Nomura Research Institute, Ltd.
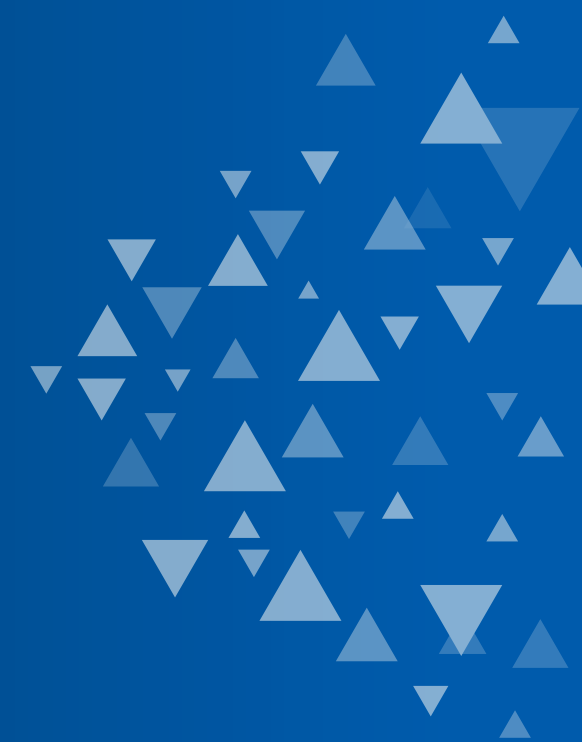
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NRI

未来創発
Dream up the future.

Nomura Research Institute

Integrated Report 2022

Year ended March 31, 2022

Printed in Japan

Opening an Unknown World

Social issues have become complex in recent years, and their resolution has been required even more strongly. We believe that digital technologies will be playing a large role in the resolution of social issues.

We were made to create social value. As such, we have the capability to discern the future as well as the capability to actualize and provide solutions derived from those insights. We will take on the challenge of resolving social issues using digital technology, and pursue the prosperity of people through digital technology.

Consulting × IT Solutions

Creating Digital Social Capital and Transforming the World Dynamically

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)

Consulting and IT Solutions Ushered in the Era

"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.

1988

Merger   Launch of New NRI

"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.

1966   IT SOLUTIONS

Nomura Computer Systems Established

Japan's First Commercial Use of Computers

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

In 1966, the Electronic Data Processing Division spun off from Nomura Securities to become the Nomura Computing Center Co., Ltd.* The philosophy of its establishment was to take the varied expertise acquired through advanced system development as Nomura Securities and put it to use for management rationalization and other benefits of more companies. The philosophy indicates an attitude to be of service to society as well as create new value.

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

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

Diverse human resources, who have inherited the founding spirit, are the drivers of NRI's value co-creation. NRI's professionals, possessing knowledge and skills in every area, stand in unity under the "Dream up the future" corporate philosophy as an unrivaled team. They will continue launching the challenge of building a future society through proposals that have looked into the far future and their sound execution.

Diverse Professionals Committed to Executing Their Mission

Corporate Statement

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Dream up the future.

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

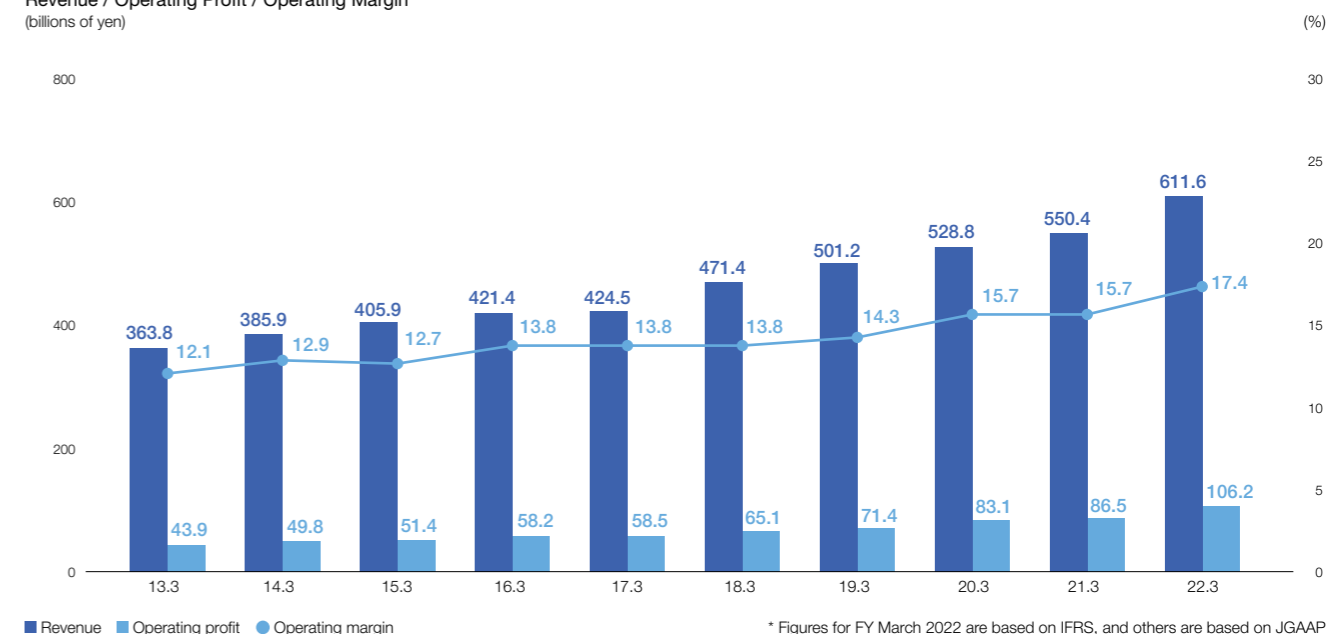| Mission	Business engagements	Management goals	Action guidelines
Discern new social paradigms and implement them Build customer trust and establish relationships for mutual growth	Create an innovative society for the future "Knowledge Creation and Integration"- Apply knowledge to create and integrate business solutions for customers	Maximize corporate value through "Navigation X Solution"	Challenge tirelessly with true professionalism

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.

FY March 2022 Consolidated

Consolidated revenue	Consolidated operating profit	ROE
¥**611.6** billion	¥**106.2** billion	**21.3** %

Ratio of DX-related revenue	Number of employees (Consolidated base)	Number of consultants
63 %	**16,512** persons	Over **1,000** persons

Consolidated operating margin	Revenue per employee	Operating profit per employee
17.4 %	¥**37.04** million	¥**6.43** million

Industry Top Class

External Revenue by Segment

IT Platform Services **7.0**%
Consulting **7.0**%
Manufacturing, service and other **25.2**%
Securities **21.8**%
Distribution **11.2**%
Other financial **8.9**%
Banking **7.7**%
Insurance **11.3**%
Industrial IT Solutions **36.4**%
Financial IT Solutions **49.6**%

FY Mar. 2022 Consolidated ¥611.6 billion

External Revenue by Service

Product Sales **2.8**%
Consulting Services **20.5**%
System Management & Operation Services **44.6**%
System Development & System Application Sales **32.0**%

FY Mar. 2022 Consolidated ¥611.6 billion

Note: Ratios are for consolidated sales in FY March 2022.

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

	13.3	14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3
Revenue	363.8	385.9	405.9	421.4	424.5	471.4	501.2	528.8	550.4	611.6
Operating margin (%)	12.1	12.9	12.7	13.8	13.8	13.8	14.3	15.7	15.7	17.4
Operating profit	43.9	49.8	51.4	58.2	58.5	65.1	71.4	83.1	86.5	106.2

■ Revenue ■ Operating profit ● Operating margin

* Figures for FY March 2022 are based on IFRS, and others are based on JGAAP

NRI's Four Business Segments 📖➜ P.120–125

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.
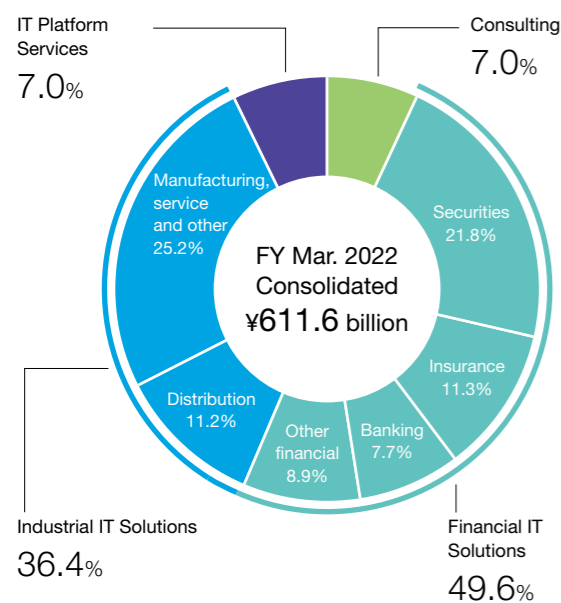
Industrial IT Solutions

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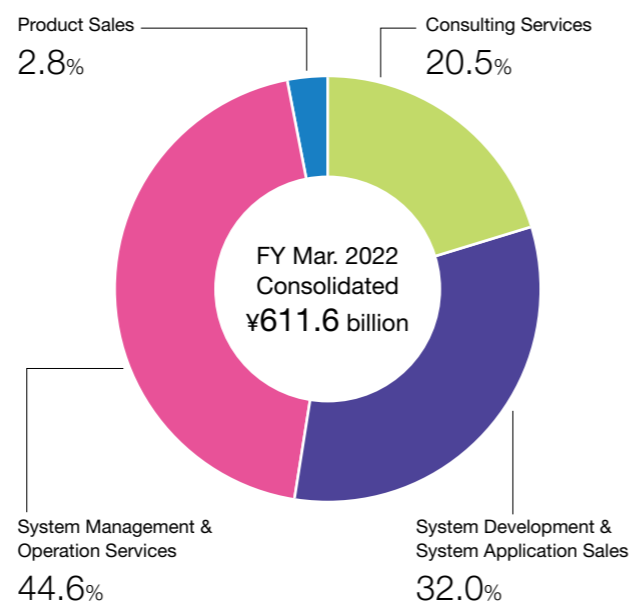
IT Platform Services

- This segment provides data center operations and constructs IT platforms and networks for 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.

Editorial Policy for the Integrated Report 2022

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 2022 has improved its content using feedback from stakeholders as reference. In particular, we enriched the content related to our human capital, which is one of NRI's competitive advantages. Furthermore, we have included an outline of Group Vision 2030, which is the next long-term management vision that we are currently formulating.
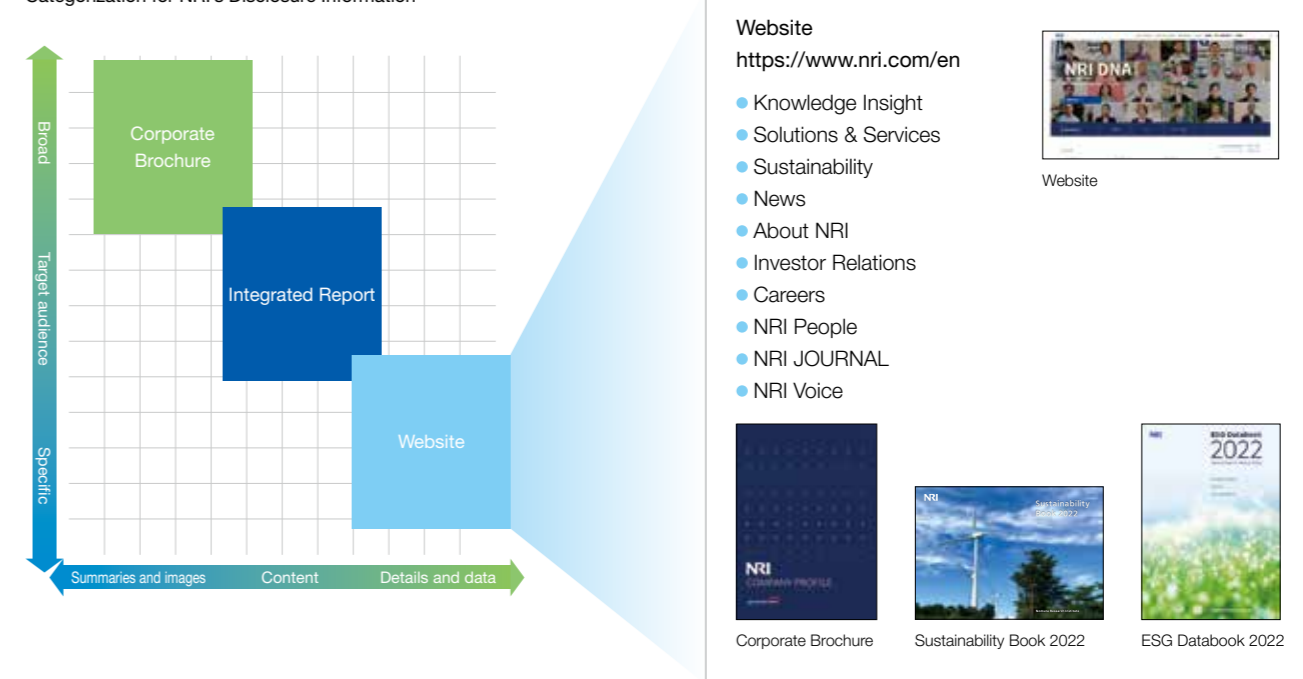
As for details and other related information that cannot be included due to space, we have included the source of the relevant information (e.g., websites and the Annual Securities Report) within the pages of this Integrated Report for your use.

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

IFRS Foundation - Integrated Reporting Framework International integrated Reporting Framework	Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation by the Ministry of Economy, the Trade and the Industry (METI)	GRI Standard by Global Reporting Initiative (GRI)

Categorization for NRI's Disclosure Information

Broad — Target audience — Specific

Summaries and images — Content — Details and data

Corporate Brochure

Integrated Report

Website

Website
https://www.nri.com/en
- Knowledge Insight
- Solutions & Services
- Sustainability
- News
- About NRI
- Investor Relations
- Careers
- NRI People
- NRI JOURNAL
- NRI Voice

Website

Corporate Brochure   Sustainability Book 2022   ESG Databook 2022

Cautionary Note on Forward-Looking Statements

- This Integrated Report is prepared for the purpose of providing information on our performance in FY March 31, 2022 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.
- The trademarks that appear in this report are the trademark of NRI or the respective company.
- For the purpose of convenience within this report "NRI" is used to refer to the Company and in certain places the entire NRI Group.

Toward 2030, the NRI Group will have insight into the prosperity that lies beyond digital transformation (DX) and provide value to society by creating digital social capital.

July 2022

Shingo Konomoto

Chairman and President & CEO
Representative Director
Member of the Board

The speed of the changes taking place in the world will accelerate in the next 10 years.

The world economy is becoming increasingly uncertain due to global issues, such as the escalation in the price of energy or supply-chain related problems associated with increased geopolitical risks. Social issues are becoming more complex.

Meanwhile, new services are being created, one after another, through XaaS (Anything as a Service) in which anything becomes a service over a network. The fluidity of industrial structure, such as the rise of new industries, will likely progress as the walls that existed between business types and industries crumble through the development of platforms on which diverse services collaborate.

What is more, the evolution and commoditization of state-of-the-art technology will also probably progress. When cloud computing and artificial intelligence (AI) are utilized, and next-generation communication technologies become commonplace, those technologies that were considered advanced up to then are expected to be put to general use.

While corporate management environments are being exposed to unprecedented changes, from a medium- to long-term perspective, initiatives and investment toward decarbonization and other social issues of high importance are expected to

expand. The role to be fulfilled by mechanisms that utilize digital technology will continue to increase going forward, and the integration of business and IT will create sweeping trends of a new age. Transformation that utilizes digital technologies (DX) is expected to continue to be sought going forward for wide-ranging needs, from the transformation of individual enterprises to the resolution of global social issues.

Looking at the relationship between the Digital Economy and Society Index (DESI), which was announced by the European Commission, and life satisfaction, we can see that in countries that have achieved a certain level of economic growth, there is a strong correlation between digitalization and life satisfaction levels. In Denmark, energy consumption is tracked through the installation of smart meters in all households. The accumulation of shared infrastructure and services that digitally support society and industries (i.e., digital social capital) has progressed in Denmark and other such countries that are ahead of others in terms of digitalization.

Japan is facing the serious social issue of population decline. According to one forecast, negative GDP growth in the 2030s is unavoidable for the country if the trends of the past decade in labor productivity, employment rate, and working hours continue. To realize a society in which people can live in prosperity, Japan, too, must create digital

social capital by transcending the barriers between the government and private sector, business types, and industries. It is essential that productivity and added value that surpass the effects of population and working-hour decline will be created.

It goes without saying that such societies should be sustainable. In particular, the issue of climate change cannot be ignored as a global issue. To realize decarbonization, DX will become indispensable alongside moving away from fossil fuels in the combination of power sources. The achievement of effective resource utilization and advancement toward the building of a sustainable society will probably be required. One possible means for finding optimal solutions for this would be the use of digital data to visualize various real-world phenomena and to carry out simulations in the digital world (digital twin technology). What is more, the ensured safety and security of social

infrastructures, personal information, and others through advanced security services will continue to be of importance in the future.

Capitalism, which has continued for roughly 500 years, is now being pressed to undergo modifications. If capitalism continues as it is today, it could result in forcing a negative legacy – including escalated natural disasters, the loss of biodiversity, and social inequality – on our planet and offspring of future decades. We believe that to enable the sustainable development of society, it is important that NRI places further emphasis on the value it can provide to society as a company, and synchronizes its growth strategy to the resolution of social issues.

With our sights set on the future, NRI will continue to be an indispensable existence for society.

NRI's predecessor, the former Nomura Research Institute, Ltd., was established in 1965 as Japan's first private-sector think tank. In its founding prospectus, NRI clearly stated its intention to "Engage in comprehensive research in terms of both technology and economics," "Carry out investigative research activities (with a certain amount of economic purpose) in applied science fields," and "Make the specific issues faced respectively by industry, government, local public authorities, and the general public the target of its investigative research." Furthermore, it stated that the aim of establishing NRI was "To promote industry and be of service to society" while exhibiting its originality.

The founding spirit is continued in the corporate mission announced by NRI in 2000: "Discern new social paradigms and implement them," and "Build client trust and establish relationships for mutual growth." NRI's corporate mission is a clear statement of the Company's conviction that the enhancement of its corporate value lies no where other than beyond the resolution of social issues.

In a move that foresaw an ideal information services company, the former Nomura Research Institute, Ltd., and Nomura Computer Systems Co., Ltd., merged in 1988 to become the new Nomura Research Institute, Ltd., a globally unique information services company that possesses both research and digital systems functions. NRI's original business model, "Navigation x Solution" and "Con-Solution" originated in this merger.

NRI has been engaged in proposing business strategies that are ahead of the times, making policy recommendations, and the development and operation of digital systems.

To continue contributing to the sustainable development of society while exhibiting even more of our true value, each of our employees must reaffirm the corporate DNA that has been passed down since NRI's founding. The three social values created by NRI – "Co-create a thriving future society," "Co-create an ideal society," and "Co-create a safe and secure society" – that were stated in the Medium-Term Management Plan (2019–2022) incorporate NRI's founding spirit.

While working to instill the corporate philosophy, NRI has also been engaged since 2019 in "value co-creation activities." They are activities for

"To promote industry and be of service to society," which was stated in the founding prospectus, is at the root of NRI's sustainability management.

thinking, from the bottom up, about providing value to society. With the aim of having each selected value co-creation leader place themselves in the shoes of NRI management to gain insight into the social issues of the future, we made the theme of value co-creation activities for FY March 2022 "Message from the President in the 2030 NRI Group Integrated Report." In the dialogue with value co-creation leaders, a straightforward exchange of opinions was carried out regarding creating a future society with an eye to 2030, and growth opportunities for the NRI Group. At the NRI Dream Up the Future Forum, I, too, have been introducing the shape of future economic systems and industries, and NRI initiatives based on those assumptions. As such, we have been implementing initiatives that are a combination of top-down and bottom-up approaches.

We will continue to keep our focus on staying ahead of the times and providing high added value.

In the Long-Term Management Vision "Vision2022" (V2022) for the period between FY March 2016 and FY March 2023, we made "digital" one of NRI's axes for growth. We originally called it "business IT." However, the transformation of business models through the utilization of digital technologies eventually began, and we held the conviction that it would create a significant opportunity for NRI, which possesses capabilities in both consulting and IT solutions. This was at a time when the term or concept of DX was still not commonly known.

The move toward digitalization, which we had originally assumed, began in earnest from around 2017, and the term "DX" became commonplace in around 2018. Our move to shift the focus of our business ahead of others worked in our favor. We securely captured the tide of DX by implementing NRI's original Con-Solutions business model in which our consulting and IT solutions arms worked as a team from the planning and conceptualization stages. They ran in tandem with clients, repeatedly carried out hypothesis testing, and provided value on an ongoing basis. Combining our capabilities in consulting and IT solutions has become the source of our added value. NRI has a large number of consultants and researchers who spent many years accumulating deep knowledge of the industry in wide-ranging fields. They help show our clients the way, while discerning the

future of ten or fifteen years' time and making recommendations related to society. This is a capability that is distinctive of NRI, where the DNA of a general think tank has been passed down. Meanwhile, in the field of IT solutions, NRI has a wealth of systems engineers and DX human resources who can build from scratch information systems that require extremely complex operational logic, and implement them to businesses. The high quality required for mission critical systems and social infrastructures is assumed by NRI, and as such, the Company hires talented human resources and nurtures true professionals. Our pursuit is not of "size" that enables the mobilization of large numbers of human resources. Rather, we hire and develop human resources while emphasizing high added value.

We are now in the final year of the Medium-Term Management Plan (2019-2022), which defined the direction of management in the latter four years of V2022. In FY March 2022, which was the third year of the medium-term management plan, we took great strides in all of our strategies: the DX Strategy, Global Strategy, and Human Resources Strategy. As a result, we marked an operating profit of ¥106.2 billion and an operating margin of 17.4%, and achieved medium-term management plan targets one year ahead of schedule.

In regard to our global business, when V2022 was launched in FY March 2016, we took on the challenge that began with overseas sales of ¥14.6 billion against consolidated sales of ¥421.4 billion. Here, too, we were able to advance developments through schemes that are distinctive of NRI, which places its focus on high value added fields. Candidate overseas markets where NRI will aim to provide IT services in high added value fields for domestic-demand oriented industries are industrialized countries that have reached a certain level of maturity, have a high population growth rate, and what is more, are orderly on the basis of laws and rules. Of North America and Australia, which meet these conditions, we began by focusing on Australia, building a business foundation through such methods as M&A and other means of external growth. Beginning with the acquisition in 2016 of ASG, which would become the base, we complemented necessary functions by moving ahead with the acquisition of a total of eight companies in six years. Today, we have built a business model similar to that in Japan in which full-line services, from IT consulting to development, operation, BPO, IT infrastructures, and quality engineering

that handles the enhancement of the quality of information systems, are provided. Overseas revenue in FY March 2022 increased about 72% year on year to ¥76.5 billion. The results forecast for FY March 2023 has been set at ¥105 billion, which exceeds the target of the medium-term management plan.

Furthermore, helped by the implementation of the purchase of treasury stocks during the fiscal year, the ROE for FY March 2022 was 21.3%. We are undertaking efforts for the achievement of growth in profits and the maintenance of an ROE at the 20% level.

We have begun moving forward toward achievement of the Group Vision 2030.

With achievement of the goals set in V2022 now in sight, in April 2022, NRI announced the outline of its growth scenario for its new long-term management vision, "Group Vision 2030" (V2030), for FY March 2024 through FY March 2031.

NRI's corporate philosophy will remain the same in V2030. The two missions – "Discern new social paradigms and implement them" and "Build client trust and establish relationships for mutual growth" – which are the foundations of the corporate philosophy, and the corporate statement, "Dream up the future," will be upheld as a universal set of values. "To promote industry and be of service to society," which was stated in the founding prospectus, is at the root of NRI's sustainability management. We are currently promoting discussion within the Company on "our set of values" so that each of us can share these values and together achieve our vision. Each of us in the NRI Group will become the main players of having insight into the prosperity that lies beyond DX," and launching the challenge of dynamically transforming the world through digital social capital.

Three prioritized themes have been established in the growth scenario announced in April 2022. They are, the "Expansion and deepening of core areas," "Evolution of the DX business," and "Expansion of the global business." The closely scrutinized content of each of these prioritized themes is scheduled to be announced in April 2023. Here, we will provide the outline.

We will evolve the DX that will support transformation at our client companies and industries and continue our growth.

In addition to DX consulting in which we take on the task of enabling the achievement of client transformation, the support of DX growth companies that leverage Con-Solution and digital development capabilities, and the evolution, such as the migration of legacy IT assets, in "core areas," we will achieve the further growth of the business platform business, as represented by shared online services, and the certain profit growth through various production innovation. NRI's DX 1.0, which supports such conventional systems integration (SI), process transformation, and infrastructure transformation, continues to be a source of our profits.

As in the case of smartphones, digital services on a platform, rather than the hardware, become the product in digital capitalism, with data as the source of value. As for the business model, we believe that a transformation from the conventional depreciation model to the appreciation model is required. That is, rather than the value of a product decreasing with the passage of time, value is lowest when the product is brand new, and increases as services are updated. EARTHBRAIN Ltd. was launched as a collaboration between Komatsu Ltd., NTT DOCOMO, INC., Sony Semiconductor Solutions Corporation, and Nomura Research Institute, Ltd. It is a new, cross-industry platform and a prime example of NRI's DX 2.0 concept.

The Next-generation Smart Construction being promoted by EARTHBRAIN Ltd. consolidates all the data from a construction site to enable the visualization of the overall construction site through digital twin technology. All processes are linked on a platform to enable optimal control as well as to create a construction site of the future, which is superior in terms of safety, productivity, and environment. It can be said to be nothing other than an appreciation-type business model itself in which accumulated data is leveraged to continually evolve an algorithm.

The strong will of top management to change to a digital-first mindset and transform the overall

company using digital solutions is necessary to develop this kind of a business model. This is where the true value of the deep business insights that NRI has accumulated over the year and the Con-Solution concept can be powerfully exhibited.

We will create digital social capital toward a rich, thriving society.

To achieve the rich, thriving society of 2030 envisaged by NRI and presented in the outline of V2030, the scope of our business must be expanded from individual enterprises to client industries and society as a whole. This will make business extremely difficult, such as the diversity of the stakeholders who become involved. Furthermore, our assumption is that rather than system integration in which we develop systems that are optimized for individual companies, this will be focused around platform services that are utilized by various entities. We are discussing, amid such circumstances, the approach that will be taken to identify a business that is distinctive of NRI.

At the present time, we are exploring and studying around 30 themes in the realm of DX 3.0. Social DX is an area that we see as being a hopeful seed from which a business will sprout at an early stage. In regard to Social DX, we are reviewing themes such as the digitalization of government services, regional revitalization, creation of smart communities, and new financial services, such as that represented by digital assets. We believe that a platform for the Japanese Social Security and Tax Number ("My Number") System is a digital social capital that will become the foundation for Japan to play catch-up in the digitalization of government services. There, NRI will focus on the provision of a platform that will link the Japanese government's digital foundation with the private sector.

NRI has a track record of having actualized ahead of others a service utilizing the My Number system for the securities industry. We also provide the e-PO Box service, which fulfills a role as a gateway that links Mynaportal, a public service, with private enterprises. We are proud to say that from its conceptualization to actualization, it is a business that is distinctive of NRI.

The two missions, which are the foundations of the corporate philosophy, and the corporate statement, will be upheld as a universal set of values.

We will leverage such accomplishments and expertise to expand the My Number-related business, which will contribute to digitalization of national and local governments, into a new business pillar for NRI.

In Value Chain DX, which is another pillar for DX 3.0, we will work toward the achievement of a circular economy, such as by food-loss reduction through value chain optimization and the effective utilization of resources. Furthermore, in Infrastructure DX, we will work toward the realization of a platform business that is distinctive of NRI. It includes the provision of data analysis that streamlines the operation and maintenance of

social infrastructures, and a shared online service for financial institutions that will also contribute to the reduction of CO_2 emissions by clients.

We will establish a foundation that will realize full-line Global DX.

Under V2030, the Australian business has entered the stage of making the organization even stronger and achieving mostly organic growth. Furthermore, we will build the business foundation in North America while using the successful experience and lessons learned in Australia.

Because North America is a highly competitive market, the choice of the market segment on which we will focus the business will be important. American and Indian vendors that are rolling out large-scale resources are making their presence felt in North America. On the other hand, there are also many community-based vendors that specialize in the provision of clients' complex DX solutions. NRI's strength in Japan is in solutions which, through consulting, realize advanced DX that meet client needs. For this reason, we will orient ourselves toward a similar kind of business in the North American market as well. We would like to expand the business by joining hands with community-based vendors that compete not in terms of scale but rather in terms of the value proposition.

To build the North American business foundation, NRI acquired in December 2021, Core BTS, which has strengths in advanced DX. This was NRI's largest-scale M&A at about ¥53.1 billion (inclusive of the cash loan of ¥10.6 billion to Core BTS). In addition to the integration of infrastructure

To venture into new businesses, in addition to meticulousness, there is a need for us to have the grit that will enable us to take risks and embark on challenges.

networks, which was the business inherited by Core BTS, in recent years Core BTS has possessed functions from cloud migration support, security diagnosis, and what is more, to DX application development. Using Core BTS, which possesses an abundant client base, as the foundation, and through further M&A, we plan to build a business model in North America that is similar to that in Japan and Australia.

Our policy is also to attempt regional expansion within North America. After establishing a base for the DX business in Japan and Asia, Oceania, and North America in the next eight years in this way, our vision is to create synergy between the three regions through the sharing of functions and knowledge.

NRI will achieve the improvement of its sustainable corporate value by having every member work together and do their best toward this.

The desire to have every member work together and do their best was a message that I communicated internally when I assumed my position as president and CEO. The meaning behind this is that I want to create a company that can sustainably improve its corporate value without having to depend on top management or specific superstars within the Company. In regard to the management team, I have been emphasizing teamwork that enables unbreakable solidarity once a direction is decided on through healthy debate. I believe that such teamwork is something that we should continue to uphold going forward so that NRI can achieve sustainable development.

Each and every employee is a member of the team. I would like NRI to continue being an organization where people of extremely high capabilities and great professionalism come together. NRI will continue to hone its organizational power – its strength wherein each member digests the big picture indicated by top management and moves forward on their own initiative to give it tangible form. To keep on achieving growth for the long term, each member of our group of highly specialized personnel must firmly continue working together and doing their best.

Meanwhile, there are challenges to enabling organizations and employees to further exhibit their potential strengths. As a company that is aiming to develop social infrastructure, NRI's corporate culture of meticulously building on logic is something that should be protected at any cost. With that said, trial and error is an unavoidable part of engaging in DX 2.0, DX 3.0., and other such new initiatives. That is why there is a need to nurture grit that enables challenges to be launched as well in untried areas. Furthermore, comprehensive strength that is optimized by combining the set of values and methodologies of various partners is required to undertake value co-creation after expanding the area to the whole of society. The development of capabilities for identifying the new, which differ from what we are used to, while honing our traditional strengths, will start to become one of the themes that will have to be tackled under V2030.

The path toward 2030 has been determined. Please look forward to an NRI Group that will continue making challenges toward the creation of new social value that will contribute to the resolution of social issues that are related to the achievement of the SDGs as well as toward the achievement of the sustainable improvement of corporate value.

Shingo Konomoto

Chairman and President & CEO
Representative Director
Member of the Board

01

NRI's Value Co-Creation

We want to continue to be an "indispensable presence in the world" by standing firm on the spirit of value co-creation, which we have upheld since our founding.

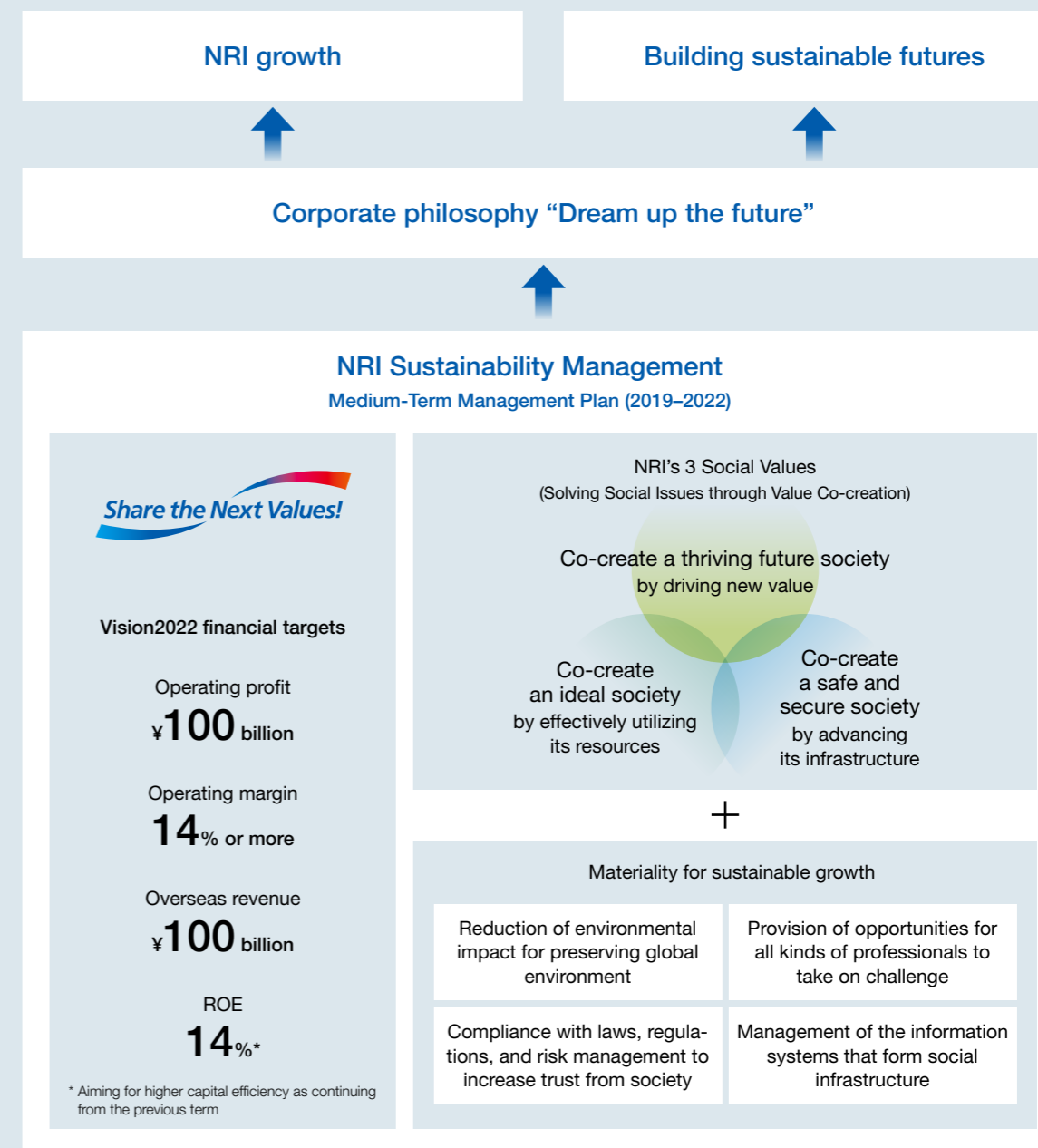## CONTENTS

NRI Sustainability Management

未来創発

Dream up the future.

The "Dream Up the Future" Corporate Philosophy and Sustainability Management Policy
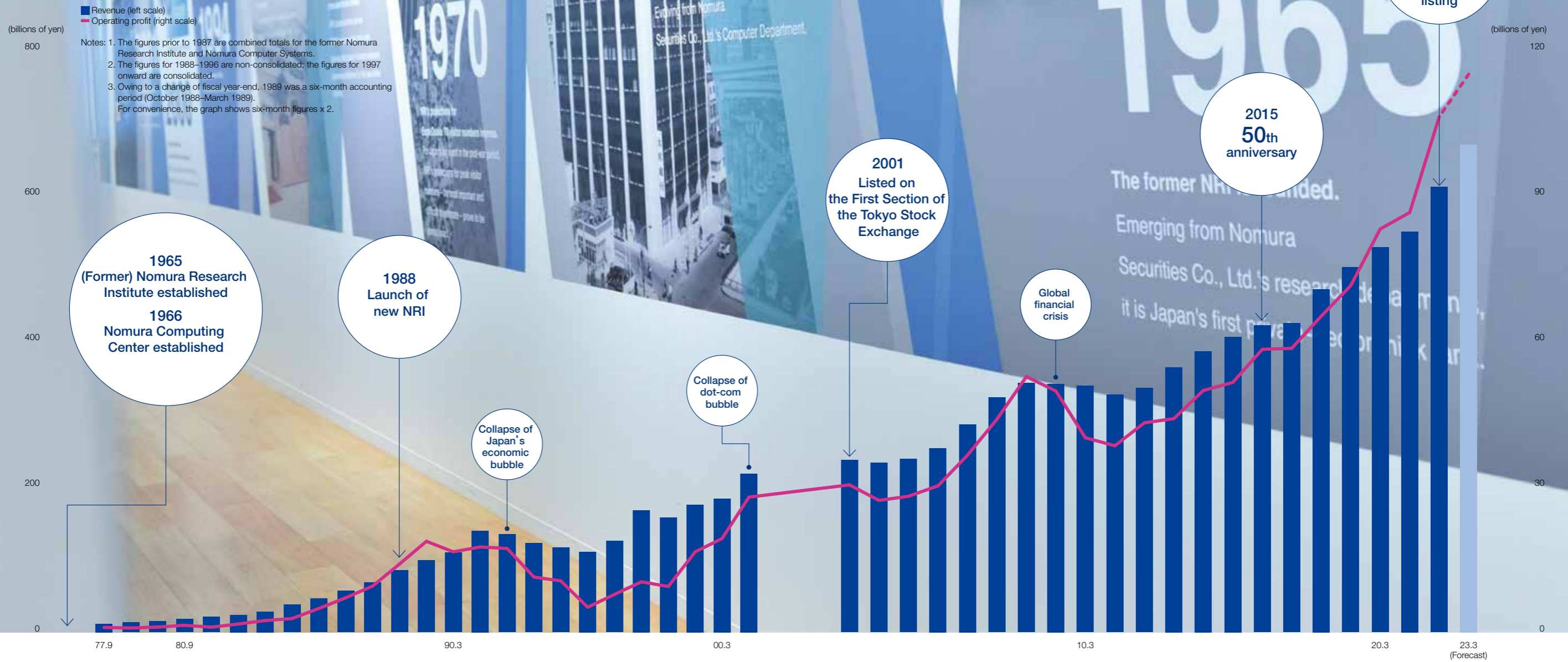
The "Dream up the future" corporate philosophy – advocated by NRI since around the time of founding – encapsulates the Company's commitment to contributing to the resolution of social issues and creating a better tomorrow through the power of innovation. To achieve sustainable growth, it is indispensable that a company creates both social and economic value, and carries out management from a long-term perspective.

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

NRI growth	Building sustainable futures

Corporate philosophy "Dream up the future"

NRI Sustainability Management
Medium-Term Management Plan (2019–2022)

Share the Next Values!

Vision2022 financial targets

Operating profit
¥**100** billion

Operating margin
14% or more

Overseas revenue
¥**100** billion

ROE
14%*

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

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

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

+

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 information systems that form social infrastructure

A Path of Unchanging Value Co-Creation

(billions of yen)

■ Revenue (left scale)
— Operating profit (right scale)

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

2021 20th anniversary of stock exchange listing

2015 50th anniversary

2001 Listed on the First Section of the Tokyo Stock Exchange

1965 (Former) Nomura Research Institute established
1966 Nomura Computing Center established

1988 Launch of new NRI

Collapse of Japan's economic bubble

Collapse of dot-com bubble

Global financial crisis

(billions of yen)

Left scale: 800, 600, 400, 200, 0
Right scale: 120, 90, 60, 30, 0

X-axis: 77.9 80.9 90.3 00.3 10.3 20.3 23.3 (Forecast)

Services Created in Response to Societal Demand

Consulting

1970
Forecasted the number of visitors to the Japan World Exposition held in Osaka (a pioneer in research 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
Cyber Life Club cybermall launched (a pioneer in online shopping business in Japan)

1997
Conducted the first Survey of 10,000 Consumers (thereafter conducted every three years)

2000
Advocated the concept of Ubiquitous Networking (a new information technology paradigm)

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

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

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

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

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

2020
Proposals regarding Coronavirus Infection (COVID-19) measures

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
e-Cash experiment with Japanese commercial banks (Japan's first electronic money trial)

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

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.

External Environment Recognition

- Complex social issues
- Increasingly fluid industrial structure
- Progress of latest technologies and commoditization
- Diversification of values and work styles

Corporate Philosophy — Dream up the future

Competitive Advantages

Diverse Professionals
➡ P.30

Competitive Intellectual Property
➡ P.32

Business Model

Navigation × Solution

Con-Solution

Solid Client Base
➡ P.34

Value co-creation with clients

Materiality for sustain able 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 information systems that form social infrastructure
Natural Capital ➡ P.88	Human Capital ➡ P.68	Governance ➡ P.96	Intellectual and Manufacturing Capital ➡ P.78

Corporate Value

Building sustainable futures

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

NRI growth

Financial Strategy ➡ P.54

Initiatives for Sustainability Management

In regard to NRI's sustainability management, we will introduce our main initiatives and results for FY March 2022 for each of the NRI Group's 3 Social Values and materialities for sustainable growth.

		Topics for FY March 2022		KPI	FY March 2022
NRI's 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	Promote DX	Lead social transformation through numerous DX projects / Core BTS becomes a subsidiary; DX expansion into North America	DX-related sales	390.0 billion JPY
		Create new business models	Established Earthbrain in collaboration with Komatsu, to significantly improve productivity in the construction industry	Number of business partnerships (joint ventures, local government agencies supported, etc.)	3
		Provide social recommendations and system proposals	Disseminated information on the economic impact of vaccination, trends in revenge consumption, etc., to solve social issues	Number of NRI articles featured in the big five national newspapers	114
	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	Expand services in business platforms	Development of shared online services through the adoption and expansion of STAR clientele with major clients, etc.	Business platform sales	109.7 billion JPY
		Generate environmental benefits for clients through business platforms	Completed energy conversion of three data centers / CDP A-list accreditation; MSCI rating of AAA awarded	Clients' reduced CO_2 emissions due to shared use	105,087 tons
		Facilitate transformation for societal optimization	Development of a prototype carbon tracing system to help companies identify their CO_2 emissions	Size of business regarding operational reform-related services	+32%, compared to FY March 2021
		Help build IT infrastructure to create an ideal society	Progress in optimizing IT infrastructure, with financial ASP services gradually moving to a public cloud environment	Size of cloud and data venter services business	+8%, compared to FY March 2021
	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	Help upgrade the social infrastructure	Further expansion of the use of e-PO box and e-NINSHO public personal authentication system linked to individual number portal	Size of business involving public sector	+6% year-on-year
		Contribute to information security	Expansion of zero trust business / Contributing to improved security of society and infrastructure	Amount of investment in safety and security	7.5 billion JPY
		Maintain the quality of systems in operation	Ongoing comprehensive interlocking inspections and major fault operation drills to ensure stable system operation	Number of information systems failures causing significant financial and social impact	No occurrences
Materiality for sustainable growth	**Reduction of environmental impact for preserving global environment**	• Response on climate change • Responsibility and conservation to the environment • Sustainable energy consumption • Environment-conscious supply chain	• Disclosing TCFD scenario analysis results (From February 2019) • Conducting scenario analysis for capital markets & wealth management solutions business (From June 2021 to February 2022) • Reducing overseas CO_2 emissions by 90% through certificate procurement from China, the U.S., Australia, and India (February 2022) • Switching the power of major data centers to renewable electricity (From August 2021) • Authorizing construction of Osaka Data Center 2 which is certified as "Adaptive Business Plan" under the Act on Strengthening Industrial Competitiveness (December 2021)	Reduction of greenhouse gas emissions	72.1% (compared with FY March 2014)
	Provision of opportunities for all kinds of professionals to take on challenge	• Human resource diversity • Customers interaction • Respect on human rights • Dialogue with civil society • Healthy employment and labor-management relationship	• Promoting diversity and inclusion (From FY March 2011) • Promoting the disclosure of social information / External assurance of social data (From FY March 2011) • Formulating 'NRI Group business partner code of conduct' (April 2021)	Ratio of female managers	8.30%
				Ratio of female hires	33.20%
	Compliance with laws, regulations, and risk management to increase trust from society	• Enhancement of corporate governance • Action against corrupt practices abroad • Risk management • Appropriate information disclosure to the customers	• Evaluate efforts of executives and employees for value co-creation at the division level, and add it to their bonuses (FY March 2021) • Introducing Clawback and Malus Clauses (FY March 2021) • Engaging with ESG-minded investors (From FY March 2011) • Revising NRI Corporate Governance Guidelines (December 2021)		
	Management of the information systems that form social infrastructure	• Management of information security and system • Access to information society	• 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

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.

NRI's Two Functions

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.

Consulting

Industrial IT Solutions

Financial IT Solutions

IT Platform Services
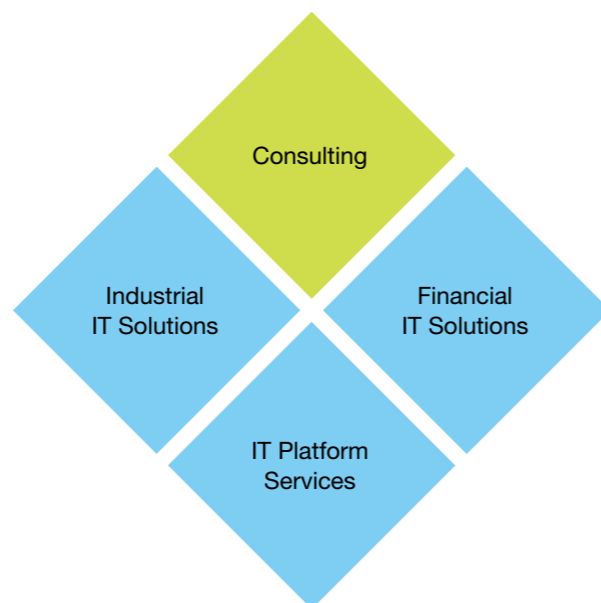
NRI's Business Model

Navigation × 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.
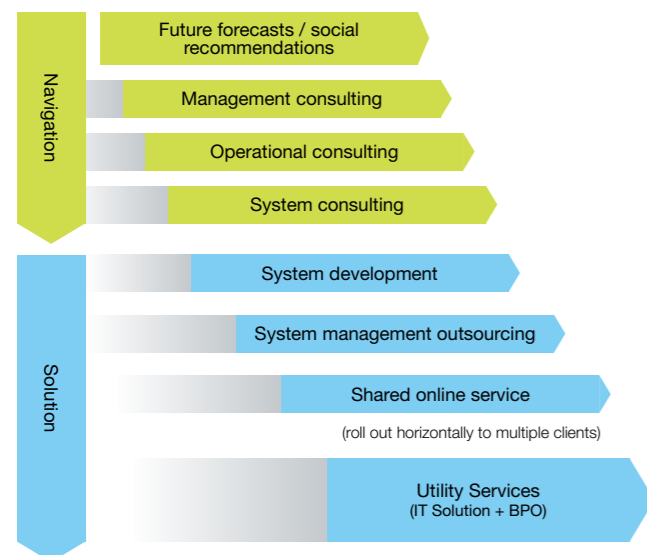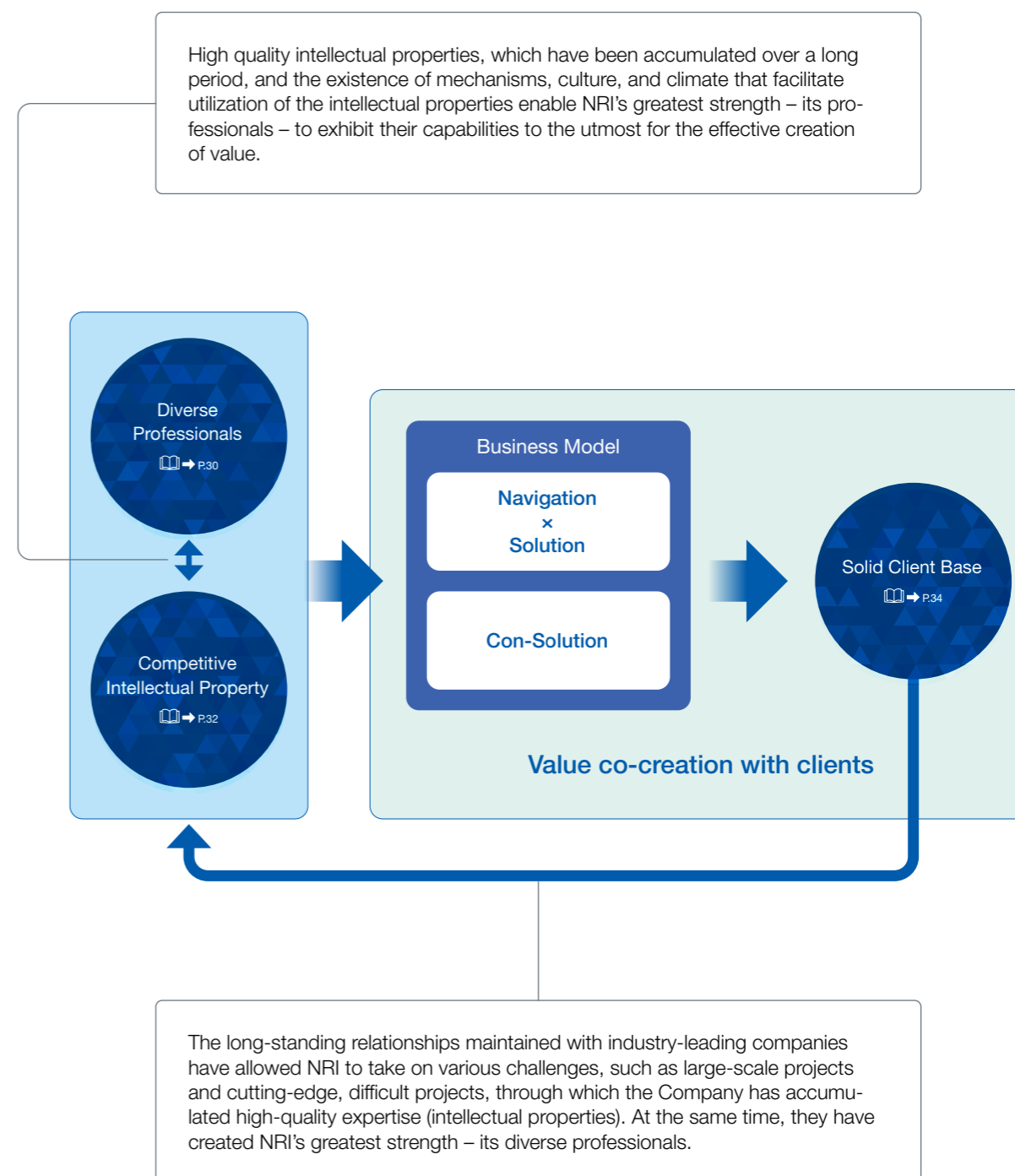
Con-Solution

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.

Navigation
- Future forecasts / social recommendations
- Management consulting
- Operational consulting
- System consulting

Solution
- System development
- System management outsourcing
- Shared online service
- (roll out horizontally to multiple clients)
- Utility Services (IT Solution + BPO)

Consulting

Analysis and proposals

IT construction (or update) and extension

IT Solutions

Data renewal and accumulation

Operations leveraging IT

In Relation to Competitive Advantages

NRI has three competitive advantages. They consist of "diverse professionals," "competitive intellectual properties," and a "solid customer base." These competitive advantages boost the capital on an ongoing basis and further enhance the competitive advantage while interacting with one another. The combination of such strengths with an excellent business model hone our respective strengths as well as sustainably create social and economic value.

High quality intellectual properties, which have been accumulated over a long period, and the existence of mechanisms, culture, and climate that facilitate utilization of the intellectual properties enable NRI's greatest strength – its professionals – to exhibit their capabilities to the utmost for the effective creation of value.

Diverse Professionals
📖➡ P.30

Competitive Intellectual Property
📖➡ P.32

Business Model

Navigation × Solution

Con-Solution

Solid Client Base
📖➡ P.34

Value co-creation with clients

The long-standing relationships maintained with industry-leading companies have allowed NRI to take on various challenges, such as large-scale projects and cutting-edge, difficult projects, through which the Company has accumulated high-quality expertise (intellectual properties). At the same time, they have created NRI's greatest strength – its diverse professionals.

Competitive Advantages
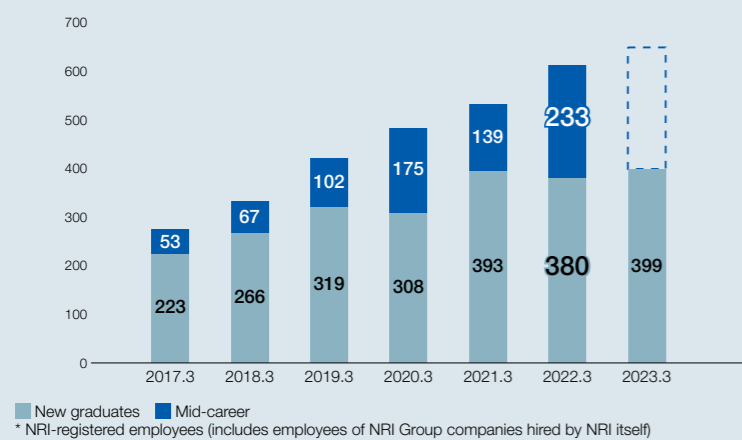
Diverse Professionals

Talented professionals are NRI's greatest strength. An excellent human resources management system, which attracts such human resources and enables them to grow, is also one of NRI's strengths. We are a group of professionals united by one mission, to "Dream up the future." We aim to continually exhibit our own capabilities and skills to achieve our mission and obtain results of an even higher caliber.

Human Capital 📖 ➡ P. 68

The Strengths of Individual Human Resources

Professionalism	Responsiveness to Change	Potential for Autonomic Growth
Talented human resources build awareness as professionals from an early stage, and develop high expertise	Can accumulate much knowledge through various experiences and apply the knowledge to new challenges	Is full of curiosity, acquires new skills on their own. and continues to better themselves

The Strength as an Organization

Integration of Excellent Skills

Possesses extremely wide-ranging and diverse expertise as an organization, and mobilizes strengths while respecting each other

Recruitment of Diverse, Talented Human Resources

Each year, NRI is strategically increasing the number of its hires. As a result of receiving a great number of applications from students and individuals from outside NRI desiring to work with NRI's talented human resources, we hired a total of more than 600 recent college graduates and mid-career recruits during FY March 2022. Many employees with diverse experiences are currently playing an active role at NRI.

Hiring to NRI Payroll* by Year
(persons)

	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Mid-career	53	67	102	175	139	233	
New graduates	223	266	319	308	393	380	399

■ New graduates ■ Mid-career
* NRI-registered employees (includes employees of NRI Group companies hired by NRI itself)

Growth of Individuals and Organizations

NRI employees achieve growth through their work (on-the-job training / OJT) or by participating in training sessions that they have individually chosen from a rich training menu. For example, the development of DX human resources, which is one of the goals of the medium-term management plan, is steadily progressing.

Progress of Human Resources Active in DX
(persons)

	20.3	21.3	22.3
Advance Level	220	450	535
Intermediate Level	415	554	616
Basic Level	740	1,095	1,217

■ Basic Level ■ Intermediate Level
■ Advance Level
* NRI-registered employees (includes employees of NRI Group companies hired by NRI itself)

Cycle of Growth

- Recruitment of diverse, talented human resources
- Challenging assignments
- Cultivation of pride toward job
- Growth of individuals and organizations

Thinking behind the supporting personnel system

The flexible assignment of roles	Serendipity and independent career development	Treatment and development investment appropriate for professionals

Thinking Behind the Supporting Personnel System

Three ways of thinking that are at the root of the personnel system support the "cycle of growth." They are:

Challenging Assignments

At NRI, employees are given roles requiring great responsibility and discretion even if the employees are of a younger generation. Thirty-five percent of the systems development project managers (PMs) are in their 20s or early 30s. What is more, even in consulting projects, in many cases, employees experience working as a leader for the first time in their 20s.

NRI-style project management methods and knowledge-sharing mechanisms, which were developed through long-standing accomplishments, make human resources development and the giving of challenging assignments possible.

Age Distribution of Development Project PMs (results for FY March 2022)

Over 45 years old
8.6%

Under 34 years old
35.1%

From 35 to 44 years old
56.3%
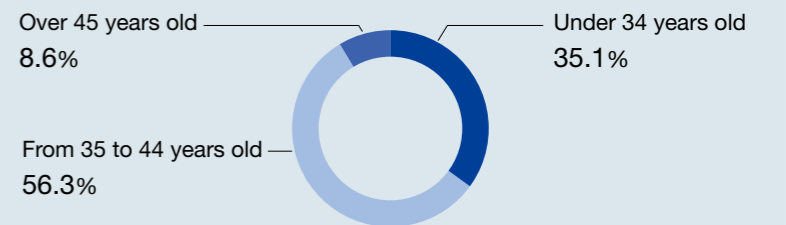
Cultivation of Pride Toward Job

NRI believes that the cultivation of pride toward one's job and the enhancement of engagement are of importance. Pride toward one's job is often cultivated naturally when an individual is assigned an important job. However, employees' feeling of pride toward their job is also cultivated through activities for instilling value co-creation, in which employees reconfirm the DNA that NRI has had from the time of its founding, activities for the co-creation of job satisfaction, in which both employees and the Company together create job satisfaction, and other such activities.

Co-create Job Satisfaction 📖 ➡ P. 74

The Flexible Assignment of Roles

Human Resources System 📖 ➡ P. 68

NRI intentionally does not set up rigid missions or roles. We encourage our employees to think on their own and take action that goes beyond their missions and roles, rather than carry out their work exactly as instructed.

Serendipity and Independent Career Development

Autonomous Career Development 📖 ➡ P. 69

At NRI, employees are asked to independently develop their own careers. At the same time, NRI also believes that even if not in line with an employee's intentions, relocations, and assignments made by the Company can contribute to serendipitous happiness that can lead to the growth of the individual.

Treatment and Development Investment Appropriate for Professionals

Human Resource Investment 📖 ➡ P. 72

Salaries, bonuses, benefit packages, and other comprehensive economic treatment of employees by NRI are kept at a level that befits professionals. What is more, NRI encourages employees to take the initiative to study and enhance their expertise early on by participating in various training programs or acquiring qualifications.

Competitive Intellectual Property

NRI widely communicates the fruits of R&D to society as future forecasts and recommendations related to society. At the same time, we are using expertise that was obtained through business activities as practical competitive intellectual properties, thereby enhancing our competitive advantages.

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.

The NRI Dream Up the Future Forum 2021

Shared Online Services

For many years, NRI has continued to respond to the needs of clients in the financial industry and provide innovative solutions. Shared online services are the fruit of our long-term accumulation of know-how. 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. NRI's strength is using our deep understanding of regulations and systems to provide integrated services, from consulting to IT services and BPO. The increase in the number of clients using shared online services contributes not only to the expansion of NRI's business but also to the stabilization of our profit structure.

Shared Online Services

| THE STAR | ..... | BESTWAY |

.....

A securities · B asset management · C bank · D trust bank

Business Platform Sales: 109.7 billion JPY (FY March 2022)
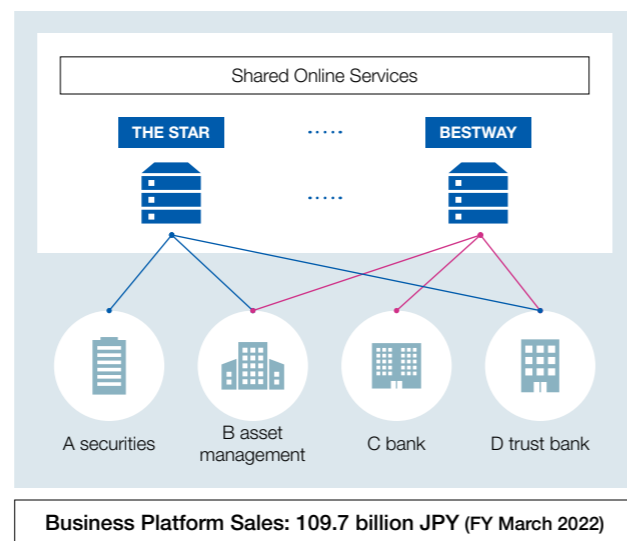
Major Shared Online Services

| Launched in 1974 | THE STAR | Back-office solution for retail brokerage firms | 75 firms |

| Launched in 1987 | I-STAR | Back-office solution for wholesale brokerage firms | 29 firms |

| Launched in 1993 | T-STAR | Back-office solution for asset management firms | 79 firms |

| Launched in 1997 | BESTWAY | Back-office solution for mutual fund sales at banks | 110 firms* |
* Including life insurance firms, non-life insurance firms, and investment trust firms, etc.

| Launched in 2012 | Value Direct | Online banking system | 21 firms |

| Launched in 2015 | e-BANGO | My Number management services | Approx. 3,400 million cases |
No. of My Number stored

| Launched in 2017 | e-NINSHO | Identity Verification Solution | 106 firms* |
* Source: Ministry of Internal Affairs and Communications; Private Companies Utilizing Japanese Public Key Infrastructure Services

| Launched in 2018 | e-PO box | First private-sector cloud linked with Mynaportal | 61 firms* |
* Source: National Tax Agency; Issuer Companies Utilizing Tax Deduction Certificates, Etc., Linkable to Mynaportal

Note: No. of firms and cases are as of the end of March 2022.

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.

Shared online service THE STAR × BPO services DSB
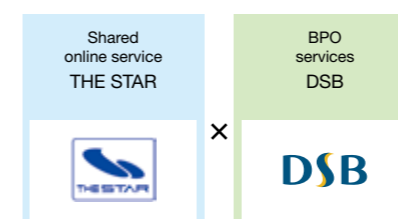
For asset management firms (investment trust and investment advisory firms)
NRI provides the shared online service "T-STAR," and NRI Process Innovation, Ltd., provides the overall middle/back-office work, such as net asset value calculation for asset management firms (investment trusts and investment advisory firms, etc.) and other investment trust accounting work and investment report creation work.

Shared online service T-STAR × BPO services NRI Process Innovation
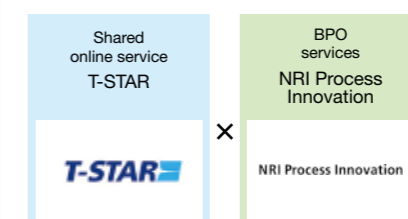
For financial institutions / operating companies
NRI provides "e-BANGO" as a My Number storage/management system with high management standards, based on our experience operating backbone systems for financial institutions. DSB Co., Ltd., provides services for the collection, registration, management, and use of individual numbers.

My Number management service e-BANGO × BPO services DSB
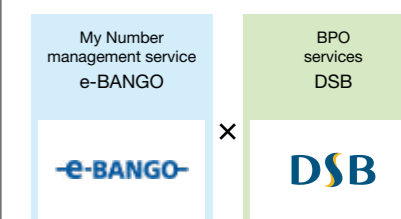
Development of Competitive Intellectual Properties

In recent years, we have been focusing our efforts on the development of digital IPs which can be used for multiple clients and industries in the DX business area. We will respond flexibly to business requirements that cannot be easily met through packaged solutions, and achieve the speedy provision of systems. This will be done through the utilization of digital intellectual properties, such as by combining advanced AI algorithms – a major technology for realizing DX – with cloud technology, and incorporating them into e-commerce sites and core business systems. NRI will strengthen competitive advantages through the development of digital intellectual properties, and contribute to clients' achievement of DX.

DiPcore

Advanced R&D

NRI promotes two categories of R&D. The first is DX business development, via cutting-edge technological research, fundamental technologies, and production/development technologies regarding information technology, and recommendations for society, via surveys and research. The second is investigative research, 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 "Vision 2022" Long-Term Management Vision.

In FY March 2022, we invested ¥4.9 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.
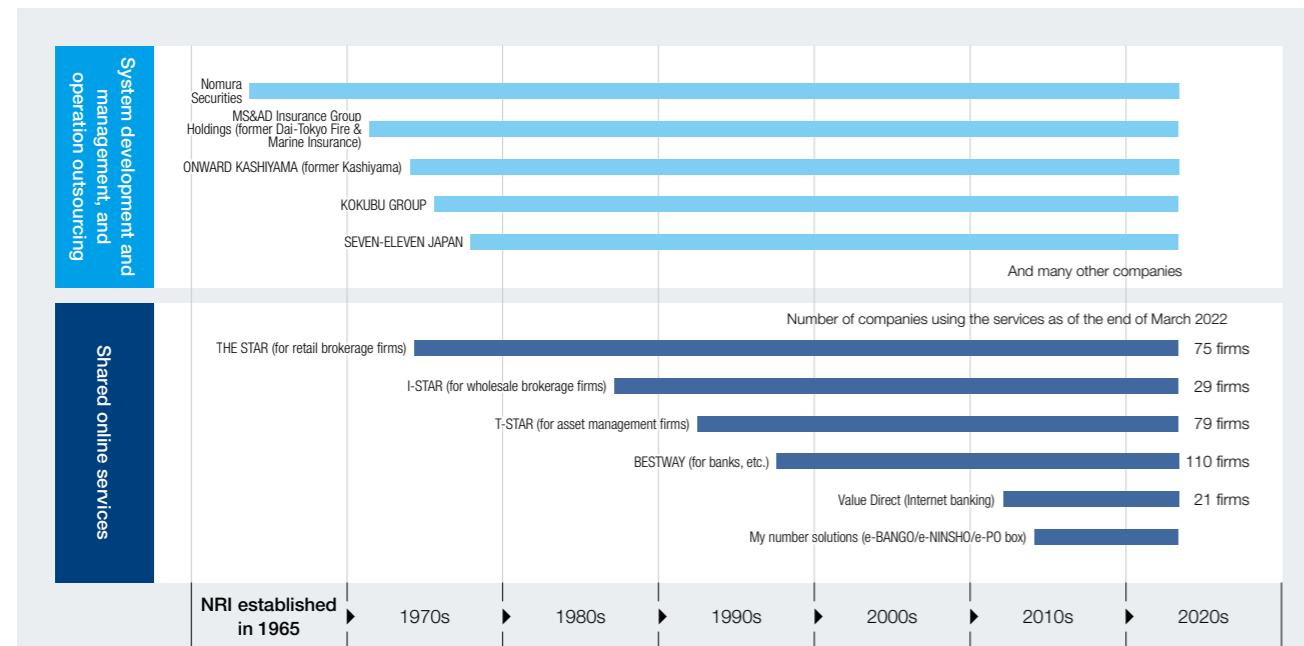
R&D Themes and Initiative Policies

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
DX 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

Competitive Advantages

Solid Client Base

Through long-term business relationships with industry leaders, we have accumulated experience and know-how related to various industries and operations. NRI utilizes these assets to create innovative solutions such as shared online services and digital IP. Furthermore, by continuing to provide high-quality services, we are working to strengthen relationships with clients and expand our client base.
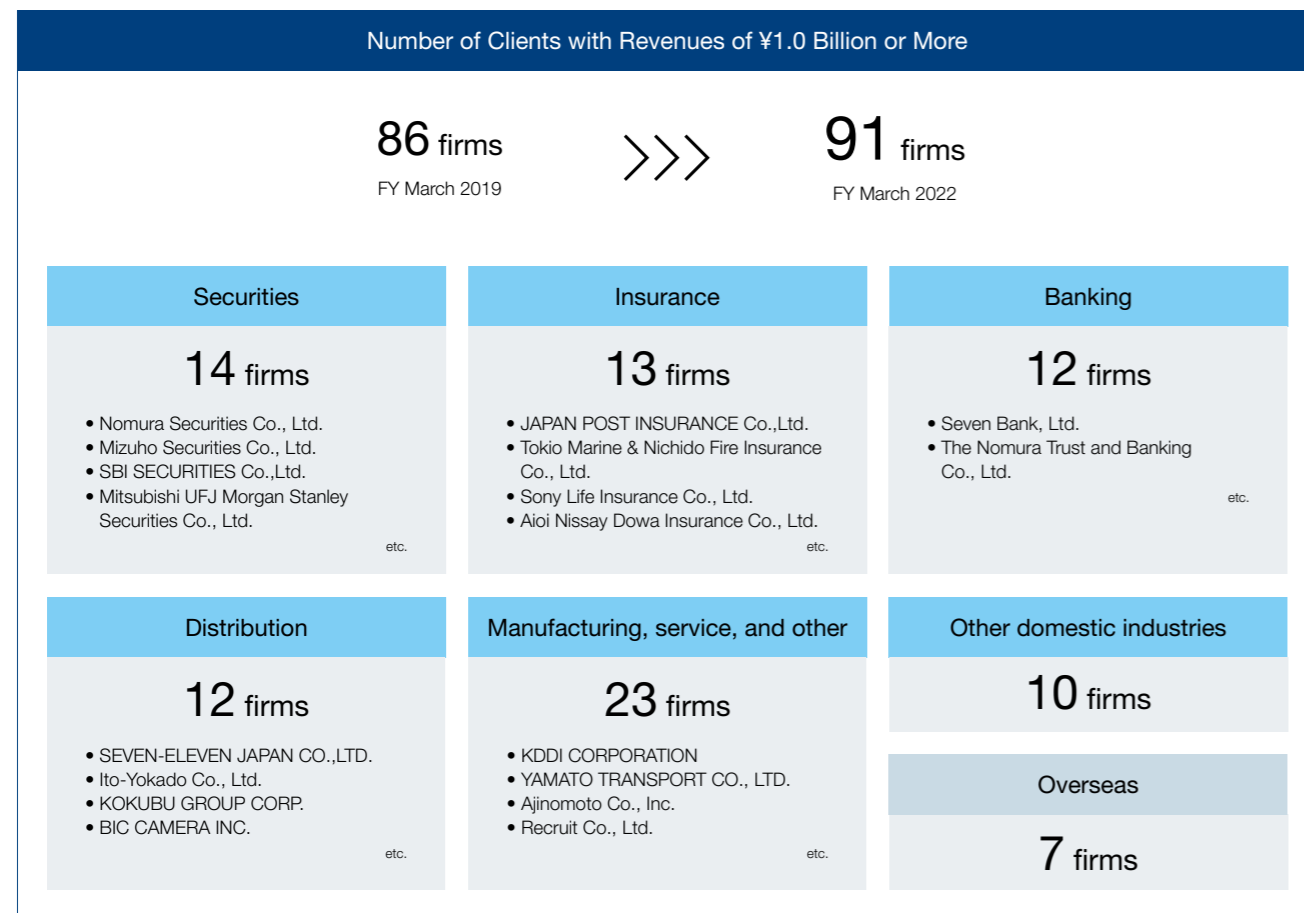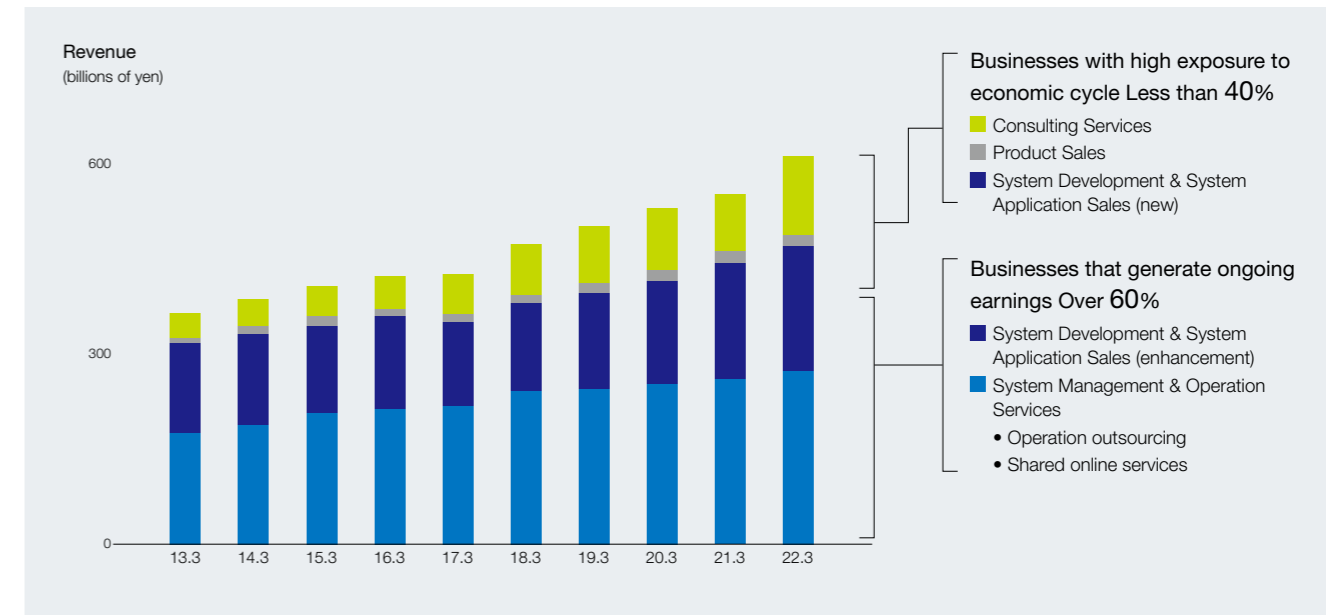

System development and management, and operation outsourcing

- Nomura Securities
- MS&AD Insurance Group Holdings (former Dai-Tokyo Fire & Marine Insurance)
- ONWARD KASHIYAMA (former Kashiyama)
- KOKUBU GROUP
- SEVEN-ELEVEN JAPAN
- And many other companies

Shared online services

Number of companies using the services as of the end of March 2022

THE STAR (for retail brokerage firms)	75 firms
I-STAR (for wholesale brokerage firms)	29 firms
T-STAR (for asset management firms)	79 firms
BESTWAY (for banks, etc.)	110 firms
Value Direct (Internet banking)	21 firms
My number solutions (e-BANGO/e-NINSHO/e-PO box)	

NRI established in 1965 ▶ 1970s ▶ 1980s ▶ 1990s ▶ 2000s ▶ 2010s ▶ 2020s

Number of Clients with Revenues of ¥1.0 Billion or More

86 firms
FY March 2019

>>>

91 firms
FY March 2022

Securities
14 firms
- Nomura Securities Co., Ltd.
- Mizuho Securities Co., Ltd.
- SBI SECURITIES Co.,Ltd.
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
etc.

Insurance
13 firms
- JAPAN POST INSURANCE Co.,Ltd.
- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Sony Life Insurance Co., Ltd.
- Aioi Nissay Dowa Insurance Co., Ltd.
etc.

Banking
12 firms
- Seven Bank, Ltd.
- The Nomura Trust and Banking Co., Ltd.
etc.

Distribution
12 firms
- SEVEN-ELEVEN JAPAN CO.,LTD.
- Ito-Yokado Co., Ltd.
- KOKUBU GROUP CORP.
- BIC CAMERA INC.
etc.

Manufacturing, service, and other
23 firms
- KDDI CORPORATION
- YAMATO TRANSPORT CO., LTD.
- Ajinomoto Co., Inc.
- Recruit Co., Ltd.
etc.

Other domestic industries
10 firms

Overseas
7 firms

Outcome of Business Model and Competitive Advantages

Our competitive advantages and outstanding business model will achieve a stable profit structure and high levels of profitability and productivity that support NRI's sustainable growth.

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.

Revenue (billions of yen)

Businesses with high exposure to economic cycle Less than 40%
- Consulting Services
- Product Sales
- System Development & System Application Sales (new)

Businesses that generate ongoing earnings Over 60%
- System Development & System Application Sales (enhancement)
- System Management & Operation Services
  - Operation outsourcing
  - Shared online services

13.3 14.3 15.3 16.3 17.3 18.3 19.3 20.3 21.3 22.3

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. 2022)

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

Industry-wide Comparison of Consolidated Revenue and Operating Profit per Employee (FY Mar. 2022)

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

EBITDA Margin Comparison (%)

NRI, IBM, Accenture, Cognizant, Capgemini

FY2017 FY2018 FY2019 FY2020 FY2021

(Source) Compiled by NRI from SPEEDA

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.

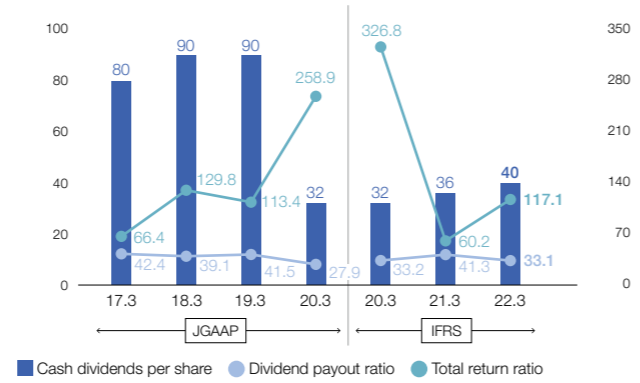|	Main Changes to the External Environment	Opportunities	Risks	Related Initiatives
Complex social issues	• Importance of decarbonization and other means of resolving social issues • Heightened expectations of society and investors toward companies for the resolution of social issues	• **Contribution to preserving the global environment** - Reduction of client greenhouse gas emissions through shared online services • **Business continuity in states of emergency** - Needs for data centers that possess advanced disaster prevention functions • **Expansion of areas for cooperation in regard to the resolution of social issues** - Cooperative frameworks, including decarbonization, and carbon neutrality	• **Social responsibility** - Inadequate climate change measures - Inappropriate behavior in business activities • **Business continuity** - Ill-preparedness for COVID-19 and large-scale natural disasters	Reduction of Environmental Impact for Preserving Global Environment ➡ P.88 Initiatives Regarding the TCFD Final Report ➡ P.91 Internal Controls, Corporate Ethics, and Compliance ➡ P.116 Cooperation with Business Partners ➡ P.86 NRI's Quality Management ➡ P.80
	• Increase in cyberattacks that are coupled with the increased complexity of international political trends	• **Strengthening of information security** - Needs for information security services that manage data, such as personal information, safely, and securely - Needs for advisory services by experts due to lack of information security specialists	• **Information security** - Information leakage due to unauthorized external access - Group governance of rule violations at the NRI Group and business partners - Insufficient synergistic effects of M&A and partnerships - Inadequate system for global strategy promotion	Cooperation with Business Partners ➡ P.86 Quality of Information Security ➡ P.83
	• Relative expansion of the scale of overseas markets	• **Entry into overseas markets** - Incorporation of IT investment needs in overseas markets - Overseas acquisition of competitive intellectual properties	• **Group governance** - Insufficient synergy through M&A and alliances - Insufficient system to promote global strategy	Global Strategy ➡ P.50 NRI's Corporate Governance ➡ P.102
	• Division of economic zones and formation of economic blocs	• **Reconstruction of supply chains** - Needs for advisory services for corporations constructing their global supply chain	• **Business partners** - Tightening of regulations toward overseas offshore development, and degraded quality of efficiency	Cooperation with Business Partners ➡ P.86
Increasingly fluid industrial structure	• Melting of boundaries between business types and industries due to digitalization • Growth limits of existing revenue models • Digitalization as a source of competitiveness	• **Redefinition of industry and business models, and integration of management and technology** - Needs for simultaneous transformation of both client business and IT through the combination of consulting and IT solutions	• **Quality** - Occurrence of large-scale system failures - Unstable operation of the operating system	Competitive Intellectual Property ➡ P.32 NRI's Quality Management ➡ P.80
	• Strengthening of the protection of rights	• **Prevention of legal violations and serious accidents** - Needs for advisory services for the practice and establishment of rights protection	• **Compliance** - Infringement of third-party intellectual property rights - Violation of domestic and foreign laws and regulations	Internal Controls, Corporate Ethics, and Compliance ➡ P.116
Progress of latest technologies and commoditization	• Evolution of advanced technology, such as cloud computing, artificial intelligence, and next-generation communications • Commoditization of no-code, low-code, etc.	**Emergence of DX-related business** - R&D for advanced themes with a focus on DX-related business - Emergence of business by accumulating expertise through collaboration with clients	• **Projects** - Late delivery - Work man-hours exceeding the initial estimate	Competitive Intellectual Property ➡ P.32 NRI's Quality Management ➡ P.80
Diversification of values and work styles	• Taking root of respect for individuals and new working styles	• **Expansion of the usage of IT services** - Heightened needs for increasing business efficiency and improving productivity - Shift to shared online services - Modernization of systems using new technology • **Variety of working styles and diverse human resources** - Pursuit of optimal working styles for NRI, such as the utilization of telecommuting - Value creation through collaboration with business partners and external human resources	• **Securing/cultivating human resources** - Insufficient securement and cultivation of human resources with expertise - Decline of labor productivity and loss of human resources • **Business partners** - Insufficient securement of business partners possessing highly specialized operational expertise - Decline of productivity and quality in the NRI Group, including business partners	Diverse Professionals ➡ P.30 NRI's Human Resource Strategy ➡ P.68 DX Human Resources ➡ P.72 Cooperation with Business Partners ➡ P.86 NRI's Quality Management ➡ P.80

Financial Highlights

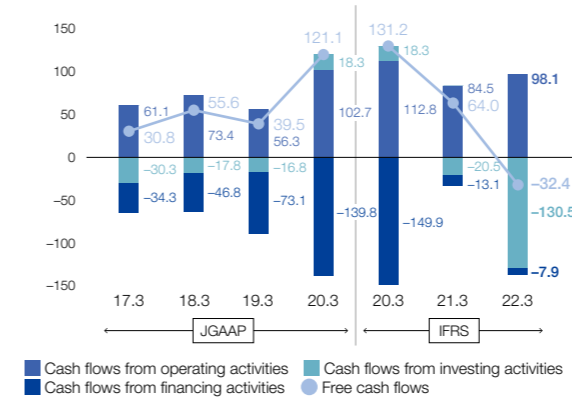## Shareholder Value / Returns to Shareholders
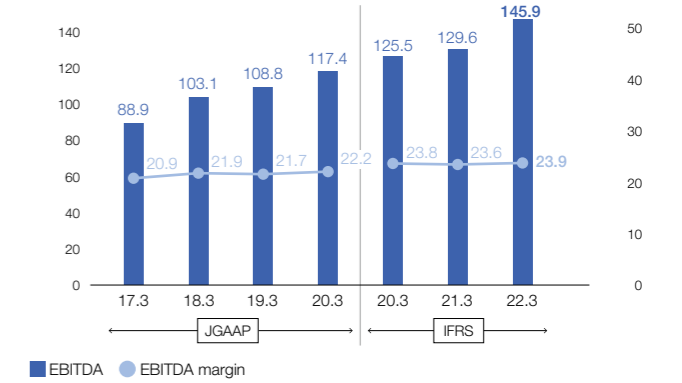
Earnings per Share (EPS)*2*3
(yen)

	17.3	18.3	19.3	20.3	20.3	21.3	22.3
	181	228	72	109	91	88	120
	JGAAP				IFRS		

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

- ■ Cash dividends per share ● Dividend payout ratio ● Total return ratio

Cash Flows (CF)
(billions of yen)

- ■ Cash flows from operating activities ■ Cash flows from investing activities
- ■ Cash flows from financing activities ● Free cash flows

EBITDA*6 / EBITDA Margin
(billions of yen) (%)

- ■ EBITDA ● EBITDA margin

Financial Condition

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

- ■ Total assets ■ Net assets ● Equity ratio
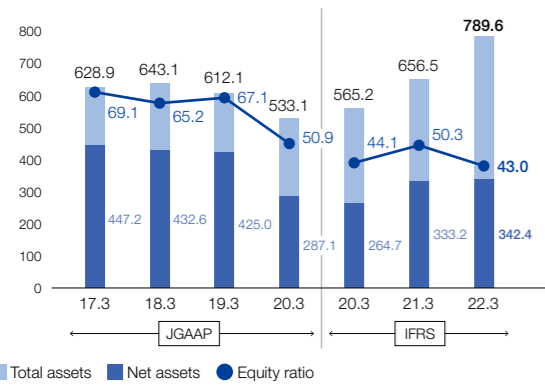
Interest-bearing Debt / Gross D/E Ratio
(billions of yen) (times)

- ■ Interest-bearing debt ● Gross D/E ratio
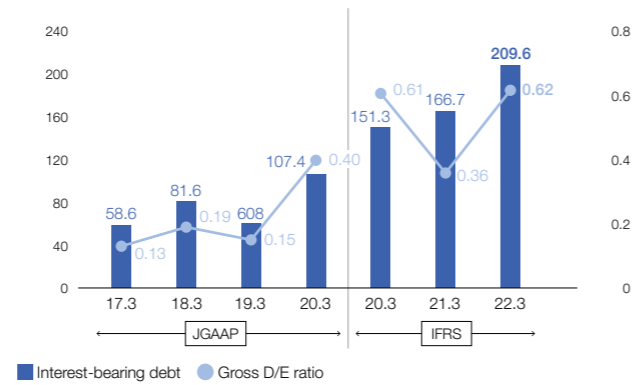
ROE / ROA
(%)

- ● ROE ● ROA
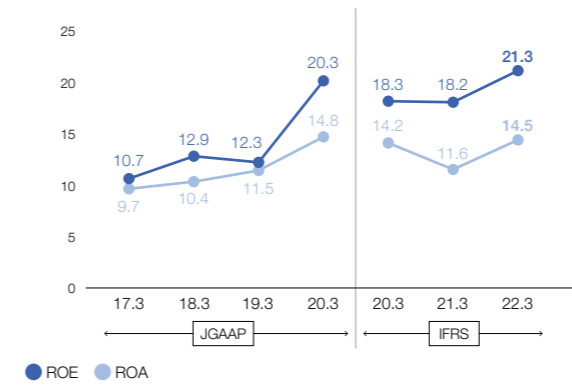
Financial Results and Cash Flow Situation

Revenue / Overseas Revenue*5 / Overseas Revenue Ratio
(billions of yen) (%)

- ■ Revenue ■ Overseas revenue ● Overseas revenue ratio

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

- ■ Operating profit ● Operating margin

Investment Situation
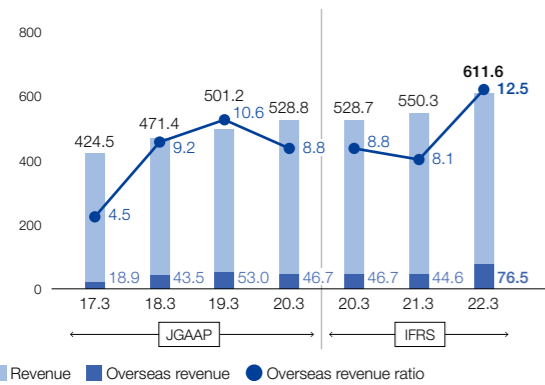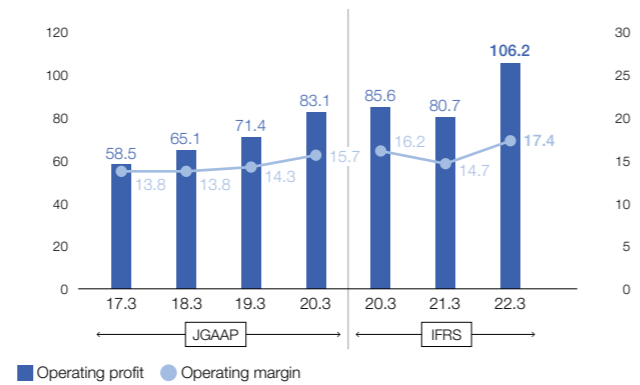
Capital Expenditures / Depreciation and Amortization
(billions of yen)

- ■ Capital expenditures (Intangible) ■ Capital expenditures (Tangible)
- ● Depreciation and amortization
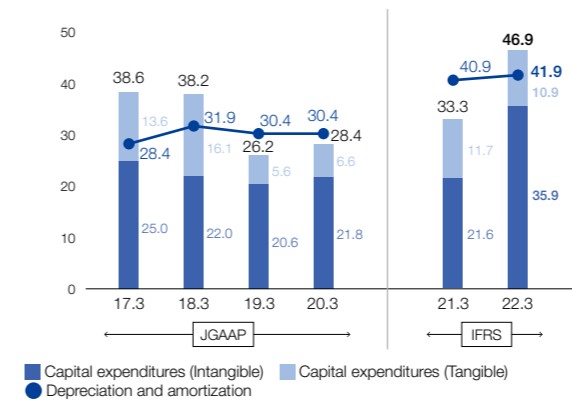
Research and Development Expenses
(billions of yen)
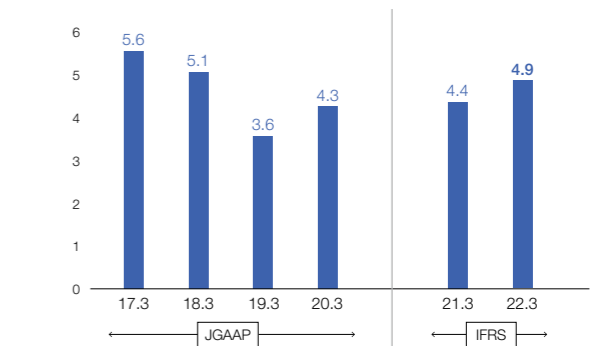
*1 Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified
*2 NRI implemented 1:1.1 common stock splits on January 1, 2017. EPS is calculated by deeming stock splits to have occurred respectively at the beginning of FY March 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 classification of revenue is changed from the method based on the location of sales destinations to the method based on the location of the headquarters of each company.

*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).
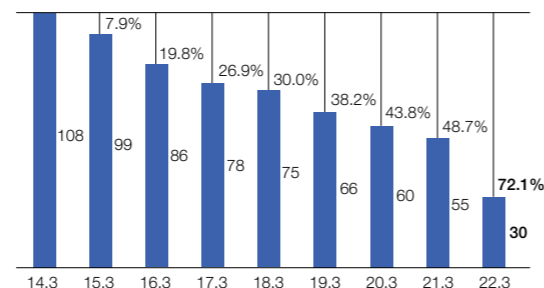
Non-Financial Highlights
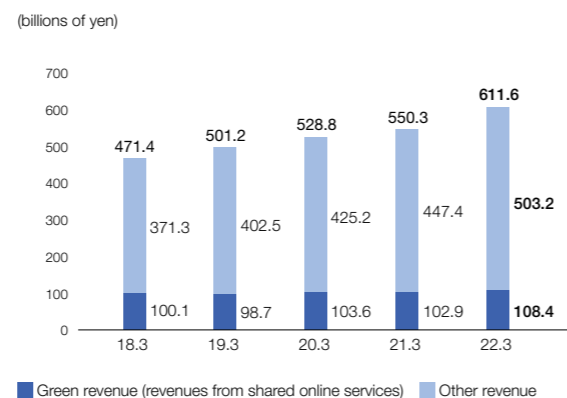
E: Environment-related Data

Greenhouse Gas Emissions (NRI Group data)
(1,000t-CO_2)

The NRI Group reduced its greenhouse gas emissions significantly by migrating to new, environmentally friendly data centers, and other means.
· FY March 2022: Reduced greenhouse gas emissions by 72.1% compared with FY March 2014.
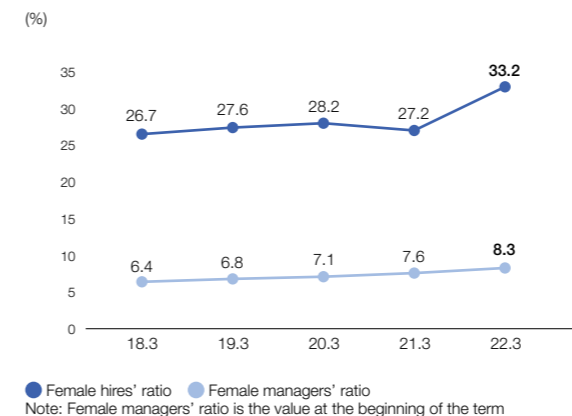

	14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3
	108	99	86	78	75	66	60	55	30
		7.9%	19.8%	26.9%	30.0%	38.2%	43.8%	48.7%	72.1%

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

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

Data indicates that using NRI's shared online service can allow our clients to cut their CO_2 emissions by around 70%, compared with if they build and operate their own systems independently.

	18.3	19.3	20.3	21.3	22.3
Total	471.4	501.2	528.8	550.3	611.6
Other revenue	371.3	402.5	425.2	447.4	503.2
Green revenue	100.1	98.7	103.6	102.9	108.4

■ Green revenue (revenues from shared online services) ■ Other revenue

Female Hires' Ratio and Female Managers' Ratio (Non-consolidated data)
(%)

	18.3	19.3	20.3	21.3	22.3
Female hires' ratio	26.7	27.6	28.2	27.2	33.2
Female managers' ratio	6.4	6.8	7.1	7.6	8.3

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

Male Childcare Leave Acquiring Rate (Non-consolidated data)
(%)

	18.3	19.3	20.3	21.3	22.3
Childcare leave acquiring rate (including partner childbirth leave)	59.6	61.0	65.1	68.6	63.8
Childcare leave acquiring rate	10.1	11.9	18.2	27.7	35.0

● Childcare leave acquiring rate (including partner childbirth leave)
● Childcare leave acquiring rate
Note: The basis for the data has been changed from FY March 31, 2022. Accordingly, data for the period prior to FY March 31, 2021 has been recalculated based on the same standards.

Average Overtime Hours Per Employee Per Year (Non-consolidated data)
(hours)

	18.3	19.3	20.3	21.3	22.3
	–	–	–	8.1	8.3

Note: Calculated as hours that exceed the statutory working hours (40 hours a week)
"–" indicates that the calculated value does not exceed the statutory working hours

Information Communication / Recommendation Projects
(Non-consolidated data)
(Copies / times)

	18.3	19.3	20.3	21.3	22.3
Public lectures given	962	922	911	666	765
Contributions to newspapers and magazines	298	306	290	353	309
TV / radio appearances	158	267	155	227	244
Books published	15	20	21	18	21

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

S: Social-related Data

Number of Employees (NRI Group data)
(persons)

	18.3	19.3	20.3	21.3	22.3
Total	12,708	12,578	13,278	13,430	16,512
Australia	1,429	1,453	1,579	1,385	3,296
Asia	2,052	1,761	1,860	1,903	1,904
U.S.	392	345	328	218	1,063
Europe	14	15	16	12	13
Japan	8,821	9,004	9,495	9,912	10,236

■ Japan ■ Europe ■ U.S. ■ Asia ■ Australia
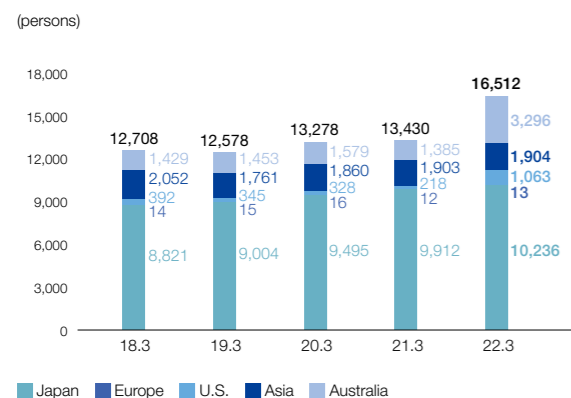
Number of Hires / Turnover Rate (Non-consolidated data)
(persons) (%)

	18.3	19.3	20.3	21.3	22.3
New hires	339	452	496	543	622
Turnover rate*1	3.8	3.9	4.3	3.8	5.1
Voluntary employee turnover rate*2	2.3	2.7	3.1	2.3	3.1

■ New hires ● Turnover rate*1 ● Voluntary employee turnover rate*2
Note: The total turnover rate is the ratio of retiring employees to the number of employees at the end of the fiscal year.
*1 Including mandatory retirees
*2 Not including mandatory retirees

Client Satisfaction (Non-consolidated data)
(%)

	18.3	19.3	20.3	21.3	22.3
	84.6	86.9	83.8	86.4	88.0
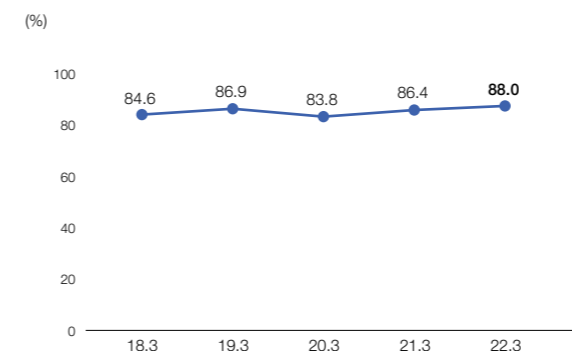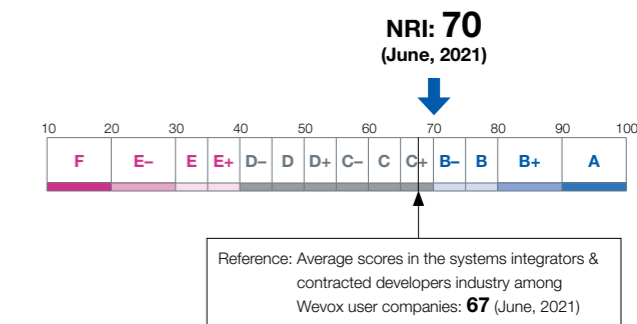
Note: Number of questionnaire responses by project unit that NRI received an order for. Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale).

Engagement Score

NRI: 70
(June, 2021)

10	20	30	40	50	60	70	80	90	100
F	E–	E	E+	D–	D	D+	C–	C	C+	B–	B	B+	A

Reference: Average scores in the systems integrators & contracted developers industry among Wevox user companies: **67** (June, 2021)

Notes: 1. Using the engagement analysis tool Wevox provided by Atrae, Inc., we surveyed employees at NIR alone and at five group companies (NRI SecureTechnologies, NRI Social Information System Services, NRI Digital, Nomura School of Advanced Management) with a high percentage of employees seconded from NRI.
2. Engagement scores are assigned ranks A through F as indicators

02

Growth Strategy

Boldly challenges even high obstacles, and finds light in a future mocked by all as an impossibility

CONTENTS

Transition of Growth Strategy

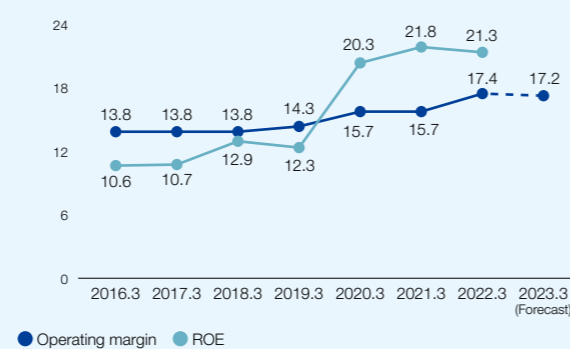|	Vision2015 NRInnovation!	Vision2022 Share the Next Values!		Group Vision 2030
		Medium-Term Management Plan (2016–2018)	Medium-Term Management Plan (2019–2022)	
	FY March 2009 – FY March 2016	FY March 2017 – FY March 2019	FY March 2020 – FY March 2023	
Objectives	To provide a business platform that 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	• **Growth higher than industry average and profitability set NRI apart in the industry** • Growth potential: **7**% growth • Profitability: **13**% OPM or more • **Powerful business portfolio** • Break dependence on 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**%*	• **Improve productivity in specialty areas in Japan** • 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** • In Industrial IT, major progress has been achieved in the context of DX, and great progress has been made in development of largescale 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: **86** firms (**+22** firms)* • **Build foundations for global business** • Business in Australia is progressing smoothly, mainly with ASG • Initiated more governance improvements in conjunction with global business expansion • **Create business IT** • 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		
Specific initiatives	• **Introduce THE STAR to Nomura Securities Co., Ltd.** • **Established and acquired subsidiaries in the industrial field** • 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** • STP platform solution for asset managers "SmartBridge Advance" (2011) • Online banking system "Value Direct" (2012) • Solution supporting financial institutions' retail sales representatives "Advisor Platform" (2013) • My Number management services "e-BANGO" (2015) **Established overseas bases** Moscow (2008), Dalian (2010), India (2011), Thailand (2013), Indonesia (2015)	• **Expanding the number of companies using industry standard business Platforms** • THE STAR: 73 firms (+5 firms)* • BESTWAY: 114 firms (+5 firms)* • T-STAR: 78 firms (+5 firms)* • **Global acquisition** • North America: Cutter Associates (2016) • Australia: ASG Group Limited (2016), SMS (2017) • **Established joint ventures** • KDDI Digital Design Inc. (2017) • Technium CO., LTD. (2018) • NDIAS, Ltd. (2018) • JAL Digital Experience Co., Ltd. (2019)		

* All percentages (%) are the sales ratio form FY March 2008 to FY March 2016   * Number of firms for FY March 2019 (compared to FY March 2016)

Group Vision 2030

We are currently formulating Group Vision 2030 (V2030), our new long-term management vision. On the basis of NRI's corporate philosophy and set of values, which are universal to us, we are imagining a society that NRI wants to see emerge in 2030, and a vision of how we will then be. The whole of NRI is developing a growth scenario toward that time.

We will announce the V2030 new long-term management vision and new medium-term management plan in April 2023.

Arrangement of Corporate Philosophy & Vision

Permanent

Mission & Values	Corporate Philosophy
	Our Values

Temporary

Vision	**Group Vision 2030**
	Vision Statement (Formulating now)
	Long-term Management Strategy
	Growth Story ▶ P.60 / Materiality (Formulating now)
	Medium-term Management Plan

Growth Strategy

- DX Strategy 📖 ➡ P.47
  - Business Platform Strategy
  - Cloud Strategy
- Global Strategy 📖 ➡ P.50
- Human Resources Strategy 📖 ➡ P.53

Financial Target and Progress

	FY March 2023 (Actual)	FY March 2023 (Forecast)	Target
Revenue	¥611.6 billion	¥670.0 billion	¥670 billion or more
Operating profit	¥106.2 billion	¥115.0 billion	¥100 billion
Operating margin	17.4%	17.2%	14% or more
Overseas revenue	¥76.5 billion	¥105.0 billion	¥100 billion
EBITDA margin	23.9%	—	20% or more
ROE	21.3%	—	14%*

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

Revenue / Operating Profit
(billions of yen)

	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3 (Forecast)
Revenue	421.4	424.5	471.4	501.2	528.8	550.4	611.6	670.0
Operating profit	58.2	58.5	65.1	71.4	83.1	86.5	106.2	115.0

■ Revenue ● Operating profit

* Figures for FY March 2022 are based on IFRS, and others are based on JGAAP

Operating Margin / ROE
(%)

	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3 (Forecast)
Operating margin	13.8	13.8	13.8	14.3	15.7	15.7	17.4	17.2
ROE	10.6	10.7	12.9	12.3	20.3	21.8	21.3	

● Operating margin ● ROE

Ratio of Revenue by Japan and Overseas

FY March 2016
■ Overseas **3.5**%
■ Japan **96.5**%

FY March 2022
■ Overseas **12.5**%
■ Japan **87.5**%
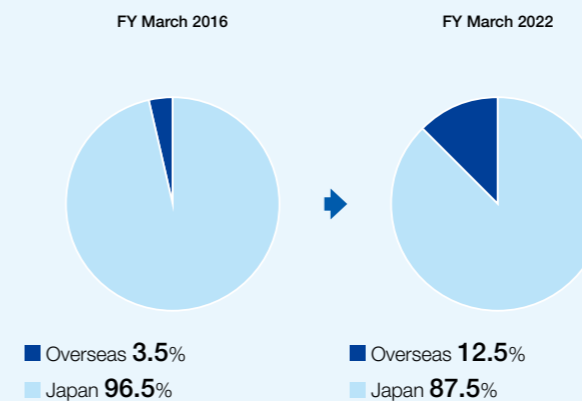
Ratio of External Revenue by Segment

FY March 2016
■ Consulting **6.7**%
■ Financial IT **60.0**%
■ Industrial IT **24.1**%
■ IT Platform **6.8**%
■ Others **2.4**%

FY March 2022
■ Consulting **7.0**%
■ Financial IT **49.6**%
■ Industrial IT **36.4**%
■ IT Platform **7.0**%
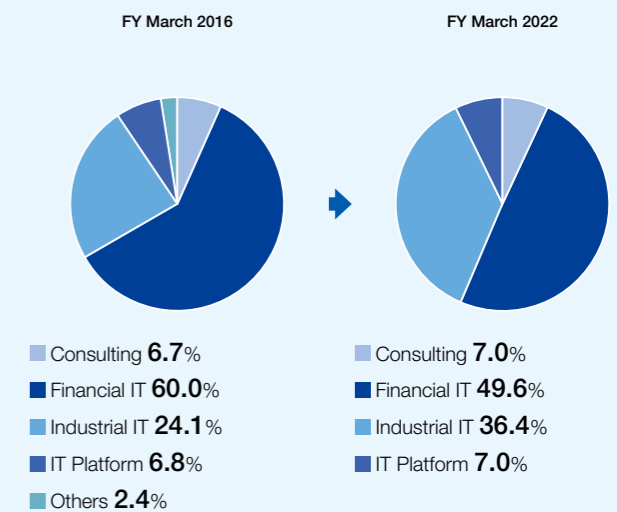
Vision2022 and Medium-Term Management Plan

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 third year of the Plan, the growth strategy of the Medium-Term Management Plan progressed steadily, and we achieved targeted operating profit, ¥100 billion, ahead of schedule.

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. NRI will create future society with clients by further refining the strengths that we have cultivated thus far; namely, insight, the ability to achieve, and the ability to co-create. 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 Next Values!

NRI Sustainability Management

NRI itself wants to achieve growth by contributing to the creation of a sustainable society through the resolution of social issues. This is the basic concept behind the sustainability management of the NRI Group, initiatives for which we newly commenced from the Medium-Term Management Plan (2019–2022).

NRI's sustainability management consists of three items. They are the financial targets set in the Medium-Term Management Plan (2019–2022), and the growth-strategy-coupled non-financial targets – "Solving social issues through value co-creation," and "Materiality for sustainable growth." The sustainability management aims for "NRI's sustainable growth" and "Building a sustainable future society."

NRI Sustainability Management Policy ➡ P.21

Growth Strategy

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

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," DX that uses digital technology to create a new business model itself as "DX 2.0," and DX that solves social issues and realizes a paradigm change as "DX 3.0." 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.

Framework of NRI's DX Strategy

Social transformation	**DX 3.0**	Paradigm transformation	Resolve social issues through co-creation with various partners • DX in local regions: Improving quality of like and expanding regional competitiveness • Low carbon transformation and resource saving via digital solutions
Transformation of clients and industries	**DX 2.0**	Business model transformation	Establish innovative digital services • Build new multi-industry platforms • Create new business models and ecosystems for clients
	DX 1.0	Process transformation	Digital front office — Digitalize actions for end users • D2C*, CRM, digital marketing Digital back office — Digitalize actions within client companies • SCM reforms, AI & RPA, business platforms
		Infrastructure transformation	Enhance infrastructure such as cloud, security • 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

KDDI Digital Design Inc.
Established with KDDI CORPORATION in 2017. Provides total support from drafting of corporate DX strategy to commercial verification and system development/operation.

Technium CO., LTD.
Established with DMG MORI CO., LTD., in 2018. Leverages digital technologies to support high-level utilization of production equipment at plants, etc.

NDIAS, Ltd.
Established by DENSO CORPORATION and NRI Secure in 2018. Provides security assessment and consulting services for onboard electronic devices for the automobile industry.

BOOSTRY Co., Ltd.
Established with Nomura Holdings, Inc., in 2019. Develops and provides transaction platforms that use blockchain technology for issuing and distributing securities and other rights.

Financial Digital Solutions, Ltd.
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.

EARTHBRAIN Ltd.
Established jointly in 2021 with Komatsu Ltd., NTT Communications Corporation, and Sony Semiconductor Solutions Corporation. Provides digital solutions for the construction industry, which optimize construction processes through DX and achieve significant productivity improvement.

## Supporting the Transformation of Clients and Society through DX Consulting

NRI's DX consulting area covers every multifaceted hierarchy, including issues faced by management, reform of business operations, generation of innovation, and infrastructure that supports businesses, human resources, and organizations. It deepens insight into issues, and goes beyond providing proposals. In order to provide practical results, DX consulting puts together teams that combine internal and external human resources who possess various capabilities. It aims to flexibly and promptly provide value by combining appropriate technologies and SaaS. Therefore, we are promoting strategic alliances with external partners. With the passage of time, the requirements of DX consulting are becoming more sophisticated. Rather than stay in a position that simply provides support to clients and society, we are strengthening our ability to take action together as a partner that proposes and promotes innovation. We are continuing to engage in creating a new society and businesses with our clients.

NRI-DX Consultation plans
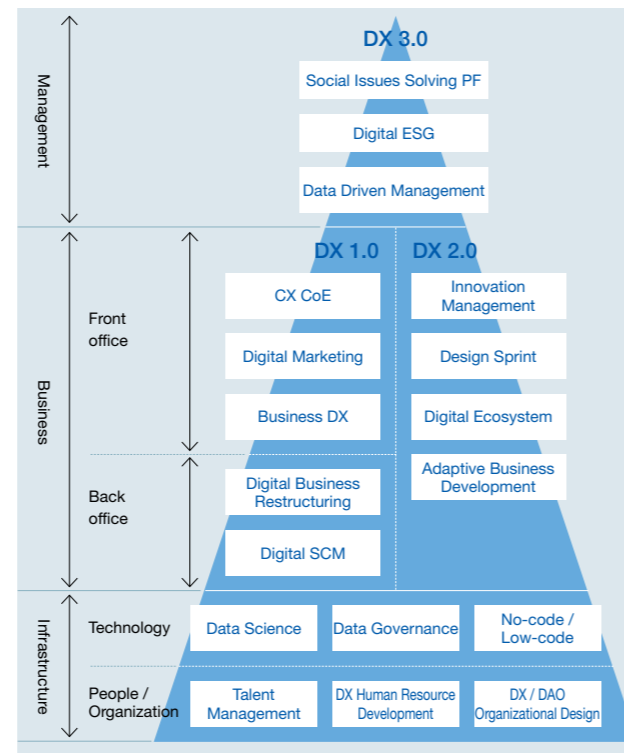
Improvement of Consumer Convenience with the My Number Individual Number as the Foundation

NRI is engaged in the development of services that cross the boundaries between the public and private sectors and the creation of usage scenarios to spread and entrench the My Number Card, which is increasingly taking hold, as a "digital society ID." To promote the My Number Individual Number system from the private sector standpoint, NRI, as one of the largest providers of related services in Japan, has rolled out the "e-BANGO," a My Number storage/management system, "e-NINSHO," an identity verification service, and the "e-POBox," service, a private-public initiative that provides a digital infrastructure. More recently, e-NINSHO has been used by financial institutions for identity verification and in administrative procedures for making an application for the electronic issuance of deduction certifications, etc. In such ways, we carried out the incorporation of use of the My Number Card for private services and administrative procedures that are enabling consumers to feel the convenience of My Number Card utilization. Going forward, we will continue to support the social implementation of the My Number Individual Number system. Creating usage scenarios in the realm of daily life will allow consumers to experience use of the My Number Card. By doing so, we will expand our business opportunities in wide-ranging fields as well as undertake the transformation of society by providing services that will efficiently link the government with the private sector.
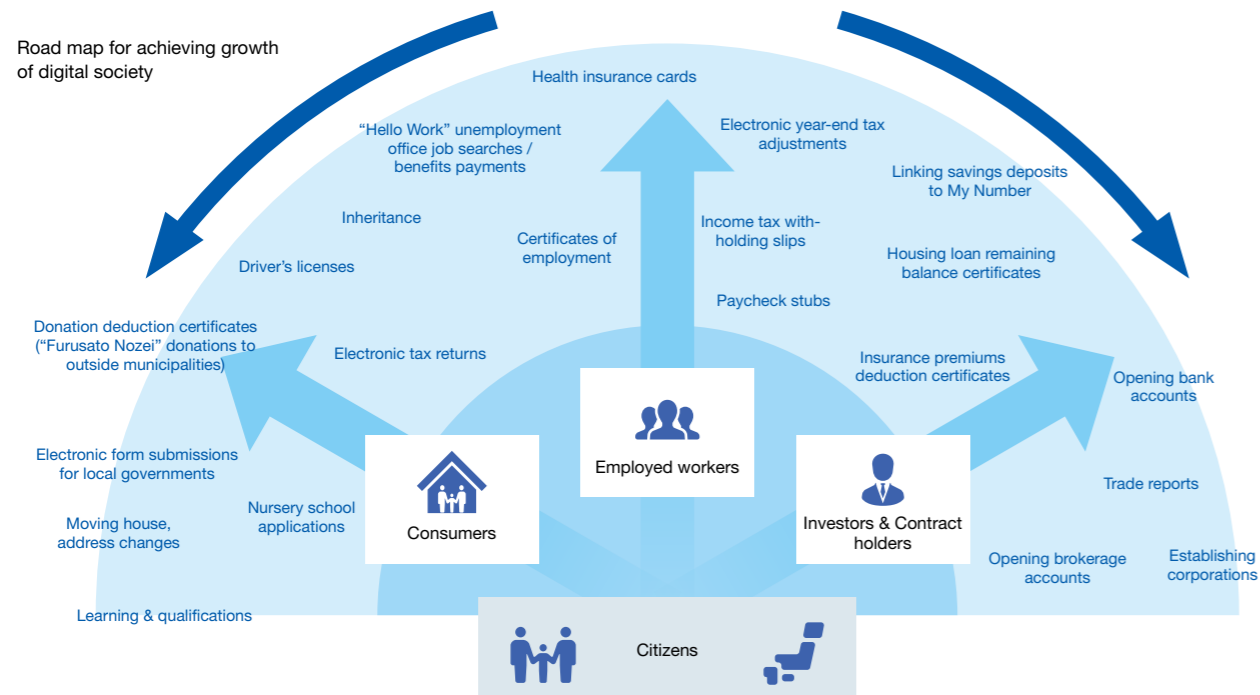
Road map for achieving growth of digital society

DX Will Bring about Transformation of Production Processes in the Construction Industry

The construction industry is currently facing issues such as aging workers and a declining working population, and combined with the impact of the spread of COVID-19, it needs to undergo reforms utilizing the power of digital technology on construction sites in Japan and overseas.

NRI, Komatsu, NTT Docomo, and Sony Semiconductor Solutions jointly launched the new company, EARTHBRAIN Ltd., in September 2021. It utilizes digital technology to remotely monitor all kinds of information including the topography of construction sites, machinery, people, materials and also safety and environmental aspects, and control the optimization of the entire construction process with diverse solutions such as visualization and optimization of construction sites, and remote control to resolve customers' issues. This will result in the generation of new standards for production processes and the creation of safe and highly productive sites for the future.

### New Value Created by DX of Construction Processes
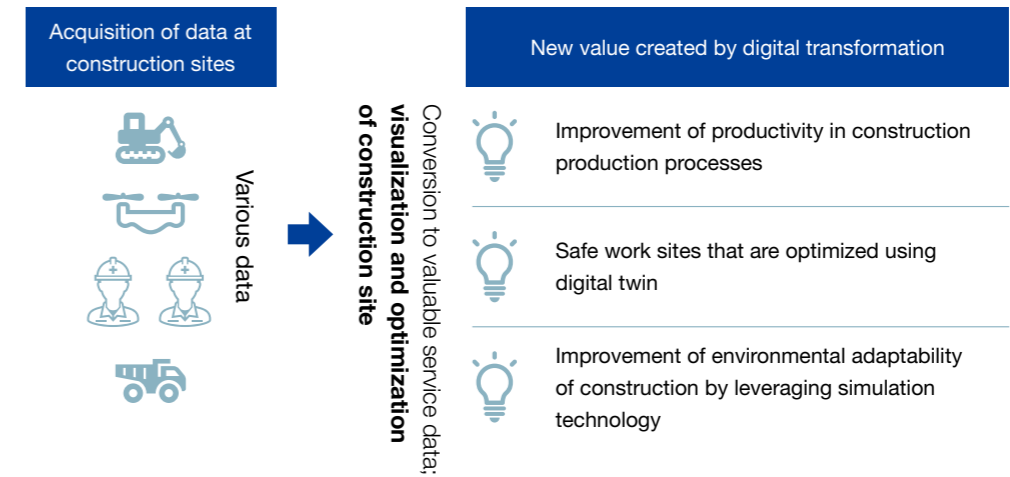
Enhance Multi-Cloud Services (Dedicated Cloud)

In response to the growing demand for overall system optimization in response to the diversification and complexity of customer system infrastructures, such as the use of on-premise and multiple clouds, NRI offers multi-cloud services that centrally manage multiple cloud infrastructures and managed services that provide comprehensive support by optimizing entire systems on behalf of customers' IT departments.

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.

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.
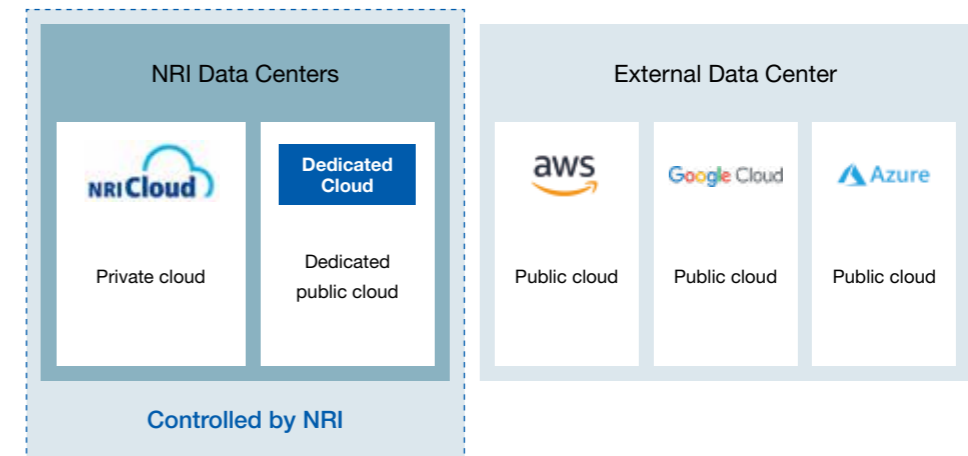
Global Strategy

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.

Australia

In FY March 2022, NRI Australia, which is NRI's holding company in Australia, acquired Australia's largest testing specialist, Planit, and AUSIEX, a group company of the Commonwealth Bank of Australia—one of Australia's four largest banks. Furthermore, in a move to strengthen its DX capabilities, ASG acquired two companies: PRAGMA and Velrada. With this, NRI's business in Australia has been evolving into a corporate entity similar to that in Japan, with services for heightening system quality in addition to having strengths in consulting, operational services, and BPO. Six years have passed since NRI entered the Australian market in 2016. During that time, the business in Australia has expanded approximately fivefold and is now recognized as a major IT servicer in Australia as well. Going forward, the focus of the strategy in the country will shift from an emphasis on the expansion in size through M&A to the pursuit of added value, and we will aim for further growth in the Australian market.

History of Australia Business

Operating Structure of Australia business
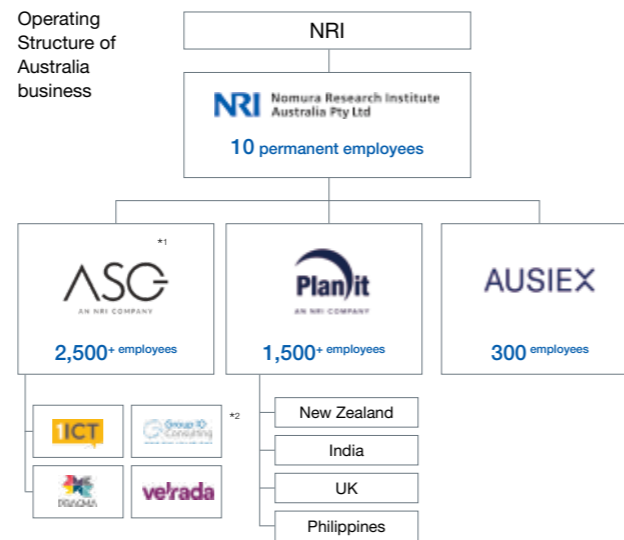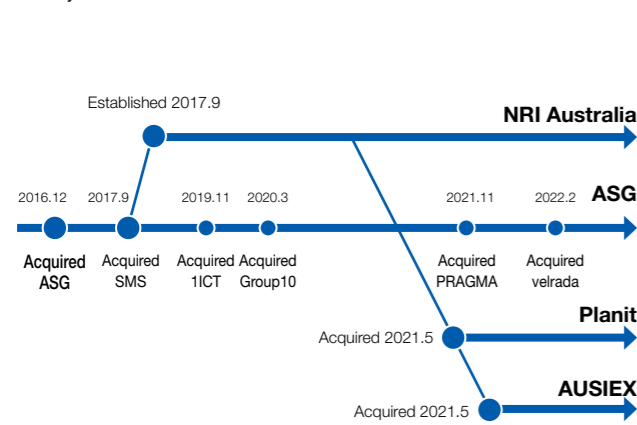
*1 After acquisition, SMS merged fully with ASG.
*2 Other acquired corporations continue to exist as subsidiaries of ASG.

Services × Client Base
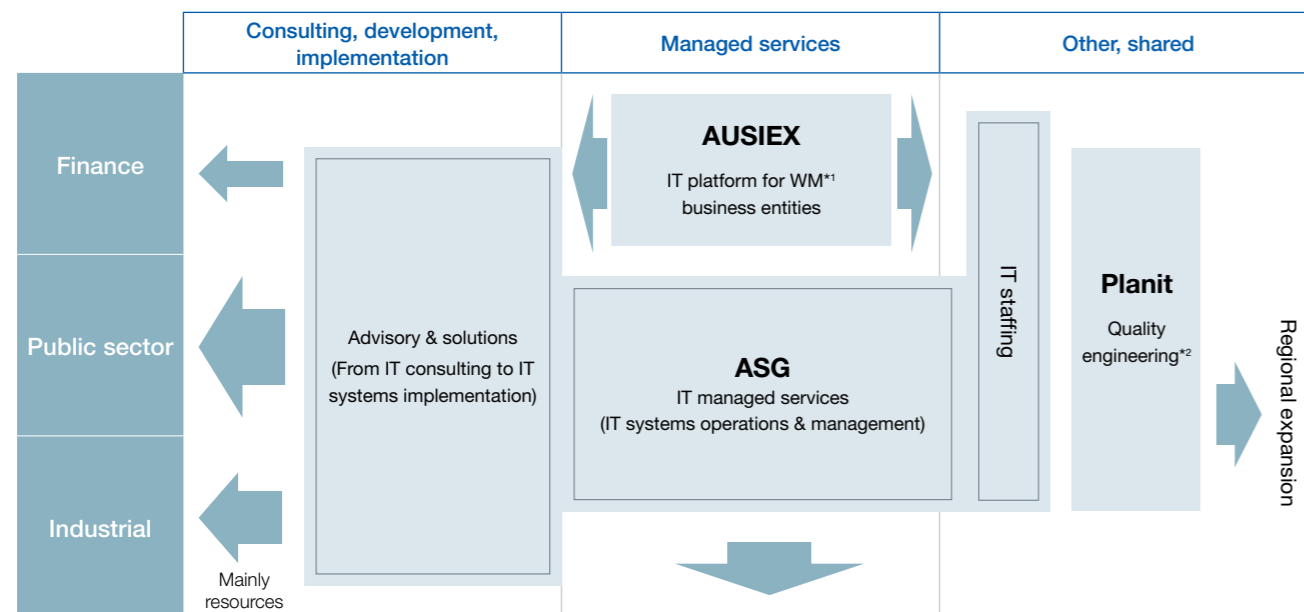
*1 Wealth Management. Financial institutions, IFA etc.
*2 Consulting, execution support, and other services related to improving the quality of IT systems

ASG

ASG has been expanding its business and region while carrying out M&As with key players that lead the Australian IT market. Similarly to NRI, ASG supports the overall life cycle of IT systems, from the planning of strategies to system adoption and operational management. The company is providing four services, with a focus on government and public institutions. Its advisory service offers the formulation of digital strategies, etc., project management, and other services. The solutions service engages in system design and adoption, while the managed service carries out systems operation and management. IT human resource dispatching is a service that NRI does not offer in Japan. The service dispatches human resources and provides recruitment support.

ASG possesses a full range of capabilities related to DX. By consistently supporting digital transformation as a trusted partner of its clients, the company is aiming to grow together with clients.
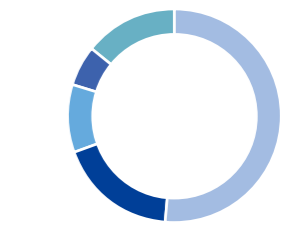
ASG will aim for further growth by expanding its capabilities through M&A and providing total support to clients.

Revenue by Services (FY2022)

- Advisory & Solution **40**%
- Managed services **37**%
- IT staffing **23**%

Revenue by Client Industry (FY2022)

- Public sector **51**%
- Finance **18**%
- Resources/Manufacturing **10**%
- Telecommunications/Media **6**%
- Others **14**%

Planit

Unlike Japan, where a systems integrator takes on all systems development processes, in Europe and the United States where in-house development is common, the testing process is typically outsourced to companies specializing in testing. With 1,500 experts in testing, the testing specialist Planit provides a wide range of services, from consulting related to maintaining and improving the quality of IT systems to support for executing test processes and the provision of automated tools for testing. Leveraging its original expertise and services, accumulated through many years of experience, Planit is providing high value-added services to a wide range of clients. Clients include not only leading financial institutions of the Oceania region, and government and public institutions but also leading retail companies of the U.K. With the progress of recent years in DX, the testing process requires advanced consulting and streamlining. High growth is expected to continue going forward in the testing market. As a quality partner of its clients, Planit has succeeded in acquiring a position that differs from that of

systems integrators. It aims to expand its business not only in the Oceania region but also in the northern hemisphere through its differentiated capabilities.

Business Overview
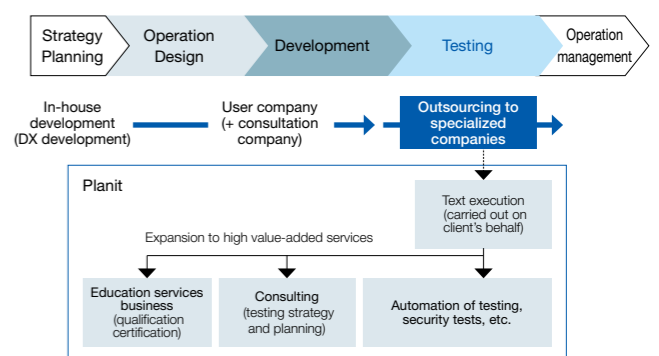
AUSIEX

AUSIEX is an SaaS provider that combines IT systems and operation services in the back office area and provides high value-added services to leading Australian securities companies, wealth management companies, over 10,000 IFA* individuals, and others. AUSIEX aims to build a business platform that covers areas other than wealth management by incorporating technologies related to the shared online services offered in Japan and strengthening new services.

Going forward, it aims to further strengthen its services and become a market infrastructure utilized by many financial institutions and IFAs.

* IFA: independent financial advisors who are not affiliated with major financial institutions, etc.

Business Overview
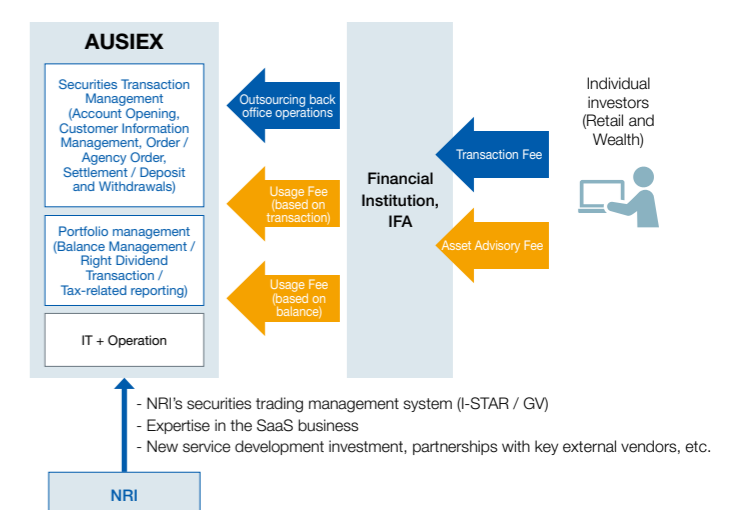
Global Strategy

North America

Growth about 1.5 times greater than in Japan is hoped for in the North American IT services business (digital systems area). To expand its global business while maintaining its competitive edge in Japan, NRI needs to establish a business foundation in the North American market. In 2021, NRI carried out M&A of a North American DX company.
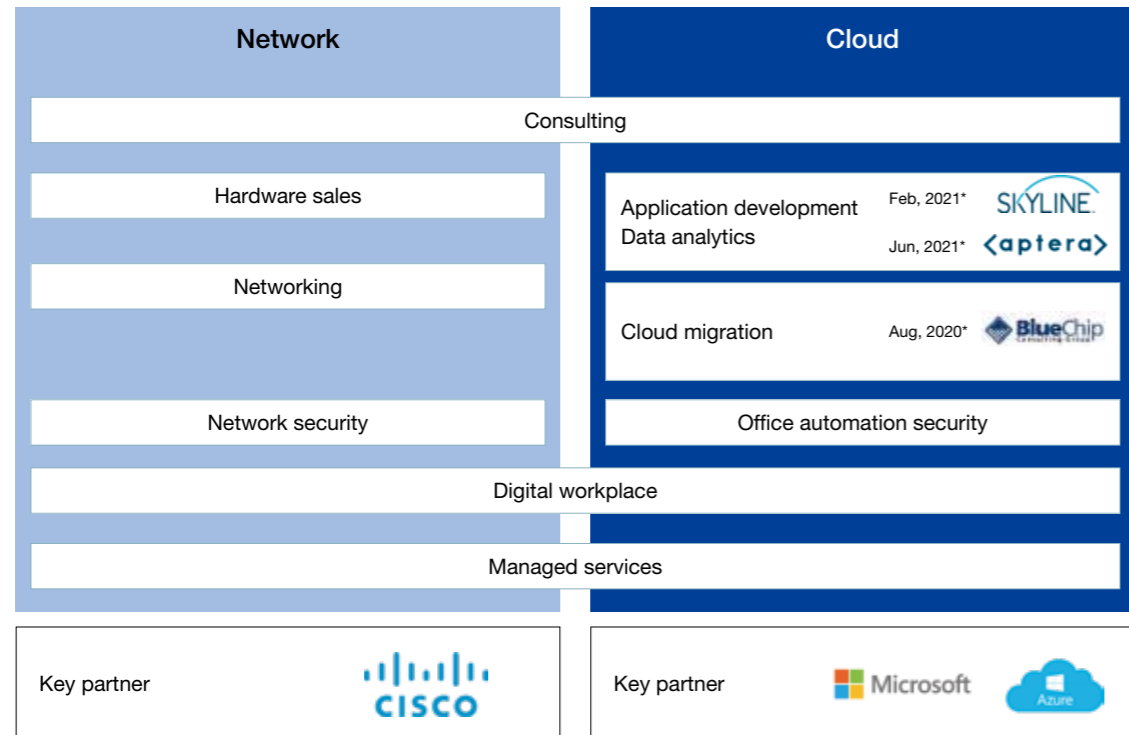
CORE BTS
An NRI Group Company

Core BTS

Nomura Research Institute Holdings America, Inc. is NRI's regional holding company in the United States. In December 2021, it made Core BTS, headquartered in Indianapolis, U.S., a subsidiary. Core BTS provides digital transformation-related solutions to U.S. clients in a wide-range of industries. Through a strategic partnership with Microsoft Corporation and Cisco Systems, Inc., Core BTS provides a full lineup of services, from consulting to systems development, introduction, and operation in the business areas of cloud computing, digital development, networks, and security. With the network business as its inherited business, Core BTS acquired DX application development and cloud consulting capabilities from 2018 through M&A. In 2021, it built a two-pillared business structure of network and cloud consulting (Microsoft Azure). Today, it provides one-stop services, from infrastructure to DX application development. Furthermore, by gathering engineers with advanced skills, Core BTS has been upgraded to a top-level solutions partner in the U.S. and is significantly strengthening its competitive edge. Going forward, the company will utilize external growth opportunities, etc., to give high added value to the solutions that it provides as well as upgrade and expand its client base.

Overview of Core BTS

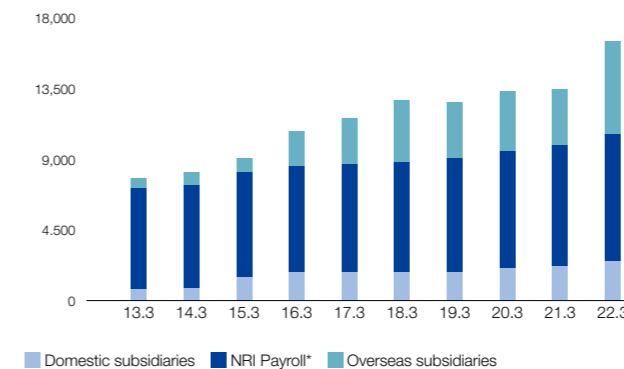| Network	Cloud
Consulting	
Hardware sales	Application development / Data analytics — Feb, 2021* SKYLINE / Jun, 2021* aptera
Networking	
	Cloud migration — Aug, 2020* BlueChip
Network security	Office automation security
Digital workplace	
Managed services	
Key partner CISCO	Key partner Microsoft / Azure

* Acquisition date

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.
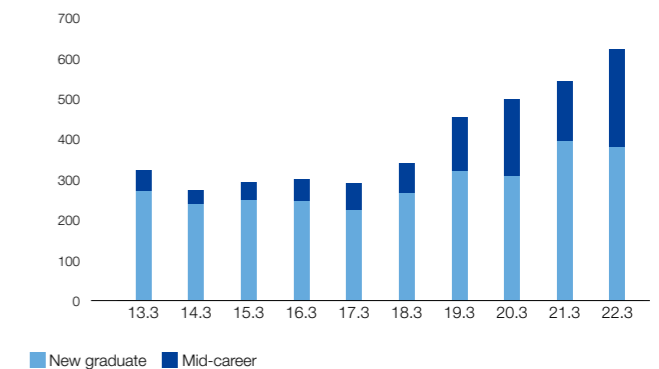
Bolster hiring	● Increase of 1,000 staff or more (at NRI alone) over four years ● **Bolster new graduate hiring:** Bolster promotions, etc. ● **Bolster mid-career hiring:** Further improve systems of working conditions for the hiring of more specialists, etc.

	FY March 2019	FY March 2023 (Plan)
New graduate hires	319 persons	Stable expansion
Mid-career hires	133 persons	Double

Promote employee skill acquisition and development	● Strategically develop business designers, data scientists, and other such personnel ● Skill acquisition and development for application / platform personnel to support DX strategy
Promote employee success	● Promote diverse work styles (diversity, participation, and advancement of women and senior personnel, etc.)
More development partners	● Get more development partners that have technologies and expertise in areas such as DX

NRI Group's Employees (persons)

■ Domestic subsidiaries ■ NRI Payroll* ■ Overseas subsidiaries

Hiring to NRI Payroll* by Year (persons)

■ New graduate ■ Mid-career
* Includes group company employees hired by the main body of NRI

The Voice of a Mid-Career Recruit

Kanako Fujita
Insurance Solution Division
(Joined the company in May 2020)

I joined NRI because it is an environment that enables doing work for a wide range of industries. I thought that I would be able to leverage my past experience to undertake new work as well as expand my horizon through work. Before I joined NRI, I had the impression that the content of its work was cutting edge, such as DX, and was glamorous. However, there are many people who are diligently executing low-profile work, such as enhancement. It surprised me a bit. There are many talented individuals, even among the younger generation. I think that they have a strong sense of responsibility and are highly motivated. This makes working easier, and I find a feeling of reward in nurturing people. What is more, information is regularly communicated by officers. This makes it easy to understand the direction in which the Company is heading. This is also one of the things that makes me feel that I made the right decision in joining NRI.

Financial Strategy
Message from CFO

We will practice flexible and proactive financial management based on the growth of V2022.

Yoshihiko Sunaga
CFO
Senior Corporate Managing Director

In FY March 2022, despite the intermittent spread of COVID-19 continuing from the previous fiscal year, we were able to expand our DX business and global business, which has been a continual theme for NRI, and we were able to steadily improve our performance. We have already achieved the targets set for operating profit margin and ROE in the Long-Term Management Vision "Vision2022" (V2022) by FY March 2022. Recently, we were also able to achieve the target for operating profit ahead of schedule. In response to these achievements, in the announcement of financial results in April 2022, NRI announced the outline of our next vision, "Group Vision V2030" (V2030). The entire form of V2030 is scheduled to be announced in April 2023. In this way, we are moving forward to even greater future growth.

Looking Back on V2022

FY March 2023 is a milestone year in which we will complete V2022 and move on to V2030. Looking back on financial management during the past six years of V2022,

we have focused on efficient management of working capital on hand, with a guideline of approximately two to three months of revenue. In preparation for unforeseen circumstances during the COVID-19 pandemic, NRI temporarily increased working capital on hand, with a guideline of approximately three to four months of revenue. However, we have now returned to the previous level and are operating flexibly while paying close attention to social conditions.
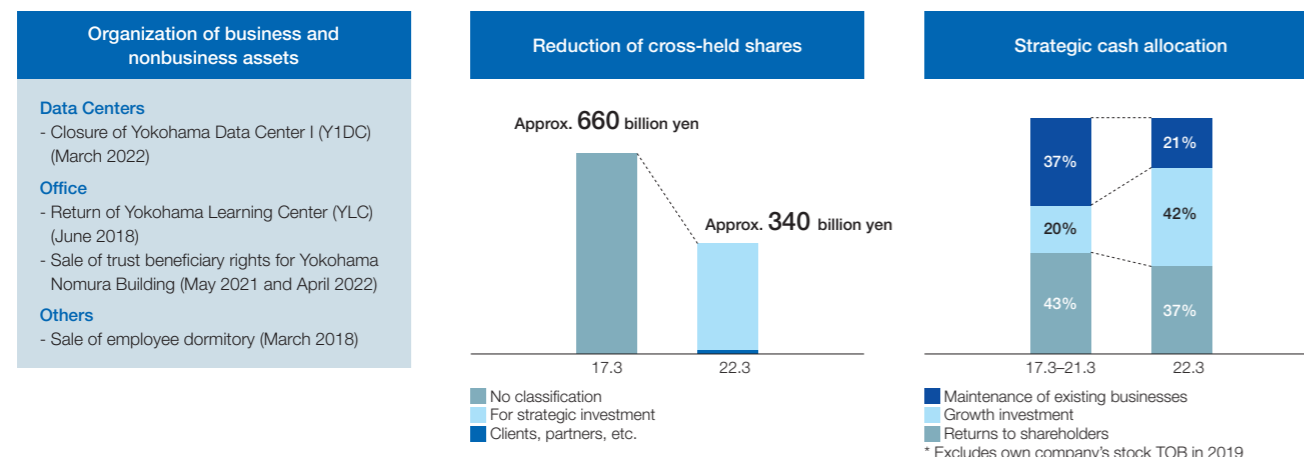
In terms of business and non-business assets, in order to consolidate management resources and streamline business operations, we have organized offices and data centers and switched to leasing in order to increase fluidity. The spread of COVID-19 has accelerated the diversification of workstyles. In response, NRI is continuing to work on office consolidation.

We have reduced our cross-shareholdings while periodically verifying their consistency with our holding policy. Currently, we have been able to reduce cross-shareholdings to about half the level of FY March 2017. From the most recent financial results, we have ensured transparency by newly organizing and announcing the classification of holding purposes.

Furthermore, in March 2021, we revised our retirement benefit system in order to respond to changes in diverse workstyles and lifestyles, and to realize a more sustainable retirement benefit system. In response to these revisions, we have optimized the level of contributions, and have significantly reduced financial risk by increasing the affinity between retirement benefit obligations and pension assets while considering inflation risk in our management policy for pension assets.

For cash allocation, we have made flexible and proactive decisions whenever good opportunities have been available, while keeping in mind the balance among maintaining existing businesses, growth investments such as M&A, and shareholder returns. In particular, in FY March 2022, we conducted M&A for three companies: AUSIEX and Planit in Australia, and Core BTS in the United States. In this way, we focused on growth investments more than in usual years. On the other hand, even amidst steady growth, Japanese society is entering an era of turmoil both socially and economically due to the Russian invasion of Ukraine, rapid inflation, interest rate hikes, and a weakening yen. Accordingly, we recognize the need to carry out financial management with an even greater awareness of global changes and sustainable management.

Global Promotion through Finance

NRI is developing its global business with Japan / Asia, Australia, and North America as its three main regions. We are also running our financial operations to support this global business. We have been conducting operations with a global awareness; for example, obtaining a new S&P rating in 2018.

In February 2022, NRI became the first Japanese operating company to raise funds using the Australian Medium Term Note (AMTN) program. This is an effort to enable flexible procurement of Australian dollars against the backdrop

of business expansion in Australia. Through these new initiatives, we aim to further increase recognition of NRI among overseas investors and to expand our investor base both in Japan and overseas.
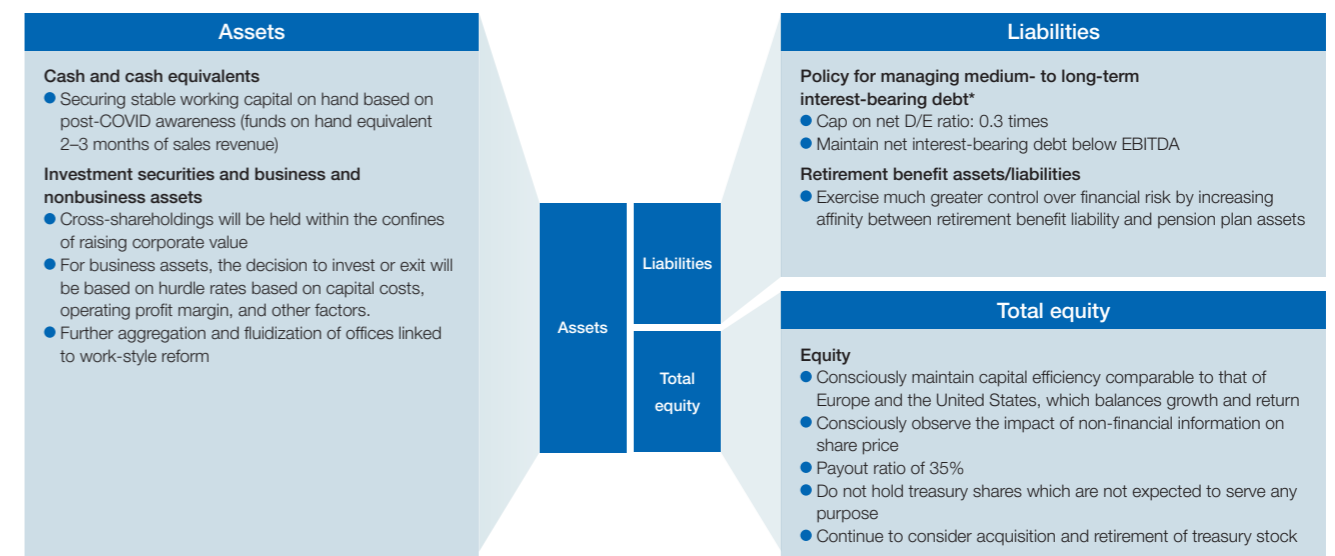
Financial Activities to Promote Sustainability Management

NRI's corporate philosophy of "Dream up the future" has laid a solid foundation for sustainability management. Moreover, we have been managing our finances with an awareness of global sustainability. For example, we were the first Japanese operating company to issue green bonds, and we also issued sustainability-linked bonds. Also, in FY March 2022, we sold our trust beneficiary rights in the Yokohama Nomura Building, which we had purchased using green bonds. We then selected Osaka Data Center II as a target project for green bonds. As the first Japanese company to implement such a replacement of target assets, NRI presented the world with a new way of managing green bonds.

In addition to enabling NRI to contribute to the realization of a sustainable society, sustainability management also increases the corporate value of NRI itself. By always being conscious of sustainability management when procuring funds and selecting investment targets, we will strive to make sustainability management one of the two main pillars of our business activities, together with financial activities.

NRI's sight is already fixed on 2030. However, the road to achieving our 2030 goals will never be smooth. Looking ahead to society in 2030, in order to realize the ideal NRI and co-create value with society, we are likely to face situations where we must make decisions that are even more strategic and bold. We will strongly support NRI's future growth by practicing flexible and proactive financial management.

Results So Far for V2022 (FY March 2017 to FY March 2022)

Organization of business and nonbusiness assets
Data Centers - Closure of Yokohama Data Center I (Y1DC) (March 2022)
Office - Return of Yokohama Learning Center (YLC) (June 2018) - Sale of trust beneficiary rights for Yokohama Nomura Building (May 2021 and April 2022)
Others - Sale of employee dormitory (March 2018)

Reduction of cross-held shares

Approx. **660** billion yen
Approx. **340** billion yen

17.3 — 22.3

- No classification
- For strategic investment
- Clients, partners, etc.

Strategic cash allocation

	17.3–21.3	22.3
	37%	21%
	20%	42%
	43%	37%

- Maintenance of existing businesses
- Growth investment
- Returns to shareholders
* Excludes own company's stock TOB in 2019

Balance Sheet Management Policy

Assets
Cash and cash equivalents ● Securing stable working capital on hand based on post-COVID awareness (funds on hand equivalent 2–3 months of sales revenue) **Investment securities and business and nonbusiness assets** ● Cross-shareholdings will be held within the confines of raising corporate value ● For business assets, the decision to invest or exit will be based on hurdle rates based on capital costs, operating profit margin, and other factors. ● Further aggregation and fluidization of offices linked to work-style reform

Assets — Liabilities / Total equity

Liabilities
Policy for managing medium- to long-term interest-bearing debt* ● Cap on net D/E ratio: 0.3 times ● Maintain net interest-bearing debt below EBITDA **Retirement benefit assets/liabilities** ● Exercise much greater control over financial risk by increasing affinity between retirement benefit liability and pension plan assets

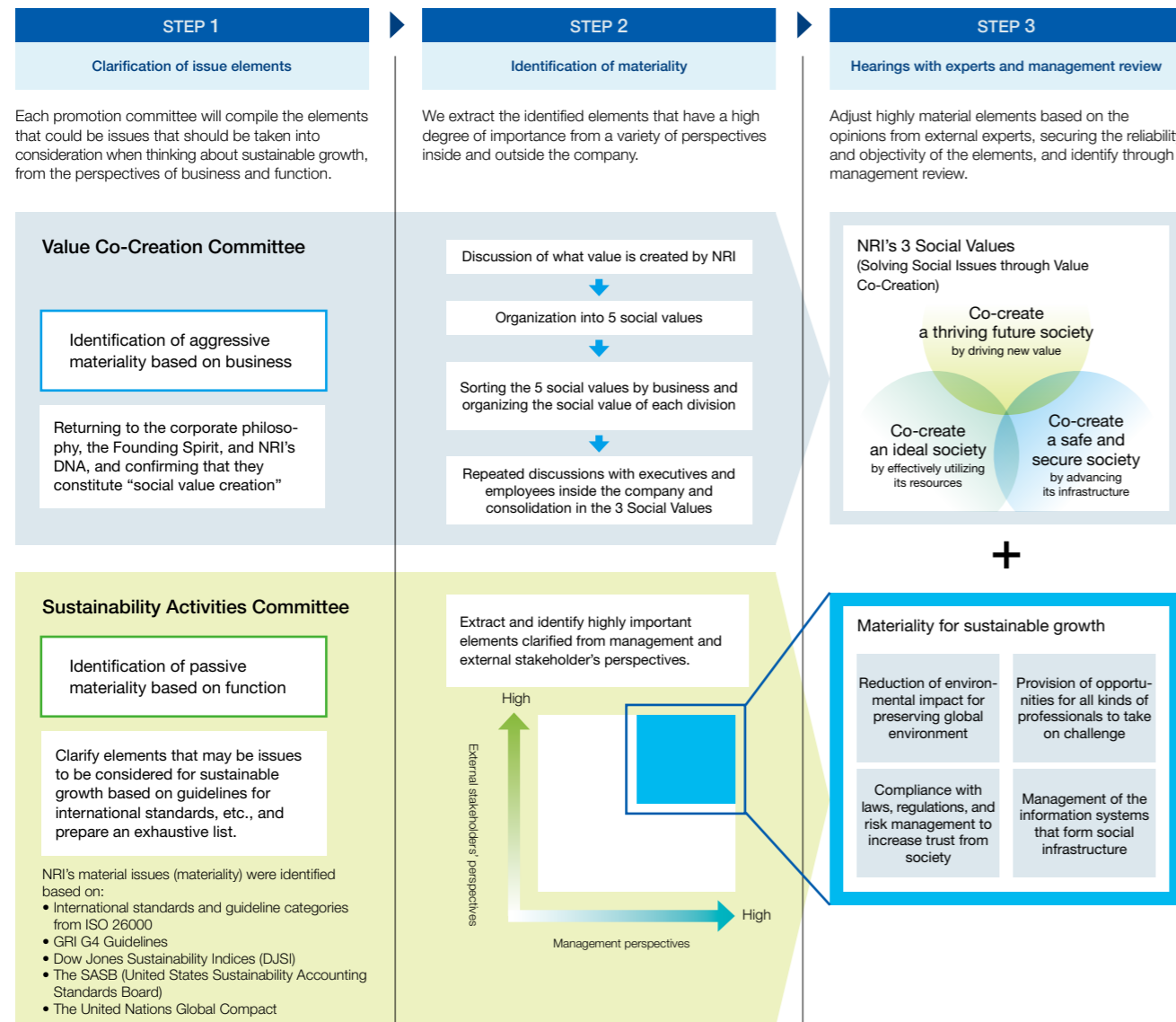| Total equity |
|---|
| **Equity**
● Consciously maintain capital efficiency comparable to that of Europe and the United States, which balances growth and return
● Consciously observe the impact of non-financial information on share price
● Payout ratio of 35%
● Do not hold treasury shares which are not expected to serve any purpose
● Continue to consider acquisition and retirement of treasury stock |

* Interest-bearing debt is the portion of debt recorded in the consolidated financial statements which corresponds to corporate bonds and borrowings
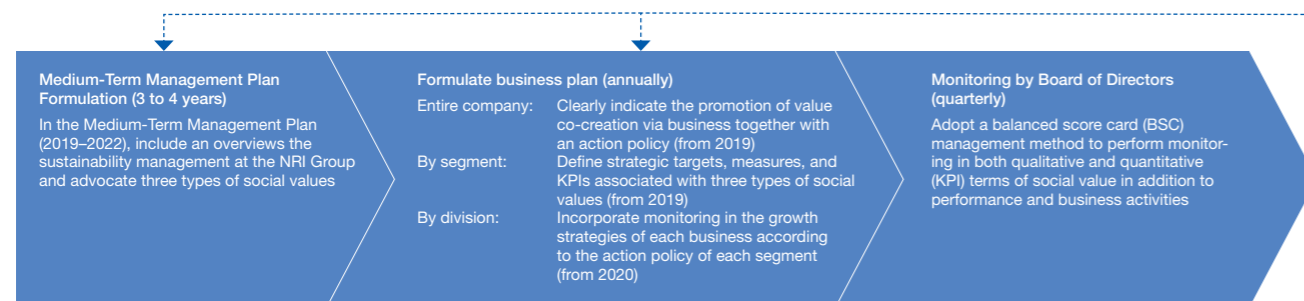
Value Co-Creation

For NRI to continue growing in the future as well and being "an indispensable presence in the world", we create values with clients and society through our business and contributes to the resolution of social issues.

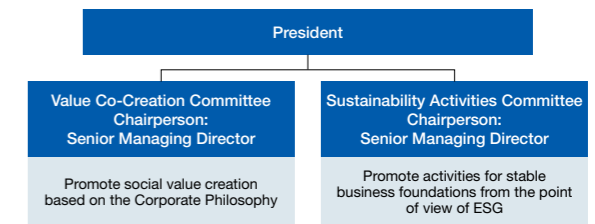## NRI's 3 Social Values and the Process for Identifying Material Issues

STEP 1	STEP 2	STEP 3
Clarification of issue elements	Identification of materiality	Hearings with experts and management review

Each promotion committee will compile the elements that could be issues that should be taken into consideration when thinking about sustainable growth, from the perspectives of business and function.

We extract the identified elements that have a high degree of importance from a variety of perspectives inside and outside the company.

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

Value Co-Creation Committee

- Identification of aggressive materiality based on business
- Returning to the corporate philosophy, the Founding Spirit, and NRI's DNA, and confirming that they constitute "social value creation"

- Discussion of what value is created by NRI
- Organization into 5 social values
- Sorting the 5 social values by business and organizing the social value of each division
- Repeated discussions with executives and employees inside the company and consolidation in the 3 Social Values

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

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

Sustainability Activities Committee

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

NRI's material issues (materiality) were identified based on:
- International standards and guideline categories from ISO 26000
- GRI G4 Guidelines
- Dow Jones Sustainability Indices (DJSI)
- The SASB (United States Sustainability Accounting Standards Board)
- The United Nations Global Compact

Extract and identify highly important elements clarified from management and external stakeholder's perspectives.

High

External stakeholder's perspectives

Management perspectives

High

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 information systems that form social infrastructure

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.

Medium-Term Management Plan Formulation (3 to 4 years)
In the Medium-Term Management Plan (2019–2022), include an overviews the sustainability management at the NRI Group and advocate three types of social values

Formulate business plan (annually)
Entire company: Clearly indicate the promotion of value co-creation via business together with an action policy (from 2019)
By segment: Define strategic targets, measures, and KPIs associated with three types of social values (from 2019)
By division: Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

Monitoring by Board of Directors (quarterly)
Adopt a balanced score card (BSC) management method to perform monitoring in both qualitative and quantitative (KPI) terms of social value in addition to performance and business activities

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.

President

Value Co-Creation Committee
Chairperson:
Senior Managing Director
Promote social value creation based on the Corporate Philosophy

Sustainability Activities Committee
Chairperson:
Senior Managing Director
Promote activities for stable business foundations from the point of view of ESG

Value Co-Creation Committee

The role of the Value Co-Creation Committee is to get each individual employee to recognize and sympathize with the "NRI Group's value co-creation" and encourage its worksite-initiated practice through bottom-up activities, while at the same time spreading information throughout the NRI Group about worksite-initiated efforts to practice this value co-creation and establish it as company culture.

To recognize value co-creation and generate sympathy for its aims, we have been grooming value co-creation leaders as the successors who will carry the torch of discussion and value co-creation across multiple generations and organizations. We are engaged in practical application activities spearheaded by our value co-creation leaders and organizations. Taking ownership of value co-creation as our own concern, we will generate new social value that gains involvement from our clients and society at large.

Taking ownership + Giving concrete form

Global

Practice — Action

Sympathy — Memory / Desire

Recognition — Interest / Attention

Switching to a mode focused on fostering a stronger "sympathy"

Existing initiatives
- Value co-creation branding
- Value co-creation leader development
- Monitoring & evaluations
- Assisting worksite-initiated activities

Expand scope of those involved

Fields of value co-creation with clients & society
- Transformation within NRI Group (Creating work styles that lead society)
- Creating additional social value in existing business (DX 1.0 / 2.0, etc.)
- Creating new business (DX 3.0, etc.)

NRI | NRI Group | Clients | Society

Contact points with clients & society
Expansion & involvement

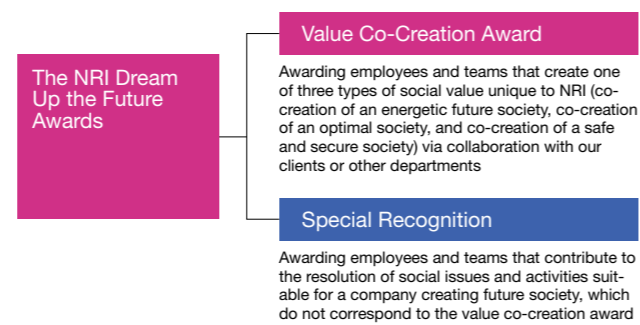## Sustainability Activities Committee

The role of the Sustainability Activities Committee is to advance activities that form the foundation for our business from an ESG standpoint.

Divided into five subcommittees, the committee implements various sustainability measures such as ESG information disclosures including scenario analyses, considerations for decarbonization in data centers, and human rights-related research, pursuing activities that advance our sustainability management.

Sustainability Activities Committee

Secretariat Office
Sustainability & Responsibility Group

Structure of subcommittee and team

Materiality	Decarbonization	ESG information disclosures	Human rights	Supply chain handling
- Basic sustainability policy considerations - Materiality revisions - Vision integration - Dialogues with investors, etc.	- Carbon neutrality considerations for data centers - Scope 3 emissions reduction considerations - Sustainable energy procurement, etc.	- TCFD scenario analysis - ESG information disclosures - Dealing with external evaluations, etc.	- Human rights-related research - Promoting diversity & inclusion - Instilling various measures internally, etc.	- Monitoring supply chains - Dialogues with partners, etc.

Practice for Value Co-Creation—The NRI Dream Up the Future Awards

NRI presents the Dream up the Future Awards to employees and teams who have made efforts to contribute to the sustainable growth of the NRI via the resolution of social issues and co-creation with our clients. For FY March 2022, there teams received Value Co-Creation Award and four teams received Special Recognition.

The NRI Dream Up the Future Awards

Value Co-Creation Award
Awarding employees and teams that create one of three types of social value unique to NRI (co-creation of an energetic future society, co-creation of an optimal society, and co-creation of a safe and secure society) via collaboration with our clients or other departments

Special Recognition
Awarding employees and teams that contribute to the resolution of social issues and activities suitable for a company creating future society, which do not correspond to the value co-creation award

The NRI Dream Up the Future Awards 2021 Value Co-Creation Award

Launch of the New Company EARTHBRAIN
"EARTHBRAIN" Team

Launch of EARTHBRAIN is a Con-Solutions initiative merging the NRI Group's consulting and IT solutions, and the challenge of bringing together the expert knowledge of companies in different industries for accelerated implementation of DX smart construction business presents a new future as an good example of "DX2.0" transforming business models.

Development and Provision of University Co-Op Tray Check Payment System
University Co-Op Tray Check Payment Team

In response to the pressing issue of reducing fixed costs of a university co-op that arose during the COVID-19 pandemic, the Tray Check Service was proposed and developed as a method of non-contact payment in which students take photos of the meals on their trays. The speedy implementation in three months was praised by Ehime University Co-op, and optimized labor and equipment expenses, in addition to contributing to the realization of optimized society and future society as a measure leading to a new store experience for students.

This project was created through the practical efforts of value co-creation leaders. It was achieved by value co-creation leaders continuously aiming to establish new business while keeping co-creation with clients in mind.
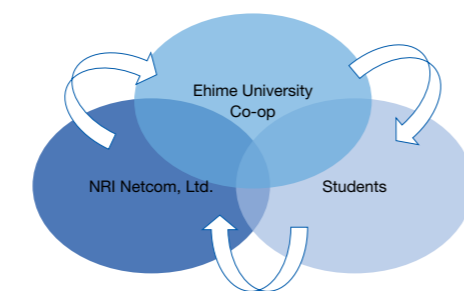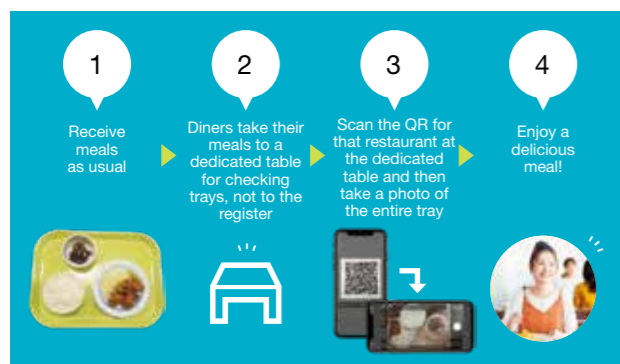
Ayano Sonoda
NRI Netcom, Ltd.
Digital Integration
Division
1st Value
Co-Creation Leader

Yuzo Kimura
NRI Netcom, Ltd.
Digital Integration
Division
3rd Value
Co-Creation Leader

1. Receive meals as usual
2. Diners take their meals to a dedicated table for checking trays, not to the register
3. Scan the QR for that restaurant at the dedicated table and then take a photo of the entire tray
4. Enjoy a delicious meal!

Ehime University Co-op, students and NRI Netcom, Ltd co-create

Development and Demonstration of Remote Measurement System Installed in Products with High Environmental Performance
Telemetry System Development Team

In response to issues related to the telemetry system (data collection and remote tracking system) of Manufacturing Company A developing products with high environmental performance, a telemetry system for products with high environmental performance was newly developed in a short period based on a scrum framework formed by Company A and NRI. It produced results in testing even with the stringent condition of being a one-off, and also met Company A's expectations by producing results in live implementation. This contributes to the realization of carbon neutrality.

The NRI Dream Up the Future Awards 2021 Special Recognition

Research Reports and Proposal Activities on Digital Currency
Study Group on the Future of Currency and Banking Team

The Study Group on the Future of Currency and Banking was launched and operated under NRI's initiative for the purpose of presenting the issues and outlook for central bank digital currencies. The study group held meetings with experts in industry and academia, and considered real solutions for the promotion of central bank digital currency throughout society. By aggregating and communicating different views and new discussions on the purpose of implementation and strategies for promotion throughout society as a progress report, it contributed to building the process for exchanging opinions between private-sector business operators and central banks.

Initiatives for Central Bank Digital Currencies

Purpose of the activities
Fulfilling the role of "thinking together" in both public and private measures toward digitalization of payments and settlements

Activity contents
- Understanding the policy implemented by domestic and foreign policymakers
- Realistic proposals for design and framework
- Understanding the direction of private businesses, including non-banks and platformers

Activity methodology
- Exchange of opinions with overseas authorities
- Regular meetings with Japanese authorities
- Discussion at Study Group on the Future of Currency and Banking
- Individual interview
- Collaboration with industry associations

Proposals Related to Social Problems During the COVID-19 Pandemic
Proposals Related to Social Problems During the COVID-19 Pandemic Team

We assessed changes in society during the COVID-19 pandemic, provided an outlook for the vaccination rate in Japan and proposed a strategy for preventing the spread of infection centered on vaccines based on data on vaccinations and infections in other countries. It was important input for establishing the direction of Japan's vaccine policy.

Support for COVID-19 Vaccination Operations
National Vaccination Operations Support Team

In response to the vaccination projects being implemented by the national government and local governments, we were involved from the system design phase, and provided comprehensive support including design and process management of systems for ensuring the smooth implementation of vaccination, establishment of the vaccination system, and education of people working at vaccination sites.

Creation of COVID-19 Workplace Vaccination Reservation Site, and Establishment and Operation of Vaccination System
Workplace Vaccination Team

We secured COVID-19 vaccines, prepared the vaccination system and created a workplace vaccination reservation site in the short period of just over two weeks. By smoothly implementing workplace vaccinations for approximately 26,000 people inside and outside the NRI Group.

Vaccination site

Evaluate Executive Efforts for Value Co-Creation at the Division Level

From FY March 31, 2020, value co-creation was added to the evaluation criteria for each division.
To evaluate efforts of executives and employees for value co-creation at the division level, consider to their bonuses from the fiscal year ending March 31, 2021.

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

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

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

Growth Story for 2030

NRI is completing the final fiscal year of long-term management vision V2022 in FY March 2023. With our sights set on growth beyond this vision, we are now formulating Group Vision 2030 (V2030). Here we will share the framework of the growth story we are outlining leading up to the year 2030.

* Announcement of V2030 planned for April 2023

Changes in the Environment from Now until 2030

We expect significant turbulence in our surrounding environment over the next decade. Under these circumstances, companies will need to exercise strong resolve in shifting toward doing business digital-first. Management and technology will also become more closely intertwined, and proper application of technologies on the management side will likely be essential for companies to be more competitive.

Volatile Changes in Business Environment	**"Impact" on Corporate Activities**
Complex social issues • Importance of solving social issues such as carbon neutrality (CN) • Expectations of society and investors to companies • Complex international political trends	**Redefining industries and business models** • New business areas that transcend industry and business categories • Existing assets are a hindrance (legacy assets) • Shift to digital-first (values accumulation*) * Value of new products is lowest but appreciates with the passage of time as updates are implemented
Increasingly fluid industrial structure • Digitalization eradicates the boundaries between industries and business types • Limited growth of existing revenue models • Digitalization as a source of competitiveness	**Advancement of various convergences (Integration / fusion)** • Advancing convergence between management and technology • Technology use differentiates quality
Progress of latest technologies and commoditization • Evolution of cloud, AI, and next-generation communication technologies, etc. • Commoditization of n-code, low-code, etc.	**Areas of cooperation areas must be expanded to solve social issues** • Partnerships are essential for solving social issues • Shifting to cooperative frameworks, including for carbon neutrality
Diversification of values and work styles • Advancing economic inequalities, polarization, and division • Respect for individuality and establishment of new work styles	**Diversity is a source of energy** • Business opportunities associated with inclusion and diversity • Companies should leverage diverse human resources and talent

Based on these changes in the business environment and the impact they have on business activities, we believe that it will not be physical assets but rather intangible ones that generate prosperity in the future. For that reason, it will be essential to have better digital social capital. The three elements of sustainability, safety, and security must be forged in unison if a prosperous and thriving society is to be achieved through digital technology. That is precisely our mission.

DX is just a means to an end. For what we should we create beyond DX, we will leverage our strength in insight to create a prosperous and thriving society, a sustainable and ideal society, and a safe and secure society.

Society in 2030 Created by NRI

A **prosperous and thriving** society	**Excellent intangible assets (human capital and intellectual assets) and enhanced digital social capital*** is required to build a prosperous and thriving society * Shared infrastructure and services that leverage digital technologies to generate new value and support society and industry
A **sustainable and ideal** society	Various events in real space are **visualized as data and optimized through simulations in digital space** (Digital Twin) to realize a society that effectively utilizes resources and considerate of the global environment
A **safe and secure** society	Protection of social infrastructure and personal information through advanced **security services** so that people can live comfortably using various digital services with peace of mind

Growth Story for 2030

We are plotting our growth story from now until 2030, which focuses on our core areas, DX, and global.

DX will likely go into even greater depth and broader scope. The core areas (DX 1.0 / DX 2.0) which we have worked on through V2022 will still be the growth driver that forms the foundation of our business. Our next theme will be to further expand our core areas. Additionally, between now and 2030 DX will evolve into DX 3.0 which transforms society beyond the boundaries separating companies and industries. The regions in which we operate our services will also expand from Australia to "global" including North America. We aim to grow into a presence that uses digital social capital to dynamically transform the world.

NRI in 2030

Always being at the forefront of the future of technology, we at NRI have insight into the prosperity that lies beyond DX and will dynamically transform the world with digital social capital

Revenue	Overseas Revenue	Operating Margin
over ¥1 trillion	over ¥250 billion	20% or more

Growth Story for 2030
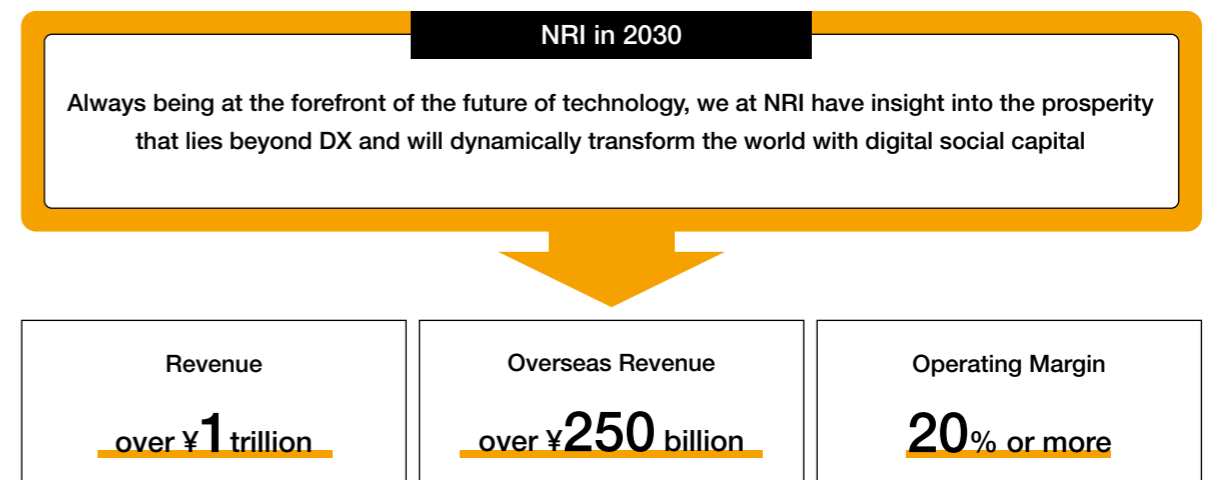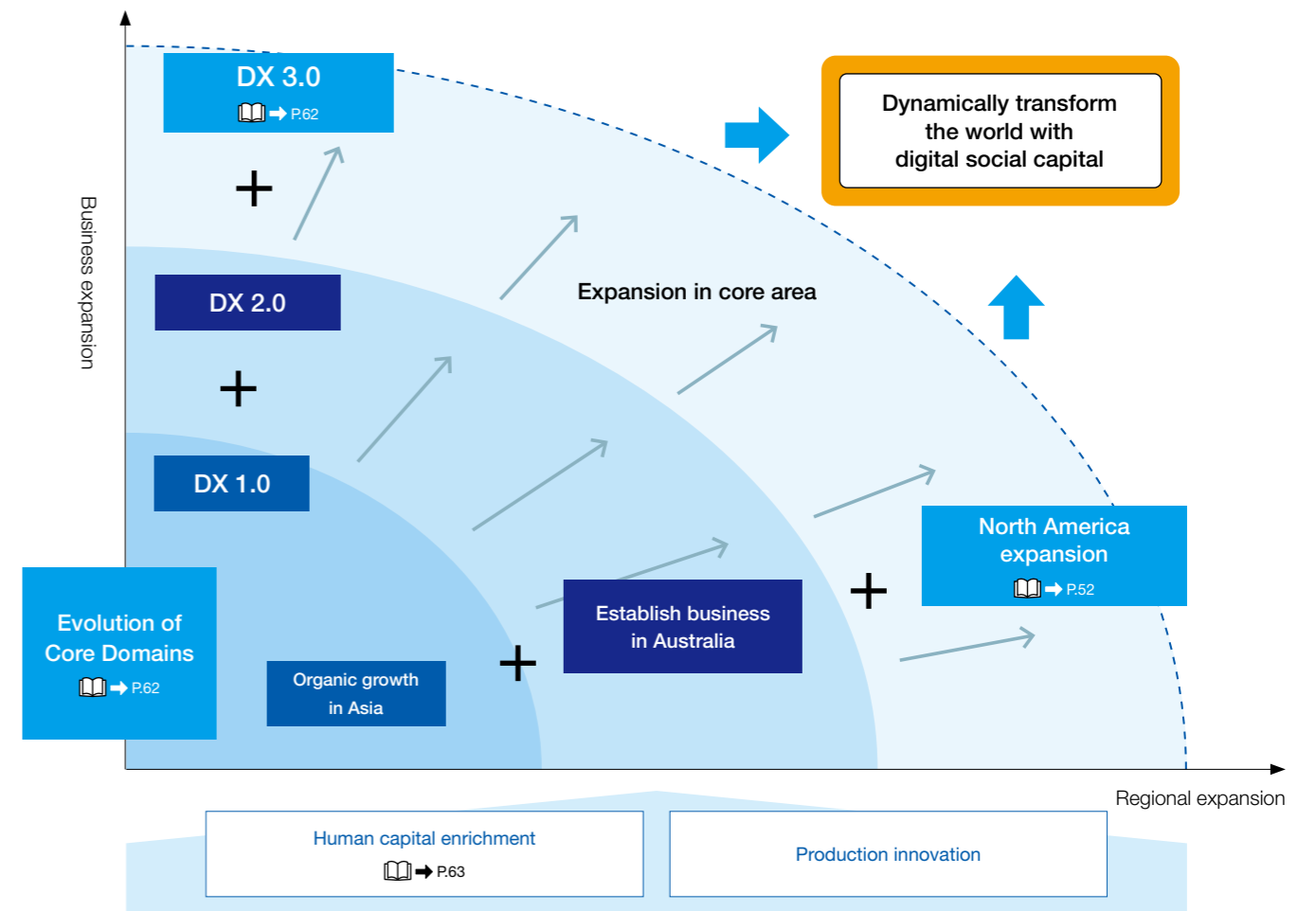
Evolution of Core domains
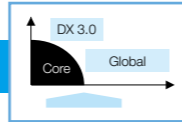
NRI is continuing growth by advancing and improving DX 1.0 / 2.0
Core areas will not remain at the current level, but will continue to expand further.

Consulting:
Expanding DX execution-based consulting

- DX execution-based consulting, such as analytics and DX consulting to realize client transformation
- Prior investment in planned businesses such as client collaboration and new DX services, through social issues-based approach

Financial IT Solutions:
BPF* evolution and legacy migration

- Evolve BPF from business-specific to function specific, creating PF for new markets such as alternative investments and digital assets.
- Expand migration of clients' legacy IT assets, including cloud shifts and IT outsourcing

* BPF: Business Platform

Industrial IT Solutions:
Develop and acquire large first-mover DX clients

- Leverage Con-Solution and digital development capabilities to do business with DX growth companies in major industries
- Strengthen competitiveness by adding digital IP that contributes to development efficiency, and the optimization and automation of client businesses

IT Platform:
Expansion of the cybersecurity business

- Offer multi-lateral cyber defense services for digital crime, including regulatory compliance
- Accelerate co-creation with vendors, startups, etc. in addition to strengthening R&D in order to acquire the latest technology IP

DX 3.0
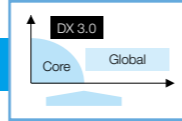
Creating the future society we envision with digital social capital
We have designated our three areas of DX 3.0 as social DX, value chain DX, and infrastructure DX corresponding to the 2030 society that NRI innovates. Among these, social DX which utilized the "My Number" individual number system for digitalization of government services is a major topic.

Compared to DX 1.0 and 2.0, which transform companies and industries, for DX 3.0 to transform society as a whole has a higher level of difficulty. That is precisely why NRI should tackle it.

A 2030 society that NRI innovates

A prosperous and thriving society

A sustainable and ideal society

A safe and secure society

Digital Social Capital created with DX 3.0

Social DX

Digitalization of government services
- Improving convenience for citizens with the individual Number Card platform

Regional revitalization and smartification
- Promoting local DX to improve quality of life and increase competitiveness
- Realizing an ideal society through the smartification of streets and buildings

New expansion of financial services
- Expanding new use of financial assets such as digital assets

Value Chain DX

Value Chain optimization/tracing
- Coexistence of eco-friendliness and economic efficiency, visualization of CO_2

Creation of circular economy Platform
- Eco-friendliness through effective use of resources

Infrastructure DX

Transformation of infrastructure lifecycle
- Achieving sustainable and resilient social infrastructure

Creation of financial infrastructure for carbon neutrality
- Creating and enhancing markets through policies such as decarbonization

Global
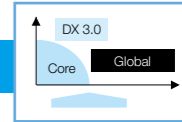
Business Expansion Focusing on Three Main Regions
Establishing business infrastructure focused on the three major hubs of Japan / Asia, Australia, and North America is a major mission in V2030.

We will particularly aim to establish the North American business infrastructure of Core BTS, which was made into a subsidiary during FY March 2022. In Australia, we will aim to build strong, highly profitable organizations through organic growth. We also aim to establish sustainable business infrastructure through local management, accelerate collaboration-building and synergy creation between regions, and operate full-line global DX business long-term.

Evolving and synergistically enhancing DX in each region

Strengthening research and consultation functions for studies, research and business exploration

Europe

Japan

North America

Asia

Expanding business for Japanese clients and improving our delivery system

Leveraging external growth as another means to further expand the business scale

Australia

Transitioning from establishing business base infrastructure to a sustainable growth phase

Human Capital Enrichment
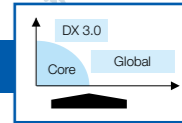
Adding and Strengthening Capabilities to Achieve Our "Growth Story"
In order to turn our growth story from now until 2030 into a reality, we must expand investment in human capital, which is our greatest strength. We must also give our human resources additional capabilities and strengthen those they already have. Currently, the capabilities that many employees have in our core businesses are also absolutely essential in developing and expanding new domains, and this will continue to be a strength for NRI going forward. We will also concentrate on learning and development, as well as recruitment, to increase our capabilities in business creation and international business in order to achieve V2030.

The capabilities of NRI's human resources (currently)

Human resources capabilities that NRI seeks (2030)

Business creation capabilities

Logic

Core business capabilities

Think-Tank Consulting Engineering

International business capabilities

Problem-solving skills

Ability to take action

Expand investments in human capital

Conceptual skills

Ability to identify issues

Ability to create businesses

Logic

Ability to do business and converse with diverse people

Ability to advance core business

Think-Tank Consulting Engineering

Ability to do business globally

Problem-solving skills

Execution skills

Flexibility, adaptability, communication skills

Business expansion → Regional Expansion

03

Mechanisms for Supporting Value Creation

Achieving a balance between building a sustainable future society and sustainable growth for NRI

CONTENTS

Message from the Head of Corporate Headquarters

As a corporation, we will continue to contribute to the achievement of a sustainable future society.

Hidenori Anzai
Representative Director
Member of the Board
Senior Executive Managing Director
Supervising of Corporate Headquarters

Maximizing the Potential of Human Resources

Our human resources possess a high degree of expertise and are passionate about solving social issues, making forward-looking consulting proposals, and meticulously implementing IT solutions. Human resources are the source of NRI's competitiveness. Under "Vision2022," we have focused on human resource management. Some strengths and characteristics of NRI's human resources include the following: 1) from an early stage, they possess self-awareness as professionals and refine a high level of expertise, 2) they absorb a large amount of knowledge from various work experiences and apply it to new challenges, and 3) they possess the ability to learn autonomously by recognizing the skills which they personally require.

NRI promotes a human resources management cycle that maximizes the strengths of individual human resources. This cycle begins with the recruitment of diverse and talented human resources, and then provides growth opportunities through challenging assignments. In addition, when human resources accomplish their work with responsibility and awareness toward society, they will feel pride in their own work that leads to personal and organizational growth. NRI will further enhance the strengths of its human resources by continuing to be an attractive workplace.

In April 2022, NRI revised our personnel system as a mechanism to reward the efforts and achievements of each employee, and to support new challenges and growth. Our new personnel system aims to accelerate NRI's growth toward 2030 by maximizing the potential of NRI's human resources while considering the career plans and workstyles of each individual. We believe that enabling individual potential will provide a large return on investment. NRI maximizes the return on investment in human capital through mutual trust based on the following: 1) we believe in the diverse potential and future talent of our employees, and create an environment in which employees can exercise their abilities, and 2) employees' trust in NRI enables them to demonstrate their abilities and achieve continual growth by leveraging their experiences.

Commitment to Quality

NRI's mission is to "Discern new social paradigms and implement them" and "Build client trust and establish relationships for mutual growth." In order to fulfill this mission, NRI has given high importance to quality management. Organizations, systems, and activities that embody our commitment to quality are deeply rooted in NRI's culture and have continued to evolve. We systemize and accumulate the efforts and wisdom necessary to execute projects that are important to our clients with high quality. We then apply what we have learned to new projects. Our commitment to quality is a capability that supports NRI's business development. We will continue to refine this commitment.

Another capability that supports NRI's business development is production innovation (productivity improvement). We are strengthening our efforts to achieve the operating margin which we aim for by 2030. For example, in an effort to enhance our intellectual capital, we are working on componentization (digital IP) of functions that improve the value provided to clients; for example, automatic ordering and route optimization, as well as the use of tools in testing processes. NRI will continue our efforts for achieving a high level of both quality and productivity.

Sustainability Management Initiatives

NRI's corporate philosophy of "Dream up the future" contains our thinking that the continued enhancement of NRI's corporate value can be found only by creating a new future through innovation and resolving social issues. Furthermore, as social issues such as climate change and human rights violations become more serious, NRI needs to synchronize our growth strategies with the resolution of social issues. These are NRI's basic views on sustainability management. In our Medium-Term Management Plan (2019–2022), we have positioned sustainability management as a pillar of our growth strategy. Our sustainability management consists of NRI Group's 3 Values and 4 Key Issues unique to NRI. Additionally, in consideration of the revisions to our Corporate Governance Code in June 2021, we have decided to have the Board of Directors reassess our sustainability management policy. Moving forward, NRI will continue to grow by contributing to a sustainable society.

In FY March 2022, in order to reduce the burden on the global environment, among the data centers that were the major sources of greenhouse gas emissions for the NRI Group, we switched the power used at our particularly large data centers to renewable energy. As a result, we were nine years ahead of schedule in achieving our FY2030 target for reducing greenhouse gas emissions (Scopes 1 + 2), for which we have obtained SBT 1.5°C target certification. Furthermore, by FY March 2024, we expect all of our data

centers to use 100% renewable energy. Regarding environmental targets related to the reduction of greenhouse gas emissions, we raised our target level from SBT 2°C to SBT 1.5°C in February 2021. Moreover, in February 2022, we moved up our target year for net zero emissions to fiscal 2030 from fiscal 2050.

We believe that initiatives throughout the supply chain are important for realizing a sustainable future society. The NRI Group promotes initiatives toward a sustainable society through collaboration with our business partners. For example, on April 1, 2021, we released the NRI Group Business Partner Code of Conduct on our website. The Code stipulates the principles of conduct for which we request cooperation from our business partners. We also ask each business partner to submit written consent to our the Code when concluding a contract. We have obtained written consent from 282 companies as of June 2022.

NRI believes that consolidating the total capability of each of its employees, with their various strengths and individual characteristics, leads to the strength of the organization. In FY March 2022, we promoted three priority areas (gender, career/expertise, and age) from among the seven areas set out in the NRI Action Policy for Promoting Diversity and Inclusion. Some specific examples include creating lists of female candidates for manager and group manager in each division, confirming aspects such as promotion dates, holding events for mid-career hires to talk directly with our president, and holding information sessions for managers on themes such as age inclusion.

Strengthening of Group Governance

Through management built on the independence and the autonomy of Group companies themselves, NRI promotes Group governance based on the concept of creating an environment in which it is easier for Group companies to demonstrate their strengths. On the other hand, about 60% of the 16,512 NRI Group employees (FY March 2022) are employees of Group companies. This number has been increasing over the years. Additionally, the number of our consolidated subsidiaries has reached 90, and governance becomes increasingly important as this number grows. Considering these circumstances, as part of enhancing the foundation of our business management, NRI is working to visualize the monitoring and support of Group companies and internal control in a form that is easier to understand. Specifically, we formulated Group Governance Operating Procedures common to all Group companies. We plan to start operation of these Guidelines from the second half of FY March 2023. We will work to ensure the spread and practice of these Guidelines. For example, each Group company will establish manuals based on the Guidelines.

The NRI Group aims to change the world and create social value. Together with colleagues who share these goals, we will embrace the challenge of reaching our maximum potential.

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.

New Human Resources System

NRI had previously been operating a human resources system of assessments based on performance, outcomes, and ability, but we believed it was time for a new system that could spur ceaseless transformation of our existing businesses and taking on challenges in new business. Based on this belief, we introduced a new human resources system in April 2022. The new system was structured to clarify expectations according to the role and mission and reward the results accordingly, with the aim of continuously being professionals who always have a crisis mentality toward the current situation and are undaunted by change or challenges. We also emphasize the spirit of treating all people with mutual respect regardless of their position.

Job class was determined according to ability level in the previous system, but the new system determines job class according to the role that the person is to fulfill. This means that the new system determines job class according to the duties and level of achieving the roles expected by each division for the year rather than past successes and achievements. It therefore requires employees to always take on challenges and keep up with changes taking place in the world. We have also established the new career path of Chief Expert, as a professional not involved with management. Through multiple career tracks, this has enabled us to offer the appropriate conditions to people who continue to grow as professionals and produce results.

Key Points about the New Human Resources System

1) Job class for manager-level personnel determined by duties and role
2) Clarified career paths among manager-level personnel as professionals who are not managers
3) Introduced accelerated promotion system for non-manager-level personnel

- Rank System

Job class for manager-level personnel is now determined according to the duties handled and expected role for the year rather than past successes and achievements. Career paths as specialists who are not managers have also been clarified, and the job class of Chief Expert at the same level as a manager was newly established. These multi-track careers have made it possible for management to assist the career development and boost the engagement level of more subordinates and offer the appropriate conditions to people who take on their respective challenges, continue to grow as professionals, and produce results, by consistently refining their own expertise while contributing to the organization.

- Promotions and Demotions

This new system has made flexible promotions and demotions possible according to the duties and roles of manager-level personnel. At the same time, an accelerated promotion system was introduced for non-manager-level personnel, who can now be promoted as far as the highest ranks regardless of age.

- Evaluation System

In the new system, results are still evaluated appropriately against the goals set at the start of the year and reflected in bonuses, as was done in the old system. Also, particularly in evaluations for promotions of manager-level personnel, we are working to strengthen mechanisms for multifaceted evaluations to determine whether they have the attitude and qualities suitable for top-level NRI employees.

- System for Employment Conditions

The overall financial conditions offered at NRI such as salary, bonuses, and benefits, are at level suitable for professionals. Incentives offered for medium- to long-term contributions to sustained improvements into business value include retirement payments, a defined contribution pension plan, an employee stock ownership plan, and an E-Ship (trust-type employee shareholding incentive plan).
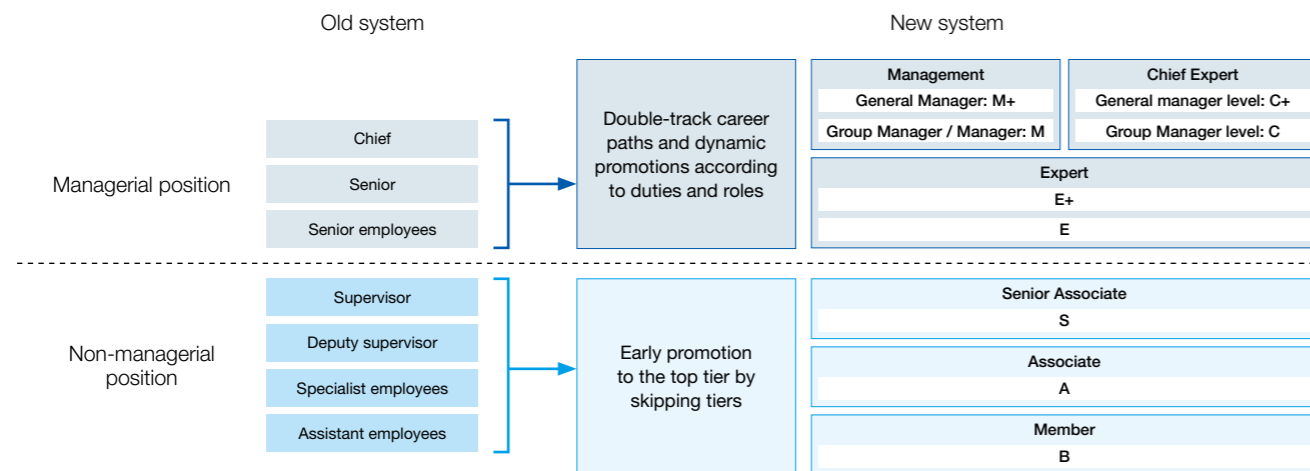
Autonomous Career Development along Diverse Career Paths

At NRI, we develop human resources who are capable of flexibly responding to changes in the business environment with a broad perspective and refining their skills in multiple specialized fields, while also collaborating across multiple departments.

Three Methods of Human Resources Development

Human resources development at NRI is an organic fusion of three methods: training programs, self-improvement, and on-the-job training (OJT). Employees accumulate work experience in OJT. In training they consolidate knowledge they gained in OJT and acquire skills that cannot be learned in OJT. NRI also offers its own unique type of system to support self-improvement. Beyond simply covering the expenses for employees to acquire qualifications and improve their language skills, the system also lets employees freely join in-house seminars aimed at sharing knowledge that NRI has accumulated internally, and more. Internal job posting and self-reporting systems have also been implemented to increase opportunities for employees to choose their own careers and to have the right people in the right place.

In-House Training

With more than 900 total sessions held for over 300 courses offered throughout the year, our in-house training comprehensively covers all the fields that employees need. Aside from required rank- and position-specific training, employees are free to select these on their own.

Diversity & Inclusion (D&I) Programs offer programs geared toward supporting the advancement of women, diversity, and work-life balance.

Training Program System

Human Capital

Career Fields

To advance our development of specialists and multi-skilled personnel who have multiple specialized fields, and to bolster our development for mid-level ranks and higher, NRI has defined 20 career fields for specialist employees. Each employee selects their own specialized field from among the 20 career fields, then goes on to refine their expertise with the aim of becoming a leading expert.

Certification Program

NRI confers internal certifications to professionals with high-level expertise as role models in each career field. The internal certification program has seven qualifications in 17 categories, which serve as goals when employees envision their future careers and plot their career paths. In the Skills Development Program, we offer an extensive lineup of highly specialized programs for boosting skills for internal certifications.

Growth of Core Talent
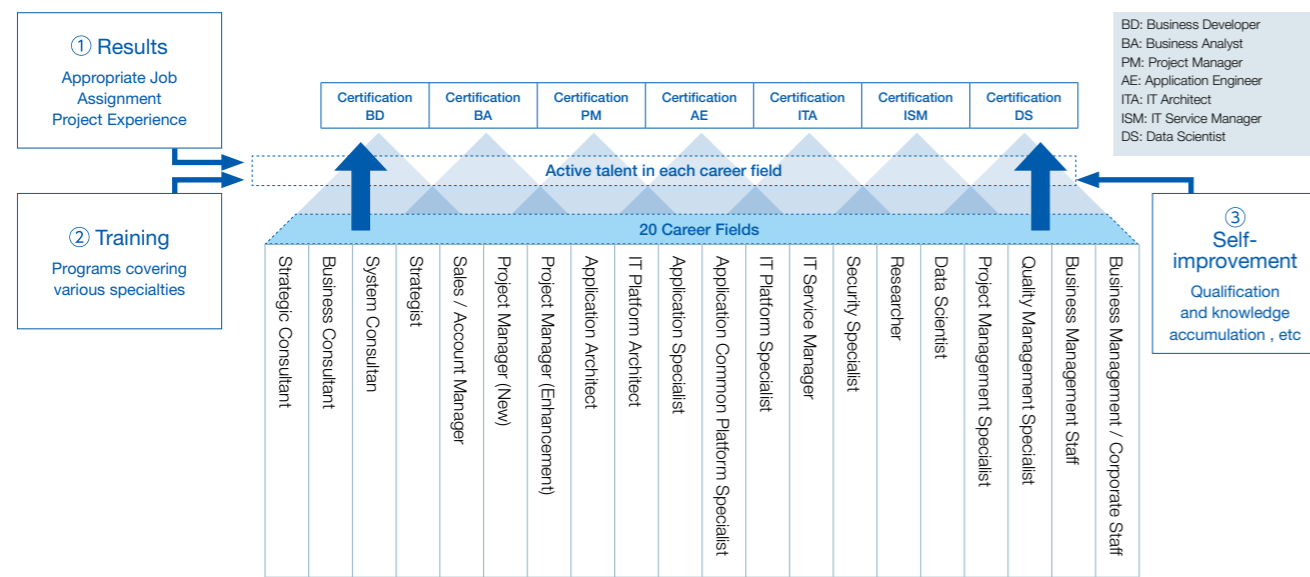
Internal Certification Program
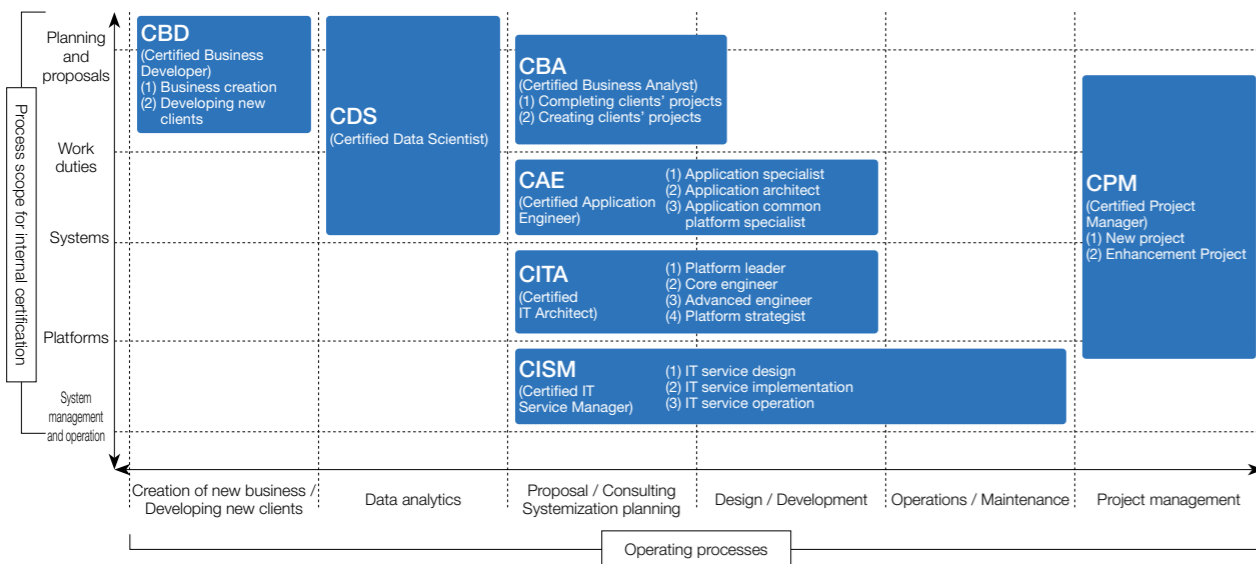
C&A

We offer the Challenge & Act (C&A) System to broadly support autonomous and systematic skills development by employees and for each of them to share their intended career paths with their managers, with whom they also have interviews to check their level of achievement of targets they set themselves. C&A starts with target setting interviews between the employees and their managers at the beginning of the fiscal year. Then, after six months of activity, they have interviews with their managers again to check the results of those activities.

C&A System
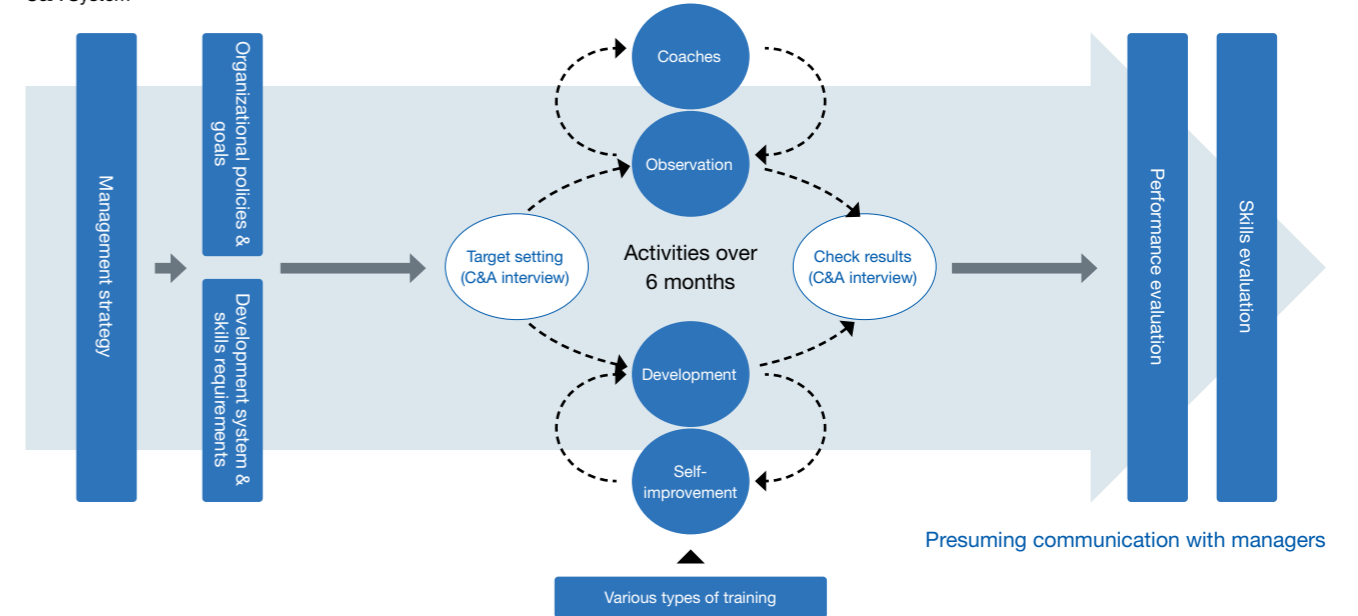
Personal Career Design

Leading up to the implementation of our new human resources system for specialist employees that began in FY March 2023, we comprehensively overhauled and expanded our career design program. In the new career design program called Personal Career Design, we arrange a total of five workshop-style training sessions at the time of reaching career milestones, or at regular intervals, from the time employees are in their 20s until their late 50s. In the training sessions for ages 40 and up, we also support their own independent learning by providing career coaching, one-on-one interviews, and various types of optional programs after the workshops that make their career development efforts more effective. Aside from the workshops, every year we also organize career seminars that are open to all employees where we strive to foster career consciousness. The seminars were attended by approximately 1,000 employees in FY March 2022.

Personal Career Design
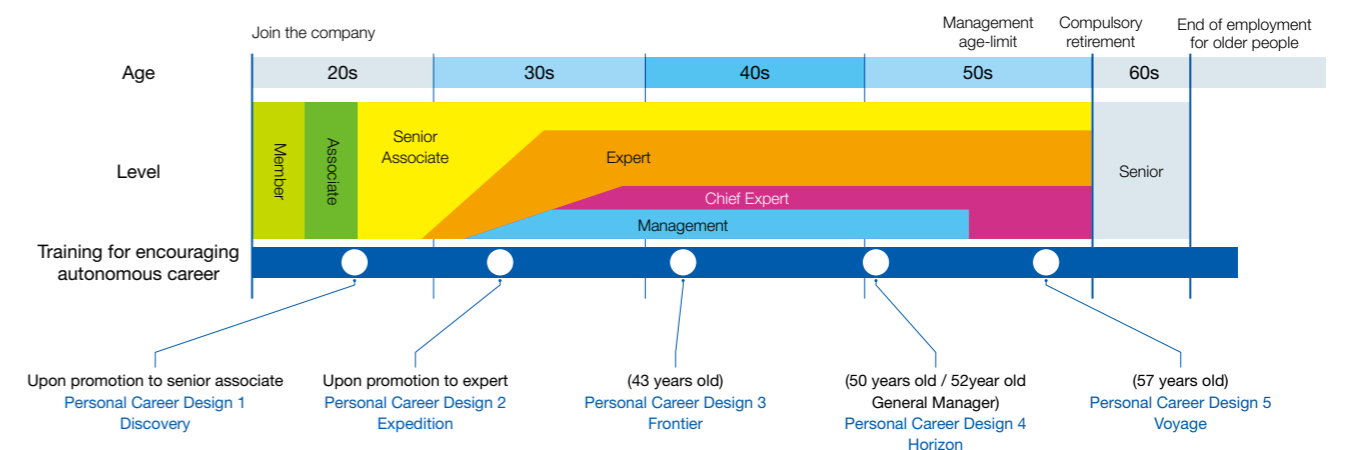
Human Capital

Human Resource Investment that Is Top-Class among Japanese Companies

NRI is investing in the cultivation of top-class human resources from a variety of perspectives. For example, we are conducting a program to cultivate human resources who will accelerate the DX Strategy, which is the pillar of the growth strategy of our Long-Term Management Vision "Vision2022" and our Medium-Term Management Plan (2019-2022). We are also cultivating global human resources, improving the leadership skills of managers, and developing the next generation of management and executive personnel.

DX Human Resources

In addition to further skill transfer under the concept of +DX, NRI is creating learning opportunities such as holding a variety of training for consultants and systems engineers, who already possess conventional abilities, 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 a 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).

These curricula are actively being newly established and continuously revised/abolished based on internal needs and social trends (Graph 1). The number of trainees per year and the number of training days per trainee are steadily increasing. This has firmly established the concept of +DX, in which each employee engages in autonomous learning to acquire the necessary DX skills (Graph 2).

Also, in the Challenge & Act System, employees take an inventory of their own DX skills (area/level) and then use this assessment to set goals for their next skill improvement. The number of DX active personnel with a DX skill level of "basic level" or higher is steadily increasing (Graph 3).

DX Human Resources Development Program (Figure 1)
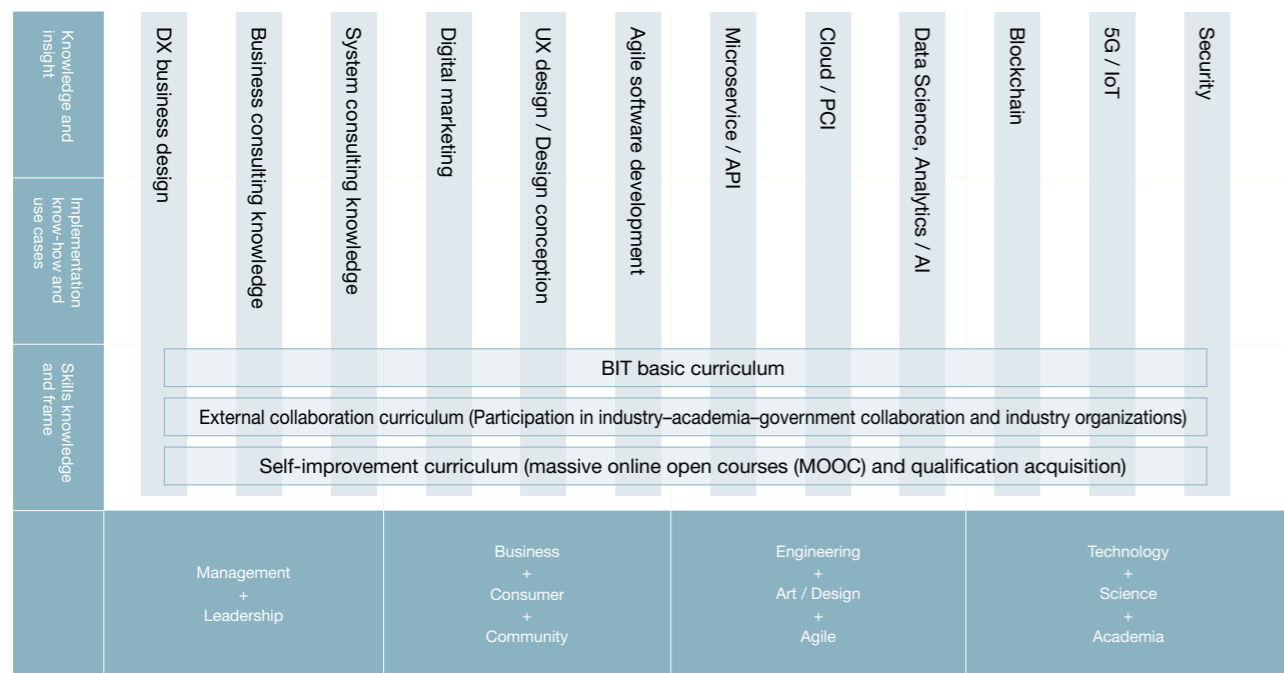
Number of DX Skills Development Courses by Year (Graph 1) (Courses)

■ New courses ■ Ongoing courses
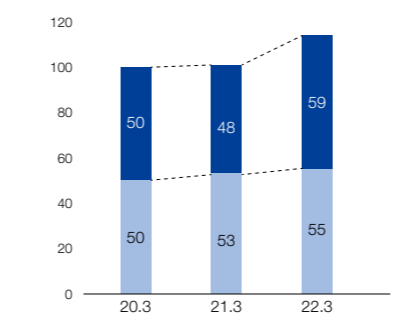
Number of DX Skills Development Course Attendees and the Number of Days They Attended, by Year (Graph 2) (persons) (Days)

■ Course attendees (persons)
● Days attended per person (days)
* Number of course attendees was calculated simply as the number of attendees at each course
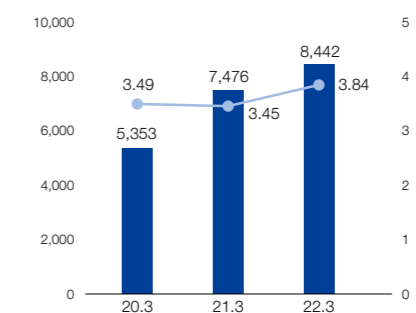
Human Resources Active in DX by Year (Graph 3) (persons)

■ Basic level ■ Intermediate level ■ Advance level
* NRI-registered employees (includes employees of NRI Group companies hired by NRI itself)

Global Human Resources

NRI implements many overseas programs to develop global business leader. 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

Leadership Skills

Every year, we organize AHEAD Program 360-degree feedback from managers and subordinates, with the aim of improving the abilities of manager-level personnel at developing subordinates and boosting their co-creation leadership skills. In addition to department head and group manager personnel who had previously been involved, the feedback was expanded to include all 3,139 manager-level personnel in FY March 2022.

Successor Training

We conduct two types of training for selected individuals to secure our next generation of management and executive personnel. Every year, five to eight officer promotion candidates take part in the New Dream Up the Future Program, a learning and development program for the next generation of management personnel.

Of the 31 total participants in the program during the five years leading up to and including FY March 2022, 12 have been promoted to executive roles (as of the end of March, 2022). Additionally, we conduct Selected GM & Department Head Training for 15 to 20 candidates for promotion to department head every year.

Of the 86 total participants in the program during the five years leading up to and including FY March 2022, 51 have been promoted department head roles (as of the end of March, 2022).

Human Capital

Initiatives to Improve Engagement

Maximizing our human capital is one of the NRI Group's key topics in the new long-term vision V2030. Job Satisfaction Co-Creation activities have been organized throughout the NRI Group as a whole starting in FY March 2022 as an initiative to maximize our human capital by improving employee engagement.

Visualizing the Status of Organizations (Engagement Surveys)

We measure employee engagement at NRI in order to understand the job satisfaction levels of our employees and co-create job satisfaction throughout our Company as a whole. Utilizing engagement measurement tool Wevox[1], the survey is conducted for employees of NRI and some NRI Group companies[2] once per year (in June). The results of the survey are used as reference data to formulate measures in human resources, and are also disclosed to employees on the Company intranet for use in activities to improve engagement in the workplace.

[1] Tool provided by Atrae, Inc.
[2] Five Group companies with large number of staff on assignment from NRI: NRI SecureTechnologies, Ltd., NRI Workplace Services, Ltd., NRI Social Information System Services, Ltd., NRI Digital, Ltd., Nomura School of Advanced Management.

Engagement score (NRI's score vs. industry average)
Engagement scores are assigned ranks A through F as indicators

Reference:
Average scores in the systems integrators & contracted developers industry among Wevox user companies: **67** (June, 2021)

NRI: **70**
(June, 2021)

10	20	30	40	50	60	70	80	90	100
F	E−	E	E+	D−	D	D+	C−	C	C+	B−	B	B+	A
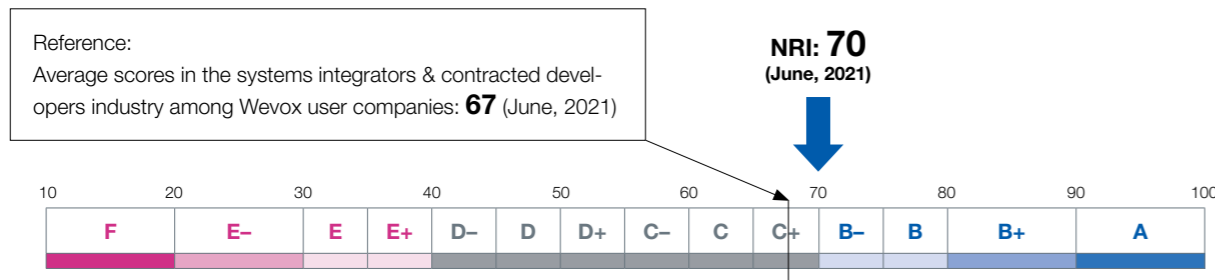
Organizational Development Program

In FY March 2022, we began offering an organizational development program for employees with the aim of developing organizations with even higher job satisfaction once the status of the organizations has been visualized. Video-based programs from which employees can learn whenever they have time, as well as training-style programs in which participants can learn about organizational development from each other while engaging in practical application. We have also started incorporating this into training for new managers starting in FY March 2023 among our efforts to promote better organizational development capabilities for NRI as a whole.

Fostering a Culture Conducive to Job Satisfaction (Communicating Information via Events, etc.)

We are also concentrating on communicating information in various ways to foster a culture in which all employees take the initiative to co-create job satisfaction.
Starting in FY March 2022, we have been hosting Job Satisfaction Co-Creation Forum, coordinated in conjunction with the Company-wide employee engagement survey. With nearly 700 employees in attendance each year, we share job satisfaction-related information from inside and outside NRI each year. At the same time, we have launched a Job Satisfaction Co-Creation Website on the Company intranet, where we regularly display case examples of activities to co-create job satisfaction at various organizations within NRI.

Job Satisfaction Co-Creation Forum

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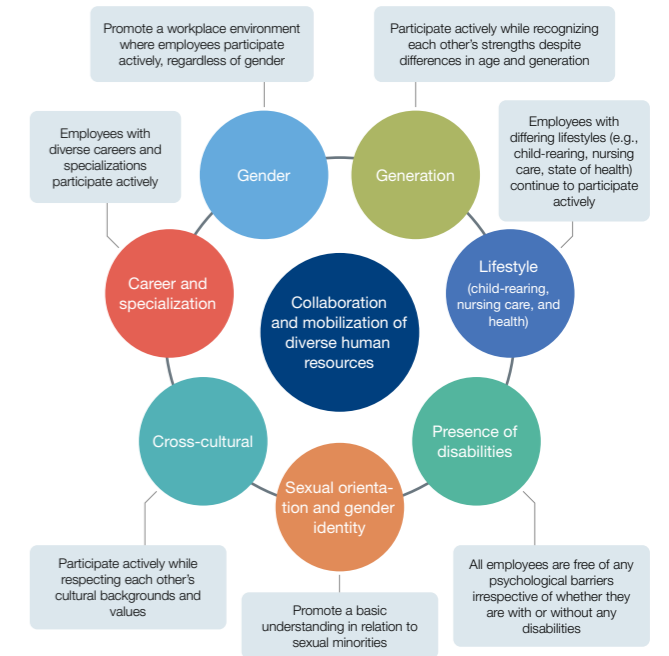
Initiatives for the Promotion of Women's Participation and Advancement in the Workplace

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. We 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 Female 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. Starting in FY March 2022, diversity promotion initiatives are evaluated on a per-division basis and calculated into bonuses. 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.

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. In addition to the semi-annual socializing event for mid-career recruits and the president which we have been holding since FY March 2021, we also arrange follow-up interviews and support internal social networking.
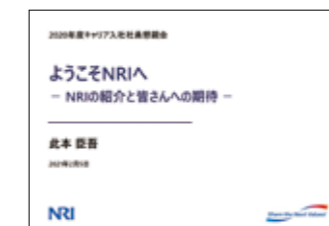
Get-together of mid-career hires

NRI Action Policy for Promoting Diversity and Inclusion

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

Term	From April 2019 to March 2023
Goals	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	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 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. 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.

Human Capital

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. Starting in FY March 2021, male employees who take childcare leave have also been participating in Training for Balancing Work with Parenting for employees who have returned to work from childcare leave. 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.

Talking about his experiences taking childcare leave at the training

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 internet mail, and managing miscellaneous goods, and even providing massage services for employees and managing a café at Kiba Center.

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 2022, 191 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.42%).

* 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 operating "Sora café Mirai"

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

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 supported the achievement of flexible working styles with even higher productivity. Currently, we are engaged in enhancing productivity through a new work style that combines telecommuting with in-office work.

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

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. Furthermore, we have expanded the scope of vaccination to include employees, their families, and business partners, and have implemented the COVID-19 vaccinations.

* 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.

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.

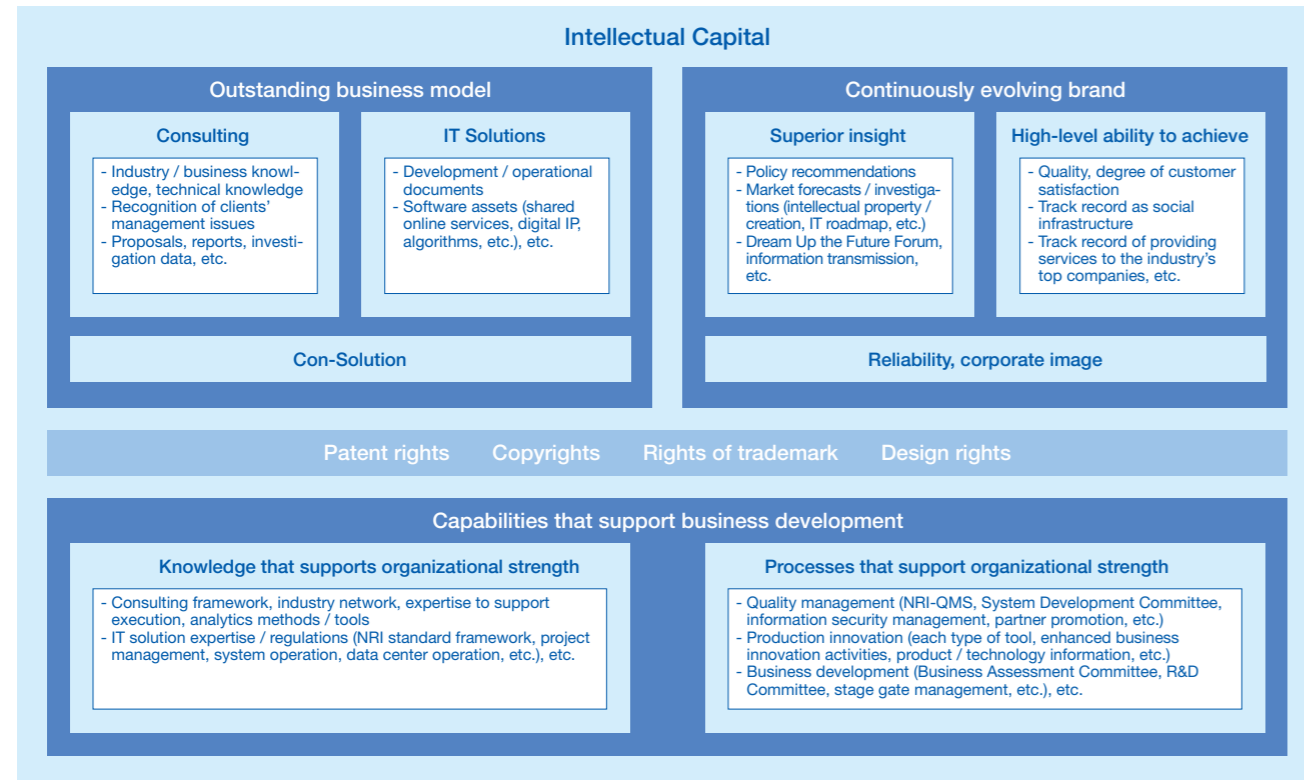|		
1	Reduce lifestyle-related diseases	• Manage employees' reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations • Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases
2	Lower stress	• Stress prevention for individual employees and teams • Develop a system to enable employees to return to work earlier
3	Lower smoking rates	• 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

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 six 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 six consecutive years in a row

Intellectual and Manufacturing Capital

The Source of NRI's Competitiveness

The NRI Group has continued to provide high added-value services utilizing the insight and precise ability to implement that have been refined since our founding. Intellectual capital is the vital source of the NRI Group's powerful competitiveness, and an important element that clearly differentiates us from other companies. In addition to boosting individual strength to incomparable organizational strength that extends beyond organizational boundaries through the accumulation and utilization of intellectual capital, we continue to inherit and pass down knowledge and expertise that stretches through the eras. The NRI Group continues its long-term relationships with our clients and grows its business through management of such intellectual capital.

Intellectual Capital

Outstanding business model

Consulting
- Industry / business knowledge, technical knowledge
- Recognition of clients' management issues
- Proposals, reports, investigation data, etc.

IT Solutions
- Development / operational documents
- Software assets (shared online services, digital IP, algorithms, etc.), etc.

Con-Solution

Continuously evolving brand

Superior insight
- Policy recommendations
- Market forecasts / investigations (intellectual property / creation, IT roadmap, etc.)
- Dream Up the Future Forum, information transmission, etc.

High-level ability to achieve
- Quality, degree of customer satisfaction
- Track record as social infrastructure
- Track record of providing services to the industry's top companies, etc.

Reliability, corporate image

Patent rights   Copyrights   Rights of trademark   Design rights

Capabilities that support business development

Knowledge that supports organizational strength
- Consulting framework, industry network, expertise to support execution, analytics methods / tools
- IT solution expertise / regulations (NRI standard framework, project management, system operation, data center operation, etc.), etc.

Processes that support organizational strength
- Quality management (NRI-QMS, System Development Committee, information security management, partner promotion, etc.)
- Production innovation (each type of tool, enhanced business innovation activities, product / technology information, etc.)
- Business development (Business Assessment Committee, R&D Committee, stage gate management, etc.), etc.

Outstanding Business Model

The NRI Group has a unique business model that continuously and concurrently utilizes both consulting and IT solutions to support reform in our clients' business. Industry and business knowledge in consulting work, deep understanding of our clients' management strategy and issues, and development / operational documents and software assets (algorithms, etc.) in IT solutions business are the NRI Group's valuable assets. By building up such intellectual capital, we have the ability to make recommendations and propose business strategy related to management of our clients' businesses, as well as to create DX platforms, etc., that utilize shared online services and AI, thereby creating a high level of added value.

Con-Solution Promoting DX Strategy with Clients
Corporate DX strategy is changing the era of "converting business to IT" to an era of "creating business through IT." In order to accelerate this movement, NRI operates its business in collaboration with a variety of companies, and by bringing together knowledge / expertise and technology that will be mutually beneficial, we continue to generate new value.

The NRI Group has implemented "Con-Solution," a unique business model in which consultants that are well versed in industry knowledge and business processes and system engineers with significant experience in project management work alongside our clients to implement technology, repeatedly verify effectiveness, and share the results with our clients.

This Con-Solution is also being utilized in next-generation smart construction by EARTHBRAIN Ltd., which was founded by NRI jointly with Komatsu Ltd., NTT Communications Corporation, and Sony Semiconductor Solutions Corporation.

Komatsu Ltd
NTT Communications Corporation
Sony Semiconductor Solutions Corporation
NRI

EARTHBRAIN ✳ EARTHBRAIN

https://www.earthbrain.com/en/

EARTHBRAIN was launched to bring DX to the construction industry and dramatically improve safety, productivity, and environmental friendliness. NRI supports DX in the construction industry through development of solutions and providing services and expertise that utilize its insight in business model transformation through digitalization.

Continuously Evolving Brand

Considering Japan's first private think tank as one of its origins, the NRI Group has strength in social recommendations and communication of information based on consumer trend investigations and forecasts of the future. We observe society and industry from a unique and excellent perspective, and release the results broadly to society through publications, forums, and the media, etc. We have garnered high praise and trust through these activities. In addition, the IT solutions provided by the NRI Group support the financial market and everyday living through a high-level ability to achieve, and boast a high level of quality and reliability as part of society's infrastructure, so to speak. These activities contribute significantly to improvement of the NRI Group's sense of reliability and corporate image.

A Group of Experts Taking on the Challenge of Making Future Society a Reality

The core of the NRI Group's think tank function, the Center for Strategic Management & Innovation, aims to be a "future-oriented think tank" that observes the increasingly unclear social and economic issues faced by Japan and the world from a perspective that looks into the future, and recommends / communicates a "prescription" for those issues based on scientific judgment.

Members who possess a high level of expertise in each area propose a variety of measures to improve Japan's competitiveness and resolve social issues while painting a picture of society's future. In addition, we are implementing innovative initiatives that contribute to resolution of issues, while collaborating with global entities.

Increased Presence through Communication of Information on Accumulated Intellectual Property

We have increased the reliability of our ability to analyze and make recommendations and display our presence as a creator of future society by broadly communicating information on the results of our unique investigations and research activities in fields that include society, industry, daily living, and communities, through forums, etc. In the future as well, we will sensitively grasp changes in society and energetically pioneer new areas, while strategically utilizing as intellectual property the results of our activities.

Orientation of value utilization

Gaining competitiveness / growth potential	Social issue resolution	Digital utilization
Growth Innovation	Sustainability well-being	Data-analytics Data-security

Theme domains

Society, industry, infrastructure
- ☑ Research into the image of a digital society
- ☑ Research into the ideal nature of public ID / public DX and society
- ☑ Research into social infrastructure in a mature, carbon-free era

Daily living, employment, human resources
- ☑ Research into the systems of values and lifestyles of the general public
- ☑ Research into policy related to employment / human resources
- ☑ Digital human resources (data scientists) research

Region, city, country
- ☑ Research into local creation and local hubs (self-governed / independent metropolitan areas)
- ☑ Promotion of innovation programs
- ☑ Regional DX promotion, etc.

A Variety of Intellectual Property Rights that Support these Activities

In order to maintain and expand intellectual capital and increase the competitive advantage of the NRI Group, our Intellectual Property Department promotes strategic and ongoing activities. Using IP landscaping* and other techniques, we partner closely with related divisions and strive to protect and utilize intellectual property rights that contribute to the business model and formation of the brand.

* A technique used to understand the business environment using intellectual property trends as the pivot point and utilize that knowledge in the formulation of strategy

Intellectual / Manufacturing Capital

Capabilities that Support Business Development

The NRI Group's outstanding business model and constantly evolving brands are supported by knowledge and processes that accumulate the wisdom, experience, and know-how of individual human resources and transform them into "organizational knowledge." Production innovation methods are important processes for supporting organizational strength. These methods are born from activities such as quality supervision (including periodic meetings of the Systems Development Committee) and continual innovation to enhance work. Through these important processes, NRI has accumulated knowledge that enhances organizational strength, such as many different consulting frameworks and various IT know-how and rules. These processes and knowledge are key elements of intellectual capital as the capabilities that support the development of business models and brands.

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
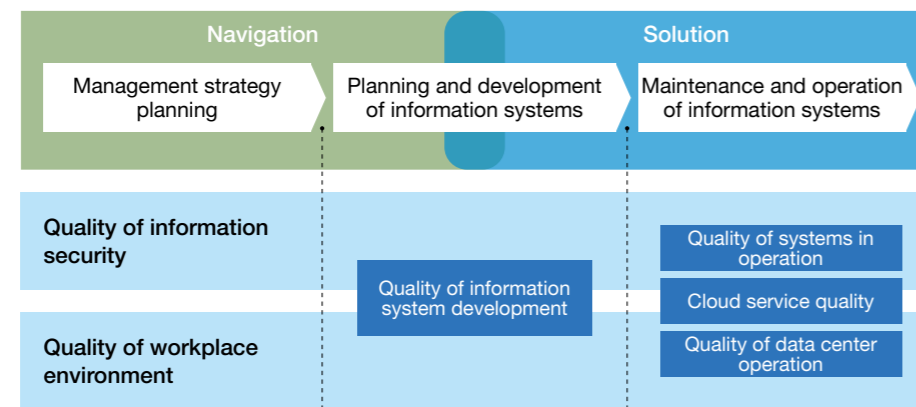
Initiatives for Improving the Quality of Information Systems

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
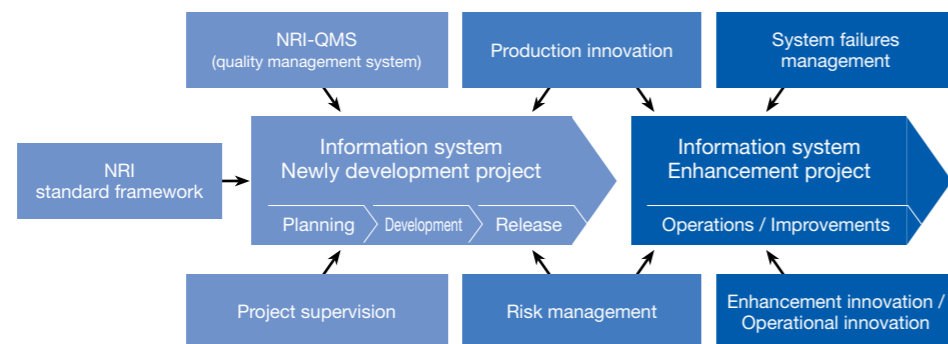
Project Supervision Activities to Support the Quality of Information System Development

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
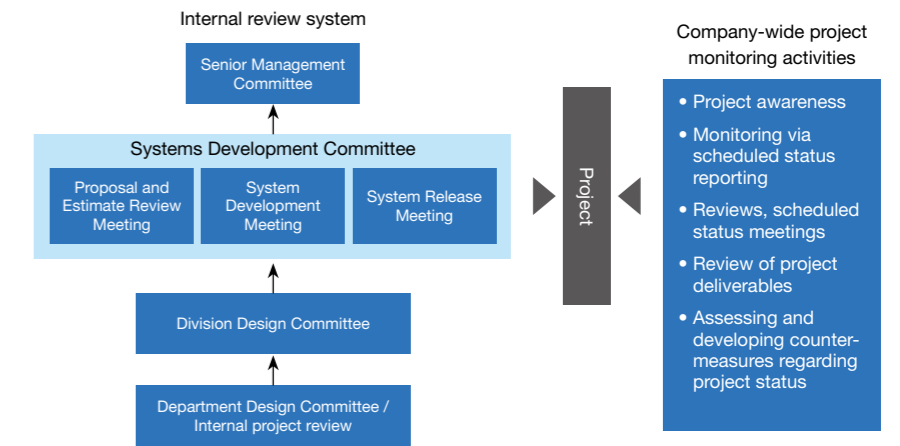
Project Management Activities as an Opportunity to Develop Human Resources

Project review meetings function as forums for the learning and growth not only of managers of projects that are being reviewed, but also of employees who participate as reviewers and employees who attend as project manager candidates.

Objective observations (food for thought) by other divisions, departments, and teams
➡ Even young, inexperienced PMs can handle risks

Former Project Managers become reviewers

Evaluate many projects of other divisions, departments, and teams
➡ Grow further as PM human resources who can play an active role in multiple areas

Become Project Managers/PMO*/project administrators through experience as reviewers and attendance

* Project management office. At NRI, there are many cases in which former Project Managers enter the PMO and provide indirect support for new Project Managers.

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.

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.

Intellectual / Manufacturing Capital

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.

Main Data centers

[Kanto]

Tokyo Data Center Ⅰ

Completion: 2012
Total floor area: 338,820m²
Reception capacity: 40,000KVA

Yokohama Data Center Ⅱ

Completion: 2007
Total floor area: 15,888m²
Reception capacity: 15,000KVA

[Osaka]

Osaka Data Center Ⅱ

Completion: 2016
Total floor area: 15,000m²
Reception capacity: 7,500KVA

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. In FY March 2022, we invited Professor Masayuki Nakao of the University of Tokyo Graduate School of Engineering for a lecture on "The Science of Preventing Failure." Professor Nakao conducts research on the science of failure analysis aimed at clarifying the causes of accidents and failure in companies.

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.

Masayuki Nakao
Professor
Tokyo University Graduate School of Engineering

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

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

Chief Information Security Officer

Review of information security activities

Security Management Department

Information Security Promotion Committee
(Composed of directors and department managers, etc., of divisions that implement measures)

Support

Headquarters structure
(General Affairs Department, Legal and Intellectual Property Department, Corporate Planning Department (Integrated Risk Control Department), etc.)

NRI SecureTechnologies

Practice

Person responsible for division

Person responsible for department

Division Information Security PIC

In-department Information Security PIC

Support

Employees

NRI Workplace Services

Intellectual / Manufacturing Capital

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 software and EDR[*1], 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 system responses alone are not enough for defense, and has therefore put 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, and functions as an organized, swift, and appropriate measure. We also conduct employee education and training related to targeted e-mail attacks.

*1 A solution that detects suspicious behavior on computers and servers (endpoints) and supports prompt response.
*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.

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 fifth 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 2021 Japan Managed Security Service Provider of the Year award from Frost & Sullivan

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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.

Social and Relationship Capital

Cooperation with Stakeholders

NRI values connections with clients, employees and their family members, shareholders, investors, and business partners, which 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.

Dialogue with Experts

Each year since FY March 2011, NRI has engaged in dialogue with outside experts in order to understand trends in global sustainability and reflect that knowledge in management strategy and risk management. The 10th Dialogue with Experts was held on November 19, 2021. We exchanged opinions with three experts, mainly regarding "positioning of sustainability in the Medium-Term Management Plan," "promotion of diversity," and "ESG trends."

Tsuyoshi Mizuguchi
Vice Chairman of Takasaki City University of Economics

Emi Onozuka
Chief Operations Officer, Japan Catalyst, Inc (Monex Group)

Yasushi Hibi
Vice President, Asia Policy and Managing Director, CONSERVATION INTERNATIONAL-JAPAN

(Affiliation and position as of November 2021)

Positioning of Sustainability in the Medium-Term Management Plan

Mizuguchi: In order to position sustainability in management strategy, it is important to reduce negative impact and increase positive impact. In regard to negative impact, it is believed that efforts to make data centers carbon-free are necessary. It appears that the transition to renewable energy is proceeding, but setting and promoting a more aggressive target is likely a good idea.

As for positive impact, it would probably be best to disclose detailed information on which departments are to work toward "achievement of social paradigm reform" and which approach is to be used. Pushing the Company's perspective as a think tank to the forefront and making recommendations about the orientation of society will likely become one positioning of sustainability in NRI.

Onozuka: As an investor, I expect the Company to have a sustainability narrative that is suited to the financial growth strategy through increasing ROE or further global deployment. I believe that this requires the Company to talk to each stakeholder about what issues exist, what the timeline for providing value will be, and so on.

Link between Sustainability Performance and Director Compensation

Onozuka: IT companies in Europe use the results of employee engagement when determining the amount of compensation for Members of the Board. Investors believe that it is better to link Member of the Board compensation to indicators that lead to substantial corporate value rather than simply having specific indicators be elements of determining compensation.

Mizuguchi: We're not talking about simply connecting sustainability indicators to compensation, but we're saying that having a narrative in which the Board of Directors makes a commitment and integrates it into strategy is really what gives meaning ultimately to linking it to compensation. The important point is not just compensation, but what the Board of Directors commits to.

Method of Procuring Renewable Energy

Hibi: From the perspective of NRI being able to co-create social value as well, I believe that it is necessary to procure renewable energy that has additionality.* Even if NRI procures renewable energy that has additionality, the social impact may not be that significant in terms of the amount of consumption. However, I believe that it is very significant as the ability to communicate information. Japan is behind in the context of the world, but NRI should take the lead in Japan.

* Having the effect of encouraging investment that generates new renewable energy

NRI: In light of what you have said, we would like to work toward expanding themes aimed at social issues in our research and development. Further, in addition to continuing discussion of the ideal nature of sustainability policy in the future, we will continue to consider the possibility of procuring renewable energy in a better form, while monitoring market trends and revisions of systems.

CSR Dialogue FY March 2022
https://www.nri.com/en/sustainability/management/dialogue/2021/dialogue

Social and Relationship Capital

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)

(%)

	18.3	19.3	20.3	21.3	22.3
	84.6	86.9	83.8	86.4	88.0
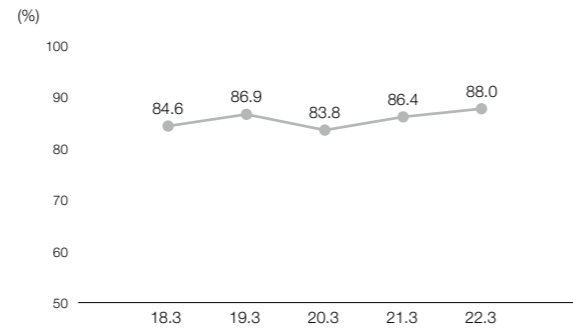
The investigation targets all business units. Clients and project services that will be the target of the investigation are selected for each business unit based on set criteria.

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/jp/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 13,000, 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 67 business partners, a testimony of their strong interest in sustainability activities.

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

Information Disclosure and Communication

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

Measures Aimed at Ensuring a Meaningful General Meeting of Shareholders

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

● Set the date of the General Meeting of Shareholders on a day where such meetings are not concentrated.
● In addition to sending out individual notices of convocation of a General Meeting of Shareholders earlier, post the notice on the NRI and Tokyo Stock Exchange websites prior to sending the individual notices. This effort allows shareholders to have sufficient time to consider the proposed resolutions for the meeting
    The 57th Ordinary General Meeting of Shareholders: Notice released on May 21 Meeting held on June 17 (Notice about one month before)
● Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure

● Deliver a notice of convocation of a General Meeting of Shareholders in English (summary)
● Provide an opportunity to exercise voting rights by using the Internet system run by a trust bank (a shareholder register administrator)
● Provide an opportunity to exercise voting rights by using the Voting Rights Electronic Exercise Platform, run by ICJ, Inc.
● Hold a Management Reporting Session for shareholders after the conclusion of the General Meeting of Shareholders

Active Dialogues with Shareholders and Investors

With the aim of expanding our shareholder and investor base, we are promoting better understanding of our business activities and strategies for growth through direct and indirect communication. The following principal activities were implemented during FY March 2022:

For shareholders	● Shareholder questionnaire: Number of respondents: 5,217 (Number sent: 21,149 shareholders / Collection rate: 24.7%)
For institutional investors and analysts	● Number of investors met: 785 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	● Individual investor information meeting: two were held (Online) ● Number of attendees: 2,307 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 2022 briefing welcomed 96 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

2021 Award for Excellence in Corporate Disclosure
· IT Service / Software Industries
· Disclosure to Individual Investors
(The Securities Analysts Association of Japan)

Natural Capital

Reduction of Environmental Impact for Preserving 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. NRI recognizes that planet-wide environmental issues, including climate change and environmental pollution, are global issues. As a company that provides consulting and IT solution services, we will leverage our creativity and technological capabilities to work with all stakeholders and contribute to the realization of a sustainable future. Furthermore, during business activities by the NRI Group, all officers and employees of the Group strive to reduce the environmental impact.

Environmental Targets

In May 2020, NRI committed to Business Ambition for 1.5℃, 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℃ from preindustrial revolution levels.

The target has been certified by SBTi* as a 1.5℃ target. To achieve this target, NRI joined RE100 in February 2019. Afterwards, in FY March 2022, we switched the electricity used at our main data centers to renewable energy sources. As a result of these efforts, we expect to achieve the SBT 1.5℃ target for FY March 2031 that we set in February 2021 by

FY March 2022, which is nine years ahead of schedule. Therefore, we set new targets in February 2022 for reducing greenhouse gas emissions.

* 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℃ 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).

📖 Science Based Targets website
https://sciencebasedtargets.org/

NRI Group's Environmental Targets

	SBT1.5℃ Target (Set in February 2021)	New Target*1 (Set in February 2022)
Category*2	Target for FY Mar. 2031	Target for FY Mar. 2031
Scope 1+2	· 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	· Reduce greenhouse gas emissions at the NRI Group to zero*2 · Achieve a renewable energy usage rate of 100% at the NRI Group
	Target for FY Mar. 2051	
	· Reduce greenhouse gas emissions at the NRI Group to zero · Achieve a renewable energy usage rate of 100% at the NRI Group	
Scope 3	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%	

*1 The new target is scheduled to acquire SBT certification in accordance with the future standards of the SBT initiative.
*2 Regarding Scope 1 emissions, we will consider measures based on future SBTi guidelines and technology trends.
  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.

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 (Scope 1+2) in FY March 2022 were 30,000 tons, which was a reduction of about 72% from FY March 2014. Going forward, we will engage in the reduction of greenhouse gas emissions by promoting renewable energy procurement in addition to our conventional energy conservation measures.

Results and Annual Targets of Greenhouse Gas Emissions (Scope 1+2)
(1,000t-CO_2)

Greenhouse Gas Emissions (Scope 1+2)

Result Reduced by approx. 72%

Target Net Zero

Results / Planned

14.3 / 22.3 / 31.3
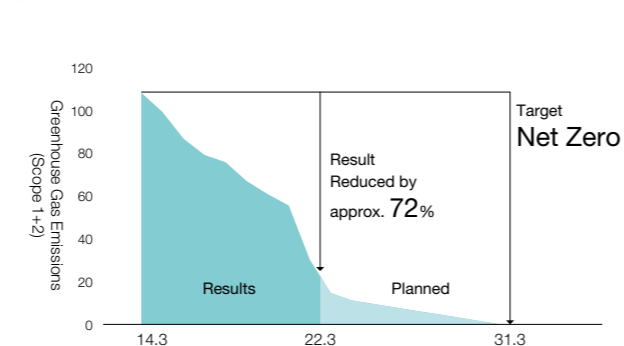
Implementation of Environmental Management System

NRI has acquired ISO14001 certification, an international standard on environmental management systems (EMS), for its data centers, which are the main source of CO_2 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 CO_2 emissions)

Domestic offices (not yet implementing NRI-EMS) 12.6%
Overseas offices (not yet implementing NRI-EMS) 1.5%
Overseas offices (with NRI-EMS) 0.4%
Domestic offices (with NRI-EMS) 24.0%
Data centers (with ISO14001) 61.5%

EMS coverage ratio:
85.9%
(FY Mar. 2022)
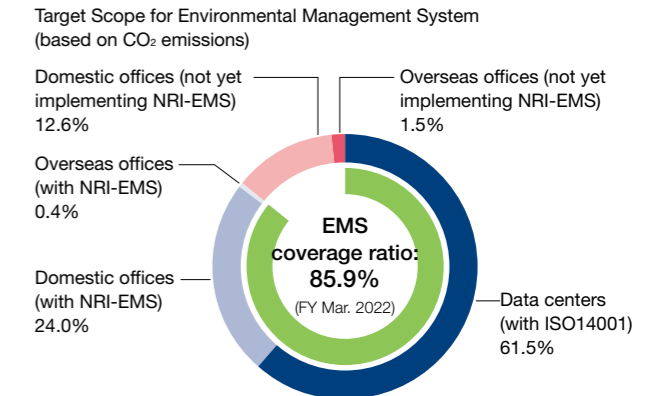
Progress in Renewable Energy Procurement

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 greenhouse gas 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.

Reduction of Client(s) Greenhouse Gases Through Shared Online Services

Through the services we provide, the NRI Group contributes to the decarbonization of our client companies.

The NRI Group provides a large number of shared online services in which many client companies jointly use information systems running at NRI's data centers. Using shared online services makes it possible to significantly reduce greenhouse gas emissions compared to when each client company develops and operates an equivalent information system in-house. NRI estimates that it is possible to reduce clients' greenhouse gas emissions by 73.9% through the use of shared online services.

CO_2 Reduction Effects via Shared Online Service

Reduced by 73.9%

When clients develop and operate systems individually / When clients use shared online services
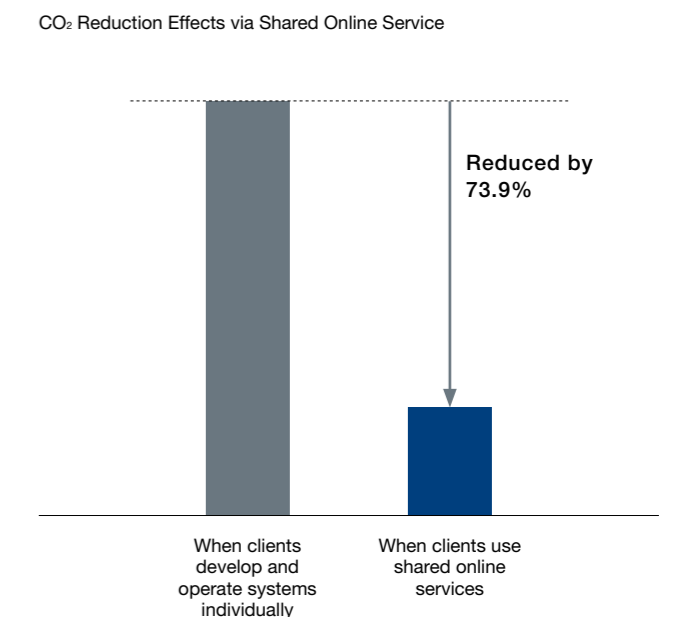
Natural Capital

Promotion of Reduction of Greenhouse Gas Emissions in the Supply Chain (Scope 3)

The NRI Group is moving forward with efforts toward Scope 3 emission reduction, mainly through dialogue with major business partners and disclosure of information.

Each January, we host sustainability dialogue sessions to provide a forum for learning about and discussing sustainability with our partner companies. At that time, we introduce the NRI Group Environmental Policy and efforts to reduce greenhouse gas emissions. During this dialogue, we also ask our business partners to set targets for reduction of greenhouse gas emissions. In FY March 2022, the international climate NGO CDP* provided us with an explanation of how to set environmental targets. In addition, starting in FY March 2022, we have participated in the "CDP Supply Chain Program," with the aim of understanding greenhouse gas emissions in the supply chain

and considering ways to reduce them. Along with encouraging our business partners to disclose information related to climate change, we are working to understand and identify the emissions generated by the products and services that NRI uses.

* CDP: A non-profit organization mainly involved in asking companies and local governments, at the request of highly environmentally aware institutional investors around the world and major purchasing companies, to disclose information about their measures to address environmental problems such as climate change, safeguarding water resources, and protecting forests, and through that, encouraging them to put such measures into place. CDP is an information disclosure platform that currently provides the world's most beneficial information pertaining to environmental problems.

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

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 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 tides 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 third 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 third 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.

Initiatives Regarding the TCFD Final Report

NRI's Initiatives Regarding the TCFD Final Report

The NRI Group established our Sustainability Activities Committee to carry out initiatives a foundation 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 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 2018 we began publicly releasing information about our progress at the annual ESG Briefing*2.

In FY 2018, we identified risks and opportunities throughout the NRI Group's overall business. In FY 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. Since FY 2020, targeting a different business every year, we have been conducting a scenario analysis to calculate the financial impact on each profit center.

TCFD Scenario Analysis Implementation Status

	FY March 2019	FY March 2020	FY March 2021 & FY March 2022
Implementation details	Study the scenarios and identify risks / opportunities • Identifying the 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 business	Consulting		Consulting
			Asset Management Solutions
	Financial IT Solutions		Securities Solutions
	Industrial IT Solutions		Report target for FY March 2022
	Data Centers	Data Centers	

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 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. Subsequently, in light of trends in society, we revised the scenario of less than 2°C to a scenario of 1.5°C.

+ Opportunity　– Risk

Business Field	1.5°C or lower scenario		4°C scenario	
Consulting	+	The demand for client corporations to make changes leading to decarbonization will increase demand for NRI's knowledge and solutions related to sustainability.	–	There is the risk that intensified natural disasters envisioned in the 4°C scenario will cause stagnation of the macro economy, hurt the profitability of clients, and impact business sales.
Financial IT Solutions	+	Compared to independent system development by individual corporations, NRI's shared online services will enable significant reduction in power consumption, CO_2 emissions, and cost. Furthermore, demand can be increased by raising the renewable energy usage rate aimed at achieving RE100.	–	If the profitability of financial institutions decreases due to climate change becoming a factor in asset damage and long-term stagnation of the macro economy, there is the risk of impact on demand for provided services.
Industrial IT Solutions	+	Support for increasing the efficiency of the supply chain and distribution processes will contribute to low carbonization. The advancement of related initiatives in the future will create opportunities for increasing demand.	+	NRI believes that providing a cloud-based system will minimize damage in the event of a natural disaster, thereby limiting the risk to our customers.
Data Centers	+	By FY March 2050, we seek to establish carbon-free data centers which use renewable energy for all electric power. We believe that these data centers will create increased demand in conjunction with increased environmental awareness among our clients.	+	The risk of business stoppage is reduced by considering natural disasters when selecting locations, as well as by implementing a mutual backup system using multiple data centers. This creates opportunities for increasing demand.
			–	There is the risk of increased expenses such as equipment maintenance / renewal expenses and cooling expenses due to power malfunctions caused by natural disasters, and due to an increase in days on which the temperature exceeds 30°C.

Natural Capital

Scenario Analysis for the Capital Markets & Wealth Management Solution Business

In FY March 2022, we conducted a scenario analysis for the Capital Markets & Wealth Management Solution business, which is part of the Financial IT Solutions business.

[Business model analysis]
To identify risks and opportunities in the Capital Markets & Wealth Management Solution business, we first conducted a business model analysis for the same. The services provided by the Capital Markets & Wealth Management Solution business are broadly classified into ASP (Shared Online Services) and SI (System Integration). We surveyed the relationships between

these services and the variation factors of sales, likely to be affected by climate change events. The below illustration demonstrates these relationships.

Within ASP services, we identified that sales variation factors differ between wholesale and retail. We learned, that "number of transactions" and "number of functions used per client" hugely impact wholesale. While for retail, in addition to these, "share price, asset balance, and revenue from securities firms" are the most important factors. On the other hand, for SI services, "number of contracts" is the variable affecting sales.

Within the climate-related events, blue represents "transition risk" which indicates the economic and social transition due to climate change, while orange is for "physical risk" indicating the physical change caused by climate change.

With regard to "transition risk," we determined that a likely increase in utility and equipment (such as servers) costs to sustain and manage the service due to the adoption of carbon pricing (including a carbon tax) would pose a significant risk to NRI's ASP services.

On the other hand, we believe market reforms, such as sustainability bond market classification, sustainability ranking of companies, and increased pressure/demand to be environmentally-conscious, will create opportunities for NRI's securities services with more individual investors focusing on sustainable investments.

With regard to "physical risk," we determined that the risk is high for society as a whole, including NRI, because the entire macro economy will come to a halt or stagnate.

Variation Factors of Sales and Business for Capital Markets & Wealth Management Business (Figure 1)

Variation factors of sales expected to be affected by climate-related events

			Number of transactions	Share price, asset balance & brokerage firm revenue	Number of contracts	Number of functions utilized per customer
Shared online services (STAR, I-STAR)	Wholesale	• Combination of fixed and usage-based pricing • Fixed:Usage-based=4:6	◎			◎
	Retail	• Combination of fixed and usage-based pricing (Fixed:Usage-based=6:4) • Transaction oriented standard system	◎	◎		◎
SI		• NRI develops as per client's needs with specifications determined by the client			◎	

Risk and Opportunity Analysis
We then conducted a risk / opportunity analysis. We surveyed impacts on our services and potential changes in the external environment in response to climate-related events, and analyzed whether these posed risks or opportunities for NRI. The results are shown in the Figure 2.

Risk and Opportunities for Capital Markets & Wealth Management Solution Business (Figure 2)

○ Opportunity × Risk △ Can be an opportunity / risk

	Climate-related events	Anticipated changes	Risk / Opportunity	Related business (sales & expenses)
(1)	Introduction and strengthening of transition policies, such as carbon pricing (carbon tax), etc.	Changes in the corporate competitiveness and corporate value affect the asset balances	△	Shared online services for retail
(2)	Introduction of carbon pricing (carbon tax, etc.)	Increased costs of servers and other equipment as a result of higher utility costs due to carbon pricing	×	Shared online services (NRI internal costs)
(3)	Market reform (related to sustainable finance), more pressure/demand for an environmentally conscious behavior	Sustainability linked market reforms (e.g. classification, tax incentives, etc.) and increasing environmental consciousness will lead to more sustainable investments by individual investors	○	Shared online services (number of transactions, brokerage firm revenue), SI
(4)	Changes in trading terms and conditions and increased pressure and demand for environmentally conscious behavior	The ratio of renewable energy utilization will be introduced under the terms and conditions of a transaction	— (No impact)	Shared online services, SI
(5)	Changes in trading terms and conditions and increased pressure and demand for environmentally conscious behavior	In response to the introduction of renewable energy percentage to be utilized in a transaction, procuring renewable energy can partially increase costs. However, it can be controlled if the renewable energy cost is reduced	×	Shared online services, SI (NRI internal costs)
(6)	Escalating natural disasters	Market trading suspension due to severe natural disasters (On the other hand, creating a competitive advantage by developing countermeasures better than others)	×	Shared online services
(7)	Escalating natural disasters	As a countermeasure to the severe natural disasters, a response to wide-area damage is necessary	×	Shared online services (NRI internal costs)
(8)	Escalating natural disasters and changing weather patterns	Increased costs as a result of offshore development being replaced with domestic alternatives due to the severity of natural disasters. Increase in manpower costs due to higher resource prices, etc.	×	Shared online services, SI (NRI internal costs)

[Calculating Financial Impact]
Next, we predicted how variation factors of profit would change based on the anticipated changes and calculated financial impacts for each climate-related event. The below illustration shows the calculation methods used. We predicted the anticipated changes from climate change events and derived a method for calculating the financial impact.

Method for Calculating Financial Impact for Capital Markets & Wealth Management Solution Business (Figure 3)

	Climate-related events	Summary of anticipated changes	Analysis methods (impact and incidence)
(1)	Introduction and strengthening of transition policies, such as carbon pricing (carbon tax), etc.	Impact of carbon pricing, etc. (Share prices)	Impact on share prices is estimated on the basis of the GPIF report, by utilizing the rate of fluctuations and estimating the impact on NRI after estimating the brokerage firm's revenue
(2)	Introduction of carbon pricing (carbon tax, etc.)	Impact of carbon pricing (Procurement)	As estimated impact of the expected increase in electricity prices in Data Centers in case of a carbon tax introduction
(3)	Market reform (related to sustainable finance), more pressure/demand for an environmentally conscious behavior	Impact of increased private investment (Share prices)	The impact on NRI is estimated based on the expected increase in the share price as a percentage of the market value of sustainable investments by individuals
(4)	Changes in trading terms and conditions and increased pressure and demand for environmentally conscious behavior	Impact of renewable energy procurement (Procurement)	Assuming that we can retain our clients by introducing renewable energy in line with the existing targets (i.e., License to operate). The impact is estimated on the anticipated increase in electricity prices
(5)	Changes in trading terms and conditions and increased pressure and demand for environmentally conscious behavior		
(6)	Escalating natural disasters	Impact of natural disasters (Share prices)	Estimated based on the GPIF report taking into account the rate of fluctuation in physical impacts
		Impact of natural disaster (Trading suspension)	Estimated based on the impact of a 1-2 day trading suspension
(7)	Escalating natural disasters	Impact of wide-area disaster response	Considering the degree of fluctuation in cost based on existing cost data
(8)	Escalating natural disasters and changing weather patterns	Impact of offshore development shutdown (Manpower cost)	Estimated based on a 10% to 20% of offshore production shutdown, and the cost to substitute that domestically

(1) The adoption and strengthening of policies for transitioning to carbon price (carbon tax, etc.) were estimated to have an impact on NRI through the profits of securities firms due to fluctuations in share prices.

(2) Since it is expected that electricity price will rise if a carbon tax is adopted, we are looking at the impact in terms of cost increase for NRI due to the increase in electricity prices.

(3) For market reform (sustainable finance-related) and increasing pressure and demand for environmentally-conscious behavior, we believe that expanding sustainable investment to individual investors will become an opportunity for NRI. We used the Fermi estimation to predict the increase in sustainable investment and estimated the impact on NRI.

(4) Changes in trading terms and conditions and (5) increased pressure and demand for environmentally-conscious behavior anticipate that renewable energy will become more prevalent and that use of renewable energy will be introduced into the trading terms and conditions with clients. Based on the assumption that NRI can maintain business with clients by adopting renewable energy as targeted, we estimate the cost impact of switching to renewable energy compared to existing electricity.

(6) Assuming that the market would be suspended due to a natural disaster, we estimated the decrease in sales, etc. that would occur if trading were to be suspended for one or two days.

(7) The cost of responding to widespread damage caused by intensifying natural disasters in estimated with reference to existing data.

(8) It is assumed that overseas development will be suspended due to intensifying natural disasters and that development will be domestically substituted. We are looking at the cost impact of substituting in Japan if overseas development were to cease operations by 10%–20%.

Natural Capital

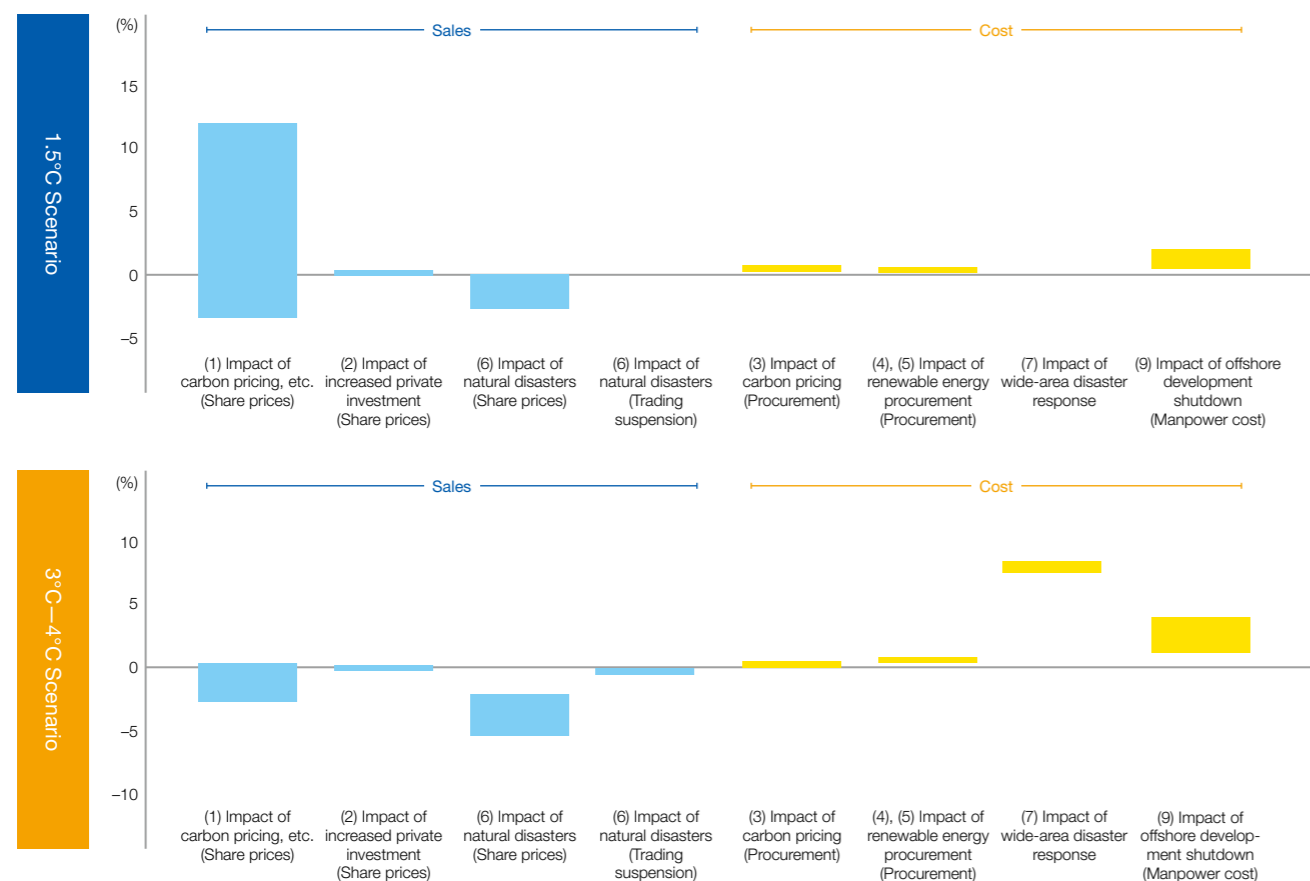Financial Impact for Capital Markets & Wealth Management Solution Business (Figure 4)

Figure 4 shows the impact on sales and expenses due to anticipated changes (1) through (8) in the Figure 3 by range of effects in the 1.5°C and 3°C to 4°C scenarios, respectively.

The blue graph on the left depicts the impact on sales. The impact of carbon price on share prices is calculated by the GPIF in the form of value-at-risk, which is the impact of climate change on share prices. According to this, in the 1.5°C value-at-risk case, opportunity is high and the share price is expected to rise by about 25%, and NRI's sales increase rate is estimated to be high, through securities firms' profits. The physical impact from natural disasters is limited. It is estimated that the 1.5°C scenario and even the 3°C–4°C scenario could result in negative sales of about 3% and 5%, respectively.

The yellow graph on the right depicts the cost-related impact, and the positive portion represents a cost increase for NRI. The impact of carbon price and renewable energy procurement is not expected to lead to significant cost increases. The impact of natural disasters is expected to be greater than other expenses such as the cost of repairing facilities, etc., in response to wide-area disasters, and higher labor costs due to the suspension of overseas development (offshore development) and the substitution of such development in Japan.

*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 and 1.5°C scenarios, the NRI Group utilizes 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). In addition, as necessary, we utilize RCP 1.9 and use IPCC Special Report on the impacts of global warming of 1.5°C (SR1.5) as a supplement. For the 4°C scenario, we use the IPCC's RCP8.5 (high reference scenario) and IEA Stated Policies Scenario (STEPS).

External Recognition

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

June 2020
Race to Zero

March 2022
GX League Basic Concept

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 four consecutive years from 2018
Dow Jones Sustainability Asia Pacific Index
Included for six consecutive years from 2016

MSCI ESG Leaders Indexes*
Name of indexes changed from MSCI Global Sustainability Indexes
Included for six consecutive years from 2006

FTSE4Good Developed Index
Included for sixteen consecutive years from 2006

NRI has been included in all five ESG stock indices selected by the GPIF for domestic stocks from the very beginning.

MSCI Japan ESG Select Leaders Index*

MSCI Japan Empowering Women Index*

FSTE Blossom Japan Sector Relative Index

FTSE Blossom Japan Index

S&P/JPX Carbon Efficient Index

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

04

Governance

Supporting Healthy, Sustainable Growth, and

Higher Medium- to Long-Term Business Value

CONTENTS

Talking about Governance

To Further Boost NRI's Business Value

Hideaki Omiya ✕ Yasuo Fukami

Outside Director   Chairperson of the Board of Directors

Initiatives for Improving the Atmosphere and Effectiveness of the Board of Directors

Fukami: At NRI, we are working to improve how the Board of Directors operates based on effectiveness evaluations. In 2022, we began holding Roundtable Discussions for Members of the Board and Audit & Supervisory Board Members for directors and auditors to exchange opinions outside the Board of Directors. Today I would like to focus our discussion on efforts to improve the atmosphere and effectiveness of the Board of Directors itself.

Omiya: It seems to me that time is managed very smoothly in NRI Board of Directors meetings. While there are some things that still need to be ironed out, the materials and presentation methods are concise, which also speeds up our understanding. Authority is also being delegated, and the Board meetings seem to be running very well.

I also serve as an outside director at another company, but they seem to have a more outspoken atmosphere there. People there often say unpredictable things. Sometimes it happens where a conversation starts between outside directors, and someone from inside that company then cuts

into their conversation. Compared to that, it seems like NRI's Board of Directors is a little more serious. At the other company, there are also opportunities to exchange opinions in places outside the Board of Directors. That helps to better understand each person's character, the points that matter most to them, and their level of understanding. Although it also somewhat depends on the character of each company, I think we could express our opinions more candidly in our Board if NRI also offered such opportunities. In that sense, I think this new Roundtable Discussion initiative is very meaningful since it allows us to hold discussions in a different atmosphere than in the Board of Directors. It has brought out different opinions than before. I would even advise that we could be a bit bolder in the way we go about this.

Fukami: Presenters are trained beforehand in the Senior Management Committee to speak concisely at Board of Directors meetings. I also do this myself, with an understanding of the difference in purposes between the Board of Directors and the Senior Management Committee. For the materials and documents as well, we are diligently making improvements such as presenting more of the background, to facilitate decision-making in the Board of Directors.

The Roundtable Discussion is an initiative that began only recently, but I think it has become an excellent forum for discussions. I hope to see it continue into the future.

Omiya: At the same time, to someone from a manufacturing background, the workings of business in the IT industry seem complicated. For example, in our business with finance, the way we work at financial institutions is structured and the parts THE STAR handles are complicated, as are the relationships with the numerous and many different types of competitor companies. When we get the order for such a project, if we can get disclosures of information such as how broadly it will extend organization-wise and that it will enable us to expand our scope both upstream and downstream, I think we can realize certain things from that. Members of the Board are interested from the vantage point of what lies beyond the project. NRI's business is B2B, so although we understand that the circumstances and requirements differ from one client to the next, it would be good to discuss how much we want to invest after receiving disclosures about our past, present, and future relations with the clients in relation to the project, and about their situations. As a Member of the Board, I want to suggest strategies and tactics with the potential upstream, downstream, and organization-wide breadth of the project in mind. Since I cannot give advice beyond the scope of my own knowledge and experience, if the strategic role of the project is presented I will probably be able to give advice that can increase effectiveness.

NRI's business gives the impression of being highly refined. Personally, I am also handling this role with a sense of vigilance as I try to gain deeper insight into NRI's business.

Fukami: There are hardly ever any explanations about individual clients in Board of Directors meetings, but we have account plans for each client which we continuously pass down. I also think it would be great if there could be a little more explanation about that point as well.

Omiya: I occasionally give requests and comments for making the Board of Directors more effective, which are handled very quickly. This makes me feel like we are steadily heading in the right direction. NRI has the mechanisms and passion for self-directed improvement, and that mentality is also ingrained, so I am not particularly worried about the future.

Considerations for the Next Long-term Management Vision: Group Vision 2030

Fukami: Since around the summer of 2021, we have been advancing our considerations for the next long-term management vision, Group Vision 2030 ("V2030"). In order to proceed with these considerations more openly and freely, we established an opportunity for everyone to express their opinions in the Roundtable Discussion even as the vision is still in the considerations phase.

Omiya: For strategies, particularly for something like a long-term management vision, more opinions come out in discussions when the incubation stage is still not fully complete. As a result, I think everyone gains a deeper understanding about which direction everything should proceed, which makes the plan itself more convincing. It really does seem to have been very effective that we were able to hold discussions about the next long-term management vision this time in the stages before its completion. In addition to long-term management visions, I think it will also increase effectiveness if we can discuss various other business challenges early-on in this manner.

It also seems beneficial for long-term management vision considerations such as these to be done as a team. Those who participated in the considerations are the people who will take over in the future, so establishing camaraderie between them early on will increase team unity and help to shape an even stronger management team.

Global Business

Omiya: For our global strategy, there are some Members of the Board who say that we should lower the ambitious targets set out in the Medium-Term Management Plan. However, executives including President Konomoto felt that these are necessary for NRI and had strong determination to pursue them no matter what. As a result, that determination is now blossoming. We are finding companies that are growing, acquiring them, and producing solid results, aren't we? The cases that are currently progressing smoothly are highly commendable.

In 2021, we acquired Core BTS as a springboard for entering North America. Competition in North America is fierce, but just like in Australia we are expecting growth there as well.

Fukami: Until two years ago, our performance had also been sluggish in Australia, and we dealt with various struggles. The circumstances there eventually changed and business got off the ground, which is comforting in this case. It seems like we made the right moves at the right time. If things had gone poorly in Australia, we probably would not be talking about North America.

NRI's Strengths and Challenges

Fukami: From your perspective as an outside director, what are NRI's strengths and challenges?

We will continue evolving, to make the Board of Directors more effective.

Omiya: In my opinion, NRI's strengths are its outstanding human resources, organizational environment, and culture. I had heard that NRI has a culture of going beyond organizational boundaries to learn from others, such as to share case studies of projects throughout the Company. It really surprised me to see the attitudes here of proactively sharing lessons each person has learned without compensation or reward, and at the same time learning and absorbing from others. The fact that working as a systems integrator involves sharing many things beyond segment boundaries is probably also a factor, but I think these activities are highly conducive to accumulating knowledge as an organization.

Fukami: NRI has an organization that pushes productivity improvements and provides development methodologies and expertise, but on the other hand, the practice of taking the initiative does seem to be functioning effectively. When projects are bustling, people can be seen asking for help from others all over the Company. The culture and atmosphere of the organization can also drastically change when people from different backgrounds in the Company get involved in projects. It could naturally energize the organization, and even create opportunities to acquire new knowledge or foster a culture of doing so. You could even say that the culture of helping each other is functioning brilliantly.

Omiya: Another characteristic of NRI seems to be that the projects last for around one to two years rather than long-term, resulting in frequent opportunities for learning. There is also an adaptive attitude in which people are open to incorporating new ideas that they deem effective from among those that they hear via the various interactions and socializing inside the Company. As a result, proficiency levels seem to increase both as individuals and as an organization as projects proceed.

With projects bustling the way they are now, that is all the more reason to be concerned about issues like personnel shortages and employee work conditions. That would likely be one of the challenges NRI is facing now. To secure human resources, we are actively hiring both new graduates and mid-career, but we probably need to think of other methods as well.

Fukami: As measures to bolster our development resources, I feel that we need to diversify and raise ability levels from various standpoints. People would seem to be both a strength and a challenge.

Sustainability Management

Fukami: NRI advocates sustainability management with the perception that a company is sustainable when it practices both ESG and Creating Shared Value (CSV) in its activities. As we work toward our identified materiality, we particularly focus on the CSV aspects of how much we can increase social value and business value.

Omiya: NRI came about through the merger of a systems integrator and consulting firm in 1988. After that, we were listed on the stock exchange in 2001, and now it seems we have existed for three generations until now. Our first generation who remember the merger are now reaching retirement age, and I have heard there is a generation gap between our second generation who joined after the merger, and the third generation who joined after our public listing. If we only manage our organizations with the same approach as the first generation, our Company might head in the wrong direction. In order to understand where the problem is heading, I make it a point to take a firsthand perspective and get an intuitive feel for it myself. From the perspective of ESG as well, I think we also need to keep a watchful eye on the worksites and actively listen to what employees have to say.

Managers need to respect the mentality of each generation and handle their business appropriately with work-life balance in mind.

Fukami: We have just recently deployed V2030 at the worksites in its framework stage and asked younger employees for their opinions about it. Our younger employees who comprise the third generation do not stop at critique alone. They also present suggestions about what they would do, which I find to be quite encouraging.

Omiya: NRI was one of the first to advocate policies for sustainability management and value co-creation, including DX 3.0. I think value co-creation is in the process of being ingrained into each individual employee, but it seems many are still not connecting it to their own work. However, we need to advocate sustainability management as a management policy. It is unmistakably important. If we show ourselves taking that position in society, it will also help us acquire more talented human resources.

Expectations and Aspirations for NRI

Fukami: Please share your expectations and aspirations for NRI from your perspective as an outside director.

Omiya: NRI builds and operates a large number of core systems in a variety of industries and oversees people's community infrastructure just as it does hardware. Domestically, NRI can also be considered the leading player in the field of finance. Therefore, now may be the time for everyone who works at NRI to begin feeling responsibility toward Japan's government and economy.

For example, I think social DX which we work on in DX 3.0 is one methodology for satisfying the needs of Japan's government and people, as well as people throughout the world. Considering that NRI is an industry leader, we probably already have the capability and practical skills to manage the stakeholders and lead entire industries in a positive direction through projects such as the nationwide "My Number" individual number system.

Working on projects that impact society is an opportunity to gain a higher perspective than we have now. However, achieving high profitability at the same time might also feel like somewhat of a dilemma. Ultimately, I think it boils down to the concept of what a company actually is.

I am very much looking forward to seeing NRI operate its business with enthusiasm for playing a leadership role in Japan's economy, in good balance with profitability.

I look forward to seeing NRI operate its business with enthusiasm for playing a leadership role in Japan's economy.

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.

PDF NRI Corporate Governance Guidelines
https://www.nri.com/en/company/governance#guidelines

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 listing

Year	
2002	● 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 Independent Outside Audit & Supervisory Board Members from one to two
2003	● 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	● Established the Compensation Committee comprising outside experts to enhance transparency in regard to executive compensation
2006	● Reduced the number of members of the Board to 15 or less
2008	● 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	● Appointed non-executive director to chair the Board of Directors to separate supervisory and execution functions
2012	● Newly established the Integrated Risk Management Supervisory Department to appropriately manage any risk that may arise in the course of business execution
2015	● 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	● 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	● Newly established the Nomination Committee, comprising mainly Independent Directors ● Changed the main members of the Compensation Committee from outside experts to Independent Directors
2018	● Abolished stock option plan ● Introduction of Restricted Stock Compensation Plan as a medium- to long-term incentive for Members of the Board
2022	● In order to clarify the roles of Members of the Board and Senior Managing Directors, the President and other positions with the titles of Members of the Board and Senior Managing Directors have been consolidated into Senior Managing Directors

Corporate Governance Structure
(As of July 1, 2022)
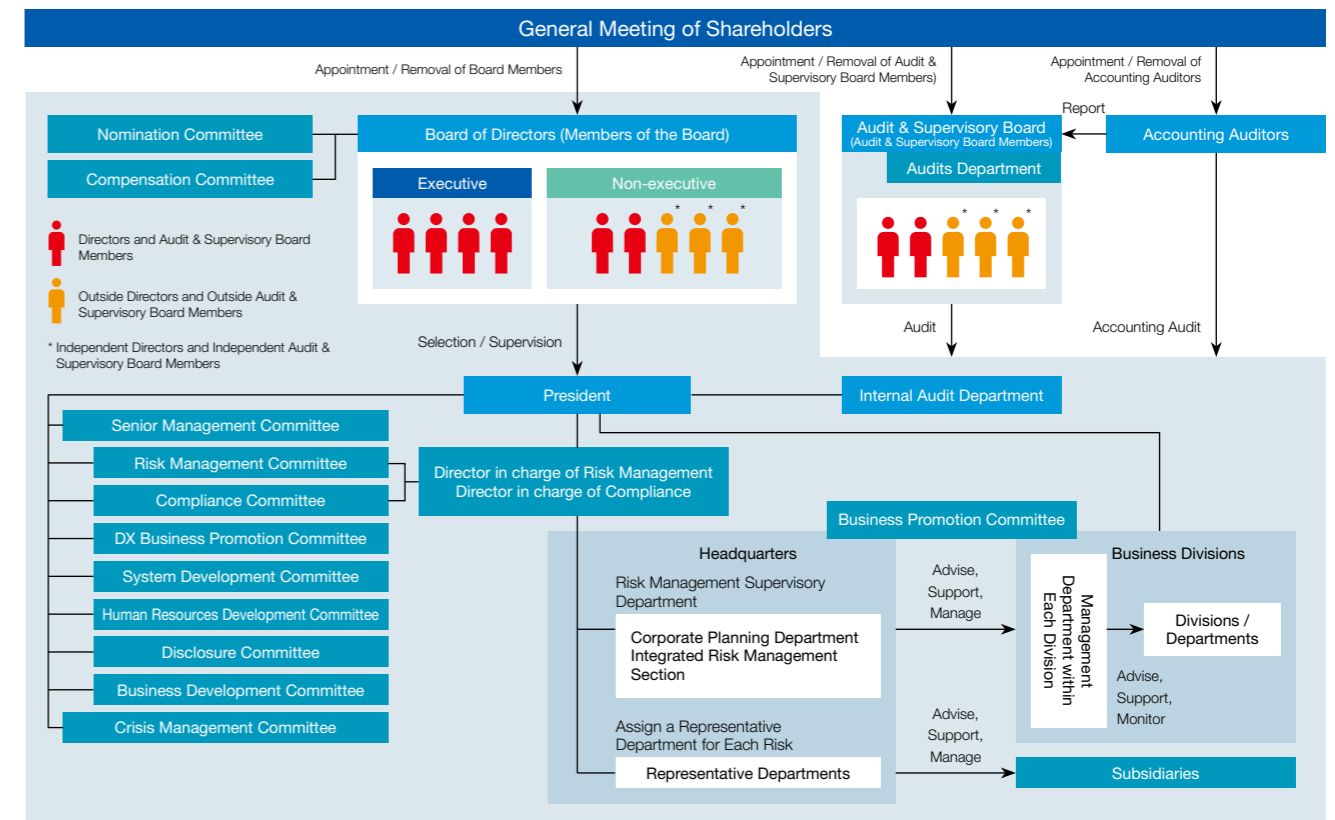
Roles and Activities of Committees

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.	Vice Chairman, Member of the Board Yasuo Fukami
Audit & Supervisory Board	Discuss and decide auditing policies and other important matters related to auditing and formulate and express audit opinions.	Audit & Supervisory Board Member Takuhito Sakata
Nomination Committee	The majority of the members shall be Independent Outside 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.	Vice Chairman, Member of the Board Yasuo Fukami
Compensation Committee	The majority of the members shall be Independent Outside Directors. The Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.	Vice Chairman, Member of the Board Yasuo Fukami
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.	Chairman and President & CEO Representative Director Member of the Board Shingo Konomoto
Integrated Risk Management Committee	Based on instructions given by the President, the Committee deliberates on important issues concerning risk management, including system failure, information security, and business continuity.	Senior Executive Managing Director Representative Director Member of the Board Hidenori Anzai
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.	Senior Executive Managing Director Representative Director Member of the Board Hidenori Anzai
DX Business Promotion Committee	Based on the instructions given by the President, the Committee deliberates on important issues concerning promotion of the DX business.	Senior Executive Managing Director Hiroshi Masutani
Human Resources Development Committee	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President.	Senior Executive Managing Director Representative Director Member of the Board Hidenori Anzai
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.	Senior Corporate Managing Director Yoshihiko Sunaga
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.	Senior Corporate Managing Director Susumu Nishimoto
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.	Senior Corporate Managing Director Yoshihiko Sunaga
Crisis Management Committee	Based on instructions given by the President, 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.	Senior Executive Managing Director Representative Director Member of the Board Hidenori Anzai
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.	Senior Corporate Managing Director Yoshihiko Sunaga

Board of Directors and Advisory Committees

NRI has delegated considerable authority and responsibility for business execution to Senior Managing Directors and other Directors. The Board of Directors is exclusively responsible for fundamental decision-making that is the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. The Audit & Supervisory Board Members and Audit & Supervisory Board oversee the execution of duties by Members of the Board.

Senior Managing Directors and Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on policies adopted by the Board. NRI holds a Senior Management Committee attended by the President, 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.

Main Contents Deliberated on by the Board of Director (July 2021–June 2022)

	Main Contents	
Management / business strategy	● Next Long-term Management Vision ● Status of software investment/development ● Domestic and foreign acquisitions and investment	● Client proposal projects ● Business plan (budget formulation)
Executive appointment matters (including remuneration)	● Officer appointment matters ● Reports from each Committee	● Matters related to directors' compensations ● Human resources strategy (systems / human resources diversity)
Governance and sustainability	● Policy for revising the Corporate Governance Code ● Report on initiatives by Sustainability Activities Committee ● Report on initiatives by Value Co-Creation Committee	● Evaluation of efficacy of Board of Directors
Policy on reporting and finance	● Status of annual, quarterly, and monthly reporting ● Status of funds and finances (financing, capital policy)	● Policy on surplus and dividends ● Annual Securities Report
Risk management and internal controls	● Risk management status ● Group governance policy (Japan and overseas)	
Audit & Supervisory Board Members, internal auditing report	● Audit plan by Audit & Supervisory Board Members ● Report by Internal Audit Department (organization under direct supervision of the president)	
Business execution report	● Quarterly report on business execution status ● Main agenda items of Senior Management Committee meetings (business execution)	
Other	● IR status ● Selection of market category	

Status of Advisory Committees

NRI has established a Nomination Committee and a Compensation Committee in order to ensure the independence and objectivity of the functions of the Board of Directors, as well as the ability of the Board to explain to shareholders. The majority of each committee are independent directors.

	Nomination Committee	Compensation Committee
Positioning	● The Nomination Committee is composed of a majority of Independent Directors. It was established to ensure the independence, objectivity, and explanatory power of the functions of the Board of Directors regarding the appointment of officers such as Members of the Board, Audit & Supervisory Board Members, the President and other Senior Managing Directors, and Managing Directors.	● The Compensation Committee consists of a majority of Independent Directors, and was established to ensure the independence, objectivity, and explanatory power of the functions of the Board of Directors regarding Directors' compensation.
Meetings	● 3 meetings	● 3 meetings
Main contents	● Deliberation on the appointment of Members of the Board, candidates for Audit & Supervisory Board Members, the President and other Senior Managing Directors, and Managing Directors and other executives ● Deliberation on succession plan for CEO ● Deliberation on the composition of the Board of Directors	● Deliberations on basic compensation, bonuses, and stock-based compensation for Members of the Board, Audit & Supervisory Board Members, Senior Managing Directors, and Managing Directors and other executives ● Deliberation on the compensation system for Members of the Board, Audit & Supervisory Board Members, Senior Managing Directors, and Managing Directors and other executives (the Directors Compensations System), and on levels of compensation ● Deliberation on revision of policy for determining compensation, etc., and submission of proposals to the General Meeting of Shareholders in conjunction with review of the Directors' Compensations System

Annual Schedule of the Board of Directors

	2021		2022	
	July–September	October–December	January–March	April–June
The Board of Directors	▼ ▼ ▼	▼ ▼ ▼	▼ ▼ ▼ ▼	▼ ▼ ▼ ▼
Management / business strategy	▼ ▼ ▼	▼ ▼ ▼	▼ ▼ ▼ ▼	▼
Executive appointment matters (including remuneration)		▼	▼	▼ ▼
Governance and sustainability	▼	▼ ▼ ▼	▼	▼ ▼
Policy on reporting and finance	▼	▼ ▼	▼	▼ ▼ ▼
Risk management and internal controls	▼	▼	▼ ▼	▼ ▼
Audit & Supervisory Board Members, internal auditing report	▼ ▼			
Other	▼ ▼		▼	▼ ▼
(Independent executive committee)	2 meetings	1 meeting	2 meetings	1 meeting

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.

Structure of the Board of Directors

Has a well-balanced composition of executive directors, non-executive directors, and Outside Directors.

The Board of Directors includes no more than 15 Members of the Board, taking into consideration the balance of experience in and the Company's businesses, corporate management, risk management, corporate finance, and overseas businesses, as well as gender, internationality, professional experience, and accumulated knowledge in light of the medium- to long-term management strategies.

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.

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

* After assuming the post on June 18, 2021

Name & Position	Gender (Male / Female)	Executive / Outside / Independent	Terms of office	Expectations for Leveraging Knowledge Related to Strategy			Specialized Fields	Experience and Qualifications in Specialized Fields			Attendance	Reason for Appointment
				Innovation	Global	HR Management		Corporate Management	Business / Corporate Operations	Qualifications		
Shingo Konomoto Chairman and President & CEO, Representative Director, Member of the Board	Male	Executive	7 years	●	●	●	Corporate Management	CEO			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 Vice Chairman, Member of the Board	Male	Non-executive	3 years		●	●	Business / Corporate Affairs / Quality		IT Solutions / Corporate Affairs		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 corporate administration. Currently, from the position of a non-executive director and as chair of the Board of Directors, he works to properly operate and revitalize the Board of Directors. Furthermore, as chair of the Nomination Committee and Compensation Committee, he works to formulate and operate a plan for successors, and to ensure objectivity and fairness in nomination of directors and determination of compensation. 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.
Yo Akatsuka Vice Chairman, Member of the Board	Male	Non-executive	New election	●	●	●	Finance / M&A		Director of securities company		—	He has held various positions such as Senior Managing Director of Nomura Holdings, Inc. and Senior Executive Managing Director of Nomura Securities Co., Ltd. He possesses many years of experience in the securities business, one of NRI's major business areas. He also possesses abundant experience and achievements in global business. For example, he oversaw the management of Nomura Holdings America, Inc., an overseas subsidiary of the NRI Group. 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.
Hidenori Anzai Representative Director, Member of the Board, Senior Executive Managing Director	Male	Executive	1 year		●	●	Business / Corporate Affairs / Quality		IT Solutions / Corporate Affairs		Board of Directors Attended 11 of 11 Meetings*	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 knowledge nurtured through his career can be utilized in the management of NRI.
Ken Ebato Representative Director, Member of the Board, Senior Executive Managing Director	Male	Executive	1 year	●		●	Business		IT Solutions		Board of Directors Attended 11 of 11 Meetings*	NRI has appointed him with the expectation that the experience and knowledge nurtured through his career can be utilized in the management of NRI.
Shuji Tateno Member of the Board, Senior Executive Managing Director	Male	Executive	New election		●	●	Business		IT Solutions		—	He possesses a broad range of experience and achievements in execution of business in the consulting, industrial IT solutions, and IT infrastructure solutions business areas. He also contributes to the promotion of global strategies centered on the industrial IT solutions business area, such as overseas M&A. 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 Member of the Board	Male	Non-executive Outside Independent	4 years	●	●	●	Corporate Management	Listed company CEO			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 Member of the Board,	Female	Non-executive Outside Independent	2 years	●	●	●	ESG / SDGs / Human Resources Diversity		Listed company executive		Board of Directors Attended 14 of 14 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 her abundant experience and excellent understanding gained throughout her career, she has contributed to enhancing the Company's management monitoring function, such as deepening deliberation 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 Member of the Board	Male	Non-executive Outside Independent	1 year	●	●	●	Corporate Management	Listed company CEO			Board of Directors Attended 11 of 11 Meetings*	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. Utilizing his abundant experience and excellent understanding gained throughout his career, he has contributed to enhancing the Company's management monitoring function, such as expressing a wide range of opinions on 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.
Takuhito Sakata Audit & Supervisory Board Member (full-time)	Male	—	2 years	●		●	Governance and Internal Control / Business		IT Solutions		Audit and Supervisory Committee Attended 17 of 17 Meetings, Board of Directors 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.
Motoya Nishimura Audit & Supervisory Board Member (full-time)	Male	—	3 years	●		●	Governance and Internal Control / Business		Consulting / IT Solutions		Audit and Supervisory Committee Attended 17 of 17 Meetings, Board of Directors Attended 14 of 14 Meetings	He possesses a wide range of experience in the business execution and achievements in the areas of consulting and financial IT solutions, and in corporate departments. 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.
Kenkichi Kosakai Audit & Supervisory Board Member	Male	Outside Independent	1 year		●	●	Corporate Management	Listed company vice president / CFO			Audit and Supervisory Committee Attended 13 of 13 Meetings, Board of Directors Attended 11 of 11 Meetings*	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 CEO. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding corporate management gained throughout his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Naruhito Minami Audit & Supervisory Board Member	Male	Outside Independent	New election		●	●	Governance and Internal Control / Corporate Accounting			CPA	—	He serves as Director and Managing Partner of an audit firm, and possesses experience in the management of an audit firm and long-standing experience as a certified public accountant. NRI requests his election 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 business by NRI's Directors from an objective standpoint.
Yasuko Takazawa Audit & Supervisory Board Member	Female	Outside Independent	New election		●	●	Governance and Internal Control		Listed company executive	Lawyer	—	She has many years of experience working in corporate legal departments and as a lawyer. NRI requests her election as Outside Audit & Supervisory Board Member to utilize her abundant experience and excellent understanding concerning corporate governance and risk management, which he has gained through her career, in the auditing of the execution of business by NRI's Directors from an objective standpoint.

Concept of Skill Categories

- Based on our management strategy, expected items related to the specified strategy are described as "expectations of demonstrating knowledge on a strategy."
- We have categorized and described the "specialized field" and "experience and qualifications related to specialized fields" that are necessary to promote the strategy.

Content of Each Skill Category

Expectations for Leveraging Knowledge Related to Strategy	Specialized Fields	Experience and Qualifications in Specialized Fields
[Innovation] (DX Strategy) [Global] (Global Strategy) [Human Resource Management] (Human Resource / Resource Strategy) * Set items based on Medium-Term Management Plan * Expectations for leveraging multi-faceted knowledge on business promotion, risk policy, etc., from the perspective of specialized fields	[Corporate Management] Expertise in business, corporate affairs, quality, governance, and internal control that goes beyond specific fields [Business] Leadership of business divisions [Corporate Affairs] Business management, governance, and internal control [Quality] Project management / Risk management [Finance] Knowledge of the finance and securities industries to which our major clients belong [M&A] [ESG] [SDGs] [Human Resources Diversity] [Governance / Internal Control] [Corporate Accounting] Knowledge of individual fields	[Corporate Management] Experience as CEO or vice president of a listed company [Business / Corporate Operations] Experience as a general manager of a business division, supervisor of a corporate division, or as an officer of another company [Qualifications] Possession of advanced public qualifications

Concept on "Expectation of Demonstrating Strategic Knowledge"
- Professionals with experience in corporate management are expected to demonstrate knowledge of all strategies
- For innovation and globalization, a black circle (●) is entered for the strategy that is mainly expected based on the length, content, etc., of experience
- Human resources management is the cornerstone of NRI, and we have high expectations for all Directors and Audit & Supervisory Board Members

Knowledge of General Business Management
- In addition to the above, all Directors and Audit & Supervisory Board Members are expected to demonstrate multifaceted knowledge that leverages their respective areas of expertise

Demonstrating Skills of Outside Directors

Outside Directors demonstrate their skills in various aspects of NRI.

In FY March 2022, Outside Director Shinoi Sakata will participate in the Female Leader Training Program, an annual training for specially-selected female employees as an initiative to promote women's participation and advancement in the workplace as part of diversity and inclusion. At the program, Sakata used her personal knowledge to conduct a dialogue with trainees.

Outside Directors demonstrate their skills not only in business, but also in strengthening the framework that supports value co-creation by NRI.

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 (basic compensation, bonuses, and stock-based compensation).

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

The maximum compensation total

Total Compensation ¥2,000 million		
[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) ¥800 million*
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 ¥240 million*	Stock-based compensation as medium-term incentives ¥560 million*
	It is positioned as a long-term incentive aimed at promotion of the sharing of value with shareholders through share ownership and sustainable improvements in the Company's corporate value. The transfer restriction term is from the day of allotment to the day of retirement as an officer, etc., of NRI or its subsidiary.	It is positioned as a medium-term incentive aimed at improvements in the Company's medium-term results and share price as represented in the Medium-Term Management Plan. The transfer restriction term is from the day of allotment and lasts between three and five years thereafter.

* 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 2022 is as follows. If basic compensation is equalized to "1," the bonus is "0.9" and stock-based compensation is "1.6." If fixed compensation is "1," performance-based compensation is "2.5."

Compensation Ratio for Director Compensation (FY March 2022)

[Fixed compensation] Basic compensation 1	[Performance-based compensation] 2.5	
	[Short-term performance-based compensation] Bonuses 0.9	[Medium- to long-term performance-based compensation] Stock-based compensation 1.6

(Note) 1. Calculations are based on the Board of Directors average for FY March 2022 (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.

Resolution at General Meeting of Shareholders Concerning Compensation for Members of the Board, Etc.

At the 57th Ordinary General Meeting of Shareholders held on June 17, 2022, we received approval to revise the amount of compensation, etc. for Members of the Board, and set the amount of compensation, etc., for NRI's Members of the Board to ¥2 billion or less per year (of which ¥300 million per year is for Outside Directors). For the amount of compensation, etc., for Members of the Board related to the stock-based compensation, within the annual amount of ¥2 billion for that year, we received approval for within ¥800 million for the total annual amount of monetary compensation claims provided for granting restricted stock to eligible Members of the Board (within ¥240 million for stock-based compensation as long-term incentives and within an annual amount of ¥560 million for stock-based compensation as medium-term incentives).

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 2022 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	Restricted stock-based compensation	Total			
Members of the Board	738	264	205	265	471		2	12
(Of which Outside Member of the Board)	43	43	—	—	—		—	4
Audit & Supervisory Board Member	181	111	51	16	68		1	6
(Of which Outside Audit & Supervisory Board Member)	70	53	17	—	17		0	4

(Note) 1. The above includes three Members of the Board, including one Outside Members of the Board, and one Audit & Supervisory Board Member, including one Outside Audit & Supervisory Board Member, who retired at the conclusion of the 56th Ordinary General Meeting of Shareholders held on June 18, 2021.
2. 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 2022 is shown. Because the amounts of the "restricted stock-based compensations" is 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 Compensation Ratio for Director Compensation.
3. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance

Initiatives for Issues Recognized in Effectiveness Evaluations

Effectiveness Evaluation of the Board of Directors

Evaluation Process
- NRI evaluates the Board of Directors' effectiveness through the following series of processes: (1) Preparation for evaluation, (2) Evaluation, (3) Evaluation and analysis, (4) Reporting and disclosure, and (5) Reform of operations. In step "(2) Evaluation," we conducted a self-evaluation questionnaire for all Directors and Audit & Supervisory Board Members, and exchanged opinions with Independent Directors in the form of discussions and individual interviews in order to understand more specific issues.

(1) Preparation for evaluation	(2) Evaluation	(3) Evaluation and analysis	(4) Reporting and disclosure
• Review of evaluation method • Questionnaire design	• Questionnaire response • Exchange of opinions / interviews	• Identification of issues • Review of response measures	• Report by Board of Directors • Disclosure

(5) Reform of operations
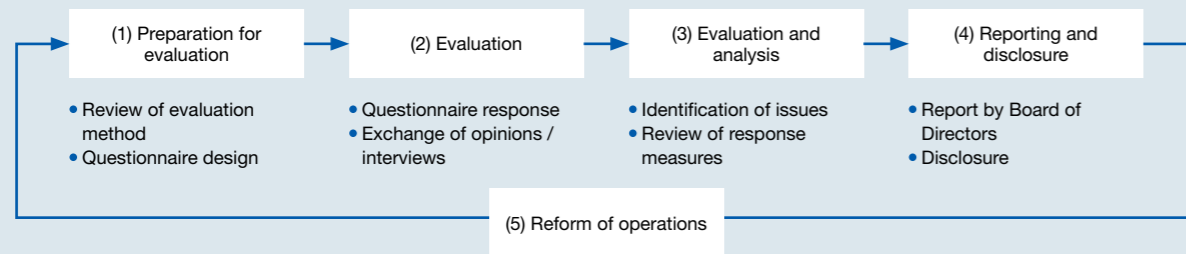
Review of Evaluation Method for FY March 2022
- Prior to evaluation, in step "(1) Preparation for evaluation," we conducted interviews with Outside Directors and Outside Audit & Supervisory Board Members in March 2022. As a result of considering the survey items and structure based on opinions received during those interviews and responses to the self-evaluation survey conducted in FY March 2021, we decided to expand the free entry field of the questionnaire in order to grasp a wider range of issues. Based on the results of questionnaire responses, we held discussions on effectiveness at the Independent Executives Meeting and exchanged in-depth opinions on the opinions expressed in the questionnaire with each Independent Executive. Based on these results, we held evaluation and analysis at the Board of Directors, and discussed issues from each evaluation perspective.

Initiatives for Issues Recognized in Effectiveness Evaluations

Initiatives for Issues Recognized in the FY March 2021
- We implemented the following initiatives in response to various issues identified in the effectiveness evaluation for FY March 2021.

(1) Further improve the quality of deliberation by ensuring opportunities and devising methods to provide information to Outside Executives
We started sharing materials and minutes from Senior Management Committee meetings in order to provide information related to deliberation by the executives.

(2) Promote ongoing discussion on the composition and diversity of the Board of Directors
One woman was appointed to replace one of the Audit & Supervisory Board Members whose term of office will expire in June 2022.

(3) Hold further discussions on DX and global business strategies based on the Medium-Term Management plan
We repeatedly deliberated on regional strategies and specific projects in North America and Australia as relates to projects and status of progress for globalization aimed at accelerating the expansion of business domains.

(4) Enhance discussions on the ideal form of Group governance
We devised a policy to strategically position Group companies, to classify those companies into types based on business characteristics and risks, and to pursue a balance among business promotion, governance, and internal control. We also began creating guidelines for implementing governance.

(5) Enhance discussions on future risks associated with business environment changes and strategy promotion
During deliberations on the next Long-Term Management Vision, we discussed the risks surrounding NRI.

Overview of Board of Directors Effectiveness Evaluation for FY March 2022

Overview of Effectiveness Evaluation
- The Board of Directors has determined that the effectiveness of the Company's Board of Directors is generally ensured, and that the Board's operations are steadily improving. The following is an overview of the evaluation.

a. Composition and Status of Operation of the Board of Directors

- A well-balanced composition ratio of executive directors, non-executive directors, Independent Directors and the diversity of their experience and areas of expertise are being maintained, and a structure to ensure appropriate decision-making and oversight is in place. Based on future business conditions and management strategies, we recognized the need to continue discussing the composition and diversity of the Board of Directors.
- Active explanation of opinions and presentation of recommendations from Outside Executives and other constructive discussions and exchanges of views are carried out by the Board of Directors as a whole. We expect that the quality of discussions will be further improved by additionally clarifying the points of discussion in the materials and devising methods of providing information to Outside Executives.

b. Support for Directors

- Opportunities are provided for Outside Executives to obtain necessary information by receiving explanations from executives as appropriate, such as by participating in the Group's management strategy meetings.
- In order to further revitalize discussions at meetings of the Board of Directors, it is desirable to provide a forum for free and open exchange of opinions among Outside Executives and between Outside Executives and Senior Management Directors.

c. Management Strategy

- Discussions on DX strategy and global strategy, which are the priority themes of the Medium-Term Management Plan, and exchanges of views toward the formulation of the next Vision and Medium-Term Management Plan are being implemented continuously and appropriately.
- Strengthening of human resource management and resource allocation are foundations for growth, and it is desirable to hold further discussions on these themes.

d. Internal Control / Risk Management / Group governance

- Active discussions and exchanges of views are being held on Group governance, and information on the current status and issues of Company-wide initiatives were shared appropriately. In conjunction with the increase in the number of Group companies, in addition to clarifying the basic rules of governance, we recognized the importance of continuing discussions toward enhancing governance while confirming the operation status of implementation guidelines listing basic rules and the promotion status of initiatives at overseas Group companies.
- In regard to internal control and risk management, appropriate reports are being made and overall they are functioning effectively. It is desirable to implement further enhancements such as meticulous inspections for the maintenance status of Group companies.
- As geopolitical risks heighten, it is desirable to have more extensive discussions on countermeasures.

e. Committees

- In the Nomination Committee and the Compensation Committee, discussions and exchanges 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.

Based on this analysis and evaluation, NRI will continue to work to improve the effectiveness of the Board of Directors.

NRI Executives

New election | Executive | Non-executive | Outside | Independent

Members of the Board

Executive

Shingo Konomoto
Date of birth: February 11, 1960
Chairman and President & CEO
Representative Director
Member of the Board (240,306 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
Head of Business, Head of Consulting
Jun. 2019 Chairman and President & CEO, Representative Director, Member of the Board
Jun. 2022 President & CEO, Chairman, Member of the Board, Representative Director (present)

Non-executive

Yasuo Fukami
Date of birth: August 12, 1960
Vice Chairman, Member of the Board
Chairperson of the Board of Directors (112,218 shares)

Apr. 1983 Joined the Company
Apr. 2011 Senior Managing Director
Deputy Division Manager of Distribution & Communication Solution Division
Apr. 2016 Senior Corporate Managing Director
Head of Distribution, Communication & Industrial Solutions
Division Manager of Distribution & Communication Solution Division
Apr. 2017 Senior Corporate Managing Director
Head of Corporate Administration
Apr. 2019 Senior Executive Managing Director
Head of Corporate Headquarters
Jun. 2019 Representative Director, Member of the Board, Senior Executive Managing Director
Head of Corporate Headquarters
Apr. 2021 Vice Chairman, Member of the Board (present)
Chairperson of the Board of Directors (present)

New election | Non-executive

Yo Akatsuka
Date of birth: July 14, 1965
Vice Chairman, Member of the Board (—)

Apr. 1990 Joined The Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Apr. 2014 Senior Managing Director of Nomura Holdings, Inc.
Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2016 Senior Managing Director of Nomura Holdings, Inc.
Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2020 Senior Managing Director of Nomura Securities Co., Ltd.
CEO of Nomura Holding America Inc.
Mar. 2022 Executive Vice President of Nomura Securities Co., Ltd.
Apr. 2022 Advisor of Nomura Securities Co., Ltd.
Jun. 2022 Vice Chairman, Member of the Board of the Company (present)

Executive

Hidenori Anzai
Date of birth: November 9, 1964
Representative Director
Member of the Board
Senior Executive Managing Director
Supervising of Corporate Headquarters (102,924 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
Apr. 2019 Deputy Division Manager of Systems Development Innovation Division
Senior Corporate Managing Director
Supervising of Corporate Administration
Apr. 2021 Senior Executive Managing Director
Supervising of Corporate Headquarters
Jun. 2021 Representative Director, Member of the Board, Senior Executive Managing Director
Supervising of Corporate Headquarters (present)

Executive

Ken Ebato
Date of birth: October 28, 1963
Representative Director
Member of the Board
Senior Executive Managing Director
Supervising of Consulting, Supervising of Financial IT Solutions, Supervising of
IT Platform Services, Head of Capital Markets & Wealth Management Solutions,
Head of Asset Management Solutions (145,189 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
Apr. 2022 Representative Director, Member of the Board, Senior Executive Managing Director
Supervising of Consulting
Supervising of Financial IT Solutions
Supervising of IT Platform Services
Head of Capital Markets & wealth Management Solutions
Head of Asset Management Solutions (present)

New election | Executive

Shuji Tateno
Date of birth: May 2, 1964
Member of the Board
Senior Executive Managing Director
Supervising of Industrial IT Solutions / Supervising of Global Headquarters (129,543 shares)

Apr. 1987 Joined the Company
Apr. 2014 Senior Managing Director
Deputy Division Manager of IT Platform Services Division
Apr. 2016 Senior Managing Director
Division Manager of Systems Consulting Division
Apr. 2019 Deputy Division Manager of Services & Industrial Solution Division
Apr. 2019 Senior Corporate Managing Director
Division Manager of Services & Industrial Solution Division
Apr. 2021 Senior Executive Managing Director
Head of Industrial IT Solutions
Apr. 2022 Senior Executive Managing Director
Supervising of Industrial IT Solutions
Supervising of Global Headquarters
Jun. 2022 Member of the Board, Executive Managing Director
Supervising of Industrial IT Solutions
Supervising of Global Headquarters (present)

Non-executive | Outside | Independent

Hideaki Omiya
Date of birth: July 25, 1946
Member of the Board (Note 1) (3,889 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. 2008 Member of the Board (Representative Director),
President and CEO of Mitsubishi Heavy Industries, Ltd.
Apr. 2013 Chairman of the Board (Representative Director) of Mitsubishi Heavy Industries, Ltd.
Jun. 2014 Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
Jun. 2018 Member of the Board of the Company (present)
Apr. 2019 Member of the Board, Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd. (present)
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

Non-executive | Outside | Independent

Shinoi Sakata
Date of birth: March 31, 1957
Member of the Board (Note 1) (432 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 Advisor of SUMITOMO CHEMICAL COMPANY, LIMITED
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
Jun. 2020 Member of the Board of the Company (present)

Non-executive | Outside | Independent

Tetsuji Ohashi
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.
Jun. 2021 Member of the Board of the Company (present)
Chairperson of the Board of Komatsu Ltd.
<Important concurrent positions>
Chairperson of the Board of Komatsu Ltd.
Outside Director of Yamaha Motor Co., Ltd.
Outside Director of Asahi Group Holdings, Ltd.

Audit & Supervisory Board Member

Takuhito Sakata
Date of birth: November 20, 1961
Audit & Supervisory Board Member (full-time) (150,791 shares)

Apr. 1984 Joined the Company
Apr. 2010 Senior Managing Director
Apr. 2011 Senior Managing Director
Deputy Division Manager of Distribution & Communication Systems Division
General Manager of Kansai Regional Headquarters
Apr. 2017 Senior Corporate Managing Director
General Manager of Chubu Regional Headquarters
Apr. 2019 Senior Corporate Managing Director
Deputy Division Manager of Cloud Computing Service Division
Jun. 2020 Counselor of the Company
Jun. 2020 Audit & Supervisory Board Member (present)

Motoya Nishimura
Date of birth: July 23, 1962
Audit & Supervisory Board Member (full-time) (70,546 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 of Services & Industrial Solution Division I
Apr. 2019 Counselor of the Company
Jun. 2019 Audit & Supervisory Board Member of the Company (present)

Outside | Independent

Kenkichi Kosakai
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 Advisor of Mitsubishi Chemical Holdings Corporation
Jun. 2021 Audit & Supervisory Board Member of the Company (present)
<Important concurrent positions>
Outside Director of Dai-Dan Co., Ltd.

New election | Outside | Independent

Naruhito Minami
Date of birth: January 15, 1953
Audit & Supervisory Board Member (Note 1) (—)

Aug. 1986 Joined Asahi Shinwa & Co. (currently, KPMG AZSA LLC)
Mar. 1990 Registered as a certified public accountant
Sep. 1993 Partner of Tokyo Akasaka & Co. (currently, GYOSEI & CO.)
Jan. 1999 Senior Partner of Tokyo Akasaka & Co. (currently GYOSEI & CO.)
Oct. 1999 Managing Partner of Tokyo Hokuto & Co. (currently GYOSEI & CO.)
Jul. 2010 Vice Executive Director, Partner of GYOSEI & CO.
Jul. 2017 Executive Director, Managing Partner of GYOSEI & CO.
Jun. 2022 Audit & Supervisory Board Member of the Company (present)
<Important concurrent positions>
Managing Partner of GYOSEI & CO.
Outside Auditor of FunPep Company Limited

New election | Outside | Independent

Yasuko Takazawa
Date of birth: November 20, 1963
Audit & Supervisory Board Member (Note 1) (—)

Apr. 1987 Joined Nippon Steel Corporation (currently, NIPPON STEEL CORPORATION)
Dec. 2009 Registered as an attorney at law
Joined SOGA, URYU & ITOGA Law Offices
Oct. 2010 Joined Kojima Law Offices
Sep. 2014 General Manager of Legal Department of MITSUBISHI MOTORS CORPORATION
Apr. 2017 Vice President of MITSUBISHI MOTORS CORPORATION
Apr. 2019 Corporate Officer of MITSUBISHI MOTORS CORPORATION (present)
Jun. 2022 Audit & Supervisory Board Member of the Company (present)
<Important concurrent positions>
Corporate Officer of MITSUBISHI MOTORS CORPORATION

1. Hideaki Omiya, Shinoi Sakata, and Tetsuji Ohashi are Outside Directors. Kenkichi Kosakai, Naruhito Minami, and Yasuko Takazawa 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 17, 2022.
3. For the Audit & Supervisory Board Members, 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, Kenkichi Kosakai was selected at the Ordinary General Meeting of Shareholders held on June 18, 2021, Naruhito Minami, and Yasuko Takazawa were selected at the Ordinary General Meeting of Shareholders held on June 17, 2022.
4. Figures in parentheses indicate number of the Company's shares held. These list the number of shares held as of April 30, 2022, 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.

Senior Executive Managing Directors

Hajime Ueda
Shigeki Hayashi
Hiroshi Masutani
Tomoshiro Takemoto
Hirofumi Tatematsu
Fumihiko Sagano

Senior Corporate Managing Directors

Yoichi Inada
Minoru Yokote
Namiki Kubo
Yuichi Higo
Tohru Yasumaru
Tomohiko Noguchi
Susumu Nishimoto
Yoshihiko Sunaga
Shoichi Ohno
Akira Matsumoto
Tetsuro Watanabe
Shigekazu Ohmoto
Yasuki Nakamaru

Senior Managing Directors

Katsutoshi Murakami
Yasushi Kobara
Hiroyuki Kawanami
Sonoko Kitagawa
Jun Odashima
Takeshi Hihara
Masaaki Yamazaki
Koji Shimizu
Hiroshi Koike
Ichiro Morisawa
Kazuya Kobayashi
Noriyasu Kogure
Kaga Yanagisawa
Kotaro Gunji
Hideki Saito
Katsuya Mori
Takefumi Ikeya
Noriyuki Takeda
Toshifumi Hara
Hiroyuki Nakayama

Managing Directors

Masashi Shimizu
Noriyuki Kobayashi
Akihiro Kamei
Takao Yamaguchi
Masakazu Amamiya
Akiko Tabaru
Hirofumi Miyatake

Research Directors

Yasuki Okai
Kotaro Kuwazu
Fumihiko Kamio

Counselors

Naohiro Sako
Hisao Nakajima

Fellow

Minoru Aoshima

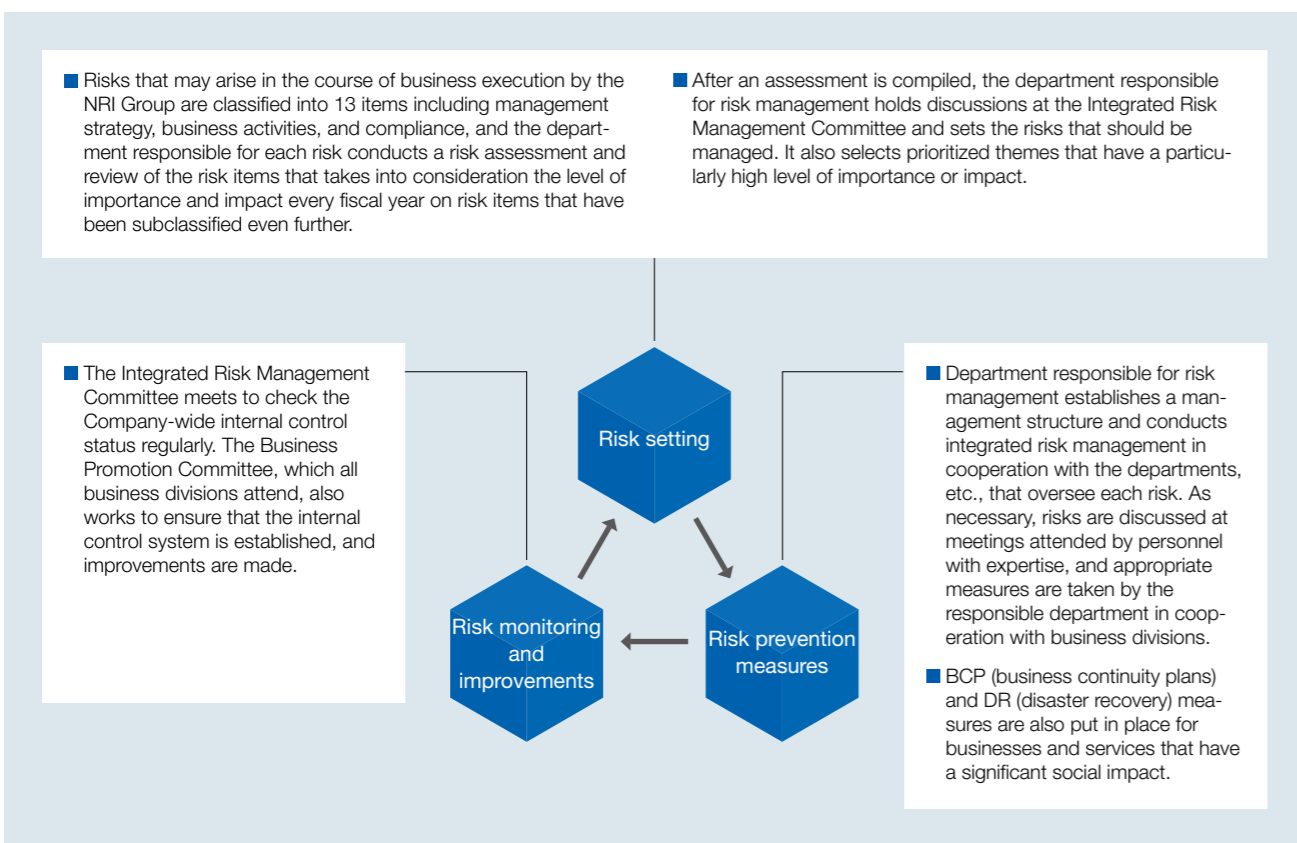# Internal Controls, Corporate Ethics, and Compliance

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

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

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

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

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

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

- Risk setting
- Risk prevention measures
- Risk monitoring and improvements

Priority themes for FY March 2023

I Continue proper management of quality risks for our systems in operation
II Improve the management preparedness of information security
III Further strengthen the management of project risks
IV Develop internal control systems suitable for NRI
V Implement appropriate preparation for fulfilling our business continuity responsibilities
VI Improve the quality of working environments to adapt to a variety of working styles

Internal Audits Conducted by the Internal Audit Department

The Internal Audit Department (20 employees), which functions directly under the President, 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

- President (Committee Chief Ethics Officer)
- Director in charge of Compliance
- "Whistleblowing system" (referred to as "Compliance Hotline") (Internal / External)
- Report
- Integrated Risk Management Committee
- Compliance Committee
- Disciplinary Action Committee
- Secretariat of the Compliance Committee

Headquarters
Corporate Planning Department
Integrated Risk Management Section
- Overall risk assessment
- Overall total of Fundamental Rules monitoring results

- Division Manager General Manager
- Notification

Representative Departments
- Risk materialization monitoring
- Implementation of risk reduction measures
- Implementation of Fundamental Rules monitoring

- Regular employees
- Temporary employees

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.

05

Business Segments

Responding to a wide range of social needs through four businesses

CONTENTS

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

	Revenue by Segments for FY March 2020 (year-on-year changes)	Revenue Including Inter-Segment Revenue (billions of yen)	Operating Profit / Margin (billions of yen / %)

Consulting ⤷ P.122

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.

¥42.8 billion (+14.9%)

Revenue Including Inter-Segment Revenue: 20.3 JGAAP 39.6 / 20.3 39.6 / 21.3 IFRS 38.1 / 22.3 44.4

Operating Profit / Margin: 20.3 9.5 (24.0) / 20.3 9.4 (24.0) / 21.3 10.0 (26.4) / 22.3 12.8 (28.9)
Operating profit ● Operating margin

Financial IT Solutions ⤷ P.123

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

¥303.6 billion (+5.4%)

Securities ¥133.3 billion (2.2%)
Insurance ¥68.8 billion (12.1%)
Banking ¥47.0 billion (6.2%)
Other financial ¥54.3 billion (7.8%)

Revenue Including Inter-Segment Revenue: 20.3 JGAAP 276.9 / 20.3 276.9 / 21.3 IFRS 292.0 / 22.3 308.3

Operating Profit / Margin: 20.3 35.0 (12.7) / 20.3 34.1 (12.3) / 21.3 36.2 (12.4) / 22.3 43.8 (14.2)
Operating profit ● Operating margin

Industrial IT Solutions ⤷ P.124

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

¥222.5 billion (+19.6%)

Manufacturing, service and other ¥154.3 billion (24.6%)
Distribution ¥68.2 billion (9.8%)

Revenue Including Inter-Segment Revenue: 20.3 JGAAP 181.4 / 20.3 181.4 / 21.3 IFRS 189.5 / 22.3 229.9

Operating Profit / Margin: 20.3 19.7 (10.9) / 20.3 22.0 (12.2) / 21.3 19.4 (10.3) / 22.3 25.4 (11.1)
Operating profit ● Operating margin

IT Platform Services ⤷ P.125

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
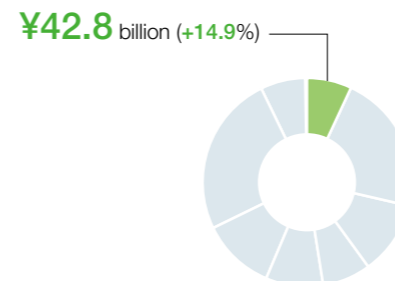
¥42.6 billion (+9.7%)

Revenue Including Inter-Segment Revenue: 20.3 JGAAP 138.8 / 20.3 138.6 / 21.3 IFRS 142.6 / 22.3 157.5

Operating Profit / Margin: 20.3 18.4 (13.3) / 20.3 19.4 (14.0) / 21.3 19.7 (13.9) / 22.3 20.9 (13.3)
Operating profit ● Operating margin

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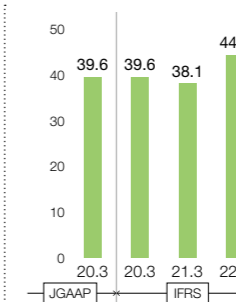
Note: Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.

Consulting

The Consulting segment provides management consulting services for policy planning for government agencies, strategy planning and business operation reforms of companies, and system consulting services for all phases of IT management. As one of the largest consulting firms in Asia with more than 1,000 consultants in Japan and overseas, we have a strong track record in overseas markets such as 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.

Management Consulting

Since its establishment in 1965, NRI has worked in a wide range of industrial fields to formulate strategies, reform business operations, and support the formulation and achievement of policy by governments and government agencies. We actively support our clients' globalization, which is at various stages in each industry and company.

Visualization and Structuring of Management Issues

Insight into issues
- Trust from clients backed by high client satisfaction
- Providing information from diverse perspectives based on think tank DNA
- Consultants who possess in-depth knowledge of their clients and industries
- Shift high-quality human resources to full stacking consultants
- Digital response capability

Identify client management issues

× High-quality proposals to match each client

Provision function for achieving results for clients

Surveying, construction of strategies → PoC (Proof of Concept) → Execution

↓ ↓ ↓

Subsequent issues such as system design and M&A

Clarification of related themes and issues

System Consulting

Through many years of experience, NRI has accumulated extensive knowledge on the business, operations, IT, and digital technology of Japanese corporations. We sincerely strive to resolve our clients' issues and work together with clients to help them achieve DX.

Client industry: Finance | Manufacturing | Logistics | Other Industries | Public Sector

Functions required to achieve DX:
- DX 3.0 planning (Social issue resolution business plan)
- Lead DX (Data utilization, PoC, systemization plan)
- Technology design (Digital technology, information security)
- IT management (Organizational reform, accompanying support, human resource development)

Comprehensive system consulting that achieves client DX by combining functions and industries

Financial IT Solutions

NRI has been leading the trend of "from owner to user" in information systems of financial institutions for over 40 years. Through the collaboration between researchers or consultants who are sensitively aware of the environmental changes surrounding financial business and business analysts or digital human resource providing IT solution services, NRI has kept producing the next generation solutions and supporting the business continuity of financial institution sin various aspects.

IT Solutions for financial business
https://www.nri.com/en/service/solution/fis/all

Solutions for Securities Business

NRI provides the full range of IT services needed for securities companies such as a joint-use service in back-office operations of retail or wholesale (THE STAR/I-STAR), and a support system to advise retail investors. These services are used by a wide variety of financial institutions including Japanese securities companies, foreign securities companies, and more recently, players entering from different industries.

We are also proactively engaging in Japan's "My Number" national ID system related platform business (e-BANGO, e-NINSHO, e-PO box etc.) including e-BANGO, capable of connecting to the STAR series in accordance with the government's digital government policy. In addition to the IT services mentioned above, we provide BPO services to support our clients' businesses through our group company, DSB Co., Ltd.

Solutions for Asset Management Business

We provide joint-use services (T-STAR Family, Fundweb Transfer, Smart Bridge Advance, etc.) and investment information services (IDS) so as to provide total support for asset management business, including management of trust property and investment advisory, management of pension funds, etc. In addition, we provide BPO service in order to support business continuity, improvement of the quality of operations, and productivity, which is utilized by many asset management companies, insurance companies, etc.

Moreover, in response to the recent expansion in the number of funds and working assets as well as the diversification of investment destinations, we are also providing support for digitalizing business operations, including paperless systems and expanding new contents such as ESG data which are becoming increasingly important.

By providing solutions to support problem-solving for business operation, we continue to work on the further sophistication and expansion of asset management business.

Solutions for Insurance Business

Based on a wealth of knowledge gained from many years of working with insurance systems, we offer total support from the design of basic operations system to construction/operation for non-life insurance companies and public/mutual aid enterprises. The joint-use service (e-JIBAI), which follows the rules of compulsory automobile liability insurance system, has become a substantial industry standard as a solution for insurance administration, management, and settlement operations. Recently, we have started providing services for small-amount and short-term Insurance (mini-insurance) (insDirect/MP), which is diversifying due to digitalization, and services for non-life insurance using telematics* technology. NRI is working daily to build systems corresponding to changes in the insurance industry's business environment, insurance products and services, and business processes.

Solutions for Banking Business

We provide solutions for back-office operations in major banks, trust banks and regional banks as well as for internet banking (Value Direct), In particular, BESTWAY/JJ, the joint-use service that was launched in light of lifting the ban on over-the-counter sales of investment trusts by banks, gives a comprehensive support for the management of defined contribution pension accounts, from the sales support for investment trusts at sales offices (front) to the management of account (back), and contributes to the sales expansion of investment trust in many banks / trust banks. In recent years, we are working towards the transformation of the financial services function as a social infrastructure by constantly challenging a new field with a goal of achieving the sophistication of services in the banking business, including solutions for new types of banks such as convenience stores and internet-only banks, and measures toward participation of different industries in financial services.

* Telematics: The term created by integrating "telecommunications" and "infomatics", it is a system of providing all sorts of information and services by using on-board devices such as car navigation system or GPS, and a mobile communication system.

Industrial IT Solutions

NRI's Industrial IT Solutions business provides integrated services spanning consulting to development and operations as a business partner of top companies in the distribution, manufacturing, telecommunications, and industrial services industries, based on our many years of experience and track record of building and operating mission-critical systems. In recent years, we have been researching and developing key technology components to achieve DX, and are responding to our clients' DX construction needs.

DiPcore

DiPcore

DiPcore is a componentized key technology for achieving client DX. NRI combines advanced AI algorithms and cloud technology to research and develop components that can be incorporated into e-commerce sites and core business systems.

Using DiPcore makes it possible to flexibly respond to business requests that are difficult to respond to with AI package solutions, and to provide speedy DX construction requirements.

Enterprise IP Series
Enterprise IP is a group of algorithms that combine technologies such as machine learning and optimized calculations to achieve business automation and optimization. Using Enterprise IP makes it possible to generate an analysis model optimized for the client's business and incorporate that model into the core system. NRI's data scientists and business analysts collaborated to create Enterprise IP in response to our clients' business strategies.

Engineering IP Series
Engineering IP is a set of software components such as templates, frameworks, and e-commerce containers that dramatically heighten the productivity and quality of DX system development. Engineering IP has accumulated the know-how for flexible and speedy construction of systems. It improves development QCD through automation technology and componentization.
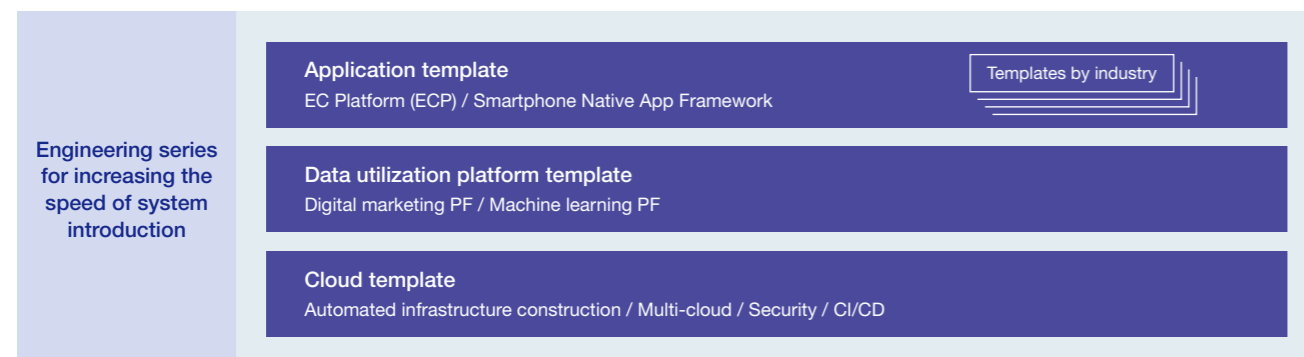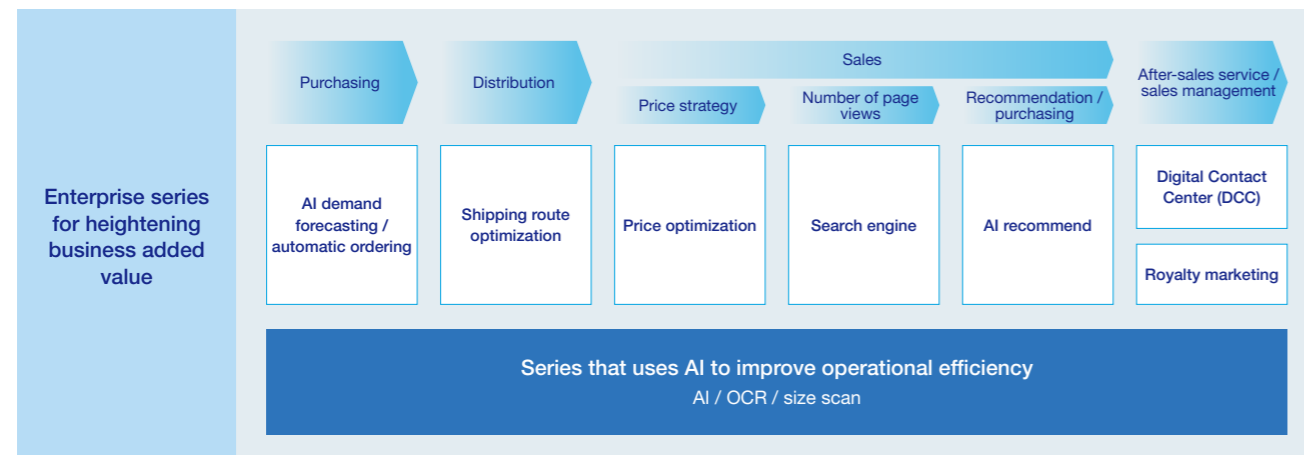
* We plan to sequentially expand the lineup in the future

IT Platform Services

As systems grow in scale and complexity along with changes in business activities and the evolution of information technology, the IT infrastructures which serve as the foundation for these systems are becoming increasingly important. NRI's IT Platform Services segment anticipates and strategically incorporates advanced technologies into each of its services and solutions in order to achieve and support the transformation of clients.

Managed Services	Experts in each area provides total support for DX transformation
Advanced Technology Acquisition / Co-creation with Clients	Creating digital business from a technology driven and client-driven perspective
Security Service	Information security specialists provide comprehensive support to solve a wide range of security issues.

'Zero Trust' Provides Safety and Security in an Advanced IT Society

An increasing number of companies are using remote work in response to the COVID-19 pandemic. In order to enable and spread remote work, it is important to have a security environment in which work can be done safely and comfortably regardless of location. The key technology for solving problems is "Zero Trust"*. NRI and NRI Secure Technologies, Ltd. provide a one-stop service from planning to operation of a Zero Trust workplace, thereby creating an environment where employees can engage in digital work with peace of mind.

* Zero Trust: A policy that disregards the concept of 'boundaries' between internal and external networks. Instead, it constantly monitors and verifies all access to information assets that must be protected without trusting anyone.
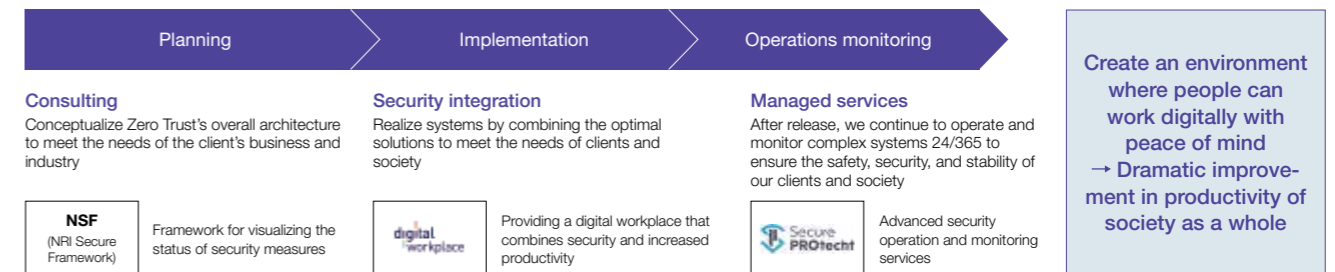
On March 14, 2022, NRI and LAC Co., Ltd. established Nuligen Security Co., Ltd. to provide managed security services for cloud platforms. The new company will bring together the wealth of security-related technology, knowledge, and experience accumulated by LAC Co., Ltd., NRI, and NRI SecureTechnologies, Ltd. By actively engaging in cutting-edge technology fields such as the use of artificial intelligence (AI), Nuligen Security Co., Ltd. will provide managed security services that support the realization of advanced cloud security required by enterprises.

NRI SecureTechnologies, Ltd.

https://www.nri-secure.com/

NRI SecureTechnologies was established in 2000 as an NRI Group company specializing in information security. As social transformation through DX accelerates, it is becoming increasingly important for companies to control security risks. NRI SecureTechnologies continuously provides high-quality services and products by accumulating not only technology, but also knowledge, and know-how, and by training world-class security personnel.

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

(millions of yen)

JGAAP

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

IFRS

	2020.3	2021.3	2022.3
Revenue	528,721	550,337	611,634
Cost of sales	346,101	364,539	395,562
Gross profit	182,620	185,798	216,071
Selling, general and administrative expenses	97,491	98,366	113,536
(The breakdown of cost of sales and selling, general and administrative expenses)			
Employee benefit expenses	164,707	171,521	196,600
Operations consignment expenses	179,721	190,008	217,175
Depreciation and amortization	39,383	40,911	41,941
Equipment and machinery expenses	42,954	46,819	47,597
Operating profit	85,625	80,748	106,218
Finance income & finance costs	(140)	(9,672)	(1,547)
Profit before tax	85,484	71,075	104,671
Income tax expense	26,388	18,497	32,878
Profit attributable to owners of parent	58,195	52,867	71,445
Total assets	565,229	656,536	789,655
Current assets	259,187	323,366	333,645
Cash and cash equivalents	100,778	153,187	115,610
Non-current assets	306,042	333,170	456,010
Property, plant and equipment	48,611	46,714	37,482
Goodwill and intangible assets	83,167	89,067	210,744
Goodwill	16,053	20,351	95,497
Other financial assets	55,189	59,254	69,219
Investment securities	31,190	34,780	44,220
Total liabilities	300,502	323,329	447,168
Current liabilities	156,179	174,348	298,342
Bonds and borrowings	11,822	23,844	116,941
Provisions	390	1,497	2,646
Non-current liabilities	144,322	148,981	148,826
Bonds and borrowings	91,186	93,651	91,275
Lease liabilities	36,261	35,748	29,952
Total equity	264,727	333,206	342,486
Cash flows from operating activities	112,838	84,594	98,137
Cash flows from investing activities	18,382	(20,522)	(130,547)
(Investing activities except cash management purpose investment)	—	(22,811)	(130,472)
Free cash flows	131,221	64,071	(32,410)
(Free cash flows except cash management purpose investment)	—	61,782	(32,335)
Cash flows from financing activities	(149,908)	(13,183)	(7,995)
Effect of exchange rate change on cash and cash equivalents	(3,734)	1,520	2,829
Net increase (decrease) in cash and cash equivalents	(22,421)	52,408	(37,576)
Cash and cash equivalents at end of period	100,778	153,187	115,610
Cash and cash equivalents + cash management purpose investment	—	154,847	117,368

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

(millions of yen)

		JGAAP				IFRS		
		2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Segment Information:								
External revenue	Consulting	30,574	34,577	34,839	38,572	38,572	37,246	42,807
(Revenue to	Financial IT Solutions	246,979	252,122	252,367	273,571	273,571	288,196	303,635
external clients)	Securities	119,128	118,397	100,309	112,762	112,762	130,427	133,316
	Insurance	51,982	51,836	64,874	66,374	66,374	61,441	68,894
	Banking	40,286	42,225	43,404	51,022	51,022	50,181	47,073
	Other financial	35,580	39,662	43,780	43,411	43,411	46,146	54,351
	Industrial IT Solutions	107,208	154,917	180,882	178,490	178,490	186,051	222,583
	Distribution	54,256	61,057	66,814	66,789	66,789	62,192	68,269
	Manufacturing, service and other	52,952	93,860	114,068	111,700	111,700	123,858	154,313
	IT Platform Services	29,241	29,870	33,153	38,239	38,087	38,843	42,607
	Others	10,544	—	—	—	—	—	—
External revenue	Consulting							
+ Revenue for	Revenue	31,161	35,332	35,481	39,612	39,612	38,155	44,414
each segment	Operating profit	5,853	6,561	7,786	9,515	9,494	10,059	12,820
	Operating margin (%)	18.8	18.6	21.9	24.0	24.0	26.4	28.9
	Financial IT Solutions							
	Revenue	248,188	254,567	255,162	276,937	276,937	292,038	308,376
	Operating profit	26,461	27,673	27,095	35,034	34,170	36,275	43,877
	Operating margin (%)	10.7	10.9	10.6	12.7	12.3	12.4	14.2
	Industrial IT Solutions							
	Revenue	107,672	157,585	183,580	181,438	181,438	189,551	229,921
	Operating profit	9,076	15,119	18,449	19,719	22,055	19,482	25,449
	Operating margin (%)	8.4	9.6	10.0	10.9	12.2	10.3	11.1
	IT Platform Services							
	Revenue	122,107	122,342	127,777	138,833	138,680	142,686	157,598
	Operating profit	14,015	14,764	17,130	18,454	19,450	19,785	20,955
	Operating margin (%)	11.5	12.1	13.4	13.3	14.0	13.9	13.3
External revenue	Consulting services	62,734	78,987	90,816	96,862	96,862	90,056	125,460
by service	System development &	131,908	138,111	150,467	161,703	161,703	183,847	196,000
	System applications sales							
	System management &	217,271	241,198	244,273	251,908	251,757	258,656	272,903
	Operation services							
	Product sales	12,634	13,191	15,686	18,399	18,399	17,777	17,269
Revenue to main	Nomura Holdings, Inc.	71,600	77,937	60,579	65,049	65,049	66,309	63,025
clients	Seven & i Holdings Co., Ltd.	45,285	47,001	49,109	52,434	—	—	—
Overseas	Overseas revenue	18,925	43,559	53,081	46,752	46,752	43,625	76,519
revenue	Overseas revenue ratio (%)	4.5	9.2	10.6	8.8	8.8	7.9	12.5%

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.
4. The classification of revenue is changed from the method based on the location of sales destinations to the method based on the location of the headquarters of each company.

(millions of yen)

		JGAAP				IFRS		
		2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Order volume	Consulting	34,609	36,285	34,315	39,352	—	39,957	44,546
	Financial IT Solutions	246,153	244,794	265,724	284,089	—	307,715	317,059
	Industrial IT Solutions	116,335	174,260	184,653	176,867	—	189,587	243,501
	IT Platform Services	31,423	30,154	33,467	40,671	—	37,083	45,126
	Others	10,463	—	—	—	—	—	—
	Total	438,986	485,494	518,161	540,980	—	574,343	650,233
Order backlog	Consulting	8,711	6,764	3,559	4,339	4,339	7,050	8,789
	Financial IT Solutions	148,893	141,574	154,930	165,449	165,449	184,968	198,391
	Industrial IT Solutions	67,650	94,120	100,572	98,949	98,949	102,484	123,402
	IT Platform Services	14,019	14,295	14,609	17,041	17,041	15,281	17,800
	Others	3,472	—	—	—	—	—	—
	Total	242,748	256,754	273,672	285,779	285,779	309,785	348,384

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.

(millions of yen)

	JGAAP				IFRS		
	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Production and Orders:							
Actual production	277,736	304,044	327,324	337,197	—	354,035	399,558
Subcontracting costs	126,361	135,522	150,635	161,305	161,353	171,560	194,766
Of which are subcontracting costs to Chinese companies	18,815	19,532	23,213	28,514	28,514	30,460	36,730
Subcontracting ratio (%)	45.5	44.6	46.0	47.8	48.1	48.5	48.7
Subcontracting ratio to Chinese companies (%)	14.9	14.4	15.4	17.7	17.7	17.8	18.9

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

(millions of yen)

	JGAAP				IFRS		
	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Capital Expenditures / Depreciation and Amortization / Research and Development Expenses:							
Capital expenditures	38,668	38,201	26,276	28,496	—	33,372	46,980
Capital expenditures (tangible)	13,640	16,188	5,615	6,684	—	11,712	10,990
Capital expenditures (intangible)	25,027	22,012	20,661	21,811	—	21,660	35,990
Depreciation and amortization	28,476	31,941	30,427	30,414	39,383	40,911	41,941
Research and development expenses	5,674	5,170	3,665	4,310	4,310	4,468	4,992

(%)

	JGAAP				IFRS		
	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Ratios:							
Gross profit margin	33.9	33.9	32.9	34.2	34.5	33.8	35.3
Operating margin	13.8	13.8	14.3	15.7	16.2	14.7	17.4
EBITDA margin	20.9	21.9	21.7	22.2	23.8	23.6	23.9
ROE	10.7	12.9	12.3	20.3	18.3	18.2	21.3
ROA	9.7	10.4	11.5	14.8	14.2	11.6	14.5
Gross D/E ratio (times)	0.13	0.19	0.15	0.40	0.61	0.36	0.62
Net D/E ratio (times)	—	—	—	—	0.20	(0.11)	0.27
Ratio of equity attributable to owners of parent to total assets	69.1	65.2	67.1	50.9	44.1	50.3	43.0
Price earnings ratio (PER) (times)	22.6	22.1	23.3	20.9	24.9	38.8	33.3
Dividend payout ratio	42.4	39.1	41.5	27.9	33.2	41.3	33.1
Total return ratio	66.4	129.8	113.4	258.9	326.8	60.2	117.1

(millions of yen)

	JGAAP				IFRS		
	2017.3	2018.3	2019.3	2020.3	2020.3	2021.3	2022.3
Per Share Information:							
Basic earnings per share	181	228	72	109	91	88	120
Diluted earnings per share	181	227	71	109	91	88	120
Equity attributable to owners of parent per share	1,750	1,760	587	455	418	547	575
Annual dividends per share	80	90	90	32	32	36	40

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 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 2022
https://www.nri.com/en/sustainability/library/report

E: Environment

Environmental KPI (NRI Group data):

	2018.3	2019.3	2020.3	2021.3	2022.3
Greenhouse gas emissions (compared with FY March 2014) (%)	30.0	38.2	43.8	48.7	72.1
Share of renewable energy in data centers (%)	0.1	0.1	0.1	1.6	56.9
Supplier's environmental target setting ratio (%) (Categories 1, 2 and 11 of Scope 3)	4.6	18.1	21.6	30.5	33.6

Greenhouse gas emissions (NRI Group data):

		2018.3	2019.3	2020.3	2021.3	2022.3
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)	73	64	58	53	28
Japan	(1,000t-CO_2)	70	61	56	53	28
Overseas	(1,000t-CO_2)	3	2	2	0	0
Total emissions (Scopes 1 + 2)	(1,000t-CO_2)	75	66	60	55	30
Japan	(1,000t-CO_2)	71	63	58	55	29
Overseas	(1,000t-CO_2)	3	2	2	0	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):

		2018.3		2019.3		2020.3		2021.3		2022.3	
		Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Number of employees		12,708	100	12,578	100	13,278	100	13,430	100	16,512	100
By region	Japan	8,821	69.4	9,004	71.6	9,495	71.5	9,912	73.8	10,236	62.0
	Europe	14	0.1	15	0.1	16	0.1	12	0.1	13	0.1
	U.S.	392	3.1	345	2.7	328	2.5	218	1.6	1,063	6.4
	Asia	2,052	16.1	1,761	14.0	1,860	14.0	1,903	14.2	1,904	11.5
	Of which China	1,465	11.5	1,168	9.3	1,244	9.4	1,289	9.6	1,323	8.0
	Australia	1,429	11.2	1,453	11.6	1,579	11.9	1,385	10.3	3,296	20.0

Employment related (Non-consolidated data):

	2018.3	2019.3	2020.3	2021.3	2022.3
New hires for the year (persons)	339	452	496	543	622
Turnover rate (%)*1	3.8	3.9	4.3	3.8	5.1
Voluntary employee turnover rate (%)*2	2.3	2.7	3.1	2.3	3.1
Average length of service (years)	14.6	14.6	14.7	14.7	14.8
New graduates hires retention rate after 3 years (%)	93.3	95.9	92.8	92.4	94.1
Average compensation: all employees (thousands of yen)	11,660	12,217	12,352	12,251	12,320

*1 Including mandatory retirees
*2 Not including mandatory retirees

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

	2018.3	2019.3	2020.3	2021.3	2022.3
Ratio of female employees (%)	19.3	19.8	20.4	20.8	21.7
Ratio of female managers (%)*	6.4	6.8	7.1	7.6	8.3
Ratio of female hires (%)	26.7	27.6	28.2	27.2	33.2

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

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

	2018.3	2019.3	2020.3	2021.3	2022.3
Pre- and post-childbirth leave (persons)	56	72	78	61	68
Childcare leave (persons)	85	105	123	149	164
Male (persons)	22	38	53	84	96
Female (persons)	63	67	70	65	68
Number of employees acquiring childcare leave and partner childbirth leave (persons)	252	261	260	273	243
of which acquired partner childbirth leave only (persons)	167	156	137	124	79
Number of employees utilizing shorter work hour system for childcare (persons)	107	112	103	108	94
Employees returning to work after childcare leave (female employees) (%)*1	97.0	96.7	98.1	100.0	97.0
Employees remaining in work after childcare leave (female employees) (%)*2	93.3	92.8	96.8	96.5	94.9
Nursing care leave (persons)	3	3	0	1	2

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):

	2018.3	2019.3	2020.3	2021.3	2022.3
Employees with disabilities (persons)	134	142	166	170	181
Percentage of employees with disabilities (%)	2.19	2.26	2.45	2.35	2.37

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

Health and productivity management (Non-consolidated data):

	2018.3	2019.3	2020.3	2021.3	2022.3
Average overtime hours per employee per year *1	—	—	—	8.1	8.3
Employees taking annual paid leave (%)	71.4	71.3	71.1	64.1	67.1
Employee work-related deaths (persons)	0	0	0	0	0
Work accidents (cases)*2	0	2	1	0	1

*1 Calculated as hours that exceed the statutory working hours (40 hours a week)
"—" indicates that the calculated value does not exceed the statutory working hours
*2 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):

	2018.3	2019.3	2020.3	2021.3	2022.3
Client satisfaction (%)*1	84.6	86.9	83.8	86.4	88.0
Employee satisfaction (%)*2	80.5	—	81.8	—	—
Engagement Score*3	—	—	—	—	70

*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.
*3 An engagement analysis tool provided by Atrae, Inc.
* Using the engagement analysis tool Wevox provided by Atrae, Inc., we surveyed employees at NIR alone and at five Group companies (NRI SecureTechnologies, NRI Social Information System Services, NRI Digital, Nomura School of Advanced Management) with a high percentage of employees seconded from NRI.

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

	2018.3	2019.3	2020.3	2021.3	2022.3
Books published	15	20	21	18	21
Contributions to newspapers and magazines (times)	298	306	290	353	309
Public lectures given (times)	962	922	911	666	765
TV / radio appearances (times)	158	267	155	227	244

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

		2018.3	2019.3	2020.3	2021.3	2022.3
Entries to the NRI Student Essay Contest		1,767	1,444	2,300	1,925	3,043
Supporting career education programs	No. of schools	24	31	29	2	4
	No. of students	733	850	704	41	131

G: Governance

Member of Directors (Non-consolidated data) (As of July 1):

	2018.3	2019.3	2020.3	2021.3	2022.3
Total number of Directors	7	9	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):

	2018.3	2019.3	2020.3	2021.3	2022.3
Number of the Board of Directors held (times)	15	14	14	14	14
Attendance average of all Directors (%)	98	98	99	100	99
Attendance average of Outside Directors (%)	93	95	98	100	97
Attendance average of all Audit & Supervisory Board Members (%)	99	99	100	100	100
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	100	100	100

Number of the Audit & Supervisory Board held (Non-consolidated data):

	2018.3	2019.3	2020.3	2021.3	2022.3
Number of the Audit & Supervisory Board held (times)	18	17	17	18	17
Attendance average of all Audit & Supervisory Board Members (%)	100	99	100	100	100
Attendance average of Outside Audit & Supervisory Board Members (%)	100	98	100	100	100

Number of Notification & Consultation (Non-consolidated data):

	2018.3	2019.3	2020.3	2021.3	2022.3
Number of notification & consultation (cases)	2	4	3	4	3

NRI Group Network (As of March 31, 2022)

Headquaters

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.

Global Network

**Global Bases
17 countries & area, 44 bases**

Europe
Denmark
Ireland
Luxembourg
Russia
United Kingdom

North America
United States

Asia & Pacific Ocean
Australia
China
Hong Kong
India
Indonesia
New Zealand
Philippines
Singapore
South Korea
Taiwan
Thailand

Nomura Research Institute Holdings America, Inc.
Nomura Research Institute America, Inc.
Nomura Research Institute IT Solutions America, Inc.
Core BTS, Inc.
Brierley Partners, Inc.
Brierley Europe Limited
Cutter Associates, LLC
Cutter Associates Europe, Ltd
Nomura Research Institute Europe Limited
Nomura Research Institute (Beijing), Ltd.
Nomura Research Institute Shanghai Limited
Nomura Research Institute (Dalian), Ltd.
Zhiming Software Beijing, Ltd.
Zhiming Software Dalian, Ltd.
Zhiming Software Jilin, Ltd.
Nomura Research Institute Asia Pacific Private Limited
Nomura Research Institute Hong Kong Limited
Nomura Research Institute Singapore Pte. Ltd.
Nomura Research Institute Taiwan Co., Ltd.
Nomura Research Institute Seoul Co., Ltd.
Nomura Research Institute Consulting and Solutions India Private Limited
Nomura Research Institute Financial Technologies India Pvt. Ltd.
PT. Nomura Research Institute Indonesia
Nomura Research Institute Thailand
ASG Group Limited
Nomura Research Institute Australia Pty Ltd
Australian Investment Exchange Limited
Planit Test Management Solutions Pty Ltd
Planit Software Testing Limited (NZ)
Planit Software Testing Limited (UK)
Planit Testing India Private Limited
Planit Philippines Corporation

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

Global Network

Corporate Data / Share Information (As of March 31, 2022)

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	22,414 million
President & CEO	Chairman and President & CEO Representative Director Member of the Board Shingo Konomoto
Number of employees (Consolidated base)	16,512 persons

Share Information

Listed stock exchange	Tokyo Stock Exchange Prime 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	610,696,500 shares
Number of shareholders	17,923 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

Individuals and other shareholders: 12.73%
Financial institutions: 25.11%
Companies incorporated in other countries: 32.11%
Securities firms: 0.99%
Companies incorporated in Japan: 29.06%
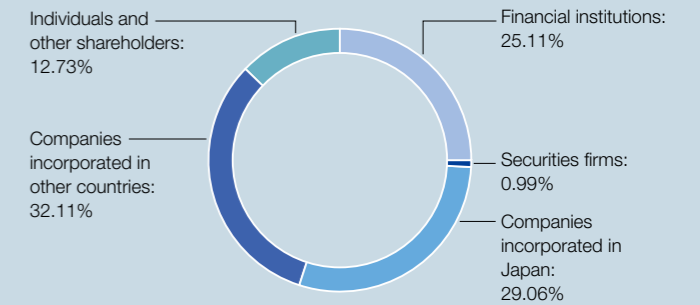
Note: The treasury stock is included in "individual and other shareholders."

Major Shareholders

Shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Nomura Holdings, Inc.	77,320	13.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	71,865	12.16
Nomura Properties, Inc.	67,518	11.42
JP Morgan Chase Bank 385632 (Standing Agent: Mizuho Bank, Ltd., settlement division)	28,685	4.85
NRI Group Employee Stock Ownership Group	28,323	4.79
Nippon Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd.)	24,727	4.18
JAFCO Co., Ltd.	23,968	4.05
Japan Trustee Services Bank, Ltd. (Trust Account)	23,500	3.98
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	14,925	2.52
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd.)	13,434	2.27

Note: 1. NRI has 19,489 thousand shares of treasury stock as of March 31, 2022 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.

Total Shareholder Return (TSR) Over the Past Five Years
(%)
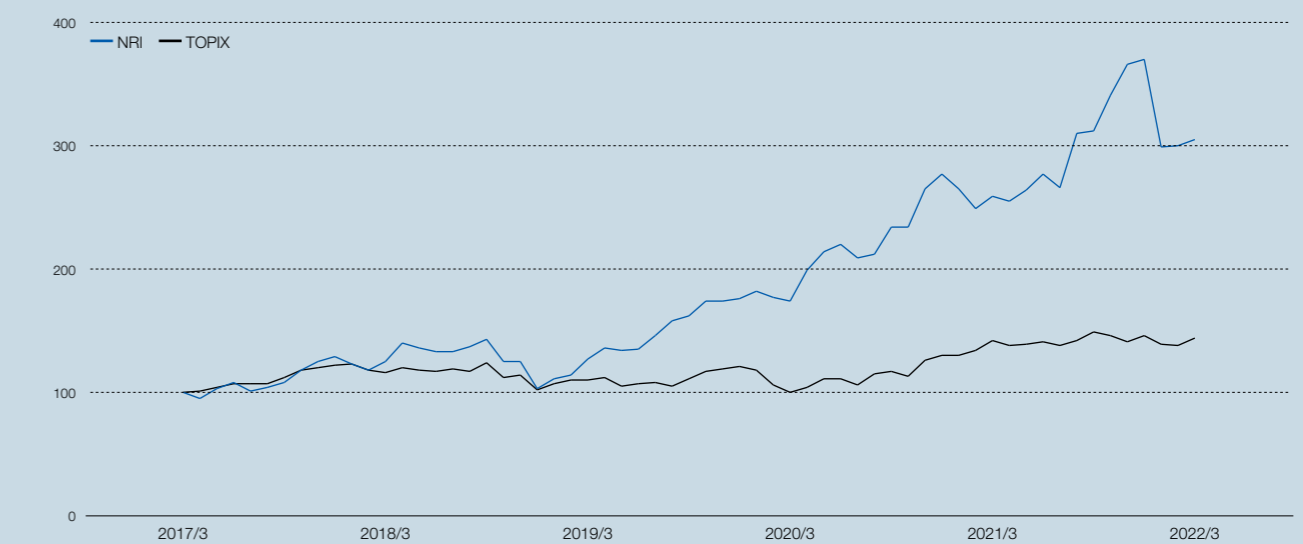
Holding Period	1 year	2 years	3 years	4 years	5 years
NRI	125.1%	127.1%	174.1%	260.0%	306.4%
TOPIX	115.9%	110.0%	99.6%	141.5%	144.3%

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, 2017. Based 100% on the closing price on March 31, 2017.
Source: Compiled by NRI.

NRI

ESG Databook
2022
⟨Year ended 31 March 2022⟩

Environment

Social

Governance

Nomura Research Institute

ESG Databook 2022 Contents

■ 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.

Link Files	Sustainability Management "ESG Briefing"
	https://www.nri.com/en/sustainability/management/esg/2018
	Vision2022 and NRI Sustainability Management Policy
	https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=22
	Sustainability Management
	https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/Sustainability_Book2022_e.pdf#page=6

■ Sustainability Policy

▶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]

```
                        President & CEO
                              |
        ┌─────────────────────┴─────────────────────┐
 NRI Value Co-Creation Promotion          Sustainability Activities
          Committee                              Committee
 Chairperson: Senior Managing Director    Chairperson: Senior Managing Director

 Promote social value Co-creation         Promote activities for stable
 based on Corporate Philosophy            business foundations from
                                          the point of view of ESG
```
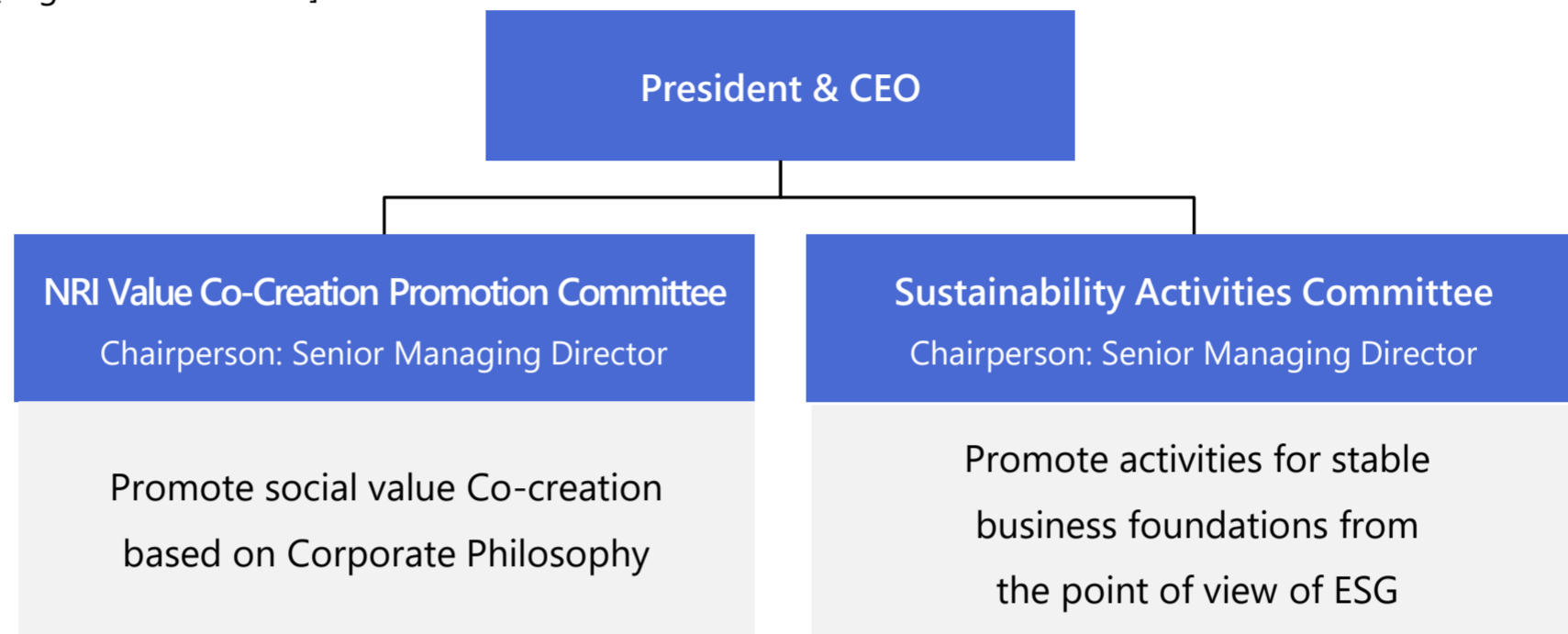
▶Participation in the initiatives

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℃
- Japan Business Federation (Keidanren) "Charter of Corporate Behavior"
- COOL CHOICE
- GX League Basic Concept
- Race to Zero

■ Stakeholders

▶Our stakeholders

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

▶Stakeholder dialogue

Stakeholder dialogue	
	The NRI Group values the opportunities in its daily business activities to listen to the opinions of and communicate with stakeholders in a variety of ways.
	Furthermore, in addition to our daily discussions, we engage in dialogue with opinion-maker and rule-maker experts to understand global sustainability trends and reflect them in management strategies and risk management.
	In 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 a dialogue 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.
	In the expert dialogs held in FY2021, we exchanged opinions with three experts, mainly on the themes of the positioning of sustainability in our Medium-Term Management Plan, the promotion of diversity, and ESG trends.

Link Files	Stakeholder Dialogue
	https://www.nri.com/en/sustainability/management/dialogue
	Sustainability Management "ESG Briefing Session"
	https://www.nri.com/en/sustainability/management/esg/2018
	Dialogue
	https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/Sustainability_Book2021_e.pdf#page=50

■ Materiality

▶Materiality

Materiality

NRI's 15 material issues (materiality) were identified based on international standards and guideline categories from ISO 26000, GRI* G4 Guidelines, Dow Jones Sustainability Indices (DJSI), and the SASB (United States Sustainability Accounting Standards Board), and the United Nations Global Compact. (Identified in 2010, revised in 2017)

Reduction of environmental impact for preserving global environment
• Response on climate change
• Consumption of sustainable energy
• Recognize responsibility and protect the environment
• Show consideration for environments in our supply chain

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

Provision of NRI quality to support safe and secure information society
• Information security / system management
• Access to information society

* 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.

■ Materiality

▶Key performance indicators of materiality

Reduction of environmental impact for preserving global environment

Target material issue

Response on climate change

Long-term target

By FY2030, NRI Group will Net-zero greenhouse gas emissions (Scope1+2).

Target year

FY2030

Progress

FY2021: Greenhouse gas emissions reduction rate 72.1% (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

FY2021: Female managerial ratio 8.3%, female recruitment ratio 33.2%

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

FY2022 (Continue to work toward the yearly goals set each fiscal year.)

Progress

FY2021: There were no information system incidents that had serious financial and social impacts.

KPI	FY2017	FY2018	FY2019	FY2020	FY2021
Number of IT infrastructure incidents that had serious financial and social impacts	0	0	0	0	0
Coverage	c	c	c	c	c

■ Information Disclosure

▶Structure of disclosure of information

Information disclosure system

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

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

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

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

Link Files	Approach to Disclosure
	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 (Library)
	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 FY2021 (from April 1, 2021 to March 31, 2022), but may also include some background information, activities after April 1, 2022, 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.136)

■ Information Disclosure

▶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.137)

▶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－)
• FTSE Blossom Japan Sector Relative Index（2022－)
• SOMPO Sustainability Index (2012－)
• S&P/JPX Carbon Efficient Index (2018－)
• Euronext Vigeo World 120 Index（2021－)

Sustainability related evaluation
• Silver Class of the Sustainability Award 2022 by S&P Global (2021－)

Climate change related evaluation
• CDP climate change A list company (FY2019－)
• CDP Supplier Engagement Leaderboard (FY2019－)
• MSCI ESG Ratings AAA（FY2021）

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 Walfare) (2017－)
• Kurumin Mark (The Ministry of Health, Labor and Walfare) (2007－)
• Plutinum Kurumin Certification (The Ministry of Health, Labor and Walfare) (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)

Corporate Governance - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

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

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

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

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

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

Priority activities / Medium- to long-term targets

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

■ Corporate Governance - Management Approach

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/013/teaserItems1/01/link/ar2022_e_print.pdf#page=104
	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
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 a body with a majority of members Independent Directors appointed to advise the Board of Directors. The Board of Directors has a well-balanced composition of executive directors, non-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. In order to realize this, we ensure that at least one third of the Board of Directors is made up of independent directors. The independence of the Board of Directors is stipulated in Articles 11, 13, 17, 19, 21, 22 and 23 of the NRI Corporate Governance Guidelines.
Reference
NRI Corporate Governance Guidelines https://www.nri.com/en/company/governance

▶Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members (Beginning of July)		unit	2018	2019	2020	2021	2022
Total number of Members of the Board		no. of person	7	9	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	4
Non-executive internal directors		no. of person	1	3	3	3	2
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	1
	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	2018	2019	2020	2021	2022
Senior Management Directors[*]		no. of person	40	38	41	40	43
	Female	no. of person	0	1	1	2	2
Management Directors		no. of person	10	10	9	8	7
	Female	no. of person	1	1	1	0	1
Research Directors		no. of person	2	2	2	3	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

■ **Corporate Governance - Data**

▶Corporate governance structure

Corporate governance structure
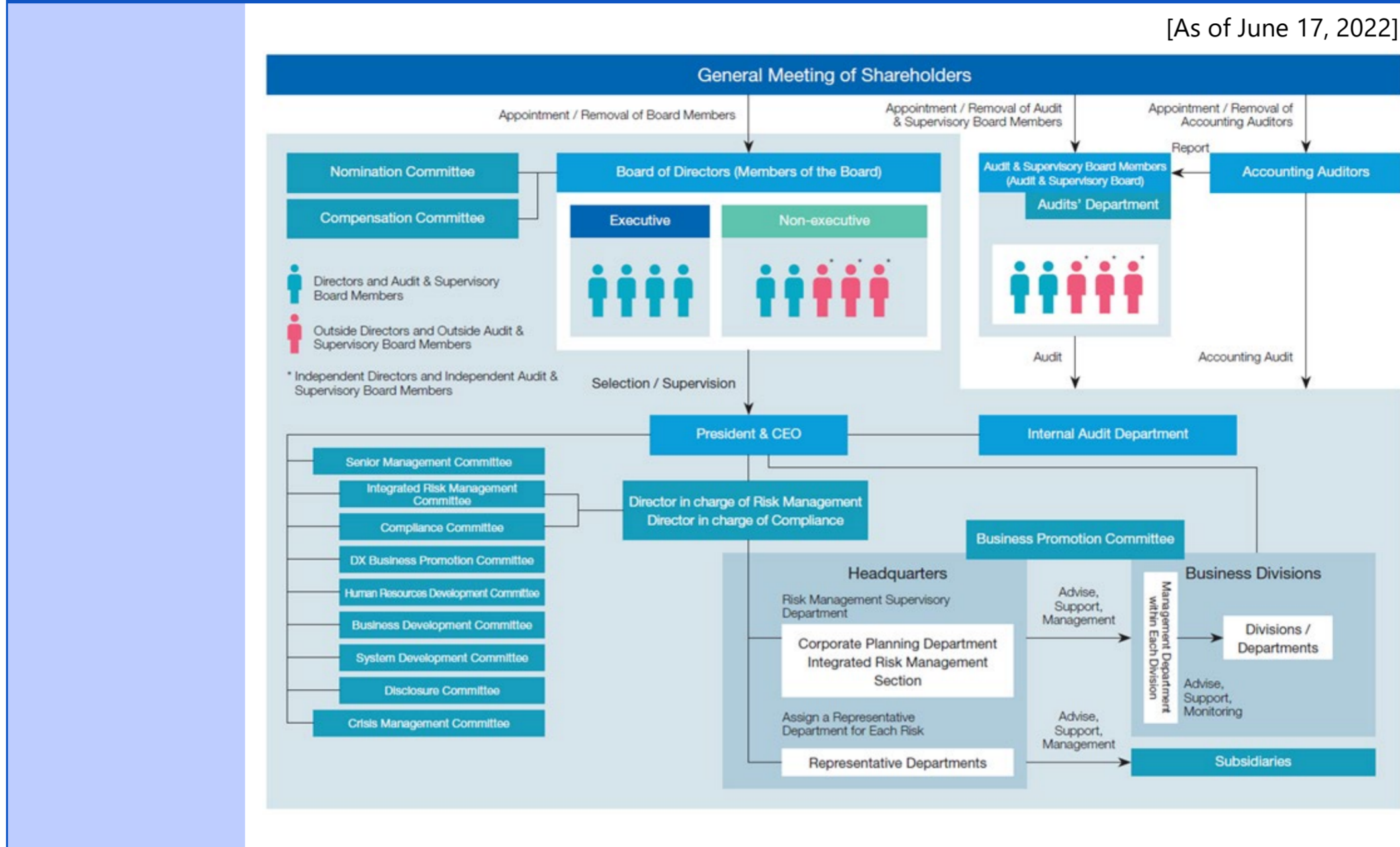
[As of June 17, 2022]

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

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

The Board of Directors includes up to 15 members that are appointed based on gender, internationality, career experience/expertise, and a good balance of experience related to the NRI business, corporate management, risk management, finances/accounting, and overseas business, according to our the medium to long-term management strategy, and realizes appropriate decision-making and supervision based on diverse perspectives and values.

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

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

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

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

◼ Corporate Governance - Data

▶ Functions and committees

The highest governing body

Overview	Board of Directors
	NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors. The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member of the Board (Non-Executive Director)
Members	
	Shingo Komoto (President & CEO, Chairman, Member of the Board, Representative Director), Yo Akatsuka (Vice Chairman of the Board), Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Ken Ebato (same as above), ShujiTateno (Senior Executive Managing Directors), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata (same as above), Tetsuji Ohashi (same as above)

Function for compensation

Overview	Compensation Committee
	With a majority of its members Independent Directors, the Committee annually deliberates on topics such as the formulation/operation of the President successor plan and the selection of the President and Director and Independent Audit & Supervisory Board Member candidates from the standpoint of fairness and transparency in light of the basic management policy and the selection criteria for each officer. In the event that there is any doubt about the performance of the current directors or the president&CEO, the committee deliberates on the appropriateness of dismissal. (Ref. NRI Corporate Governance Guidelines Article21, Compensation Committee)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member 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 (same as above), Tetsuji Ohashi (same as above)

Function for nomination

Overview	Nomination Committee
	The Committee is mainly composed of independent directors. The appointment of directors and corporate auditors is deliberated from the perspective of fairness and transparency in light of the basic management policy and selection criteria for each officer. In addition, if any doubt arises in the activity results of the board member, the appropriateness of dismissal will be discussed. (Article 21 Nomination Advisory Committee of NRI Corporate Governance Guidelines)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member 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)

■ Corporate Governance - Data

Function for audit

Overview	Audit & Supervisory Board
	The Audit & Supervisory Board oversee the execution of duties by Members of the Board. And discusses and decides auditing policies and other important matters related to auditing and formulate and expresses audit opinions. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)
Committee Chair	
	Takuhito Sakata, Audit & Supervisory Board Member
Members	
	Motoya Nishimura (Audit & Supervisory Board Member), Kenkichi Kosakai (Outside and Independent Audit & Supervisory Board Member), Naruhito Minami (same as above), Yasuko Takazawa (same as above)

Function for strategy

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

Function for risk management

Overview	Integrated Risk Management Committee
	The Committee deliberates on important issues related to risk management of the Group, such as system failures and information security and business continuity, based on the instructions of the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Ken Ebato (Senior Executive Managing Director, Member of the Board), ShujiTateno (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Fumihiko Sagano (same as above), Namiki Kubo(Senior Corporate Managing Director), Susumu Nishimoto (same as above), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Directors), Kaga Yanagisawa (same as above)

Corporate Governance - Data

Function for compliance

Overview	Compliance Committee
	The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Ken Ebato (Senior Executive Managing Director, Member of the Board), Shuji Tateno (Senior Executive Managing Director), Hajime Ueda (same as above), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Fumihiko Sagano (same as above), Namiki Kubo (Senior Corporate Managing Director), 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), Hirofumi Miyatake (same as above)

Function for sustainability

Overview	NRI Value Co-Creation Promotion Committee / Sustainability Activities Committee	
	NRI established the NRI Value Co-Creation Promotion Committee that promotes social value creation based on corporate philosophy and the Sustainability Activities Committee that promotes activities for stable business foundations from the point of view of ESG, as a special appointment at the direction of the President & CEO to promote overall sustainability management.	
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

Overview	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.
Committee Chair	
	Hiroshi Masutani, Senior Executive Managing Director
Members	
	Tomohiko Noguchi (Senior Corporate Managing Directors), Fumihiko Sagano (Senior Executive Managing Director), Akira Matsumoto (Senior Corporate Managing Directors), Shigekazu Ohmoto (same as above), Sonoko Kitagawa (Senior Managing Director), Ichiro Morisawa (same as above), Kotaro Gunji (same as above), Masakazu Amamiya (Managing Directors, President & COO of NRI Digital, Ltd.), Fumihiko Kamio (Research Director)

Corporate Governance - Data

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, Representative Director
Members	Kaga Yanagisawa (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Shuji Tateno (Senior Executive Managing Director), Hajime Ueda (sane as above), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Fumihiko Sagano (same as above), Namiki Kubo (Senior Corporate Managing Director)

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 Executive Managing Director), Hiroshi Masutani (same as above), Takeshi Hihara (Senior Managing Director), Kaga Yanagisawa (same as above)

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

Corporate Governance - Data

Function for crisis management

Overview	Crisis Management Committee
	The Committee will develop and support a prompt system in the event of a crisis such as natural disasters and infectious diseases, system failures, and information security failures, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Susumu Nishimoto (Senior Corporate Managing Director), Kaga Yanagisawa (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Shuji Tateno (Senior Executive Managing Director), Hajime Ueda (sane as above), Shigeki Hayashi (same as above), Hiroshi Masutani (Senior Executive Managing Director), Tomoshiro Takemoto(same as above), Hiroshi Tatematsu (same as above), Fumihiko Sagano (same as above), Namiki Kubo (Senior Corporate Managing Director), Tohru Yasumaru (same as above), Yoshihiko Sunaga (same as above), Tetsuro Watanabe (same as above), Takeshi Hihara (Senior Managing Director)

Function for promotion of internal control

Overview	Business Promotiion 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.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director

▶Effectiveness of the Board of Directors

Status of the Board of Directors	unit	FY2021	
Number of board meetings held[*]	times	14	
Attendance rate of Board of Directors	%	99	
Term of office of directors	years	1	
Average tenure of directors	years	2.7	

* Duration from the 56th Ordinary General Meeting of Shareholders, 18 June, 2021, to 57th Ordinary General Meeting of Shareholders, 17, June, 2022.

Evaluations of the Board of Director's effectiveness

1. Evaluation process

We evaluate the effectiveness of the Board of Directors via a series of five processes: (1) Evaluation preparations, (2) Evaluation, (3) Evaluation & Analysis, (4) Reporting/disclosure, and (5) Operational improvement. Regarding the evaluation in (2), we conduct a questionnaire for all Director and Independent Audit & Supervisory Board Members, and to understand more specific issues, exchange views with Independent Directors via discussion and individual interviews.

1. Preparation	2. Evaluation	3. Evaluation and Analysis	4. Reporting and Disclosure
● Study of evaluation methods	● Respond to questionnaire	● Identify issues	● Reporting at Board Meetings
● Design of questionnaire	● Opinion exchange and interviews	● Study of measures	● Disclosure

5. Operational Improvement

2. Review of the evaluation method for the current fiscal year

In the evaluation preparations for (1), we had interviews with Outside Directors and Independent Audit & Supervisory Board Members in March 2022, and upon considering the questions and composition of the questionnaire based on the opinions received and the results of the questionnaire for the previous year, we changed the composition of the questionnaire to expand the section for written answers, in order to identify a wider range of issues. Based on the answers, we held discussions on effectiveness at Independent Director meetings, and exchanged further opinions on the views expressed by individual directors in the questionnaire. Based on these results, we conducted an analysis and evaluation at Board of Directors meetings and discussed issues from each evaluation perspective.

3. Efforts to tackle issues identified in the previous fiscal year

We conducted the following efforts for the various issues identified in the effectiveness evaluation of the previous fiscal year.

(1) Further improvement in the quality of discussion due to increased opportunities for providing information to Outside Directors and efforts made to improve such methods
- We started sharing Senior Management Committee materials and minutes to provide information regarding debate on the executive side.

(2) Promoting continuous debate on the composition and diversity of the Board of Directors
- Of the Directors whose term will expire in June 2022, we selected one female as a successor candidate for an Audit & Supervisory Board Member.

(3) Holding further debate on digital transformation and global business, which is a business strategy based on our Medium-Term Management Plan
- We debated our strategy in the North American and Australian markets and the status of specific globalization projects that accelerate the expansion of the fields of business we are involved in.

(4) Enriching debate on the role of group governance
- We categorized our group companies according to their strategic position, business characteristics, and risks, formulated a policy for pursuing a good balance of business promotion, governance, and internal control, and started creating the essentials for implementing governance.

(5) Enhancing debate on future risks due to changes in the business environment and the promotion of our strategies
- We debated the risks facing the company in regard to our next long-term management vision.

4. Overview of evaluation results
The Board of Directors determined that its effectiveness is generally maintained and that its administration is being steadily improved. An overview of evaluation results is indicated below.

 a. Structure/status of Board of Directors
・A good balance of both inside executive/non-executive directors and Independent Directors with diverse specialized knowledge and 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 our management strategy.
・Constructive discussions and the exchange of opinions 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 efforts made to improve the methods for providing information to Outside Directors and further clarification of the points of discussion found in meeting materials.

 b. Assistance for Directors
・Outside Directors have opportunities for obtaining the required information by receiving explanations from the executive side where required, such as participation in the management strategy meetings of the NRI Group.
・In order to further stimulate discussion at the Board of Directors meetings, it is desirable to provide opportunities for the free and open exchange of opinions between Outside Directors themselves and between Outside Directors and Executive Directors.

 c. Management strategy
・Debate regarding the key Medium-Term Management Plan theme of digital transformation and global business and the exchange of opinions regarding the formulation of our next vision and Medium-Term Management Plan are being conducted continuously and appropriately.
・The strengthening of human resource management and the allocation of resources are the foundation of growth, and it is desirable that we further enrich debate on these topics.

 d. Internal control, risk management, and group governance
・Active debate and exchange of opinions is performed regarding group governance, and the status and issues facing company-wide efforts are appropriately shared.
 With the increase in Group Companies, we recognized the importance of continuing debate on enhancing governance while clarifying the basic rules on governance and confirming that the essentials of the basic rules are being implemented and that overseas Group Companies are making progress with such initiatives.
・Internal control and risk management are for the most part functioning effectively and being reported on appropriately. It is desirable to further strengthen the internal control and risk management at Group companies via detailed inspections and other efforts.
・With the rise in geopolitical risks, it is desirable to enrich debate on relevant countermeasures.

 e. Committees
・In regard to the Nomination Committee and Compensation Committee, discussions and the exchange of opinions on the succession plan for the president, Director candidate selection and cultivation process, and method for determining Director compensation are carried out appropriately and the committees are functioning effectively, despite being voluntary.

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 compen-sation	Basic compen-sation	Performance-linked compensation		Other
					Bonus	Restricted stock-based compen-sation	
Members of the Board	12	millions of yen	738	264	205	265	2
Outside Members of the Board	4	millions of yen	43	43	–	–	–
Audit & Supervisory Board Member	6	millions of yen	181	111	51	16	1
Outside Audit & Supervisory Board Member	4	millions of yen	70	53	17	–	0

Notes:

1. The above includes three auditor who retired at the end of the 56nd Ordinary General Meeting of Shareholders held on 18 June 2021.
2. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Compensation amounts for each executive	Name	Official position	unit	Total compen-sation	Basic compen-sation	Performance-linked compensation		Other
						Bonus	Restricted stock-based compen-sation	
	Shingo Konomoto	President & CEO, Chairman, Member of the Board, Representative Director	millions of yen	178	53	52	71	0
	Yasuo Fukami	Members of the Board	millions of yen	105	34	26	44	0

Note : Limited to those whose total amount of consolidated compensation is JPY 100 million or more.

Policy for determining the amount of compensation for Members of the Board 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 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.

	（Performance-based compensation）【2.5】	
（Fixed compensation） Basic compensation 【1】	（Short-term performance-based compensation） Bonus 【0.9】	（Medium- to long-term performance-based compensation） Stock-related compensation 【1.6】

* 1. Calculated as the average value of directors (excluding outside directors, retired directors, and incumbent directors) for the FY2021.

* 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. Operating profit and current profit (current profit attributable to owners of parent), which are the performance indicators that we place the most importance on, are linked to performance index increase/decrease rate 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.

$$
\begin{array}{c}
\text{Amount of bonus payment for each director}
\end{array}
=
\begin{array}{c}
\text{Base year bonus} \\
(\alpha)
\end{array}
\times
\left[
1+
\begin{array}{c}
\text{Change rate of performance indicators} \\
(\beta)
\end{array}
\right]
\times
\begin{array}{c}
\text{Position points} \\
(\gamma)
\end{array}
$$

←　Varies from 0% to 200%　→

（α） Base year bonus
The amount of bonus paid by the president in the previous year.

（β） Change rate of performance indicators
The final change rate of performance indicators is decided by the Board of Directors 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 the performance index increase/decrease rate to decide the rate of change in Member of the Board bonuses for this fiscal year calculated using the evaluation weights for each performance index was +25.0%. We have applied the International Financial Reporting Standards (IFRS) since FY2020. A certain amount of adjustment has been performed on the operating profit for the comparison year of FY2020 because the operating profit for that year included temporary factors causing variation in performance.

Performance indicator (Japanese standard)	FY2020	FY2021	YoY change	Evaluation Weight
Operating Profit	86.5 billion yen	106.2 billion yen	21.4%	75.0%
Profit attributable to owners of parent	52.9 billion yen	71.4 billion yen	35.1%	25.0%

Note : The operating profit increase/decrease rate without the above adjustment for temporary factors causing variation in performance was 31.5%.

（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.

CEO to employees pay ratio	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Compensation of the President & CEO	millions of yen	113	115	131	149	178
Ratio of compensation	ratio	9.7	9.4	10.6	12.2	14.4

▶Executive stock ownership requirements

Guidelines of Executive stock ownership

Based on the Stock Ownership Guidelines for Executive Officers, Members of the Board (Excluding outside directors. The same applies hereinafter.) are expected to hold more than a certain number of NRI shares, in accordance with their respective positions. More specifically, it is stipulated that they must hold at least three times the number of shares with restriction on transfer granted in a single year.
In the fiscal year ended March, 2022, shares with restriction on transfer equivalent to approximately 1.7 times the basic remuneration (based on the fair value of the NRI shares at the time of granting) were granted to each Member of the Board, which equates to each Member of the Board having shares equivalent to approximately 5.1 times the basic remuneration, when based on the fair value of the shares. As of the end of March 2022, Chairman and President & CEO Shingo Konomoto has NRI shares equivalent to approximately 18 times the basic remuneration (based on the fair value of NRI shares on the same day) and Members of the Board (excluding external Members of the Board) have average NRI shares equivalent to 13 times the basic remuneration.

Risk Management - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

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

These risks conform to the ERM framework (COSO Enterprise Risk Management-Integrated Framework) developed by the USA's COSO (The Committee of Sponsoring Organizations of the Treadway Commission), divided into the 11 categories of management strategy risk, business continuity risk, compliance risk, information security risk, systems impairment risk, project management risk, external outsourcing / procurement risk, subsidiaries / affiliate company risk, business resource risk, information disclosure risk, and reputational risk, and are subject to integrated management.

In recent years, we recognize that the response to risks of social issues such as climate change or human rights will have a major impact on the sustainable growth of the company over the medium to long term. The NRI Group will also respond to these ESG risks within the integrated risk management framework.

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

Priority activities / Medium- to long-term targets

NRI annually inspects and assesses risk for the entire company, based on results from a company-wide monitoring of compliance with regulations as well as from internal audits, after which management sets priority themes to be tackled.

We strive to reinforce our business continuity plan (BCP) and disaster recovery (DR) measures by regularly monitoring risk countermeasures required for business continuity, targeting significant business and service lines.

[Priority themes for FY2022]
(1) Continue proper management quality risks
(2) Further strengthen the management of project risks
(3) Improve the management preparedness of information security
(4) Establish internal control system for the NRI Group
(5) Create comfortable working environment
(6) Improve the quality of our labor environment that adapts to diverse workstyles

■ Risk Management - Management Approach

Progress / Achievements / Challenges

The items and results of the priority themes of the Integrated Risk Management Council for the FY2021.

(1) Continue proper management quality risks
Refresh knowledge on basic operations, level-up enhanced work knowledge, and continue training for shortening recovery time via meetings for eliminating system trouble, including at Group companies.

(2) Further strengthen the management of project risks
Investigate, rectify, and enhance the security settings of public cloud services to prepare against threats such as cyberattacks and unauthorized access.

(3) Improve the management preparedness of information security
Continue system assessment in line with the increasing number of high-risk projects at Group companies and the continuing high number of projects.

(4) Develop governance systems suitable to increasing globalization
Create and maintain "operating procedures" that define the concepts of the parent company's contribution and support for Group companies and the operations performed at those companies

(5) Appropriate preparations for fulfilling our business continuity responsibility
Continue COVID-19 countermeasures, ensure business continuity, and make preparations by conducting CP reviews, etc. Challenges responding to geopolitical risks

(6) Providing an environment that makes it easy-to-work
Establish a system for responding to new workstyles. Aim to improve quality by establishing operation, ensuring compliance at Group companies, and handling communication problems

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 - Data

▶Risk management system

Risk management system

NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management. Furthermore, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

With regard to the main risks associated with business activities, we have established departments in charge of each risk, deliberate as necessary at expert meetings, and take appropriate measures in cooperation with the departments in charge.

An internal audit department (20 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 June 17, 2022]

General Meeting of Shareholders

Appointment / Removal of Board Members
Appointment / Removal of Audit & Supervisory Board Members
Appointment / Removal of Accounting Auditors
Report

Nomination Committee
Compensation Committee
Board of Directors (Members of the Board)
Executive
Non-executive
Audit & Supervisory Board Members (Audit & Supervisory Board)
Audits' Department
Accounting Auditors

Directors and Audit & Supervisory Board Members
Outside Directors and Outside Audit & Supervisory Board Members
* Independent Directors and Independent Audit & Supervisory Board Members

Audit
Accounting Audit

Selection / Supervision

Senior Management Committee
Integrated Risk Management Committee
Compliance Committee
DX Business Promotion Committee
Human Resources Development Committee
Business Development Committee
System Development Committee
Disclosure Committee
Crisis Management Committee

President & CEO
Internal Audit Department

Director in charge of Risk Management
Director in charge of Compliance

Business Promotion Committee

Headquarters
Risk Management Supervisory Department
Corporate Planning Department Integrated Risk Management Section
Assign a Representative Department for Each Risk
Representative Departments

Advise, Support, Management

Management Department within Each Division

Business Divisions
Divisions / Departments
Advise, Support, Monitoring
Subsidiaries

Officer in charge

Responsibility for risk management
  Hidenori Anzai
  Senior Executive Managing Director in charge of Supervising of Corporate Administration*,
  Representative Director, Member of the Board
    * Including risk management and compliance.

Responsibility for monitoring and auditing risk management performance
  Norihiro Suzuki
  General Manager of the Internal Audit Department

■ Risk Management - Data

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 dliberate 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 regulary 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/013/teaserItems1/01/link/ar2022_e_print.pdf#page=118 Business and Other Risks https://www.nri.com/en/company/risk

■ Risk Management - Data

▶Long-term risk

Long-term risk 1	
	M&A associated risk: ESG risks of a company that NRI acquires.
Business impacts	
	Moving ahead with global business is stated as one of the goals in the Medium-term Management Plan of NRI, indicating that M&A in overseas business will become active more than ever. Review of business risks and financial risks will be duly conducted prior to the acquisition, however if any long-term potential ESG risks that cannot be recognized at the time of acquisition emerge, that would cause reputation damage and negative impact to the business continuity of NRI.
Mitigating actions	
	Prior to actual M&A, ESG risk related due diligence is conducted including environmental and human rights risk, in addition to due diligence for financial risks and legal risks. Also, after acquisitions, in order to enhance corporate governance, we provide principle-based education including dissemination of the NRI Group business philosophy to the management and employees of the acquired company.

Long-term risk 2	
	The climate change risks associated with CO2 emission by electricity use of the Data Centers
Business impacts	
	Greenhouse gas emissions from electricity usage at NRI's five data centers account for about 70% of the NRI Group's total emissions. 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.
Mitigating actions	
	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. All data centers have acquired ISO14001 certification and improve environmental management level continuously by using a PDCA cycle. In FY2021, we switched the power used by the three largest of the five data centers owned by NRI (Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II) to renewable energy. This means that we are expected to achieve, ahead of schedule, our target of 70% renewable energy at NRI Group data centers by FY2030, which was formulated in February 2021. By continuing to increase our rate of renewable energy, we will respond to the transition risk of climate change.

■ Risk Management - Data

▶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 accidentrelated 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.

■ Risk Management - Data

▶Emerging risks

Emerging Risks 1	
Content of risk	Human rights risks in system development using artificial intelligence(AI)
	In the future, NRI will increase contract development of system using AI. Our clients include financial institutions or retail companies, and it is expected that AI will be used for credit scoring, targeting advertising, and direct marketing by profiling. There will be concerns about the negative impacts on personal information protection or right to privacy, and the occurrence of discrimination or social exclusion by using AI.
Business impact	
	Advances in AI technology will increase the demand for building business strategic systems which will possibly increase our sales. On the other hand,these advances in AI technology and related strategic systems demand will cause social issues related personal information protection, right to privacy, discrimination, social exclusion, etc. which may damage our reputation and reduce our sales.
Measures	
	We need to establish processes and regimes that enable the development of reliable and high quality AI systems. We aim to develop technology for high-quality AI that secures reliability, privacy, security, and dependability by ensuring fairness, ccountability, transparency, etc., and establish operation standards and systems. NRI formulated the "AI Ethics Guideline'' in FY2019, which summarizes the ideas and guidelines for developing and utilizing AI while referring to international principles such as The OECD AI Principles and Ethics guidelines for trustworthy AI. Going forward, we will continue to study and develop a system within the company so that the ideas expressed in these guidelines can be appropriately reflected in NRI Group activities.

■ Risk Management - Data

Emerging Risks 2

Content of risk	Risk of cyber-attacks by the government's digital transformation
	NRI operates important infrastructure that supports society, such as finance and distribution infrastructure, and we hold information assets received from our clients and business partners, in addition to our own information assets. As an private sector enabler of digital government policies, which in Japan have fallen behind other places such as Denmark and Taiwan, we strive to realize and popularize services that support an autonomous and sustainable digital society, while building a foundation for cooperation between government and the private sector. We provide various services related to national identification number cards that are essential for creating a digital society, such as the "e-BANGO" national identification number management service and the "e-NINSHO" personal identification service. The government plans to expand penetration of national identification number cards to 100% by the end of FY2022. Because the cards will expand to include information on family structure, assets, medical records, public allowances, and so forth, it is expected that companies involved in digital government, including national identification number cards, will become targets of more advanced and sophisticated cyber-attacks in the future.
Business impact	NRI works on various types of digital transformation (DX) including the digitization of government services, including national identification number cards, which have become an important type of social infrastructure in Japan. As a company in charge of system development related to important information assets, we require more advanced security measures than ever before. Although promotion of the DX business can create a more convenient society, the collection of data across different companies and industries, IoT, and cloud services entail increased risk of cyber-attacks. Companies involved in system development and operation such as NRI will hold a greater responsibility than before and be required to maintain secure systems while keeping an eye on the latest trends. Even one instance of a cyber-attack on a client company will damage our reputation as a system development company.
Measures	NRI has appointed a Chief Information Security Officer and appoints personnel in charge of and responsible for information security in all business divisions and group companies, which enable rapid and accurate responses to emergencies, such as information security failures and cyber-attacks. The NRI Group also includes NRI Secure, a company that focuses on security, which provides one of the few security monitoring services in Japan. We have a regional headquarters in California, which is known for cybersecurity technologies, and have established a system that enables us to keep track of cutting-edge security technologies. Our employees include "white hat hackers" (ethical hackers) that have won global hacking competitions, and they utilize their expertise to reduce security risks in the system development conducted throughout the entire NRI Group. In April 2022, NRI Secure, together with other companies with a wide range of knowledge in the field of cybersecurity, established a membership organization called the Cyber Security Initiative for Japan, in order to support countermeasures for the cybersecurity risks faced by companies in Japan.

Link Files	NRI Secure Technologies, Ltd. https://www.nri-secure.com/ LAC, NRI SecureTechnologies, and GSX jointly establish the "Cyber Security Initiative for Japan". (In Japanese only) https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2022/220412_1.pdf Integrated Report (Annual Report)2021 P.52 https://ir.nri.com/en/ir/library/report/main/010/teaserItems1/00/link/AR2021_e_print.pdf#page=28

■ Risk Management - Data

▶Risk culture

Training and awareness on risk management

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

Evaluation and financial incentives

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

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

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

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

Finding and reporting of potential risk by employees

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

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

Feedback process on potential risk

Ability to respond to risk is raised by a business promotion committee's by holding in twice for each of every quarter of the year developing a risk case promptly for all fields also sharing information during a section. Eleven business promotion committee meetings were held in FY2021.

■ Compliance - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

With the expansion of the global economy, societal demands for companies to engage in fair and transparent business activities are becoming more and more relentless.

In particular, laws and regulations are being strengthened worldwide for issues that transcend borders and have a large social impact, such as anti-corruption, unfair competition, and tax compliance.

The NRI Group aims to expand its global-related business in its "Vision2022" medium-term management plan, and will strengthen its global compliance system, prioritizing thorough compliance with laws and regulations above all else.

Furthermore, we recognize that it is the premise of sustainable business activities to not only comply with laws and regulations, but also act in accordance with international social norms.

Priority activities / Medium- to long-term targets

NRI respects and practices the spirit of the Charter of Corporate Behavior as a member of the Keidanren (Japan Business Federation).

The NRI Group has established the "NRI Group's Code of Business Principles" and the "NRI Group Employees' Code of Business Conduct" as standards for all directors and employees to comply with. Furthermore 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 - Data

▶Compliance policy

Compliance policy
The NRI Group is sincere in its observation of ethics and laws and regulations, and strives to ensure thorough compliance. we have also formulated a policy on the prohibition of bribery and compliance with antitrust laws. The "NRI Group Employees' Code of Business Conduct," which was established to realize the "Corporate Philosophy" and the "NRI Group's Code of Business Principles," establish that "employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity." Furthermore, by establishing a mechanism for the proper processing of reports concerning organizational or personal violation of laws and regulations from persons engaged in the NRI Group's business (including not only company employees, but also employees of partner companies), we will aim for prompt detection and rectification of such misconduct, thereby strengthening compliance management. In addition, NRI Group has a policy on human rights, AI ethics, anti-bribery, competition law compliance, and tax.
Applicable scope
All directors, officers and employees of NRI Group
References
Corporate Philosophy https://www.nri.com/en/company/c_philosophy NRI Group's Code of Business Principles https://www.nri.com/en/company/company_code NRI Group Employees' Code of Business Conduct https://www.nri.com/en/company/business_code NRI Group approach to compliance https://www.nri.com/en/sustainability/social/policies

■ Compliance - Data

▶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]
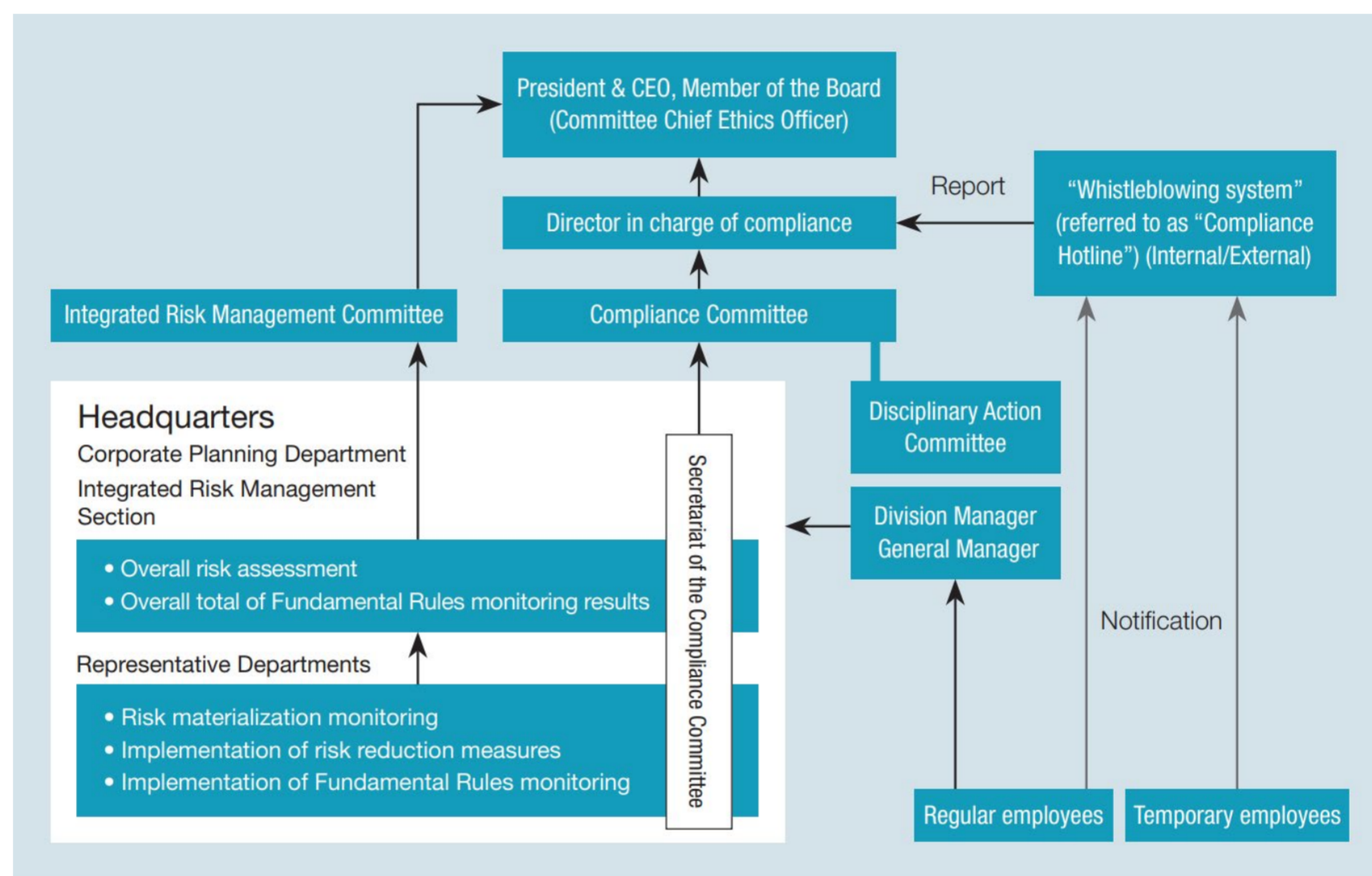
Officer in charge

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

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

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 - Data

▶Compliance situation

System of thorough compliance

Every year, management set important risks that should be prioritized the following year as "major themes" based on the results of company-wide monitoring of compliance with regulations and the results of internal audits, and the NRI Group is focusing on compliance with the rules.

The "major themes" are reflected in a booklet that is distributed to all employees of the NRI Group entitled "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff", which explains the nature of the rules and their legal basis, as well as providing examples.

The state of compliance with respect to the rules included in the booklet is regularly monitored, and if any issues are found, the head office organization and business divisions work together to make improvements.

Compliance awareness surveys for all NRI Group employees are conducted in principle every other year. In addition to training for each hierarchy level and executive training, confirmation testing relating to the "The NRI Group Rule Book:
Fundamental Rules for Executive Officers and General Staff" is also carried out (in an e-learning format).

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Completion Rate for Compliance Confirmation Testing[*]	%	–	–	97.9	–	97.8
Coverage				b-		b-
Collection Rate for Compliance Awareness Surveys[*]	%	–	–	–	82.5	–
Coverage					b-	
Numbers of Internal Reports/Consultations		2	4	3	4	3
Number of Harassment Consultations		–	–	–	–	31
Coverage		b-	b-	b-	b-	b-

*Compliance confirmation testing was conducted in FY2021. Compliance awareness surveys were conducted in FY2020.

Breaches of laws and regulations

In FY2021, there were no compliance breaches including harassments related incidents, that had a significant impact on the management of the NRI Group.

In any case of a violation of regulations or compliance including harassment of any kind, NRI takes 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.

■ Compliance - Data

▶Anti-corruption

Anti-bribery policy

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

Breaches of anti-corruption

	No cases of corruption and bribery or disputes were identified in FY 2021.

▶Political contribution

Political contribution policy

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

Political contribution amount

	NRI group does not make political contributions.

▶Fair competition

Fair competition policy

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

■ Compliance - Data

Breaches of fair competition

Nothing applicable.

▶Tax risk and compliance

Tax policy

The NRI Group's policy on taxation has been defined in the "NRI Group Global Tax Policy," and stipulates the basic policy, tax compliance, tax governance, tax risk control, tax planning, and relationship with tax authorities.

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.

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.

This policy has been authorized by the executive in charge of finance at NRI.

Applicable scope	
NRI Group	
Reference	
NRI Group Global Tax Policy https://www.nri.com/en/sustainability/social/policies#zeimu	

Tax governance

The NRI Group is working to enhance tax governance in order to properly manage tax risks and costs in the entire group.

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.

We have established and operate the "NRI Group Transfer Pricing Policy" regarding transactions between NRI Group companies.

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.

Taxes paid by region

		unit	FY2019	FY2020	FY2021
Japan		100 millions of yen	163	332	211
	（Ratio）	%	95.5	97.7	93.7
Rest of the world		100 millions of yen	7	7	14
	（Ratio）	%	4.5	2.3	6.3
Total		100 millions of yen	170	339	225
		Coverage	a	a	a

Note: 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, productquality. 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.

We ask our major business partners to agree to the NRI Group Business Partner Code of Conduct and conduct self-assessments, so that we can implement sustainable procurement throughout the entire supply chain.

In FY2021, we received written agreements on the NRI Group Business Partner Code of Conduct from 243 business partners, which account for 82% of non-consolidated procurement costs. A self-assessment was also conducted at 14 companies.

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 FY2021, 67 business partners participated.

In FY2022, we plan to encourage active participation in "Sustainability study sessions" in order to continue dialogue and awareness-raising with business partners in order to achieve our supply chain goals.

■ Supply Chain Management - Data

▶Supply chain management policy

Policy to apply to suppliers
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. 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.

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

▶Supply chain situation

Supplier overview
The below are the NRI Group's two main kinds of business partners: (1) Partner companies (outside contractors) (2) Vendors (hardware suppliers) Speaking from the perspective of systems integration, the NRI Group accepts orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies. There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of Chinese partner companies		18	18	20	19	20
Approx. no. of partner employee in Japan	no. of person	7,000	7,000	7,500	7,000	8,000
Approx. no. of partner employee in China	no. of person	3,500	4,000	5,000	5,000	6,000
Coverage		c	c	c	c	c

Procurement amount	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Total outsourcing expenses	millions of yen	135,522	150,635	161,305	171,560	194,766
Breakdown by country / region China	millions of yen	19,532	23,213	28,514	30,460	36,730
Coverage		a	a	a	a	a

■ Supply Chain Management - Data

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, 2022, 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, 2022, we have 2 e-e partners in Japan.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of e-partners	Number of companies	13	13	15	14	14
Japan	Number of companies	8	8	8	7	7
China	Number of companies	5	5	7	7	7
Number of e-e partners	Number of companies	3	3	3	2	2
Japan	Number of companies	3	3	3	2	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 Management - Data

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, 2022, our subcontractors were responsible for about 50% 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 about 20% 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.

■ Supply Chain Management - Data

▶ Fair trade

Fair business relationship with business partners

In accordance with antitrust legislation, the NRI Group prohibits employees from abusing their dominant position as outsourcers.

Furthermore, with respect to compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, outsourcing to subcontractors is in thorough compliance with the law, including with respect to the exchange of order documents, and payment dates.

In addition, we inform our partner companies in writing that we decline offers of gifts and entertainment, and we thoroughly ensure our employees at the NRI Group are aware of the same.

Voluntary inspection for appropriate subcontracted operations

The partner companies engaged in business with NRI employ just over 13,000 employees between them, and around 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		FY2017	FY2018	FY2019	FY2020	FY2021
Number of inspected projects*		939	926	1,206	1,186	1,195
	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		FY2017	FY2018	FY2019	FY2020	FY2021
Number of assessed projects		81	76	95	780	700
	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.

Supply Chain Management - Data

▶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 2021 was held online.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of partner companies participating in the training		14	15	16	12	13
Number of participants from partner companies (cumulative number of people)	no. of person	390	306	511	402	546
Number of partner companies participating in management seminars		103	110	113	—	93
Number of participants in management seminars from partner companies	no. of person	231	226	223	—	147
Coverage		c	c	c	c	c

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

Client Relationship Management - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

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

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

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

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

■ Client Relationship Management - Management Approach　　　　G05M

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 2021 Record	FY 2022 Target
• Sales	611.6 bn. yen	670 bn. yen or more
• Operating profit	106.2 bn. yen	100 bn. yen
• Operating profit margin	17.4 %	14 % or more
• Overseas sales	76.5 bn. yen	100.0 bn. yen
• EBITDA margin	23.9 %	20 %
• ROE	21.3 %	14 % [*]

 * Aiming for higher capital efficiency continuously

3 Social Values

• 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

Client Relationship Management - Management Approach

G05M

Key performance indicator		unit	FY2017	FY2018	FY2019	FY2020	FY2021
	Operating profit	billions of yen	65.1	71.4	83.1	80.7	106.2
	Operating profit margin	%	13.8	14.3	15.7	14.7	17.4
	Overseas sales	billions of yen	43.5	53.0	46.7	44.6	76.5
	ROE	%	12.9	12.3	20.3	18.2	21.3
	Coverage		a	a	a	a	a
Client satisfaction (percentage of "satisfied client")		%	84.6	86.9	83.8	86.4	88.7
	Coverage		c	c	c	c	c

Note : Because we have applied the International Financial Reporting Standards (IFRS) since FY2020, figures for FY2020 and beyond are based on IFRS.

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

Client Relationship Management - Data

▶Fiduciary duty

Comprehensive deliberation on new contracts

In response to business contract requests from clients, we decide to accept them by conducting the examinations.
We make our final decision after thoroughly considering the fiduciary duty on quality and delivered date, as well as legal, ethical and operational risks for the contract.
• Credit screening tapping into information from research firms
• Project-by-project deliberation at the Senior Management Committee and each division meeting
• Comprehensive assessment on the future potential, growth potential and social effects of the business

▶Client satisfaction

Client satisfaction surveys

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

• Communication
• Leaders' management skills
• Flexible response to demands
• Productivity and reliability of system operation work (routine work)
• Specialized knowledge and skills relating to systems
• Polite responses to queries

Areas of expectations for improvements

• Greater intelligibility of manuals
• Ease of understanding and using screens and forms
• Clarity of the basis for estimates

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Client satisfaction[1] (percentage of "satisfied client")	%	84.6	86.9	83.8	86.4	88.7
Percentage of clients surveyed[2] (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
Coverage		c	c	c	c	c

*1 Calculating the weighted average as the percentage of clients who are "satisfied" with the top 2 stages out of 5 evaluation criteria.
*2 The survey is conducted for all business units of consulting business and IT solution business, clients and project service subject to the survey are extracted on a certain basis for each business unit.

■ Innovation Management - Data

▶ Innovation management policy

Approach to research and development

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

The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development.

In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules.

We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.

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

Finance & Industry R&D looks at promotion of DX and promotion of de facto standard business platform-ization.

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

▶ Research and development system

Research and development system

The NRI Group 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	FY2017	FY2018	FY2019	FY2020	FY2021
Total amount		millions of yen	5,170	3,665	4,310	4,468	4,992
Breakdown by segments	Consulting	millions of yen	921	796	824	1,109	1,331
	Financial IT Solutions	millions of yen	2,844	1,694	1,984	1,947	1,783
	Industrial IT Solutions	millions of yen	622	583	714	757	1,150
	IT Platform Services	millions of yen	781	590	781	654	727
Sales ratio		%	1.1	0.7	0.8	0.8	0.8
Coverage			a	a	a	a	a

■ Innovation Management - Data

▶Open innovation

Open innovation case 1	
Reference	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.
	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	
Reference	"Dokokani Mairu" is a mileage service for domestic flights in Japan that was developed in 2018, jointly between Japan Airlines Co., Ltd. (hereinafter, "JAL") and NRI. It enables users to go to one of four randomly displayed destinations ("dokoka" i.e., "somewhere") for less miles than usual. An algorithm that was developed on the basis of a patent held by NRI is used in this service. NRI and JAL established a joint venture, JAL Digital Experience, in 2019 to further advance these new service co-creation initiatives. The company is engaged in experience-based services that propose enriching experiences and new lifestyles tailored to the latent needs of each customer, with travel as the foundation, while leveraging the NRI Group's digital technologies including data analytics and AI. As well as expanding customer travel opportunities and offering new experiences, it is also a service that will help people rediscover the appeal of various regions in Japan and lead to regional revitalization - an innovation in which NRI's capabilities in analytics contributes to solving social issues.
	NRI JOURNAL : Why is JAL's "Go Somewhere Miles" successful? (In Japanese only) https://www.nri.com/jp/journal/2017/0526 Co-creating new value with clients https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2019_e.pdf#page=14 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

■ Innovation Management - Data

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 ofmoney. 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	
	Introduction of development tools of information systems
Overview	
	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 April 2022, we are providing eight 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".
Efficiency gains	
	Improvement in efficiency by introduction of this tool is expected to create about 55 minutes surplus time per person, which will result in a cost saving effect of about 10% as a whole.

■ Innovation Management - Data

Reference	
	News Release (In Japanese only)
	Started marketing of development tools of information systems "aslead"
	https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019
	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
	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
	What's New (November 19, 2021) :
	NRI Launches Solution to Help Build Corporate Privacy Governance —Partnership Agreement Concluded with OneTrust—
	https://www.nri.com/en/news/info/cc/lst/2021/1119_1
	aslead (official site, In Japanese only)
	https://aslead.nri.co.jp/

▶ Environmental innovation

Environmental innovation

Overview	Significant Reduction in CO_2 Emissions Due to Shared Online Services
	The usage of Shared Online Services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, they can markedly reduce power consumption, CO_2 emissions and costs, more so than when each company independently developed their own system. Estimates show that THE STAR, a back-office system for retail brokerage firms, enables the user to lower its CO_2 emissions by 73.9%.

Effects of environmental innovation		unit	FY2017	FY2018	FY2019	FY2020	FY2021
Sales ratio of Shared Online Services		%	21	20	19	19	18
	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	FY2017	FY2018	FY2019	FY2020	FY2021
Sales ratio of consulting		%	7.7	8.2	7.3	6.8	7.0
	Coverage		a	a	a	a	a

Quality of Information Systems - Management Approach

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

Information systems are widely and deeply ingrained in modern society in a variety of ways, and have become indispensable infrastructure for our convenient and comfortable lives.

They are also cornerstones in the realization of new systems and services, and contribute greatly to societal innovation.

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

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

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

Priority activities / Medium- to long-term targets

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

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

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

• Quality management in the development of information systems

• Quality management in the maintenance and operation of information systems

• Increasing the reliability of the data centers that support the systems' operation

■ Quality of Information Systems - Management Approach

Progress / Achievements / Challenges

NRI is certified to ISO9001, the international standards for Quality Management System, 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 four 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).

*With the suspension of services provided by Yokohama Data Center I in FY2021, we now own and manage four data centers.

KPI

	FY2017	FY2018	FY2019	FY2020	FY2021
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO/IEC 20000 , ISO/IEC 27001 Certified Data Centers	5	5	5	5	4
ISO/IEC 27017 Certification Status	-	Acquired	Acquired	Acquired	Acquired
Data Centers with M&O Stamp of Approval	3	3	3	3	3
Failure Response Drills in Data Centers	approx. 3,400	approx. 4,600	approx. 4,100	approx. 4,000	approx. 3,900
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

Link File

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

Quality of Information Systems - Data

▶Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

Each business division is responsible for quality control when implementing projects.

Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Center for Systems Development Innovation 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."
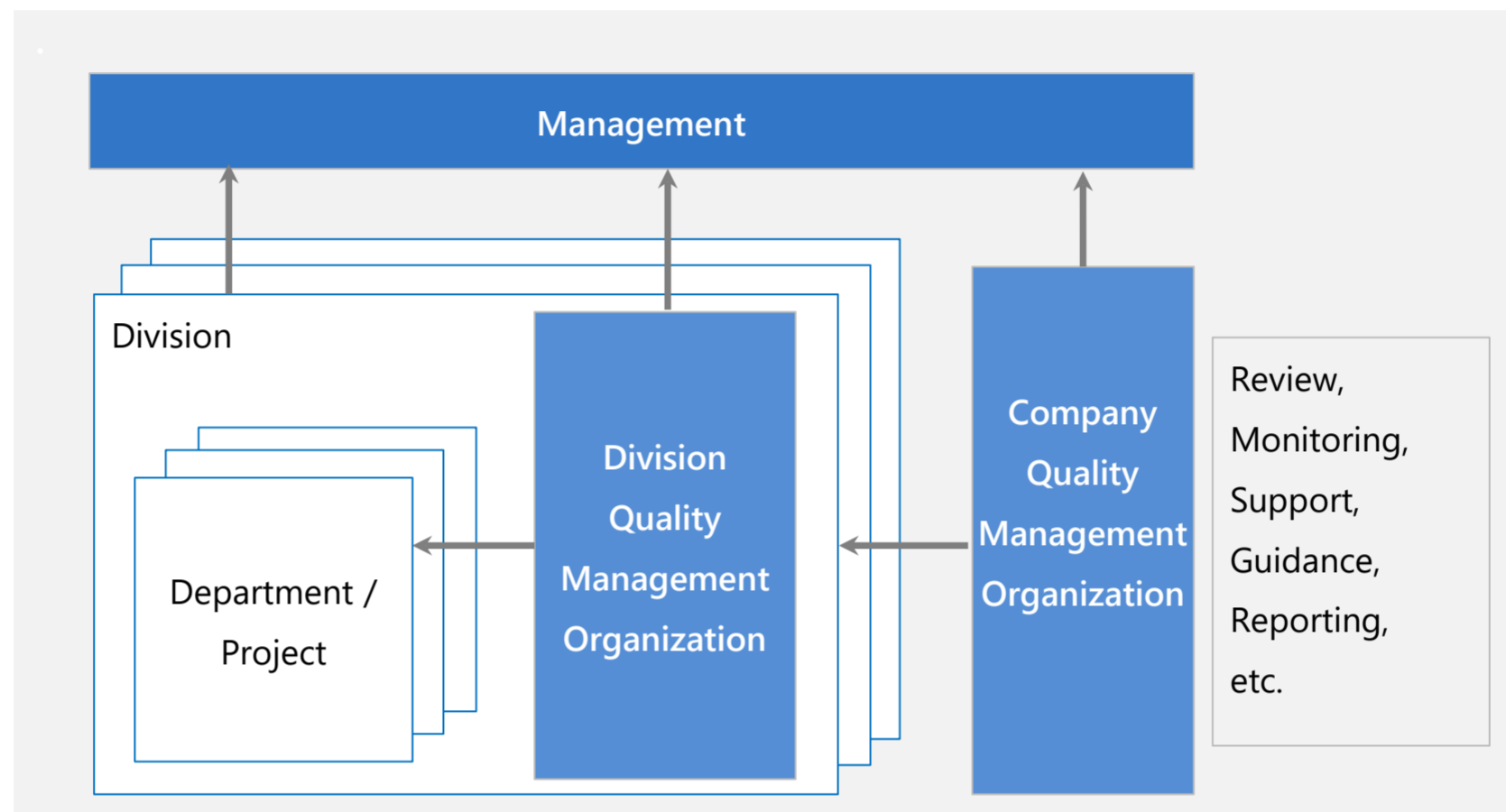
▶Initiatives for improving the quality of information systems

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.
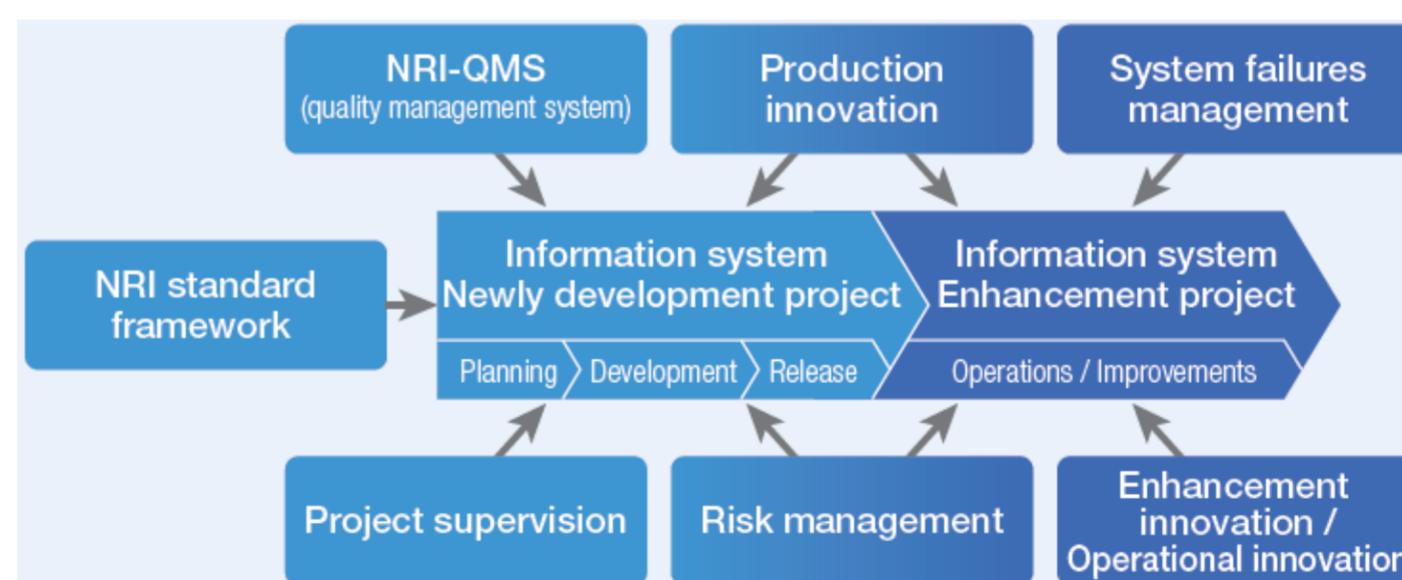
NRI-QMS* (Quality management system)

This is a quality management system built on the basis of know-how cultivated over many years of qualityimprovement 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 is certified to ISO9001, the international standards for Quality Management System, for applicable information system construction projects that require a minimum prescribed amount of labor.

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

Quality of Information Systems - Data

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.

Internal review system

Company-wide project monitoring activities

Senior Management Committee

Systems Development Committee

Proposal and Estimate Review Meeting

System Development Meeting

System Release Meeting

Project

Division Design Committee

Department Design Committee / Internal project review

- Project awareness
- Monitoring via scheduled status reporting
- Reviews, scheduled status meetings
- Review of project deliverables
- Assessing and developing counter-measures regarding project status

Quality of Information Systems - Data

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". Because enhancement continues over a long period of time, there is a high risk of loss due to unattended problems and unresolved issues can have a negative impact on quality, but improvements can also have a significant impact.

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.Good examples of activities and business know-how are shared with all employees via the intranet.

Quality of Information Systems - Data

▶Quality management in the maintenance and operation of information systems

Overview of quality control

In order for created information systems to be utilized effectively, stable system operation is indispensable.

The NRI Group has been offering reliable-quality system operation services 24 hours each day, 365 days each year for many years.

NRI's Data Center Service Division has built an IT service management system called "System Operation ITSMS" based on that accumulated experience and ITIL[*], and has been working to obtain ISO 20000 Certification, an international standard for IT service management, for the information systems it is entrusted with in its data centers.

In accordance with the System Operation ITSMS, we are working to improve the quality of system operation and IT services by utilizing the results of customer satisfaction surveys and failure records.

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

Policy

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

ISO/IEC 20000 Scope

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

Relevant Locations
• Yokohama Center
• Tokyo Data Center I
• Yokohama Data Center II
• Osaka Data Center
• Osaka Data Center II
• Otemachi Operating Office
• Yokohama Landmark Tower Operating Office
• Osaka 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.

Quality of Information Systems - Data

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.

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.

Promoting improvements for operation quality

At NRI, we handle approximately 500 projects each year for improving the quality and efficiency of system information together with NRI and business partner employees involved in the operation of information systems.

We aim to increase the motivation of system operators by establishing a system where employees who are well-versed in system operation work review these improvement activities and award good examples.

Operational Skill Improvements aimed at Automation and Labor-Saving

In order to operate information systems stably, skill improvement of operators who operate the computers and network equipment is an important factor.

In particular, as automation and laborsaving— progress, it will be necessary for operators to acquire a high level of expertise to be able to cope with various failures with fewer people.

Accordingly, NRI conducts group and e-learning training for operators to improve their skills and awareness. Furthermore, to promote the desire of operators to improve and to have them acquire skills of a certain level or higher, a proficiency assessment system to judge proficiency through examination has been introduced since 2005.

Silver or Gold certifications are awarded depending on the skills and support improving operator skills and motivation.

■ Quality of Information Systems - Data

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

Increasing the reliability of the data centers

The stable operation of information 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 November 2021, 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/

■ Quality of Information Systems - Data

▶Issuance of SOC2 report

Issuance of SOC2 report
SOC2 reports are reports expressing the opinion of an 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 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.

Quality of Information Systems - Data

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

ISO9001	Company	Acquisition date	Acquisition object
	NRI	January 2002	Systems design and development planning and subcontracting for projects with anticipated workloads above a certain size
	NRI System Techno	September 2001	System maintenance, operation and development for subcontracted projects
	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 2022 https://www.nri.com/jp/knowledge/book/lst/2022/o_book249	Toyo Keizai	March 2022
	Enterprise Guide for IT Infrastructure Design on Google Cloud https://www.nri.com/jp/knowledge/book/lst/2021/o_book227	Nikkei Business Publications	March 2022
	Introduction to Zero Trust Networks https://www.nri.com/jp/knowledge/book/lst/2022/o_book246	Gijutsu-Hyohron	March 2022
	Advanced AWS Certification and Networking https://www.nri.com/jp/knowledge/book/lst/2022/o_book247	Mynavi Publishing	February 2022
	Illustrated Introduction to the System of Amazon Web Services https://www.nri.com/jp/knowledge/book/lst/2022/o_book244	SB Creative	February 2022
	IT Navigator 2022 Edition https://www.nri.com/jp/knowledge/book/lst/2021/o_book241	Toyo Keizai	December 2021
	The Impact of Embedded Finance https://www.nri.com/jp/knowledge/book/lst/2021/o_book239	Toyo Keizai	December 2021
	Introduction to Data Science https://www.nri.com/jp/knowledge/book/lst/2021/o_book2	Nikkei Business Publications	December 2021
	Introduction to AWS Container Design and Construction https://www.nri.com/jp/knowledge/book/lst/2021/o_book238	SB Creative	October 2021
	Basics of Web Production and Operation https://www.nri.com/jp/knowledge/book/lst/2021/o_book233	SB Creative	May 2021
	Practical Data Science and Machine Learning with R and Python (Revised Edition) https://www.nri.com/jp/knowledge/book/lst/2021/o_book232	Gijutsu-Hyohron	May 2021

■ Information Security - Management Approach

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

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

The NRI Group operates important information infrastructure that supports society, such as that for finance and logistics. In order to maintain service continuity and protect this valuable information, we are engaged in a variety of efforts to prevent information security failures in advance.

In addition, in the unlikely event an information security failure does occur, we have implemented measures to minimize any impact.

Priority activities / Medium- to long-term targets

Recognizing information security risk as an issue that should be addressed at the highest level in terms of technology and systems, the NRI Group has taken the following key measures:
• Advance prevention of information security failures
• Creation of a solid governance system for information security

Progress / Achievements / Challenges

Advance prevention of information security failures

In order to reduce the risk of a client's business data being leaked, we have established rules for each project concerning access to the live system environment and the removal of business data, which are continuously improved using the PDCA cycle. In addition, system responses are in place as preventive measures against cyber-attacks, and include the use of antivirus software and EDR*, 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	FY2017	FY2018	FY2019	FY2020	FY2021
Number of information security failures (year-on-year)		About 11% decrease	About 11% decrease	About 27% increase	About 40% decrease	About 11% increase
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

＊An abbreviation for Endpoint Detection and Response A solution that detects suspicious behavior on PCs and servers (end points) and supports swift responses

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

■ Information Security - Data

▶Information security policy

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

▶Information security management

Governance system for the information security	
	NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, this structure will enable us to respond swiftly, accurately, and reliably in the event of cyber-attacks and other security emergencies. The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. that engages exclusively in information security business. We will draw on their technology, know-how and knowledge when preparing and implementing our information security policies. We have appointed an information security manager and an information security PIC at each of our overseas and domestic Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company. In addition, the NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards.

Information security management system
Planning and Imprementation

- Cief Information Security Officer
- Review of information Security activities
- Information Security Promotion Committee (Composed of directors and department managers, etc. of divisions that implement measures)
- Security Management Department

Practice

- Person responsible for division
- Division Information Security Person-in-Charge
- Person responsible for department
- Employees
- In-department Information Security Person-in-Charge

- Headquarters structure (General Affairs Department, Legal and Intellectual Property Department, Integrated Risk Management Group) — Support
- NRI Secure Technologies
- NRI Workplace Services — Support
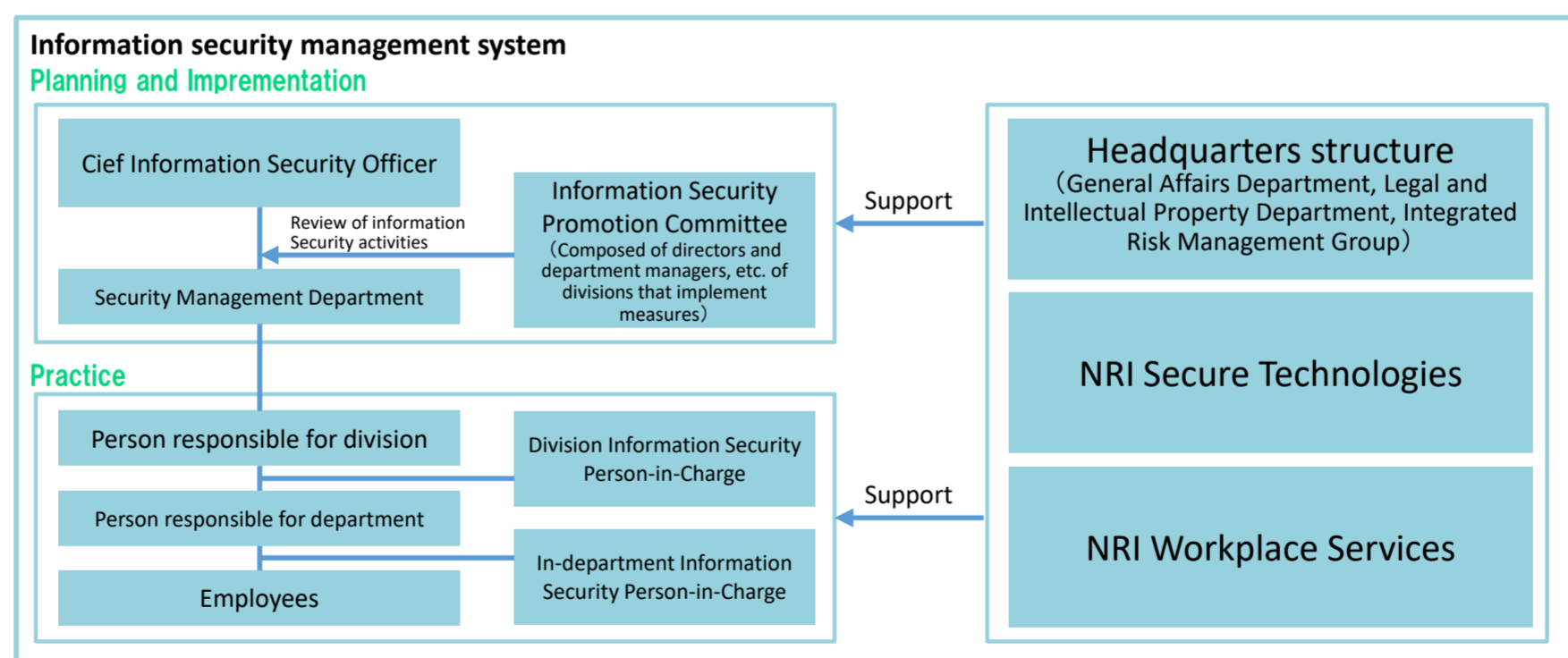
Officer in charge	
	Chief Information Security Officer : Susumu Nishimoto, Senior Corporate Managing Directors
Responsible committee	
	Information Security Promotion Committee

■ Information Security - Data

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	FY2017	FY2018	FY2019	FY2020	FY2021
Training for new employees	no. of person	392	515	557	450	424
Training on response to cyber-attacks	no. of person	78	83	56	–	–
Training for information security	no. of person	–	–	–	6,387	6,354
Personal information management training	no. of person	5,997	6,116	6,252	6,387	6,354
Security training for temporary employees	no. of person	1,641	1,695	1,686	1,795	2,041
Coverage		b	b-	b-	b-	b-
Security training for overseas offices	no. of person	2,597	2,739	2,417	2,705	2,856
Coverage		d	d	d	d	d

■ Information Security - Data

▶Measures to prevent occurrence of information security failures

Information security in client's information system

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

For example, for projects that handle large amounts of personal information or projects that store information that would have a large impact on the client in the event of a leak, the oversight departments conduct individual inspections to confirm that operation is taking place in accordance with the rules.

In addition, the oversight departments also check the validity of any initiatives concerning handling of any dataalteration from cyber-attacks, or system service suspensions.

Audits undertaken to ensure the security of clients' systems	Object	FY2017	FY2018	FY2019	FY2020	FY2021
Verification assessments conducted of project security rules	no. of audits	230	165	141	110	221
Audits of public Web system	no. of audits	84	77	83	67	98
Audits of responses to cyber-attacks, and corrections	no. of audits	145	148	149	158	182
Audits of live productions and development management, and corrections	no. of audits	10	11	147	12	135
Surveys of the use of AWS[1] and making any corrections	no. of audits	30	48	169	193	190
Surveys of the use of BPO[2] operations and making any corrections	no. of audits	1	3	4	1	6
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 process

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	FY2017	FY2018	FY2019	FY2020	FY2021
Number of projects conducting audits	81	76	95	780	700
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	FY2017	FY2018	FY2019	FY2020	FY2021
Audits of public Web system	no. of audits	28	24	22	12	39
Audits of responses to cyber-attacks, and corrections	no. of audits	107	19	154	167	193
Audits of live productions and development management, and corrections	no. of audits	4	6	7	7	7
Surveys of the use of AWS[*1] and making any corrections	no. of audits	58	22	34	45	74
Surveys of the use of BPO[*2] operations and making any corrections	no. of audits	3	2	1	1	3

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

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

Measures for overseas group companies

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

	FY2017	FY2018	FY2019	FY2020	FY2021
No. of rollouts of information security packages for overseas offices	16	17	17	18	18
Audits of public Web system	7	3	1	4	1
Audits of responses to cyber-attacks, and corrections	14	4	3	0	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

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. We also carry out valunerability analysis, including simulated hacker 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 II
Osaka Data Center
Osaka Data Center II
Otemachi Operation office
Yokohama Landmaerk Tower Operation office
Osaka 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 Croud Service Security Management System

■ Information Security - Data

▶Personal data protection

Policy for personal data protection

	NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the "My Number Act"); and other relevant laws and regulations. NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission. 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.
Applicable scope	
	NRI
References	
	Personal Data Protection Statement (Applicable scope: NRI) https://www.nri.com/en/site/security Privacy Policy (Applicable scope: NRI Group) https://www.nri.com/en/site/privacy

▶Management on protection of personal information

Governance System for the Protection of Personal Information

	We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system. The "Personal Information Protection Auditor" is appointed by the President & CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports. At NRI, we periodically conduct internal audits regarding the protection of personal information as defined in JIS Q15001 (Personal information protection management systems - requirements), with the General Manager of the Internal Audit Department as the Personal Information Protection Auditor. The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.
Officer in charge	
	This role is assumed by Chief Information Security Officer.

Maintenance of rules for the Protection of Personal Information

Included in the "Maintenance of rules" section of "Information security management".

Training and awareness on protection of personal information

Included in the "Training and awareness on information security" section of "Information Security Management."

Personal information held by NRI

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

■ Information Security - Data

Point of contact for external inquiries

General inquiries from the outside are handled by the public relations department.

Strengthened Personal Information Protection Management for Partner Companies

When partner companies handle personal information held by NRI, we request that they enter into a "Confidentiality Agreement" and "Memorandum of Understanding on the Handling of Personal Information" and also comply with our "Security Guidelines."

▶ Risks related to protection of personal information

Percentage of Personal Information or Customer Information Used for Secondary Purposes (Internal or Commercial Purposes)

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

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

Not applicable.
In FY2021 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.

▶ About Privacy Mark

About Privacy Mark

In August 1999, we acquired the Privacy Mark, and in August 2021, we updated our Privacy Mark certification.
Privacy Mark certification is awarded to offices that are certified by a third party organization to maintain appropriate measures for protecting personal information and conform with the Japanese Act on the Protection of Personal Information and JIS Q15001 (Personal information protection management systems - requirements), the Japanese industrial standard that defines how organizations such as corporations should securely and appropriately manage personal information in business.

The following five companies of the NRI Group have acquired the Privacy Mark.
・NRI
・NRI Netcom, Ltd.
・NRI Data iTech, Ltd.
・DSB Co, Ltd.
・DSB Information System Co., Ltd.

Reference

Privacy Mark System
https://privacymark.org/

■ Environmental Management - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO_2 emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector.

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

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

As an example of the great impact of "Green by NRI" activities, by expanding the provision of "Shared Online Services" that utilize one information system in multiple companies, the amount of CO_2 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.

NRI signed the Business Ambition for 1.5°C in May 2020, formulated a new greenhouse gas emission reduction target, and obtained certification for the 1.5°C target by the SBT Initiative in February 2021. During FY2021, we switched the power used by the three largest of the five data centers owned by NRI (Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II) to renewable energy. This enabled us to achieve our greenhouse gas emission reduction target formulated in February 2021 ahead of schedule, so we formulated the following new target in February 2022.

[Major targets]
1) Archieving Net-Zero greenhouse gas emissions (Scope 1 and Scope 2) of the NRI Group by FY2030
2) Using 100% renewable energy at the NRI Group by FY2030

■ Environmental Management - Management Approach

Progress / Achievements / Challenges

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. In addition, in 2021, we were also selected by CDP to be on their Supplier Engagement Leaderboard. This is the third year that we were selected, which certifies that our efforts to achieve greenhouse gas emission reduction targets over the entire NRI supply chain, efforts to reduce climate change risks, and support for our business partners achieving greenhouse gas emission reductions were befitting that of a global leader.

KPI		unit	FY2013	FY2017	FY2018	FY2019	FY2020	FY2021
GHG emissions (Scope1＋2）		1,000t-CO$_2$	108	75	66	60	55	30
GHG emissions reduction rate (compare to base year FY2013)		%	(Base year)	30.0	38.2	43.8	48.7	72.1
Energy consumption amount in Data Centers		1,000kWh	–	103,815	98,550	95,779	95,523	95,220
	Renewable energy consumption amount	1,000kWh	–	75	72	75	1,570	54,180
	Renewable energy utilization rate	%	–	0.1	0.1	0.1	1.6	56.9
Coverage			a	a	a	a	a	a

Link Files

Green by NRI

• Significantly reducing CO$_2$ 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

Sustainability-Linked Bonds
https://www.nri.com/jp/sustainability/environment/sustainability_linked_bond_01

Participation in a Program to Protect Asian Elephants
https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51

■ Environmental Management - Data

▶ Environmental policy

Environmental policy
NRI 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. We have also formulated a Biodiversity Action Agenda, which defines our actions to take to promote the conservation and sustainable use of biodiversity. 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 have promoted procurement in a manner that considers the environment while also complying with the law and social norms.

Applicable scope
All directors, officers and employees of NRI Group

References
NRI Group Environmental Policy https://www.nri.com/en/sustainability/environment/policy
Biodiversity action agenda https://www.nri.com/en/sustainability/environment/biodiversity
NRI Group Procurement Policy https://www.nri.com/en/company/partner

▶ Environmental management system

Environmental management structure
At the direction of the President & CEO, the NRI Group has formed the Sustainability Activitiesy Committee as organizations responsible for sustainable operation, including climate change issues, and presents sustainability initiatives and management proposals to the Senior Management Committee and the Board of Directors several times during the fiscal year.

Officer in charge
Takeshi Hihara, Senior Managing Director

Responsible committee
Sustainability Activities Committee

Status of introduction of environmental management system (EMS)
NRI has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO2. (NRI owns 5 data centers in Japan, one of which was closed at the end of FY2021. The closed data center did not aquire ISO 14001 certification, which resulted in a lower EMS coverage ratio compared to previous year's 70.5%.) As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from FY2015. In FY2018, China's Zhiming Group was added to the scope of NRI-EMS, and four new bases were added. We will continue to consider introducing it to other overseas bases.

EMS Coverage (based on energy consumption)		unit	FY2021
		%	85.9
Data centers	(ISO 14001 introduction rate 87.8%)	%	61.5
Office	(NRI-EMS introduction rate 85.7%)	%	24.0
Overseas bases	(NRI-EMS introduction rate 21.2%)	%	0.4
Coverage			a

■ Environmental Management - Data

Environmental audit

With ISO 14001, which we have adopted at our data centers, we must conduct an internal audit and external audit once a year. With NRI-EMS, which is adopted at our main offices in Japan and overseas, we conduct an internal audit once a year and implement continuous improvements via the PDCA cycle of EMS.

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.

In July 2018, we expressed our support for the TCFD final report, and have been disclosing appropriate information based on the TCFD framework since then. NRI performs scenario analysis on a business division basis, and we calculate the financial impact on each business while changing the target business division each year. The results of the scenario analysis are announced at the ESG briefing held each year in February, and disclosed on our website and in integrated reports. These efforts were well received, and in March 2022 we were selected as a company with excellent TCFD disclosure by the GPIF's asset managers entrusted with domestic equity investment.

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.

We conduct an ESG (environmental, social, governance) e-learning test for all directors and employees in February each year, and it is taken by more than 90%. In November 2020, we also opened the "ESG Site" on the company intranet for disseminating and raising awareness on the knowledge and expertise required for ESG and rules that should be observed. The ESG Site contains animated videos for learning basic ESG knowledge and is shared with NRI Group employees.

Since FY2016 we have been participating in forest improvement activities* in Tadami Town, Fukushima Prefecture, and joining family-oriented environmental experiences at the Takao Nature School in Hachioji City, Tokyo. (Canceled in FY2020 and FY2021, due to COVID-19)

In order to ensure that our environmental management system is operated appropriately, we provide EMS training including e-learning to employees in charge of and responsible for EMS at our offices.

* 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 Management - Data

▶ Environmental mass balance

Environmental mass balance of NRI Group			unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assurance
INPUT			unit	FY2017	FY2018	FY2019	FY2020	FY2021	
	Energy consumption	Total	1,000GJ	1,492	1,390	1,328	1,290	1,269	✔
		Electricity[1]	1,000kWh	136,518	127,773	121,926	119,574	118,616	✔
		Gas, kerosene, cooling, steam, heat[2]	1,000GJ	167	150	144	130	118	✔
		Renewable energy consumption[1][a]	1,000kWh	621	743	886	3,926	59,968	✔
	Water consumption	Water works[2]	$1,000m^3$	201	212	185	154	152	✔
	Paper rehouses use	Business paper[2]	t	213	190	174	80	62	✔
OUTPUT			unit	FY2017	FY2018	FY2019	FY2020	FY2021	
	Greenhouse gas	Total	$1,000t\text{-}CO_2$	75	66	60	55	30	✔
		Electricity[1][b]	$1,000t\text{-}CO_2$	68	60	54	49	24	✔
		Gas, kerosene, cooling, steam, heat[2]	$1,000t\text{-}CO_2$	6	6	6	5	5	✔
	Drainage for business[3]	Volume of wastewater	$1,000m^3$	35	37	34	32	32	✔
	Waste paper[2]	Whole waste	t	269	193	173	95	90	✔
		Final disposed volume	t	0	0	0	0	0	✔
		Recycling rate	%	100	100	100	100	100	✔
	Industrial wastes[4]	Whole waste	t	2,365	1,414	539	418	1,007	✔
		Final disposal volume	t	75	40	25	33	65	✔
		Recycle rate	%	96.8	97.2	95.4	92.1	93.5	✔
		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, FIT Non-Fossil Certificates,

      green electricity products from energy supplier, and overseas renewable energy certificates.

4) Greenhouse gases (electricity)

   *b Results of calculation based on the location standard: 51 [$1,000 t\text{-}CO_2$]

■ Climate Change - Data

▶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	
	Sustainability initiatives, including efforts to address climate change, are partially reflected in the individual bonus evaluations of main Senior Managing Directors. 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 the Senior Managing Directors (General Managers and Deputy General Managers) and employees. To ensure certain operation of the NRI Group environment management system, NRI encourages employees to obtain various external qualifications related to climate change such as ISO14001 internal auditor and energy manager qualifications. For employees who obtain such qualifications, the NRI Group provides examination fees and also recognizes their achievement in employee performance assessments. To realize the NRI Group corporate statement "Dream up the future," NRI has a program for commending employees who contribute to enhancing the prestige of the NRI Group and achieving its vision every year. This program recognizes not only employees who are involved in activities to disseminate information for social recommendations and the development of new business and technologies but also employees who contribute to improving corporate value through ESG (environmental, social, governance) and sustainability activities.
Risk management on climate change	
	The NRI Group defines the possibility of detriment to the Group's capital due to an unforeseen circumstance that occurs in business operations, or something that prevents the preservation or improvement of enterprise value due to a phenomenon that hinders business operations as business operational risk. The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments. With respect to responding to ESG issues, including climate change risk, in addition to the Integrated Risk Management Committee and at the direction of the President & CEO, the Sustainability Activities Committee, which mainly promotes sustainable management, and the NRI Value Co-Creation Committee, which promotes CSV (Creating Shared Value) operation, have also been established. These three bodies work in a triangle-structure to promote and engage in management strategies for not only ESG risks, but also ESG opportunities. With respect to climate-related risks (including business continuity risk due to a natural disaster or similar), the Sustainability Activities Committee, which has responsibility for business-foundational ESG, undertakes management to control the impact of the burden on society. The NRI Group has identified the materialities on which it should engage, and one of the 4 materialities is "the creation of a future society with a low environmental burden." In alignment with the relevant materialities, climate change risk is managed by setting and publishing external environmental targets for each of the themes of "response to climate change," "sustainable energy consumption," "environmental responsibility and preservation," and "supply-chain environmental consideration." Furthermore, as foundational climate change management, PDCA has been implemented, with ISO14001 introduced in all 5 data centers and NRI's original environment management system (NRI-EMS) introduced in major offices.

■ Climate Change - Data

▶Climate-related targets

Climate-related targets		
Targets	Because the NRI Group is expected to achieve our 1.5°C target certified by the SBT Initiative in FY2020 ahead of schedule, we created a new target for reducing greenhouse gas emissions.	

		SBT1.5℃ targets（established in February 2021）	New targets*（established in February 2022）
	Category	FY 2030 targets	FY 2030 targets
Scope1＋2		・NRI Group greenhouse gas emissions reduced by 72% (compared to FY2013) ・Data center renewable energy use of 70%	・NRI Group Net zero greenhouse gas emissions**
		FY 2050 targets	
		・NRI Group's Net Zero g reenhouse gas emissions ・NRI Group's 100% use of renewable energy	・NRI Group 100% use of renewable energy
Scope3		FY 2023 targets	
		・70% or more of NRI Group business partnes have set an enviromental target at the SBT level***（target : categories 1, 2, and 11 of Scope 3）	
		FY 2030 targets	
		・Reduce emissions of employee business trips and commuting by 25%（target : categories 6 and 7 of Scope 3）	

* We plan to obtain SBT certification for the new target, according to future SBT initiative standards

** In regard to Scope 1 emissions, we will consider countermeasures in line with future SBTi guidelines and technological trends.

***The emissions coefficient is multiplied by the amount of transactions for Category 1 and 2 and the product power consumption for Category 11.

Progress		unit	FY2013	FY2017	FY2018	FY2019	FY2020	FY2021
CO_2 emissions (Scope1＋2)		1,000t-CO_2	108	75	66	60	55	30
Reduction rate (compared to base year)		%	(Base year)	30.0	38.2	43.8	48.7	72.1
Energy consumption amount at Data Center		1,000kWh	–	103,815	98,550	95,779	95,523	95,220
	Renewable energy consumption amount	1,000kWh	–	75	72	75	1,570	54,180
	Renewable energy utilization rate	%	–	0.1	0.1	0.1	1.6	56.9
Supplier's environmental target setting rate		%	–	4.6	18.1	21.6	30.5	33.6
Emissions related to business travel and commuting		1,000t-CO_2	7	9	11	28	5	4
	Reduction rate (compared to base year)	%	(Base year)	–	–	–	–	32.1
Coverage			a	a	a	a	a	a

■ Climate Change - Data

▶Climate-related risks

Risks due to changes in regulations

The world has accelerated towards decarbonization. In October 2020, then-Prime Minister Suga declared Japan's goal of becoming carbon neutral by 2050 in his policy speech.

On the other hand, in Japan, the amount of electricity generated from renewable energy sources is currently in the 20% range, and the target of 36-38% renewable energy sources in 2030 as indicated in the 6th Basic Energy Plan approved by the Cabinet in October 2021 is not sufficient to achieve carbon neutrality by 2050, and the 2030 target is not high compared to other countries.

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 RE100 in 2019 and switched the power used at its three data centers with large power usage to renewable energy in FY2021. In addition, while our initial goal was to have all of our power coming from renewable energy sources by 2050, we have moved the target year forward to FY2030 in order to strengthen our competitiveness with a view to future strengthening of laws and regulations. In addition, together with Japanese RE100 member companies, we are making policy recommendations to the government of Japan to increase the supply of renewable energy.

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 60% of our 16,500 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 addition, NRI utilizes offshore development in China, led by the securities solutions business, which has the highest sales in the NRI Group. On the other hand, China is highly susceptible to acute physical risks such as flooding. In light of this physical risk, NRI is considering reflecting this in new business plan, anticipating additional costs from alternative development in Japan in the event of an emergency.

In addition, NRI is actively working to reduce risk by relocating and decentralizing offices and introducing teleworking as measures to strengthen BCP, etc. In February 2021, a group company (NRI Process Innovation ,Ltd.) that provides BPO services to asset management companies and other companies will be responsible for the management of the Tokyo metropolitan area. In February 2021, NRI Process Innovation Corporation, a group company that provides BPO services to asset management companies and other companies, opened a new office in Sapporo, a city said to be less susceptible to disasters, in preparation for the event of a large-scale disaster in the Tokyo metropolitan area.

▶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 CO_2 emissions. As a green revenue, it accounts for about 20% of sales.

NRI joined RE100 in 2019, and in FY2021, we switched to using renewable energy at our three largest data centers. We have declared a target of using 100% renewable energy at the NRI Group by FY2030 and aim to make the data center business itself a low or zero carbon service.

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.

■ Climate Change - Data

▶Action to mitigate climate change

Mitigating climate change through products and services

"Shared Online Services":

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

Data indicates that using NRI's shared online service can allow our clients to cut their CO_2 emissions by around 70%, compared to if they build and operate their own systems independently.

The CO2 reduction effect of customers through the use of shared Online Services is monitored quarterly and reported to the Board of Directors as one of the KPIs of the status of CSV efforts. In FY2021, the CO2 reduction effect for customers through this service was [105,087] tons.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Green revenues (revenues from shared online services)	billions of yen	100.1	98.7	103.6	102.9	108.4
Sales ratio	%	21.2	19.7	19.6	18.7	17.7
Coverage		a	a	a	a	a

"Net zero CO2 emissions support service for lending and investment portfolios":

NRI has been providing the "Net Zero CO2 Emissions Support Service for Investment and lending Portfolio" for financial institutions since April 2022. This service is the first solution for financial institutions in Japan to support compliance with various global requirements and standards such as PCAF*1 through the provision of proprietary CO2 emissions estimation data and other data specific to Japanese companies. Specifically, the service combines a "CO2 emissions analysis solution for investment and lending portfolios" with a "consulting service to support engagement with investee companies" to enable financial institutions to significantly reduce the workload associated with reducing the CO2 emissions of their investment and loan portfolios (to net zero).

"Carbon Tracing System (NRI-CTS)":

NRI has developed a prototype of the "Carbon Tracing System (NRI-CTS)*2 " that enables companies to trace carbon dioxide and other GHG emission-related information in their supply chains. We are conducting a proof-of-concept (PoC) to apply the NRI-CTS to trace GHG emission status by product and to respond to the TCFD from December 2021.

*1 Partnership of financial institutions established in the Netherlands in 2015 to develop methodologies and data for measuring and evaluating CO2 emissions of investment and loan portfolios.
*2 Patent and trademark pending.

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.

In addition, NRI, as a CDP supply chain program member, endorsed the "CDP Science-Based Targets Campaign 2021" conducted by the international environmental NGO CDP in September 2021. This campaign, led by 220 financial institutions with $29 trillion under management, asks approximately 1,600 influential companies around the world to set science-based greenhouse gas emission reduction targets (SBT) consistent with the 1.5°C scenario. NRI is one of only two Japanese companies, other than financial institutions, that have endorsed this initiative.

■ Greenhouse Gas Emissions - Data `E03D`

▶Greenhouse gas emissions

GHG emissions (Scope1, Scope2)		unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assurance
Direct GHG emissions (Scope1)	Total	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		unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Market Based	Total	1,000t-CO_2	73	64	58	53	28	✔
	Japan	1,000t-CO_2	70	61	56	53	28	✔
	Overseas	1,000t-CO_2	3	2	2	0	0	✔
Locatoin based	Total	1,000t-CO_2	73	65	58	57	55	✔
	Japan	1,000t-CO_2	70	62	56	56	53	✔
	Overseas	1,000t-CO_2	3	2	2	1	1	✔
Total emissions(Scope1＋2)		unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Market based	Total	1,000t-CO_2	75	66	60	55	30	✔
	Japan	1,000t-CO_2	71	63	58	55	29	✔
	Overseas	1,000t-CO_2	3	2	2	0	0	✔
Location based	Total	1,000t-CO_2	75	66	60	59	57	✔
	Japan	1,000t-CO_2	72	63	58	57	55	✔
	Overseas	1,000t-CO_2	3	2	2	1	1	✔
	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)

GHG emissions (Scope3)		unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assurance
Indirect GHG emissions (Scope3)		1,000t-CO_2	137	120	180	133	152	✔
Category1	Purchased goods and services	1,000t-CO_2	69	84	91	97	112	✔
Category2	Capital goods	1,000t-CO_2	44	12	15	16	23	✔
Category3	Fuel-and-energy-related activities	1,000t-CO_2	6	5	10	10	10	✔
Category6	Business travel	1,000t-CO_2	7	8	24	1	3	✔
Category7	Employee commuting	1,000t-CO_2	2	2	4	3	1	✔
Category11	Use of sold products	1,000t-CO_2	7	6	34	4	1	✔
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	FY2017	FY2018	FY2019	FY2020	FY2021
GHG emissions per net sales	t-CO_2/ Millions of Yen	0.160	0.133	0.114	0.100	0.049

■ Energy Consumption - Data

▶Energy consumption amount

Energy consumption amount		unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Energy consumption amount		1,000kWh	172,906	160,866	154,125	148,604	145,082	✔
Electricity	(A)	1,000kWh	136,518	127,773	121,926	119,574	118,616	✔
Kerosene		kl	32	0	52	0	0	✔
Diesel		kl	112	128	113	137	110	✔
Gas		1,000m^3	569	628	644	587	589	✔
Cooling, steam, heat		1,000GJ	100	85	80	72	64	✔
Renewable energy consumption amount[*]	(B)	1,000kWh	621	743	886	3,926	59,968	✔
Renewable energy utilization rate	(B/A)	%	0.5	0.6	0.7	3.3	50.6	✔
Coverage			a	a	a	a	a	

* Total amount of electricity generated from in-house solar power generation (solar power), Green Energy Certificates, FIT NFC, EACs, and green electricity products from energy supplier.

▶Data center energy consumption

Data center energy consumption		unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Data center energy consumption	(A)	1,000kWh	103,815	98,550	95,779	95,523	95,220	✔
Renewable energy consumption amount[*]	(B)	1,000kWh	75	72	75	1,570	54,180	✔
Renewable energy utilization rate	(B/A)	%	0.1	0.1	0.1	1.6	56.9	✔
Scope of data center coverage		%	100	100	100	100	100	

* Figures include solar power generation (all for in-house consumption), Green Energy Certificates, FIT NFC, and green electricity products from energy supplier.

■ Resource Use, Waste - Data E05D

▶ Water resources

Water use	unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Water use (total)	1,000m^3	201	212	185	154	152	
Water works	1,000m^3	201	212	185	154	152	✔
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	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Waste water (total)	1,000m^3	35	37	34	32	32	✔
	Coverage*	c-	c-	c-	c-	c-	

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

▶ Paper resources

Paper use	unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Paper use (Business paper)	t	213	190	174	80	62	✔
	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	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Waste paper (total)	t	269	193	173	95	90	✔
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	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Waste disposed (total)	t	2,365	1,414	539	418	1,007	✔
Recycle rate	%	96.8	97.2	95.4	92.1	93.5	✔
	Coverage*	b-	b-	b-	b-	b-	

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

■ NRI Green Bond (3rd Unsecured) Data

Outline of NRI Green Bond

We have announced our corporate statement of "Dream up the future" and promote ESG initiatives for improving corporate value.
One example of NRI-style ESG initiatives are the NRI Green Bonds (Nomura Research Institute, Ltd. 3rd series unsecured corporate bonds) issued in September 2016. By issuing NRI Green Bonds, we aim to lead the realization of a sustainable future society by encouraging green investment in Japan and putting our green investment into practice.

▶Status of appropriation of fundraising

Appropriation of procured funds

		unit	FY2021
Details of procurement fund and appropriated amount	Total	millions of yen	4,287
	Funds acquired for trust beneficiary rights making part of the Yokohama Nomura Building a trust asset and capital expenditures for that building	millions of yen	4,000
	Construction of Osaka Data Center II Building 2	millions of yen	287
Procurement fund balance		unit	FY2021
	Procurement fund balance at start of period	millions of yen	0
	Procurement fund balance at end of period	millions of yen	5,713

▶Impact Reporting

Status of Green Building Business

NRI acquired the trust beneficiary right of the Yokohama Comprehensive Center (Yokohama Nomura Building), which is the use of the NRI Green Bond funds in April 2017, and has started using it as a lessee. We sold our trust beneficiary rights in May 2021 and in April 2022. Funds from this sale are managed in a dedicated account until they can be allocated to suitable green projects in the future. We plan to continue using the Yokohama Nomura Building after the partial sales of trust beneficiary rights, and will continue business activities for reducing our environmental impact.

KPI	Field	Item	unit	FY2021
	Environment	Industrial waste volume	t	19.8
		Recycling rate	%	86.6
	Social	Occupational safety and health: Number of serious occupational accidents (including subcontractors)		0
	Governance	ESG related disputes (including subcontractors)		0
	Local community contribution	Actions taken for dialogue and interaction with the local community		

・The winter illumination was held from November 11, 2021 to February 13, 2022.
・We joined "TOWERS Milight" to illuminate our entire building together with other offices in the Minato Mirai 21 area on Christmas Eve.
・We donated 200 sets of emergency rations to children's cafeterias near the Yokohama Nomura Building.

NRI Green Bond (3rd Unsecured) Data

Environmental evaluation of target facilities									Assur-ance
Yokohama Center (Yokohama Nomura Building)			unit	FY2017	FY2018	FY2019	FY2020	FY2021	
INPUT	Energy resources use	Total heat	1,000GJ	62	77	83	74	74	✔
	Electricity		1,000kWh	3,086	3,912	4,261	3,887	3,866	✔
	Gas, Cooling, heat		1,000GJ	32	39	42	37	36	✔
OUTPUT	GHG emissions	Total emissions	$t\text{-}CO_2$	2,953	3,604	3,909	3,450	2,205	✔
	Electricity		$t\text{-}CO_2$	1,500	1,858	1,994	1,776	566	✔
	Gas, cooling, heat		$t\text{-}CO_2$	1,453	1,745	1,915	1,674	1,639	✔
	Emissions per floor area		$t\text{-}CO_2/m^2$	0.05	0.07	0.07	0.06	0.04	
	Emissions per employee (A)		$t\text{-}CO_2/$ person	0.45	0.54	0.59	0.52	0.33	
Yokohama Minato Center (Dia Building)			unit	FY2017					
OUTPUT	Total heat from energy resources		1,000GJ	51					
	GHG emissions		$t\text{-}CO_2$	2,537					
	Emissions per floor area		$t\text{-}CO_2/m^2$	0.14					
	Emissions per employee（FY2017：B)		$t\text{-}CO_2/$ person	1.13					
Comparison between Yokohama Nomura Building and Dia Building			unit	FY2017	FY2018	FY2019	FY2020	FY2021	
OUTPUT	Improvements in emissions per employee ((A-B)/B)		%	-60.6	-51.9	-47.8	-53.9	-70.6	

Notes 1. When conducting the environmental assessment on the Yokohama Nomura Building, a comparison was conducted with the Yokohama Dia Building that was the main transfer source.

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

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.

Status of nergy efficiency (Data Center bussiness)

In July 2021, NRI decided to make the construction project for Osaka Data Center II Building 2 a qualified green project. This construction project started in November 2021 and is scheduled to complete in February 2023.

Environmental evaluation of target facilities

Because Osaka Data Center II has not yet finished construction, it will not improve our environmental performance during the reporting period.

■ NRI Sustainability-Linked Bonds (8th series unsecured straight corporate bonds) Data   E07D

Status of KPIs | Assur-ance

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 GHG emissions (Scope1＋2)
KPI2 : Renewable energy utilization rate by NRI Group data centers

KPI

	Unit	Base year FY2013	Target yaer FY2030	Progress FY2021	
NRI Group GHG emissions (Scope 1 + 2)	1,000t-CO$_2$	108	30	30	✔
Renewable energy utilization rate in data centers	%	−	70	56.9	✔

Status of SPTs achievement

The bods 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 yaer FY2030	Progress FY2021
72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year（Scope 1+2）	%	72	72.1
Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%	%	70	56.9

■ Labor Practices, Diversity - Management Approach

Material issues of NRI related to this management approach

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

NRI's approach to material issues

The NRI Group believes that employees respecting each other's diverse values is the cornerstone of a workplace environment where employees can continue to work happily, sound in both mind and body, and that this is indispensable to the company's sustained growth, as it brings about improvements in the productivity and creativity of individual employees and the organization as a whole. In addition, the NRI Group has expanded its overseas business, and one in every three 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
1. Increase the percentage of female managers to at least 8.5% of all NRI managers by the end of FY2022 (appoint no less than 100 additional women to managerial positions).
2. Increase NRI's female employee hiring rate to at least 30% of its total recruitment.
3. Further heighten management's awareness of diversity management.

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

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

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

(Target: NRI)

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

Initiatives
1-1. Support employees returning to work by promoting operations of the in-office nursery school that opened in June 2017. Also, hold regularly scheduled explanatory sessions regarding the nursery school.
1-2. Continuing to build awareness on childcare related systems for pregnant employees and employees with pregnant partners.
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 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. Providing training for supervisors and examples of workstyles to foster an easy-to-work environment for employees that return from childbirth/childcare leave.
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	FY2017	FY2018	FY2019	FY2020	FY2021
	Female managers rate[1]	%	6.4	6.8	7.1	7.6	8.3
	Employment continuation ratio of female / that of male[2]	%	78.8	72.4	77.7	86.3	96.4
	Ratio of average service years of female / that of male[3]	%	79.8	78.8	79.7	78.8	77.5
	Female employee hiring rate[4]	%	26.7	27.6	28.2	27.2	33.2
	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
	Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children Main schemes of NRI for childbirth, parenting and nursing care support (In Japanese only) https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag3

▶Employee data

Number of employees (Consolidated)			unit	FY2017	FY2018	FY2019	FY2020	FY2021
Overall	Total number of employees		no. of person	12,708	12,578	13,278	13,430	16,512
	(breakdown) male		no. of person	9,285	n/a	n/a	n/a	n/a
			%	73.1	−	−	−	−
		female	no. of person	3,423	n/a	n/a	n/a	n/a
			%	26.9	−	−	−	−
	Non-Japanese		no. of person	3,799	3,493	3,705	3,457	6,208
			%	29.9	27.8	27.9	25.7	37.6
By region	Japan		no. of person	8,821	9,004	9,495	9,912	10,236
			%	69.4	71.6	71.5	73.8	62.0
	(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	14	15	16	12	13
			%	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	392	345	328	218	1,063
			%	3.1	2.7	2.5	1.6	6.4
	(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	2,052	1,761	1,860	1,903	1,904
			%	16.1	14.0	14.0	14.2	11.5
	(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	1,465	1,168	1,244	1,289	1,323
			%	11.5	9.3	9.4	9.6	8.0
	(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	1,429	1,453	1,579	1,385	3,296
			%	11.2	11.6	11.9	10.3	20.0
	(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	3,887	3,574	3,783	3,518	6,276
			%	30.6	28.4	28.5	26.2	38.0
	(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

Number of employees (Non-consolidated)			unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Overall	Total number of employees		no. of person	6,130	6,297	6,353	6,507	6,488	
		(breakdown) male	no. of person	4,947	5,049	5,058	5,152	5,080	
			%	80.7	80.2	79.6	79.2	78.3	
		female	no. of person	1,183	1,248	1,295	1,355	1,408	
			%	19.3	19.8	20.4	20.8	21.7	
	Average age of employees		age	40.2	40.3	40.4	40.5	40.6	
		(breakdown) male	age	40.8	41.0	41.2	41.2	41.5	
		female	age	37.7	37.6	37.6	37.6	37.5	
	Average years of worked		years	14.6	14.6	14.7	14.7	14.8	
		(breakdown) male (a)	years	15.2	15.3	15.4	15.4	15.6	
		female (b)	years	12.1	12.1	12.3	12.1	12.1	
		(b)/(a)	%	79.8	78.8	79.7	78.8	77.5	✔
	Non-Japanese		no. of person	106	112	110	122	112	
			%	1.7	1.8	1.7	1.9	1.7	
By age	Below 30 years		no. of person	1,158	1,223	1,258	1,359	1,422	
			%	18.9	19.4	19.8	20.9	21.9	
		(breakdown) male	no. of person	820	858	889	957	969	
		female	no. of person	338	365	369	402	453	
	30-39 years		no. of person	2,023	2,044	2,047	2,064	1,963	
			%	33.0	32.5	32.2	31.7	30.3	
		(breakdown) male	no. of person	1,640	1,640	1,615	1,624	1,522	
		female	no. of person	381	383	404	440	441	
	40 - 49 years		no. of person	1,624	1,575	1,527	1,497	1,487	
			%	26.5	25.0	24.0	23.0	22.9	
		(breakdown) male	no. of person	1,315	1,268	1,230	1,215	1,230	
		female	no. of person	298	309	307	282	257	
	50-59 years		no. of person	1,221	1,338	1,404	1,432	1,415	
			%	19.9	21.2	22.1	22.0	21.8	
		(breakdown) male	no. of person	1,092	1,190	1,231	1,225	1,184	
		female	no. of person	129	148	173	207	231	
	Over 60 years		no. of person	104	117	117	155	201	
			%	1.7	1.9	1.8	2.4	3.1	
		(breakdown) male	no. of person	80	93	93	131	175	
		female	no. of person	24	24	24	24	26	

Note: As of the end of each fiscal year

Labor Practices, Diversity - Data S01D

Number of employees (Non-consolidated)			unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
By managers posit	Total number of managers		no. of person	2,607	2,733	2,844	2,861	2,875	
	(breakdown) male		no. of person	2,441	2,547	2,642	2,643	2,636	
			%	93.6	93.2	92.9	92.4	91.7	
		female	no. of person	166	186	202	218	239	
			%	6.4	6.8	7.1	7.6	8.3	✔
	of which general manager or higher positions		no. of person	211	205	224	225	236	
	(breakdown) male		no. of person	204	197	214	215	226	
			%	96.7	96.1	95.5	95.6	95.8	
		female	no. of person	7	8	10	10	10	
			%	3.3	3.9	4.5	4.4	4.2	
	of which junior management positions		no. of person	2,396	2,528	2,620	2,636	2,639	
	(breakdown) male		no. of person	2,237	2,350	2,428	2,428	2,410	
			%	93.4	93.0	92.7	92.1	91.3	
		female	no. of person	159	178	192	208	229	
			%	6.6	7.0	7.3	7.9	8.7	
	of which management positions in revenue-generating functions		no. of person	2,416	2,537	2,594	2,596	2,607	
	(breakdown) male		no. of person	2,272	2,373	2,416	2,407	2,404	
			%	94.0	93.5	93.1	92.7	92.2	
		female	no. of person	144	164	178	189	203	
			%	6.0	6.5	6.9	7.3	7.8	
		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							Assur-ance

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. At the "Sora Cafe Mirai" opened in FY2021, office supporter employees provide hand-drip coffee.

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

	unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Number of employees with disabilities	no. of person	134	142	166	170	181	✔
Rate of employees with disabilities*	%	2.19	2.26	2.45	2.35	2.37	✔
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"

▶Remuneration

Average annual salary		unit	FY2017	FY2018	FY2019	FY2020	FY2021
	Employee as a whole	1,000 yen	11,660	12,217	12,352	12,251	12,320
	Coverage		c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary		unit	FY2017	FY2018	FY2019	FY2020	FY2021
	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

Base Salary and Total Salary per Employee by Gender (Female : Male)			FY2021
Base salary	Managers		1：1.05
	Non-management employees		1：1.16
Total salary	Managers		1：1.07
	Non-management employees		1：1.22
	Coverage		c

Note: The same salary system is applid to men and women. Any differences are due to age structure, grade structure, etc.

▶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. In order to accelerate the appointment of female executives, department heads and the personnel department have conducted progress checks on the appointment of female executive candidates from FY2021.
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 has continued to be selected for the "MSCI Japan Empowering Women Index" since 2017. This index is one of the three ESG indices selected for passive operation by the Government Pension Investment Fund (GPIF).

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Labor-management consultation on diversity & inclusion

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

■ Labor Practices, Diversity - Data

▶Long-term incentives

Long-term incentives for employees

As long-term incentives for employees, NRI has adopted a NRI Group employee stock ownership plan, trust-type employee holding incentive plan, and retirement allowances (retirement lump sum, 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.
The NRI Group employee stock ownership plan also encourages employees to hold NRI shares, which serves as an incentive to improve the corporate value 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 NRI Group Employee Stock Ownership Group to the total number of NRI issued shares (excluding treasury stock): 4.79% (as of March 31, 2022)

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.
This plan is an incentive plan for all employees participating in the NRI Group Employee Stock Ownership Group, and those employees will benefit from the rise in the NRI stock price.
NRI has set up a specific trust (the Trust) for the NRI Group Employee Stock Ownership Group with a trust bank, and the Trust takes out loans to purchase in advance the amount of NRI stock that is expected to be purchased over the following two years. After that, the Trust will continuously sell the NRI stock to the NRI Group Employee Stock Ownership Group. If gains remain in the Trust at the time it is terminated, the funds will be distributed to qualified employees.
As a result, employees will benefit from the rise in the NRI stock price over the two-year trust period, which is an incentive for the medium to long-term improvement of corporate value.

■ Labor Practices, Diversity - Data

▶ Hire and turnover

Hire and turnover			unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of hires	Total		no. of person	339	452	496	543	622
	(breakdown) male		no. of person	256	328	374	406	451
			%	75.5	72.6	75.4	74.8	72.5
	female		no. of person	83	124	122	137	171
			%	24.5	27.4	24.6	25.2	27.5
	New graduate hires		no. of person	266	319	308	393	380
	Mid-career hires		no. of person	73	133	188	150	242
Number of Turnover*1	Total		no. of person	266	284	322	297	407
Turnover rate*1			%	3.8	3.9	4.3	3.8	5.1
Number of voluntary retires*2	Total		no. of person	161	196	228	176	251
Voluntary employee turnover rate*2			%	2.3	2.7	3.1	2.3	3.1
	Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

*1 Including mandatory retirees

*2 Not including mandatory retirees

New graduate recruitment		unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of hires		no. of person	266	319	308	393	380
	(breakdown) male	no. of person	195	231	221	286	254
		%	73.3	72.4	71.8	72.8	66.8
	female	no. of person	71	88	87	107	126
		%	26.7	27.6	28.2	27.2	33.2
of which, Bachelor's degree or above		no. of person	266	319	308	393	380
	(breakdown) male	no. of person	195	231	221	286	254
	female	no. of person	71	88	87	107	126
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 garaduates employees assigned to STEM related departm		unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of hires		no. of person	n/a	n/a	n/a	393	380
of which employees assigned to STEM* related departments		no. of person	n/a	n/a	n/a	336	329
	(breakdown) male	no. of person	n/a	n/a	n/a	247	219
		%	n/a	n/a	n/a	73.5	66.6
	female	no. of person	n/a	n/a	n/a	89	110
		%	n/a	n/a	n/a	26.5	33.4
	Coverage					b-	b-

* Science,Technology, Engineering and Mathematics

■ Labor Practices, Diversity - Data

Mid-career recruitment		unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of hires			73	133	188	150	242
	(breakdown) male	no. of person	61	97	153	120	197
		%	83.6	72.9	81.4	80.0	81.4
	female	no. of person	12	36	35	30	45
		%	16.4	27.1	18.6	20.0	18.6
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring	unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Employment continuation ratio of female / that of male*	%	78.8	72.4	77.7	86.3	96.4	✔
Coverage		c	c	c	c	c	

* 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	FY2017	FY2018	FY2019	FY2020	FY2021
Number of new graduates hired before 2 business years*		no. of person	240	218	265	315	303
	(breakdown) male	no. of person	174	164	194	230	216
	female	no. of person	66	54	71	85	87
	Number of continuing employees in the following fiscal year among new graduates hired before 2 business years	no. of person	224	209	246	291	285
	(breakdown) male	no. of person	164	161	183	212	204
	female	no. of person	60	48	63	79	81
New graduate hires retention rate after 3 years		%	93.3	95.9	92.8	92.4	94.1
	(breakdown) male	%	94.3	98.2	94.3	92.2	94.4
	female	%	90.9	88.9	88.7	92.9	93.1
	Coverage		c	c	c	c	c

* Only those who joined on April 1

Average recruiting costs for new full-time employees recruited (new graduates/mid-career employees)		FY2021
Average recruiting costs par person	1,000 yen	2,048
Coverage		c

Note: Total recruiting expenses, including advertising, fees for recruiting companies, and seminar operation expenses, etc. divided by the number of new graduates and mid-career hires in FY2021.

▶Employee satisfaction

Employee survey

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

Employee survey results[1]	unit	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	FY2022
Employee satisfaction[5]		%	82.9%	84.0%
	Breakdown by gender			
	Male	%	83.8%	84.9%
	Female	%	79.4%	80.4%
	Breakdown by age group			
	20's	%	83.2%	87.3%
	30's	%	84.2%	84.1%
	40's	%	84.1%	85.1%
	50's	%	79.9%	80.0%
	60's	%	77.9%	75.9%
Percentage of employees surveyed		%	49.0%	42.7%
	Coverage		d	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 Atrae, 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.

▶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.

During pregnancy, employees can take a maximum of 10 days of maternity leave in addition to annual paid leave. 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 ("Examples of working parent workstyles") to help employees select relevant systems in accordance with individual circumstances.

In addition, major offices such as Tokyo and Osaka have in-house mothers rooms that is a rest rooms for pregnant and lactating women.

We are also proactively encouraging a balance between work and childcare for employees, through initiatives such as three-party interviews geared to pregnant employees or employees whose partners are pregnant 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 FY2021, we expanded our training for female employees to include male employees, as part of our efforts for providing an environment where both sexes can balance work with childcare. 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.

Establishment of in-office nurseries

In order to support our employees returning to work at their desired timing and to support the development of their career plans, in June 2017, we opened the Yumeminato Hoikuen as NRI's first in-office nursery, where is equipped with the nursing facilities, in the Yokohama Center (Yokohama Nomura Building).

Enhancement of measures to support employees returning to work

During pregnancy, we conduct "three-party interviews" between female employees who are pregnant or employees with a partner who is pregnant, and their supervisor. These interviews promote understanding of company systems that can be utilized during pregnancy and childcare, and provide an opportunity for employees to discuss their workstyle after returning from childcare, in order to assist their smooth transition back to the workplace. We also create a "return to work checklist" that is expected to be used one or two months before employees return to work. This helps employees and their supervisors gain an idea of what their workstyle will be like after returning to the workplace, in accordance with their current status.

We have continued to provide "training to support balancing work and childcare" after an employee returns from childcare leave. This training is for employees that return from childcare leave and their supervisors. It promotes mutual understanding regarding concerns about balancing work and childcare after returning to the workplace, and concerns that supervisors may have about employees who are doing so. We also create opportunities for employees that return to the workplace and their supervisors to discuss medium to long-term career prospects via interviews with and stories told by employees who have previously taken leave and been back at work for several years.

 * Three-party interviews started in FY2011 and training to support balancing work and childcare started in FY2010 for female employees

Creation of a system to encourage men's participation in housework and childcare

In January 2017, we introduced "partner childbirth leave" and in 2021, we expanded "training to support balancing work and childcare" to include male employees who return from childcare leave. From 2022, we have expanded "three-party interviews" to include employees with a partner who is pregnant, and provide a system and environment that makes it easier for male employees to 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.

Utilization of work-life balance support system	unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Number of employees acquiring Paid maternity leave	no. of person	9	13	8	4	3	
Number of employees acquiring Pre- and post-childbirth leave	no. of person	56	72	78	61	68	✔
Number of employees acquiring Childcare leave	no. of person	85	105	123	149	164	✔
male	no. of person	22	38	53	84	96	✔
female	no. of person	63	67	70	65	68	✔
Number of employees acquiring Childcare leave and Partner childbirth leave	no. of person	252	261	260	273	243	
of which acquired partner childbirth leave only	no. of person	167	156	137	124	79	
Number of employees utilizing shorter work hour system for childcare	no. of person	107	112	103	108	94	
Childcare leave acquiring rate							
male (including partner childbirth leave)	%	59.6	61.0	65.1	68.6	63.8	
male (childcare leave)	%	10.1	11.9	18.2	27.7	35.0	
female*	%	100.0	100.0	100.0	100.0	104.6	
Employees returning to work after childcare leave (female)	%	97.0	96.7	98.1	100.0	97.0	
Employees remaining in work after childcare leave (female)	%	93.3	92.8	96.8	96.5	94.9	

Utilization of work-life balance support system	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees acquiring Nursing care leave	no. of person	3	3	0	1	2
Number of total days of acquiring nursing care leave	days	34.0	16.0	21.5	3.0	11.9
Number of employees utilizing shorter work hour system for nursing care	no. of person	0	0	2	1	2
Coverage		c	c	c	c	c

* Calculation method changed from FY2021. The rate of taking childcare leave is calculated by dividing the number of female employees that started childcare leave during the year by the number of female employees that gave birth during the year

▶ 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.

Encouragement of the taking of paid leave

We have been encouraging employees to schedule consecutive days off, including hot-weather leave and revitalization leave.

Since FY2016, we have been achieving a rate of paid vacation days taken of not less than 70%.

Telecommuting system

NRI has had a system in place for some time whereby an employee can work at an NRI office that is different from their usual place of work.

In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity, 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.

Second job

NRI has an approval system for side jobs. In granting approval, NRI considers safety, impact on main job, non-competition, confidentiality, and maintenance of the company's reputation, credibility, and relationships of trust.

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 corporatins participateing 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 FY2016-2021 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	FY2017	FY2018	FY2019	FY2020	FY2021
Total working hours per employee per year*1	hours/year	2,034.3	2,017.2	2,050.1	2,160.3	2,150.5
Average overtime hours per employees per month*2	hours/month	-	-	-	8.1	8.3
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	70.1	67.9	70.0	72.4	71.9
Smoking rate	%	15.9	15.2	14.6	13.0	11.7
Exercise habit rate	%	19.0	20.7	20.5	23.3	25.7
Coverage		c	c	c	c	c

*1 All employees including managers, discretionary labor employees

*2 Calculated as hours that exceed the statutory working hours (40 hours a week)

   "-" indicates that the calculated value does not exceed the statutory working hours

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

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.

Officer in charge

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

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, including those related to 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	FY2017	FY2018	FY2019	FY2020	FY2021
	Number of employee work-related deaths	-	0	0	0	0	0
	Number of work accidents*1	-	0	2	1	0	1
	Occupational accident frequency rate*2	-	0.00	0.16	0.08	0.00	0.08
	Average overtime hours per employees per month*3	hours	-	-	-	8.1	8.3
	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.

Calculated as hours that exceed the statutory working hours (40 hours a week).

▶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.

We also utilize opportunities such as training for promotion and training for newly-appointed managers to provide "health talks" by industrial physicians, which contributes to improving the health literacy of a wide range of 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. We have established an external "harassment hotline" that is available 24 hours a day, 365 days a year for reporting harassment.

■ Occupational Health and Safety - Data　　　　S02D

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	FY2017	FY2018	FY2019	FY2020	FY2021
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	70.1	67.9	70.0	72.4	71.9
Smoking rate	%	15.9	15.2	14.6	13.0	11.7
Exercise habit rate	%	19.0	20.7	20.5	23.3	25.7
Coverage		c	c	c	c	c

▶ Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Total working hours per employee per year	hours/year	2,034.3	2,017.2	2,050.1	2,160.3	2,150.5
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Average overtime hours per employees per month	hours	-	-	-	8.1	8.3
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees
Calculated as hours that exceed the statutory working hours (40 hours a week)
"-" indicates that the calculated value does not exceed the statutory working hours

Annual paid leave[1]	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of granted days[2]	days	21.5	21.4	21.4	21.3	21.2
Number of days acquired	days	15.4	15.3	15.2	13.7	14.2
Annual paid leave acquisition rate	%	71.4	71.3	71.1	64.1	67.1
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.

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 (Ddigital 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.

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 File	NRI's Human Resources Strategy
	https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=70

▶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.

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 resource development program

Human resource development programs include various options, such as group training, e-learning, support for gaining qualifications and foreign language study, opportunities to study abroad, 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. We also conduct assessments for developing individual abilities of employees at different stages of their career.

(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.

Based on the concept of "+DX", we provide training for consultants and system engineers with conventional abilities to apply their existing skills to the field of DX, rather than simple skill switching. This enables NRI to strategically transition to the human resources portfolio we require for the age of DX.

(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.

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

NRI's Human Resources Strategy

https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=70

▶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		
11	Common Application Infrastructure Specialist		

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]
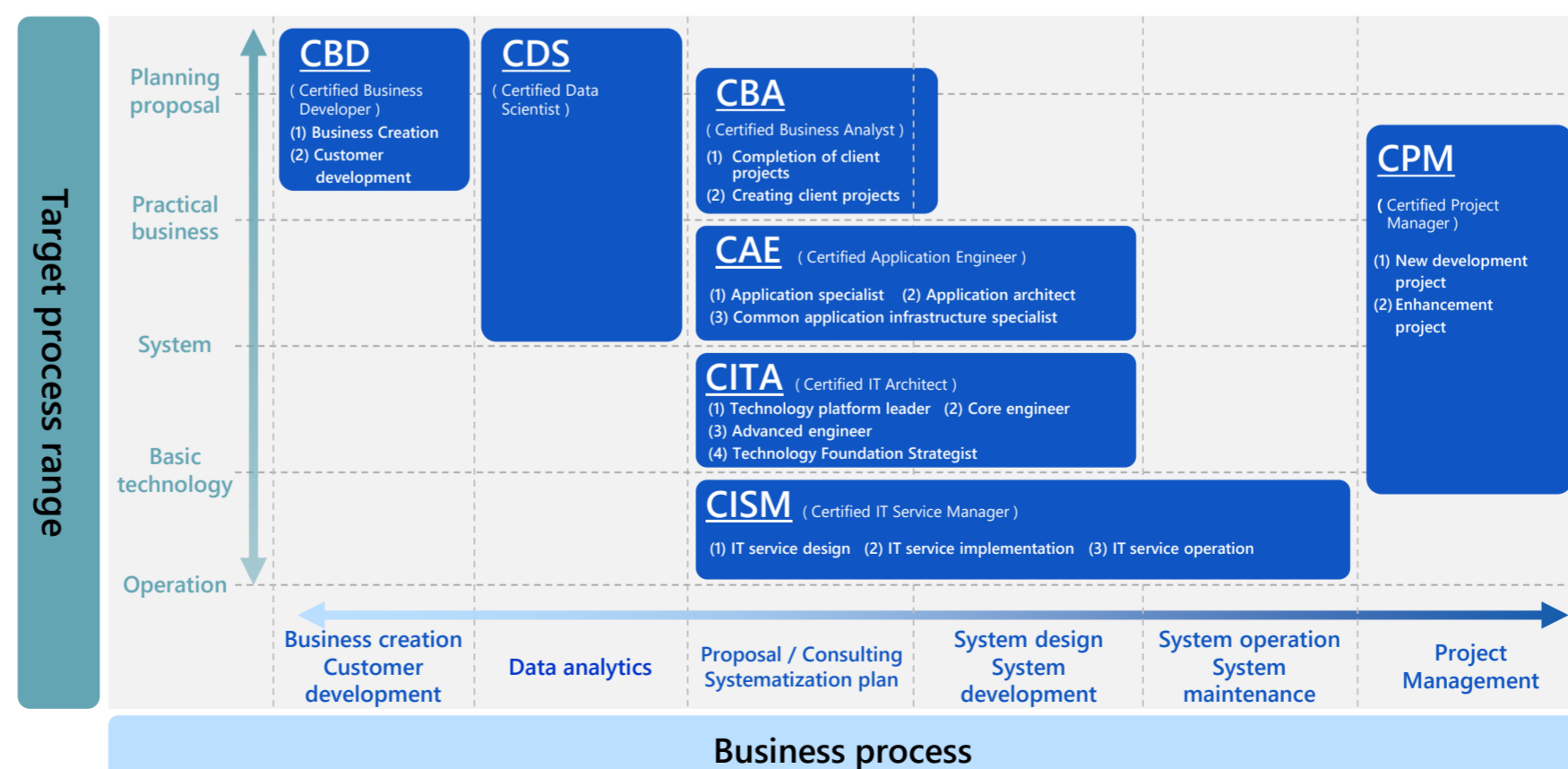
Training program

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]

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 design program "my career traing" 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, etc.) 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.

Human resource development program for Digital Transformation

NRI implements programs geared to developing talent that accelerates its DX (Digital Ttransformation) 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]
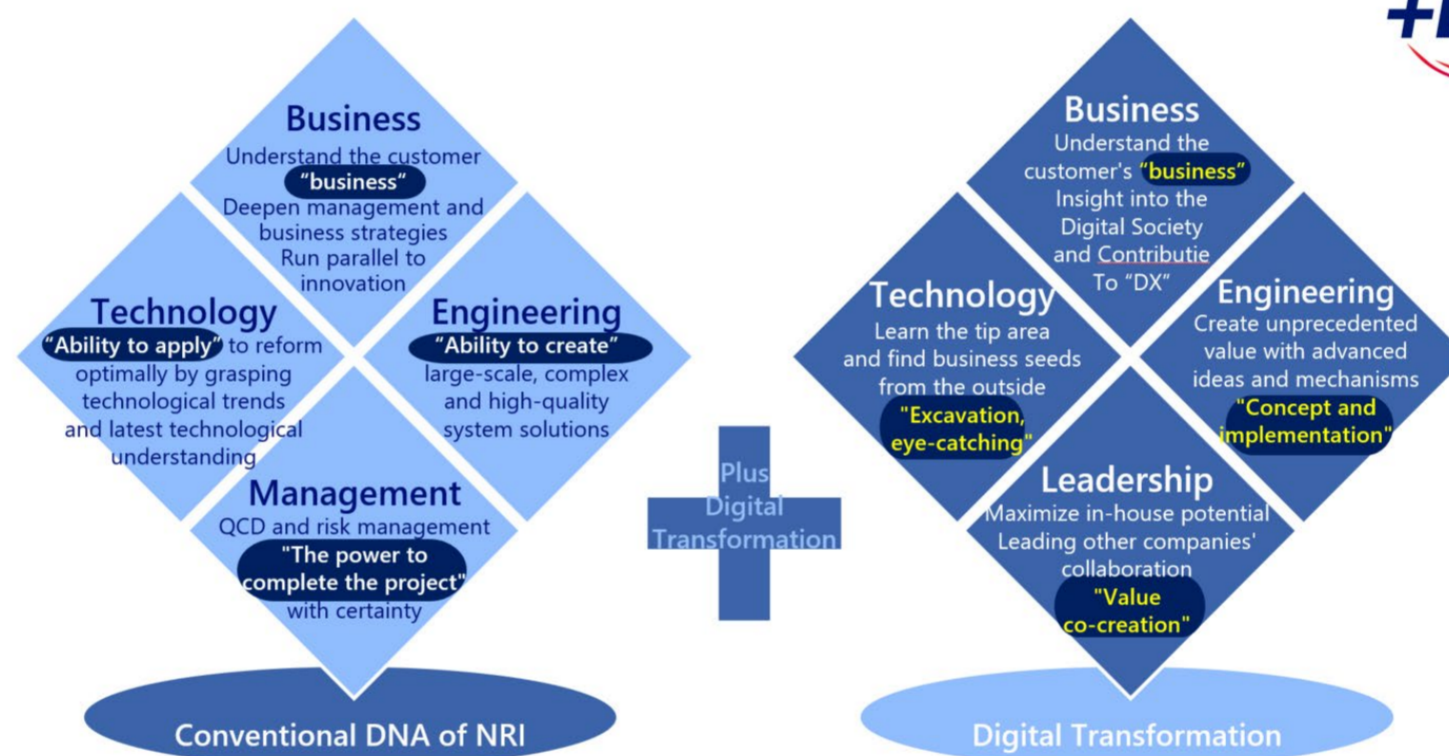
[Human resource development program for Digital Transformation]

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

plus +DX

Traditional career and skills training tailored to the year

Plus Digital Transformation

Knowledge and Insight
Implementation know-how and use case
Skills, Knowledge and frame

DX business design / Next IP / Business consulting knowledge / System consulting knowledge / Digital marketing / UX Design /Design conception / Agile software development / Micro service /API / Cloud /PCI / DS /Analytics /AI / Block chain / Security / Next IP

BIT basic course

External collaboration curriculum
(Industry-academia collaboration / Participation in industry groups)

Self-improvement curriculum（MOOC / qualification acquisition）

| Management + Leadership | Business + Consumer + Community | Engineering + Art／Design + Agile software development | Technology + Science + Academia |

Knowledge and Insight
・Share the "business insights" cultivated in practice by leading experts in the company
・In addition to hard-skilled expertise, professional software skills are handed down at a small salon

Implementation know-how and use case
・Find out the details of business cases with depth and breadth that cannot be obtained from articles and magazines
・I feel real practical know-how at that moment from a business person inside and outside the company

Skills, Knowledge and Frame
・A wide range of curriculums, from young to veteran, to re-learn the basic skills of moving hands
・Top-level inputs for science academia, such as the University of Tokyo

[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"

plus +DX

Opportunities for **Achievement**
Increase NRI's presence while leading to your own growth

Opportunity to **Participate**
As an expert, contribute to the development of backwards and learn by themselves

Opportunity for **Connect**
Strengthening individual strength by forming an internal network

Opportunities for **Learning**
Get a learning opportunity for each person to challenge a new field

1. Opportunities for Learning	2. Opportunity to Participate	3. Opportunity for Connect	4. Opportunities for Achievement
● 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	● 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	● 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.	● 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).
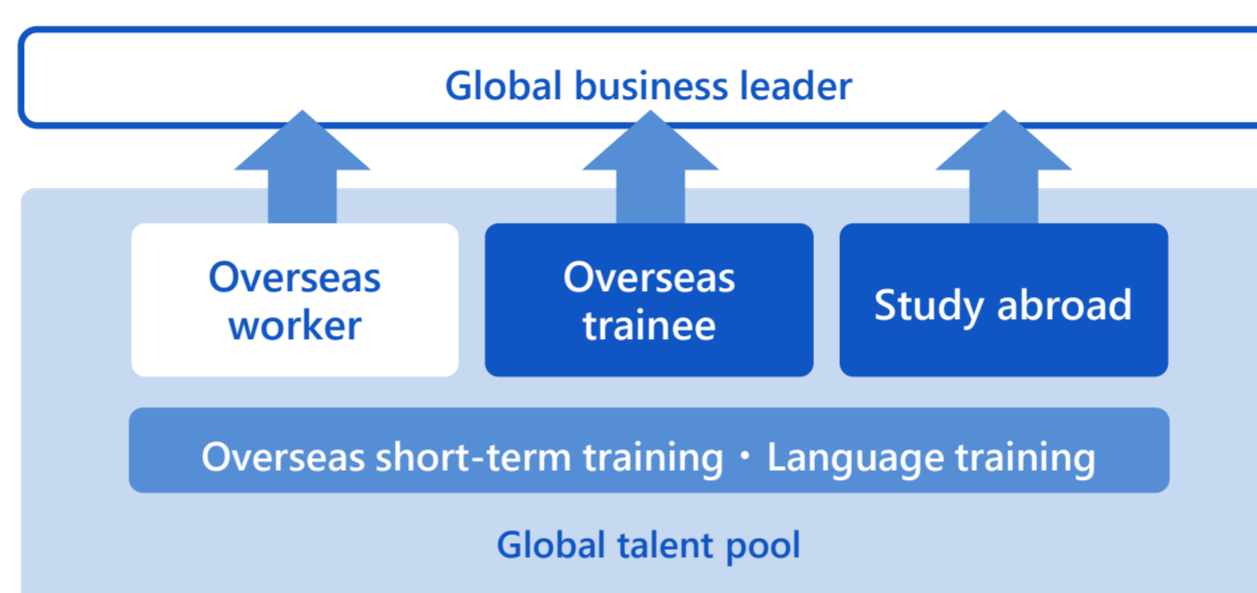
Business impacts

With regard to the three core issues of core human resource development, about 210 managers (with the two programs conducted since 2002 and 2020) and about 120 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

▶Inputs for human resources development

Human resources development investment cost			unit	FY2017	FY2018	FY2019	FY2020	FY2021
	Total human resources investment cost		millions of yen	3,448	3,632	3,531	3,196	3,983
		Coverage		a	a	a	a	a
	Human resource development capacity development investment cost per employee		1,000 yen	466	477	446	366	405
		Coverage		c	c	c	c	c
	Total human resource development hours		hour	269,826	315,630	310,350	348,539	363,188
	Human resource development days per person		day/ person	6.0	6.9	6.7	7.3	7.7
	Human resource development hours per person		hour / person	45	52	50	55	58
(Breakdown)	By age group	Below 30	hour / person	118	145	158	174	166
		30 to 50	hour / person	18	20	24	21	26
		50 or over	hour / person	7	7	11	9	13
(Breakdown)	By gender	Male	hour / person	36	42	48	51	52
		Female	hour / person	57	69	80	84	95
		Coverage*		c'	c'	c'	c'	c'

* c': NRI employees engaged in Japan and overseas

▶ Effect of human resources development

Measures of the effect of human resources development

NRI places importance on the number of employees with professional qualifications as an index for objectively assessing investment efficiency in development of individuals with highly advanced professional skills.

Number of employees who acquired the professional qualifications	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Information processing engineer (IT strategist)	no. of person	328	354	374	369	399
Information processing engineer (System architect)	no. of person	949	974	990	973	1,009
Information processing engineer (Project manager)	no. of person	869	909	943	934	1,015
Information processing engineer (Network specialist)	no. of person	955	975	1,000	996	1,044
Information processing engineer (Database specialist)	no. of person	843	879	924	912	1,016
Information processing engineer (Embedded system specialist)	no. of person	48	50	55	56	80
Information processing engineer (IT service manager)	no. of person	409	413	433	427	449
Information processing engineer (System audit engineer)	no. of person	354	360	363	350	372
Registered Information Security Specialist[1] (Successful candidates)	no. of person	108	242	375	377	578
Project Management Professional	no. of person	292	299	320	336	379
ITIL Manager / Expert / Intermediate	no. of person	70	70	68	77	86
Chartered Member of the Securities Analysts Association of Japan	no. of person	245	245	246	246	251
Certified Public Accountant Small and Medium sized	no. of person	9	16	15	12	17
Enterprise Consultant	no. of person	46	46	48	46	47
First-class Registered Architect	no. of person	10	10	10	10	10
Chief Telecommunications Engineer	no. of person	107	107	108	86	108

Number of employees who acquired NRI certification system	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Certified Business Developer	no. of person	18	15	23	27	29
Certified Business Analyst	no. of person	23	22	25	29	39
Certified Data Scientist	no. of person	7	14	17	21	24
Certified Application Engineer	no. of person	19	23	24	28	33
Certified IT architect	no. of person	65	69	66	69	77
Certified IT Service Manager	no. of person	30	33	39	43	45
Certified Project Manager	no. of person	94	93	107	117	130
Coverage		c	c	c	c	c

Note: As of the end of each fiscal year

▶In-house education on ESG

In-house education on ESG							

Since FY 2017, NRI Group has been conducting e-learning training on sustainability and ESG for employees of NRI and domestic group companies.
From FY 2019, we produced and deployed the animated videos related to climate change and human rights and global ESG trends, and strive to promote understanding of ESG and sustainability.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Completion Rate for ESG Testing	%	95.1	98.1	98.2	98.2	98.1
Coverage		b-	b-	b-	b-	b-

Business and Human Rights - Management Approach

Material issues of NRI related to this management approach

"Respect for human rights" and "Dialogue with civil society"

NRI's approach to material issues

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 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 endorses the United Nations Global Compact and in May 2017 we announced our participation in the 10 principles and four domains of human rights, labor, the environment, and anti-corruption.

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.

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 respose to them during the COVID-19 crisis.

In FY2021, we surveyed issues and risks related to human rights to identify actual and potential risks at each NRI Group company in Japan.

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 - Data

▶Business and human rights management

Chief officer in charge of human rights

Haname Yanagisawa, 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

The Human Rights Education Committee is a committee established to promote education on human rights at the NRI Group. NRI division managers and NRI Group company presidents (representatives) are members of the committee, and all department heads of NRI Group companies are promoters of the committee. The members and promoters notify the various divisions and group companies of the topics raised at the Human Rights Education Committee meetings.

One of the duties of the NRI Group company department heads that work as promoters is defined as "creating a comfortable workplace environment with mutual respect for human rights" and we ensure that this duty is recognized.

In the "NRI Group Employees' Code of Business Conduct", we promote understanding of internationally-recognized human rights and define actions for respecting human rights based on a recognition that the business activities of the NRI Group may impact human rights.

The content of the "NRI Group Employees' Code of Business Conduct" is disseminated via the the "Rules Book:Fundamental Rules for Executive Officers and General Staff" that is reviewed annually. The "NRI Group Employees' Code of Business Conduct" and the "Rules Book:Fundamental Rules for Executive Officers and General Staff" are also communicated via the training for each hierarchy level and position. 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 regularly provide the "Basic rules for working in the NRI Group (for temporary employees)" to our temporary employees and explain that we respect human rights and prohibit discriminatory behavior.

▶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".

Policy/ Commitment	Assess impacts on human rights and identify themes	Out approach for respecting human rights	Monitoring/ disclosing information
● Formulation/ commitment of policies regarding the respect of human rights, including our Policy on Human Rights, and building systems ● Embedding of policies/	● Identifying areas with potential human rights risks (human rights risk assessment) ● Identifying human rights themes ● Communication with stakeholders ● Understanding the situation/assessing	● Measures for human rights themes ● Measures based on the result of evaluating impact on human rights + ● Grievance mechanism	● Continuous monitoring of the status of countermeasures and their impact on human rights ● Disclosing the status of efforts

▶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.

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	<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

FY2020 : Conduct a simple human rights risk assessment

1. Overview

The spread of COVID 19 has impacted corporate business activties 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 cirsis created by the United Nations Development Programme (UNDP).

\<Scope of the assessment\>

Scope	NRI and domestic group companies
Summary of assessment	・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

In the assessment conducted in FY2020, no critical risks were discovered, but we implemented improvements with the relevant departments for the items indicated below.

・ 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.

We will take appropriate measures against risks other than the above.

FY2021 : Understanding human rights risk status

1. Overview

In order to comprehensively identify human rights risks at NRI group companies in Japan and list the expected risks facing the NRI Group, we conducted a risk survey at our group companies based on the human rights that companies must respect described in the "Business and Human Rights" document released by the Ministry of Justice.

\<Scope of the survey\>

Scope	NRI and domestic group companies
Summary of survey	・Human rights issues related to technology or AI ・Right to privacy ・Harassment ・Freedom of expression ・Human rights issues in the supply chain ・Right to access remedies, etc.

In the human rights assessment conducted in FY2021, although we discovered actual risks regarding employee work hours, health, and harassment (power harassment/sexual harassment), other risks were categorized as potential risks.
In regard to employee work hours, health, and harassment, we have been implementing countermeasures across the entire company in recent years, with a focus on the human resources department. In addition to training provided to general managers, such as the Diversity & Inclusion Seminar and Anti-Harassment Seminar, we provide "anti-harassment classes" to all our employees in Japan.

In regard to potential risks such as privacy problems or human rights problems related to technology and AI, we plan on investigating company-wide countermeasures while cooperating with the various departments.

▶Engagement on human rights

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

We publish our human rights initiatives on our website and in our reports.
We published the "Human Rights Report" in FY2019, which summarizes our policies and efforts concerning human rights.
This report was prepared with reference to the UN Guiding Principles Reporting Framework, which is a comprehensive guideline for reporting
on the response of companies to human rights issues.

Reference

Human rights report

https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf

▶In-house education on human rights

Internal education

At the NRI Group, we aim for each and every one of our employees to think about respect for human rights as defined in the "NRI Group Employees' Code of Business Conduct" and be involved in initiatives for promoting understanding. As part of these efforts, we provide e-learning on basic ESG knowledge to all employees at group companies once a year, which include explanations on "business and human rights" to promote understanding. We also widely explain the importance of respecting human rights via opportunities such as training for each hierarchy level, including executive training and compliance training. In training for new employees, we explain our "AI Ethics Guidelines."
We also conduct training for general managers focused on specific themes, including the Diversity & Inclusion Seminar and Anti-Harassment Seminar, which provides general managers with an opportunity to think about human rights.

▶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 providing explanations during training when joining the company and in the "Rules Book:Fundamental Rules for Executive Officers and General Staff" distributed annually.
Furthermore, temporary employees and employees from business partners 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.
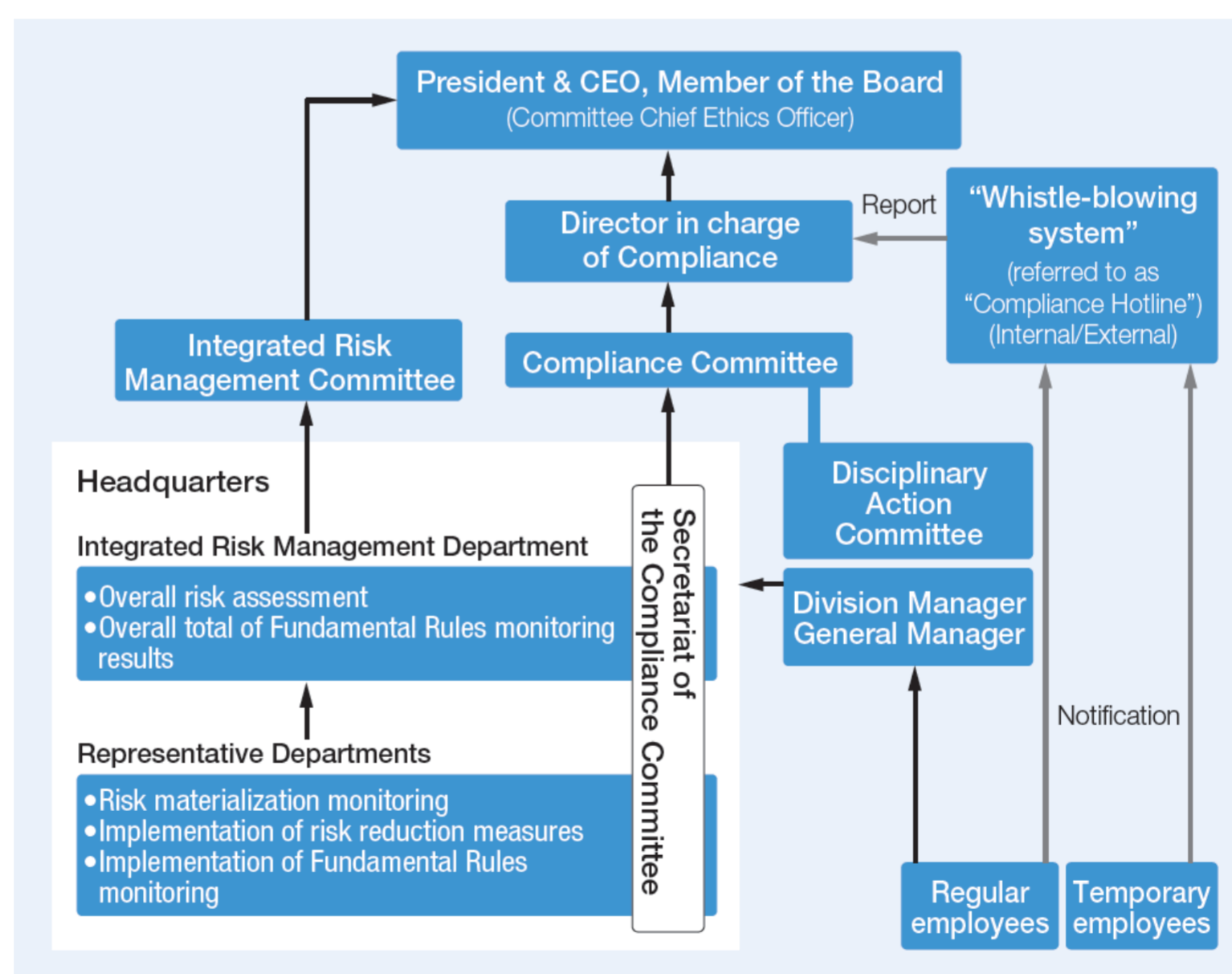
Applicable scope

NRI Group employees, temporary staff, business partners such as outsourcers and suppliers

■ Business and Human Rights - Data   S04D

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

We have not set up a contact point specializing in human rights complaints against the NRI Group.
However, the representative telephone numbers and e-mail addresses that accept general inquiries are open to the public, and the relevant departments will respond through the public relations department of each company.
From April 2021, we established the harassment hotline for business partners.

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

NRI has a union shop contract with the Nomura Research Institute Labor Union.
Through collective bargaining and social gatherings, NRI frequently discusses various issues with unions, such as the economic benefits of union members, personnel systems, and working environment.
The results of the "Employee Attitude Survey" conducted by the labor union every year and the problems revealed during the discussions at the labor union branch meetings and seminars will be reported to the NRI management and will be utilized in the formulation of measures.

	unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of labor union members[1]	no. of person	3,656	3,579	3,667	3,965	4,402
Rate of unionization[2]	%	100	100	100	100	100
Coverage[2]		d	d	d	d	d

[1] As of the beginning of following fiscal year.

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

▶Engagement on human rights

Stakeholder dialogue	
	Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group. In previous dialogs, we discussed topics such as respect for human rights through business, human rights issues in the supply chain, and complaint handling mechanisms. The experts identified human rights risks that NRI should consider, including digital rights, worker rights, discrimination based on sexuality and nationality, human rights in the supply chain, and impact on the community. We plan to identify our specific human rights risks, evaluate and respond to them.
Reference	
	Stakeholder Dialogue https://www.nri.com/en/sustainability/management/dialogue

Multi stakeholder engagement	
	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 by taking part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan.
Issues raised	
	Key human rights issues for the ICT sector (extract) • The potential for employees to work long hours and / or unpaid overtime when working on developing information systems • The potential threat from service shutdowns to users' activities and daily lives • The potential for damage to people's privacy from personal data breaches • The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT) • The risk of being unable to resist state demands to hand over personal information • The potential risk in overseas business activities of bribery and corruption involving government officials • Environmentally sensitive usage of energy and water • Exerting a positive influence on improving people's lives by bridging the information divide between communities
References	
	2018 Stakeholder Engagement Program in Japan (In Japanese only) http://crt-japan.jp/portfolio/she-program/ 2018 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme) http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf

■ Corporate Citizenship - Data

▶ Corporate citizenship policy

Corporate citizenship policy	
References	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.
	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 Deveropment, 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.

■ Corporate Citizenship - Data

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 2021 was 3,043 (58% increase from the previous year), and the cumulative number of submissions since 2006 was 22,850.

In addition, another student program, "Career Education Support" reached 131 participants in FY2021.

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.

By leveraging the consulting function, one of the most powerful resources of the NRI Group, we support the promotion of structural reforms via digital transformation of regional communities, the development of emerging economies, and reconstruction in earthquake-affected areas. 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.

■ Corporate Citizenship - Data

Focus areas of corporate citizenship activities 3

Information communication

Relevance to business

Publication of investigation and research activities outcome is indispensable, for disseminating the social innovation that NRI promotes and receiving recognition widely from the society.
Since our foundation, we have undertaken investigation and research activities in diverse fields.
We use the results of these activities in our business and continue to disseminate them through regular publications, reports, books, forums and other events.

Business benefits

By continuing to disseminate information through forums and events, NRI's reputation as a think tank will increase, leading to cutting-edge innovation-related projects.
The result can be measured by research and development expenses as innovation investment.

Social benefits

As a KPI to evaluate the social effect of information transmission, we have set the transmission transition for each information transmission medium.
In FY2020, the information dissemination record was 18 books, 353 newspaper and magazine articles, 666 lectures, 227 television and radio appearances, and 86 news releases.

▶Inputs for corporate citizenship activities

Social contribution expense		unit	FY2017	FY2018	FY2019	FY2020	FY2021	Assur-ance
Total		millions of yen	717	841	683	780	1,292	
By expense item	Cash contribution	millions of yen	272	395	314	343	310	✔
	In-kind giving	millions of yen	0	0	3	0	0	
	Facility offering	millions of yen	4	4	4	0	0	
	Provision of human resources to management school[1]	millions of yen	126	127	58	71	72	✔
	R&D expenses[2]	millions of yen	156	152	174	259	864	
	Others	millions of yen	209	162	132	107	46	
Ratio to ordinary income (Non-consolidated)		%	1.23	1.08	0.90	1.03	1.71	
	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			FY2021
Total		millions of yen	1,292
	Community investments	millions of yen	681
		%	52.7
	Charitable donations	millions of yen	10
		%	0.8
	Commercial Initiatives	millions of yen	601
		%	46.5

Social contribution expense by type of contribution			FY2021
Total		millions of yen	1,292
	Cash Contributions	millions of yen	310
	Time: employee volunteering during paid hours	millions of yen	885
	In-kind giving	millions of yen	0
	Management costs	millions of yen	97

Corporate Citizenship - Data

▶ Impacts of corporate citizenship activities

KPI of corporate citizenship activities			unit	FY2017	FY2018	FY2019	FY2020	FY2021
Human resources development for next generation	No. of entries for NRI Student Essay Contest			1,767	1,444	2,300	1,925	3,043
	Career education support	No. of schools conducted		24	31	29	2	4
		No. of participants	no. of person	733	850	704	41	131
		Coverage		c	c	c	c	c
Social development	Donation support for disaster-stricken areas	Total	1,000 yen	13,214	16,577	12,000	14,050	7,500
		Great East Japan Earthquake disaster[1]	1,000 yen	9,000	8,000	12,000	11,000	7,500
		2016 Kumamoto Earthquake	1,000 yen	4,214	2,960	-	-	-
		July, 2018 heavy rain disaster	1,000 yen	-	5,617	-	-	-
		July, 2020 heavy rain disaster	1,000 yen	-	-	-	3,050	-
		Coverage		a	a	a	a	a
	TABLE FOR TWO[2][3]	number of meals provided locally		24,041	34,982	31,431	10,576	5,538
		Coverage		d	d	d	d	d
Transmission of information	No. of books issued			15	20	21	18	21
	No. of articles in newspapers and magazines			298	306	290	353	309
	No. of lectures given			962	922	911	666	765
	No. of appearances on television and radio			158	267	155	227	244
	No. of news releases[4]			104	69	80	86	98
		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	FY2017	FY2018	FY2019	FY2020	FY2021
Total		1,000 yen	5,400	5,000	5,000	5,000	6,000
	Trade associations/specified public interest promotion cooperations	1,000 yen	5,400	5,000	5,000	5,000	6,000
	Regional organizations/Arbitary associations	1,000 yen	-	-	-	-	-
	Lobby activities	1,000 yen	-	-	-	-	-
	Others, political contributions	1,000 yen	-	-	-	-	-
	Coverage		c	c	c	c	c

Note: Payments to industry associations in FY2021 were to only one such association, listed as "Trade associations / specified public interest promotion corporations".

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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 24, 2022

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, 2022 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2022 (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 2022 - Corporate Data / Share Information	p.133
102-2	Activities, brands, products, and services	Integrated Report 2022 - Business model	p.28
		Integrated Report 2022 - NRI's Four Business Segments	p.120
102-3	Location of headquarters	Integrated Report 2022 - Corporate Data / Share Information	p.133
102-4	Location of operations	Integrated Report 2022 - NRI Group Network	p.132
		NRI official website - NRI Group Companies and offices	(Link)
102-5	Ownership and legal form	Integrated Report 2022 - Corporate Data / Share Information	p.133
102-6	Markets served	Integrated Report 2022 - Competitive Advantages	p.30
		Integrated Report 2022 - NRI's Four Business Segments	p.120
		Integrated Report 2022 - NRI Group Network	p.132
		NRI official website - Solutions & Services	(Link)
		NRI official website - NRI Group Companies and offices	(Link)
102-7	Scale of the organization	ESG Databook 2022 - Labor Practices, Diversity - Employee data	p.88
		Integrated Report 2022 - 10-year Summary Consolidated Financial Statements	p.126
		Integrated Report 2022 - Corporate Data / Share Information	p.133
		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.74
102-8	Information on employees and other workers	ESG Databook 2022 - Labor Practices, Diversity - Employee data	p.88
102-9	Supply chain	ESG Databook 2022 - Supply Chain Management - Supply chain situation	p.39
		Integrated Report 2022 -Process of Value Co-Creation	p.24
		Integrated Report 2022 - Cooperation with Business Partners	p.86
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 2022 - Risk Management - Management Approach	p.23
		ESG Databook 2022 - Risk Management - Data	p.25
		ESG Databook 2022 - Client Relationship Management - Fiduciary duty	p.47
		ESG Databook 2022 - Environmental Management - Management Approach	p.70
		Integrated Report 2022 - Internal Controls, Corporate Ethics, and Compliance	p.116

102-12	External initiatives	ESG Databook 2022 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2022 - Participation in initiatives	p.95
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)
102-13	Membership of associations	ESG Databook 2022 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2022 - Participation in initiatives	p.95
		NRI official website - Participation in Initiatives (In Japanese only)	(Link)
2. Strategy			
102-14	Statement from senior decision-maker	Integrated Report 2022 - Top Message	p.10
102-15	Key impacts, risks, and opportunities	ESG Databook 2022 - Risk Management - Long-term risk	p.27
		ESG Databook 2022 - Climate Change - Climate-related risks	p.77
		ESG Databook 2022 - Climate Change - Climate-related opportunities	p.77
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	ESG Databook 2022 - Compliance - Compliance policy	p.33
102-17	Mechanisms for advice and concerns about ethics	ESG Databook 2022 - Compliance - Compliance system	p.34
102 : General Disclosures		**Reference**	**Page no.**
4. Governance			
102-18	Governance structure	ESG Databook 2022 - Corporate Governance - Corporate governance structure	p.11
		ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-19	Delegating authority	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-21	Consulting stakeholders on economic, environmental, and social topics	ESG Databook 2022 - Stakeholders - Stakeholder dialogue	p.3
		ESG Databook 2022 - Client Relationship Management - Client satisfaction	p.47
		Integrated Report 2022 - Active dialogues with Shareholders and Investors	p.87
102-22	Composition of the highest governance body and its committees	ESG Databook 2022 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2022 - Corporate Governance - Functions and committees	p.12
102-23	Chair of the highest governance body	ESG Databook 2022 - Corporate Governance - Members of the Board	p.10
102-24	Nominating and selecting the highest governance body	ESG Databook 2022 - 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 2022 - Corporate Governance - Corporate governance policy	p.10

102-26	Role of highest governance body in setting purpose, values, and strategy	ESG Databook 2022 - Sustainability Policy - Sustainability management policy	p.1
		ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
		Integrated Report 2022 - System of the Board of Directors and the Audit & Supervisory Board	p.106
102-27	Collective knowledge of highest governance body	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-28	Evaluating the highest governance body's performance	ESG Databook 2022 - Corporate Governance - Effectiveness of the Board of Directors	p.16
102-29	Identifying and managing economic, environmental, and social impacts	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
		ESG Databook 2022 - Materiality	p.4
102-30	Effectiveness of risk management processes	ESG Databook 2022 - Risk Management - Risk management system	p.25
		ESG Databook 2022 - Risk Management - Risk assessment	p.26
102-31	Review of economic, environmental, and social topics	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-32	Highest governance body's role in sustainability reporting	ESG Databook 2022 - Sustainability Policy - Sustainability management structure	p.2
102-33	Communicating critical concerns	ESG Databook 2022 - Compliance - Compliance system	p.34
102-34	Nature and total number of critical concerns	ESG Databook 2022 - Compliance - Compliance situation	p.35
102-35	Remuneration policies	ESG Databook 2022 - Corporate Governance - Executive compensation	p.19
102-36	Process for determining remuneration	ESG Databook 2022 - Corporate Governance - Executive compensation	p.19
102-37	Stakeholders' involvement in remuneration	—	
102-38	Annual total compensation ratio	ESG Databook 2022 - Corporate Governance - Executive compensation	p.19
102-39	Percentage increase in annual total compensation ratio	—	
5. Stakeholder engagement			
102-40	List of stakeholder groups	ESG Databook 2022 - Stakeholders - Our stakeholders	p.3
102-41	Collective bargaining agreements	ESG Databook 2022 - Business and Human Rights - Freedom of association and the right to collective bargaining	p.129
102-42	Identifying and selecting stakeholders	ESG Databook 2022 - Stakeholders - Stakeholder dialogue	p.3
102-43	Approach to stakeholder engagement	ESG Databook 2022 - Stakeholders - Stakeholder dialogue	p.3
102-44	Key topics and concerns raised	ESG Databook 2022 - Stakeholders - Stakeholder dialogue	p.3
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Integrated Report 2022 - NRI Group Network	p.132
102-46	Defining report content and topic Boundaries	ESG Databook 2022 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-47	List of material topics	ESG Databook 2022 - 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 2022 - Environmental Management - Environmental mass balance	p.74
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 2022 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-51	Date of most recent report	ESG Databook 2022 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-52	Reporting cycle	ESG Databook 2022 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-53	Contact point for questions regarding the report	ESG Databook 2022 - 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 2022 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
		ESG Databook 2022 - Independent Assurance	p.136

◆ 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 2022 - Process of Value Co-Creation	p.24
201-2	Financial implications and other risks and opportunities due to climate change	ESG Databook 2022 - Climate Change - Climate-related risks	p.77
		ESG Databook 2022 - Climate Change - Climate-related opportunities	p.77
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	Sustainability book 2022 - Supporting the overseas deployment of infrastructure through public-privete partnerships	p.37
		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 2022 - Supply Chain Management - Supply chain situation	p.39

	205：Anti-corruption		
103	Management Approach	ESG Databook 2022 - Compliance - Management Approach	p.32
205-1	Operations assessed for risks related to corruption	－	
205-2	Communication and training about anti-corruption policies and procedures	ESG Databook 2022 - Compliance - Anti-corruption	p.36
205-3	Confirmed incidents of corruption and actions taken	ESG Databook 2022 - Compliance - Anti-corruption	p.36
206：Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Databook 2022 - Compliance - Fair competition	p.36
300：Environmental		**Reference**	**Page no.**
301：Materials			
301-1	Materials used by weight or volume	ESG Databook 2022 - Resource Use, Waste - Paper resources	p.81
301-2	Recycled input materials used	－	
301-3	Reclaimed products and their packaging materials	－	
302：Energy			
103	Management Approach	ESG Databook 2022 - Environmental Management - Management Approach	p.70
302-1	Energy consumption within the organization	ESG Databook 2022 - Energy Consumption - Energy consumption amount	p.80
302-2	Energy consumption outside of the organization	－	
302-3	Energy intensity	－	
302-4	Reduction of energy consumption	ESG Databook 2022 - Energy Consumption - Energy consumption amount	p.80
302-5	Reductions in energy requirements of products and services	ESG Databook 2022 - Climate Change - Action to mitigate climate change	p.78
303：Water			
303-1	Water withdrawal by source	ESG Databook 2022 - Resource Use, Waste - Water resources	p.81
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 2022 - Environmental Management - Management Approach	p.70
305-1	Direct (Scope 1) GHG emissions	ESG Databook 2022 - Greenhouse Gas Emission - Greenhouse gas emissions	p.79
305-2	Energy indirect (Scope 2) GHG emissions	ESG Databook 2022 - Greenhouse Gas Emission - Greenhouse gas emissions	p.79

305-3	Other indirect (Scope 3) GHG emissions	ESG Databook 2022 - Greenhouse Gas Emission - Greenhouse gas emissions	p.79
305-4	GHG emissions intensity	ESG Databook 2022 - Greenhouse Gas Emission - Greenhouse gas emissions	p.79
305-5	Reduction of GHG emissions	ESG Databook 2022 - Greenhouse Gas Emission - Greenhouse gas emissions	p.79
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 2022 - Resource Use, Waste - Waste	p.81
306-3	Significant spills	ESG Databook 2022 - Environmental Management - Environmental management system	p.72
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 2022 - Environmental Management - Management Approach	p.70
307-1	Non-compliance with environmental laws and regulations	ESG Databook 2022 - Environmental Management - Environmental management system	p.72
308：Supplire environmental assessment			
103	Management Approach	ESG Databook 2022 - Supply Chain Management - Management Approach	p.38
308-1	New suppliers that were screened using environmental criteria	ESG Databook 2022 - Supply Chain Management - Supplier screening criteria	p.42
308-2	Negative environmental impacts in the supply chain and actions taken	－	

400：Social		Reference	Page no.
401：Employment			
103	Management Approach	ESG Databook 2022 - Labor Practice, Diversity - Management Approach	p.85
401-1	New employee hires and employee turnover	ESG Databook 2022 - 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	－	
401-3	Parental leave	ESG Databook 2022 - Labor Practice, Diversity - Work-life balance	p.98
402：Labor/Management relations			
402-1	Minimum notice periods regarding operational changes	－	
403：Occupational health and safety			
103	Management Approach	ESG Databook 2022 - Occupational Health and Safety - Management Approach	p.101
403-1	Workers representation in formal joint management–worker health and safety committees	ESG Databook 2022 - Occupational Health and Safety - Occupational health and safety	p.103

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	ESG Databook 2022 - Occupational Health and Safety - Occupational health and safety	p.103
403-3	Workers with high incidence or high risk of diseases related to their occupation	ESG Databook 2022 - Occupational Health and Safety - Occupational health and safety	p.103
403-4	Health and safety topics covered in formal agreements with trade unions	ESG Databook 2022 - Occupational Health and Safety - Occupational health and safety	p.103
404：Training and education			
103	Management Approach	ESG Databook 2022 - Human Resources Development - Management Approach	p.107
404-1	Average hours of training per year per employee	ESG Databook 2022 - Human Resources Development - Inputs for human resources development	p.118
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Databook 2022 - Human Resources Development - Human resources development program	p.112
404-3	Percentage of employees receiving regular performance and career development reviews	－	
405：Diversity and equal opportunity			
103	Management Approach	ESG Databook 2022 - Labor Practice, Diversity - Management Approach	p.85
405-1	Diversity of governance bodies and employees	ESG Databook 2022 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2022 - Labor Practice, Diversity - Employee data	p.88
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 2022 - Business and Human Rights - Management Approach	p.121
		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 2022 - Business and Human Rights - Human rights due diligence	p.123
412-2	Employee training on human rights policies or procedures	ESG Databook 2022 - Business and Human Rights - Business and human rights management	p.122
		Human Rights Report - Education/dissemination	p.7
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	
413：Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	–	
413-2	Operations with significant actual and potential negative impacts on local communities	–	
414：Supplier social assessment			
414-1	New suppliers that were screened using social criteria	ESG Databook 2022 - Supply Chain Management - Supplier screening criteria	p.42
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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 2021 (April 1, 2021 through to March 31, 2022), but also describes some events from the past, some activities after April 1, 2022, 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

June 2022 (the next report is scheduled for publication in June 2023).

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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 May 2022, the date of publication of the ESG Databook 2022 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

Sustainability
Book 2022

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 creat 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

1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	SUSTAINABLE DEVELOPMENT GOALS

Sustainability Book 2022　Table of Contents

Message from the President

Ever since Nomura Research Institute, Ltd. (NRI) was established, we have continued our business of policy recommendations always anticipating the times, corporate strategy proposals, and the development and operation of advanced information systems, etc. for the realization of these.

Going forward, we believe it is vital to seriously engage the issues faced by customers and society as a whole and crate new social value to contribute to the development of a sustainable society and also ensure that NRI continues to be indispensable for the world.

Looking toward the next ten years, the world is expected to undergo significant change.

For example, the problems that confront society will become more complex and serious. As the efforts and investments of countries and companies become increasingly active to achieve the SDGs (sustainable development goals) established by the United Nations, systems utilizing digital technology will play an increasingly important role.

The structure of industry will also become more fluid. Numerous new services will emerge using XaaS (a

Shingo Konomoto

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

system for providing a variety of functions in the form of services via network). Furthermore, the barriers between industry sectors and business categories will be eliminated due to the development of platforms linking a variety of services.

The evolution and commoditization of advanced technology will also progress. While utilization of cloud computing and artificial intelligence (AI) will progress and 6G (sixth generation mobile communication systems) will be practically implemented as communication technology, the technologies that have been considered advanced until now will become more widely used.

In addition, diversification of people's values will progress. It is important to establish an environment enabling each person with diverse thinking and individuality to exhibit their skills.

In recent times, global issues such as infectious disease and heightened geopolitical risk have increased uncertainty with the global situation. The company's management environment is facing unprecedented change, but the importance of increasing the level of integration of business and IT by transforming the company and organization to be "digital first" remains unchanged, and we believe that it will be a major new trend going forward. In future, transformation using digital technology (DX) will evolve, and digital capability will be required to resolve global social issues.

It is our belief that we will be able to conduct business useful for the resolution of issues faced by customers and society, and can widely contribute to society if NRI exhibits its ability to consistently provide services ranging from consulting to IT. Addressing social issues and creating new social value though core business has continued to be passed down as NRI's spirit since it was founded. We will constantly pioneer the future of technology find insight in the richness beyond DX, and dynamically transform the world.

NRI will also sincerely listen to the opinions of various stakeholders inside and outside Japan, govern our behavior and continue to create a sustainable future society hand in hand with stakeholders.

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 our core business of consulting and

NRI Group Sustainability Management and Future Vision

Sustained growth of the NRI Group	Realize a Sustainable Future

Corporate philosophy "Dream Up the Future"

NRI Group Sustainability Management

Share the Next Values!

【Vision 2022 Numerical Targets】

Consolidated operating profit (JPY billion)	100
Consolidated operating profit margin	14% or higher
Overseas sales (JPY billion)	100
ROE	14%*

＊Continuously aiming for higher capital efficiency

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

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.

+

Key issues for sustainable growth

Reducing our environmental impact	Provision of opportunities for all kinds of professionals to take on challenge
Compliance with laws, regulations and risk management to increase trust from society	Provision of NRI quality to support safe and secure information society

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 Medium-Term Management Plan 2022 and the non-financial goals of resolution of social issues via value co-creation and key issues for sustained growth. From FY2023, we will launch a new long-term management vision and Medium-Term Management Plan, but the DNA of the NRI Group seeking unity between contribution to society and enhancement of economic value remain unchanged. As social issues become more complex on a global scale, the NRI Group will continue to meet the expectations of customers and society, gaining insight into and realizing the vision for the future of society.

Resolution of Social Issues via Value Co-Creation (Efforts for CSV)

Resolution of social issues via

Co-create Social Value with our Customers to Realize a Sustainable Future

NRI Group's 3 Social Values		Key NRI Group Initiatives
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.	• **Business Model Transformation** ・ 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
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.	• **Business Process Transformation** ・ Strategy/Operations/System Consulting • **Resource Optimization with ASP** ・ "STAR", "BESTWAY" and other proprietary business platform solutions
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.	• **IT Infrastructure Transformation** ・ Cybersecurity business ・ Cloud & Data Center managed services • **Stable Service Operation** • **Disaster Prevention & Reduction Policy & Disaster Recovery Support**

＊ Acronym for "Creating Shared Value." Achieving both social value and economic value.

value co-creation is implicit in the NRI Group's philosophy of "Dream up the future," and the NRI Group has implemented corporate management creating value that can be shared with society. We broadly define social value as "NRI Group's 3 Social Values" (table on previous page). The NRI Group's diverse initiatives will continue to create these three social values starting with DX3.0 transforming social paradigms with digital technology.

Materiality for sustainable growth

The foundation for resolution of social issues via value co-creation is responding to key issues for sustained growth. Issues to be considered for the growth of the

NRI Group aiming t contribute to the creation of a sustainable future society are identified as high-priority items from a management perspective and the perspective of external stakeholders (such

as international standards and guidelines, and the opinions of experts), and summarized in the four "key issues for sustained growth" (table below) .

In order to respond to these issues,

Materiality for sustainable growth

Materiality for sustainable growth	Issue
Reduction of environmental impact for preserving global environment	・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	・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	・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	・Management of information security and system ・Access to information society

the Company is conducting ESG activities supporting sustained growth from the three perspectives of environment (E), social (S) and governance (G).

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.
In addition, the NRI Group will embrace the challenge of DX3.0 performing a paradigm shift of society through DX. This is aimed at transformation of society itself (right table).
At present, the world requires a variety of reforms for the realization of a sustainable society, and DX3.0 can contribute to this. The NRI Group will constantly continue to dynamically transform society as a whole through co-creation with a variety of partners in anticipation of the arrival of new technology.

NRI Group's Digital Business Strategy

Social trans-formation	DX3.0	Paradigm trans-formation	Solving social issues through co-creation with various partners ・Regional revitalization via digitalization and entrepreneurial assistance ・Low carbon transformation and resource saving via digital solutions
Client / industry trans-formation	DX2.0	Business model trans-formation	Establishing unprecedented digital services ・Creation of new cross-industry platforms ・Creation of new client business models and ecosystems
	DX1.0	Process trans-formation	**Digital front office** — Digitalize actions for end users ・D2C*, CRM, digital marketing
			Digital back office — Digitalize actions within client companies ・SCM reforms, AI/RPA, business platforms
		Infrast-ructure trans-formation	Enhance infrastructure such as cloud/security infrastructure ・Cloud migration assistance, managed services, cybersecurity business

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

History of Sustainability Activities

FY2014	FY2015	FY2016

Establishment of the Sustainability & Responsibility Group

Establishment of Environmental Promotion Team

Launch of Environmental Promotion Committee

FY2004	FY2005	FY2006	FY2007	FY20

Establishment of CSR Promotion Team

Changes of Internal Systems

introduce the NRI-EMS
(environmental management system)

introduce the ISO14001
(environmental management system)

Setting of environmental targets

Sustainability Activities

Green bond issuance

Participation in Initiatives

External Evaluation

MSCI	AA	A	A
CDP	100B		A-

Selection as ESG Constituent Stock

DJSI Asia Pacific

MSCI ESG Leaders Indexes

8 (from 2006) FTSE 4 Good Developed Index

FY2017	FY2018	FY2019	FY2020	FY2021

Launch of Social Value Creation Promotion Committee

Change of name to Value Co-Creation Promotion Committee

Launch of Sustainability Activities Committee

Establishment of Business Partner Code of Conduct

ESG Briefing Session

Revision of environmental targets SBT2°C certification

Revision of environmental targets SBT1.5°C certification

Publication of "Human Rights Report"

Sustainability-linked bond issuance

Switch of main data centers to renewable energy

Revision of materiality (Identified materiality in 2010)

Formulation of ethical guidelines for artificial intelligence

TCFD scenario analysis

Revision of NRI Corporate Governance Guidelines

Signing of Global Compact

Endorsement of TCFD

Announcement of endorsement of RE100

| A | A | AA | AA | AAA (Highest Rating) |
| B | B | A | A | A (Highest Rating) |

DJSI World

Dream Up the Future Forum 2021
Digital Paving the Way for a Vision for a Post-COVID Future

The COVID-19 pandemic transformed people's lives and corporate activities, while quickly accelerating digitalization of national and local governments. Japan is now facing the two issues of recovery of the slump in the economy and becoming a sustainable society.

The Dream Up the Future Forum 2021 presented proposals on the theme of Digital Paving the Way for a Vision for a Post-COVID Future such as a vision for the near future after COVID-19, the role of digitalization and the path to be taken by Japanese companies.

Furthermore, in lectures and round-table talks by academic and economic leaders, consideration was given to how Japanese companies can lead the economy in the post-COVID-19 era while meeting the requirements for the realization of a sustainable society.

Post-COVID-19 Future and the Strategies of Japanese Companies

Shingo Konomoto, President & CEO, Chairman, Member of the Board, Representative Director

The global economy has been damaged by the COVID-19 pandemic more than when the global financial crisis occurred. The decline in GDP has been large in countries that had strict lockdowns, and emerging countries and developing countries fell into negative growth along with developed countries in 2020. Meanwhile, the performance of Japanese companies has not declined as much as during the global financial crisis, and it is estimated that this was because many companies were able to absorb the impact of COVID-19 comparatively well by implementing teleworking and moving business online.

Due to the limitations on containing the number of infections even when implementing lockdowns, developed countries are shifting their policies from zero-COVID-19 to coexisting with the virus. Japan also needs to build a society that can comfortably maintain economic activity even if physical contact with people decreases during periods when there is a risk of COVID-19 spreading.

Acceleration of Digitalization of Economic Society

In a survey of approximately 19,000 males and females aged 10 to their sixties conducted by NRI, the majority of respondents who said that life would not fully return to normal even after the COVID-19 pandemic subsides mentioned "I don't think it will fully subside" and "I have grown accustomed to the current lifestyle" as reasons (Survey of Everyday Life of Japanese conducted by NRI in July 2021).

In a global survey, over 90% of companies responded that "DX accelerated during the COVID-19 pandemic." Meanwhile, looking at the digital capability index (DCI) that is an indicator evaluating the level of digital economy and society by prefecture, this was characterized by the reduction of the digital divide between urban and regional areas, and it is believed that this is due to an increase in the frequency of use of digital public services in regional areas due to COVID-19 such as the acquisition of My Number cards and the use of online government services.

Two Issues Faced by Japan
(1) In response to stagnation of the economy: Transformation to "digital first"

If labor productivity and the employment rate continue on the trend of the past decade, there is a high probability that Japan's GDP growth will be negative in the 2030s, and it is forecast that the Japanese economy will continue to stagnate unless a shift is made to an economic growth model not dependent on labor input. For Japan to recover from this economic stagnation, it is necessary to make a paradigm shift from "industrial capitalism" increasing labor productivity to increase the added value of goods to "digital capitalism" where digital services on platforms are the goods and digital data is the source of value. The
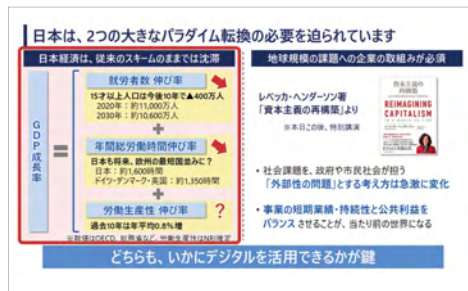
transformation to "digital first" is expected to bring about a new economic growth model sustaining growth even as the working population decreases.

(2) In response to social issues on a global scale: Balancing of economic growth and a sustainable society through digitalization

Globally, the problem of so-called "external diseconomies" is occurring where a variety of problems occur outside companies as their business activities become more active. Corporate management needs to resolve these and balance business performance and sustainability with public interest. In 2020, global CO_2 emissions decreased by 1.92 billion tons, the greatest decrease since the end of World War II. A breakdown of this by sector shows that the CO_2 emissions of the transportation sector decreased dramatically, and it can be surmised that this is a result of changes in people's behavior due to COVID-19 and the effect of
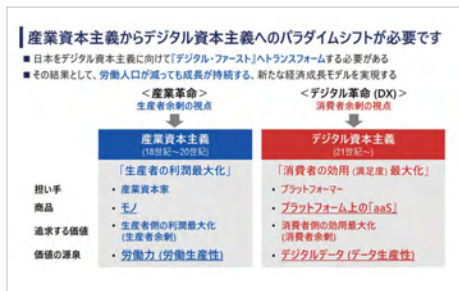
of digitalization supporting this. Combining the digital characteristics of online and visualization to create new services is expected to not only reduce CO_2 but also contribute to the resolution of a variety of social issues. For example, if MaaS (Mobility as a Service) develops, NRI estimates that this will have the effect of reducing CO_2 emissions by 300 million tons in Japan, the United States and Europe.

Looking at the correlation between the Digital Economy and Society Index (DESI) published by the European Commission and the level of achievement of SDGs, countries where digitalization has progressed have also made progress with initiatives aimed at a sustainable society, and it could be said that digitalization has great significance for balancing economic growth and a sustainable society.

Transformation to "Digital First Management"

To make the transformation to "Digital First Management," it is necessary to understand that this is a transformation of the company, and it is necessary to transform management as a whole and promote reform of attitudes in the organization rather than simply digitalizing business.

Example of implementation of corporate DX: GE Digital was established in 2011 by global industrial machinery manufacturer GE based on the concept of industrial IoT. Top-down DX was carried out to make reforms, but it was not monolithic, and the company was downsized and reorganized in 2018. French heavy electric machinery manufacturer Schneider Electric began the utilization of digital technology from front-line business units, and succeeded with the implementation of DX by iterating bottom-up business ideas and top-down standardization.

Digitalization and Sustainability of Local Communities

In Denmark, which is balancing economic growth and measures to address climate change backed by clean electric power, the national government has brought forward carbon neutrality goals, and regional cities have set targets to implement measures. They have presented growth scenarios for the country and regions, placing improvement of quality of life (QOL) as the highest priority objective to convince and motivate citizens. In Japan, the Regional Decarbonization Roadmap was announced in June 2021, presenting specific processes and measures aimed at the achievement of carbon neutrality. It is expected that measures will be implemented from a citizen's perspective and to encourage regional and citizen initiatives.

[Special lecture]
Rebuilding Capitalism and the Role of Japan

Professor, Harvard Business School
Rebecca Henderson

With global climate change that could be considered abnormal and social unrest caused by growing disparity threatening the overall global economy, Japan, which is the world's third largest economy, is currently faced with the social issue of a labor shortage in addition to the real risk of climate change. While Japanese business leaders must address these issues, it could also be said that they present a significant opportunity for transformation.

At present, only one Japanese company is in the world's top 100 companies based on market capitalization. Japanese companies have a workforce with a high level of education, and have a stance of attempting to generate benefit for society as a whole. Japan is in an ideal position to create a new positive business model using the threats of climate change and disparity as driving forces for growth.

Five steps are required for the transformation of companies' systems and the realization of growth.

(1) Have a purpose (The reason for existence of the company is to change the world. It is necessary to rediscover purpose)
(2) Create shared value (Design business models to resolve important issues)
(3) Create cooperative systems (Create sustainable methods to cooperate as entire industry for the long-term survival of the company)
(4) Review financial lines (Investors and consumers evaluate companies with ESG metrics, etc., transforming capital markets)
(5) Rebuild systems (Rebuild global systems through business to create a healthy society with a good balance of "free markets" and "good government and liberal politics")

[Rebecca Henderson] John and Natty McArthur University Professor at Harvard University Member of the General Management unit of Harvard Business School. She teaches "Innovation in Business, Energy and Environment" and "Reimagining Capitalism." "Reimagining Capitalism" (Nikkei Publishing/2020) is a global bestseller.

[Special dialog]

Director, The University of Tokyo
Director, Center for Global Commons
Naoko Ishii

×

Chairman of the Board
Komatsu
Tetsuji Ohashi

×

President & CEO, Chairman,
Member of the Board,
Representative
Shingo Konomoto

Transform Social and Economic Systems to Protect Global Commons

Ishii— Humankind is currently facing a crisis. In order to protect a stable and self-recovering global system (global commons), it is necessary to build a sustainable future for humankind and the earth by making a great transformation of energy, food, production and consumption, and socioeconomic systems in cities with an eye to 2050.

Ohashi— Keidanren has announced the ".. The NEW Growth Strategy" (the ".." means to stop once) with the aim of establishing sustainable capitalism, and made a call to action for a vision for the future of Japan and the world in 2030 (new growth through DX, work style reform, regional revitalization, rebuilding the global economic order, realizing green growth).

Konomoto— I think the development of industry and initiatives to address global environmental problems are on the same vector. In order to achieve carbon neutrality, Japan has set a target of reducing greenhouse gases by 46% by 2030 (with 2013 as a baseline), but what is required of industry?

Ohashi— I think industry needs innovation and transition (the transition period until realizing a carbon-free society in 2050). At the same time as focusing on technological innovation to achieve this goal, it is also important to discuss the steps required to achieve this by 2050 based on scientific data.

Konomoto— It is necessary to dig down further to create a roadmap for Japan and also globally.

Ishii: I agree. I think it is important for industry, academia and government work together to formulate the path to take based on Japanese conditions while considering international positioning.

[**Naoko Ishii**] Jointed the Ministry of Finance in 1981. Became Deputy Vice Minister of Finance in the Ministry of Finance in 2010. Appointed as CEO of the Global Environment Facility in 2012. Director and Professor of The University of Tokyo since 2020. Ph.D. (International Cooperation), the University of Tokyo.
[**Tetsuji Ohashi**] Joined Komatsu in 1977. Appointed as President & CEO in 2013. Current position and Vice Chair of KEIDANREN (Japan Business Federation) since 2019. Member of the Board of Nomura Research Institute, Ltd. since 2021.

DX will bring about transformation of production processes in the construction industry

Co-creation of a thriving future society

Co-creation of an ideal future society

Co-creation of a safe and secure society
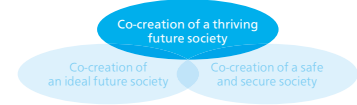
Using digital technology to optimize construction production processes will realize dramatic improvements in safety, productivity and environmental adaptability

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

The construction industry is currently facing issues such as aging workers and a declining working population, and combined with the impact of the spread of COVID-19, it needs to undergo reforms utilizing the power of digital technology on construction sites in Japan and overseas.

NRI, Komatsu, NTT Docomo and Sony Semiconductor Solutions jointly launched the new company, EARTHBRAIN Ltd., in September 2021. It utilizes digital technology to remotely monitor all kinds of information including the topography of construction sites, machinery, people, materials and also safety and environmental aspects, and control optimization of the entire construction process with diverse solutions such as visualization and optimization of construction sites, and remote control to resolve customers' issues. This will result in the generation of new standards for production processes and the creation of safe and highly productive sites for the future.

NRI will utilize its insights into digitalization and business model transformation to support DX of the construction industry.
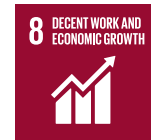
Contributing to regional revitalization and the enrichment of people's lives with DX
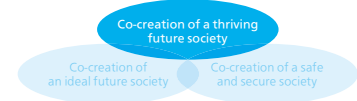
We are engaged in smart city promotion and building digital government in Tsuruoka City, Yamagata

NRI is working with Tsuruoka City to create a smart city (urban development utilizing digital technology) aimed at the realization of high-quality municipal services, and to create digital government. Tsuruoka City is the most expansive region in Tohoku, and although it is dispersed with underpopulated areas due to the decreasing and aging population, it has rich nature, history and culture, and is also a region with a high concentration of advanced academic institutions and advanced technology companies.

NRI is supporting the creation of a local hub[*1] with high productivity and autonomous economic growth utilizing the characteristics of the region, and a well-being[*2] community enabling people to feel happiness and affluence that Tsuruoka City aims to achieve. We are engaged in transformation through DX from a variety of angles such as the development if IT personnel and entrepreneurs handling regional development, the improvement of convenience of transportation in hilly and mountainous areas, the improvement of productivity of agriculture, the enhancement of disaster prevention and mitigation measures, and the promotion of city office building DX. Going forward, we will shift emphasis particularly to energy and healthcare, and focus on regional development for good health and long life and the establishment of locations for innovation in local industry.

NRI will utilize its know-how on regional and industrial development and insights into DX to widely contribute to the development of the region and the resolution of social issues.

*1 A city that is in a regional area but serves as a hub connected to the world, enabling the creation of autonomous industry and economy.

*2 The state where all citizens are physically, mentally and socially well, and the ideals of individuals are realized.

19

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説明年月日	2017年12月4日
場所・方法	○ ご自宅　○ 店頭　○ 電話　○ その他
ご同伴者続柄	☑ 配偶者様　□ ご両親　□ お子様　□ ご親族様　□ その他
ご署名 クリア	

キャンセル　登録

Realizing new styles of securities trading
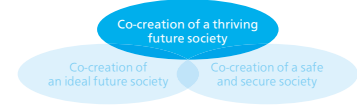
Started provision of the STAR Mobile Service enabling input of information and procedures in securities trading operations to be performed from a mobile devices

NRI provides the STAR-IV back office system as a solution for securities companies. As an optional service, we began providing the "STAR Mobile Service" in June 2021, enabling securities salespersons to use mobile devices to perform entry of various information and procedures required when performing sales activities outside the company. It is already used by many securities companies.

Securities salespersons can use mobile devices to perform explanations and advance procedures required for trading, order input based on customer consent using electronic signatures and also responses to inquiries and the creation of daily sales reports. This facilitates working out of the office and from home, and contributes to work style reforms and sales style reforms that have accelerated due to COVID-19. It also creates the benefit of eliminating the need for customers to come to branches.

Furthermore, the service performs information management based on advanced security measures such as inhibiting the saving of files on mobile devices and the acquisition and accumulation of positional information when receiving digital signatures.

NRI will continue to support the creation of customer contact points matching the times.

Contributing to the creation of a vibrant super-aging society
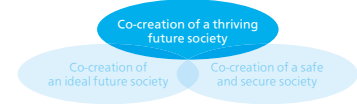
We are making proposals aimed at the expansion of employment opportunities through employment surveys and behavioral studies of seniors

The employment environment for seniors is undergoing significant change such as the expansion of teleworking, continued employment and raising of mandatory retirement age by companies, diversification of work styles and values, and adaptation to digitalization. In April 2021, it became mandatory for companies to make an effort to "secure employment opportunities until 70" [1] and work styles for people in their late sixties and higher are expected to further diversify in future.

NRI Social Information System Services implements studies on employment awareness and behavior for seniors every year. In 2021, it conducted a survey on the impact of COVID-19, and interest in concurrent jobs and side jobs[2]. As a result, while a majority of people who had increased telework or work from home strongly felt an impact on their health and responded that they had "weakened legs" or "reduced physical strength," it was also revealed that there is an increase in he number of seniors who want a place to work even beyond the age of 70 by combining a variety of work styles such as concurrent jobs. Going forward, it is expected that there will be an increase in "senior parallel workers" flexibly designing work styles to match the work objectives, health conditions and lifestyles of each person.

The NRI Group will lead a vibrant super-aging society enabling participation in local communities and personal development by enabling seniors to work.

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES
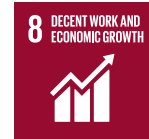
[1] "Revised Act on Stabilization of Employment of Elderly Persons" (Effective from April 1, 2021).

[2] Internet survey of 3,000 men and women aged 50 to 79 nationwide (implemented in March 2021).

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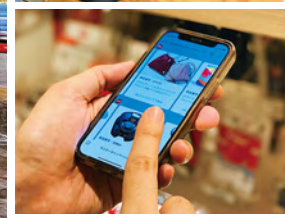
Demonstration at TABITUS+ STATION in Yurakucho JAL Plaza
Top: Check-in by 2D barcode Bottom: Real-time presentation of product orders and coupon delivery

Creating new customer experiences with DX
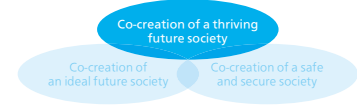
Proceeding with initiatives to maximize value provided to customers by combining online and offline information

We have entered an era in which people purchase products after comparing them on the Internet. With the popularization of social media, customers have more contact with companies. Such changes have brought about the necessity for companies to provide customers experiences that match these new times.

Japan Airlines, JALUX and NRI Digital jointly conducted a proof of concept for a seamless purchasing experience using OMO[1] combining offline and online. Using OMO OnBoard developed by NRI Digital, the status of store visitors' access to websites (online behavior) was integrated with how they spend their time in store (offline behavior) based on AI cameras, 3D distance sensors and records of entering and leaving the store (check-in function). It is an initiative to estimate needs and concerns based on behavioral analysis, leading to real-time distribution of product information and coupons, and appropriate staff responses.

In future, we aim to link to the creation of new value such as personalized content through a variety of contact points in the customer journey[2].

The NRI Group will utilize the power of digital technology to promote the creation of a new customer experience merging online and offline.

[1] "Online Mergers with Offline". A marketing method that eliminates the boundary between online (Internet) and offline (real stores) to provide services optimized for each customer and enhance the customer experience.

[2] Customers' behavioral, thinking and emotional processes in purchasing behavior.

8 DECENT WORK AND ECONOMIC GROWTH

Supporting Education of the Next Generation of Young People
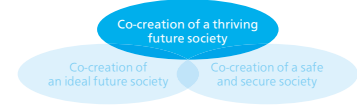
We are promoting digitalization of education in Western Australia

In June 2021, NRI Group company ASG (ASG Group Limited) became part of the LIFT Alliance established to provide comprehensive ICT services to the Western Australian Government's Department of Education. LIFT Alliance will work with local specialist IT companies to provide an all-in-one service including solutions development, application management, infrastructure establishment, and advisory. It will provide support through the power of digital technology to contribute to the realization of a new ICT operating model for the Department, enabling the vision of approximately 500,000 students making up the next generation of Australia to increase their own potential.

ASG will also work with the Department on expanding IT-related work programs that it has engaged in for some time for the creation of opportunities for upliftment of indigenous Australians. The initiatives are being conducted with the objective of providing IT jobs to indigenous people throughout all of Australia.

The NRI Group will continue to contribute to the resolution of a variety of issues through the provision of cutting-edge IT solutions and consulting to Australia.

Supporting initiatives to address climate change issues in the financial industry

Co-creation of a thriving future society

Co-creation of an ideal future society

Co-creation of a safe and secure society
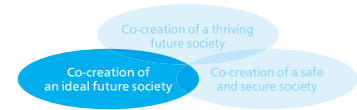
Commenced provision of "Support Service for Net -Zero*1 CO$_2$ Emissions of Investment and Financing Portfolios" for financial institutions*2

In the finance industry implementing initiatives to address climate change issues, there are growing movements to measure the CO$_2$ emissions from investment and financing portfolios. The Net Zero Banking Alliance*3 made up of major banks worldwide aims to reach net-zero CO$_2$ emissions from investment and financing portfolios in financial institutions by 2050. Meanwhile, reducing the CO$_2$ emissions from investment and financing portfolios presents many challenges such as ascertaining emissions, integrated management of data and setting appropriate targets, making the initiative difficult to implement.

To address these conditions, NRI commenced provision of "Support Service for Net -Zero CO$_2$ Emissions of Investment and Financing Portfolios" for Japanese financial institutions. It supports clients' strategy formulation and approaches to portfolio companies to achieve these by providing unique CO$_2$ estimate data specializing in Japanese companies and conducting engagement support consulting with portfolio companies. We will support the response to global needs, while also supporting the acquisition of new earnings opportunities.

Going forward, NRI will provide services contributing the the resolution of issues and enhancement of value of client companies while tracking the needs and issues of society related to climate change.

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

*1 Meaning that the value obtained by subtracting the volume of CO$_2$ captured and removed from CO$_2$ emissions is zero.

*2 The emissions of portfolio companies are multiplied by the percentage stake in those companies to calculate the CO$_2$ emissions deemed to be indirectly produced by a financial institution through its investment and financing.

*3 An initiative by major global banks launched with guidance by the United Nations in April 2021.
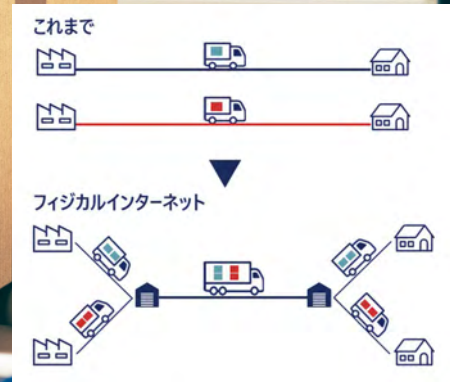
これまで

フィジカルインターネット

(Image) Physical Internet Structure

Contributing to the realization of a sustainable society through logistics innovation

Co-creation of a thriving future society.

Co-creation of an ideal future society

Co-creation of a safe and secure society
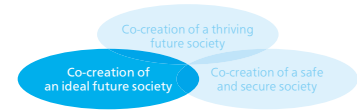
We are conducting initiatives aimed at the realization of the Physical Internet*1 gaining attention as a logistics system

Logistics is a form of social infrastructure essential for our lives. However, the Japanese logistics industry currently faces many challenges such as an increase in small packages due to the expansion of demand for Internet shopping, deterioration of transportation efficiency, aging of drivers and the labor shortage. The Physical Internet is something gaining attention as a means for improving this situation. This is a system for increasing the operation and usage rate of resources related to logistics (people, vehicles, fuel and warehouses) by sharing trucks and warehouses. The initiative has begun in Europe and the United States, and it is gaining attention in Japan where logistics issues are piling up.

Yamato Group Research Institute is working with NRI to conduct studies and communication to increase recognition of the Physical Internet. Two NRI logistics experts joined the activities of Yamato Group Research Institute as visiting researchers, and were responsible for the planning and operation of a session at the 8th International Physical Internet Conference (IPIC)*2 held in 2021. It was the first time Japanese initiatives were communicated to the world at IPIC.

NRI will continue to contribute to the realization of a sustainable society through logistics innovation through activities aimed at the realization of the Physical Internet in Japan.

*1 The Internet is a system for highly efficient use of lines enabling the transmission of multiple sets of communication data on a single line. Similarly, this is a logistics system for increasing the operating rate by sharing means of transportation and warehouses.

*2 The highest level conference on the Physical Internet that began in 2014, with the latest research reports by experts worldwide and awards being conducted.

Promoting the realization of a resource recycling society
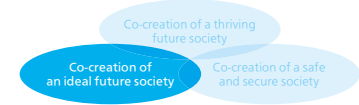
We will promote market distribution of recycled materials through the traceability*1 of materials using digital technology

As plastic waste has become a global social issue, initiatives to establish an environment for promoting the use of recycled plastic have begun by using DX to realize traceability in the life cycle of plastic products.

In August 2021, Mitsui Chemicals, Inc., IBM Japan, Ltd. and NRI agreed to the establishment of consortium*2 aimed at the realization of a resource recycling society. The three objectives are the promotion of use of recycled plastic based on traceability, support for coordination between stakeholders related to resource recycling, and the creation of an incentive system for people and companies who contribute to resource recycling. We will establish an environment for facilitating the use of recycled plastic by companies by ensuring reliability such as whether it is really recycled material and that it does not contain harmful substances when companies use recycled plastic. It is anticipated that companies supporting the intent of the consortium will join in future.

NRI will utilize its navigation capabilities for guiding the transformation of society and companies and its problem-solving capabilities to engage in the resolution of social issues through co-creation with diverse partners.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

*1 Being able to record and track data such as information on material properties and quality, the ratio of recycled material and the number of times recycled in a format utilizing blockchain technology that cannot be falsified.

*2 A group of multiple individuals and/or organization conducting activities for a common purpose.

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Contributing to the realization of carbon neutrality

Co-creation of a thriving future society.

Co-creation of an ideal future society

Co-creation of a safe and secure society
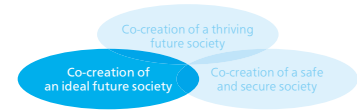
We are engaged in the creation of systems for the visualization of reductions in greenhouse gas emissions through changes in consumer behavior

Japan has set the target of becoming carbon neutral in 2050[*1]. The key to the realization of this is raising environmental awareness of consumers and changing their behavior to voluntarily select environmentally friendly goods and services. This is the starting point for encouraging initiatives by companies, and a virtuous cycle reducing greenhouse gas emissions of the country as a whole can be expected to be created. The key point here is the creation of a system for quickly ascertaining the volume of emissions by consumers and companies.

NRI is devising the CN Shift Platform as a mechanism for efficient and timely visualization of emissions. The volume of emissions is automatically calculated by using IoT[*2] wherever possible to automatically gather data on consumers' purchasing behavior and the use of goods and services and data on companies activities emitting greenhouse gases. By performing simulations on the effect on reducing emissions and comparisons of target and actual volumes, the process of reducing emissions is visualized, contributing to further enhancement of measures. At present a proof of concept is being carried out with the aim of providing service in one to two years.

NRI will continue to conduct businesses that contribute to the realization of carbon neutrality in future.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

*1 A state in which greenhouse gas emissions are effectively zero.

*2 Technology for connecting all things such as televisions, speakers and cars to the Internet.

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Supporting the overseas deployment of infrastructure through public-private partnerships
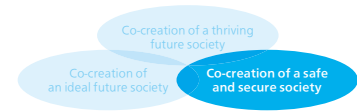
We are supporting the overseas deployment of infrastructure systems[1] aimed at the resolution of global social issues and contribution to the sustained economic growth of Japan

Countries have great needs for the establishment of infrastructure forming the foundation for people's lives and socioeconomic activity, and the global market for this is expected to expand further. The Infrastructure System Export Strategy formulated by the Japanese government in 2013 promotes public-private partnerships and orders to Japanese companies for overseas infrastructure projects are steadily growing. To achieve further growth, it is vital to strategically capture demand while tracking international changes and needs, such as business investment in infrastructure, infrastructure O&M[2] combining digital technology, and infrastructure with high environmental performance aimed at the realization of a carbon-free society.

NRI supported the formulation of Infrastructure System Overseas Promotion Strategy 2025, a new medium to long-term strategy announced by the Japanese government. We conducted a variety of research and analysis on topics such as structural reforms in infrastructure-related industries brought about by digital technology and decarbonization, and the impact of COVID-19 on overseas infrastructure projects, and made proposals such as targets for the results of the overseas promotion strategy and medium to long-term action plans.

NRI will continue to provide support aimed at the overseas promotion of infrastructure systems through the exchange of opinions and policy proposals with the relevant ministries and agencies.

[1] Infrastructure systems and mechanisms that form the foundation for people's lives and socioeconomic activity, such as electricity, water, transportation, telecommunications and medicine.

[2] Abbreviation of Operation and Maintenance. .

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Promoting the creation of a safe mobility environment
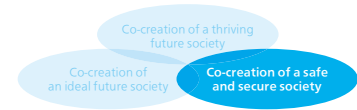
We are engaged in the reduction of traffic accidents through joint development of a fleet management service

Thailand is a country with a very large number of traffic accidents, and the traffic accident death rate of 32.7* per 100,000 people is the highest in Asia and the third highest in the world. The reduction of traffic accidents is a significant social issue for Thailand.

In order to resolve this issue, NRI Thailand is collaborating with a logistics company that is part of Thailand's largest conglomerate to develop a fleet management service. We are promoting the provision of a service that combines the logistics company's solution for ascertaining predictors of accidents based on driving behavior data on truck drivers and enabling remote driving guidance using voice-based warnings, with consulting utilizing NRI's DX knowledge in the automotive industry and local business network.

Going forward, we will add solutions for reducing CO_2 and resolving air pollution to this service, and aim to make it social infrastructure that can be used by users of commercial vehicles worldwide.

NRI Thailand will utilize its knowledge of the automotive industry in Thailand and digital technology to support the creation of a society where people can live in safety.

3 GOOD HEALTH AND WELL-BEING

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

＊ From the 2018 report on traffic accidents by the World Health Organization (WHO).

Activities to Spread "Value Co-Creation"

Even since it was founded, the NRI Group has been engaged in "value co-creation" with the desire to contribute to the resolution of social issues.

Here we describe the activities to promote "value co-creation" carried out so that each employee considers the value of the existence of the NRI Group and the significance of value co-creation, finds the role that they should perform and puts it into practice.

The sentiment behind "Value Co-Creation"

Contributing to the resolution of social issues through value co-creation to continue to be an indispensable presence

The NRI Group's mission is to "discern society for the future and implement it" and "build customer trust and establish relationships for mutual growth," and has contributed to the resolution of social issues for the creation of a sustainable future society. This is nothing special for us, but rather part of the DNA that has run through the NRI Group since it was founded, and normally put into practice in our business. Medium-Term Management Plan 2022 defines the "NRI Group's 3 Social Values" and restates that the Group will seek co-creation befitting NRI.

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

Activities to promote "value co-creation" are carried out so that each employee can ask themselves about the value of the existence of the NRI Group and the significance of value co-creation, and link this to what they put into practice. For example, the Value Co-Creation Promotion Committee supports activities in the workplace by creating a place for organizations to share their initiatives and establishing an environment in which organizations can easily coordinate. Furthermore, to promote "value co-creation" throughout overseas Group companies, articles in English are published in the online company newsletter.

Mini Value Co-Creation Day for sharing the initiatives of each organization

▎ Value Co-Creation Leader Network Activities

To reaffirm that "resolution of social issues through value co-creation" is in the NRI Group's DNA, and instill it in each employee, Value Co-Creation Leaders are appointed from among junior to mid-level leaders in a variety of departments. Value Co-Creation Leaders lead the efforts to address the challenges faced in their respective departments with passion for the creation of social value and the resolution of social issues. Furthermore, the observations and ideas found through activities are shared through dialogue among Value Co-Creation Leaders, the President and officers.

Dialogue between President Konomoto and Value Co-Creation Leaders

Internal award system for evaluating contributions to value co-creation and resolution of social issues

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 FY2021.

Dream up the Future Award

The NRI Dream up the Future Award

Value Co-Creation Award

Awarding employees and teams that create one of three types of social value unique to NRI (co-creation of an energetic future society, co-creation of an optimal society, and co-creation of a safe and secure society) via collaboration with our clients or other departments

Special Recognition

Awarding employees and teams that contribute to the resolution of social issues and activities suitable for a company creating future society, which do not correspond to the value co-creation award

Launch of the new company EARTHBRAIN

"EARTHBRAIN"Team

[Reason for award] EARTHBRAIN was jointly established by four companies leading the front line in different industries for the purpose of bringing about DX in the construction industry to dramatically improve safety, productivity and environmental performance. It is also a Con-Solutions initiative merging the NRI Group's consulting and IT solutions, and the challenge of bringing together the expert knowledge of companies in different industries for accelerated implementation of DX smart construction business presents a new future as an good example of "DX2.0" transforming business models.

DIGITAL TRANSFORMATION OF CONSTRUCTION PROCESSES CREATES NEW VALUE

Acquire data at construction site

Various data → Convert into valuable data to visualize and optimize the construction site.

New value created by digital transformation

- Improvement of productivity in construction production processes
- Safe construction sites optimized with digital twins
- Utilize simulation technology to improve environmental adaptivity of construction
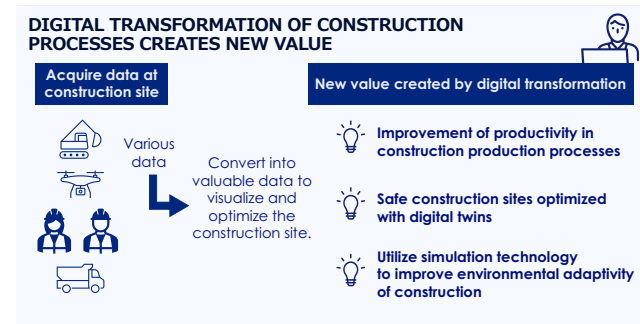
Dream up the Future Award 2021 **Value Co-Creation Award**

Development and demonstration of remote measurement system installed in products with high environmental performance

Telemetry System Development Team

〔Reason for award〕 In response to issues related to the telemetry system (data collection and remote tracking system) of Manufacturing Company A developing products with high environmental performance, a telemetry system for products with high environmental performance was newly developed in a short period based on a scrum framework formed by Company A and NRI. It produced results in testing even with the stringent condition of being a one-off, and also met Company A's expectations by producing results in live implementation. This contributes to the realization of carbon neutrality.

DEVELOPMENT OF TELEMETRY SYSTEMS IN A SCRUM FRAMEWORK WITH CUSTOMERS

UI improvement

Accumulation of total data
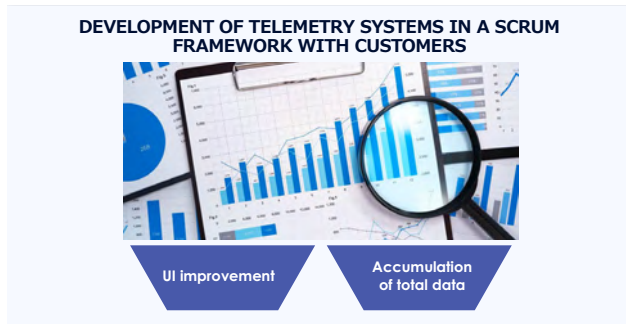
Dream up the Future Award 2021 **Value Co-Creation Award**

Development and provision of university co-op tray check payment system

University Co-Op Tray Check Payment Team

〔Reason for award〕 In response to the pressing issue of reducing fixed costs of a university co-op that arose during the COVID-19 pandemic, the Tray Check Service was proposed and developed as a method of non-contact payment in which students take photos of the meals on their trays. The speedy implementation in three months was praised by Ehime University Co-op, and optimized labor and equipment expenses, in addition to contributing to the realization of optimized society and future society as a measure leading to a new store experience for students.

1 Pick up meal as usual

2 Go to a dedicated tray check table instead of a checkout

3 Read the QR code on the dedicated table to take a photo of the entire tray

4 Enjoy your meal!

Proposals related to social problems during the COVID-19 pandemic

Proposals Related to Social Problems During the COVID-19 Pandemic Team

[Reason for award] We assessed changes in society during the COVID-19 pandemic, provided an outlook for the vaccination rate in Japan and proposed a strategy for preventing the spread of infection centered on vaccines based on data on vaccinations and infections in other countries. It was important input for establishing the direction of Japan's vaccine policy. Furthermore, we researched, analyzed and communicated the actual state of "effectively unemployed" numbering more that 1 million nationwide who are struggling with decreases in part-time and casual employment shifts during the COVID-19 pandemic. This gained the attention of many media outlets, and indicated how to support the effectively unemployed to a wide audience including the government.

Visualization of "effectively unemployed" who have lost half or more of their work shifts and are not receiving leave benefits
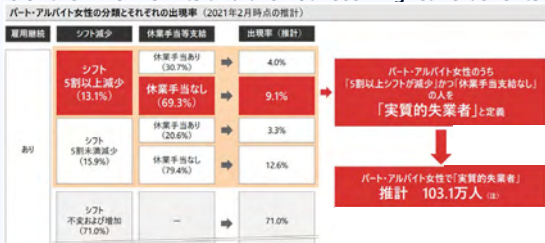
Indicated the importance of expanding the scope of support and raising awareness of programs

Support for COVID-19 Vaccination Operations

National Vaccination Operations Support Team

[Reason for award] In response to the vaccination projects being implemented by the national government and local governments, we were involved from the system design phase, and provided comprehensive support including design and process management of systems for ensuring the smooth implementation of vaccination, establishment of the vaccination system, and education of people working at vaccination sites. The Project was completed by leading difficult coordination spanning the government and the private sector including the Cabinet, relevant ministries and agencies, local governments, medical institutions and pharmaceutical companies. As a result, the overall vaccination rate in Japan increased, and contributed to fostering safety and sense of security for the people of Japan.

Completed the project while closely coordinating with relevant institutions
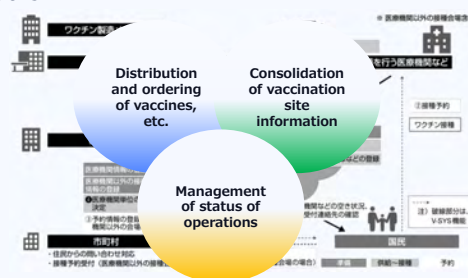
Research reports and proposal activities on digital currency

Study Group on the Future of Currency and Banking Team

[Reason for award] The Study Group on the Future of Currency and Banking was launched and operated under NRI's initiative for the purpose of presenting the issues and outlook for central bank digital currencies. The study group held meetings with experts in industry and academia, and considered real solutions for the promotion of central bank digital currency throughout society. By aggregating and communicating different views and new discussions on the purpose of implementation and strategies for promotion throughout society as a progress report, it contributed to building the process for exchanging opinions between private-sector business operators and central banks.

Initiatives for Central Bank Digital Currency

Creation of COVID-19 workplace vaccination reservation site, and establishment and operation of vaccination system

Workplace Vaccination Team

[Reason for award] We secured COVID-19 vaccines, prepared the vaccination system and created a workplace vaccination reservation site in the short period of just over two weeks. By smoothly implementing workplace vaccinations for approximately 26,000 people inside and outside the NRI Group, we contributed to ensuring people involved in the NRI Group are safe and have peace of mind. Furthermore, as questions are being raised about the issue of vaccine waste, we also fulfilled NRI's social responsibility by using all vaccines secured without waste through flexible operation.

Coordination of various departments to realize smooth and flexible operation
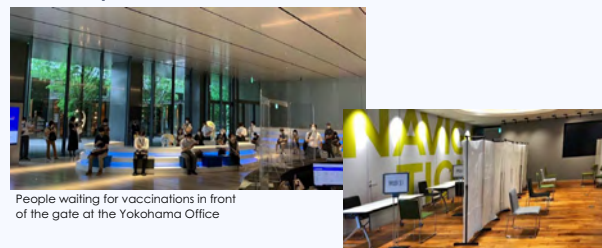
People waiting for vaccinations in front of the gate at the Yokohama Office

Vaccination site

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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.

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 (Scope1 + 2)

(Thousand t -CO$_2$)

Greenhouse gas (Scope1 + 2) emissions

Result 72% reduction

Target Net zero

Result   Planned

2013   2021   2030 (FY)
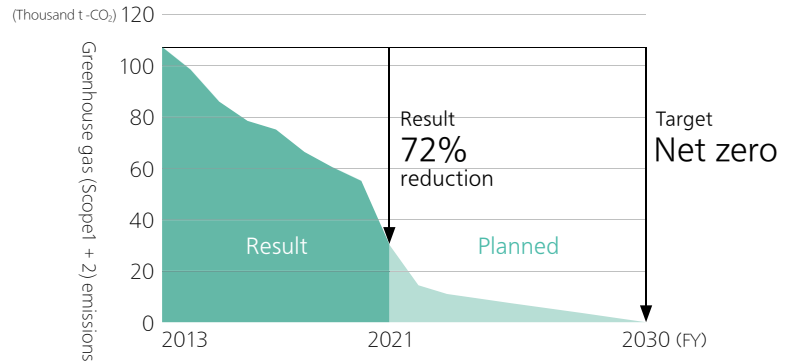
Environmental targets

In February 2022, the NRI Group set new environmental targets for 2030 because the environmental target of "72% reduction of greenhouse gas emissions by the NRI Group by FY2030 (compared to FY2013)" set in FY2020 with SBT1.5° C certification is expected to be achieved ahead of schedule.

Category	FY 2030 targets
Scope 1+2	• NRI Group Net zero greenhouse gas emissions • NRI Group 100% use of renewable energy

Initiatives for the TCFD Final Report

In July 2018, the NRI Group announced its support for TCFD final recommendations* at an early stage for an operating company other than a financial institution. Responses to TCFD have been repeatedly discussed in the Sustainability Promotion Committee, and progress is announced in ESG briefings. In FY2021, we identified risks and opportunities for the securities solutions business, and calculated their financial impact.

＊ 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 expected in the capital markets & wealth management solutions business

— Calculate the impact of each climate change event on sales and expenses in the capital markets & wealth management solutions business
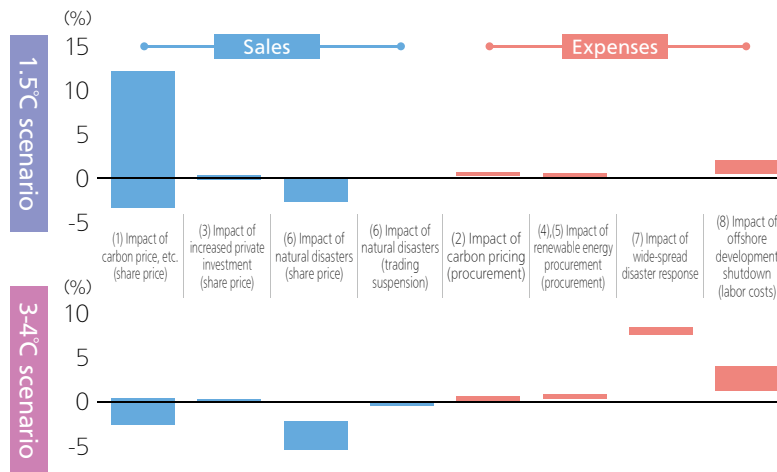
Initiatives aimed at decarbonization of data centers

Of the five data centers owned by NRI, electric power in the three large-scale facilities was switched to renewable energy, and the renewable energy usage rate across all data centers exceeded 80%. Building 2 of Osaka Data Center II which began construction in November 2021 received certification under the Program for Business Adaptation Pursuant to the Act on Strengthening Industrial Competitiveness (Program for Business Adaptation to Reduce Environmental Load of Energy Use) from the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications as capital expenditure expected to balance reduction of environmental load of energy use and the creation of added value.

Trajectory of women working at NRI

NRI is engaged in promotion of women's participation and advancement in the workplace to enable each person to utilize their diverse experiences and values to fulfill their unique potential. As part of this, they are introduced on "Trajectory of Women Working at NRI —NRI Women's Spur" within the official site providing a real-life-sized view of the work styles and lifestyles of the women working at NRI.

Response to the Revision of the Corporate Governance Code

In response to the revision of the Corporate Governance Code stipulated by Tokyo Stock Exchange, Inc. in June 2021, we reviewed our approach based on our corporate philosophy and strategy, and confirmed that this conforms with the principles applied to NRI. The status of implementation of the principles is indicated in the Corporate Governance Report, and NRI's approach on the requirements for each principle are disclosed in the NRI Corporate Governance Guidelines and official site.

Establishment of NRI Group Business Partner Code of Conduct

NRI established the NRI Group Business Partner Code of Conduct setting forth matters on human rights, the environment, safety & health, etc. to be followed by business partners to engage in the realization of a sustainable society throughout the entire supply chain. We are informing business partners and obtaining letters of consent to the Code of Conduct through our portal site and dialogue.

Expert Dialogue

In order to understand global sustainability trends and reflect these in management strategy and risk management, we have dialogue with experts inside and outside Japan every year. In FY2021, we exchanged opinions with three experts on positioning of sustainability in the Medium-Term Management Plan, promotion of diversity and ESG trends.

〈Participating experts〉
・Takeshi Mizuguchi (President of Takasaki City University of Economics)
・Emi Onozuka (Investment Advisor, Vice President and COO of Japan Catalyst, Monex Group)
・Yasushi Hibi (Managing Director of Conservation International Japan)

ESG Briefing Session

In February 2022, we held an ESG briefing for media, institutional investors and ratings organizations via ZOOM webinar with 96 people from 67 organization participating. In addition to explaining NRI's sustainability management, we also introduced value co-creation initiatives and ESG activities.

Sustainability Dialog with Partners

In February 2022, we held an ESG briefing for media, institutional investors and ratings organizations via ZOOM webinar with 96 people from 67 organization participating. In addition to explaining NRI's sustainability management, we also introduced value co-creation initiatives and ESG activities.

NRI Student Essay Contest 2021

We hold a contest for students who will be the custodians of future society based on our desire to provide them with opportunities to think about the future of Japan and the world. In FY2021, we welcomed journalist Akira Ikegami and non-fiction writer Hazuki Saisho as special members of the judging panel, and determined the winning works from a total of 3,043 submissions in the high school and university sections combined.

〈Titles of the winning works〉
- High school section: The Era of Ethical Fashion Beginning in Bangladesh - Textile Workshop Clothes Mom
- University section: A Fledgling Doctor's Sickbay - A Place for Health Consultations for Local Residents by Student Doctors.

Career Education Programs

We provide various education programs for elementary school students, junior high school students and high school students based on the idea that we want the young generation to select their own future and career and become adults that can fulfill their potential in society. In FY2021, we provided programs while giving consideration to prevention of the spread of COVID-19 such as limiting the number of people accepted and implementing them online.

Pavilion at Kidzania Fukuoka

NRI became an official sponsor of the Kidzania career and social experience facility for children. We plan to run the Business Innovation Center pavilion enabling children to experience solving social issues using the latest technology at Kidzania Fukuoka (Fukuoka-shi, Fukuoka), which is scheduled to open on July 31, 2022.

Opening a café within an office where diverse employees work vibrantly

The special subsidiary NRI Mirai, which has employees with disabilities, opened Sora Café Mirai providing authentic drip coffee within the Kiba office building. The staff learned how to make delicious coffee such as the measurement of coffee beans and the time dripping from a specialized instructor. This is a new initiative in which NRI Mirai employees directly provide service, and the coffee carefully dripped one cup at a time has been well received among employees.

Use of environmentally friendly banana paper

NRI Financial Graphics, which conducts operations such as printing, binding and processing of the NRI Group's documents, is proceeding with the utilization of environmentally friendly paper. In FY2021, it introduced One Planet Paper®, the first fair trade certified paper in Japan, which is made using Japanese paper technology by adding forest-certified pulp to banana stalks (fiber), and used it in a variety of applications such as cards, envelopes and postcards.

Provision of sustainable menu in office café

A sustainable menu using ingredients likely to become food loss is offered every week in the café located in the Yokohama office. The initiative began in July 2021, and reduced food loss by a total of 100kg as of December that year.

Overseas Communication

We communicate ESG information not only in Japan, but also overseas.
Two examples of media coverage in FY2021 are provided below.

President Konomoto appeared in the ESG Talk (Sustainable Japan segment published every Monday) interview article with leaders actively commenting on ESG in Japan by The Japan Times, which is the English language newspaper with the longest history in Japan. The content of the interview was published on YouTube, in the printed version of The Japan Times and the website.

The Japan Times
Published on
August 30, 2021

6 | The Japan Times | Monday, August 30, 2021

sustainable japan

ESG promotional content
produced by The Japan Times Cube

For NRI Group, ESG awareness starts with whole staff

ESG Talk

TOMOKO KAICHI
CONTRIBUTING WRITER

Shingo Konomoto, chairman, president, CEO and representative director, Nomura Research Institute Ltd. HIROMICHI MATONO

HIROMICHI MATONO

Konomoto was appointed as representative director and senior executive managing director in 2015 and as president and CEO in 2016, before taking up his post as chairman.
HIROMICHI MATONO

NRI

The ESG Talk series are interviews with business leaders who are active proponents of ESG investing and practices in Japan.

| Times Gallery

NRI received coverage in the Stories of Change booklet published by CDP Worldwide, an international NGO that runs an information disclosure platform regarding the environmental performance of corporations and local governments. It introduces NRI's approach to climate change problems and past environmental initiatives, in addition to new initiatives such as DX3.0 for realizing a paradigm shift for society using digital technology.

Stories of Change
Published on
December, 2021

Nomura Research Institute
Consulting and Digital Technology, Japan

Climate Change

Tips for success

▸ Launch a dedicated cross-organizational committee and conduct activities to instill corporate sustainability philosophy in all employees, encouraging the fostering of empathy for people and planet;

▸ Actively engage in initiatives that create a positive impact such as RE100, SBTi, TCFD, and other climate-related themes. Collect information internally, and understand how your own activities affect climate and the environment;

▸ Reduce GHG emissions throughout your supply chain by building strong cooperative relationships through continuous dialog with related stakeholders, such as partner companies and suppliers; and

▸ As the fabric of society changes, harness digital transformation to help solve social issues and change paradigms.

To solve the challenges faced by business and societies, NRI is working to transform corporate and social paradigms through our consulting and IT solution functions.

Realizing a Sustainable Future Through the Power of Consulting and Digital Technology

Nomura Research Institute (NRI) was established in 1965 as Japan's first comprehensive private-sector think tank. Today, with companies and governments as clients, we provide wide, comprehensive services, from consulting to IT solutions, to solve issues.

Our main businesses are: Consulting - formulating business and information system strategies and providing implementation support. Financial IT Solutions - providing system consulting, system development, and system management solutions, shared online services; and BPO services to clients in finance. Industrial IT Solutions - providing system consulting, system development, and system management solutions to clients mainly for distribution and manufacturing, service and public sectors. IT Platform Services - building IT infrastructures and networks, providing cloud and other services, and operating and managing data centers. The shared online service for IT is one of our major businesses used by about 70% of securities firms in Japan. Now a standard business platform for the industry, it supports Japan's social infrastructure in various aspects.

NRI's corporate philosophy, "Dream up the future," contains our mission: "Discern new social paradigms and implement them," and "Build client trust and establish relationships for mutual growth." Within the corporate philosophy is the belief that solving business and social issues through innovation leads to the sustainable enhancement of our corporate values. Since the Company's founding, NRI employees have continued to contribute to the sustainable development of society.

Promotion of Sustainability Management, which enables NRI's sustainable growth and the creation of a sustainable future society, was expressed in the Medium-Term Management Plan of 2019. We aim to become indispensable to society by having internal experts in technology, the economy/economics, and other fields engage in solving social and environmental issues while collaborating with outside personnel and organizations.

Toward decarbonization, since we saw a need to adopt renewable energy due to the large amounts of electricity consumed by our data centers, and in 2019, we joined the RE100 Initiative. Of the electricity consumed by our data centers, our plan is to replace 70% with Renewable Energy by 2030, and 100% by 2050. We are currently looking to achieve this ahead of time.

In 2020, we signed the Business Ambition for 1.5°C pledge, establishing the target of a 72% reduction in greenhouse gas (GHG) emissions by 2030 from a 2013 base-year. This was certified by the Science Based Target initiative (SBTi) as a 1.5°C target. We believe it is important that the whole supply chain takes measures to address climate change. To build a cooperative framework for promoting sustainability with our whole supply chain, we hold an annual event for business partners on NRI's environmental initiatives, where we exchange opinions.

Additionally, to incorporate medium- to long-term climate-related risks and opportunities into our business strategy, in 2018 NRI endorsed TCFD recommendations. With internal experts, we are conducting scenario analysis to reflect them in our business strategy.

With progress in IoT and AI technologies, there is concern that there will be a future increase in CO2 emissions through the increased use of IT devices. Meanwhile, digital technologies may also play a significant role in solving the challenges faced by businesses and societies. We will leverage our strengths and expertise in both consulting and IT solutions to address these challenges. NRI will use technologies and actualize transformation by comprehensively supporting clients, from the development of strategies to the implementation of solutions. NRI defines the digital transformation (DX) for transforming social paradigms and solving various social issues through digital technologies as DX 3.0. In particular, important topics for DX3.0 to address are "Carbon neutrality," "Circular economy," and "Food value chain," all of which have gained attention in recent years.

To date, various social issues, including climate change, deforestation, and human rights abuses, have been brought about through corporate business activities and changes in society. Conventionally, the consensus was that such issues should be dealt with by government and civil society. This is starting to change to "companies should also take responsibility for solving problems." Companies need to maintain a balance between improving their performance and public interest. Companies need to earn their place in society. To do this, not only does a company need to transform itself, it also needs to participate in and support the transformation of social paradigms. NRI will realize the transformation of social paradigms (DX 3.0) through its strengths in consulting and IT solutions.

Takeshi Hihara, Senior Managing Director and Chief Sustainability Officer

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Participation in Initiatives

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.
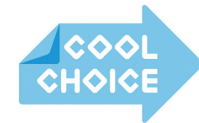
JCI (Japan Climate Initiative)

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

This is an initiative promoted by the Ministry of the Environment to reduce greenhouse gas emissions through making all kinds of "smart choices" that contribute to a decarbonized society.

＊An initiative is a group or the activities of parties that come together to tackle common problems or issues.

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℃.

Business Ambition for 1.5℃

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	611.7 billion yen (Fiscal 2021)
Market capitalization	2.4550 trillion yen
Number of employees (consolidated)	16,512

Greenhouse gas emissions
72% Reduction
Results from fiscal 2021
(compared to fiscal 2014)

FY 2030 target
Carbon neutral

CO$_2$

Number of employees
at overseas offices
6,276
Ratio of employees
at overseas offices
38.0%

Coverage ratio of
environmental management system
86%
(Based on FY2021
greenhouse gas emissions)

NRI concurrently implements ISO
14001 and our unique NRI-EMS

＊Unless otherwise noted, the numerical values listed here are all current as of March 31, 2022.

Number and ratio of female managers
274 9.2%
(as of April 1, 2022)

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.
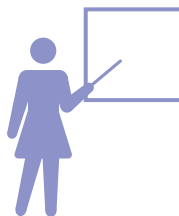
Ratio of annual paid leave taken
67.1%
(Fiscal 2021)

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)
98.3%
(Fiscal 2021)

243 employees took childcare leave, 175 of these employees were men.

＊Includes leave for childcare purposes (partner childbirth leave)

Social contribution activity expenses
1,292 million yen (FY2021)

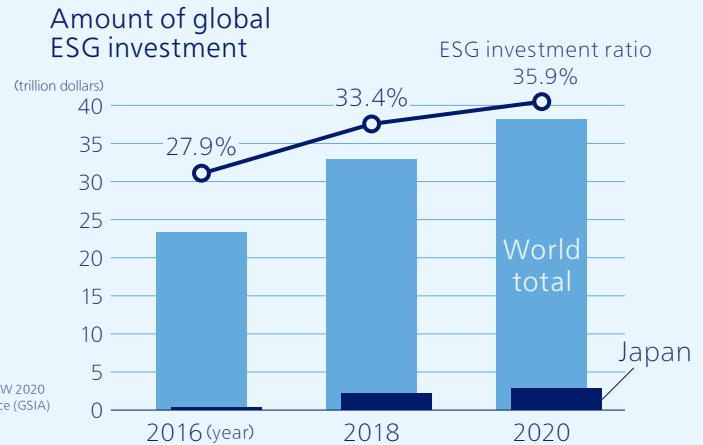NRI selects public enterprises that match its goal of social contribution by contributing to the public interest and the interest of the general public.

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

The amount of global ESG investment in 2020 was approximately 4,000 trillion yen. NRI has been selected as a constituent of numerous prevalent ESG stock indexes.

Amount of global ESG investment

(trillion dollars)

ESG investment ratio

27.9%   33.4%   35.9%

World total

Japan

2016 (year)   2018   2020

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

Euronext Vigeo World 120 Index

Made up of the top 120 companies from an ESG perspective (including 19 Japanese companies) selected from among the top 1,500 companies in terms of market capitalization that are headquartered in Europe, North America or the Asia-Pacific region. NRI was selected for the first time in November 2021.

MSCI ESG Leaders Indexes *

Am index developed by US-based MSCI made up of companies with a high rating for ESG. NRI has been selected for six consecutive years since 2016.

2021 MSCI ESG Leaders Indexes Constituent

FTSE 4 Good Developed Index

An index developed by FTSE, which is a subsidiary of the London Stock Exchange, that evaluates the corporate activities of companies that satisfy internationally recognized standards on corporate responsibility, and was made to promote investment in such companies. NRI has been selected for 16 consecutive years since 2006.

FTSE4Good

Sompo Sustainability Index

An index made up of approximately 300 Japanese companies with excellent ESG. NRI has been selected as a constituent for ten consecutive years since August 2012.

2021 Sompo Sustainability Index

Sustainalytics

Netherlands-based Sustainalytics selects companies engaged in particularly excellent initiatives in ESG. NRI has been selected as a Top-Rated ESG Company in Software & Services for two consecutive years.

SUSTAINALYTICS
a Morningstar company
ESG INDUSTRY TOP RATED
2021

Recognition — Inclusion in ESG stock indexes

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.

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

FTSE Blossom
Japan

FTSE Blossom
Japan Sector
Relative Index

S&P/JPX
Carbon
Efficient
Index

──Awards from private organizations

Certified by CDP as a Climate Change A List Company for the third consecutive year

NRI has been certified by CDP* as the highest rated Climate Change A List company for the third 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

Third for inclusion in the CDP Supplier Engagement Leaderboard for the second consecutive year

NRI was selected by CDP for the third consecutive year in recognition of its efforts to reduce greenhouse gas emissions and climate change risk throughout the supply chain.

Highest rating of AAA in MSCI'S ESG rating

MSCI's ESG rating analyzes ESG (environment, social, governance) risks inherent to industries, and the ability to manage such risks compared with peer companies, and rates them in seven steps from AAA to CCC. NRI received the highest rating of AAA for the first time in FY2021.

Selected in the Silver Class for S&P Global's Sustainability Award 2022

NRI was selected in the Silver Class for the second consecutive year in Sustainability Award 2022 run by US-based S&P Global, which is an global ESG investment research and rating organization. The Company was selected in the Bronze Class in 2020.

Recognition — Awards from private organizations

Received the Gold award in the Loyalty360 Awards run by the US Association for Customer Loyalty

The NRI Group's Brierley+Partners received the Gold award in the Supplier segment of the 2021 Loyalty360 Awards run by Loyalty360 (US Association for Customer Loyalty).

DEALWATCH AWARDS 2020

NRI's unsecured Sustainability-linked Bonds received the "Innovative Debt Deal of the Year" award in the Bonds Segment at the DEALWATCH AWARDS 2020 run by Refinitiv Japan K.K.

Selected as a company with "Excellent TCFD Disclosure" announced by GPIF

NRI was selected among the "Companies selected by GPIF's external asset managers for excellent TCFD disclosure" announced by the Government Pension Investment Fund (GPIF).

＊The Task Force on Climate-Related Financial Disclosures established by the Financial Stability Board, an international organization for the stabilization of the global economy.

10th in the IDC FinTech Rankings Top100 global ranking of financial IT service companies

IDC FinTech Rankings Top100 covers financial IT service companies worldwide accounting for one third of overall revenue in finance-related business, and ran them by evaluating the previous year's revenue and percentage accounted for by financial IT services based on surveys by IDC Financial Insights, unique research and market analysis. NRI was ranked 10th due to customer DX support and the expansion of overseas business, being included in the ranking for the 12th consecutive year.

─ Accreditations by the central government

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.

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.

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.

Health and Productivity Management Organization (White 500)

Public-private collaborative organization Nippon Kenko Kaigi recognized NRI for the 6 consecutive year since February 2017 as an outstanding enterprise engaging in efforts for health and productivity management.

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 six consecutive years since 2017.

The Future Goal of Sustainable Society

—— Shift to "plus-sum capitalism" making both
environmental and economic achievements

Kazuo Tase
CEO
SDG Partners, Inc.

Hello. I am Kazuo Tase from SDG Partners. I am always very impressed by the pioneering initiatives in various areas by the people at Nomura Research Institute, Ltd.

The world is currently experiencing extremely rapid changes in the direction toward "the next phase of capitalism" including the spread of SDGs and the evolution and deepening of decarbonization and ESG investment, and the direction of "geopolitical risk" including Ukraine, Myanmar and Afghanistan. This can actually be explained along one axis of value change, but here I would like to share my opinion on the next phase of capitalism.

In the general flow of sustainability including ESG investment, we are entering an era in which business is held accountable for external economies

and external diseconomies throughout the entire supply chain transcending the the social impact directly produced by a company. Specific examples are (1) a legal system is being established in the framework of "business and human rights" to hold a company accountable for children working far up the supply chain even if the company itself does not directly infringe upon human rights, and (2) rules are being established in "decarbonization" to count the greenhouse gases emitted by a company when it uses aircraft for business travel or uses a cloud server even if the carbon dioxide is not directly emitted by the company.

This movement will expand to biodiversity in future. The Taskforce on Nature-Related Financial Disclosures (TNFD) forming rules on biodiversity has formed a scale for evaluating the impact of

corporate activities throughout the supply chain on biodiversity. It is a rule framework that holds a company accountable even if it does not kill living organisms, such as for damage to forests cleared for farmland to cultivate palm oil if the company sells products using palm oil.

The formation of these rules is being carried out in one clear direction. This is a "departure from zero-sum capitalism." Until now, the rules allowed making money even if this produced external diseconomies, but we are moving toward a condition in which "companies that indirectly create negatives for society must not make money." The initial steps have already been completed. Actually, there is a further extension of this direction. It is "plus-sum capitalism" that overturns the existing paradigm by stating that "money must not be made unless it is a business that makes people happy and increases natural assets." In fact, "Nature Positive" forming the basis for this has been discussed at the Davos Forum since 2020, and Toyota Motor mentioned "Future Positive" in an executive presentation in February 2022. We must move in the paradoxical direction of "people and the earth improving as companies make money." The is the future targeted by current SDGs and ESG investment.

Changes targeted by ESG investment will ultimately reach "Plus-sum capitalism"

A world view that ultimately boils down to one's own survival

What it should be beyond
Only those who expand the rights of others and improve the natural environment are granted the right to make money
Plus-sum capitalism
= Capitalism realizing the paradox of balancing the environment and the economy

Capitalism targeted by ESG
People who harm the interests of others or the natural environment even indirectly are not allowed to make money

Capitalism until now
The economically strong are allowed to make money as long as they do not directly harm the interests of others or the natural environment
Zero-sum capitalism

Early capitalism
Monopoly and exploitation are allowed under certain rules

Pre-modern
Jungle law. The strong take everything and the weak are killed off

We are here now

A world view in which one is only fulfilled once contributions are made to others

[Kazuo Tase] Joined the Ministry of Foreign Affairs in 1992. Served as First Secretary of the Permanent Mission of Japan to the United Nations and in the secretariat of the Commission on Human Security. Was chief of the United Nations Bureau and head of the United Nations Information Center. Served as Operating Officer and head of the Office of CSR and SDGs Initiatives at Deloitte Tohmatsu Consulting LLC from 2014. Established SDG Partners in 2017. Co-chair of UN Forum from 2004.

We are
NRI Group

When others give up, we step up.
When others say it's impossible, we find a ray of light.
No challenge is too big for we aim at nothing less
than to build a better world.
We are a diverse team united by a single purpose,
and a will to get things done.
We envision the future and create a roadmap to get there.
The more difficult the task, the more we double down,
seeking answers to questions that were never asked before.
We confront hard facts without fear.
We temper passion with cool logic.
The world is changing – the future is uncertain.
Let us walk the distance together.
Let us walk together not only to solve your business issues,
but to build greater confidence.
and light the path ahead.
Now is the time to move forward.
Let us show you the true value of NRI.

Global network

As of April 2022

17COUNTRIES & REGIONS   44SUBSIDIARIES

EUROPE Denmark   Ireland   Luxembourg   Russia
          United Kingdom

NORTH AMERICA   United States

ASIA PACIFIC   Australia   China   Hong Kong   India   Indonesia
New Zealand   Philippines   Singapore   South Korea
Taiwan   Thailand

Nomura Research Institute Holdings America, Inc.

Nomura Research Institute America, Inc.

Nomura Research Institute IT Solutions America, Inc.

Core BTS, Inc.

Brierley+Partners, Inc.

Brierley Europe Limited

Cutter Associates, LLC

Cutter Associates Europe, Ltd

Nomura Research Institute Europe Limited

野村総合研究所 (北京) 有限公司

野村総合研究所 (上海) 有限公司

野村総合研究所 (大連) 有限公司

北京智明創発有限公司

大連智明創発有限公司

吉林智明創発有限公司

Nomura Research Institute Asia Pacific Private Limited

Nomura Research Institute Hong Kong Limited

Nomura Research Institute Singapore Pte. Ltd.

野村総合研究所台湾有限公司

Nomura Research Institute Seoul Co., Ltd.

Nomura Research Institute Consulting and Solutions India Private Limited

Nomura Research Institute Financial Technologies India Pvt. Ltd.

PT. Nomura Research Institute Indonesia

Nomura Research Institute Thailand

ASG Group Limited

Nomura Research Institute Australia Pty Ltd

Australian Investment Exchange Limited

Planit Test Management Solutions Pty Ltd

Planit Software Testing Limited (NZ)

Planit Software Testing Limited (UK)

Planit Testing India Private Limited

Planit Philippines Corporation

NRI group companies in Japan

As of April 2022

Nomura Research Institute, Ltd.
President & CEO, Chairman,
Member of the Board, Representative
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

DSB Information System Co., Ltd
Solutions that assist the clients' digital
transformation
www.dsb-is.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

NRI Retail Next, Ltd.
Research and Practices for Proof of
Concept in Retail IT Solution Field

Brierley+Partners Japan, Inc.
Loyalty Marketing
www.brierley.com

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

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 FY2021 (April 1, 2021 to March 31, 2022), but also addresses some events from the past, some activities after April 1, 2022, and certain plans for future activities.

Trademarks
All proper names, including names of companies and products, found in the Sustainability Book 2022 are trademarks or registered trademarks of the respective companies.

Disclaimer
The Sustainability Book 2022 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]
Aizu-Wakamatsu Wind Farm in Aizu-Wakamatsu, Fukushima. Electric power used in the Yokohama Center (Yokohama Nomura Building) is supplied by this wind farm. It is procured using the "Good Around" renewable energy bidding system based on the partnership agreement between Yokohama City and 13 municipalities in Tohoku. Part of the electricity charges are returned to the local community as "regional revitalization funds."

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A "universal design" font has been used in this book for ease of reading.