial Information Systems Center (FISC).

NRI was also the first in Japan to issue SOC2 reports on FISC safety measure standards in 2012.

* Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality or Privacy / AICPA

▶ 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
	DSB Co.	November 2016	Back office operations
	DSB Information System Co.	TBC	TBC
	Nippon Securities Technology Co.	December 2003	TBC

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

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

Book of lectures	Book name	Publisher	Issued date
	IT ROADMAP 2021 https://www.nri.com/jp/knowledge/book/1st/2021/o_book229	Toyo Keizai	March 2021
	Enterprise Guide for Practical Oracle Cloud Infrastructure Construction https://www.nri.com/jp/knowledge/book/1st/2021/o_book227	Gijutsu-Hyohron	January 2021
	IT Navigator 2021 Edition☒ https://www.nri.com/jp/knowledge/book/1st/2020/o_book225	Toyo Keizai	December 2020
	Digital Capability: Organizational Ability to Lead DX to Success https://www.nri.com/jp/knowledge/book/1st/2020/o_book223	Nikkei Business Publications	November 2020
	Digital Architecture Design/Construction Guide from DX Promotion to Core System Regeneration https://www.nri.com/jp/knowledge/book/1st/2020/o_book223	Nikkei Business Publications	November 2020
	Tackling AWS Certification/Professional Security Knowledge from Key Points https://www.nri.com/jp/knowledge/book/1st/2020/o_book220	Mynavi Publishing	July 2020
	Textbook for dealing with system failures https://www.nri.com/jp/knowledge/book/1st/2020/o_book217	Gijutsu-Hyohron	April 2020

Information Security - Management Approach

G08M

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	FY2016	FY2017	FY2018	FY2019	FY2020
Number of information security failures (year-on-year)		About 11% decrease	About 11% decrease	About 27% increase	About 40% decrease	About 17% 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
Number of complaints regarding breaches of customer privacy or loss of customer data, from outside parties including regulatory authorities		0	0	0	0	0
Coverage		c	c	c	c	c

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

Information security policy

Information security policy	
	Nomura Research Institute, Ltd., and its group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play. The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of customer and public trust.
Applicable scope	NRI Group
Reference	Declaration of Information Security Measures https://www.nri.com/en/site/security_declare

Information security management

Governance system for the information security

NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole.

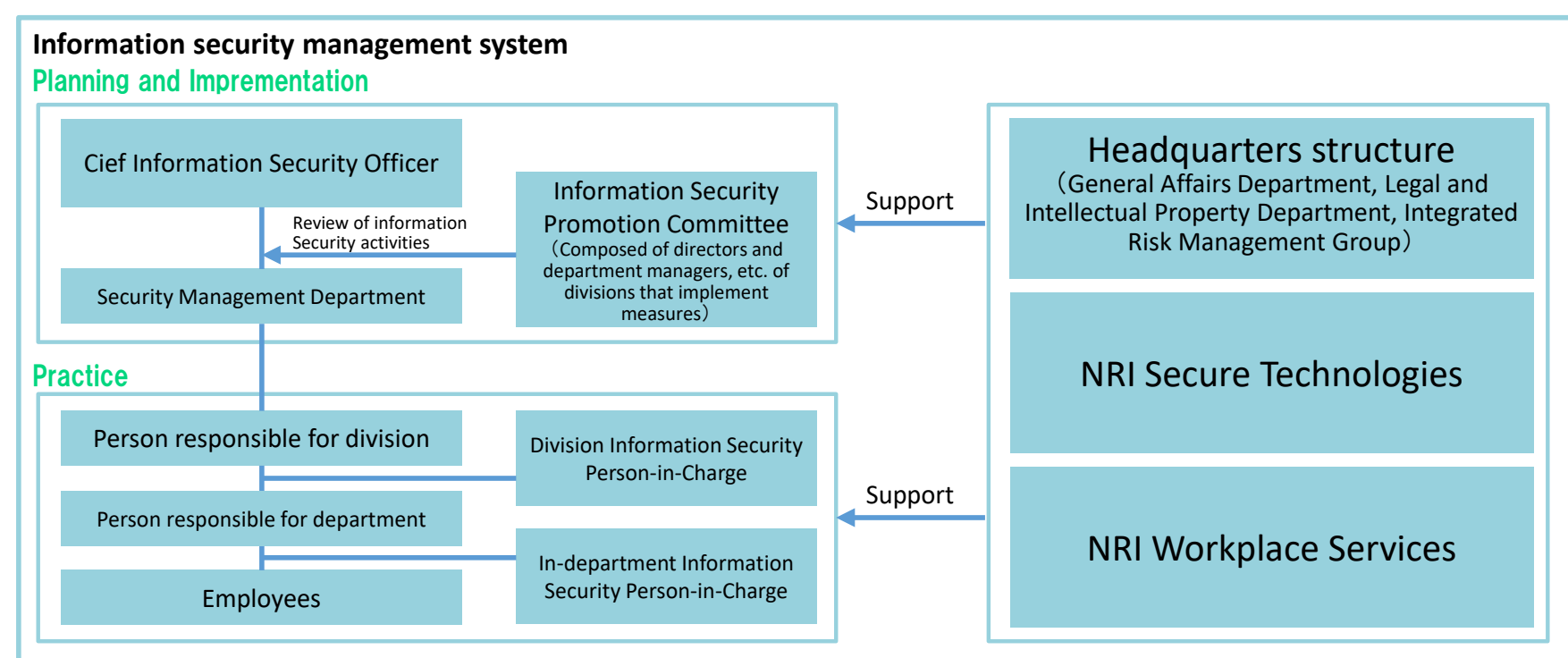
All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our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

The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. that engages exclusively in information security business.

We will draw on their technology, know-how and knowledge when preparing and implementing our information security policies.

We have appointed an information security manager and an information security PIC at each of our overseas and domestic Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company.

In addition, the NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards.



Officer in charge	Chief Information Security Officer : Susumu Nishimoto, Senior Corporate Managing Directors
Responsible committee	Information Security Promotion Committee

Maintenance of rules for the 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.

Training and awareness on information security

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

Number of information security training participants	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Training for new employees	no. of person	355	392	515	557	450
Training on response to cyber-attacks	no. of person	129	78	83	56	–
Training for information security	no. of person	–	–	–	–	6,387
Personal information management training	no. of person	5,807	5,997	6,116	6,252	6,387
Security training for temporary employees	no. of person	1,535	1,641	1,695	1,686	1,795
Coverage		b	b	b-	b-	b-
Security training for overseas offices	no. of person	2,438	2,597	2,739	2,417	2,705
Coverage		d	d	d	d	d

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	FY2016	FY2017	FY2018	FY2019	FY2020
Verification assessments conducted of project security rules	no. of audits	269	230	165	141	110
Audits of public Web system	no. of audits	37	84	77	83	67
Audits of responses to cyber-attacks, and corrections	no. of audits	128	145	148	149	158
Audits of live productions and development management, and corrections	no. of audits	155	10	11	147	12
Surveys of the use of AWS ^{*1} and making any corrections	no. of audits	14	30	48	169	193
Surveys of the use of BPO ^{*2} operations and making any corrections	no. of audits	3	1	3	4	1
Coverage		c	c	c	c	c

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

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

Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, the NRI 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	FY2016	FY2017	FY2018	FY2019	FY2020
Number of projects conducting audits	87	81	76	95	780
Coverage	c	c	c	c	c

Information Security - Data

Measures for domestic group companies

The NRI Group conducts regular information security assessments and supports improvement activities.

	Object	FY2016	FY2017	FY2018	FY2019	FY2020
Audits of public Web system	no. of audits	4	28	24	22	12
Audits of responses to cyber-attacks, and corrections	no. of audits	99	107	19	154	167
Audits of live productions and development management, and corrections	no. of audits	7	4	6	7	7
Surveys of the use of AWS* ¹ and making any corrections	no. of audits	5	58	22	34	45
Surveys of the use of BPO* ² operations and making any corrections	no. of audits	6	3	2	1	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	15	16	17	17	16
Audits of public Web system	4	7	3	1	4
Audits of responses to cyber-attacks, and corrections	16	14	4	3	0

Company-wide responses to cyber-attacks

The NRI Group uses system-based defences against cyberattacks, such as installing anti-virus (anti-malware*¹) software, hard drive encryption, and installing different security measures (such as firewalls, WAF*², and network behavior analysis technology*³).

With cyber-attacks, however, it is the attackers who have the upper hand, and NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT*⁴).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system.

It collects, evaluates a shares information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate.

We also conduct for our employees education and training, such as ongoing real-life training against phishing emails.

*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.

Information Security - Data

G08D

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, formulating rules for work that involves a lot of email transmission, and the use of secure file sharing services (Cryptobin from NRI SecureTechnologies), etc. 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 SecureTechnologies, a group company, as part of measures against cyber attacks.

► Policies for minimizing the impact of information security failures

Policies for minimizing the impact of information security failures

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

► Certification on Information Security Management System (ISMS^{*1})

ISMS certification acquired Name of company, office, or division

- Yokohama Center
- Tokyo Data Center I
- Yokohama Data Center I
- Yokohama Data Center II
- Osaka Data Center
- Osaka Data Center II

- Operation office (Yokohama Landmark Tower)
- Nakanoshima Cloud Control Center

- Systems Consulting Division (partial business)
- Data Center Service Division (partial business)
- Cloud Service Division (partial business)^{*2}
- Insurance Solution Division (partial business)

- NRI SecureTechnologies, Ltd.
- NRI System Techno, Ltd. (partial business)
- DSB Co., Ltd. (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

	<p>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. We have established personal information management regulations, and if executives and employees violate these regulations, we take disciplinary actions in accordance with our internal rules.</p>
Applicable scope	NRI
References	<p>Personal Data Protection Statement (Applicable scope: NRI) https://www.nri.com/en/site/security</p> <p>Privacy Policy (Applicable scope: NRI Group) https://www.nri.com/en/site/privacy</p>

► Management on protection of personal information

Governance System for the Protection of Personal Information

	<p>We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system.</p> <p>The "Personal Information Protection Auditor" is appointed by the President & CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports.</p> <p>The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.</p>
<p>Officer in charge</p>	<p>This role is assumed by Chief Information Security Officer.</p>

Maintenance of rules for the Protection of Personal Information

	<p>Included in the "Maintenance of rules" section of "Information security management".</p>
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Training and awareness on protection of personal information

	<p>Included in the "Training and awareness on information security" section of "Information Security Management."</p>
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Personal information held by NRI

	<p>We have introduced a "Personal Information Management Register System," and are aware of the status of personal information with respect to its registration, use, or disposal. In addition, the oversight departments conduct yearly checks regarding whether personal information is being handled properly or not.</p> <p>The personal information in our possession includes information concerning company directors, employees, and temporary staff, persons in charge of our corporate clients, persons in charge of our business partners (outside contractors and suppliers), and participants in NRI Group events. Personal information held by clients may also be handled in system processing.</p>
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Point of contact for external inquiries

	<p>General inquiries from the outside are handled by the public relations department.</p>
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Strengthened Personal Information Protection Management for Partner Companies

	<p>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."</p>
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▶ 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.
In FY2020 NRI has not received any requests for customer information from the government and legal authorities. If such requests were to be made, it would be handled in accordance with current regulations and in accordance with the principles set forth in the company's Privacy Policy.

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.
DSB Information System Co., Ltd.

* Certification based on JIS Q 15001

■ Environmental Management - Management Approach

E01M

Material issues of NRI related to this management approach

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

NRI's approach to material issues

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

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

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

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

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

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

Priority activities / Medium- to long-term targets

The NRI Group has engaged continuously in efforts to reduce greenhouse gas emissions, from moving our systems to a new data center with high environmental performance, to moving our main offices, including our Head Office, to office buildings better energy efficiency.

In February 2018, we set a target of keeping the average global temperature rise to less than 2°C compared to pre-industrial level, which is in line with international calls for addressing the problem of climate change. The subsequent Special Report on Global Warming of 1.5°C by the IPCC indicated that a temperature increase of just 1.5°C compared to pre-industrial level would cause grave problems such as flooding and drought, and this spurred international recognition of the need to keep the temperature increase to less than 1.5°C. In order to respond to this global movement, we signed the Business Ambition for 1.5°C in May 2020, and obtained certification for the 1.5°C target by SBTi in February 2021.

[Major targets]

- 1) Reducing the greenhouse gas emissions of the NRI Group (total of Scope 1 plus Scope 2) by 72% in FY2030 (compared to FY2013)
- 2) Increasing the ratio of renewable energy use at data centers to 70% by FY2030

Environmental Management - Management Approach

E01M

Progress / Achievements / Challenges

The status of achievement of major environmental goals is as follows.

NRI was selected as a "Climate Change A List" company for two consecutive years by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change initiative. This recognizes that the greenhouse gas emission reduction and climate risk mitigation efforts of the NRI Group have been highly appraised internationally.

KPI	unit	FY2013	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions (Scope1 + 2)	1,000t-CO ₂	108	78	75	66	60	55
GHG emissions reduction rate (compare to base year FY2013)	%	(Base year)	26.9	30.0	38.2	43.8	48.7
Energy consumption amount in Data Centers	1,000kWh	—	108,598	103,815	98,550	95,779	95,523
Renewable energy consumption amount	1,000kWh	—	82	75	72	75	1,570
Renewable energy utilization rate	%	—	0.1	0.1	0.1	0.1	1.6
Coverage		a	a	a	a	a	a

- Link Files
- Green by NRI
 - Significantly reducing CO₂ emissions from the use of shared online services
 - Policy proposal activities to boost data center energy efficiency
 - Contribution to mitigating environmental impact through consulting activities
https://www.nri.com/en/sustainability/environment/Green_by_NRI
 - Green of NRI
 - Data centers that boast advanced environmental performance
https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center
 - Energy conservation and environmental impact reduction activities in offices
https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving
 - Environmental training for executives and employees
https://www.nri.com/en/sustainability/environment/Green_of_NRI/education
 - Environmental activities by executives and employees (In Japanese only)
https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities
 - NRI Green Bond
<https://www.nri.com/en/sustainability/environment/greenbond>
 - Participation in a Program to Protect Asian Elephants
<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51>

■ Environmental Management - Data

E01D

▶ Environmental policy

Environmental policy	
	<p>NRI has formulated the NRI Group Environmental Policy based on a recognition that tackling environment problems such as climate change and pollution is a common challenge facing the entire world.</p> <p>We have also formulated a Biodiversity Action Agenda, which defines our actions to take to promote the conservation and sustainable use of biodiversity.</p> <p>To ask its business partners, such as external contractors and suppliers, to engage in activities that take into consideration the environment, social and governance (ESG), NRI has a procurement policy containing the clause "Respecting Sustainable procurement." We will conduct procurement in a manner that considers the environment while also complying with the law and social norms.</p>
Applicable scope	All directors, officers and employees of NRI Group
References	<p>NRI Group Environmental Policy https://www.nri.com/en/sustainability/environment/policy</p> <p>Biodiversity action agenda https://www.nri.com/en/sustainability/environment/biodiversity</p> <p>NRI Group Procurement Policy https://www.nri.com/en/company/partner</p>

▶ Environmental management system

Environmental management structure	
	<p>At the direction of the President & CEO, the NRI Group has formed the Sustainability 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.</p>
Officer in charge	Takeshi Hihara, Senior Managing Director
Responsible committee	Sustainability Activities Committee

Status of introduction of environmental management system (EMS)			
	<p>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 CO2.</p> <p>As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from FY2015.</p> <p>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.</p>		
	EMS Coverage (based on energy consumption)	unit	FY2020
		%	94.4
	Data centers (ISO 14001 introduction rate 100%)	%	70.5
	Office (NRI-EMS introduction rate 85.1%)	%	23.4
	Overseas bases (NRI-EMS introduction rate 26.2%)	%	0.5
	Coverage		a

■ Environmental Management - Data

E01D

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 discloses environmental efforts via our website, Integrated Reports, and Annual Securities Report. Our environmental data refers to international standards such as the GHG protocol when conducting calculations. From FY2014, our environmental information has been certified by a third-party organization, and our items for certification increase each year. Our TCFD scenario analysis results are announced to investors and the media in the ESG briefing held in February each year, and also disclosed on our website and in our Integrated Report.

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							Assur- ance	
INPUT		unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Energy consumption	Total	1,000GJ	1,529	1,492	1,390	1,328	1,290	✓
	Electricity* ¹	1,000kWh	143,253	136,518	127,773	121,926	119,574	✓
	Gas, kerosene, cooling, steam, heat* ²	1,000GJ	138	167	150	144	130	✓
	Renewable energy consumption* ¹ * ^a	1,000kWh	82	621	743	886	3,926	✓
Water consumption	Water works* ²	1,000m ³	200	201	212	185	154	✓
Paper rehuses use	Business paper* ²	t	217	213	190	174	80	✓
OUTPUT		unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Greenhouse gas	Total	1,000t-CO ₂	78	75	66	60	55	✓
	Electricity* ¹ * ^b	1,000t-CO ₂	72	68	60	54	49	✓
	Gas, kerosene, cooling, steam, heat* ²	1,000t-CO ₂	6	6	6	6	5	✓
Drainage for business* ³	Volume of wastewater	1,000m ³	40	35	37	34	32	✓
Waste paper* ²	Whole waste	t	284	269	193	173	95	✓
	Final disposed volume	t	0	0	0	0	0	✓
	Recycling rate	%	100	100	100	100	100	✓
Industrial wastes* ⁴	Whole waste	t	666	2,365	1,414	539	418	✓
	Final disposal volume	t	22	75	40	25	33	✓
	Recycle rate	%	96.6	96.8	97.2	95.4	92.1	✓
Coverage			(notes-2)	(notes-2)	(notes-2)	(notes-2)	(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
- 3) Renewable energy
 - *a Total amount of electricity generated from self-consumption (solar power), Green Power Certificates, J-credit certificates, and overseas renewable energy certificates.
- 4) Greenhouse gases (electricity)
 - *b Results of calculation based on the location standard: 53 [1,000 t-CO₂]

► Governance for climate change

Governance system

Officer in charge

Takeshi Hihara, Senior Managing 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. In addition, NRI annually conducts a quantitative and qualitative integrated evaluation of the business performance and CSV performance of each division including respond to climate change, and select several divisions with excellent results. The evaluation of these divisions is reflected as additional bonus payments for division heads (Senior managing directors) and employees of the divisions. 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.

► Climate-related targets

Climate-related targets

Category		Target for FY2030						
Scope1+2		<ul style="list-style-type: none"> Reduce greenhouse gas emissions at the NRI Group by 72% (compared to FY2013) Achieve a renewable energy usage rate of 70% at data centers 						
		<ul style="list-style-type: none"> Reduce greenhouse gas emissions at the NRI Group to zero Achieve a renewable energy usage rate of 100% at the NRI Group 						
Scope3		<ul style="list-style-type: none"> 70% or more of NRI Group supplier and vendors(Category 1 and 2 and 11) will set science-based target for reducing greenhouse gas emissions by FY2023 						
		<ul style="list-style-type: none"> Reduce greenhouse gas emissions related to employee travel and commuting (Category 6 and 7) by 25% by2030 (compared to FY2013) 						
Progress		unit	FY2013	FY2016	FY2017	FY2018	FY2019	FY2020
	CO ₂ emissions (Scope1 + 2)	1,000t-CO ₂	108	78	75	66	60	55
	Reduction rate (compared to base year)	%	(Base year)	26.9	30.0	38.2	43.8	48.7
	Energy consumption amount at Data Center	1,000kWh	–	108,598	103,815	98,550	95,779	95,523
	Renewable energy consumption amount	1,000kWh	–	82	75	72	75	1,570
	Renewable energy utilization rate	%	–	0.1	0.1	0.1	0.1	1.6
	Supplier's environmental target setting rate	%	–	n/a	4.6	18.1	21.6	30.5
	Emissions related to business travel and commuting	1,000t-CO ₂	7	9	9	11	28	5
	Reduction rate (compared to base year)	%	(Base year)	–	–	–	–	28.2
	Coverage		a	a	a	a	a	a

► Climate-related risks

Risks due to changes in regulations

The world has accelerated towards decarbonization. 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. In addition, together with Japanese RE100 member companies, we are making policy proposals to the Japanese government to increase the supply of renewable energy.

■ Climate Change - Data

E02D

Risks due to physical impacts

The NRI Group's business (consulting and system developments) is labor-intensive business, and labor costs are the largest cost item. Therefore, if climate change occurs and the number of working days decreases due to heavy rain or intensifying typhoons, new personnel will be needed. Increasing of the labor costs would be a risk for the NRI Group. Currently, about 70% of our 13,000 employees work in Japan, and the rest in Australia, China, and India, and we assume that almost all of these regions will be affected by natural disasters.

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 owns five data centers in Japan to provide out sourcing services of IT solutions and Shared Online Services. In particular, Shared Online Services allow multiple companies to use the same system jointly, so that they can reduce power consumption and CO₂ emissions. As a green revenue, it accounts for about 20% of sales.

In addition, as the NRI Group joined RE100, it has set a goal of achieving a 70% data center renewable energy utilization rate by FY2030 and 100% for the entire NRI Group by FY2050.

Such low and decarbonized services are expected to increase demand for these services as society moves toward decarbonization, and we believe that they represent a business opportunity for the NRI Group.

► Action to mitigate climate change

Mitigating climate change through products and services

Shared Online Services:

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

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

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Green revenues (revenues from shared online services)	billions of yen	97.8	100.1	98.7	103.6	102.9
Sales ratio	%	23.1	21.2	19.7	19.6	18.7
Coverage		a	a	a	a	a

Contribution of climate change mitigation to industry associations and regulations

NRI is actively participating in the RE100 member meeting and endorsing its recommendations, and is engaged in policy engagement to improve the procurement environment for renewable energy. Specifically, on January 18, 2021, together with the member companies of the Japan Climate Initiative (JCI), we published a message in the next Basic Energy Plan calling for an increase in the renewable energy power target for FY2030 from the current 22-24% to 40-50%. In addition, on March 22, 2021, RE100 (The Climate Group), RE100 member companies, and Japan Climate Leaders' Partnership (JCLP: RE100 regional partner) jointly sent a letter to COP26 to set the 2030 renewable energy target at 50%, and called on the Japanese government to JCLP (Japan Climate Leaders Partnership) and requested the Japanese government to expand the introduction of renewable energy.

■ Greenhouse Gas Emissions - Data

E03D

▶ Greenhouse gas emissions

GHG emissions (Scope1, Scope2)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Direct GHG emissions (Scope1)		1,000t-CO ₂	1	1	1	1	1	✓
Japan		1,000t-CO ₂	1	1	1	1	1	✓
Overseas		1,000t-CO ₂	0	0	0	0	0	✓
Indirect GHG emissions (Scope2) ^{*1 *2}		1,000t-CO ₂	77	73	65	58	53	✓
Japan		1,000t-CO ₂	74	70	62	56	53	✓
Overseas		1,000t-CO ₂	3	3	2	2	0	✓
Total emissions (Scope1+2) ^{*3}		1,000t-CO ₂	78	75	66	60	55	✓
Japan		1,000t-CO ₂	75	72	63	58	55	✓
Overseas		1,000t-CO ₂	3	3	2	2	0	✓
Coverage ^{*1}			a-	a-	a-	a-	a-	

*1 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)

Note 1: Indirect GHG emissions (Scope 2)

*2 Calculation results based on the location standard: Japan 56 [1,000t-CO₂], overseas 1 [1,000t-CO₂], total 57 [1,000t-CO₂]

Note 2: Total of Scope 1 + Scope 2 emissions

*3 Results of calculation based on location standard: Japan 57 [1,000t-CO₂], Overseas 1 [1,000t-CO₂], Total 59 [1,000t-CO₂]

GHG emissions (Scope3)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Indirect GHG emissions (Scope3)		1,000t-CO ₂	112	137	120	180	133	✓
Category1	Purchased goods and services	1,000t-CO ₂	64	69	84	91	97	✓
Category2	Capital goods	1,000t-CO ₂	23	44	12	15	16	✓
Category3	Fuel-and-energy-related activities	1,000t-CO ₂	6	6	5	10	10	✓
Category6	Business travel	1,000t-CO ₂	6	7	8	24	1	✓
Category7	Employee commuting	1,000t-CO ₂	2	2	2	4	3	✓
Category11	Use of sold products	1,000t-CO ₂	9	7	6	34	4	✓
Category12	End of life treatment of sold products	1,000t-CO ₂	0	0	0	0	0	✓
Coverage			a-	a-	a-	a-	a-	

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

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

GHG emissions per net sales (Scope 1+2)		unit	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions per net sales		t-CO ₂ /Millions of Yen	0.185	0.160	0.133	0.114	0.100

Energy Consumption - Data

E04D

Energy consumption amount

Energy consumption amount	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Energy consumption amount	1,000kWh	172,912	172,906	160,866	154,125	148,604	✓
Electricity	(A) 1,000kWh	143,253	136,518	127,773	121,926	119,574	✓
Kerosene	kl	35	32	0	52	0	✓
Diesel	kl	103	112	128	113	137	✓
Gas	1,000m ³	311	569	628	644	587	✓
Cooling, steam, heat	1,000GJ	87	100	85	80	72	✓
Renewable energy consumption amount*	(B) 1,000kWh	82	621	743	886	3,926	✓
Renewable energy utilization rate	(B/A) %	0.1	0.5	0.6	0.7	3.3	✓
Coverage		a	a	a	a	a	

* Total amount of electricity generated from in-house solar power generation (solar power), Green Energy Certificates, J-credits, and Energy Attribute certificates.

Data center energy consumption

Data center energy consumption	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Data center energy consumption	(A) 1,000kWh	108,598	103,815	98,550	95,779	95,523	✓
Renewable energy consumption amount*	(B) 1,000kWh	82	75	72	75	1,570	✓
Renewable energy utilization rate	(B/A) %	0.1	0.1	0.1	0.1	1.6	✓
Scope of data center coverage	%	100	100	100	100	100	

* Figures include solar power generation (all for in-house consumption), Green Energy Certificates, and J-credits at the Tokyo Data Center I.

Resource Use, Waste - Data

E05D

Water resources

Water use	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Water use (total)	1,000m ³	200	201	212	185	154	
Water works	1,000m ³	200	201	212	185	154	✓
Recycled water	1,000m ³	–	–	–	–	–	
Coverage*		b-	b-	b-	b-	b-	

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

Waste water	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste water (total)	1,000m ³	40	35	37	34	32	✓
Coverage*		c-	c-	c-	c-	c-	

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

Paper resources

Paper use	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Paper use (Business paper)	t	217	213	190	174	80	✓
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers, centers and part of offices

Waste paper	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste paper (total)	t	284	269	193	173	95	✓
Recycle rate	%	100	100	100	100	100	✓
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers, centers and part of offices

Waste

Waste disposed	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste disposed (total)	t	666	2,365	1,414	539	418	✓
Recycle rate	%	96.6	96.8	97.2	95.4	92.1	✓
Coverage*		b-	b-	b-	b-	b-	

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

■ NRI Green Bond (3rd Unsecured) Data

Project status

NRI acquired the trust beneficiary right of the Yokohama Comprehensive Center (Yokohama Nomura Building), which will use NRI Green Bond funds in April 2017, and has started using it as a lessee.

KPI	Field	Item	unit	FY2020
Environment	Environment	Industrial waste volume	t	3.5
		Recycling rate	%	27.0
Social	Social	Occupational safety and health: Number of serious accidents (including subcontractors)		0
Governance	Governance	ESG related disputes (including subcontractors)		0
Local community contribution	Local community contribution	Actions taken for dialogue and interaction with the local community		

•The winter illumination was held from November 12, 2020 to February 14, 2021.

Environmental evaluation of target facilities

Assurance

Yokohama Center (Yokohama Nomura Building)				unit	FY2016	FY2017	FY2018	FY2019	FY2020	
INPUT	Energy resources use	Total heat	1,000GJ	–	62	77	83	74	✓	
		Electricity	1,000kWh	–	3,086	3,912	4,261	3,887	✓	
		Gas, Cooling, heat	1,000GJ	–	32	39	42	37	✓	
OUTPUT	GHG emissions	Total emissions	t-CO ₂	–	2,953	3,604	3,909	3,450	✓	
		Electricity	t-CO ₂	–	1,500	1,858	1,994	1,776	✓	
		Gas, cooling, heat	t-CO ₂	–	1,453	1,745	1,915	1,674	✓	
		Emissions per floor area	t-CO ₂ /m ²	–	0.05	0.07	0.07	0.06		
	Emissions per employee (A)	t-CO ₂ /person	–	0.45	0.54	0.59	0.52			
Yokohama Minato Center (Dia Building)				unit	FY2016	FY2017				
OUTPUT	Total heat from energy resources		1,000GJ	77	51					
		GHG emissions	t-CO ₂	3,963	2,537					
		Emissions per floor area	t-CO ₂ /m ²	0.12	0.14					
		Emissions per employee (FY2017 : B)	t-CO ₂ /person	1.02	1.13					
Comparison between Yokohama Nomura Building and Dia Building				unit	FY2016	FY2017	FY2018	FY2019	FY2020	
OUTPUT	Improvements in emissions per employee ((A-B)/B)		%	–	-60.6	-51.9	-47.8	-53.9		

Notes 1. When conducting the environmental assessment on the Yokohama Nomura Building, a comparison was conducted with the Yokohama Dia Building that was the main transfer source.

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

Notes 3. Because the energy resources for the Yokohama Nomura Building are electricity, 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.

■ NRI Sustainability-Linked Bonds (8th series unsecured straight corporate bonds) Data

E07D

Assur-
ance

Status of KPIs

NRI has issued "the NRI Sustainability-Linked Bond(SLB)" to implement the code of conduct in "The NRI Group's Environmental Policy". Sustainability-Linked Bonds are financial instruments based on assessments of future performance according to Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) determined beforehand by the issuer. The conditions of the bonds change depending on whether the SPTs set as numerical targets to be achieved for the KPIs are achieved.

The bonds set out 2KPIs as follows.

KPI1 : NRI Group GUG emissions (Scope1 + 2)

KPI2 : Renewable energy utilization rate by NRI Group data centers

KPI	Unit	Base year	Target year	Progress	
		FY2013	FY2030	FY2020	
NRI Group GHG emissions (Scope 1 + 2)	1,000t-CO ₂	108	30	55	✓
Renewable energy utilization rate in data centers	%	—	70	1.6	✓

Status of SPTs achievement

The bonds set out 2SPTs as follows.

• SPT1 : 72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year (Scope1 + 2)

• SPT2 : Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%

SPT	Unit	Target year	Progress
		FY2030	FY2020
72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year (Scope 1+2)	%	72	48.7
Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%	%	70	1.6

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.

■ Labor Practices, Diversity - Management Approach

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 | <ol style="list-style-type: none"> 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 | <ol style="list-style-type: none"> 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 | <ol style="list-style-type: none"> 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 | <ol style="list-style-type: none"> 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".

■ Labor Practices, Diversity - Management Approach

Progress / Achievements / Challenges

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

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

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

KPI	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Female managers rate ^{*1}	%	6.1	6.4	6.8	7.1	7.6
Employment continuation ratio of female / that of male ^{*2}	%	81.9	78.8	72.4	77.7	86.3
Ratio of average service years of female / that of male ^{*3}	%	80.1	79.8	78.8	79.7	78.8
Female employee hiring rate ^{*4}	%	25.6	26.7	27.6	28.2	27.2
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) https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag2
	Improving productivity through new working styles https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2018_e.pdf#page=14
	Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children Main schemes of NRI for childbirth and parenting support (In Japanese only) https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag3
	Main schemes of NRI for nursing care support (In Japanese only) https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag4

■ Labor Practices, Diversity - Data

► Employee data

Number of employees (Consolidated)		unit	FY2016	FY2017	FY2018	FY2019	FY2020
Overall	Total number of employees	no. of person	11,605	12,708	12,578	13,278	13,430
	(breakdown) male	no. of person	8,375	9,285	n/a	n/a	n/a
		%	72.2	73.1	–	–	–
	female	no. of person	3,230	3,423	n/a	n/a	n/a
		%	27.8	26.9	–	–	–
	Non-Japanese	no. of person	2,837	3,799	3,493	3,705	3,457
	%	24.4	29.9	27.8	27.9	25.7	
By region	Japan	no. of person	8,676	8,821	9,004	9,495	9,912
		%	74.8	69.4	71.6	71.5	73.8
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
	female	no. of person	n/a	n/a	n/a	n/a	n/a
	Europe	no. of person	12	14	15	16	12
		%	0.1	0.1	0.1	0.1	0.1
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
	female	no. of person	n/a	n/a	n/a	n/a	n/a
	Americas	no. of person	383	392	345	328	218
		%	3.3	3.1	2.7	2.5	1.6
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
	female	no. of person	n/a	n/a	n/a	n/a	n/a
	Asia	no. of person	1,995	2,052	1,761	1,860	1,903
		%	17.2	16.1	14.0	14.0	14.2
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
	female	no. of person	n/a	n/a	n/a	n/a	n/a
	of which China	no. of person	1,473	1,465	1,168	1,244	1,289
		%	12.7	11.5	9.3	9.4	9.6
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
	female	no. of person	n/a	n/a	n/a	n/a	n/a
	Australia	no. of person	539	1,429	1,453	1,579	1,385
	%	4.6	11.2	11.6	11.9	10.3	
(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a	
female	no. of person	n/a	n/a	n/a	n/a	n/a	
Overseas total	no. of person	2,929	3,887	3,574	3,783	3,518	
	%	25.2	30.6	28.4	28.5	26.2	
(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a	
female	no. of person	n/a	n/a	n/a	n/a	n/a	
Coverage			a	a	a	a	a

Note: As of the end of each fiscal year

■ Labor Practices, Diversity - Data

Number of employees (Non-consolidated)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
Overall	Total number of employees	no. of person	6,003	6,130	6,297	6,353	6,507	
	(breakdown) male	no. of person	4,861	4,947	5,049	5,058	5,152	
		%	81.0	80.7	80.2	79.6	79.2	
	female	no. of person	1,142	1,183	1,248	1,295	1,355	
		%	19.0	19.3	19.8	20.4	20.8	
	Average age of employees	age	39.9	40.2	40.3	40.4	40.5	
	(breakdown) male	age	40.5	40.8	41.0	41.2	41.2	
	female	age	37.5	37.7	37.6	37.6	37.6	
	Average yeas of worked	years	14.3	14.6	14.6	14.7	14.7	
	(breakdown) male (a)	years	14.8	15.2	15.3	15.4	15.4	
	female (b)	years	11.9	12.1	12.1	12.3	12.1	
	(b)/(a)	%	80.1	79.8	78.8	79.7	78.8	✓
	Non-Japanese		no. of person	92	106	112	110	122
		%	1.5	1.7	1.8	1.7	1.9	
By age	Below 30 years	no. of person	1,172	1,158	1,223	1,258	1,359	
		%	19.5	18.9	19.4	19.8	20.9	
	(breakdown) male	no. of person	847	820	858	889	957	
		female	no. of person	325	338	365	369	402
	30-39 years	no. of person	2,031	2,023	2,044	2,047	2,064	
		%	33.8	33.0	32.5	32.2	31.7	
	(breakdown) male	no. of person	1,650	1,640	1,640	1,615	1,624	
		female	no. of person	355	381	383	404	440
	40 - 49 years	no. of person	1,583	1,624	1,575	1,527	1,497	
		%	26.4	26.5	25.0	24.0	23.0	
	(breakdown) male	no. of person	1,285	1,315	1,268	1,230	1,215	
		female	no. of person	287	298	309	307	282
	50-59 years	no. of person	1,116	1,221	1,338	1,404	1,432	
		%	18.6	19.9	21.2	22.1	22.0	
	(breakdown) male	no. of person	1,000	1,092	1,190	1,231	1,225	
		female	no. of person	116	129	148	173	207
	Over 60 years	no. of person	101	104	117	117	155	
		%	1.7	1.7	1.9	1.8	2.4	
(breakdown) male	no. of person	79	80	93	93	131		
	female	no. of person	22	24	24	24	24	

Note: As of the end of each fiscal year

■ Labor Practices, Diversity - Data

Number of employees (Non-consolidated)	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
By managers posi							
Total number of managers	no. of person	2,501	2,607	2,733	2,844	2,861	
(breakdown) male	no. of person	2,348	2,441	2,547	2,642	2,643	
	%	93.9	93.6	93.2	92.9	92.4	
female	no. of person	153	166	186	202	218	
	%	6.1	6.4	6.8	7.1	7.6	✓
of which general manager or higher positions	no. of person	201	211	205	224	225	
(breakdown) male	no. of person	195	204	197	214	215	
	%	97.0	96.7	96.1	95.5	95.6	
female	no. of person	6	7	8	10	10	
	%	3.0	3.3	3.9	4.5	4.4	
of which junior management positions	no. of person	2,300	2,396	2,528	2,620	2,636	
(breakdown) male	no. of person	2,153	2,237	2,350	2,428	2,428	
	%	93.6	93.4	93.0	92.7	92.1	
female	no. of person	147	159	178	192	208	
	%	6.4	6.6	7.0	7.3	7.9	
of which management positions in revenue-generating functions	no. of person	n/a	2,416	2,537	2,594	2,596	
(breakdown) male	no. of person	n/a	2,272	2,373	2,416	2,407	
	%	n/a	94.0	93.5	93.1	92.7	
female	no. of person	n/a	144	164	178	189	
	%	n/a	6.0	6.5	6.9	7.3	
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

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	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
Number of employees with disabilities	no. of person	121	134	142	166	170	✓
Rate of employees with disabilities*	%	2.22	2.19	2.26	2.45	2.35	✓
Coverage		d	d	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"

■ Labor Practices, Diversity - Data

▶ Remuneration

Average annual salary	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employee as a whole	1,000 yen	11,514	11,660	12,217	12,352	12,251
	Coverage	c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Master's degree	yen	251,500	251,500	251,500	251,500	251,500
Bachelor's degree	yen	221,500	221,500	221,500	221,500	221,500
	Coverage	c	c	c	c	c

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

▶ Promoting diversity and inclusion

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).



2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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Labor-management consultation on diversity & inclusion

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

▶ Long-term incentives

Long-term incentives for employees

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

NRI Group employee stock ownership plan

This is an employee benefits system in which employees of the NRI Group (NRI and its consolidated subsidiaries) use a self-determined amount of their salary and bonus to regularly purchase shares in NRI, supporting the creation of medium to long-term assets. Employees are awarded an incentive in the form of NRI shares amounting to 10% of their contribution.

In addition, the holding of NRI shares also serves as an incentive system to increase motivation to improve the performance of the NRI Group.

In addition, dividends are re-invested in purchases of NRI shares after tax is subtracted.

Ratio of the number of shares held by the Shareholding Association to the total number of NRI issued shares excluding treasury stock:
4.74% (as of March 31, 2021)

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.

■ Labor Practices, Diversity - Data

► Hire and turnover

Hire and turnover			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires	Total		no. of person	289	339	452	496	543
	(breakdown) male		no. of person	212	256	328	374	406
			%	73.4	75.5	72.6	75.4	74.8
	female		no. of person	77	83	124	122	137
			%	26.6	24.5	27.4	24.6	25.2
	New graduate hires		no. of person	223	266	319	308	393
	Mid-career hires		no. of person	66	73	133	188	150
Number of Turnover*	Total		no. of person	237	266	284	322	297
Turnover rate*			%	3.5	3.8	3.9	4.3	3.8
	Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

* Including mandatory retirees

New graduate recruitment			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires			no. of person	223	266	319	308	393
	(breakdown) male		no. of person	166	195	231	221	286
			%	74.4	73.3	72.4	71.8	72.8
	female		no. of person	57	71	88	87	107
			%	25.6	26.7	27.6	28.2	27.2
	of which, Bachelor's degree or above		no. of person	223	266	319	308	393
	(breakdown) male		no. of person	166	195	231	221	286
	female		no. of person	57	71	88	87	107
	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

New graduates employees assigned to STEM related departn			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires			no. of person	n/a	n/a	n/a	n/a	393
	of which employees assigned to STEM* related departments		no. of person	n/a	n/a	n/a	n/a	336
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	247
			%	n/a	n/a	n/a	n/a	73.5
	female		no. of person	n/a	n/a	n/a	n/a	89
			%	n/a	n/a	n/a	n/a	26.5
	Coverage							b-

* Science, Technology, Engineering and Mathematics

■ Labor Practices, Diversity - Data

Mid-career recruitment	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires		66	73	133	188	150
(breakdown) male	no. of person	46	61	97	153	120
	%	69.7	83.6	72.9	81.4	80.0
female	no. of person	20	12	36	35	30
	%	30.3	16.4	27.1	18.6	20.0
Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Employment continuation ratio of female / that of male *1	%	81.9	78.8	72.4	77.7	86.3	✓
Coverage		c	c	c	c	c	

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

New graduate hires retention rate after 3 years	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of new graduates hired before 2 business years*	no. of person	242	240	218	265	315
(breakdown) male	no. of person	185	174	164	194	230
female	no. of person	57	66	54	71	85
Number of continuing employees in the following fiscal year among new graduates hired before 2 business years	no. of person	220	224	209	246	291
(breakdown) male	no. of person	168	164	161	183	212
female	no. of person	52	60	48	63	79
New graduate hires retention rate after 3 years	%	90.9	93.3	95.9	92.8	92.4
(breakdown) male	%	90.8	94.3	98.2	94.3	92.2
female	%	91.2	90.9	88.9	88.7	92.9
Coverage		c	c	c	c	c

* Only those who joined on April 1

► Employee satisfaction

Employee survey

NRI takes a multifaceted approach to assessing employee awareness, such that mainly involves gauging employee satisfaction using three methods.

Such initiatives target all NRI employees working in Japan and overseas, and the method with the shortest cycle is conducted on a semi-annual basis.

Internet surveys are the primary means of assessment. The items surveyed include job content, remuneration, work-life balance, career support, employee benefits, work environment, work flexibility, and overall satisfaction.

The survey results act as a basis for planning human resource policies and are posted on the company intranet to serve as feedback to employees.

■ Labor Practices, Diversity - Data

Employee survey results* ¹	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employee satisfaction* ²	%	–	80.5	–	81.8	–
(breakdown) male	%	–	80.3	–	81.7	–
female	%	–	81.1	–	82.4	–
Percentage of employees surveyed* ³	%	–	51.4	–	51.9	–
(breakdown) male	%	–	81.3	–	80.6	–
female	%	–	18.7	–	19.4	–
Coverage* ³			d		d	

(note) d: NRI's employee working in Japan

*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.

Overview of employee satisfaction survey (from FY2021)

NRI has been measuring employee engagement*¹ from FY2021 in order to gauge job satisfaction and create an environment where employees want to work.

The survey uses the "wevox"*² engagement survey tool once a year (in June) and targets employees from NRI itself and the five group companies*³ with the highest ratio of employees dispatched from NRI, except those new employees who entered the company in the April of that year (April 2021 this time).

The survey results are used for planning human resource policy and disclosed to employees on the company Intranet for feedback purposes.

Employee survey results* ⁴	Unit	FY2021
Employee satisfaction* ⁵	%	82.9%
Breakdown by gender		
Male	%	83.8%
Female	%	79.4%
Breakdown by age group		
20's	%	83.2%
30's	%	84.2%
40's	%	84.1%
50's	%	79.9%
60's	%	77.9%
Percentage of employees surveyed	%	49.0%
Coverage		d

*1 An index indicating the intent to voluntarily contribute to the organization and the mental state of working autonomously.

*2 An engagement analysis tool provided by Atrac, Inc. The survey is designed based on nine key drivers including role, health, human relations, organizational culture, and environment.

*3 NRI Secure Technologies, NRI Workplace Services, NRI Social Information System Services, NRI Digital, and Nomura Management School.

*4 The 7-points-scale of the survey is "Very satisfied"(7), "Rather satisfied"(6), "Satisfied"(5), "Neutral"(4), "Rather unsatisfied"(3), "Unsatisfied"(2) and "Very unsatisfied"(1).

*5 "Employee satisfaction" is the ratio of levels (5) to (7) to the total responses.

■ Labor Practices, Diversity - Data

▶ 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	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees acquiring Paid maternity leave	no. of person	13	9	13	8	4
Number of employees acquiring Pre- and post-childbirth leave	no. of person	76	56	72	78	61
Number of employees acquiring Childcare leave	no. of person	130	252	261	260	273
male	no. of person	60	189	194	190	208
of which acquired partner childbirth leave only	no. of person	36	167	156	137	124
of which acquired childcare leave	no. of person	24	22	38	53	84
female	no. of person	70	63	67	70	65
Number of employees utilizing shorter work hour system for childcare	no. of person	107	107	112	103	108
Childcare leave acquiring rate						
male (including partner childbirth leave)	%	18.7	59.6	61.0	65.1	68.6
male (childcare leave)	%	7.5	10.1	11.9	18.2	27.7
female	%	100.0	100.0	100.0	100.0	100.0
Employees returning to work after childcare leave (female)	%	97.3	97.0	96.7	98.1	100.0
Employees remaining in work after childcare leave (female)	%	91.7	93.3	92.8	96.8	96.5

■ Labor Practices, Diversity - Data

Utilization of work-life balance support system	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees acquiring Nursing care leave	no. of person	2	3	3	0	1
Number of total days of acquiring nursing care leave	days	43.0	34.0	16.0	21.5	3.0
Number of employees utilizing shorter work hour system for nursing care	no. of person	0	0	0	2	1
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.

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%.

■ Labor Practices, Diversity - Data

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, and 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, where a total of approximately 6,000 employees engaged in telecommuting during the five days of the event.

During COVID-19, we have utilized our past experience to enable approximately 90% of our employees to work from home, with 50% working at the office during normal times and 30% working at the office in regions subject to a state of emergency or quasi-state of emergency declaration.

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 permitted 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, but from FY2021 it applies throughout the year as an activity that contributes to preventing global warming, based on the discretion of individual employees and the situation at the time.

■ Occupational Health and Safety - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

At the NRI Group, highly specialized personnel are major operational resources.

If a situation in which employees are unable to fully demonstrate their ability in a sound environment due to substandard occupational health and safety occurs, there is a risk that business services, such as the information systems that are important foundations for supporting society, and the provision of consulting services that are deeply involved in client operations and businesses, will be impacted due to the lower productivity and quality of deliverables.

Accordingly, since FY2015, NRI has been aiming to realize "Health and Productivity Management[※]," which contributes to improving the Quality of Life (QOL) of employees and is striving towards achieving its goals based on the NRI Health Declaration 2022.

Healthy Operations considers the management of employee health in terms of managerial perspective and strategic implementation.

The health of our employees also occupies an important position from the standpoint of the company's risk management, and we will try to proactively engage in health management as a company instead of entrusting it to individual employees.

It is extremely important for both the individuals concerned and the company that employees are healthy, and Healthy Operations will bring an injection of energy into the organization in the form of active employees and improved productivity by actively pushing employees to become healthy based on that philosophy, which as a result is expected to lead to improved business performance and corporate value.

[NRI Health Declaration 2022]

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

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

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

Occupational Health and Safety - Management Approach

Progress / Achievements / Challenges

Nippon Kenko Kaigi* 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 FY2016-2020 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	FY2016	FY2017	FY2018	FY2019	FY2020
Total working hours per employee per year*	hours/year	2,085.8	2,034.3	2,017.2	2,050.1	2,160.3
Average overtime hours per employees per month*	hours/month	27.2	22.0	21.5	26.6	33.5
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	45.4	70.1	67.9	70.0	72.4
Smoking rate	%	17.0	15.9	15.2	14.6	13.0
Exercise habit rate	%	15.9	19.0	20.7	20.5	23.3
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
	A trial run to assist health and productivity management for workers in the Marunouchi area https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=49

Occupational Health and Safety - Data

Occupational health and safety

Occupational health and safety policy

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

Occupational health and safety structure

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
Kaga Yanagisawa, Senior Managing Director (In charge of Human Resources and Human Capital Development)

Chief Health Officer
Shingo Konomoto, Chairman and President & CEO, Representative Director, Member of the Board

Responsible committee

Health and Safety Committee

Status of labor-management consultations on occupational safety and health

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

Risk management on occupational health and safety

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group.

Should it happen that owing to an occupational health and safety issue an employee cannot exploit the full potential of their abilities in a sound workplace, the resulting drop in productivity and/or poorer quality of outcomes may impact on our delivery of the information systems that are important foundations underpinning the society, or of the consulting services that play an important part in our clients' management and businesses.

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

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

We have mechanisms in place to accurately monitor our employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened.

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

Occupational Health and Safety - Data

Occupational health and safety situation	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employee work-related deaths	-	0	0	0	0	0
Number of work accidents* ¹	-	2	0	2	1	0
Occupational accident frequency rate* ²	-	0.16	0.00	0.16	0.08	0.00
Average overtime hours per employees per month* ³	hours	27.2	22.0	21.5	26.6	33.5
Coverage		c	c	c	c	c

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

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

*3 All employees including managers, discretionary labor employees

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 counselling, including consultations about work and the workplace overall, consultations on career-development and skill-development, counseling on workplace stress and health, counseling on family health and care, consultations about ethics and compliance, consultations concerning harassment.

Occupational Health and Safety - Data

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	FY2016	FY2017	FY2018	FY2019	FY2020
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	45.4	70.1	67.9	70.0	72.4
Smoking rate	%	17.0	15.9	15.2	14.6	13.0
Exercise habit rate	%	15.9	19.0	20.7	20.5	23.3
Coverage		c	c	c	c	c

► Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total working hours per employee per year	hours/year	2,085.8	2,034.3	2,017.2	2,050.1	2,160.3
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Average overtime hours per employees per month	hours	27.2	22.0	21.5	26.6	33.5
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Annual paid leave*1	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of granted days*2	days	21.6	21.5	21.4	21.4	21.3
Number of days acquired	days	15.3	15.4	15.3	15.2	13.7
Annual paid leave acquisition rate	%	70.6	71.4	71.3	71.1	64.1
Coverage		c	c	c	c	c

*1 Average base for all employees.

*2 Excluding carryforward

■ Occupational Health and Safety - Data

▶ Mental health measures

Mental health measures

As measures to safeguard mental health, in addition to reducing late-night work, eliminating continuous long working hours, a thorough system of interviews with industrial physicians for workers who work long working hours, and stress checks based on the Industrial Health and Safety Act, the following initiatives are being implemented.

Establishment of consultation desks for workplace stress

Employees can bring consultations about workplace stress to the health-care rooms (staffed by Industrial physicians and 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). From November 2020 we also started an online interview service. These are both free of charge in certain circumstances.

■ Human Resources Development - Management Approach

Material issues of NRI related to this management approach

"Diversity of human resources"

NRI's approach to material issues

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.

We also focus on cultivating core human resources that can achieve the NRI Group's 3 Social Values to aim for management that can contribute to building sustainable futures.

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.

■ Human Resources Development - Management Approach

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 200 managers (with the two programs conducted since 2002 and 2020) and about 110 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 development, and microservices, and are promoting measures for increasing human resources working in important priority fields.

In "Global human resource development," we carry out practical training programs that incorporate actual experience of global 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 30 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

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

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

NRI's Human Resources Strategy

https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=56

■ Human Resources Development - Data

▶ Human resources development management

Human resources development policy (Focus areas)

We regard our people as an essential management resource of the NRI Group and a wellspring of its added value across the board.

The NRI Group's approach to human resources development entails drawing out talents of ambitious employees and cultivating human assets that are capable of producing results on the job.

Meanwhile, professional initiatives of NRI Group employees are backed by the Group's human resources development framework.

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

Of particular importance with respect to human resources development is the notion of organically fusing various aspects of the three elements: 1) on-the-job training, 2) training programs, and 3) self-study, and those three elements combined form the cornerstone of professional development.

OJT provided through work experience is the optimal development tool, and 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 system 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 management challenge 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 achieve a broad-based perspective and become capable of flexibly responding to changes in the business environment.

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, as guidelines for employee careers and the specialties they should pursue.

■ Human Resources Development - Data

Human resource development program

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 human resources responsible for contributing to building sustainable futures based on the NRI Group mission of "value co-creation", 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 profit and loss, and multi-stakeholder engagement.

It also entails performing assessments geared to enabling individuals to develop their abilities.

Our selective training for mid-career employees differs from career development via actual work and encompasses studies of sophisticated managerial knowledge and the business creation process via interaction with diverse human resources both inside and outside the company.

(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 providing training to enable consultants and system engineers who are equipped with conventional abilities to handle the DX realm by drawing on their existing skills.

(3) As for developing our global human resources, we implement programs geared to cultivate human resources that can implement our "Global Strategy", which is one of the growth strategies in the Long-term Management Vision "Vision 2022".

We provide various programs such as an overseas training system and overseas study programs, based on the idea of a "global human resource pool" for cultivating the next generation of business leaders that can play active roles on the global stage, in order to expand the NRI business portfolio. This enables employees with the ambition and suitable skills to play an active role on the global stage to systematically gain experience so that they can flourish in various business domains as global human resources upon returning.

The overseas training system was enhanced in FY2020. In addition to the conventional trainee system called the global business (GB) trainee program, which enables employees to improve their ability to conduct work via actual work experience with highly diverse stakeholders overseas, we have also started the global strategy leader (GSL) trainee program for cultivating management human resources at the worldwide offices and Group companies of NRI.

■ Human Resources Development - Data

Self-study

Self-development is indispensable for career development and is recommended to employees from various aspects including the human resource system.

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, subsidize external training expenses, 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, and in recent years, we have also been 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. For language learning, we provide employees with a 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 e-learning services "Cousera" and "Udemy" and the video streaming platform "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 adoption of gacco 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/2021/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

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.

Having multiple specialized fields will not only broaden your horizons and enable you to grow into a cross-organizational human resource that flexibly responds to changes in the business environment, but also lead 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

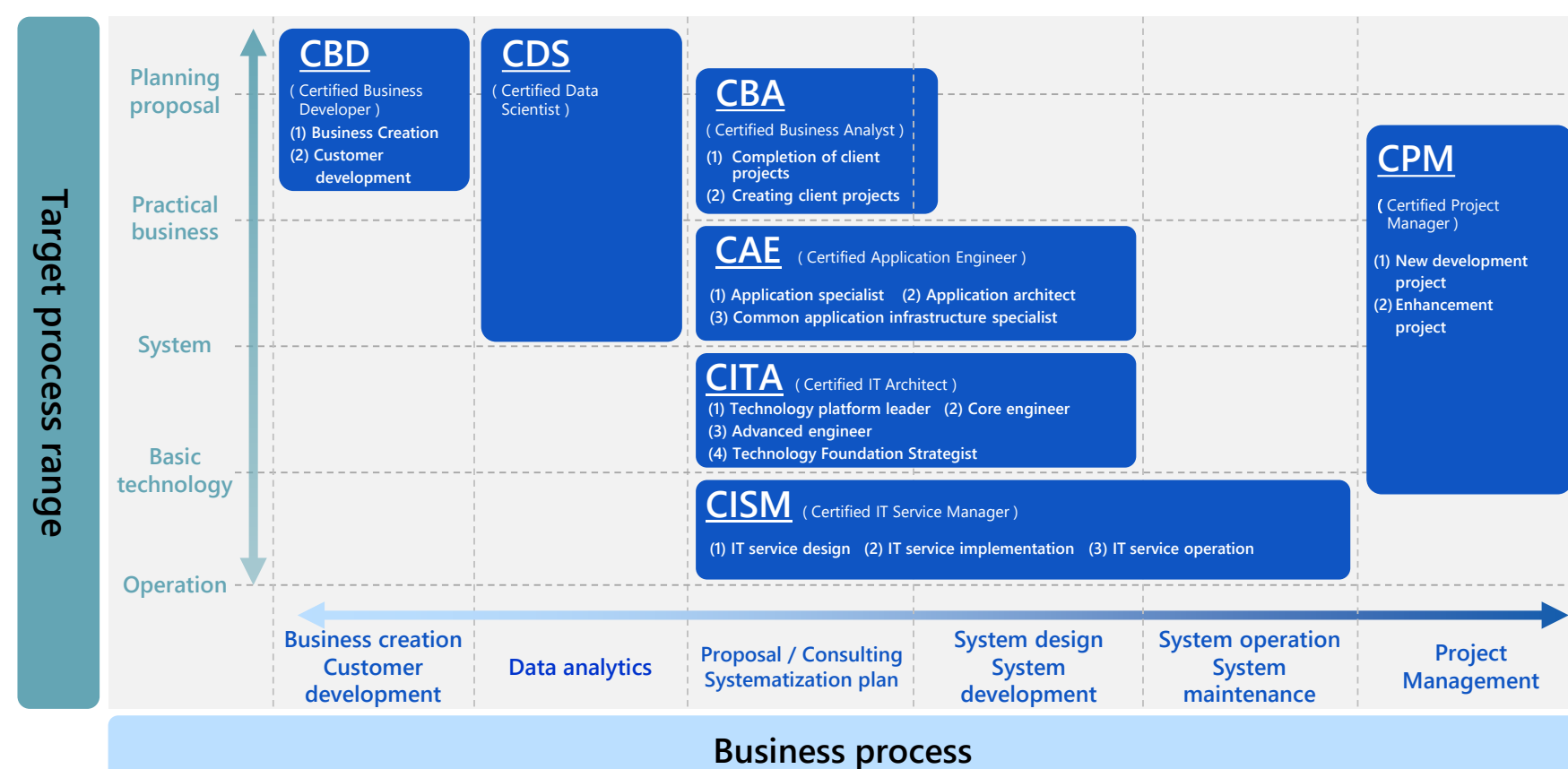
Through the granting of internal certification (NRI Certification) to employees with high levels of expertise who have refined their skills in career fields, NRI offers professional role models while also promoting the development of core NRI human resources in those fields.

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 NRI Certification receive OJT through appropriate job assignment and curriculum based training matched to the requirements of each certification.

The scope of this system is all NRI employees.

[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 curricula 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 autonomous career assistance for each age group. 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, career development that aims for acquisition of internal certifications and other objectives. 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, and we have a detailed training development system established to cover the businesses and operations of each business division.

[NRI Training Program]

Class		New Talent		Mid-level		Manager			
		Comprehensive work	Profession	Deputy Leader	Leader				
Stratified program	Core human resources	New comer	Profession promoted	Deputy Leader promoted	Leader promoted	Manager promoted	New GM	New Manager	
		General staff training		Onboarding training for new employees		Existing senior professional training		Lecture for Manager	
	Career plan workshop		Selected Leader Development Program			Selected GM Development Program	Cross-industrial exchange-based human resources development program for management	New Future Creation school	
Career development program	Focus area	Female Leader Development Program		Female Leader training school		Selective training programs for female General Managers & Managers			
		Consulting training		Career practice training		Career practice professional training		Certification selection training	
	Other skill request program		Human Resource Development Program for DX (Digital Transformation)						
D&I program	Focus area	Global Human Resource Development Program		D&I seminar for GM, Manager					
		E-learning programs on Unconscious Bias, Caregiving and other topics to promote Diversity and Inclusion						Programs to support employees in balancing work and parenting	
Other	Focus area	Self-study support program						Business Division / Programs by Segment	

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, and 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 are currently considering the content of the training that is unique to our company and suitable for the times, and since FY2019, 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 blended learning that combines group learning with individual learning utilizing original video content. 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 recent years, 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 with an autonomous career outlook. 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 four 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 (1) courses aiming to develop executive candidates enlist 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]

Target	General	Professional occupation			Senior occupation			
	Comprehensive New comer training	Profession Promotion training	Deputy Leader Promotion training	Leader Promotion training	Senior occupation Promotion training	[Programs for newly promoted employees and by position] New GM section manager training New manager training		
Feature	Gear change from students to working people	Determination to profession	Think about your own growth and career	Think from a higher perspective	Attitude as a manager	Fostering awareness as a line manager	Grow your organization as a company executive	
Occupation	Training upon joining the company 	Promotion training 	Promotion training 	Promotion training 	Promotion training 	Training by position New GM section manager training New manager training Lecture for department managers Tokyo University of the Arts Art Workshop 		

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.

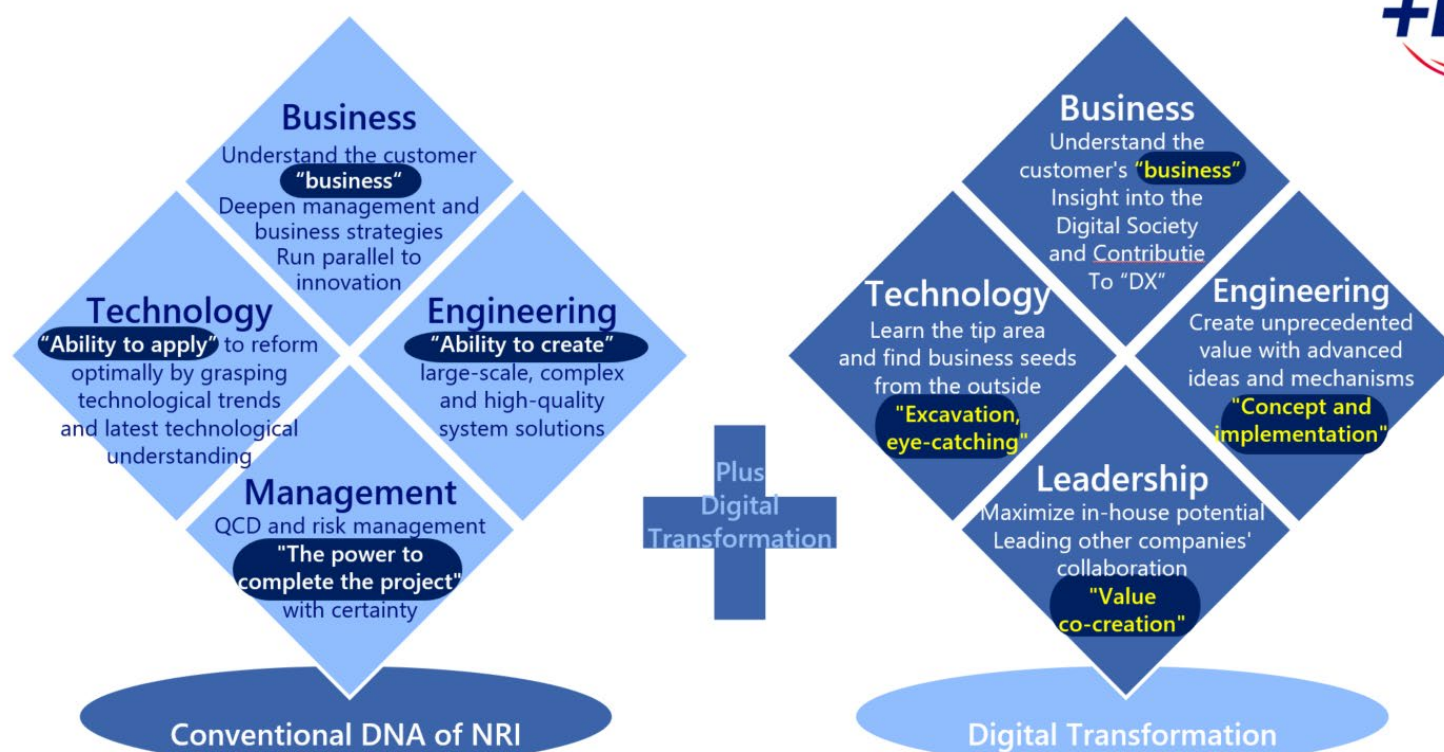
These programs have a variety of business curricula that share basic knowledge and IT skills as well as hands-on know-how, modern business use cases, deep NRI-like insights, and cutting-edge business insights.

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.

[New human resource image for Digital Transformation]

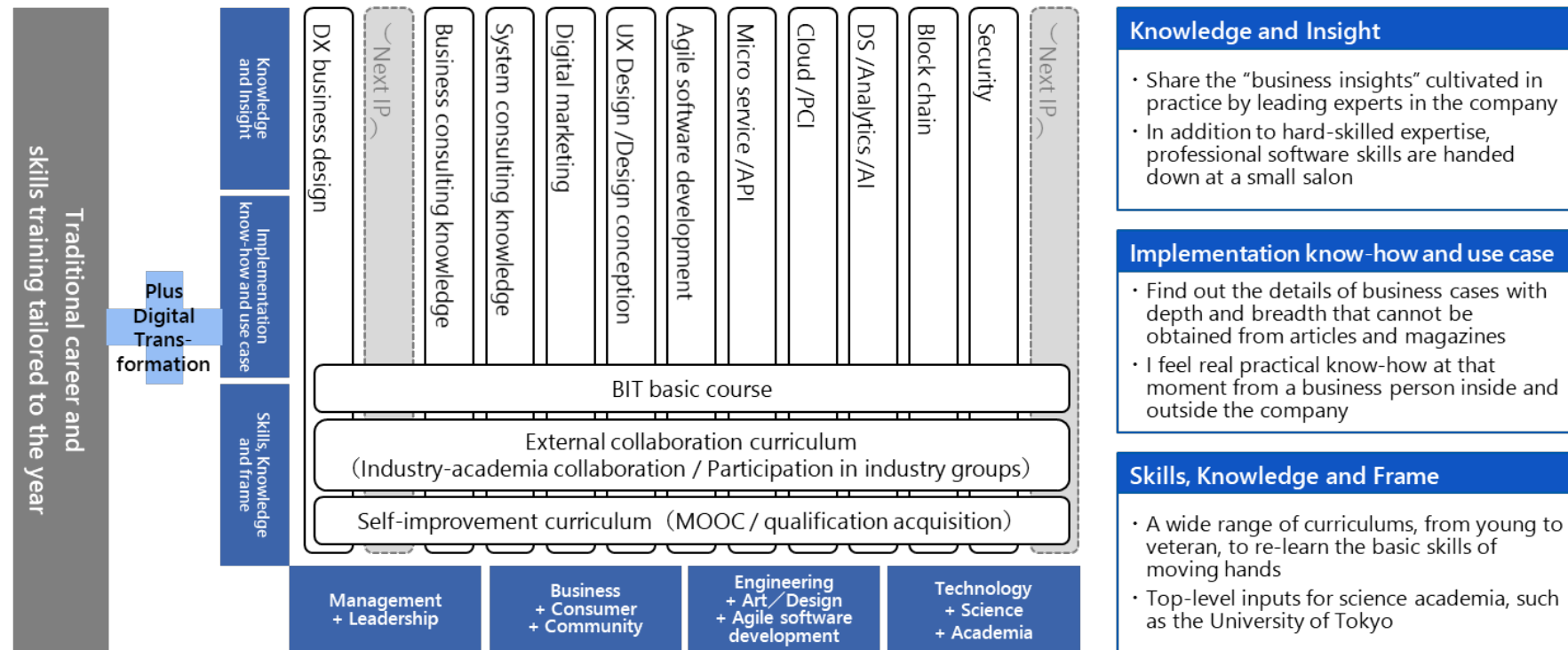
 Leverage our experiences and put them to work in driving "DX"



Human Resources Development - Data

[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]

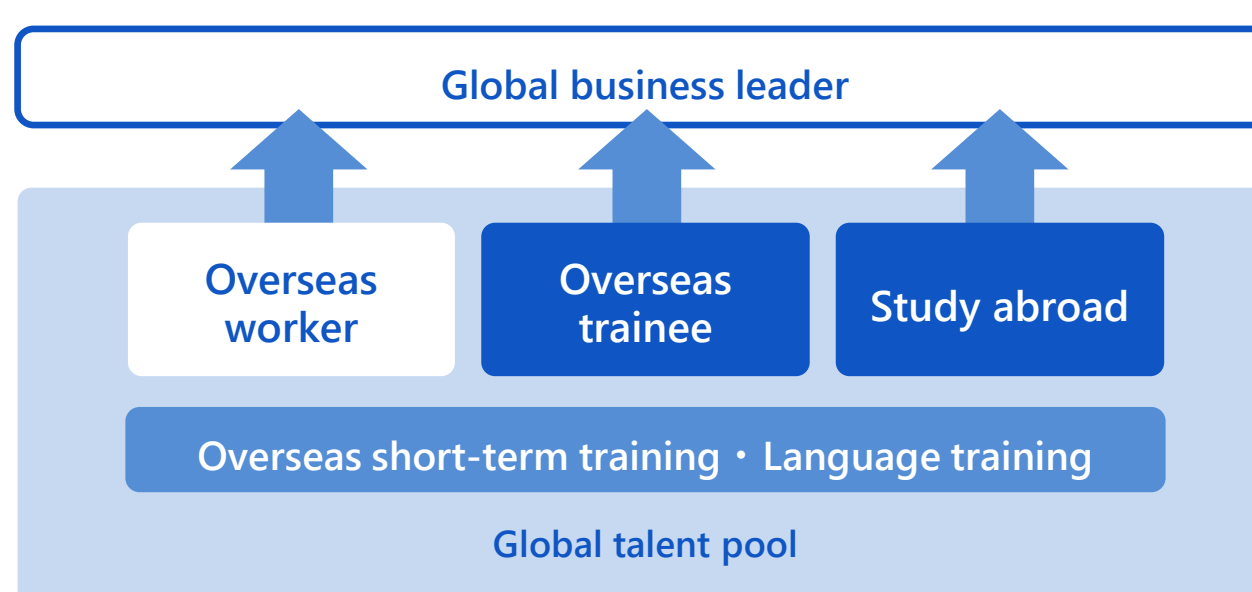
Add the essence of surviving the DX age in the learning field. Maximize opportunities for "Self-learning"



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

Global Human Resources Development Program

NRI implements many training 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. In FY2020, we started a new global strategy leader (GSL) trainee program for cultivating human resources that can manage the overseas offices of NRI. 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).



Business impacts

With regard to the three core issues of core human resource development, about 200 managers (with the two programs conducted since 2002 and 2020) and about 110 section managers (since 2015 revision) have completed the selective training program, and there are now more cases where those that have completed the manager program also join the general manager program, which has 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

Human Resources Development - Data

Inputs for human resources development

Human resources development investment cost			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total human resources investment cost			millions of yen	3,365	3,448	3,632	3,531	3,196
Coverage				a	a	a	a	a
Human resource development capacity development investment cost per employee			1,000 yen	475	466	477	446	366
Coverage				c	c	c	c	c
Total human resource development hours			hour	267,688	269,826	315,630	310,350	348,539
Human resource development days per person			day/ person	6.3	6.0	6.9	6.7	7.3
Human resource development hours per person			hour / person	47	45	52	50	55
(Breakdown) By age group	Below 30	hour / person	—	118	145	158	174	
	30 to 50	hour / person	—	18	20	24	21	
	50 or over	hour / person	—	7	7	11	9	
(Breakdown) By gender	Male	hour / person	—	36	42	48	51	
	Female	hour / person	—	57	69	80	84	
Coverage*					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.

Human Resources Development - Data

Number of employees who acquired the professional qualifications		unit	FY2016	FY2017	FY2018	FY2019	FY2020* ⁴
Information processing engineer (IT strategist)	no. of person		305	328	354	374	369
Information processing engineer (System architect)	no. of person		903	949	974	990	973
Information processing engineer (Project manager)	no. of person		814	869	909	943	934
Information processing engineer (Network specialist)	no. of person		939	955	975	1,000	996
Information processing engineer (Database specialist)	no. of person		789	843	879	924	912
Information processing engineer (Embedded system specialist)	no. of person		40	48	50	55	56
Information processing engineer (Information security specialist)	no. of person		1,218	1,202	1,185	1,163	1,160
Information processing engineer (IT service manager)	no. of person		388	409	413	433	427
Information processing engineer (System audit engineer)	no. of person		342	354	360	363	350
Registered Information Security Specialist* ¹ (Successful candidates)	no. of person		–	108	242	375	377
Project Management Professional	no. of person		255	292	299	320	336
ITIL Manager / Expert / Intermediate	no. of person		70	70	70	68	77
Chartered Member of the Securities Analysts Association of Japan	no. of person		242	245	245	246	246
Certified Public Accountant Small and Medium sized	no. of person		9	9	16	15	12
Enterprise Consultant	no. of person		45	46	46	48	46
First-class Registered Architect	no. of person		11	10	10	10	10
Chief Telecommunications Engineer	no. of person		110	107	107	108	86
Number of employees who acquired NRI certification system		unit	FY2016	FY2017	FY2018	FY2019	FY2020
Certified Business Developer	no. of person		24	18	15	23	27
Certified Business Analyst	no. of person		26	23	22	25	29
Certified Data Scientist* ²	no. of person		–	7	14	17	21
Certified Application Engineer* ³	no. of person		16	19	23	24	28
Certified IT architect	no. of person		67	65	69	66	69
Certified IT Service Manager	no. of person		28	30	33	39	43
Certified Project Manager	no. of person		96	94	93	107	117
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

*4 Some of the FY2020 information processing engineer tests were delayed until the next fiscal year.

■ Business and Human Rights - Management Approach

S04M

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.

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.

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 order to further accelerate sustainable procurement in the NRI Group, we have established the "NRI Group Business Partner Code of Conduct" and are seeking the understanding of business partners such as outsourcers and suppliers.

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 FY2020, we conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis.

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

Human rights report

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 Managing Director

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

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.

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.

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.

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.

All division heads in NRI Group companies are appointed as promotion members of the Human Rights Education Committee.

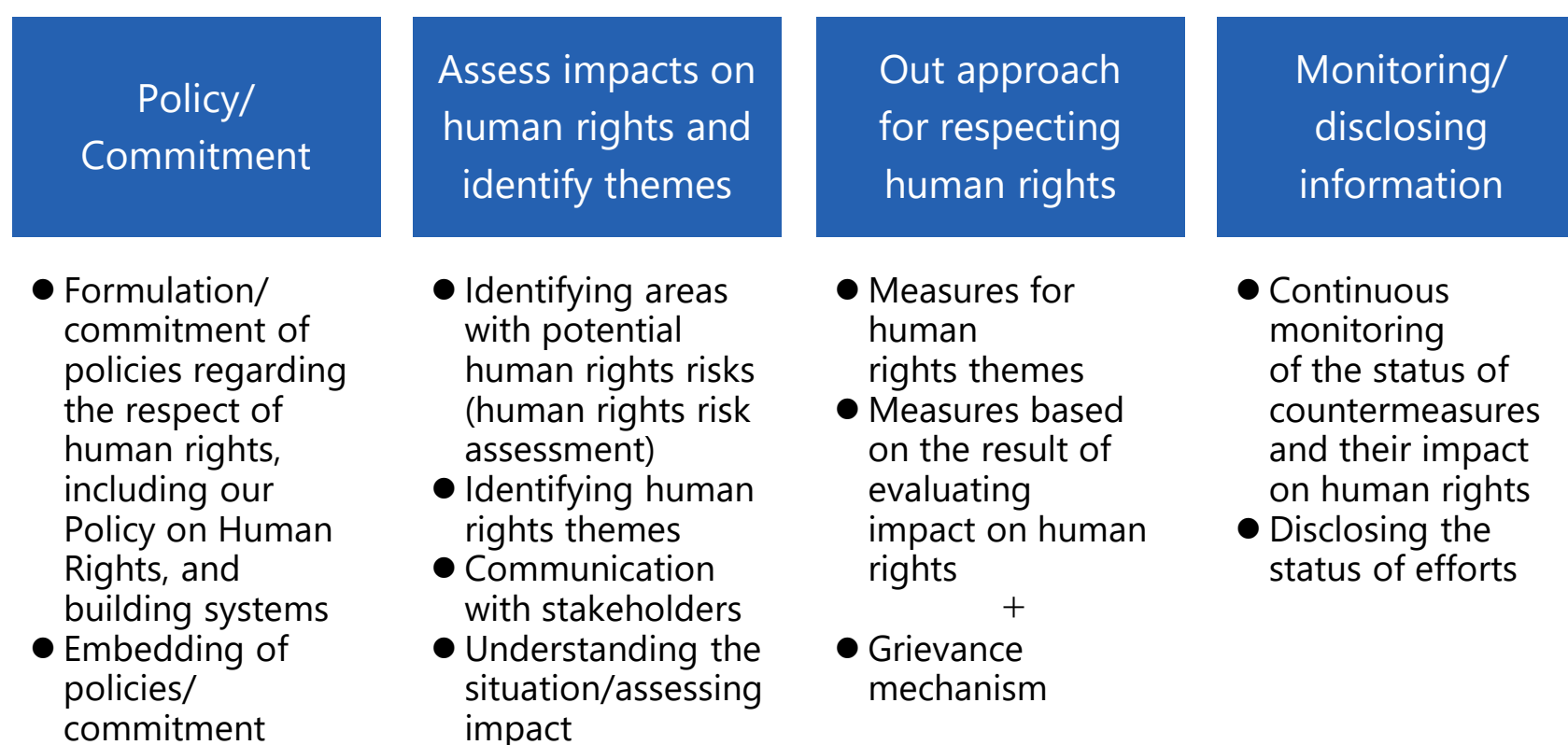
In addition, department managers are given and recognized the responsibility of creating a comfortable workplace where the human rights of all are respected.

► Efforts to respect human rights

Identification process of human rights risks

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.

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".



► 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, 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 FY 2020, in order to further promote sustainable procurement, we reviewed the terms and expressions of the "NRI Group Procurement Policy" and "NRI Group Employee's Code of Business Conduct" and newly established the "NRI Group Business Partner Code of Conduct" .

Applicable scope

NRI Group and business partners such as outside contractors and suppliers

References

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 Business Partner Code of Conduct

https://www.nri.com/en/company/partner_code

NRI Group AI Ethics Guidelines

https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines

► 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*¹ and Caux Round Table Japan*², which provide globally generally accepted human rights risk assessment methods, and identified the potential human rights risks that NRI Group's business activities may have on human rights.

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

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

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

*1 Verisk Maplecroft is a leading global risk analytics, research and strategic forecasting company.

It provides databased solutions and advice on political, human rights, economic and environmental risks to organizational resilience and sustainable procurement.

*2 Caux Round Table is a global network of business leaders aimed at ensuring business contributes to a more free, fair and transparent society. Caux Round Table Japan assists companies to promote their human rights activities.

<Scope of the assessment>

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

<Identified Human Rights Risks>

Right to privacy

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

Decent wages

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

Decent working time

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

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.

<Contents of understanding the actual situation>

- 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.

<Identification of human rights themes>

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

Conduct a simple human rights risk assessment

1. Overview

The spread of COVID 19 has impacted corporate business activities and raised new risks of negative impacts on human rights. To correspond this changes, we have conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis.

We utilized the " Humanr Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business" that specialized on the COVID-19 crisis created by the United Nations Development Programme (UNDP).

<Scope of the assessment>

Scope	NRI and domestic group companies
Summary of assessment	<ul style="list-style-type: none"> • Health and safety in the workplace • Worker rights • Impact on the environment and community • Protecting privacy • Preventing prejudice and discrimination • Items for investigation in company policy and management

The 2020 human rights risk assessment found issues particularly in the following matters.

- Raising awareness of policies that relates to occupational health and safety in COVID-19 crisis among all employees, including those who undertake work on a one-off basis
- Thoroughly inform employees about how to dispose of masks and personal protective equipment
- Consideration for discrimination and prejudice against people who are affected by COVID-19

As a response to discrimination and prejudice against employees who have contracted COVID-19, we provided information on matters that all employees should be aware of and consider regarding those who have contracted COVID-19 on our in-house portal site.

The portal site is accessible by all employees of NRI and 34* group companies including international subsidiaries. *As of March 2021

We will take appropriate measures against risks other than the above.

► Engagement on human rights

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

	<p>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.</p>
Reference	<p>Human rights report https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf</p>

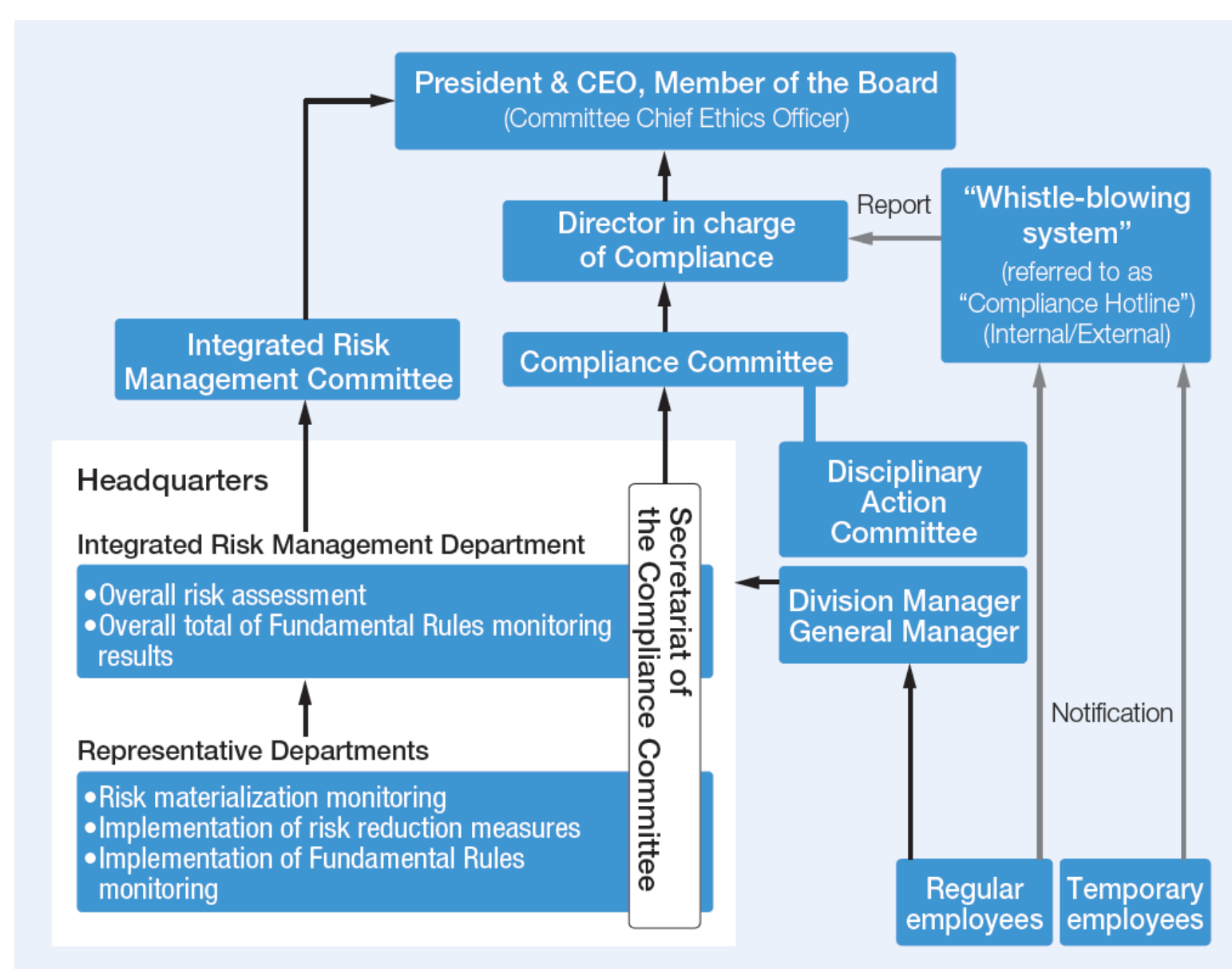
► Response to consultation and report on human rights

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

For NRI Group employees, temporary employees, and business partners, 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, business partners such as outsourcers and suppliers
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System for responding to external consultations and reports (suppliers, local communities, other)

	<p>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.</p> <p>From April 2021, we established the harassment hotline for business partners.</p>
Applicable scope	All stakeholders except NRI Group employees, temporary staff, business partners such as outsourcers and suppliers

▶ Freedom of association and the right to collective bargaining

Dialogue with labor union

	<p>NRI has a union shop contract with the Nomura Research Institute Labor Union. 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.</p>																												
	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Number of labor union members*¹</td> <td>no. of person</td> <td>3,773</td> <td>3,656</td> <td>3,579</td> <td>3,667</td> <td>3,965</td> </tr> <tr> <td>Rate of unionization*²</td> <td>%</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> </tr> <tr> <td></td> <td>Coverage*²</td> <td>d</td> <td>d</td> <td>d</td> <td>d</td> <td>d</td> </tr> </tbody> </table>		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Number of labor union members* ¹	no. of person	3,773	3,656	3,579	3,667	3,965	Rate of unionization* ²	%	100	100	100	100	100		Coverage* ²	d	d	d	d	d
	unit	FY2016	FY2017	FY2018	FY2019	FY2020																							
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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

	<p>Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group.</p> <p>In FY2020, we held dialogues with the World Benchmarking Alliance (WBA), an international NGO promoting the sustainable development goals (SDGs). During the dialog, we exchanged opinions regarding themes such as corporate assessment from the view of SDGs and the disclosure of activities related to human rights.</p> <p>In this dialogue so far, experts pointed out digital rights, workers' rights, discrimination on gender or nationality, supply chain human rights, and community impacts as the human rights risks to consider especially.</p> <p>NRI plan to identify our specific human rights risks, evaluate and respond to them.</p>
Reference	<p>Stakeholder Dialogues</p> <p>https://www.nri.com/en/sustainability/management/dialogue</p>

Multi stakeholder engagement

	<p>Since FY2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan.</p> <p>We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies, NGOs and NPOs, and industry and academic experts.</p>
Issues raised	<p>Key human rights issues for the ICT sector (extract)</p> <ul style="list-style-type: none"> • The potential for employees to work long hours and / or unpaid overtime when working on developing information systems • The potential threat from service shutdowns to users' activities and daily lives • The potential for damage to people's privacy from personal data breaches • The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT) • The risk of being unable to resist state demands to hand over personal information • The potential risk in overseas business activities of bribery and corruption involving government officials • Environmentally sensitive usage of energy and water • Exerting a positive influence on improving people's lives by bridging the information divide between communities
References	<p>2018 Stakeholder Engagement Program in Japan (In Japanese only) http://crt-japan.jp/portfolio/she-program/</p> <p>2018 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme) http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf</p>

▶ Corporate citizenship policy

Corporate citizenship policy

As a overall stakeholder representatives, companies must utilize resources such as people, technology and finance to contribute to the development of local as well a larger communitites 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.
This policy applies to all companies of NRI Group.

References

NRI Student Essay Contest (In Japanese only)
<https://www.nri.com/jp/news/event/lst/cc/sustainability/contest>

Career education program (In Japanese only)
<https://www.nri.com/jp/sustainability/edu>

Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake (In Japanese only)
<https://www.nri.com/jp/act311>

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

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

▶ 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 2020 was 1,925 (16% decrease from the previous year), and the cumulative number of submissions since 2006 was 19,807.

In addition, another student program, "Career Education Support," which provides students with opportunities for ICT education, reached 41 participants in 2020.

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 10,316 NRI Group employees will contribute to the recovery efforts for the Great East Japan Earthquake in March 2011, for a total of 264 million 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 5,617 thousand yen.

For the victims of the heavy rain disaster in July 2020, 355 group employees donated a total of 3,050 thousand yen.

Focus areas of corporate citizenship activities 3

	Information communication
Relevance to business	<p>Publication of investigation and research activities outcome is indispensable, for disseminating the social innovation that NRI promotes and receiving recognition widely from the society.</p> <p>Since our foundation, we have undertaken investigation and research activities in diverse fields.</p> <p>We use the results of these activities in our business and continue to disseminate them through regular publications, reports, books, forums and other events.</p>
Business benefits	<p>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.</p> <p>The result can be measured by research and development expenses as innovation investment.</p>
Social benefits	<p>As a KPI to evaluate the social effect of information transmission, we have set the transmission transition for each information transmission medium.</p> <p>In FY2020, the information dissemination record was 18 books, 353 newspaper and magazine articles, 666 lectures, 227 television and radio appearances, and 86 news releases.</p>

► Inputs for corporate citizenship activities

Social contribution expense		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Total		millions of yen	591	717	841	683	780	
By expense item	Cash contribution	millions of yen	360	272	395	314	343	✓
	In-kind giving	millions of yen	1	0	0	3	0	
	Facility offering	millions of yen	4	4	4	4	0	
	Provision of human resources to management school* ¹	millions of yen	122	126	127	58	71	✓
	R&D expenses* ²	millions of yen	–	156	152	174	259	
	Others	millions of yen	213	209	162	132	107	
Ratio to ordinary income (Non-consolidated)		%	1.06	1.23	1.08	0.90	1.03	
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

■ Corporate Citizenship - Data

Social contribution expense by category		FY2020
Total	millions of yen	780
Community investments	millions of yen	562
	%	72.0
Charitable donations	millions of yen	15
	%	2.0
Commercial Initiatives	millions of yen	203
	%	26.0

Social contribution expense by type of contribution		FY2020
Total	millions of yen	780
Cash Contributions	millions of yen	343
Time: employee volunteering during paid hours	millions of yen	308
In-kind giving	millions of yen	0
Management costs	millions of yen	128

Corporate Citizenship - Data

Impacts of corporate citizenship activities

KPI of corporate citizenship activities			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Human resources development for next generation	No. of entries for NRI Student Essay Contest			3,103	1,767	1,444	2,300	1,925
	Career education support	No. of schools conducted		34	24	31	29	2
		No. of participants	no. of person	1,277	733	850	704	41
Coverage				c	c	c	c	c
Social development	Donation support for disaster-stricken areas	Total	1,000 yen	39,904	13,214	16,577	12,000	16,050
		Great East Japan Earthquake disaster ^{*1}	1,000 yen	12,010	9,000	8,000	12,000	11,000
		2016 Kumamoto Earthquake	1,000 yen	27,894	4,214	2,960	-	-
		July, 2018 heavy rain disaster	1,000 yen	-	-	5,617	-	-
		July, 2020 heavy rain disaster	1,000 yen	-	-	-	-	5,050
		Coverage		a	a	a	a	a
TABLE FOR TWO ^{*2 *3}		number of meals provided locally		16,628	24,041	34,982	31,431	10,576
Coverage				d	d	d	d	d
Transmission of information	No. of books issued			13	15	20	21	18
	No. of articles in newspapers and magazines			273	298	306	290	353
	No. of lectures given			937	962	922	911	666
	No. of appearances on television and radio			102	158	267	155	227
	No. of news releases ^{*4}			97	104	69	80	86
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.

Payments Such as to Various Associations

Payments Such as to Various Associations		unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total		1,000 yen	5,400	5,400	5,000	5,000	5,000
	Trade associations/specified public interest promotion cooperations	1,000 yen	5,400	5,400	5,000	5,000	5,000
	Regional organizations/Arbitrary associations	1,000 yen	-	-	-	-	-
	Lobby activities	1,000 yen	-	-	-	-	-
	Others, political contributions	1,000 yen	-	-	-	-	-
Coverage				c	c	c	c

(note) Payments to industry associations in FY2020 were to only one such association, listed as "Trade associations / specified public interest promotion corporations".



Translation

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

Independent Assurance Report

June 30, 2021

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, 2021 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2021 (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	Page no.
1. Organizational profile			
102-1	Name of the organization	Integrated Report 2021 - Corporate Data / Share Information	p.109
102-2	Activities, brands, products, and services	Integrated Report 2021 - Business model and business direction	p.22
		Integrated Report 2021 - NRI's Four Business Segments	p.92
102-3	Location of headquarters	Integrated Report 2021 - Corporate Data / Share Information	p.109
102-4	Location of operations	Integrated Report 2021 - NRI Group Network	p.108
		NRI official website - NRI Group Companies and offices	(Link)
102-5	Ownership and legal form	Integrated Report 2021 - Corporate Data / Share Information	p.109
102-6	Markets served	Integrated Report 2021 - Competitive Advantages	p.23
		Integrated Report 2021 - NRI's Four Business Segments	p.92
		Integrated Report 2021 - NRI Group Network	p.108
		NRI official website - Solutions & Services	(Link)
		NRI official website - NRI Group Companies and offices	(Link)
102-7	Scale of the organization	ESG Databook 2021 - Labor Practices, Diversity - Employee data	p.89
		Integrated Report 2021 - 10-year Summary Consolidated Financial Statements	p.102
		Integrated Report 2021 - Corporate Data / Share Information	p.109
		Annual Securities Report - 2. Business Status - Management discussion and analysis of the financial situation, management results and cash flow situation. (In Japanese only)	p.19
		Annual Securities Report - 5. Accounting Status - Consolidated Balance Sheet. (In Japanese only)	p.73
102-8	Information on employees and other workers	ESG Databook 2021 - Labor Practices, Diversity - Employee data	p.89
102-9	Supply chain	ESG Databook 2021 - Supply Chain Management - Supply chain situation	p.41
		Integrated Report 2021 -Process of Value Co-Creation	p.20
		Integrated Report 2021 - Cooperation with Business Partners	p.65
102-10	Significant changes to the organization and its supply chain	There is no material changes concerning the supply chain during the reporting period.	
102-11	Precautionary Principle or approach	ESG Databook 2021 - Risk Management - Management Approach	p.24
		ESG Databook 2021 - Risk Management - Data	p.26
		ESG Databook 2021 - Client Relationship Management - Fiduciary duty	p.49
		ESG Databook 2021 - Environmental Management - Management Approach	p.73
		Integrated Report 2021 - Internal Controls, Corporate Ethics, and Compliance	p.88
102-12	External initiatives	ESG Databook 2021 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2021 - Participation in initiatives	p.79
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)

102-13	Membership of associations	ESG Databook 2021 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2021 - Participation in initiatives	p.79
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)
2. Strategy			
102-14	Statement from senior decision-maker	Integrated Report 2021 - Top Message	p.10
102-15	Key impacts, risks, and opportunities	ESG Databook 2021 - Risk Management - Long-term risk	p.28
		ESG Databook 2021 - Climate Change - Climate-related risks	p.79
		ESG Databook 2021 - Climate Change - Climate-related opportunities	p.80
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	ESG Databook 2021 - Compliance - Compliance policy	p.34
102-17	Mechanisms for advice and concerns about ethics	ESG Databook 2021 - Compliance - Compliance system	p.35
102 : General Disclosures		Reference	Page no.
4. Governance			
102-18	Governance structure	ESG Databook 2021 - Corporate Governance - Corporate governance structure	p.11
		ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-19	Delegating authority	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-21	Consulting stakeholders on economic, environmental, and social topics	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
		ESG Databook 2021 - Client Relationship Management - Client satisfaction	p.49
		Integrated Report 2021 - Active dialogues with Shareholders and Investors	p.67
102-22	Composition of the highest governance body and its committees	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2021 - Corporate Governance - Functions and committees	p.12
102-23	Chair of the highest governance body	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
102-24	Nominating and selecting the highest governance body	ESG Databook 2021 - Corporate Governance - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	p.11
102-25	Conflicts of interest	ESG Databook 2021 - Corporate Governance - Corporate governance policy	p.10
102-26	Role of highest governance body in setting purpose, values, and strategy	ESG Databook 2021 - Sustainability Policy - Sustainability management policy	p.1
		ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
		Integrated Report 2021 - System of the Board of Directors and the Audit & Supervisory Board	p.82

102-27	Collective knowledge of highest governance body	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-28	Evaluating the highest governance body's performance	ESG Databook 2021 - Corporate Governance - Effectiveness of the Board of Directors	p.16
102-29	Identifying and managing economic, environmental, and social impacts	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
		ESG Databook 2021 - Materiality	p.4
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		ESG Databook 2021 - Risk Management - Risk assessment	p.27
102-31	Review of economic, environmental, and social topics	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-32	Highest governance body's role in sustainability reporting	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-33	Communicating critical concerns	ESG Databook 2021 - Compliance - Compliance system	p.35
102-34	Nature and total number of critical concerns	ESG Databook 2021 - Compliance - Compliance situation	p.36
102-35	Remuneration policies	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-36	Process for determining remuneration	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-37	Stakeholders' involvement in remuneration	–	
102-38	Annual total compensation ratio	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-39	Percentage increase in annual total compensation ratio	–	
5. Stakeholder engagement			
102-40	List of stakeholder groups	ESG Databook 2021 - Stakeholders - Our stakeholders	p.3
102-41	Collective bargaining agreements	ESG Databook 2021 - Business and Human Rights - Freedom of association and the right to collective bargaining	p.127
102-42	Identifying and selecting stakeholders	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
102-43	Approach to stakeholder engagement	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
102-44	Key topics and concerns raised	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Integrated Report 2021 - NRI Group Network	p.108
102-46	Defining report content and topic Boundaries	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-47	List of material topics	ESG Databook 2021 - Materiality	p.4
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.	–
		ESG Databook 2021 - Environmental Management - Environmental mass balance	p.77
102-49	Changes in reporting	There are no material changes from the past reporting period regarding reporting items and scope.	–
102-50	Reporting period	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-51	Date of most recent report	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-52	Reporting cycle	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6

102-53	Contact point for questions regarding the report	ESG Databook 2021 - 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	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
		ESG Databook 2021 - Independent Assurance	p.134

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

200 : Economic		Reference	Page no.
201 : Economic performance			
201-1	Direct economic value generated and distributed	Integrated Report 2021 - Process of Value Co-Creation	p.20
201-2	Financial implications and other risks and opportunities due to climate change	ESG Databook 2021 - Climate Change - Climate-related risks	p.79
		ESG Databook 2021 - Climate Change - Climate-related opportunities	p.80
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report - 5. Accounting Status - Retirement benefits (In Japanese only)	p.109
201-4	Financial assistance received from government	–	
202 : Market presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	
202-2	Proportion of senior management hired from the local community	–	
203 : Indirect economic impacts			
203-1	Infrastructure investments and services supported	NRI official website - Sustainability Topics	(Link)
203-2	Significant indirect economic impacts	NRI official website - Sustainability Topics	(Link)
204 : Procurement practice			
204-1	Proportion of spending on local suppliers	ESG Databook 2021 - Supply Chain Management - Supply chain situation	p.41
205 : Anti-corruption			
103	Management Approach	ESG Databook 2021 - Compliance - Management Approach	p.33
205-1	Operations assessed for risks related to corruption	–	
205-2	Communication and training about anti-corruption policies and procedures	ESG Databook 2021 - Compliance - Anti-corruption	p.37
205-3	Confirmed incidents of corruption and actions taken	ESG Databook 2021 - Compliance - Anti-corruption	p.37
206 : Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Databook 2021 - Compliance - Fair competition	p.38
300 : Environmental		Reference	Page no.
301 : Materials			
301-1	Materials used by weight or volume	ESG Databook 2021 - Resource Use, Waste - Paper resources	p.83
301-2	Recycled input materials used	–	
301-3	Reclaimed products and their packaging materials	–	
302 : Energy			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73

302-1	Energy consumption within the organization	ESG Databook 2021 - Energy Consumption - Energy consumption amount	p.82
302-2	Energy consumption outside of the organization	–	
302-3	Energy intensity	–	
302-4	Reduction of energy consumption	ESG Databook 2021 - Energy Consumption - Energy consumption amount	p.82
302-5	Reductions in energy requirements of products and services	ESG Databook 2021 - Climate Change - Action to mitigate climate change	p.80
303 : Water			
303-1	Water withdrawal by source	ESG Databook 2021 - Resource Use, Waste - Water resources	p.83
303-2	Water sources significantly affected by withdrawal of water	Not applicable	
303-3	Water recycled and reused	Not applicable	
304 : Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
305 : Emissions			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73
305-1	Direct (Scope 1) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-2	Energy indirect (Scope 2) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-3	Other indirect (Scope 3) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-4	GHG emissions intensity	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-5	Reduction of GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable	
300 : Environmental		Reference	Page no.
306 : Effluents and waste			
306-1	Water discharge by quality and destination	Not applicable	
306-2	Waste by type and disposal method	ESG Databook 2021 - Resource Use, Waste - Waste	p.83
306-3	Significant spills	ESG Databook 2021 - Environmental Management - Environmental management system	p.75
306-4	Transport of hazardous waste	Not applicable	
306-5	Water bodies affected by water discharges and/or runoff	Not applicable	
307 : Environmental compliance			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73

307-1	Non-compliance with environmental laws and regulations	ESG Databook 2021 - Environmental Management - Environmental management system	p.75
308 : Supplire environmental assessment			
103	Management Approach	ESG Databook 2021 - Supply Chain Management - Management Approach	p.40
308-1	New suppliers that were screened using environmental criteria	ESG Databook 2021 - Supply Chain Management - Supplier screening criteria	p.44
308-2	Negative environmental impacts in the supply chain and actions taken	–	
400 : Social		Reference	Page no.
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401-1	New employee hires and employee turnover	ESG Databook 2021 - Labor Practice, Diversity - Hire and turnover	p.94
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	
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402 : Labor/Management relations			
402-1	Minimum notice periods regarding operational changes	–	
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103	Management Approach	ESG Databook 2021 - Occupational Health and Safety - Management Approach	p.100
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
403-3	Workers with high incidence or high risk of diseases related to their occupation	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
403-4	Health and safety topics covered in formal agreements with trade unions	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
404 : Training and education			
103	Management Approach	ESG Databook 2021 - Human Resources Development - Management Approach	p.106
404-1	Average hours of training per year per employee	ESG Databook 2021 - Human Resources Development - Inputs for human resources development	p.118
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Databook 2021 - Human Resources Development - Human resources development program	p.111
404-3	Percentage of employees receiving regular performance and career development reviews	–	
405 : Diversity and equal opportunity			
103	Management Approach	ESG Databook 2021 - Labor Practice, Diversity - Management Approach	p.86
405-1	Diversity of governance bodies and employees	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2021 - Labor Practice, Diversity - Employee data	p.89
405-2	Ratio of basic salary and remuneration of women to men	–	

406 : Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	–	
407 : Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	
408 : Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	–	
409 : Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	
410 : Security practices			
410-1	Security personnel trained in human rights policies or procedures	–	
411 : Rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable	
400 : Social		Reference	Page no.
412 : Human rights assessment			
103	Management Approach	ESG Databook 2021 - Business and Human Rights - Management Approach	p.120
		Human Rights Report - Our process for Respecting Human Rights	p.4
412-1	Operations that have been subject to human rights reviews or impact assessments	ESG Databook 2021 - Business and Human Rights - Human rights due diligence	p.122
412-2	Employee training on human rights policies or procedures	ESG Databook 2021 - Business and Human Rights - Business and human rights management	p.121
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412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	
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413-1	Operations with local community engagement, impact assessments, and development programs	–	
413-2	Operations with significant actual and potential negative impacts on local communities	–	
414 : Supplier social assessment			
414-1	New suppliers that were screened using social criteria	ESG Databook 2021 - Supply Chain Management - Supplier screening criteria	p.44
414-2	Negative social impacts in the supply chain and actions taken	ESG Databook 2021 - Supply Chain Management - Supply chain risk assessment	p.42
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415 : Public policy			
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416 : Customer health and safety			
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		ESG Databook 2021 - Information Security - Information security management	p.65
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Databook 2021 - Information Security - Management Approach	p.64
417 : Marketing and labeling			
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418 : Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Databook 2021 - Information Security - Risks related to protection of personal information	p.72
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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 2020 (April 1, 2020 through to March 31, 2021), but also describes some events from the past, some activities after April 1, 2021, and certain plans for future activities.

Guidelines referenced

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan
- Guiding Principles for Business and Human Rights of the United Nations "Protect, Respect and Remedy" Framework
- The Corporate Human Rights Benchmark

Web version publication date

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Disclaimer

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of June 2021, the date of publication of the ESG Databook 2021 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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NRI



NRI

Sustainability Book 2021



Nomura Research Institute

未来創発

Dream up the future.

Nomura Research Institute
is creating a new future.

Dream up the future. That's the Nomura Research Institute Group Corporate Philosophy.

In our desire to create a positive future by thoroughly considering the possibilities facing society in this era of rapid change where predictions cannot easily be made, we hope to contribute to society by creating new value.

The NRI Group will continue our endeavors in meeting never-ending challenges as a "company creating future society."

Icons on pages that introduce NRI Group efforts

Of the 17 Sustainable Development Goals (SDGs)*, these icons indicate goals that correspond to NRI Group initiatives described in this document.

* SDGs: Shared global goals defined by the United Nations for 2016 to 2030 in order to resolve global issues. Achieving this goal requires participation and cooperation from the national governments of UN member nations, local governments, corporations, NPOs, NGOs, and individual citizens.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



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Message from the President

Shingo Konomoto

Shingo Konomoto

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



Since Nomura Research Institute (NRI) was established, we have continued our businesses of policy recommendations always ahead of the times, corporate strategy proposals, and the development and operation of information systems, etc. We believe for NRI to keep growing, it is necessary for us to contribute to society through these businesses and continue to be indispensable for the world. In order to do so, we need to work to prevent and deter many social issues that are occurring on a global scale, such as climate change and human rights problems, and further focus on businesses that help solve them.

We believe that we can widely contribute to society by demonstrating NRI's ability to consistently provide everything from consulting to IT services in order to solve increasingly complex social issues.

The spread of the new coronavirus that struck the world created great social unrest and had a great impact on the economy. People's behavior has changed from physical to non-contact, and online activities such as electronic commerce (EC) and non-face-to-face sales have progressed. It is believed that

these activities will be maintained even after the end of the COVID-19 pandemic, and that the accumulation and analysis of customer data will generate new services and marketing methods.

As a result, many companies are expected to provide dynamic business transformation rather than an extension of their existing business models. Leading companies are already accelerating DX (digital transformation) efforts with their eye on a post-corona world. There are various situations, with some companies focusing on speed and pushing ahead with top-down business model transformation with DX, while others are trying to step into DX in parallel with breaking away from legacy practices. NRI aims to realize such DX for customers and industries and build a better society by leveraging the power of consulting and IT services.

We believe that the momentum for solving social issues with DX will increase further in the future. Companies around the world are increasingly positioning initiatives for sustainability, including decarbonization, as the basis of their management

strategy.

Prior to such movements, NRI has been working hand-in-hand with various stakeholders, including business partners, to take on the challenge of transforming the social paradigm through DX. This aims to be a DX of society itself, and is also in line with the NRI Group's corporate philosophy of "discerning new social paradigms and assuming the role of implementing them."

By promoting businesses that lead to the resolution of issues in future society, we hope to contribute to the creation of a sustainable future society, and thereby fulfill our social responsibility. We will also strive to sincerely listen to the opinions of various stakeholders inside and outside Japan, and will govern our own behavior accordingly.



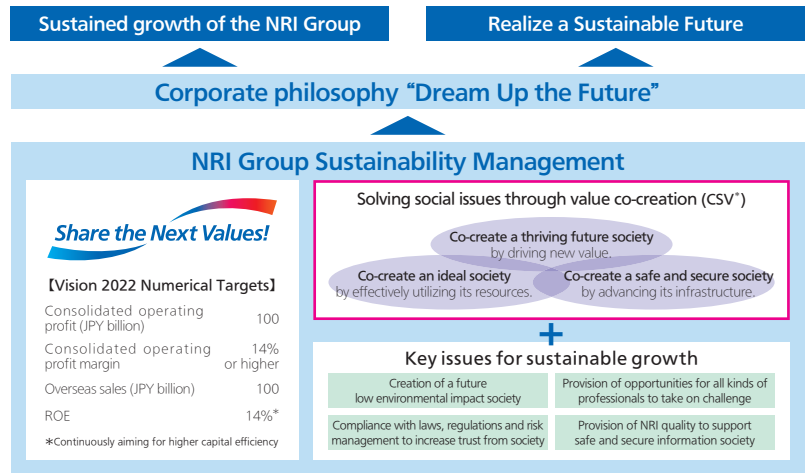
Sustainability Management

Sustainability Management of the NRI Group and Our Goal

Our corporate philosophy of "Dream up the future" indicates our stance of opening up the future through innovation and contributing to the resolution of social problems.

In fact, since the establishment of NRI in 1965, we have been contributing to the creation of a safe, secure, convenient, and prosperous society by solving social issues together with our clients via

NRI Group Sustainability Management and Future Vision






our core business of consulting and services such as IT solutions. We hope that the NRI Group itself can continue to grow by contributing to the creation of a sustainable society by solving social

issues. This is the basic concept of sustainability management of the NRI Group. The sustainability management of the NRI Group is based on the financial targets defined in

our Medium-Term Management Plan 2022 and the other two non-financial goals linked with our growth strategy, which are "solving social issues through value co-creation" and "key issues for sustainable growth."

Co-create Social Value with our Customers to Realize a Sustainable Future

NRI Group's 3 Social Values	Key NRI Group Initiatives
 <p>Co-create a thriving future society 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"> • Business Model Transformation <ul style="list-style-type: none"> • DX consulting & analytics • D2C, DX for financial services • Cross-sector cooperation, new market entry support • Policy proposals for society & systems, information & knowledge sharing to promote global discussion & action in all sectors
 <p>Co-create an ideal society 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"> • Business Process Transformation <ul style="list-style-type: none"> • Strategy/Operations/System Consulting • Resource Optimization with ASP <ul style="list-style-type: none"> • "STAR", "BESTWAY" and other proprietary business platform solutions
 <p>Co-create a safe and secure society 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"> • IT Infrastructure Transformation <ul style="list-style-type: none"> • Cybersecurity business • Cloud & Data Center managed services • Stable Service Operation • Disaster Prevention & Reduction Policy & Disaster Recovery Support

Resolution of Social Issues via Value Co-Creation (Efforts for CSV)

The concept of CSV*, which has been gaining attention in recent years, is already embedded in the NRI Group's philosophy of "Dream up the future," and the NRI Group has been promoting corporate management that creates value that can be shared with society. The NRI Group broadly categorizes the social value it creates into the NRI Group's 3 Social Values.(Left table)

* Acronym for "Creating Shared Value." Achieving both social value and economic value.

The various initiatives of the NRI Group, including activities for a post-corona world, have created these three social values.

In addition, in order to establish value co-creation throughout the NRI Group, we are developing a program to select and develop value co-creation leaders from various departments who will drive activities to spread value co-creation within the company.

Key Issues for Sustainable Growth

In promoting growth strategies and "solving social issues through value co-creation," the foundation is addressing "key issues for sustainable growth."

With reference to international

standards and guidelines, opinions of experts, etc., we identify issues that should be considered when thinking about sustainable growth, and identify high-priority items from the perspectives of management

and external stakeholders. These are summarized as four "key issues for sustainable growth."(Table below)

Materiality for sustainable growth

Materiality for sustainable growth	Issue
Reduction of environmental impact for preserving global environment	<ul style="list-style-type: none"> • Response on climate change • Responsibility and conservation to the environment • Sustainable energy consumption • Environment-conscious supply chain
Provision of opportunities for all kinds of professionals to take on challenge	<ul style="list-style-type: none"> • Human resource diversity • Customers interaction • Respect on human rights • Dialogue with civil society • Healthy employment and labor-management relationship
Compliance with laws, regulations and risk management to increase trust from society	<ul style="list-style-type: none"> • Enhancement of corporate governance • Action against corrupt practices abroad • Risk management • Appropriate information disclosure to the customers
Management of the information systems that form social infrastructure	<ul style="list-style-type: none"> • Management of information security and system • Access to information society

From the three perspectives of environment (E), society (S), and governance (G), we are promoting ESG activities to curb negative impacts in response to “key issues for sustainable growth.”

This aims at the transformation of society itself. (Table below)
 Today, various changes throughout the world are required for the realization of a sustainable society. The NRI Group aims to solve

social issues through co-creation with various partners by gaining insight into the ideal society and taking on the challenge of social transformation.

Taking Up the Challenge of DX3.0 to Transform Society Itself

The NRI Group has promoted DX1.0, which realizes process transformation and infrastructure transformation, and DX2.0, which realizes business model transformation. These aim to transform client companies and industries. Now, the NRI Group will take on the challenge of DX3.0, which will transform the paradigm of society through DX.

NRI Group’s Digital Business Strategy

Social transformation	DX3.0	Paradigm transformation	Solving social issues through co-creation with various partners	
			<ul style="list-style-type: none"> Regional revitalization via digitalization and entrepreneurial assistance Low carbon transformation and resource saving via digital solutions 	
Client / industry transformation	DX2.0	Business model transformation	Establishing unprecedented digital services	
			<ul style="list-style-type: none"> Creation of new cross-industry platforms Creation of new client business models and ecosystems 	
			Digital front office	Digitalize actions for end users
DX1.0	Process transformation	Digital back office	Digitalize actions within client companies	
		Infrastructure transformation	Enhance infrastructure such as cloud/security infrastructure	
			<ul style="list-style-type: none"> Cloud migration assistance, managed services, cybersecurity business 	

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



Proposals regarding Coronavirus Infection (COVID-19) measures
As the NRI Group, we continue to disseminate information
on measures against COVID-19 from various perspectives

The threat of COVID-19 has made a big difference in our lives and business environment. NRI regards the dissemination of information on measures against COVID-19 as the mission of think tanks, and started issuing "Proposals regarding Coronavirus Infection (COVID-19) measures" from the beginning of the spread of infections. In addition, we investigate and analyze the actual living conditions under the COVID-19 pandemic, the usage of support measures, and the DX of society and industry in a post-corona world, and then widely disseminate the results to society. Of course, we are also helping with measures to prevent infections in our clients' business environments.

The NRI Group will continue to respond to COVID-19 from various perspectives and through various methods in order to meet the needs of society.

Information dissemination from the NRI Group

Including "Proposals regarding Coronavirus Infection (COVID-19) measures," we frequently publish a wide range of information in newspapers, magazines, on our website, and other media

In response to the spread of COVID-19, the Japanese government issued a state of emergency in seven prefectures: Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka, on April 7, 2020, and the target was expanded sequentially nationwide.

Prior to that, NRI began disseminating proposals from various perspectives as "Proposals regarding Coronavirus Infection (COVID-19) measures."

So far, 54 proposals have been made, and the content of the proposals is wide-ranging, including public (policy), consumer, management, industry, and global perspectives.

In addition to being disseminated through the NRI website, the information was also picked up by the media, and many articles on the content of the proposals as well as interview articles and contributions by President Konomoto were published.

In addition, information is also disseminated through videos, and the NRI Dream Up the Future Center picks up various themes related to COVID-19, and provides explanations and opinions from experts.



"Proposals regarding Coronavirus Infection (COVID-19) measures"

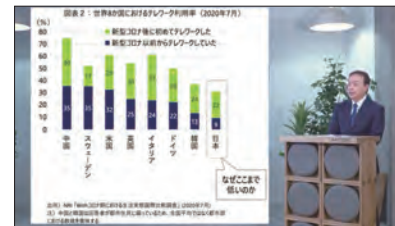
Starting with the first proposal on March 24, 2020 titled "Government Should Promptly Make a 'Pledge to Preserve Jobs,'" we issued 17 proposals in about one month until the end of April.



(In Japanese)



(Selections in English)



Video distribution

Series video: "COVID-19 and the Digital Economy" by Dream Up the Future Center (Commentary: Takeshi Mori, Senior Researcher, Dream Up the Future Center)



(In Japanese only)

Example of information dissemination ①

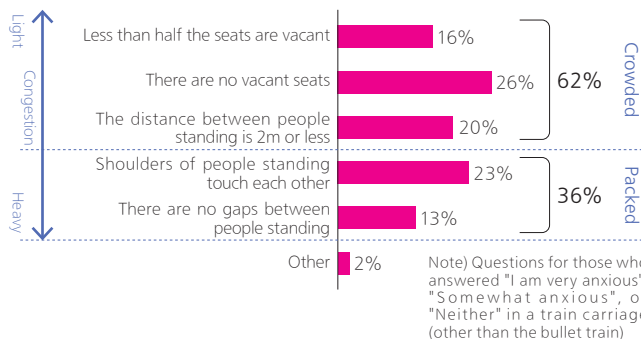
Our investigation and analysis of consumers' sense of anxiety about using railways was featured by many media outlets

Among our "Proposals regarding Coronavirus Infection (COVID-19) measures," the one featured most frequently in the media was the 51st proposal published on September 16, 2020 titled "Awareness of Railway Use during the COVID-19 Pandemic and the Potential for Business Focusing on 'Local Neighborhoods.'"

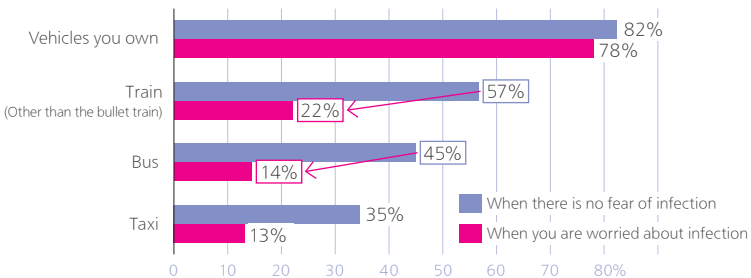
NRI conducted a survey* of people aged 20 to 69 nationwide to understand the reasons for their anxiety toward using railways (other than bullet trains) and their intentions to use them in the future. As a result, it became clear that more than 80% of users feel anxiety onboard trains, that they want to avoid bad manners, coming face-to-face, and crowding, that if they feel anxious about infection in the future, their intention to use railways and buses would be halved. In response to this, we proposed the need to create and revitalize businesses, including non-transportation businesses, at railway companies.

* Outline of "Survey on Railway Use Under the Spread of COVID-19 Infections" (Senior System Consultant, Noriko Sano)
 • Survey method: Internet survey
 • Subject: Men and women aged 20 to 69 nationwide
 • Number of valid responses: 2,074 people
 • Implementation period: September 4 to 5, 2020

Degree of congestion that makes you avoid boarding the train (N=1,916)



Transportation method you want to use in the future (N = 2,074)



Example of information dissemination ② Dissemination of survey results through news releases and other media

Report on the actual situation of "virtual unemployment" and "isolation from support" that are rapidly increasing due to the COVID-19 pandemic

We conducted a survey of 64,943 part-time workers nationwide, of which 6,232 have decreased shifts due to the impact of COVID-19*, and ascertained the actual situation of leave and the usage status of support measures. As a result of the survey, it was estimated that 1.031 million women and 434,000 men are virtually unemployed (shifts decreased by more than 50% and have not received leave allowances).

In addition, about 50% of these virtually unemployed people responded that they were unaware they could receive a leave allowance even if the shift was reduced, or of "The support fund and allowance for the leave forced to be taken under the COVID-19 outbreak."

This result was covered by many media outlets and received attention from the Japanese government.

- * Outline of "Survey on the Actual Situation of Part-time Workers" (Shinichiro Umeya, Director, Institutional Strategy Laboratory, Kana Takeda, Senior Consultant, Dream Up the Future Center)
 - Survey method: Internet survey
 - Subject: Part-time workers aged 20-59 nationwide
 - Number of valid responses: 64,943, of which 6,232 have decreased shifts due to the impact of COVID-19
 - Implementation period: February 8-12, 2021

Example of information dissemination ③ NRI Voice Program for Audio Distribution

Illustrating the issues of industry, society, management and the direction of digital utilization

NRI Voice is a program for audio distribution in which experts belonging to the NRI Group delve into topics and deliver various business tips in a series of themes for each field of specialty.

As for topics related to COVID-19, we are delivering an audio program of a four-part series entitled "Post-Corona: How will Japan's industry, society, and management change?"

NRI Voice can be heard on the NRI website and is also distributed via podcast.



Audio distribution

"Post-Corona: How will Japan's Industry, Society, and Management Change? Episode 1: The Current Status of With / Post-Corona" (Kotaro Kuwadu, Director and Research Director, Dream Up the Future Center)



(In Japanese only)

Example of measures with clients to prevent COVID-19 infections ①

Development and implementation of a Scan Cart that enables non-face-to-face shopping in a short time

York-Benimaru Co., Ltd. (Headquarters: Koriyama City, Fukushima Prefecture), a supermarket chain, has introduced a Scan Cart that allows you to scan product barcodes while shopping. NRI cooperated with the development and started a demonstration experiment at the Katahira store in Koriyama city in August 2019. Since then, the number of stores that have introduced the Scan Cart has steadily increased. If you set your own bag in the cart, you can shorten the shopping time without having to put items in your bag again after payment at the cash register.



The Scan Cart is equipped with a tablet terminal attached to a scanner, and a weight sensor. This equipment scans products when they are placed in the basket.



Non-face-to-face and short-time shopping is popular because it helps prevent the spread of COVID-19. It also saves on labor at the cash register and provides a new style of shopping experience.

[Shopping procedure]

Customers proceed with shopping while scanning the barcode of the product by themselves. Finally, customers scan the QR code on the cart screen at the Scan Cart dedicated cash register, and then pay for all the products at once.

Example of measures with clients to prevent COVID-19 infections ②

Reproducing a university campus in the "scrum gate" virtual space Aiming to revitalize communication

Due to the COVID-19 pandemic, university students have been restricted from attending campus for long periods of time. NRI Netcom Co., Ltd. has been working with students from the Department of Intelligent Media Engineering, Faculty of Advanced Engineering, Chiba Institute of Technology to embody the problems of student life under the COVID-19 pandemic and seek out ideas to solve them. One of the solutions is "scrum gate." This recreates a university campus in a virtual space, allowing students attending the same university to communicate with each other. A distinctive function is the "bubble" in which students formulate original projects according to their individuality and interests, and people who are interested gather there to communicate.



In the future, we are considering supporting student life from various angles by conducting interactive activities online at any time and place, such as job hunting support and inter-university activities.

Even after COVID-19 ends, we will continue to develop this technology so that it can be used as a next-generation communication tool that enriches campus life.



Discussion with students



Dream Up the Future Forum 2020 COVID-19 and Socioeconomic Paradigm Shifts



The world is in unprecedented danger due to COVID-19, and our lives changed significantly in 2020. Dream Up the Future Forum 2020 was held at a physical/online hybrid venue under the theme of "COVID-19 and Socioeconomic Paradigm Shifts."

The forum analyzed the impact of the rapid advancement of digitalization on our lives, work, and values, and offered recommendations related to the possibilities for business in the post-corona era and the importance of digital social capital development. The forum also examined the social and economic possibilities of the post-corona era, drawing on special lectures and dialogues from invited experts.

[Keynote Address]

Developing Digital Social Capital for the Post-Corona Era

Shingo Konomoto, Chairman and President & CEO, Member of the Board, Nomura Research Institute



A review of global quarterly GDP shows substantial and near-universal damage in both advanced and emerging economies as a result of the coronavirus pandemic. Many observers believe that the effects of the coronavirus pandemic will continue to be felt for some time, with some predictions anticipating weaker economic recovery in Japan than in Europe and the United States.

Paradigm Shift Created By the COVID-19 Crisis

The coronavirus pandemic has brought economic activity to a standstill, while simultaneously creating two paradigm shifts toward “temporal freedom” and “spatial freedom.”

Telework has sharply reduced the time spent on commuting and transit, and has drastically increased the ‘disposable time’ available to individuals. According to NRI’s calculations, telework could free up as much as 3.73 million hours of commuting time per day in Japan as a

whole, and this increase in disposable time could lead to 2.2 trillion yen per year in additional consumption.

In addition, the effects of the spatial freedom created by the drive toward online (non-face-to-face) interactions as a result of the dramatic behavior modifications of refraining from traveling can be seen, for example, in the increase in online store sales and the expanding ability of entertainment businesses to attract customers.

Productivity Innovation through Telework

A survey conducted by NRI found the number of employees with telework experience to be approximately 30% for Japan as a whole, and roughly half in the case of major Japanese corporations with 1,000 or more employees. (NRI "International Comparison Survey on Living Conditions With COVID-19" July 2020) Telework not only makes effective use of time, but also has benefits such as reduced anxiety about infection and a lower physical burden.

Many people have discovered monetary value in telework as well. When asked, "Are you willing to accept a lower income if you can choose/continue to work at home", approximately 25% of respondents, particularly those in their childrearing years, responded that they were, and the average amount indicated was 12,758 yen/month. (NRI "Survey On Changes in Working and Lifestyles Through the Use of Telecommuting" July 2020) This is equivalent to roughly half of the 25,369 yen/month in non-statutory benefits paid per employee by Japanese corporations.

It is often noted that telework leads to declining productivity, but verification tests within NRI found that the impact of telework-related productivity declines was limited, and that improved work-life balance was actually connected to improved productivity. In order to improve telework, it is important to exercise ingenuity at the micro level to prevent communication breakdowns, and search for new ways of working that combine telework with occasional commuting to the office.

New Business Models for the Post-Corona Era —The Rise of Category-Specific D2C Business

In the U.S., online businesses have expanded swiftly due

to the "spatial freedom" of online work, and many D2C (Direct to Customer) brands have come on the scene. In the D2C business, a company promotes their brand story on their own website, creates a customer community online, and expands business.

Attention is being paid to "Shopify," a platform that supports this kind of D2C business and is growing rapidly by supporting EC business for consumer goods. It provides all-in-one digital marketing, payment, inventory management and delivery, and is used by 1 million websites in 175 countries around the world, with a total distribution amount of 20 trillion yen. With the appearance of such platformers, various category-specific D2C businesses specialized for apparel, food, and other categories are rapidly emerging.

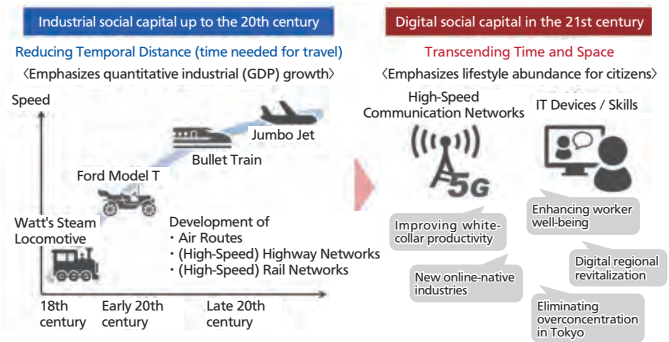
Dense cultures and communities are formed by presenting the 'value of experiences that only happen here', and business models that excite new demand by gradually incorporating such value will become the new dominant trends of the post-corona era.

What is Important for the Development of Digital Social Capital?

In Japan, the government is expected to promote digital policies robustly, but the current uptake of “My Number” national identification cards stands at only 24.69 million (as of September 2020), less than the targeted penetration rate of 30% (approx. 40 million). It is certain that if the barriers to digital ID implementation for citizens are not overcome, the digitalization of national and local government activities will not move forward. Progress management based on KPIs is also important for the development of digital social capital. In the latest values released for the DCI (digital capability index) digital economic/social performance indicator proposed by NRI in 2019, results showed that the biggest gap between Tokyo and other prefectures was in the area of IT-related “human capital”. To raise the floor for digital human capital in regional areas, staff dispatching and the like from central government agencies and corporations in metropolitan areas will become essential policies.

So, to what kind of new society structure can we connect the COVID-19 pandemic? In retrospect, the industrial social capital model that was

dominant until the end of the 20th century centered on infrastructure investments aimed at reducing temporal distance; these investments, in combination with mass-produced technologies from corporations, drove quantitative economic expansion. By contrast, the aim of 21st-century digital social capital is to transcend the limits of time and space. This new paradigm emphasizes “lifestyle abundance”, in which people engage in economic and social activity without being constrained by time and space, while maintaining and enhancing their state of physical, emotional, and social satisfaction (well-being). What's important for Japan today is to create big ideas about how we will direct the new society brought about by the coronavirus pandemic toward the future.



[Special lecture]

The New Normal for the Post-Corona Era

Professor, New York University Stern School of Business

Arun Sundararajan

The various social changes caused by the coronavirus crisis point the way to a 'new normal' for the post-corona era. The key to understanding this transformation is the behavioral changes that are already occurring. When people order meals online, or hold meetings and classes online, those behaviors can become deep-rooted life activities that will remain normal even after the coronavirus crisis. This digital new normal can be seen in a number of business sectors, including retail, restaurants and bars, tourism, healthcare, and education.

Keywords that define new normal include "digital," "adaptability," "resilience," and "diversification." Person-to-person interactions mediated by digital space will be an essential aspect of the digital age.

Companies will be required to adapt to unforeseen economic conditions and new business environments, and investment in strengthening resilience will increase. The movement to reconstruct business models and the need to pursue business diversification will intensify.

With the progress of digitalization, the world is much more equal than ever, now that much of consumption and experiences are provided digitally. We need to redefine the measure of inequality and develop metrics for a world where digital channels are mainstream. Also, we have spent no time at all on system design for the digital world. As the transition of spaces of human interaction into the digital realm accelerates, it is necessary to redesign the structure of the digital world and begin consciously designing the digital world we want to live in.

[Arun Sundararajan]

Professor at NYU Stern School of Business. Specializes in corporate, government, and social transformation through digital technology. Published the book "The Sharing Economy" and contributes to major media outlets such as the New York Times. A member of World Economic Forum's Global Future Councils on Technology, Values and Policy and the New Economic Agenda. After graduating from the Indian Institute of Technology, obtained a Masters in Management Science and a PhD in Business Administration from the University of Rochester.



[Special dialog]

Japan Representative
to the World Economic Forum
Makiko Eda



Nomura Research Institute
Chairman and President & CEO
Shingo Konomoto

Business Requires a Perspective Stressing Long-Term Value, and Flexible and New Approaches to Work

Eda: In *The Great Reset*, a recent book on the post-corona world by World Economic Forum* founder Dr. Klaus Schwab, it was suggested that the global crisis of the coronavirus pandemic should be treated as a precious opportunity to rethink and reset our world, and to create a richer and brighter future.

Konomoto: ESG and SDGs are currently major managerial issues for Japanese companies, but I think we must strengthen the approach of starting by sketching out an image of an ideal society, and then backcasting from that image and debating what you can achieve. It is necessary to integrate a lot of different stimuli from a more global perspective.

Eda: I agree. To move global-scale challenges in a positive overall direction, the role of corporations must include the perspective of long-term value as well as short-term profits. Managers around the world

are actively debating how to seize the reins of this transition; I would like to see Japanese companies make their voices heard as well.

Konomoto: What do you think needs to be done to ensure that this new approach to work, in which Japan has integrated telework, takes hold?

Eda: Our community may not be viable unless women and men share housework, education, and care, and work flexibly by incorporating remote work. Managers need to consider the happiness of employees and their families, and make decisions in the direction of further growth of the company, rather than make decisions based on peer pressure from other companies doing the same thing.

* World Economic Forum: Nonprofit international organization founded in 1971, in which government, private-sector, and civil leaders (international organizations, academic organizations, NGOs, etc.) gather to try to solve global challenges on the basis of an Agenda (action plan).

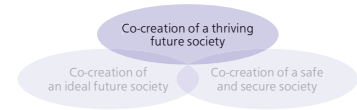
[Makiko Eda]

Joined Intel Japan K.K. in 2000. President and Representative Director of Intel Japan K.K. from 2013 to March 2018. Appointed Japan Representative to the World Economic Forum in April 2018.



PURPOSE

Supporting the Sustainable Growth of Companies



Providing Purpose Consulting that redefines the significance of the existence of companies and organizations in society

With the progress of globalization, the major trend of sustainability management, and the increasing uncertainty in the business environment, the "centripetal force" that unites the organization for effective execution of strategy is increasing in importance. By providing an environment in which the company/organization and every employee reconsiders, redefines, shares, and resonates with "the meaning of existence in society" (purpose), the company can gain great power toward the realization of its strategy.

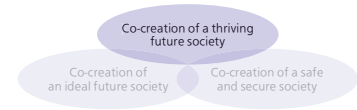
By promoting management and business based on a common purpose that stakeholders inside and outside the company can also sympathize and resonate with, and communicating with them, companies will also gain the trust and sympathy of their stakeholders. From the employees' point of view, effects can also be expected such as increasing the centripetal force of the organization and making it easier to feel the meaning and pride in working. As a result, it will become possible to accelerate the execution of strategies.

NRI will support our clients through Purpose Consulting, which redefines the meaning of the existence of companies and organizations and instills common values.





Meeting the New Insurance Needs of Consumers

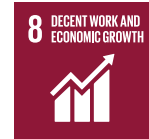


Release of a completely online business package "InsDirect / MP" for mini insurance with diversifying needs

A small-amount & short-term insurance system was introduced through the revision of the Insurance Business Act. Along with this, small-amount & short-term insurance (mini-insurance) has been developed that provides only the necessary amount at the necessary timing for limited risks that were not covered by conventional insurance and mutual aid, such as medical insurance that can be taken out even if you have a chronic disease, and compensation / warranty extension service for electrical appliances. Also non-insurance companies such as retailers and platformers* are increasingly entering the market as mini-insurance providers.

In addition to these companies, NRI released InsDirect / MP, a mini-insurance business system package for the existing insurance industry, in September 2020. This package streamlines system deployment and reduces verification work when investigating the impact of system modifications. Therefore, it is possible to flexibly formulate and modify product strategies and sales strategies while checking the needs of policyholders.

NRI will continue to work on the digital transformation of the insurance industry to meet the new insurance needs of consumers and increase their peace of mind in daily life.



* Companies that provide IT services to companies and individuals on a large scale.



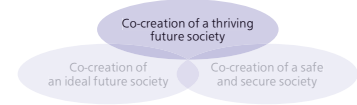
Supporting the Development of the SDGs Bond Market

Commenced provision of NOMURA-BPI SDGs which are useful for evaluation and analysis of SDGs bonds.

Recognition of the United Nations Sustainable Development Goals (SDGs) has been increasing. Along with this, green bonds issued for the purpose of raising funds for solving environmental problems including for global warming countermeasures and renewable energy, social bonds for the purpose of addressing social issues, and sustainability bonds which have the characteristics of both (hereinafter collectively referred to as “SDGs bonds”) are attracting attention internationally.

Therefore, Nomura Securities Co., Ltd. and NRI jointly developed the NOMURA-BPI* SDGs index that shows the trends in the secondary market of SDGs bonds issued in Japan, and started publicly disclosing the index in November 2019. This will help investors evaluate and analyze individual SDGs bonds and is expected to revitalize the SDGs bond market.

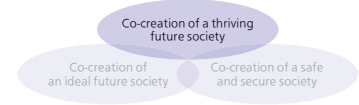
NRI will continue to contribute to the sustainable development of the economy and society, and will promote efforts to achieve the SDGs.



* An investment return index developed in 1986 to show trends in the entire secondary market for publicly offered fixed-rate bonds issued in Japan, and widely used by many investors, including pension managers. NOMURA-BPI SDGs is one of its sub-indexes.



Realizing a New Way of Finance in the Capital Market



Issued Digital Asset Bonds and Digital Bonds as Japan's first corporate bonds utilizing blockchain technology

In March 2020, NRI was the first Japanese company to issue Digital Asset Bonds and Digital Bonds, which are corporate bonds that utilize blockchain technology. BOOSTRY Co., Ltd., which provided the technology, is a joint venture established by Nomura Holdings, Inc. and NRI, and provides the system for the ibet blockchain platform.

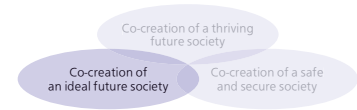
Digital Asset Bonds are issued via self-recruitment to directly solicit investors, and NRI recruited investors through a smartphone app connected to ibet. Instead of interest, digital assets (points that can be used at cafe stores in this case) are awarded. This is a new financing method that does not involve financial institutions for sales and interest payments. Digital Bonds are issued by Nomura Securities Co., Ltd. by underwriting securities to solicit investors. Both corporate bonds enable the issuer to continuously and immediately identify the corporate creditors, which is difficult with conventional corporate bonds. These corporate bonds also simplify the administrative burden and realize new connections between issuers and investors.

The NRI Group will realize a new way of finance by providing society with a new foundation to support the activities of business corporations.





Contributing to the Promotion of Digital Government



Promoting efforts toward the realization of digital government by creating usage scenarios for My Number

NRI is actively working toward the realization of a digital society and digital government that utilizes the My Number Card, which is a new social infrastructure.

In FY2020, the number of users of the e-NINSHO* identity verification service using the My Number Card expanded, and the number of companies using this service / number of applications is the largest in the private sector.

We also contributed to the digitization of year-end adjustments and income tax returns for life insurance premium deduction certificates, mortgage balance certificates, and annual transaction reports through the Mynportal. In FY2021, we will double the number of organizations issuing these certificates and other documents, and strive to expand the scope of use to also include earthquake insurance premium deduction certificates, hometown tax payments, and more.

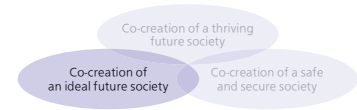
NRI will contribute to promoting the utilization and improving convenience of the My Number Card by continuing to create usage scenarios.



* An identity verification service for public personal authentication by using the My Number Card



Innovating Your Business with AI



Contributing to improving the quality and productivity of call centers, which are the "face of the company" in the DX era

Many goods and services are being sold online, reaffirming the importance of call centers as a point of contact for customers. However, it is not easy to hire and train human resources who have knowledge of products and services, ability to respond to inquiries, and IT skills to operate terminals, and there is an urgent need to improve the quality and efficiency of operations.

Sumitomo Mitsui Trust TA Solution Co., Ltd.* implemented NRI's AI-equipped TRAINA system as a solution to these issues. AI analyzes the text-converted call voice, and by using a function to automatically display the necessary materials, and a function to summarize sentences and support the creation of response records, the quality and productivity of operator response and work was improved. In addition, when one of the two call centers became inoperable because of a power outage due to an earthquake, and operation was switched exclusively to the remaining center, the system enabled the service to continue without significant impairment of the response rate. The system has achieved good results like this and has the secondary effect of increasing the resilience of the business to crisis situations such as disasters.

NRI will continue to contribute to solving the problems of call centers, which are the "face of the company" in the DX era.

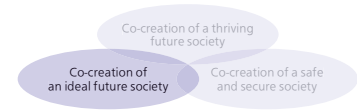


* Sumitomo Mitsui Trust Group manages call centers related to the securities agency business.



Inspection vehicle that takes photos and measurements while running at a maximum speed of 80km/h without restricting traffic (Provided by Mitsui E&S Machinery Co., Ltd.)

Contributing to Social Infrastructure Maintenance Through the Realization of DX



Joint development of an AI automatic analysis system for road crack inspection work together with our customers

In recent years, while the need for surveys and inspections of aging roads, tunnels, and other social infrastructure has increased, the shortage of engineers has become more serious, and therefore operational efficiency is required. NRI and Mitsui E&S Machinery Co., Ltd. have jointly developed a system that AI automatically samples and analyzes cavities under the road surface, cracks on the road surface and the concrete surface of tunnel lining, etc. from non-destructive inspection imaging such as the "Tunnel Lining Surface Photography System"*. Currently the two companies are preparing for the start of operation for this system.

The introduction of AI will reduce the workload of data analysis, streamline inspection work, level out analysis fluctuations due to differences in the subjectivity and skills of engineers, and improve inspection accuracy. This will save 70% of the time required for cavity analysis and 90% of the time for sampling cracks on the road surface. As AI learning advances, it is expected that the accuracy and quality of inspections will improve further.

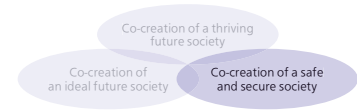
In the future, it is expected that diagnosis using AI will become the standard for inspection work of roads and tunnels in regions all over Japan.

Through the realization of DX, NRI will contribute to the transformation of social infrastructure conservation activities.



* A system jointly developed by Mitsui E & S Machinery Co., Ltd. and Tonox Co., Ltd.

Utilizing Big Data to Discover Issues in the Field of Disaster Prevention



Analyzing evacuation activity when a typhoon hits from population migration analysis and making recommendations for disaster prevention and mitigation

In Japan, where flood damage caused by heavy rains occurs almost every year, it is thought that sudden and local flood damage will continue to occur frequently. As such, the formulation and improvement of disaster prevention plans is an urgent issue. It is necessary to understand the current status of evacuation activity in order to make a plan to encourage residents to evacuate appropriately.

KDDI CORPORATION and NRI used big data on the mobile phone location information of licensed users to visualize and analyze what people did when a typhoon hit. As a result, at the time of the typhoon, although self-restraint actions such as not going out and staying at home were properly performed, it was suggested that there was a tendency for not starting evacuation activity when the evacuation advisory was issued, and being at home until just before flood warning information was issued. As a future issue, NRI has suggested that it is necessary to conduct activities to raise awareness about evacuation to places that could more easily serve as evacuation destinations, such as parents' homes.

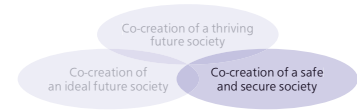
NRI will continue to make proposals that can be utilized in countermeasures, taking into account the needs of local governments and other organizations.





AI for Financial Integrity on eXchange

Contributing to the Sound Development of the Financial Instruments Market



Utilizing AI to enhance and streamline the market surveillance operations of securities companies

Securities companies are obliged to carry out market surveillance to monitor transactions by investors and alert customers if there is a suspicion of unfair transactions. In recent years, unfair trading such as market manipulation has become complicated and sophisticated by using multiple securities companies, and it is difficult to discover with just the transaction data held by the securities company alone.

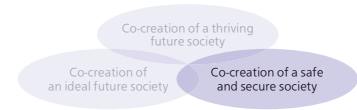
Daiko Shoken Business (DSB Co., Ltd.) of the NRI Group has commenced market surveillance operations using AIFIX[®], which is an AI-based unfair trade detection algorithm developed by DSB Information Systems Corporation Co., Ltd. AIFIX was developed based on industry-academia collaborative research with the Matsuo Laboratory led by Professor Yutaka Matsuo of the University of Tokyo. By incorporating sensing / detection logic into the current market surveillance process, market surveillance operations have been greatly streamlined. In addition to the recommended cases of the Securities and Exchange Surveillance Commission, it is possible to sense and detect with high accuracy the cases for attention through securities companies' marketing surveillance. You can also get clues to discover buying and selling suspected of market manipulation across securities companies.

The NRI Group will support the streamlining of market surveillance operations of securities companies and the realization of deep trading examinations, and will contribute to the sound development of the financial instruments market.





Creating a Safe and Secure Information System Environment



Strengthening the security of telework and multi-cloud environments and supporting the realization of "Zero Trust" for companies and organizations

With the spread of telework and cloud services, the locations where information assets are placed are diversifying, and the digitalization of businesses is progressing. The traditional security model is to protect the internal and external boundaries, assuming that the information assets are inside the boundaries. However, as countermeasures are becoming insufficient with this model, an increasing number of companies and government agencies are considering applying the concept and framework of "Zero Trust."

"Zero Trust" is a new concept of security that does not distinguish between the inside and outside of a network. Under this concept, all information assets that should be protected and the systems that access them are verified without trusting any of them.

NRI and NRI SecureTechnologies Co., Ltd. are providing comprehensive support for organizations aiming to apply zero trust to information systems, from current status evaluation to overall design and implementing solutions.

The NRI Group will contribute to the realization of a safe and secure information system environment and society by providing various services and products that support the realization of zero trust at companies and organizations.



Activities to Spread "Value Co-Creation"



NRI is promoting the realization of value co-creation toward contributing to solving social issues, which has not changed since its founding.

We report on the activities to spread value co-creation that each NRI Group employee is carrying out, which involves thinking about the existence value of NRI and what "value co-creation" is, finding out the role that they should play, and putting it into practice.

The sentiment behind "Value Co-Creation"

Realize value co-creation for contributing to solving social issues

With its mission of "discerning the future society and assume the role of implementing it" and its philosophy of "building customer trust and prospering together with customers," NRI has been working to co-create a sustainable future toward solving social issues since its founding in 1965. This is the origin of our attitude toward work.

In our Medium-Term Management Plan 2022, we announced that we have newly defined the NRI Group's 3 Social Values and will pursue NRI Group's value co-creation in order to realize sustainable growth of the NRI Group.

NRI Group's 3 Social Values



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

Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.



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

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.



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

Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.

Creating a space to think about "Value Co-Creation"

Connecting through value co-creation

In order for the NRI Group to grow sustainably, it is necessary to engage in businesses that help solve many social issues that are occurring on a global scale and to continue to be indispensable for the world.

The Value Co-Creation Promotion Committee plays a central role in creating spaces for various activities such as Value Co-Creation Leader Network Activities, Value Co-Creation Day, and Value Co-Creation Activities Tomo no Kai. NRI Group executives and employees deepen their thinking about NRI Group's value co-creation and hold dialogs.



Value co-creation page of online in-house newsletter



Value Co-Creation Day panel discussion
Theme: "NRI Group's Value Co-Creation in the Post-corona Era"

Value Co-Creation Leader Network Activities

In order to spread "solving social issues through value co-creation" as NRI's DNA within the company, we appoint Value Co-Creation Leaders from among the young to mid-career leaders who will lead the future of NRI and value co-creation, and expand the way of thinking and activities regarding value co-creation.

The goal of this activity is to incorporate value co-creation into our business activities, to remind each employee of the connection between current business and society, and to change behavior toward new challenges.

Value Co-Creation Leaders take the initiative in taking on various challenges in order to foster their own perspectives on solving issues for creating social value. In addition, we share our awareness and thoughts gleaned through our activities through dialogue.



Dialog between President Konomoto and Value Co-Creation Leaders

Internal award system for evaluating efforts for value co-creation

The NRI Dream up the Future Awards

The NRI Group presents the Dream up the Future Awards to employees and teams who have made efforts to contribute to the sustainable growth of the NRI Group via the resolution of social issues and co-creation with our clients.

This section provides a report on the Dream up the Future awards for FY2020.



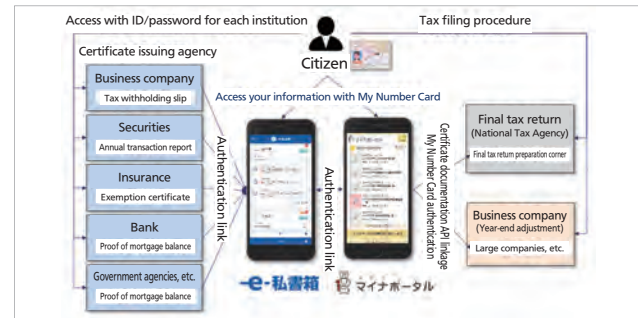
Dream up the Future Award 2020 Value Co-Creation Award

Efforts from consulting to development for the spread of My Number

"My Number Business Union" Team

[Reason for award] Through the development of e-BANGO, which safely stores and manages important information regarding My Number, and e-NINSHO, which helps broadly realize personal authentication in the internet society, the team promoted efforts to encourage the spread of My Number, and in the My Number Point business, the team provided support for outsourced business such as setting up reservation and application terminals.

These efforts were praised for being an "all-NRI" value co-creation activity that includes consulting, systems, and security, and as a co-creation activity for the future society that contributes to the realization of digital government and the spread of My Number.



Dream up the Future Award 2020 Value Co-Creation Award

Development and provision of rights exchange platform utilizing blockchain technology

"Digital Asset Development Business" Team

[Reason for award] The team established a joint venture with Nomura Securities Co., Ltd. to develop a platform for exchanging rights (such as securities) utilizing blockchain technology. Through the development of technology and the provision of a new foundation for the maturity of society, we helped realize a new way of finance. We were among the first to come up with a mechanism that would work for practical use, and expanded our activities not only to Nomura Securities Co., Ltd. but also to other companies. Japan's first digital bond was issued in March 2020, and it was featured by many media outlets and had a great impact on the Japanese financial market.

Project overview

- November 2019: Established a joint venture company with Nomura Securities
- Developed the ibet platform for exchanging interests in securities, etc. using blockchain technology
- Created Japan's first financial product utilizing various blockchains

The diagram illustrates the project overview with four main components: NRI Digital asset bonds, Kenedix Digital real estate, SBI Group Digital stocks, and Cross-financial industry Establish consortium (planned). It also features logos for BOOSTRY, SBI e-Sports, SBI Holdings, and for Fin. A central graphic shows 'Digital stock issuance' and 'Underwriting increase in capital' with arrows pointing towards each other.

Dream up the Future Award 2020 Value Special Award

Dissemination of more than 60 COVID-19-related reports by mobilizing the collective knowledge of experts

"Proposals regarding Coronavirus Infection (COVID-19) measures" Team

[Reason for award] The team quickly responded to public opinion seeking credible information by helping to disseminate 67 reports that looked at the impact of the new coronavirus and the future of the world. The proposals received a lot of feedback from domestic and foreign media, and greatly contributed to the improvement of the name recognition of NRI as a company that makes proposals to society.

Dream up the Future Award 2020 Value Special Award

Introduction of various digital solutions to prevent COVID-19 infections

"COVID-19 Countermeasure Solution Development" Team

[Reason for award] The team developed and introduced a digital COVID-19 countermeasure solution that can be deployed at companies. An infection control application was installed all at once on smartphones across the company, and a secure and comfortable telework environment was realized through the introduction of "aslead Remote." This contributed to the improvement and maintenance of productivity in response to COVID-19 and provided a safe and secure working environment.

ESG Topics

ESG is an acronym for the three terms Environment, Social, and Governance, which are the three aspects that a company should emphasize in aiming for sustainable growth.

For companies, properly responding to the issues faced in each aspect is thought to be the driving force for the growth of a healthy company, which in turn enhances the sustainability of society as a whole.

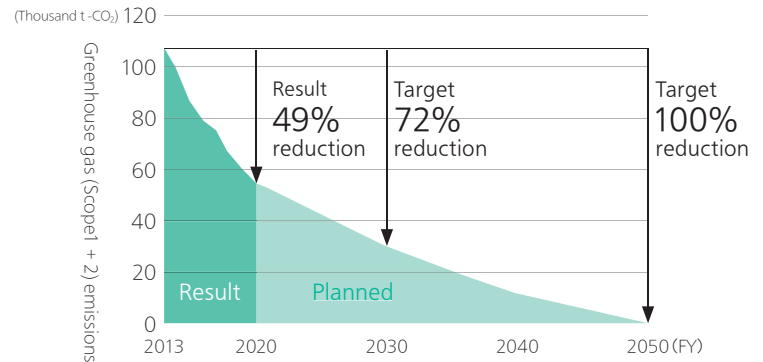
Here, we report on ESG activities undertaken by the NRI Group, as well as social contribution activities and sustainability activities conducted by group employees.

Environmental Topics

The NRI Group cites "reduction of environmental impact for preserving global environment" as one of the materialities (important issues) in sustainability management.

In addition to expanding the "joint-use service" business, we have promoted activities to reduce greenhouse gas emissions for society as a whole, such as system migration to data centers with excellent environmental performance and relocation of major offices such as the head office to energy-efficient buildings.

NRI Group Greenhouse Gas Emissions Results and Targets (Scope 1 + 2)



Environmental targets

In FY2018, we obtained SBT certification from the Science Based Targets initiative (SBTi), an international environmental initiative, with a 2°C target that keeps global temperature rise to 2°C compared to before the Industrial Revolution. In response to the growing sense of crisis about global climate change, the target was revised from 2°C to 1.5°C in FY2020, and was certified by SBTi as a reduction target based on scientific evidence.

FY2030 target	FY2050 target
NRI Group greenhouse gas emissions (Scope1+2) 72% reduction (compared to FY2013)	NRI Group greenhouse gas emissions (Scope1+2) 0
Data center renewable energy Utilization ratio 70%	Data center renewable energy Utilization ratio 100%

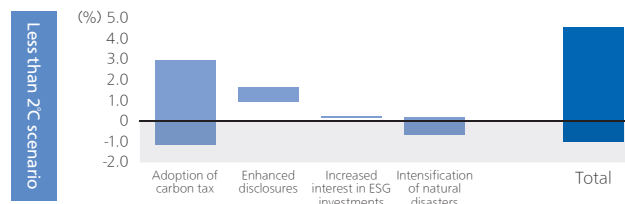
Initiatives for the TCFD Final Report

Since the NRI Group has a large number of clients in the financial industry, we expressed support for the TCFD Final Report* at an early stage for a business company other than a financial institution in July 2018. Regarding the response to TCFD, discussions are held by the Sustainability Promotion Committee together with experts from the Consulting Business Headquarters, and progress is announced at ESG briefing sessions.

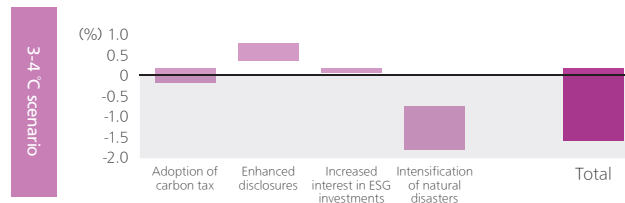
In FY2020, we calculated the financial impact of the Asset Management Solutions Business Headquarters and the Consulting Business Headquarters, which are profit making divisions.

* TCFD (Task Force on Climate-related Financial Information Disclosures) recommended in June 2017 that companies should disclose corporate climate change-related information from the four aspects of governance, strategy, risk management, indicators and targets."

Financial impact for Asset Management Solution Business = change in sales



In a 2°C or lower scenario, positive impact on sales is relatively larger, but in a 3-4°C scenario, negative impact on sales is larger.



Social Topics

Publication of NRI's First Human Rights Report

In order to contribute to the creation of a sustainable society, we are promoting efforts to respect human rights based on the idea that it is necessary to understand the impact of business on human rights and to carry out corporate activities that are conscious of respect for human rights.

In March 2020, we published our Human Rights Report that summarizes NRI's efforts to respect human rights. This report refers to the United Nations Guiding Principles on Business and Human Rights, a comprehensive guideline for businesses to report on human rights issues in accordance with their responsibility to respect human rights.



Development of a COVID-19 Infection Control App that Utilizes AI While Considering Privacy Protection

We developed the "Anti Coronavirus" anti-COVID-19 app exclusively for NRI Group employees. With this app, you can visualize the behavior history of the last 14 days in case of infection, receive alerts for infection prevention, and check internal rules regarding COVID-19.

During development, in addition to user convenience, we considered safety and security assurance, data and privacy protection based on the NRI Group AI Ethics Guidelines. Data and notifications are saved locally on smartphones, and saved data is also automatically deleted in two weeks.

We will continue to make efforts to utilize AI in accordance with the AI ethics guidelines while considering the impact of AI.



Corporate Governance Topics

Diversity & Inclusion Promotion Activities

Diversity & inclusion is regarded as the conversion of each employee's various strengths and individuality into the strengths of the organization. Accordingly, we are engaged in activities to promote diversity & inclusion such as provision of seminars for managers, career development support training for women, and e-learning for understanding sexual minorities.

As one of these activities, a joint workshop was held by NRI Mirai Co., Ltd., a special subsidiary to which employees with disabilities belong, and NRI's Financial Solutions Business Headquarters. Through the work of co-creation by employees of both companies, we experienced how to perceive the individuality of ourselves and the other person, and how to interact with one another.



Introduction of a Clawback System

We introduced a system (clawback system) that allows the company to request the refund of all or part of the bonuses paid within the past three years if the figures in the financial statements that are the basis for calculating the bonuses are corrected.

In addition, the stock-based compensation system with a transfer term stipulates a clause (Malus clause) that allows the acquisition of all of the granted shares free of charge if the grantee commits an act of misconduct.

NRI Group Procurement Policy And Revision of the NRI Group Business Code of Conduct

In order to strengthen responsible procurement (sustainable procurement) that takes human rights, environment, and safety and health into consideration, we revised the terms and expressions in the NRI Group Procurement Policy and NRI Group Employees' Code of Business Conduct, and newly established the NRI Group Business Partner Code of Conduct.

Dialog

ESG Briefing Session

In February 2021, we held an ESG briefing session for the media, institutional investors, and ratings agencies, with 106 people from 68 companies participating. We explained NRI's sustainability management and highlighted the activities of the Value Co-creation Promotion Committee and ESG activities.



Sustainability Dialog with Partners

In January 2021, we held a sustainability dialog with 53 partner companies that make up the supply chain of our business. We shared awareness of problems such as climate change and other issues, and confirmed that we will work together to achieve new environmental goals.



Dialog with Experts

The fourth dialog with overseas experts was held in October 2020, and we exchanged opinions mainly on "company evaluation from the perspective of SDGs" and "how human rights initiatives should be disclosed" with the international NGO World Benchmarking Alliance, which is promoting the Sustainable Development Goals (SDGs). This year, it was implemented online in order to prevent COVID-19 infections.



Employee Education

ESG Education for Employees

In order to raise awareness among each and every employee, we are focusing on ESG education, such as creating a site that summarizes ESG information for employees and implementing e-learning.

As one of those efforts, we created an educational video about ESG. The video explains the basics of ESG and its importance, and explains the environment, human rights issues, and the global ESG investment situation.

This was jointly developed with Simpleshow Japan Co., Ltd., which is a video planning and production company, and is sold by Simpleshow as an educational ESG video for companies.



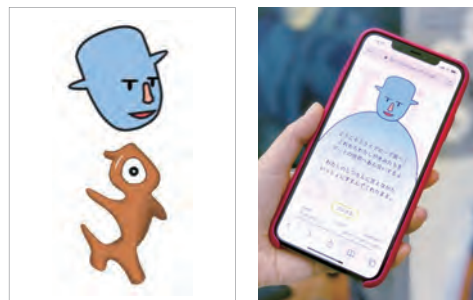
Social Contribution Activities

Support for Cultural Arts

As a gold sponsor, we co-sponsored the "Yokohama Triennale AFTERGLOW - Catching Fragments of Light" event held from July 2020.

In addition, we have developed an appreciation support app for the Yokohama Museum of Art exhibition "Triologue." This app was developed with the concept of wanting to improve your viewing experience by having parents and children think about the answers to the questions from the displayed characters.

In addition, we are planning events where you can pick up the perspectives and ideas you need in your business through cultural arts.



Social Contribution Activities

Career Education Programs

We provide educational programs for elementary school students, junior high school students, and high school students, with the hope that younger generations will be able to choose their own future careers and professions and become adults who can demonstrate their abilities in society. Specifically, there is an "IT strategy experience program" where you can learn about the role that information systems play in society in a game format, and a "consulting experience program" where you can experience logical thinking and the process of solving familiar themes as issues with your team, and other programs as well.



NRI Student Essay Contest

Since 2006, we have set a theme every year for students who will lead future society, as we want to give them an opportunity to think about the future of Japan and the world.

In FY2020, 1,925 compositions were collected from high school and university students under the theme of "Sustainable Future Forecast - Toward the Construction of an Ideal Society."

In order to prevent COVID-19 infections, the final examination meeting was held online, where the authors of the papers remaining in the final examination gave presentations.



Sustainability Promotion Activities by NRI Group Employees

Implementation of food loss measures at a convenience store in the office

The convenience store on the 3rd floor of the Yokohama Nomura Building, where the NRI Group office is located, is operated by NRI Retail Next Co., Ltd. The goal of this store is to be the most eco-friendly convenience store in Japan.

Using AI to verify the improvement of ordering accuracy, and initiatives using the LINE® messaging app to reduce food loss, has led to a reduction in the amount of food wasted.

Reusable bottle activity in the office

NRI Workplace Service Co., Ltd. promotes "My Bottle" (reusable bottle) activities as an eco-friendly activity that can be started at close hand. Instead of purchasing PET bottled beverages every day, we are expanding the circle of activities by using bottles and mugs and raising awareness of the situation internally.

Offering Japan Airlines (JAL) in-flight meals at the cafe in the office

At Japan Airlines Co., Ltd., the number of flights decreased due to the impact of COVID-19, and as a result, the use of in-flight meals was significantly lower than expected. In order to effectively utilize the discarded in-flight meals and reduce food loss, we added side dishes to the main dishes of the in-flight meals at the cafe and provided them at the cafe in the building where the NRI Group office is located. Both of the two menus we prepared were sold out in about 10 minutes from the commencement of sales.



Initiatives that NRI participates

NRI actively participates in sustainability-related initiatives. We declare our commitment to the principles and goals advocated by the initiatives, and strive toward transformation in our management and business activities. In fiscal 2019 we signed Business Ambition for 1.5° C.

UNGC (United Nations Global Compact)

The UN Global Compact is a voluntary initiative in which businesses and organizations operate as upstanding members of society and help create global frameworks for achieving sustainable growth by exercising creative, responsible leadership.



WBCSD (World Business Council for Sustainable Development)

The WBCSD was founded in 1995 to promote international interest and action pertaining to environmental conservation and economic development. Its purpose is to make sustainable development recommendations that come from the business world.



JCI (Japan Climate Initiative)

This network bolsters communication and exchange of opinions between various companies, local governments, groups, NGOs, and other non-national government entities that are actively working to counteract climate change.



COOL CHOICE

Based on the Paris Agreement, this is an initiative promoted by the Ministry of the Environment to achieve the goal of reducing greenhouse gas emissions by 26% in FY2030 compared to FY2013.



TCFD (Task Force on Climate-related Financial Disclosures)

NRI endorses the TCFD Final Report, established by the Financial Stability Board, an international organization for the stabilization of the global economy.



RE100 (Renewable Electricity 100%)

This environmental initiative was established to reduce the environmental impact arising from business activities. Its goal is to meet 100% of power needs for business activities with renewable energy.



Science Based Targets initiative (SBTi)

This initiative seeks to have companies set reduction targets that are consistent with scientific knowledge in order to keep the average global temperature increase below 2°C.



Business Ambition for 1.5°C

A joint letter by the United Nations Global Compact (UNGC), Science Based Targets initiative (SBTi), and We Mean Business that requests corporations to set a target of limiting the future rise in temperature to 1.5 degrees Celsius.



Sustainability topics: By the numbers

Company Name Nomura Research Institute, Ltd.

Consolidated sales 550.4 billion yen (Fiscal 2020)

Market capitalization 2.0892 trillion yen

Number of employees (consolidated) 13,430

Greenhouse gas emissions

49% Reduction

Results from fiscal 2020
(compared to fiscal 2013)

Targets for fiscal 2030

72% Reduction



Number of employees
at overseas offices

3,518

Ratio of employees
at overseas offices

26.2%

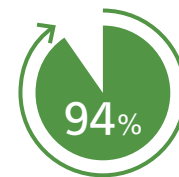


Coverage ratio of
environmental management system

94%

(Based on FY2020
greenhouse gas emissions)

NRI concurrently implements ISO
14001 and our unique NRI-EMS

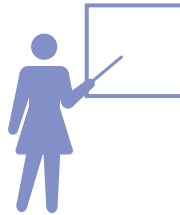


Number and ratio of female managers

239 8.3%

(as of April 1, 2021)

NRI has formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Our target is to increase the ratio of female employees serving as managers to at least 8.5% by the end of fiscal 2022.



Ratio of annual paid leave taken

64.1%

(Fiscal 2020)

Each office continues to implement independent measures for promoting the work-life balance of each and every employee.



Ratio of employees returning to work after taking childcare leave (Total for both men and women)

99.4%

(Fiscal 2020)

273 employees took childcare leave, 208 of these employees were men.



Social contribution activity expenses

780 million yen (FY2020)

NRI selects public enterprises that match its goal of social contribution by contributing to the public interest and the interest of the general public.

Expenses for social contribution activities include the provision of money, the provision of goods, the opening of facilities, the activities of employees, and the research and development expenses for the creation of the future society and regional development.



Recognition

— Inclusion in ESG stock indexes

ESG investments around the world totaled approximately US\$ 30.6 trillion in 2018. NRI is a component of the major ESG stock indexes.

Dow Jones Sustainability World Index Dow Jones Sustainability Asia Pacific Index

Adopted by the World Index from 2018 and the Asia Pacific Index from 2016.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Sustainalytics

The Netherlands-based Sustainalytics selects companies that are particularly successful in ESG. NRI has been selected as a Top-Rated ESG Company in the Software & Services industry since 2021.



MSCI ESG Leaders Indexes*

The name of these indexes was changed from "Global Sustainability Indexes." NRI has been selected for the index for 5 consecutive years since 2016.



FTSE 4 Good Developed Index

NRI has been selected for 15 consecutive years since 2006.



NRI has been a constituent of all four domestic stock indexes that the Government Pension Investment Fund (GPIF) selects since the fund originally began selecting them.

MCSI Japan ESG Select Leaders Index*

Selected for 4 consecutive years since July 2017.

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)*

Selected for 4 consecutive years since July 2017.

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan Index

Selected for 4 consecutive years
since July 2017.



**FTSE Blossom
Japan**

S&P/JPX Carbon Efficient Index

Adopted for the third consecutive
year from September 2018.



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

Recognition

— Awards from private organizations

Certified by CDP as a Climate Change A List Company for the second consecutive year

NRI has been certified by CDP* as the highest rated Climate Change A List company for the second consecutive year since 2020 in recognition of its climate change strategy, response, and information disclosure.

*A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts



Selected for inclusion in the CDP Supplier Engagement Leaderboard for the second consecutive year

NRI was selected by CDP for the second consecutive year in recognition of its efforts to reduce greenhouse gas emissions and climate change risk throughout the supply chain.



Selected as a Silver Class company at S&P Global's Sustainability Award 2021

NRI was selected as a Silver Class Company in the Sustainability Award 2021 by S&P Global, a U.S. ESG investment research and evaluation organization. In 2020, NRI was selected as a Bronze Class company.



Ranked 5th in the ROESG Rankings (2020 Edition)

We ranked 5th in the 2nd ROESG Ranking (2020 Edition) published by Nihon Keizai Shimbun and QUICK Corp ESG Research Center. Advocated and researched by Specially Appointed Professor Kunio Ito of Hitotsubashi University, ROESG judges the investment value from the perspective of both ROE (return on equity), which indicates the profitability of a company, and ESG, which indicates the sociality of a company.

The ROESG ranking is created by multiplying the ROE of listed companies by an ESG evaluation score.

First place in the Best For-Profit Think Tank category of the Global Go To Think Tank Index Report

NRI was selected for the first time as No. 1 in the Best For-Profit Think Tanks category ranking in the 2019 Global Go To Think Tank Index Report announced by the Think Tanks and Civil Societies Program of the Lauder Institute at the U.S. University of Pennsylvania. The report evaluates the essential functions of a think tank, including social impact, quality of management leadership, quality of professionals, number of publications, quality of policy proposals and number of outputs such as ideas that contribute to society.

NRI SecureTechnologies Co., Ltd.'s CryptoBin won second prize under the support operations field in the ASP/SaaS category of the ASPIC IoT/AI/Cloud Award 2020.

Secure file transfer/sharing service CryptoBin was awarded second prize under the support operations field in the ASP/SaaS category of the 14th ASPIC IoT / AI / Cloud Award 2020 sponsored by the ASP-SaaS-AI-IoT Cloud Industry Association (ASPIC).

Received Awards for Excellence in Corporate Disclosure in two categories

We received 2020 Awards for Excellence in Corporate Disclosure in the IT Service / Software category for the 12th time and the fourth consecutive year, and for the first time in the Disclosure to Individual Investors category. The Awards for Excellence in Corporate Disclosure are selected annually by industry by securities analysts, who evaluate the aspects of a company's disclosure activities such as the quality, quantity, and timing of disclosure.



Winner of the Best New Post-Trade Solution Award at the FTF News Technology Innovation Awards 2020 in the United States

NRI received the Best New Post-Trade Solution Award at the FTF News Technology Innovation Awards 2020 in the United States. The FTF Award is an award that recognizes financial technology companies that have made great achievements in the financial industry, such as providing solutions.

Recognition

—Accreditations by the central government

Highest level (Level 3) Eruboshi Certification

In January 2017, NRI was designated by the Minister of Health, Labour and Welfare as a company that showed excellence in initiatives based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



Health and Productivity Management Organization (White 500)

Public-private collaborative organization Nippon Kenko Kaigi recognized NRI for the 5 consecutive year since February 2017 as an outstanding enterprise engaging in efforts for health and productivity management.



Kurumin certification

Since 2007, NRI has been continually recognized by the Minister of Health, Labour and Welfare as a childcare supporting company that has met certain criteria by achieving planned goals based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



Platinum Kurumin Certification

In 2018 NRI received this certification as a company among those recognized with the Kurumin Mark which has implemented and is using systems for balancing childcare with work to a considerable degree and is engaged in high-level efforts.



Nadeshiko Brand

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select listed companies with outstanding performance promoting women's success in the workplace. NRI has been selected for five consecutive years since 2017.



NRI group companies in Japan

As of March 2021

Nomura Research Institute, Ltd.

Chairman and President & CEO,
Representative Director, Member of the Board
Shingo Konomoto
www.nri.com/en

Tokyo Head Office / Headquarters

Otemachi Financial City Grand Cube,
1-9-2 Otemachi, Chiyoda-ku, Tokyo
100-0004, Japan
TEL. +81-3-5533-2111

Kiba Center

Tower N, 1-5-15 Kiba,
Koto-ku, Tokyo 135-0042, Japan

Yokohama Center

Yokohama Nomura Building,
4-4-1 Minato Mirai, Nishi-ku,
Yokohama, 220-0012, Japan

Osaka Center

Nakanoshima Festival Tower West,
3-2-4 Nakanoshima, Kita-ku,
Osaka 530-0005, Japan

NRI Netcom, Ltd.

Web Business Systems and Web Branding
Strategies
www.nri-net.com

NRI SecureTechnologies, Ltd.

Information Security Solutions
www.nri-secure.com

NRI Workplace Services, Ltd.

Workplace-related Services for NRI Group
Companies

NRI Data i Tech, Ltd.

IT Infrastructure Development and
Operations Support
www.n-itech.com

NRI Social Information System Services, Ltd.

Supporting Community and Work
Activities for Seniors
www.nri-social.co.jp

NRI Process Innovation, Ltd.

Business Process Outsourcing Services
www.nri-pi.com/en

NRI System Techno, Ltd.

Planning, Development, and Operations for
Ajinomoto Group Information Systems
www.nri-st.co.jp/en

UBsecure, Inc.

Diagnostic service and consulting service
related to information security
www.ubsecure.jp/en

DSB Co., Ltd.

Middle and Back-office Services for
Securities and Financial Institutions
www.daiko-sb.co.jp

NRI Mirai, Ltd.

Office Service to NRI Group Companies
by People with Disabilities and Fixed Point
Investigation of People with Disabilities
www.nri-mirai.com

Zhiming Software Japan, Ltd.

Outsourcing Software Development
Services and Technical Support Services
www.zhimingsoft.jp

Brierley+Partners Japan, Inc.

Loyalty Marketing
www.brierley.com

NRI Retail Next, Ltd.

Research and Practices for Proof of
Concept in Retail IT Solution Field

NRI Digital, Ltd.

Digital Business Consulting Service,
Digital IT Solution Service, and Digital
Analytic Service
www.nri-digital.jp

NDIAS, Ltd.

Cyber Security Business Centered on Security
Diagnosis of In-vehicle Electronic Products
ndias.jp/en

Financial Digital Solutions, Ltd.

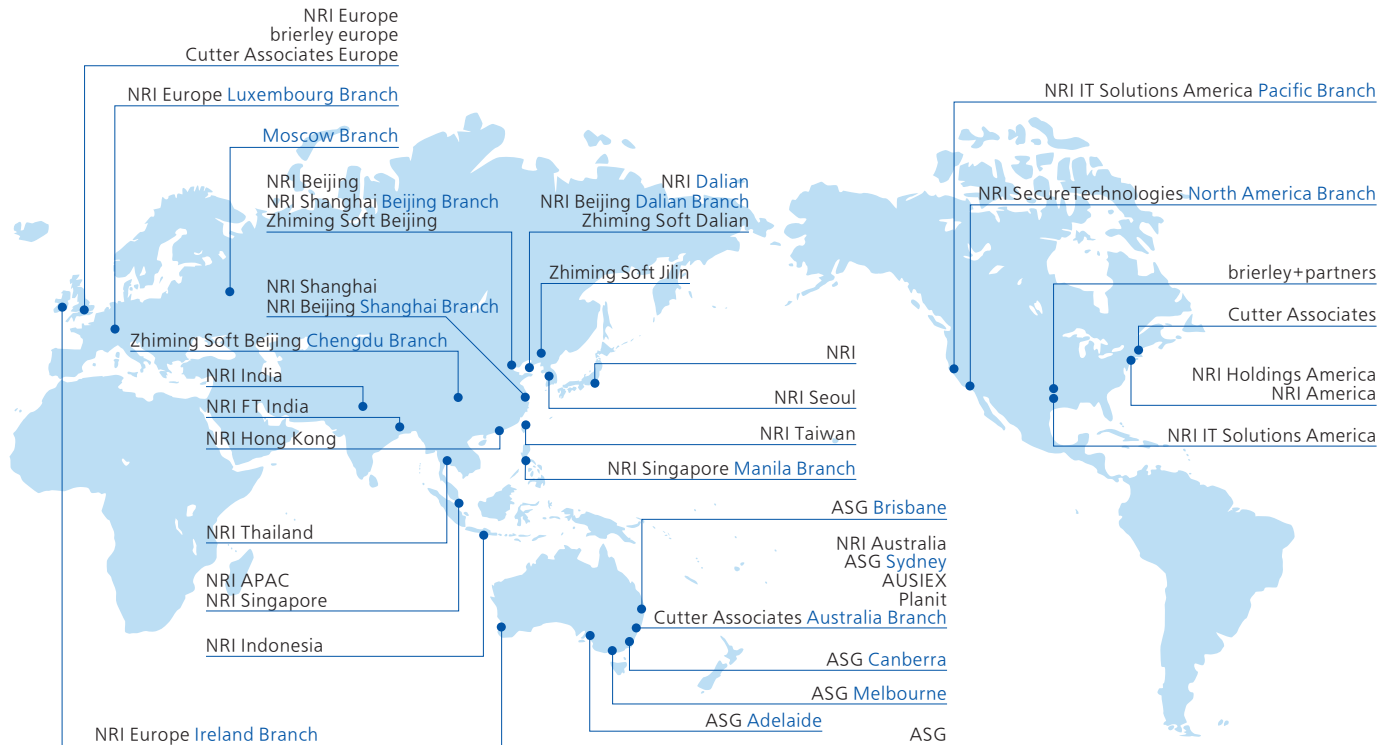
Development of Financial Digital Solutions
www.financial-ds.jp

Nippon Securities Technology Co., Ltd.

Total Solutions for Finance and Securities
www.nstec.jp/english

Global network

As of March 2021



Nomura Research Institute, Ltd.
[Moscow Branch](#)

NRI SecureTechnologies, Ltd.
[North America Branch](#)

Nomura Research Institute
Holdings America, Inc.

Nomura Research Institute America, Inc.

Nomura Research Institute
IT Solutions America, Inc.
[Pacific Branch](#)

Brierley+Partners, Inc.
[www.brierley.com](#)

Brierley Europe Limited

Cutter Associates, LLC
[www.cutterassociates.com](#)
[Australia Branch](#)

Cutter Associates Europe, Ltd.

Nomura Research Institute Europe Limited
[Luxembourg Branch](#) [Ireland Branch](#)

Nomura Research Institute (Beijing), Ltd.
[beijing.nri.com.cn](#)
[Shanghai Branch](#) [Dalian Branch](#)

Nomura Research Institute Shanghai Limited
[consulting.nri.com.cn](#)
[Beijing Branch](#)

Nomura Research Institute (Dalian), Ltd.

Zhiming Software Beijing, Ltd.
[www.zhimingsoft.cn](#)
[Chengdu Branch](#)

Zhiming Software Dalian, Ltd.

Zhiming Software Jilin, Ltd.

Nomura Research Institute Asia Pacific Private
Limited (NRI APAC)

Nomura Research Institute Hong Kong Limited

Nomura Research Institute Singapore Pte. Ltd.
[Manila Branch](#)

Nomura Research Institute Taiwan Co., Ltd.
[www.nri.com.tw](#)

Nomura Research Institute Seoul Co., Ltd.
[www.nri-seoul.co.kr](#)

Nomura Research Institute Consulting and
Solutions India Private Limited
[india.nri.com](#)

Nomura Research Institute Financial
Technologies India Pvt. Ltd. (NRI FT India)
[www.nrifintech.com](#)

PT. Nomura Research Institute Indonesia

Nomura Research Institute Thailand

ASG Group Limited
[www.asggroup.com.au](#)

[Sydney Office](#) [Canberra Office](#)
[Melbourne Office](#) [Brisbane Office](#)
[Adelaide Office](#)

Nomura Research Institute Australia Pty. Ltd.

Australian Investment Exchange Limited
(AUSIEX)

Planit Test Management Solutions Pty Ltd

Notice of Issuance of NRI Sustainability-Linked Bonds

Following the issuance of Green Bonds*1 for the first time as a domestic operating company in September 2016, NRI has issued NRI Sustainability-Linked Bonds*2 as NRI ESG initiatives. We have adopted a system in which investors support and support the achievement of NRI's greenhouse gas reduction target for FY2030 (announced on February 24, 2021).

Based on the corporate philosophy of "Dream up the future," NRI is not only striving to diversify financing methods and improve the stability of financing through the NRI Sustainability-Linked Bond, but also to contribute to the creation of a sustainable future society by creating new value together with various stakeholders in response to social issues including environmental issues.

The NRI Sustainability-Linked Bond was awarded the Innovative Debt Deal of the Year in the corporate bond category at DEALWATCH AWARDS 2020 presented by DealWatch of Refinitiv Japan K.K.

With the aim of contributing to the development and expansion of the Japanese-related capital market, this award takes into consideration factors including appropriate pricing in the primary market, price formation after the transition to the secondary market, contribution to the development of the capital market, and ingenuity. This is the third time NRI has received an award.

Name	NRI Sustainability-Linked Bonds (Nomura Research Institute, Ltd. Eighth Series Unsecured Straight Corporate Bonds)		
Date of issue	March 26, 2021	Issue amount	5 billion yen
SPTs	① By FY2030, reduce NRI Group's greenhouse gas emission volume by 72%(compared to FY2013, Scope1 + 2) ② By FY2030, achieve 70% renewable energy use rate at the NRI's data centers		

*1 Green bond: Bonds issued in order to procure the funding required to solve environmental problems, including global warming.

*2 Sustainability-Linked Bond: Bonds with terms that change depending on whether sustainability/ESG targets specified in advance can be realized. Issuers of Sustainability-Linked Bonds commit to improving outcomes related to future sustainability within a time frame specified in advance. These bonds are based on future performance that is evaluated by key performance indicators (KPIs) and sustainability performance targets (SPTs) specified by the issuer in advance, and the terms of such bonds will change depending on whether SPTs are realized.



Editorial Policy

Nomura Research Institute has published a sustainability report since FY 2005 to give our stakeholders an understanding of the NRI Group's initiatives for sustainability (including corporate social responsibility). The report also aims to facilitate internal and external communication and to raise the level of our initiatives.

Starting in fiscal 2017, information on sustainability activities and results is available in this Sustainability Book, through information disclosed on the Internet, and through our Integrated Report.

We have tried to ensure that the Sustainability Book contains articles of interest to our stakeholders along with the information that the NRI Group wants to convey, and to present it in an interesting and easy-to-read format. On the Internet, we disclose information throughout the year. In addition to our ESG Data Book, the disclosed information also includes sustainability initiatives conducted by the NRI Group for sustainable growth of society.

Integrated Report

<https://ir.nri.com/en/ir/library/report.html>

ESG Databook

<https://www.nri.com/en/sustainability/library/report>

Organizations covered in this report

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

Period covered by this report

This report primarily covers fiscal 2020 (April 1, 2020 to March 31, 2021), but also addresses some events from the past, some activities after April 1, 2021, and certain plans for future activities.

Trademarks

All proper names, including names of companies and products, found in the Sustainability Book 2021 are trademarks or registered trademarks of the respective companies.

Disclaimer

The Sustainability Book 2021 contains not only past and present facts about the NRI Group, but also plans and forecasts based on information acquired as of the date of publication. Depending on changes in various conditions, there is the possibility that the results and events of these future business activities may differ from the plans and schedules listed herein.

The names of organizations, names of executive positions, etc., listed herein are current as of the time of the activities or reporting.

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These elephant statues are charity art that are displayed at the entrance of our Yokohama Center (Yokohama Nomura Building). These works of art are sold at charity events held in various locations by an organization called Elephant Parade®. The proceeds of the event are used to protect the Asian Elephant, an endangered species. NRI participates in this event and was the first Japanese corporation to purchase one of the works of art.

[Regarding the cover photo]

The Perito Moreno Glacier, located within the Los Glaciares National Park in the Patagonia region of Argentina. Right now, global warming is causing problems that have a serious impact on the environment and the ecosystem. One of these effects is the melting of glaciers, which causes a chain of various problems, such as rising sea levels, flood damage, and habitat reduction for rare flora and fauna.

Nomura Research Institute Group

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