Our Founding Spirit Continues to Be Passed Down

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

**1965 Research consulting**

(Former) Nomura Research Institute established

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.

**1966 IT solutions**

Nomura Computer Systems established

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.


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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.

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Sustained Growth Over Many Years

Since its founding, NRI has continued to anticipate changes and grow, even amid a variety of economic fluctuation and economic crises.

In every era, we have worked to achieve sustained growth in both consulting and IT solutions.
Creating Future Society Together

NRI believes that true value is not in merely predicting the future but is in creating the future ourselves. Under the corporate philosophy of “Dream up the future” that has been passed down to us and builds on the founding spirit, we will continue to engage in the resolution of social issues and take on the challenge of building a sustainable future society with our clients.

### Mission

**To society:**
Delineating new social paradigms and assuming the role of implementing such paradigms.

**To clients:**
Building clients’ trust and prospering together with clients.

### Business domain

Company creating future society

### Management goals

Pursuing the maximization of corporate value through “Navigation × Solution”

### Action guidelines

Continuing never-ending challenges with pride of true professionals

---

### Corporate Philosophy

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

<table>
<thead>
<tr>
<th>FY March 2021 Consolidated</th>
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<tbody>
<tr>
<td>Revenue</td>
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<tr>
<td>Operating profit</td>
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<tr>
<td>ROE</td>
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<table>
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<tr>
<th>Ratio of DX-related revenue</th>
<th>Number of employees (Consolidated base)</th>
<th>Number of consultants</th>
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</thead>
<tbody>
<tr>
<td>59%</td>
<td>13,430 persons</td>
<td>Over 1,000 persons</td>
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<table>
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<tr>
<th>Operating margin</th>
<th>Revenue per employee</th>
<th>Operating profit per employee</th>
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<tbody>
<tr>
<td>14.7%</td>
<td>¥40.97 million</td>
<td>¥6.01 million</td>
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</tbody>
</table>

Industry Top Class

External Revenue by Segment

- IT Platform Services 7.1%
- Consulting 6.8%
- Manufacturing, service and other 3.5%
- Securities 23.7%
- Distribution 11.3%
- Other finance 6.1%
- Banking 9.1%
- Insurance 11.2%

External Revenue by Service

- Product Sales 3.2%
- Consulting Services 16.4%

NRI’s Four Business Segments

### Consulting

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

### Financial IT Solutions

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

### Industrial IT Solutions

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

### IT Platform Services

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

Note: Ratios are for consolidated sales in FY March 2021.
Editorial Policy for the Integrated Report 2021
Since FY March 2014, NRI has published integrated reports that provide explanations while associating important financial and non-financial information. These reports aim to give an overall picture of NRI in a concise and clear manner. The Integrated Report 2021 has improved its content using feedback from stakeholders as reference. In particular, regarding NRI’s value co-creation, we have introduced the contents of our sustainability management together with details on specific efforts. Furthermore, we have worked to provide ample descriptions of our past efforts, including the history of our value co-creation and reflections on growth strategy.

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

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

Guidelines Referenced for the Disclosure of Information

The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation by the Ministry of Economy, the Trade and the Industry (METI)

Categorization for NRI’s Disclosure Information

Summary and Images: Corporate Brochure, Sustainability Book 2021
Content: GRI Standard by Global Reporting Initiative (GRI)
Details and Data: Integrated Report 2021

Cautionary Note on Forward-Looking Statements:
• This Integrated Report is prepared for the purpose of providing information on our performance in FY March 31, 2021 and our strategy for the coming years, not for the purpose of attracting investment in stocks issued by Nomura Research Institute, Ltd. (NRI). In addition, this report contains absolutely no guarantees or pledges.
• The opinions and outlook contained herein reflect the views of management at the time of preparation. We do not offer any guarantees or pledges as to the accuracy or completeness of such information, which, moreover, is subject to alteration without advance notice.
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• For the purpose of convenience within this report “NRI” is used to refer to the Company and in certain places the entire NRI Group.

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

The lives of people around the world continue to be at the mercy of the COVID-19 pandemic. I would like to express my heartfelt appreciation to health care professionals, committed to working at the forefront of medical care, and other essential workers who have been providing us with the essential services that make it possible for us to maintain our lives. The COVID-19 pandemic has changed our lives drastically. The spread of telecommuting significantly increased people’s disposable hours, creating free time. Furthermore, the increase in matters going online (becoming non-face-to-face), which resulted from dramatic behavioral changes, has also brought about a release from spatial restraints. Such changes in the behaviors of consumers and companies are creating bipolarization. In addition to an expansion in stay-at-home demand, such as for online entertainment and e-commerce, new businesses are appearing, one after another, in the direct-to-consumer field. While, on the one hand, there are some companies that are benefiting in such ways, there are also those that find themselves in an extremely difficult business environment.

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

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

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

July 2021
The COVID-19 pandemic has heightened the momentum for reform. I have the sense that the changes that we expected would require five to ten years to achieve are now taking place at once.

The Medium-Term Management Plan was steadily able to pass its halfway point. Vision2022 (V2022) is our long-term management vision that spans the period from FY March 2016 to FY March 2023. In it, we have set as our targets an operating profit of ¥100 billion, operating margin of 14% or more, revenue from global business of ¥100 billion, and an ROE of 14%. We established our direction for the four years that constitute the latter half of V2022 in the Medium-Term Management Plan (2019-2022). The outlook for FY March 2021, which was the second year of this plan, initially looked grim. However, ultimately, we ended the fiscal year with increases in both revenues and profits. Our financial performance exceeded the initial plan. FY March 2021 was positively impacted by the momentum of the aforementioned business model reform. Contributing to our performance was growth in the DX projects of our large clients as well as in clients’ adoption of THE STAR, a shared online service for brokerage firms. The DX Strategy, which is the growth strategy established under the Medium-Term Management Plan, made steady progress. Furthermore, in contrast to hardware and conventional core systems, which have the most value at the moment of their completion, software that supports “X as a service,” e-commerce, and other business models, is repeatedly updated after the service is launched, and there is a need to enhance its value through the use of technology, such as machine learning and analytics that utilize the accumulated data. Conventionally, the demand structure formed a temporary peak. However, due to the aforementioned characteristics, it is beginning to change into one that continuously accumulates, for example, and is more enduring. NRI will work to steadily amplify its resources. With assuring quality as the major premise, we will undertake standardization and modularization to the extent possible. By doing so, we will improve productivity as well as contribute to the sophistication of the services provided by clients.

Top Message

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

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

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

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

We believe that the expansion of this demand that surfaced at once will continue. We expect that demand will arise in waves going forward.

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

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

NRI made a new start through the 1988 merger of the former Nomura Research Institute, Ltd., (Japan’s first private sector think tank) and Nomura Computer Systems Co., Ltd., (the first company in Japan to make use of a commercial computer in business). In 2016, a year following the launch of V2022, we strengthened the continuous integrated operation of our consulting services and IT solutions services, such as by establishing NRI Digital, Ltd. In Con-Solution, the business model that was honed through such processes, consultants and systems engineers collaborate to work side-by-side with clients, from the initial planning stage of DX strategies. Even after systems become operational and clients’ businesses are launched, we contribute to the transformation of our clients’ business models by enhancing value, such as through data analysis. While moves to strengthen consulting services have become active in the industry, we believe that we have a decisive advantage of having accumulated over many years, ahead of others, the capability to develop hypotheses based on a deep understanding related to the operations.

Thirty-four years after the merger, we now have increasing opportunities to further exhibit the strength of Con-Solution in which consulting and IT solutions come together and support clients in their promotion of DX.
businesses, and strategies of our clients. NRI will continue to pursue a further evolution by honing such advantages.

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

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

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

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

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

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

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

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

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

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

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

ASG, which became part of the NRI Group in 2016, has grown into a company that provides consistent services, from consulting to IT solutions and management. Furthermore, in May 2021, NRI made two Australian companies into subsidiaries. One is AUSIEX, which provides transaction and portfolio management, in the Oceania region. Both new subsidiaries share NRI’s sense of values in terms of the provision of high-added-value services. Through this, we have taken a large step forward toward building a business model in Australia that is similar to the one in Japan. That is, the provision of IT consulting, development, management, BPO, and security for the finance, public, and industrial sectors, under NRI Australia, which oversees the Australia region. Our policy is to aim for business expansion through further M&A, in addition to organic growth, while improving and expanding services.

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

It is impossible to correctly forecast what technology and society will be like in 10 years. Even so, in that future, we expect that the integration of business and IT will progress even further. And, we believe that what we need to promote with certainty is to contribute to the development of digital capitalism that will achieve a rich life for all people. With our mission, “Discern new social paradigms and implement them” in our hearts, NRI will work to continue to be an indispensable existence for society.

NRI Research Institute
A Path of Unchanging Value Co-Creation

We were established in 1988 through the merger of the former Nomura Research Institute, Ltd., Japan’s first private sector think tank, and Nomura Computer Systems Co., Ltd., a leader of Japan’s IT industry. NRI succeeded the spirit of the two companies from the time of their founding. It would do more than provide research, consulting, and IT services.

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

Since 1955

1955
Installation of Japan’s first commercial computer

1956
(Former) Nomura Research Institute established (The birth of Japan’s first private think tank)

1965
Successful prediction of the number of visitors to the Japan World Exposition 1970

1966
Launch of joint online back-office system THE STAR, a standard for securities companies

1967
Launch of system development and operation for 7-Eleven

1968
Nomura Computing Center established (The Electronic Data Processing Division, which installed the first commercial use of computers in Japan)

1969
(Former) Nomura Research Institute established (a pioneer in system consulting business in Japan)

1970
System Online Service launched (a pioneer in system consulting business in Japan)

1971
Forecasted the number of visitors to the Japan World Exposition held in Osaka

1974
Established the Multi-Client Project

1976
Organized Pension Management Study Group (Affected Japan 401K scheme later)

1979
Center for Cyber Communities Initiative established with Keio University (a pioneer in system consulting business in Japan)

1980
Established Tsinghua-NRI Chinese Research Center (a new information technology paradigm)

1981
Advanced the de facto standardization of systems for the financial industry

1984
Started recommendation activities of the number of visitors to the World’s Five Major Exposures, including NRI (Hereafter annually through 1990)

1985
The sixth Japanese company to launch a corporate website

1986
Launched NISA systems (a new information technology paradigm)

1987
Established the Multi-Client Project (Hereafter conducted every three years)

1988
Conducted the first Survey of 10,000 Consumers (Hereafter conducted every three years)

1988
Promotion of global policy research activities

1989
Launched new NRI

1990
Advanced the de facto standardization of systems for the financial industry

1990s

1991
Aided the rollout of “NISA” system, from design to system construction

1992
Installed the rollout of “VISA” system, from design to system construction

1993
Online trading system for an online brokerage firm launched

1994
Introduction of systems for the financial industry

1995
First in Japan to implement SSL payment for online shopping

2000s

2001
Established NRI Cyber Life Club cybermall launched

2002
Established Ningxia-NRI Chinese Research Center

2003
Technical support for development of Asian bond markets

2004
T-STAR, a shared online system for asset management firms, launched

2005
Established the multi-client project for the transportation industry

2006
Design and creation of NISA systems

2007
Established Ningxia-NRI Chinese Research Center

2008
Developed project on the Transportation Hub at Shanghai Hongqiao International Airport

2009
Advanced the de facto standardization of systems for the financial industry

2010
Launched NISA systems (a new information technology paradigm)

2011
Advanced the de facto standardization of systems for the financial industry

2012
Launched the NISA system, design to system construction

2013
Launched NISA systems (a new information technology paradigm)

2014
Launched NISA systems (a new information technology paradigm)

2015
Advanced the de facto standardization of systems for the financial industry

2016
Launched the NISA system, design to system construction

2017
Advanced the de facto standardization of systems for the financial industry

2018
Launched the NISA system, design to system construction

2019
Advanced the de facto standardization of systems for the financial industry

2020
Advanced the de facto standardization of systems for the financial industry

2021
Advanced the de facto standardization of systems for the financial industry

Services Created in Response to Societal Demand

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<th>Consulting</th>
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Nomura Research Institute
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.

Input

- Human Capital
  - Implementation of DX human resources development program
  - Promotion of diversity
  - Strengthening of new graduate / mid-career hiring
  - Publishing reports on human rights

- Intellectual Capital
  - Digital IP development
  - Partnership in creating the business model
  - Recommendations for society (Dream Up the Future Forum, Proposals regarding Coronavirus Infection (COVID-19) measures, etc.)
  - Strengthening R&D

- Social and Relationship Capital
  - Expanded usage of shared online services
  - Strengthening relationships with business partners (Support for establishment of a telecommuting environment, etc.)
  - Strengthening dialogue with investors and other stakeholders

- Manufacturing Capital
  - Company-wide project monitoring
  - Hosting of the DX Production Innovation Forum and the Safety and Security Forum
  - Provision of advanced information security services

- Financial Capital
  - Sale of cross-held shares
  - Increase of annual dividends per share
  - Revision of retirement benefit plan
  - Initiatives for implementing IFRS

- Natural Capital
  - Publication of the results of TCFD scenario analysis
  - Reduction of client CO2 emissions through expansion of shared online services
  - Revision of the NRI Group Environmental Policy

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

Outcome

- Human Capital
  - NRI Group employees: 13,430 persons
  - Ratio of female managers: 7.6%*1
  - Ratio of female hires: 27.2%*1
  - New graduate hires: 393 persons (non-consolidated)
  - Mid-career hires: 150 persons (non-consolidated)

- Intellectual Capital
  - DX-related revenue: ¥329.3 billion
  - Number of business partnerships related to creation of new business models: 4
  - Number of appearances in major media publications: 121
  - Contributions to newspapers and magazines (times): 353

- Social and Relationship Capital
  - Revenue from shared online services: ¥102.9 billion
  - Partners in Japan: Approx. 7,500 persons
  - Partners overseas: Approx. 5,000 persons
  - Interviews with investors/analysts: 713

- Manufacturing Capital
  - ROE: 18.2%
  - EBITDA margin: 23.6%
  - Payout ratio: 41.3%
  - Net D/E ratio (times): 0.04

- Financial Capital
  - Greenhouse gas emissions: Reduced by 49% (compared with FY March 2014)
  - Environmental management system (EMS) coverage ratio: 94.4%
  - Reduction of client CO2 emissions through shared online services: 81,932 t

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

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

Consulting

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

NRI’s Value Co-Creation

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.

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

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

Competitive Advantages

Solid Client Base

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

Stable Profit Structure

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

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

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.

NRI’s Value Co-Creation

NRI’s Value Co-Creation

Books written by NRI employees

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 Profit per Employee

Number of NRI Group Employees and Employees at Overseas Bases (persons)

Consolidated operating margin (%)

- Financial statements

- NRI

- Other companies

- NRI

Consolidated revenue per employee (billions of yen)

- Financial statements

- NRI

- Other companies

- NRI

EBITDA Margin Comparison (%)
Utilization of Capital

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

Examples of Utilization in the Financial Field

Shared Online Services

Shared online services consist of the creation of software incorporating the technology and expertise cultivated through building systems for individual clients, with the client’s required work standardized, and providing it as SaaS®. Shared online services allow for greater cost reductions when compared with constructing a system for each company. It also alleviates the burden of adapting to regulatory revisions. As an industry pioneer, NRI has provided these services since the 1970s, even before the term “cloud” existed, and has been far ahead of its competitors, supporting the “shift from ownership to use” of information systems for about 50 years.

Major Shared Online Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Launch Year</th>
<th>No. of Firms</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STAR</td>
<td>1974</td>
<td>75 firms</td>
<td></td>
</tr>
<tr>
<td>I-STAR</td>
<td>1974</td>
<td>29 firms</td>
<td></td>
</tr>
<tr>
<td>T-STAR</td>
<td>1974</td>
<td>81 firms</td>
<td></td>
</tr>
<tr>
<td>Value Direct</td>
<td>2012</td>
<td>21 firms</td>
<td></td>
</tr>
<tr>
<td>e-BANGO</td>
<td>2015</td>
<td>Approx. 26 milion cases</td>
<td></td>
</tr>
</tbody>
</table>

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 work, printing, envelope insertion, and mailing services.

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

For financial institutions / operating companies
NRI provides “e-BANGO” as a My Number management service for financial institutions, operating companies, and organizations. It also provides services for the collection, registration, management, and use of individual numbers.

Examples of Utilization of DX for the Industrial Field

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

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

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

The NRI Dream Up the Future Forum 2020

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

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

Importance of various types of capital in value creation
- Diverse professionals from Japan and overseas who have advanced expertise, play an active role, and lead the way in all value creation

Creation of new value through
- Accumulation of cutting-edge intellectual capital and innovation, on the one hand, and
- Through high-quality investigation/research activities and business

Creation of stable, sustainable value
- Through a solid base focused on companies that are at the top of their industries in financial online services, and strengthening of relationships with business partners and other stakeholders

Contribution to the increased sophistication
- of social infrastructure and co-creation of safe and secure social infrastructure through high-quality investigation and research activities

Achievement of both growth and shareholder returns through capital reserves and a high level of capital efficiency that enables flexible investment in the creation of a solid financial base

Medium- and long-term strengthening policy
- Strengthening of hiring (FY2019-FY2022): Increase of more than 1,000 persons; non-consolidated
- Bolster new graduate hiring
- Bolster mid-career hiring
- Promote employees’ skills transfer and development
- Strategic development of specialists
- Skills transfer and development for advertisement personnel/administrative personnel to support DX strategy
- Promote employee success
- Promote diverse work styles (diversity, participation, and advancement of women and senior personnel)
- Initiatives to respect human rights

Digital IP development
- Digital IP development that contributes to improvement of competitiveness in the DX area
- Investment in business development
- RAMID regarding new business development in the medium to long-term (business discovery, innovation, etc.)
- RAMID for DX utilization positioned as important themes, such as artificial intelligence (AI), IoT, and Robotics

Promotion of recommendations for society
- Recommendation activities related to the impact of digitalization and other environmental changes on society

Business Platform Strategy
- Expansion of enabling shared online services and other core businesses
- Launch of new platforms in preparation for entry of companies from other industries into financial business

Strengthening relationships with business partners in Japan and overseas
- Creation of long-term, stable collaborative relationships with domestic and overseas business partners

Promotion of recommendations for society
- Recommendation activities related to the impact of digitalization and other environmental changes on society

Main initiatives of FY March 2021 (Input)
- Strengthening of the implementation of the human resources development program to support DX strategy
- Initiatives to promote diversity (Supporting training for balancing work and life, etc.)
- Developed an office environment that promotes work from home and internal/external interactions
- Enhance hiring of new graduates and mid-career hires
- Formulation of the NRI Group Human Rights Report

Company-wide project watching through
- Business Platform Strategy
- Improvement of financial management/return
- Awareness of the need for capital efficiency

Results of FY March 2021 (Outcome)
- NRI Group employees: 13,430 persons
- Ratio of female managers: 7.6%
- Ratio of female hires: 27.2%
- Selected as a for-hire Services, Brand Index, Brand Listed Company for five consecutive years
- Certified as a Health and Productivity Management G50 Organization (2020 White Glove for five consecutive years)

No. of hires: New graduates: 393 persons; mid-career: 156 persons

- DX-related revenue of ¥190.3 billion (Ratio of revenue from consolidated: 59%)
- Number of business partnerships related to creation of new business models: 4
- Number of appearances in major media publications: 122
- Contributions to newspapers and magazines (times): 290
- Revenue from shared online services: ¥150.9 billion
- Number of companies using the shared online service (FY2021): 75 companies
- Partners in Japan: Approx. 7,500 persons
- Partners in China: Approx. 5,000 persons
- Results of the Client Satisfaction Survey (non-consolidated): 86.4%
- Individual interviews with investors: analysis of total of 713
- Revenue from shared online services: ¥150.9 billion
- Number of companies using the shared online service (FY2021): 75 companies
- Partners in Japan: Approx. 7,500 persons
- Partners in China: Approx. 5,000 persons
- Results of the Client Satisfaction Survey (non-consolidated): 86.4%
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- Results of the Client Satisfaction Survey (non-consolidated): 86.4%
- Individual interviews with investors: analysis of total of 713

- Issuance of NRI Sustainability-Linked Bond
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.

<table>
<thead>
<tr>
<th>Main changes to the external environment</th>
<th>Opportunities</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreasing Population/Work-Style Reform</td>
<td><strong>Opportunities</strong>&lt;br&gt;1. Expansion for Usage of IT Services&lt;br&gt;   - High priority needs for increasing business efficiency and improving productivity&lt;br&gt;   - Shift to shared online services&lt;br&gt;   - Modernization of systems by using new technology&lt;br&gt;2. Improvement of Productivity Through Work-Style Reform&lt;br&gt;   - Pursuit of optimal work style for NRI through use of methods such as working from home</td>
<td><strong>Risks</strong>&lt;br&gt;1. Securing/Cultivating Human Resources&lt;br&gt;   - Insufficient securing and cultivating of human resources possessing expertise&lt;br&gt;   - Decrease in labor productivity, outflow of human resources&lt;br&gt;2. Business Partners&lt;br&gt;   - Insufficient securing of business partners with highly specialized business know-how&lt;br&gt;   - Decline in productivity and quality in the NRI Group, including business partners</td>
</tr>
<tr>
<td>Japan</td>
<td><strong>Related Initiatives</strong>&lt;br&gt;1. Reconstruction of Value Chain&lt;br&gt;   - Needs for advisory services for the practice and establishment of protecting rights&lt;br&gt;2. Reorganization of Value Chain&lt;br&gt;   - Needs for advisory services for corporations reconstructing the global value chain</td>
<td><strong>Initiatives for Resolving Social Issues</strong>&lt;br&gt;1. Contribution to Preserving the Global Environment&lt;br&gt;   - Reduction of client greenhouse gases through shared online services&lt;br&gt;2. Business Continuity in State of Emergency&lt;br&gt;   - Needs for data centers that possess advanced disaster management of data such as personal information&lt;br&gt;   - Needs for advisory services by experts due to lack of information security specialists&lt;br&gt;3. Initiatives for Resolving Social Issues&lt;br&gt;   - Response to decentralization and centralization&lt;br&gt;   - Response to resource conservation and circular economy&lt;br&gt;   - Response to agriculture reform and food value chain&lt;br&gt;</td>
</tr>
<tr>
<td>Overseas</td>
<td><strong>Increase in Seriousness of Social Issues</strong>&lt;br&gt;1. Strengthening of Information Security&lt;br&gt;   - Needs for information security services for network and secure management of data such as personal information&lt;br&gt;2. Strengthening the Protection of Rights&lt;br&gt;   - Regulations for protecting rights such as intellectual property rights and personal information are becoming stronger.&lt;br&gt;3. Increase in Complexity of the Global Value Chain&lt;br&gt;   - Given the trends of geopolitical changes and the increased complexity of factors requiring consideration, demand is increasing for the construction of sustainable and highly reliable value chains.&lt;br&gt;4. Relative Expansion of Scale of Overseas Markets&lt;br&gt;   - The GDP growth rate of developed countries/regions is expected to recover from -4.8% in 2020 to 5.6% in 2021 and 4.4% in 2022. The GDP growth rate of Japan is expected to recover from -4.6% in 2020 to 5.6% in 2021 and 4.4% in 2022. This means that relatively low growth is expected to continue in Japan.</td>
<td><strong>Compliance</strong>&lt;br&gt;1. Infringement on the intellectual property rights of a third party&lt;br&gt;2. Violation of domestic and foreign laws and regulations&lt;br&gt;3. Partners&lt;br&gt;   - Risks and reduced efficiency for offshore development overseas&lt;br&gt;4. Group Governance&lt;br&gt;   - Insufficient synergy through M&amp;A and alliances&lt;br&gt;</td>
</tr>
</tbody>
</table>

* Figures are excerpted from the IMF World Economic Outlook July 2021.
Financial Highlights

Shareholder Value / Returns to Shareholders

Earnings per Share (EPS)**(*)

Cash Dividends per Share (DPS) **(**) / Dividend Payout Ratio**(**)

Total Return Ratio

Financial Condition

Interest-bearing Debt / Gross D/E Ratio

Financial Results and Cash Flow Situation

Revenue / Overseas Revenue**(**) / Overseas Revenue Ratio

Operating Profit / Operating Margin

Investment Situation

Capital Expenditures / Depreciation and Amortization

Research and Development Expenses

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

**EPS is calculated by deeming stock splits to have occurred respectively at the beginning of FY March 2019, and FY March 2015, and FY March 2016.

***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 2019, and FY March 2015, and FY March 2016.

** 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.

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

*The method for calculating overseas revenue has been changed since FY March 2017.
Non-Financial Highlights

E: Environment-related Data

Greenhouse Gas Emissions (NRI Group data) (1,000 t-CO\textsubscript{2})

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

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

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

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

Data indicates that using NRI’s shared online service can allow our clients to cut their CO\textsubscript{2} emissions by around 70%, compared with if they build and operate their own systems independently.

S: Social-related Data

Number of Employees (NRI Group data) (persons)

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

Client Satisfaction (Non-consolidated data) (%) (Note: Number of questionnaire responses by project unit that NRI received an order for. Percentage that responded “Satisfied” or “Moderately satisfied” (total for top two items on five-grade scale).

Employee Satisfaction (Non-consolidated data) (%) (Note: Survey of NRI employees working in Japan every two years (as of July 1, 2019). Number of valid respondents: 5,706; collection rate: 83%. The ratio of employees thought to be satisfied is the ratio of “Satisfied” and “Moderately satisfied” on a four-level scale.)

See p.106–107 for more details.
Looking Back on Past Medium-Term Management Plans

### Vision2015

**NRInnovation!**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Vision2015</th>
</tr>
</thead>
</table>
| To provide a business platform that laterally spans the industry and market | * 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 large-scale clients*  
* In Financial IT, worsening business conditions of clients had an impact but business platforms grew, and large-scale projects were also acquired*  
* Expand number of clients to whom sales was ¥1 billion or more* |

**Strategy and main results**

  - Acquired NRI System Techno, Ltd. (2012)  
  - Established Maruburi IT Solutions Inc. (2014)  
  - Started provision of new industry standard business platform services  
  - Online banking system “Value Direct”  
  - Solution supporting financial institutions’ retail sales representatives “Advisor Platform”  
  - STP platform solution for asset managers “SmartBridge Advance”  
  - My Number management services “e-BANGO”  
  - Moscow, Dalian, India, Indonesia, and Thailand

### Vision2022

**Share the Next Values!**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Vision2022</th>
</tr>
</thead>
</table>
| Expand the customer base and take on the challenge of new areas, including global and digital | * 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 BI, and productivity has improved*  
* Collaborative models have been achieved by establishing joint ventures* |

**Specific initiatives**

- *THE STAR to Nomura Securities Co., Ltd.*  
  - Acquired and acquired subsidiaries in the industrial field  
  - Established Maruburi IT Solutions Inc. (2014)  
  - Started provision of new industry standard business platform services  
  - Online banking system “Value Direct”  
  - Solution supporting financial institutions’ retail sales representatives “Advisor Platform”  
  - STP platform solution for asset managers “SmartBridge Advance”  
  - My Number management services “e-BANGO”  
  - Moscow, Dalian, India, Indonesia, and Thailand

### Operating Profit / Operating Margin / ROE

<table>
<thead>
<tr>
<th>Years</th>
<th>Vision2015</th>
<th>Vision2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY March 2009 – FY March 2016</td>
<td>¥342.2 billion</td>
<td>¥421.4 billion</td>
</tr>
<tr>
<td>FY March 2017 – FY March 2019</td>
<td>¥501.2 billion</td>
<td>¥528.8 billion</td>
</tr>
<tr>
<td>FY March 2020 – FY March 2023</td>
<td>¥528.7 billion</td>
<td>¥550.3 billion</td>
</tr>
</tbody>
</table>

### Revenue

<table>
<thead>
<tr>
<th>Years</th>
<th>Vision2015</th>
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<td>¥550.3 billion</td>
</tr>
</tbody>
</table>

* Figures are as of March 31 of each fiscal year.
Vision2022 and Medium-Term Management Plan Overview and Progress Status

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

Long-Term Management Vision “Vision2022”

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

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

Vision Statement

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

Share

The diverse variety of personnel within the NRI Group joins together to pool their collective effort, and share the achievements and joy of contributing to a vibrant future society together with our clients.

Next

With the mentality of being ahead of the times, we pioneer globally, digitally, and into the realm of the future, to create new business models for the next generation.

Values

We refine our strengths and create value by providing various types of services to clients and to society, giving birth to new future-minded business models.
The Three Growth Strategies and Progress Status of the Medium-Term Management Plan

**DX Strategy**

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

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

**Framework of NRI’s DX Strategy**

- **DX 3.0 (Paradigm transformation)**
  - Resolve social issues through co-creation with various partners
  - Realize local communities through digital and entrepreneurial support
  - Digital solutions to reduce carbon, save resources, etc.

- **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)**
  - Digitalize actions for end users
  - Digital services that reduce carbon, save resources, etc.
  - 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

**Main strategies of financial institutions by category of investor**

- Corporations (large to medium business)
- High net worth individuals
- Upper mass segment
- Mass segment
- All-inclusive proposals
- Full-service proposals

- Finance that does not oversee less or manage people's lives

**Initiatives for Business Platform Strategy**

- Platforms for asset management services functions, including the provision of investment information and controlling services, etc.
- Platforms for sales support functions (digital marketing, non-face to face sales, etc.) across multiple industries including securities, banking, and insurance
- Cloud solution for new forms of banks, and offer platforms with enhanced mobile services functions
- Platforms of functions that offer financial services payments, asset management, etc. incorporated into industry-oriented services

**Cloud Strategy**

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

**Initiatives for Cloud Strategy**

- Using the World’s First Oracle Dedicated Region Cloud
  - In March 2020, NRI announced that, as part of strengthening this service, it would be the first company in the world to adopt Oracle Corporation’s “Oracle Dedicated Region Cloud” and use it as NRI’s exclusive public cloud. Utilizing useful services in the public cloud is an important factor for successfully realizing DX. NRI has established a dedicated public cloud in our own data center in order to maximize the usefulness and competitiveness of the public cloud, while at the same time responding to the need for safe and secure governance and security under our own control.

**Business Platform Strategy**

We will aim to expand the clients and services by providing new services such as those for handling back-office work, while expanding the users of shared online services such as “THE STAR,” a back-office solution for retail brokerage firms. For our clients who will be entering the financial services industry from other industries to meet transformations in the industry structure, we will provide new business platforms as support for customers to swiftly create new businesses and advance into new markets.
In order to achieve our target of ¥100 billion in overseas revenue as indicated in V2022 and our Medium-Term Management Plan (2019–2022), we are executing growth strategies for the three regions of Australia, North America, and Asia/Europe, and moving forward with the expansion of our global business base with external growth via M&A, etc.

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

### Global Strategy

**Asia, Europe**
- Further expand consulting for Japanese and local companies in locations throughout Asia
- Achieve additional external growth in fields where synergies can be anticipated

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

BusinessBase Expanding Globally

<table>
<thead>
<tr>
<th>Region</th>
<th>Company name</th>
<th>Business overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>ASG Group Limited (Acquired in 2014)</td>
<td>Provides end-to-end services to enable clients to achieve digital transformation and innovation, from consulting to application, infrastructure, data, and security. The main clients are governmental agencies and major financial and telecommunications companies, etc.</td>
</tr>
<tr>
<td></td>
<td>PlanIT (Acquired in 2021)</td>
<td>A group specialist in IT testing headquartered in Sydney. More than 1,000 specialists in testing provide a wide range of services from consulting related to improving the quality of IT systems to support for executing test processes and provision of automated tools for testing. The largest IT testing corporation in the Oceania region.</td>
</tr>
<tr>
<td></td>
<td>AUSIEX (Acquired in 2021)</td>
<td>Providing high-value-added services to major Australian financial institutions and IFAs through IT systems developed independently for back-office areas (security transaction management, portfolio management, etc.) and standardized operations.</td>
</tr>
<tr>
<td></td>
<td>Brierey Partners, Inc. (Acquired in 2015)</td>
<td>The founder was the person who designed and operated the first mileage program at a U.S. airline, “Brierey LoyalYWorld™,” an integrated loyalty program solution, including all necessary functions, such as membership registration for customers, recording and tracking customers’ action history, and acquiring points and miles, as well as redeeming points.</td>
</tr>
<tr>
<td>North America</td>
<td>Cutter Associates Europe, Ltd. (Acquired in 2016)</td>
<td>Cutter Associates has strength in research and consulting in the U.S. asset management industry and has the largest client base in the country, including over 250 firms such as asset management firms, insurance firms, and pension funds.</td>
</tr>
</tbody>
</table>

### Initiatives of Expanding Our Business Base in Australia

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

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

<table>
<thead>
<tr>
<th>Functions of Global Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulate global strategies and support their execution</td>
</tr>
<tr>
<td>Work together with global testing companies such as NRI Australia and strengthen governance of overseas subsidiaries</td>
</tr>
</tbody>
</table>

#### Australian Investment Exchange
- Among the top in Australia’s finance back-office services industry
- Providing high value-added services through in-house developed systems and standardized operations

<table>
<thead>
<tr>
<th>Australian Investment Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment: 1996</td>
</tr>
<tr>
<td>Locations: Australia, Sydney, Perth</td>
</tr>
<tr>
<td>Business: Financial institutions, back-office services for independent financial advisors (IFAs)</td>
</tr>
<tr>
<td>Employees: Approx. 250</td>
</tr>
<tr>
<td>Annual revenue: A$2 million (FY ended June 2019)</td>
</tr>
</tbody>
</table>

#### ASG Group Limited

- Provides end-to-end services to enable clients to achieve digital transformation and innovation, from consulting to application, infrastructure, data, and security.
- The main clients are governmental agencies and major financial and telecommunications companies, etc.

#### AUSIEX

- Provides high-value-added services to major Australian financial institutions and IFAs through IT systems developed independently for back-office areas (security transaction management, portfolio management, etc.) and standardized operations.

#### NRI Australia Expansion Strategy

ASG was acquired in 2016. As a key player that leads the IT market in Australia, ASG has expanded its business platform by providing long-term managed services, mainly to governmental agencies. Moving forward, in addition to organic growth, NRI will seek to expand our industry and services in Australia through M&A. AUSIEX, which was established as a new subsidiary, will seek to incorporate technologies related to shared online services provided in Japan and build a business platform that covers areas other than wealth management, an area in which AUSIEX has traditionally excelled. NRI also plans to further expand the business of the newly acquired Plant by expanding our provided services and expanding the region. NRI Australia oversees the Australian region. Similar to our operations in Japan, the company aims to evolve into a corporate entity that possesses services for heightening system quality in addition to strengths in consulting, operational services, and BPO.
Human Resources Strategy

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

Moreover, we are fostering an organizational culture that makes it possible for employees to play an active role and take on challenges, promoting diversity, and moving forward with NRI-like work-style reform. We are also strengthening relationships by collaborating with business partners that possess expertise in digital technology and know-how.

### Example of initiative themes

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

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

- **Food value chain**
  - Digital infrastructure for producers and common platforms for ordering and distribution, etc.

### Human Resources Strategy

#### 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.

<table>
<thead>
<tr>
<th>FY March 2019</th>
<th>FY March 2023 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New graduate hires</td>
<td>319 persons</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>133 persons</td>
</tr>
</tbody>
</table>

#### Promote employee skills transfer and development

- Strategically develop business designers, data scientists, and other such personnel
- Skills transfer and development for application/platform personnel to support DX strategy

#### Promote employee success

- 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 DK

#### Initiatives for Human Resources Strategy

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

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

- Promote employee success
  - NRI is also steadily hiring mid-career hires and improving their skills.

- More development partners
  - In FY March 2021, NRI is steadily expanding 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.

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

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

Yoshikiko Sunaga
Senior Corporate Managing Director
Head of Finance

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

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

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

1. Achieve a positive cycle of cash flow and investment (maintain an EBITDA margin of 20% or more and actively invest in growth fields)

<table>
<thead>
<tr>
<th>EBITDA (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>123,200</td>
</tr>
<tr>
<td>102,776</td>
</tr>
<tr>
<td>153,187</td>
</tr>
</tbody>
</table>

2. Strengthen shareholder return (maintain a dividend payout ratio of 35% under growth)

<table>
<thead>
<tr>
<th>Total amount of dividends (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21,154</td>
</tr>
</tbody>
</table>

3. Improve capital efficiency and return to shareholders

   | Surplus funds available for use (in equivalent to 2.3 months of revenue) |
   | 22.2                         |

   | Increased working capital on hand in FY March 2020 (from amount equivalent to 2 to 3 months of revenue to 3 to 4 months) |
   | 19.3                           |

   | Due to the limited financial management risk associated with the spread of COVID-19, we changed the policy to 2 to 3 months of revenue in FY March 2022. Policy to utilize surplus funds for growth investment and improvement of financial discipline |
   | 21.3                           |

   | Increase the total amount of dividends by maintaining a dividend payout ratio of 35% under growth (strengthens shareholder return) |
   | 21,824                        |

   | Achieve stable shareholder return alongside maintenance of existing businesses and growth investment |
   | 22.2                           |

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

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

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

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

Active Investment in New Business Opportunities

Based on our corporate philosophy of “Dream up the future,” NRI has shown our commitment to creating a brighter future through innovation and to contributing to the resolution of social issues. By utilizing the powerful cash flow generation ability that did not decline even during the COVID-19 pandemic, and based on value provided to society as defined by NRI, we will actively invest in new business opportunities in order to strengthen both financial capital and non-financial capital such as intellectual capital, social/relationship capital, and nature capital.

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

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

Improving Capital Efficiency and Shareholder Returns

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

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

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

Balance Sheet Management Policy

Blue: Areas prioritized for enhancement in FY March 2022

Interest-bearing debt (bonds payable/loans)*
- Gap on net D/E ratio: 0.3 times
- Maintain net interest-bearing debt below EBITDA (priority on credit rating)

Retirement benefit assets/liabilities
- Significant reduction of future pension financial burden through revision of retirement benefit plan

Equity
- Consistently maintain capital efficiency comparable to that of Europe and the United States, which balances growth and return
- Payout ratio of 35%
- Continue to consider acquisition and retirement of treasury stock

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Interest-bearing debt (bonds payable/loans)*</td>
</tr>
<tr>
<td>Maintaining stable working capital on hand based on post-COVID-19 awareness</td>
<td></td>
</tr>
<tr>
<td>Investment securities and business and non-business assets</td>
<td></td>
</tr>
<tr>
<td>Cross-shareholdings will be held within the confines of receiving corporate value</td>
<td></td>
</tr>
<tr>
<td>For business assets, the decision to invest or exit will be based on hurdle rates based on capital costs, operating margin, and other factors</td>
<td></td>
</tr>
<tr>
<td>Further aggregation and flotation of offices linked to work-style reform</td>
<td></td>
</tr>
<tr>
<td>We treat non-continuous assets immediately</td>
<td></td>
</tr>
</tbody>
</table>

Asset and liability structures as defined by NRI, we will actively invest in new business opportunities so that we can co-create with clients, shareholders, and society, and further improve our corporate value.

Growth Strategy

Integrated Report 2021

Neru Research Institute
NRI Sustainability Management Policy

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

The “Dream up the Future” Corporate Philosophy and Sustainability Management Policy

To achieve sustainable growth, it is indispensable that a company creates both social and economic value, and carries out management from a long-term perspective. The prospectus that was created at the time of NRI’s founding states that the aim of establishing the company was “to promote industry and be of service to society.” In other words, resolving social issues through our business is natural for NRI, and is itself our DNA. The “Dream up the future” corporate philosophy – advocated by NRI since around the time of founding – encapsulates the Company’s commitment to contributing to the resolution of social issues and creating a better tomorrow through the power of innovation.

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

NRI Sustainability Management Policy

**NRI Growth**

**Building Sustainable Futures**

Corporate philosophy “Dream up the future”

NRI Growth

Building Sustainable Futures

**NRI Sustainability Management**

Medium-Term Management Plan (2019–2022)

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

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

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing environmental impact for preserving the global environment</td>
<td>Agreement for the Kyoto Protocol and the Paris Agreement, and promotion of efforts to achieve SDGs.</td>
</tr>
<tr>
<td>Provision of opportunities for all kinds of professionals to take on challenges</td>
<td>Continuous promotion of a new recruit program and promotion of returnee employment.</td>
</tr>
<tr>
<td>Compliance with laws, regulations, and risk management to increase trust from society</td>
<td>Promotion of transparency and establishment of an internal system for the prevention and management of improper conduct.</td>
</tr>
<tr>
<td>Management of the information systems to form social infrastructure</td>
<td>Promotion of information security management and promotion of a new recruit program for IT professionals.</td>
</tr>
</tbody>
</table>

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 sustainability management. Both committees make proposals to the Senior Management Committee and others.

Monitoring the Status of Efforts for Co-Creation

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

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

**STEP 1** Clarification of issue elements

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.

**STEP 2** Identification of materiality

Return to the NRI corporate philosophy, the Founding Spirit, and NRI’s DNA, and confirming that they constitute “social value creation.”

<table>
<thead>
<tr>
<th>STEP 3</th>
<th>Formulate business plan (annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-Term Management Plan Formulation (3 to 4 years)</td>
<td></td>
</tr>
<tr>
<td>Entire company: Clearly indicate the promotion of value co-creation via business together with an action policy (from 2019).</td>
<td></td>
</tr>
<tr>
<td>By segment: Define strategic targets, measures, and KPIs associated with three types of social values (from 2019).</td>
<td></td>
</tr>
<tr>
<td>By division: Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020).</td>
<td></td>
</tr>
</tbody>
</table>

**STEP 4** Monitoring by Board of Directors (quarterly)

Adopt a balanced scorecard (BSC) management model to perform monitoring in both qualitative and quantitative (KPI) terms to provide value in addition to performance and business activities.

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

**Value Co-Creation Committee** (former Social Value Creation Committee)

| Identification of aggressive materiality based on business |
| Identification of passive materiality based on function |

President & CEO

Value Co-Creation Committee

Chairs:

Sustainability Activities 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

NRI’s 3 Social Values:

1. Vision 2022 financial targets
   - Operating profit: ¥100 billion
   - Operating margin: 14% or more
   - Overseas sales: ¥100 billion
   - ROE: 14.5%

2. Aiming for higher capital efficiency as confirmed from the previous term

3. Sustainability Management Plan Formulation (3 to 4 years)

4. Organization into 5 social values (from 2019)

5. Value Co-Creation via business together with an action policy (from 2019)

6. Setting strategic targets, measures, and KPIs associated with three types of social values (from 2019)

7. Incorporating monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

8. Adjust high material elements based on the options of external experts, considering the reliability and objectivity of the elements, and identify through management review.

9. Hearing with experts and management review

10. Formulate business plan (annually)

11. Monitoring by Board of Directors (quarterly)

12. Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

13. Adjust high material elements based on the options of external experts, considering the reliability and objectivity of the elements, and identify through management review.

14. Hearing with experts and management review

15. Formulate business plan (annually)

16. Monitoring by Board of Directors (quarterly)

17. Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

18. Adjust high material elements based on the options of external experts, considering the reliability and objectivity of the elements, and identify through management review.

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26. Monitoring by Board of Directors (quarterly)

27. Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

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55. Formulate business plan (annually)

56. Monitoring by Board of Directors (quarterly)

57. Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

58. Adjust high material elements based on the options of external experts, considering the reliability and objectivity of the elements, and identify through management review.

59. Hearing with experts and management review

60. Formulate business plan (annually)
NRI’s 3 Social Values (Solving Social Issues through Value Co-Creation)

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

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

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

Example of Co-Creation

Communication of Recommendations for Society that are Unique to NRI

At NRI, diverse professionals with high-level expertise are constantly analyzing changes in the environment, and conducting activities to predict future changes and provide social recommendations. The recent spread of COVID-19 is anticipated to result in environmental change that could significantly alter the future society due to the size of its impact. Accordingly, we are actively providing recommendations related to a variety of social issues and the ideal nature of post-COVID-19 society.

Proposals regarding Coronavirus Infection (COVID-19) measures

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

The “Substantial Unemployment” and “Isolation from Assistance” of Women That are Sharply Increasing during the COVID-19 Pandemic

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

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

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

Example of Co-Creation

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

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

Shared use of the data centers resulted in a 81,832 ton reduction of CO2 emissions through the use of shared online services.

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

Medium- to long-term measures FY March 2021 Status KPI

- Expand services in business platforms
  - Deployment of shared online services, including THE STAR implementations at large clients
  - Business platform sales: ¥102.9 billion

- Generate environmental benefits for clients through business platforms
  - Selected for inclusion in the DJs! World stock index for 3 consecutive years, and recognized as a CDP A List company for 2 consecutive years
  - Clients’ reduced CO2 emissions due to shared use: 81,832 tons

- Help build IT infrastructure to create an ideal society
  - Collaborating with Oracle on advancing IT infrastructure by expanding use of the public cloud
  - Size of cloud and data center services business: +5%, compared to FY March 2020

- Facilitate transformation for societal optimization
  - Working on operational reform projects including logistics and transport optimization leveraging data science
  - Size of business regarding operational reform-related services: +17%, compared to FY March 2020
As information systems become more complex, NRI is engaged in business providing security and other managed services. We have also been involved in activities related to disaster prevention and mitigation, and reconstruction support.

**Example of Co-Creation**

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

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

The e-NINSHO identity verification service that uses the My Number Card is being widely used in the public and private sectors for things such as opening brokerage accounts, collecting My Numbers from employees, and identity verification when submitting applications, etc., to data centers in remote environments.

Mynaportal, in preparation for the digitalization of tax return filing, a priority theme in digital government policy. We will continue expanding the targets of digitalization in the future, including furusato nozei (“homestown tax”). NRI will contribute to the promotion of use of the My Number Card and the improvement of convenience, and promote and achieve the digital transformation of society, by addressing digitalization from the perspective of users.
Instilling Value Co-Creation

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

The Value Co-Creation Leader Development

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

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

The Value Co-Creation Leader Development Program

STEP 0 Realization

STEP 1 Knowing oneself

STEP 2 Knowing NRI

STEP 3 Knowing the client/society

STEP 4 Practical succession

Awareness-building Process

Recognition Sympathy Practice Establishment

Promoting recognition via transmission

Cultivating sympathy via dialogue

Deploying measures according to the level of awareness

Maintaining systems to achieve establishment

Assisting efforts across organizations

The Views of Value Co-Creation Leaders

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

Kozi Yamamoto
Chief Computing Service & Planning Department

Kogetsu Oka
IT Consulting of Financial Sector Department

Narita Koyama
NRI Systems Technologies, Ltd.

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

Each year since 2019, NRI has planned and hosted the Next-generation Leader Exchange Session as a forum for young leaders in client companies and industrial associations that will lead the future of the securities industry and NRI employees to think about the social issues surrounding the industry. The third occasion of the event in October 2020 had 51 participants from throughout Japan, who discussed the ideal nature of securities sales during the COVID-19 pandemic, and exchanged views and ideas, on the theme “Considering Securities Sales to Survive the New Normal Era.”

Participants’ Voices

One of the greatest things I gained from it was the ability to confirm that securities companies, industry associations, and other involved parties with different standpoints were all working toward the common goal of “creating a better future for investors.” In order to respond to the needs of investors that change with the times, it is necessary for us to constantly identify changes and change ourselves as well. I want to contribute to helping people achieve an abundant life by providing financial services that match the needs of the times.

Promoting Recognition via Transmission

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

Sharing information on a special internal website

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

Transmit information outside the company

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

NRI’s Value Co-Creation

https://www.nri.com/en/value_co-creation

Cultivating Sympathy via Dialogue

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

Assisting Efforts Across Organizations

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

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

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

Making our own choices, learning our own way

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

In our age of uncertainty, meeting this demand means seeking out the goals, policies, and paths forward on our own, among a broad range of possibilities. In other words, we believe that each of us must think individually about our own choices, and go to our learning forums to elevate their skills. This is how we nurture professionals of substance who reinforce NRI’s competitive advantage.

Evolving work styles and co-creating job satisfaction

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

Raising employee engagement is essential in being able to create and improve job satisfaction. At NRI, we regularly conduct employee engagement surveys to measure their motivation toward proactively contributing to the organization and their psychological state on the job. We are working toward visualizing employee engagement. We are also working in unison to design various support programs to address what we identify from the results of these surveys, and to do whatever else is necessary to create and improve employee job satisfaction.

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

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

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

Reducing our environmental impact

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

We believe that clients using the shared online services provided by NRI offers a drastic reduction in greenhouse gas emissions compared with those clients operating systems on their own. Going forward, we plan to actively transition to renewable energy sources to power the shared online services and cloud operations at NRI’s data centers. Currently, we are pursuing our goal of renewable energy usage at our data centers of 70% by 2030 and 100% by 2050. Our entire company is working toward the procurement of renewable energy, with the ambition that we could achieve this goal even earlier than planned. We also intend to work continuously toward achieving our other environmental targets earlier than planned, including for greenhouse gas emissions in our supply chain. In FY March 2021, we accelerated initiatives to reduce our environmental impact, including the issuance of NRI Sustainability-Linked Bonds that commit explicitly to future improvements in sustainability outcomes. Leveraging both creativity and technological capability, NRI is working together with all of our stakeholders to reduce our environmental impact.

Governance that is globally viable

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

NRI’s Human Resources Strategy

The strength of NRI is its 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 strug- gling to create a system and an environment to develop the hidden talents of highly motivated people and to allow them to produce results on the job.

Three Pillars of Our Human Resources System

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

As an outline for pursuing specialized fields, NRI has defined 22 career fields (Figure 1) and encourages employees to refine their skills in multiple specialized fields. We develop human resources capable of collaborating across multiple departments by using a broad perspective to flexibly respond to changes in the business environment.

NRI offers internal certification (Figure 2) to employ- ees who possess a particularly high level of expertise in career fields. This promotes development of core human resources and provides employees with a role model of a professional.

Furthermore, each employee shares his or her target career field and level with his or her manager. Through interviews with managers held every six months, we implement a Challenge & Act (C&A) program, which offers employees a role model of a professional.

We implemented initiatives for medium- and long-term contributions, specifically, for the achievement of sustainable improvements in corporate value. Examples of initiatives include retirement allow- ances, a defined contribution pension plan, employee stock owner- ship, and an E-Shp.*

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

Human Resource Investment that is Top-Class among Japanese Companies

NRI believes that providing OJT through work experi- ence is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deep- ening understanding. It is also positioned as a method for obtaining knowledge and skills that cannot be acquired through OJT. Our training program system (Figure 3) is generally divided into three program classifications. In addition to training at the time of receiv- ing pay raises, Seniority-based Programs include programs for managerial talent development of selected individuals, for support- ing women’s participation and advancement, and for career develop- ment of tenured employees. Career Development Programs provide a variety of training programs that will the diverse needs of employees, directed toward the development of individuals’ ca- pabilities in line with their career fields (Figure 1) and acquisition of in-house certifications. Diversity & Inclusion Programs offer pro- grams geared toward diversity and work-life balance. NRI also has established a system to support self-development for employees to become qualified in and improve their foreign language skills.

Global Human Resources Development Programs

NRI implements many overseas programs to develop global busi- ness leaders who can promote the Global Strategy, which is one of the growth strategies contained in the Medium-Term Management Plan (2019–2022). We are especially focusing on an overseas training system where employees can experience global business for about one year through an internship at the overseas office of a globally active client company. Over the past nine years, 190 trainees have so far been sent to 16 countries overseas.

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

Training Program System (Figure 3)
Development of DX Human Resources

NRI implements a program to develop human resources who can accelerate the DX Strategy, which is a pillar of the growth strategies contained in the Long-Term Management Vision "Vision2022" and the Medium-Term Management Plan (2019-2023). Education to reskill and increase the capabilities of consultants and systems engineers, who already possess conventional abilities, is being carried out. This enables them to utilize their existing skills while expanding their area of activity to include the field of digital transformation (DX). By doing so, we are promoting the strategic shift of NRI’s human resources portfolio to one that we are aiming for in the DX age.

**DX Human Resources Development Program**

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

Based on the concept of “+DX” each employee will add on the following processes for surviving the DX age while leveraging the skills they have already nurtured through their careers, and they will aim to become human resources who will lead the DX age.

1. **DX Human Resources Development Program (Figure 1)**
   - **Business**
     - Understand the client’s business
     - Gain insight into digital society and contribute to DX transformation
   - **Technology**
     - Learn state-of-the-art fields on one’s own, and look for seeds of innovation
     - Agile software development
     - Microservice / API
     - Cloud / PCI
     - Blockchain
     - Data Science analytics / AI
   - **Engineering**
     - Create unprecedented value through sophisticated ideas and mechanisms
     - Creativity and implementation capabilities
   - **Leadership**
     - Maximize the potential of our own Company
     - Lead collaboration with other companies
     - Value co-creation

**The Four Places of Learning (Figure 2)**

- **Business**
  - Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies
  - Establishment of courses in which each individual can learn in accordance with their personal circumstances at their own pace as well as courses in which persons of any level, whether a beginner or veteran, can learn the basics
  - Self-improvement through Coursera®, university lectures, qualification acquisition, etc.

- **Technology**
  - Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program

- **Engineering**
  - Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program

- **Leadership**
  - Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program
  - DX Human Resources Development Program

**Job Satisfaction Co-Creation Forum**

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

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

**Integrated Report 2021**

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

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

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 mechanisms when mid-career hires join NRI to enable them to become used to their new work environment as soon as possible and exhibit their expertise and capabilities to the fullest extent. From FY March 2021, we are holding a semi-annual exchange event for mid-career recruits and the president. Additionally, we interview mid-career hires who are doing well and publish articles for internal consumption.

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

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

Furthermore, to promote balance between work and nursing care, we have systems such as nursing care leave and shorter working hours for nursing care. We also hold nursing care seminars on a periodic basis.

Promoting Workplace Participation by Persons with Disabilities

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

Moreover, NRI is working to expand hiring opportunities for people with disabilities by holding fixed point surveys and presentations related to management issues and trends in the hiring of people with disabilities and operations at special subsidiaries. As of June 2021, 181 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.37%).

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 responding to 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 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.

* Refers to a subsidiary that gives special consideration to the promotion of persons with disabilities, and in doing so meets certain requirements. Obtaining certification from the relevant state or local government grants the status of subsidiary to be deemed as being employed by the parent company.
Human Capital

Work-Style Reform Issues and Health and Productivity Management

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

Initiatives for Work-Style Reform

In 1994, NRI implemented a discretionary labor scheme that was a pioneering initiative in Japan at that time. Through this scheme, we have promoted a work style that is free from time constraints. From 2016 to 2017, we relocated our Tokyo, Yokohama, and Osaka offices to new buildings. Based on the concept of “creating new value by connecting people, goods, events, information, and objectives,” we developed office spaces that achieve a working style that is unhindered by location. The use of telecommuting and satellite offices is also increasing. Led by the Work-Style Reform Committee, which we started in FY March 2018, we are supporting the achievement of flexible working styles with even higher productivity. Although roughly 95% of NRI employees telecommuted while the April 2020 COVID-19 state of emergency declaration was in effect, we were able to continue providing services that did not differ from normal times. Currently, we are engaged in enhancing productivity through a new work style that combines telecommuting with in-office work. The percentage of people coming into the office to work has been set at 30% when a state of emergency declaration or pre-emergency measures are in effect.

At all other times, the attendance rate has been set at 50%. In addition to this work infrastructure, NRI is also fostering a corporate culture that facilitates co-creation among diverse human resources. For example, one specific initiative is work-style reform that matches the content and characteristics of work at each division.

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 a health strategy that helps improve employees’ quality of life. The CEO of NRI also serves as Chief Health Officer (CHO) and currently is developing a health strategy that helps improve employees’ quality of life (QOL). 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.

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 towards invigorating NRI and achieving increased productivity under the four goals.

1. To develop a comprehensive health education initiative and establish health awareness
2. To promote the development of health and productivity management initiatives
3. To promote learning and development of health and productivity management initiatives
4. To promote the development of health and productivity management initiatives

NRI Health Declaration 2022

Basic policy: Based on correct knowledge and recognition for their own health management, 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 establish 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. Promote work-life balance
   - Reduce overtime and holiday work hours
   - Encourage employees to take paid leave
   - Implement the five-day-flexible Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work

4. Strengthen human resource development
   - Put in place health management rooms at our principal offices
   - Introduce support to help stop smoking
   - Remove smoking spaces inside the office

Social and Relationship Capital

Cooperation with Stakeholders

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

Cooperation with Clients

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

Comprehensive deliberation on new contracts

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

Client satisfaction surveys

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

The Quality Management Department compiles and analyzes overall trends from the results from the survey. It also provides the departments in charge of the project with feedback from the surveys and implements measures to follow up on the feedback and enhance service quality, leveraging the data to improve the service quality.

Cooperation with Business Partners

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

NRI Group Procurement Policy

https://www.nri.com/en/company/partner

When an NRI system development project is contracted out to a business partner, it should be assessed comprehensively with respect to its technological capability, quality, delivery date, cost of products and services, staffing and platform, financial condition, compliance, and efforts on information security management. Overseas business partners should also be screened under laws such as the Foreign Exchange and Foreign Trade Act. The number of employees involved in business at NRI’s business partners stands at approximately 12,000, about half of which are permanently stationed in NRI offices or currently working from home.

To continue the appropriate contract services, we formulated the Guidelines Relating to Contract Work. Moreover, we separate the work sites of business partners 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.

External Evaluation of NRI

1. In 2017, NRI received the highest level (Level 3) of Endocho 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)
2. Selected as a Nadeshiko Brand for five consecutive years in a row (corporations selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry for outstanding promotion of female performance and advancement)
3. 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 Promotion of Measures to Support Raising Next-Generation Children)
4. Certified as a Health and Productivity Management 500 Organization (White 500) for five consecutive years in a row

Hosting of Partner Sustainability Dialogues

NRI holds annual sustainability workshops with its business partners to share information and exchange opinions about sustainability activities. The dialogue was held online for the first time in January 2021. There was participation by a record 53 business partners, a testimony of their strong interest in sustainability activities.
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 56th Ordinary General Meeting of Shareholders: Notice released on May 21 → Meeting held on June 18 (Notice about one month before)
- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure

Active Dialogues with Shareholders and Investors

With the aim of expanding our shareholder and investor base, we are promoting better understanding of our business activities and strategies for growth through direct and indirect communication. The following principal activities were implemented during FY March 2021:

- For shareholders
  - Shareholder questionnaire: Number of respondents: 4,139 (Number sent: 14,038 shareholders / Collection rate: 28.5%)

- For institutional investors and analysts
  - Number of investors met: 713 persons
  - Domestic: In addition to results briefing sessions for each quarter and individual interviews, held small meetings with management, ESG briefings, Business Information Sessions, etc.
  - Overseas: Online roadshows and online conferences

- For individual investors
  - Individual investor information meeting: two were held (Online)
  - Number of attendees: 1,470 persons

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 (medium- to long-term management strategy and numerical targets, etc.)
- Established the Disclosure Committee, which checks the preparation 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

Hosting of ESG Briefings

We host "ESG briefings" to help investors, analysts, and the media gain an understanding of NRI’s sustainability strategies and specific efforts regarding ESG. The February 2021 briefing welcomed 106 participants.

Integrated Report 2021
Mechanisms for Supporting Value Creation
NRI's Quality Management Framework

- **Navigation**
  - Management strategy planning
  - Planning and development of information systems

- **Solution**
  - Maintenance and operation of information systems
  - Cloud service quality
  - Quality of information system development

- **Quality of information security**
- **Quality of workplace environment**

**Initiatives for Improving the Quality of Information Systems**

Each division is responsible for quality management over system development, maintenance and operations, and consultative services projects. In addition, NRI has an organization that promotes and supports quality management activities for each division.

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

**Project Supervision Activities to Support the Quality of Information System Development**

The Quality Management Division provides both supervisory and project management office functions for each individual division, when they develop a new information system. In addition to “project management” for project implementation and success, NRI has a “project supervision” function to propose quality improvements, and to identify and resolve issues early on.

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

**EmpHASIS ON QUALITY OF SYSTEMS IN OPERATION**

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

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

**Production Innovation Initiatives**

Since FY March 2011, NRI has held the Production Innovation Forum for each business division to share its initiatives related to productivity and quality improvements in a company-wide manner and to recognize innovative initiatives. In FY March 2021, NRI explained its internal initiatives related to the 2025 digital cliff and new technology, such as AI, under the theme of "how to deal with the digital cliff and new technology and meet the expectations of clients."

We will continue to make efforts to ensure that programs are as a leader of the IT services industry and foster a professional culture of taking on the challenges.

**Cloud Service Quality that Supports Social Infrastructure**

Cloud services commonly 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 appropriate measures. We also have independent organizations perform regular audits and evaluations of the operations of these services, and facilitate improvement processes to ensure that they remain highly regulated with good security.

**Quality of Data Center Management that Supports Stable Operations**

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

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

**Safety and Security Forum**

The stable operation of data centers is NRI’s social mission. As part of this mission, we hold a forum on the themes of safety and security every year. The forum served as an opportunity for employees to pledge to the stable operation of information systems, with lectures on safety by external experts centered around the concepts of thinking, learning, and not forgetting, and awards for excellent slogans on safety and security thought up by individual employees.

**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)
- IS0/IEC 27002 (International control assurance report)
- Uptime Institute MIQ (Global certification standard for data center management prescribed by Uptime Institute)*

* Certification acquired for Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II
Quality of Information Security

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

Policies Relating to Information Security
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.

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 engaged in improvement drives designated to meet those standards.

Information Security Management Structure

Planning and Implementation

Chief 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

Person responsible for division

Practice

Person responsible for department

Employees

NRI SecureTechnologies

In-department Information Security Person-in-Charge

NRI Workplace Services

Information Security Management Structure

NRI Secure

Headquarters structure

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

NRI SecureTechnologies

Person-in-Charge

Web Application Firewall

System for detecting or providing protection against attacks causing it to attack other computers.

NBA technology

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. NRI SecureTechnologies uses software known as NBA technology to create 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.

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.

Education on Information Security

NRI conducts ongoing information security education to raise the quality 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.

Response to Cyberattacks

NRI uses system-based defenses against cyberattacks, such as installing antivirus (anti-malware) software, hard drive encryption, and installing different security measures (such as firewalls, WAF, and network behavior analysis technology). However, NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT). A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates, and shares vulnerability and attack information that is organized, swift, and appropriate. We also conduct for our employee’s education and training.

1. Malware, or “malicious software,” is a software program that can injure a computer automatically takes remote control of that computer, either stealing data that it stores or causing it to attack other computers.

2. Web Application Firewall: System for detecting or providing protection against attacks that take advantage of the vulnerabilities of web applications.

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

Quality of Workplace Environment

NRI promotes a multitude of initiatives to foster a workplace environment where employees can keep on working positively in a 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 reconfiguring 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 Cs” — closed spaces, crowded places, and close contact with people, in the office.
Environmental Capital

Environmental Impact Reduction Activities for Preserving the Global Environment

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

Environmental Targets

The environmental target set by the NRI Group in FY March 2019 was certified under the Science Based Targets Initiative (SBTI1), an international environmental initiative, as a 2°C target or a pathway to limiting global temperature rise to below 2°C from preindustrial revolution levels. Later, in May 2020, NRI committed to Business Ambition for 1.5°C, in response to the mounting sense of crisis related to global climate change. In February 2021, NRI set a greenhouse gas emissions reduction target that aimed to limit global temperature rise to 1.5°C from preindustrial revolution levels. This target has been certified by SBTI as a 1.5°C target. To achieve this target, NRI has changed the target for the renewable energy utilization rate by NRI Group data centers, from 36%, which was set when joining RE1002 in FY March 2019, to 70% in FY March 2031.

Diverse Initiatives for Energy Efficiency

NRI Group’s Environmental Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1+2</td>
<td>Target for FY Mar. 2031</td>
</tr>
<tr>
<td></td>
<td>Reduce greenhouse gas emissions at the NRI Group by 72% (compared with FY March 2014)</td>
</tr>
<tr>
<td></td>
<td>Achieve a renewable energy usage rate of 70% of all data centers</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Target for FY Mar. 2024</td>
</tr>
<tr>
<td></td>
<td>70% or more of NRI Group suppliers and vendors will set science-based target for reducing greenhouse gas emissions (Categories 1, 2 and 11)</td>
</tr>
<tr>
<td></td>
<td>Target for FY Mar. 2021</td>
</tr>
<tr>
<td></td>
<td>Reduce greenhouse gas emissions related to employee travel and commuting (Categories 6 and 7) by 25% (compared with FY March 2014)</td>
</tr>
</tbody>
</table>

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 Scope 1 and 2. Manufacturing in the supply chain, commuting by employees, business travel, etc.

In March 2021, we issued NRI Sustainability-Linked Bonds3, which are linked to the abatement of greenhouse gas emissions and energy utilization rate by NRI Group data centers. This bond has achieved a target for having investors agree with results and annual targets of greenhouse gas emissions (Scope1+2)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Result Estimated</th>
<th>Result Calculated</th>
<th>Goal Reduced by</th>
<th>Target Reduced by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53</td>
<td>39</td>
<td>72%</td>
<td>100%</td>
</tr>
<tr>
<td>2013</td>
<td>35</td>
<td>25</td>
<td>57%</td>
<td>80%</td>
</tr>
<tr>
<td>2014</td>
<td>27</td>
<td>20</td>
<td>41%</td>
<td>60%</td>
</tr>
<tr>
<td>2015</td>
<td>20</td>
<td>15</td>
<td>25%</td>
<td>40%</td>
</tr>
<tr>
<td>2016</td>
<td>15</td>
<td>10</td>
<td>16%</td>
<td>30%</td>
</tr>
<tr>
<td>2017</td>
<td>9</td>
<td>7</td>
<td>9%</td>
<td>20%</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>5</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>2019</td>
<td>3</td>
<td>2</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>2020</td>
<td>1</td>
<td>1</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>2021</td>
<td>1</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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

Actual Greenhouse Gas Emissions

From FY March 2016, NRI has been relocating and consolidating operations into data centers and offices with high environmental performance. As a result, the NRI Group’s greenhouse gas emissions (Scope1+2) in FY March 2021 were 55,000 tons, which was a reduction of about 40% from FY March 2014. Going forward, we will engage in the reduction of GHG emissions by promoting renewable energy procurement in addition to our conventional energy conservation measures.

Implementation of Environmental Management System

NRI has acquired IS014001 certification, an international standard on environmental management systems, for its data centers, which are the main source of CO2 emissions. Furthermore, NRI has introduced an environmental management system unique to NRI, has been introduced at key NRI offices. Starting with implementations of NRI SMS at offices in China in FY March 2019, we will be implementing the system at more worldwide offices going forward.

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 switch to the use of electric power derived from renewable energy. As for our offices, thanks to efforts such as the lobbying of building owners, a switch from FY March 2022 to the use of electricity derived from renewable energy has been decided at some offices. Meanwhile, at our overseas bases, we achieved net-zero GHG emissions in three regions—China, the U.S., and Australia—by purchasing renewable energy certificates. To achieve our target of making the renewable energy utilization rate by our data centers 70% by FY March 2031, we launched a company-wide decarbonization project in February 2021.

E&S Training for Employees

We believe that spreading the NRI Group’s sustainability policy to each officer and employee, and having them engage in their daily duties with an awareness of the key issues for sustainable growth is of importance in the implementation of sustainability efforts. To enable this, we opened our intranet ESG Site in November 2020 as a means to build awareness and familiarize employees with the necessary knowledge and wisdom, including those matters that need to be observed. Through the ESG Site, employees are made aware of the global ESG-related issues and are informed about our ESG-related activities. In November 2020, we launched an ESG Awareness Training for Employees, focusing on the materiality and significance of the key issues for sustainable growth.

External Recognition

For the second year in a row following FY March 2020, NRI was selected, through the climate change survey carried out by the international non-profit organization CDP4, as a Climate Change ‘A’ List company, which is the CDP’s highest level of recognition. We believe that NRI was recognized for its strategy, initiatives, and information disclosure pertaining to climate change.

NRI’s initiatives to address climate change in its supply chain were also recognized for the second year in a row in February 2020 by selection to the Supplier Engagement Leaderboard—the highest rating assigned to companies in the Supplier Engagement Ratings by the CDP.

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

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1) SBTI: An initiative to promote the setting of science-based targets for reducing greenhouse gas emissions by companies in order to control the increase in global temperature below 2°C from preindustrial revolution levels. The initiative was established by four organizations: CDP, which is a federation of institutional investors promoting disclosure on climate change; C40 (City Climate Leadership Group), the World Resources Institute (WRI), and the World Wildlife Fund (WWF).
2) RE100: An international initiative operated through a partnership between the CDP and The Climate Group (an international NGO). Member corporations have publicly declared that they will transition to 100% renewable energy for electric power consumed in business activities by 2050.
3) Science Based Targets website: https://sciencebasedtarget.org/ RE100 website: http://re100.org/
4) CDP: A non-profit marine involved in corporate and local governments to disclose information at the request of highly environmentally aware institutional investors and major purchasing companies about their climate change measures and results. CDP is an information disclosure platform that currently provides the world's most useful information pertaining to environmental problems.

Integrated Report 2021
Initiatives for the TCFD Final Report

NRI’s Initiatives Regarding the TCFD Final Report

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

Because we consume a large amount of electric power—mainly at our data centers—the NRI Group acknowledges the importance of the affect electricity usage has on the climate. We announced that the NRI Group endorses the “TCFD” Final Report (“TCFD”) in July 2018, and we are appropriately disclosing information based on the TCFD framework. Repeated discussions are being held in the Sustainability Activities Committee together with experts from the consulting business division, and in FY March 2018 we began publicly releasing information about our progress at the annual ESG briefing.

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

TCFD scenario analysis implementation status

<table>
<thead>
<tr>
<th>Implementation details</th>
<th>FY March 2018</th>
<th>FY March 2019</th>
<th>FY March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study the scenarios and identify risks/opportunities for the 2°C and 4°C scenarios</td>
<td>Scenario analysis for businesses vulnerable to climate change Calculating financial impact</td>
<td>Scenario analysis for profit center Calculating financial impact</td>
<td></td>
</tr>
<tr>
<td>Consulting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data centers</td>
<td></td>
<td></td>
<td>Report target for FY March 2021</td>
</tr>
</tbody>
</table>

Anticipated Impacts on Our Businesses (Opportunities and Risks)

After declaring our support for the TCFD Final Report, we established the scope of our investigations in FY March 2018, the first fiscal year. We defined and identified scenarios: 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 those scenarios in the Consulting, Financial IT Solutions, Industrial IT Solutions, and Data Center businesses.

Scenario Analysis for the Asset Management Solution Business

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

[Business model analysis]
To identify risks and opportunities in the asset management solution business, we first conducted a business model analysis for the asset management solution business. The asset management solution business is broadly classified into the asset management service, investment service information and BPO service. We surveyed the relationships between these three services and the variation factors of profit that are expected to be affected by climate change events. The below illustration demonstrates these relationships. In the asset management service, we learned that client companies’ asset balances had the largest impacts. In other words, in this business model, as client companies’ asset balances increase, NRI’s profit grows. As client companies’ asset balances decrease, NRI’s profit falls. In the investment information service, we found that the amount of information required by investors had the largest impacts.

Variation factors of profit and business for asset management firms

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

<table>
<thead>
<tr>
<th>Climate-related event</th>
<th>Anticipated changes</th>
<th>Risks / Opportunities</th>
<th>Related businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Adoption of carbon-pricing (carbon tax, etc.) and subsidies for new technology</td>
<td>Changes to corporate competitiveness and corporate value impacts the asset balance.</td>
<td>△</td>
<td>Asset management service</td>
</tr>
<tr>
<td>(2) Promoting standardization and requiring improved disclosure of ESG climate-related information to companies</td>
<td>Asset management companies will have increased need for organizing corporate information due to increasing amounts of information disclosed from companies and standardization of the information to disclose.</td>
<td>△</td>
<td>Investment information service BPO service</td>
</tr>
<tr>
<td>(3) Improve disclosure of information to asset management companies</td>
<td>Increased need for assistance due to improved disclosure of ESG investment and sustainable finance in operation at regulatory authorities and asset owners.</td>
<td>△</td>
<td>Asset management service Investment information service BPO service</td>
</tr>
<tr>
<td>(4) Improve disclosure of ESG information for financial products</td>
<td>There is demand for explanation of ESG related items, etc., in financial products for individuals developed by asset management firms.</td>
<td>△</td>
<td>Investment information service BPO service</td>
</tr>
<tr>
<td>(5) Increased interest in environmental and social problems causing a slowdown in the macro economy, finance, corporations, and securities in Japan and overseas</td>
<td>With increasing demand for ESG investment and impact investment among millennials and generation Z, who have a particularly high interest in environmental and social problems, there is increasing need for disclosing the environmental/social impact of asset management.</td>
<td>△</td>
<td>Asset management service</td>
</tr>
<tr>
<td>(6) Increase in days on which the temperature exceeds 35°C</td>
<td>Due to natural disasters such as recent storm damage in economic activity and a temporary drop in the asset balance.</td>
<td>△</td>
<td>Asset management service</td>
</tr>
</tbody>
</table>

Opportunity
△ It can be both a risk and an opportunity

We assumed that there would be opportunities overall as ESG disclosure and other information advances. We have also conducted interviews with the management of client companies to corroborate the expected changes.
Increased need for consulting due to higher necessity for $30 to $50/t-CO

Increased interest in personal ESG and improve disclosure of ESG information for

Opportunities / Risks

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

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

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

For events (2) to (6), we once again derived calculation methods and calculated financial impacts. Financial impact was expressed as profit change. The following illustration shows the financial impacts in terms of changes in earnings, summarized in four categories: adoption of a carbon tax; etc; improved disclosurer; increased interest in ESG investing; and intensifying natural disasters.

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

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

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

Risks and Opportunities in the Consulting Business

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

Scenario Analysis for the Consulting Business

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

In a 2°C or lower scenario, positive impact on sales is relatively larger, but in a 3 to 4°C scenario, negative impact on sales is larger.
Risks in the Consulting Business
Regarding consulting risks, the economy will worsen if the global shift to decarbonization fails, causing natural disasters to intensify. Assuming that the impacts of a worsened economy would be similar to the financial crisis, we calculated that sales would decrease by 12.1%.

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

Sustainability-related sales in the consulting business (forecast)

3 to 4ºC scenario | Impact by 2ºC or lower
---|---
2017 | 17.27 billion
2018 | 28.88 billion
2019 | 28.23 billion
2020 | 28.88 billion
2021 | 32.25 billion
2022 | 18.12 billion
2023 | 17.27 billion
2024 | 28.88 billion
2025 | 28.23 billion
2026 | 28.88 billion
2027 | 32.25 billion
2028 | 18.12 billion
2029 | 17.27 billion
2030 | 28.88 billion

Past impacts of major crises in the consulting business

<table>
<thead>
<tr>
<th>FY March 2008</th>
<th>FY March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual production</td>
<td>¥12.1 billion</td>
</tr>
<tr>
<td>Sales (net sales)</td>
<td>¥12.1 billion</td>
</tr>
<tr>
<td>Status of orders</td>
<td>¥22.25 billion</td>
</tr>
<tr>
<td>Sales results</td>
<td>¥32.87 billion</td>
</tr>
</tbody>
</table>

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

-4.7% | -12.5% | -12.1%
Governance

NRI’s Corporate Governance

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

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

The Basic Approach to Corporate Governance

(1) Cooperation with stakeholders
NRI respects the interests of shareholders 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 comprised of Independent Directors appointed to advise the Board of Directors.

Main corporate governance efforts since 2001

2001
- Formulated the NRI Group’s corporate philosophy
- Listed on the Tokyo Stock Exchange (Section 1)

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 Outside Audit & Supervisory Board Members to strengthen their auditing functions

2003
- Formulated the NRI Group’s Ethical Code (revised to the NRI Group’s Code of Business Principles on 2015) 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
- 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 Executive-Meeting consisting of Independent Outside Directors and Independent 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 2018)
- Implemented the evaluations of the Board of Directors’ effectiveness

2017
- Newly established the Nomination Committee, comprising mainly Independent Directors

2018
- Introduction of Restricted Stock Compensation Plan as a medium- to long-term incentive for Members of the Board

Additional information

For the Board of Directors and the Audit & Supervisory Board, see P. 82–83
For the Internal Controls, Corporate Ethics, and Compliance, see P. 84-85

Roles and activities of committees

<table>
<thead>
<tr>
<th>Name of the organization</th>
<th>Objective and activity</th>
<th>Head of the organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>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</td>
<td>Yoshihiko Sunaga, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>Discuss and decide auditing policies and other important matters related to auditing and express an audit opinion; take part in an electronic voting platform for institutional investors</td>
<td>Teisuke Satake, Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Nomination Committee</td>
<td>Mainly comprised of Independent Directors, the Committee deliberates on executive appointment matters related to Directors, Audit &amp; Supervisory Board Members, the CEO, and other Board Members, from the standpoint of fairness and transparency</td>
<td>Teisuke Satake, Vice Chairman, Member of the Board</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>Mainly comprising Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency</td>
<td>Yoshihiko Sunaga, Vice Chairman, Member of the Board</td>
</tr>
<tr>
<td>Senior Management Committee</td>
<td>The Committee meets to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision-making</td>
<td>Shigeo Kosaka, Executive Vice President, Representative Director, Director, and Member of the Board</td>
</tr>
<tr>
<td>Integrated Risk Management Committee</td>
<td>Based on instructions given by the President &amp; CEO, the Committee deliberates on important issues concerning risk management, including system fault, information security, and business continuity</td>
<td>Katsunori Aoki, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Compliance Committee</td>
<td>The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement and structure in conformity with corporate ethics and laws and the prevention of violation recurrences, based on instructions given by the President &amp; CEO</td>
<td>Naomi Ando, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Internal Audit Department</td>
<td>Within each Division</td>
<td></td>
</tr>
<tr>
<td>Human Resource Development Committee</td>
<td>The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President &amp; CEO</td>
<td>Takayoshi Sato, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Business Development Committee</td>
<td>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 &amp; CEO</td>
<td>Yoshio Suga, Senior Corporate Managing Director</td>
</tr>
<tr>
<td>System Development Committee</td>
<td>The Committee deliberates on important issues concerning proposed applications to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President &amp; CEO</td>
<td>Takayoshi Marukawa, Senior Corporate Managing Director</td>
</tr>
<tr>
<td>Disclosure Committee</td>
<td>The Committee deliberates on important issues concerning the disclosure of Annual Financial Report and other documents, based on instructions given by the President &amp; CEO</td>
<td>Takayoshi Sato, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Crisis Management Committee</td>
<td>Based on instructions given by the President &amp; CEO, the Committee will promptly develop and support systems at the time of a crisis, including resolution of shocks, disaster recovery, system failure, and information security emergencies</td>
<td>Katsunori Aoki, Representative Director, Member of the Board</td>
</tr>
<tr>
<td>Business Promotion Committee</td>
<td>The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient shared controls</td>
<td></td>
</tr>
</tbody>
</table>
Mechanisms for Supporting Value Creation

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

NRI has established a structure to further enhance corporate governance while effectively utilizing the functions of the Audit & Supervisory Board Members and the Audit & Supervisory Board as a company with an Audit & Supervisory Board. NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors.

The Board of Directors is exclusively responsible for fundamental decision-making that is the basis for the Company’s business execution and for overseeing the execution of duties by Members of the Board. 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 represented by Representative Directors and Senior Managing Directors once a week and deliberates on the important issues involving corporate management in order to coordinate our business activities and build consensus in executing business operations.

Structure of the Board of Directors

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

Advisory committees for the Board of Directors

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

- Nomination Committee: Nomination Committee deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CED, and other Board Members
- Compensation Committee: a body to advise the Board of Directors on executive compensation

Structure of the Audit & Supervisory Board

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

Audit & Supervisory Board Members as of July 1, 2021

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Current position</th>
<th>Total of terms of office</th>
<th>Method of selection</th>
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<td>Shigeo Komoto</td>
<td>(February 17, 1952)</td>
<td>President &amp; CEO</td>
<td>8 years</td>
<td>Board of Directors</td>
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<td>Yasuo Fukami</td>
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</tr>
</tbody>
</table>
Governance

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

Compensation System for Members of the Board

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

The standards employed by the compensation system have been set with reference to market standards and trends and other factors, with the goal of establishing standards appropriate for a leading company in the information services industry. To improve transparency of directors’ compensation and others, NRI has established the Compensation Committee, comprising mainly Independent Directors, as an advisory body to the Board of Directors. The committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. Using the results of the committee’s inquiries, the Board of Directors sets policies for the determination of compensation for Members of the Board and other matters.

Compensation for Members of the Board of NRI comprises three categories (a. basic compensation, b. bonuses and c. stock-based compensation), and outside Members of the Board do not receive a.b. bonus or c. stock-based compensation.

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

Clawback System, etc.

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

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

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

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

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

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, add 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 add it to their bonuses.
**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

<table>
<thead>
<tr>
<th>Category</th>
<th>Total compensation (as of Mar.</th>
<th>Compensation by type (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board (Excluding Outside Members of the Board)</td>
<td>620</td>
<td>Basic compensation: 228</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (Excluding Outside Audit &amp; Supervisory Board Members)</td>
<td>107</td>
<td>Basic compensation: 58</td>
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<tr>
<td>Outside Members of the Board and Outside Audit &amp; Supervisory Board Members</td>
<td>110</td>
<td>Basic compensation: 96</td>
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*Note: In respect to Audit & Supervisory Board Members, stock-based compensation is not issued.*

**Executive Compensation Amounts**

Executive compensation for FY March 2021 is as follows.

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<th>Category</th>
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*Note: In respect to Audit & Supervisory Board Members, stock-based compensation is not issued.*
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.

Risk Management PDCA Cycle

I. Setting risks
II. Risk monitoring and improvements
III. Risk prevention and improvements

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

II. Priority themes for FY March 2022

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

Internal Audits Conducted by the Internal Audit Department

The Internal Audit Department (22 employees), which functions directly under the President & CEO, audits the Company to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the execution of the Members of the Board.

The results of such audits are reported to the President & CEO and other directors, and when corrections or improvements are needed, the Risk Management Supervisory Department, the representative departments, and the business divisions collaborate to induce improvements. In addition, the Internal Audit Department works to cooperate with the accounting auditor through regular exchange of opinions on 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.

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

NRI Group Employees’ Code of Business Conduct

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

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

### Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of Birth</th>
<th>Date of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shingo Konimoto</td>
<td>Chairman, President &amp; Representative Director</td>
<td></td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Hiroshi Funakura</td>
<td>Senior Executive Managing Director, Member of the Board, Director of Cloud Computing Service Division</td>
<td>Aug. 1960</td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Hidemori Anzai</td>
<td>Managing Director, Member of the Board, Director of the Systems Consulting Division</td>
<td>Aug. 1953</td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Ken Ebato</td>
<td>Senior Executive Managing Director, Member of the Board, Director of the Manufacturing Division</td>
<td>Oct. 1964</td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Hidemi Omiya</td>
<td>Member of the Board, Director of the Systems Consulting Division</td>
<td></td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Tetsuji Ohashi</td>
<td>Chairman, Member of the Board, Director of the Business Planning Division</td>
<td>Mar. 1967</td>
<td>Apr. 2014</td>
</tr>
</tbody>
</table>

### Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of Birth</th>
<th>Date of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takeshi Sakata</td>
<td>Audit &amp; Supervisory Board Member, Director of the Business Planning Division</td>
<td></td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Motoya Nishimura</td>
<td>Audit &amp; Supervisory Board Member, Director of the Business Planning Division</td>
<td></td>
<td>Apr. 2014</td>
</tr>
<tr>
<td>Kenkichi Kosakai</td>
<td>Audit &amp; Supervisory Board Member, Director of the Business Planning Division</td>
<td></td>
<td>Apr. 2014</td>
</tr>
</tbody>
</table>

### Managing Directors and Fellows

NRI makes a distinction between the Board of Directors’ decision-making on management strategy and business execution function, and the authority and responsibilities for business execution are largely delegated to Senior Managing Directors, etc. There are 48 Senior Managing Directors, etc., which includes three people who serve concurrently as a Member of the Board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of Birth</th>
<th>Date of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyoitaka Yamasaki</td>
<td>Executive Officer of Komatsu Ltd., President &amp; CEO, Representative Director</td>
<td></td>
<td>Apr. 2014</td>
</tr>
</tbody>
</table>

### Notes
1. Hidemi Omiya, Shinji Sakata, and Tetsuji Ohashi are Outside Directors, Yutaka Yamasaki and Kengo Hatakeyama are Outside Audit & Supervisory Board Members. NRI specifies those members as Independent Directors pursuant to the regulations of the Tokyo Stock Exchange and has declared them to be the abovementioned.
2. Members of the Board were selected at the Ordinary General Meeting of Shareholders held on June 22, 2018, for the Audit & Supervisory Board Members, Kenichi Kosakai was selected at the Ordinary General Meeting of Shareholders held on June 20, 2019, and Takeshi Sakata was selected at the Ordinary General Meeting of Shareholders held on June 18, 2021.
3. For the Audit & Supervisory Board Members, Kouhei Sato and Kiyotaka Yamazaki were selected at the Ordinary General Meeting of Shareholders held on June 22, 2018.
4. Figures in parentheses indicate number of the company’s shares held. These lists the number of shares held as of April 30, 2021, including holdings in the executive share ownership plan.
NRI’s Four Business Segments

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

Consulting

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

Financial IT Solutions

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

IT Platform Services

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

Clients

Relevant tables and figures are included in the document, showing revenue and operating profit by segments for FY March 2020. The tables include segments such as Consulting, Financial IT Solutions, Industrial IT Solutions, and IT Platform Services, with revenue and operating profit figures presented in billions of yen, with year-on-year changes noted.

Note:
1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. There was a partial revision to segment categorization for FY March 2020. Figures for FY March 2019 reflect this change in categorization. Also, year-on-year comparisons use previous year figures that reflect this change in categorization.

Major affiliated companies
- Industrial IT Solutions: NRI Netcom, NRI System Techno, NRI digital, Brierley+Partners, ASG Group, SMS Management & Technology Limited
- IT Platform Services: NRI SecureTechnologies, NRI Data i Tech, NRI digital
Consulting Segment

The Consulting segment provides consulting services for policy planning for government agencies and strategy planning, business operation reforms, and all phases of IT management for companies. We also have a strong track record in overseas markets including the Asia-Pacific, Europe, and the United States, where we have been tapped for numerous consulting projects by Japanese companies as well as local companies and governments.

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

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

Domestic and International Business Environment (Client Trends)

Solving social issues through DX
- Consideration of incorporating decentralization and other social issues into management strategy progresses

Acceleration in corporate reform by DX
- Expansion of business transformation themes by DX, further enhancement of transformation needs
- Increased needs for consulting to control projects
- Legacy core system and lack of IT human resources continue to hinder DX (domestic)

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

NRI Strategies and Countermeasures

Domestic business
- Solving social issues through co-creation with various partners
  - Carbon neutrality, circular economy, food value chain
  - Enhance DX-related solutions and service menus
- Expansion of business transformation consulting by DX
- Strengthen DX execution support such as business consulting and comprehensive support for client IT departments
- Strengthen customer responsiveness through increased sophistication of account management
  - Accurate response to client needs through internal collaboration
  - Strengthen ongoing business relationships through large-scale projects and promotion of cross-selling

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

Activity results

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

An investigation revealed that the actual circumstances of employment of non-regular employees and part-timers have been impacted by COVID-19 more severely than statistics show. Nationally, 23.0% of all female non-regular employees/part-timers indicated that their shifts had decreased due to COVID-19, and 43.2% of those individuals (13.1% of the total) indicated that their shifts had decreased by 50% or more.

Non-regular employees and part-timers whose shifts have “decreased by 50% or more” and “are not receiving a temporary business closure allowance” have been defined as “substantially unemployed individuals.” It is estimated that 1,231,000 women and 434,000 men were in that category as of February 2021. Substantially unemployed individuals are generally not included in the statistics for the unemployed or for individuals on leave due to a temporary business closure.

Further, the survey found that many substantially unemployed individuals are not aware that they can receive a temporary business closure allowance and that many want to look for a new job. In light of the findings of the investigation, we suggested that there was an urgent need to encourage the recognition and use of economic support for non-regular employees and part-timers to expand supportive measures that encourage labor mobility (changing jobs), in order to prevent a worsening of economic and societal circumstances as well.

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

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

In a project consigned by the Ministry of the Environment, NRI conducted an investigation and made recommendations regarding the possibility of demonstration projects in the product and materials area, which has significant potential, with the aim of establishing information platform business related to resource recycling throughout society. Specifically, we considered a unified information collaboration system aimed at efficient collection of used solar panels and appropriate reuse and recycling, as well as a system for management of waste from factories, which is unified through a shared categorization axis, and other matters.

Image of cooperation between arteries and veins through DX

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

NRI CODO hosted the Denmark Digital Government Webinar: The Current State and Future of Denmark’s Globally Top-rated Digital Government. The discussion of the current circumstances in digital government in Denmark and Japan, and the direction in the future

Changes in shifts compared with pre-COVID-19

[Diagram showing changes in shifts]

Investigation of shifts compared with pre-COVID-19

Individuals with fewer shifts compared with pre-COVID-19 [A] 26.4% of the total

Investigation of the Actual Circumstances of Non-regular Employees/Part-timers

NRI CODO conducted an investigation of the actual circumstances of non-regular employees and part-timers and found that 13.1% of non-regular employees/part-timers indicated that their shifts had decreased due to COVID-19, and 43.2% of those individuals (13.1% of the total) indicated that their shifts had decreased by 50% or more.

Investigation of the Actual Circumstances of Non-regular Employees/Part-timers

[A] of which shifts decreased 50% or more (13.1% of the total)

Investigation of the Actual Circumstances of Non-regular Employees/Part-timers

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Investigation of the Actual Circumstances of Non-regular Employees/Part-timers

[A] of which shifts decreased 50% or more (13.1% of the total)
Financial IT Solutions Segment

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

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

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

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

Domestic and International Business Environment (Client Trends)

Changes to the environment surrounding the financial industry
- Securities: Strong financial market
- Banking: Expansion of new forms of bank and entry of companies from other industries
- Insurance: Revitalization of development of small-amount short-term insurance through revision of the Insurance Business Act
- Asset management industry: Domestic market that is forecast to grow. Revitalization of movement to newly establish management firms
- Increased digitalization due to the COVID-19 pandemic
  - Establishment of remote work (non-face-to-face, no-contact)
  - Increased need for business model transformation through digitalization and entry of companies from other industries
  - Speed of My Number and advancement of conversion to paperless
  - Expansion of demand for BPO from the perspective of business continuity

NRI Strategies and Countermeasures
- Expansion of industry-standard business platforms
  - Expansion of cloud-native, inter-business-category services that exceed conventional financial industry frameworks
  - Response to diverse services needs through provision of API
- Expansion of ITO x BPO services united with Group companies
- Creation and expansion of digital financial services
  - Promotion of new DX business that contributes to My Number and other digital government policy
  - Expansion of financial business platforms for the front office in securities companies
  - Response to new forms of bank and entry of companies from other industries
  - Provision of the InsDirect/MP solution for mini insurance
- Expansion of front functions for asset management firms
- Acceleration of global business expansion
  - Stable operation and expansion of business of AUSIEX (Australia)
  - Taking on the challenge of further growth through M&A

Activity results

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

In March 2020, NRI issued "digital asset bonds" and "digital bonds," which are corporate bonds that utilize blockchain technology. It was the first time for a Japanese company to do so. At the time of the issuance, BOOSTY Co., Ltd., which was founded as a joint venture in 2019 by Nomura Holdings, Inc. and NRI, provided the "ibet" blockchain infrastructure. In the case of "digital asset bonds," NRI recruits investors through a smartphone app that connects to ibet, and grants digital assets (points that can be used at a cafe in this case) in place of interest. BOOSTY Co., Ltd., developed the shared platform ibet, which enables the creation, transfer, and usage of bonds and stocks, as well as various rights such as ownership rights, memberships, and digital assets. As a result, it is possible to handle products that previously had a low level of liquidity. Therefore, we expect expansion of the capital market.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Expansion of e-commerce due to the COVID-19
- Rapid increase for home delivery needs
- Impersonalization of sales and service
- Evolution of technologies such as mobile, cloud, and AI
- Utilization of technology to significantly change the business model and players in the industry
- Spread of network-type products in the manufacturing industry
- Network services that significantly affect product value

**NRI Strategies and Countermeasures**

**B2C e-commerce and digital marketing**
- Support for the continued growth of clients’ e-commerce businesses
- Utilization of advanced R&D results such as customer fitting, hybrid recommendations, and loyalty point programs

**B2B e-commerce**
- Construction of a strong e-commerce platform that supports transactions among corporations in the e-marketplace
- Algorithm for high-speed search of an enormous number of products

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

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

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

**Mission-critical systems**
- High availability and rapid service expansion 24 hours a day, 365 days a year

**Activity results**

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

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

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

**Holding of a real estate DX seminar under the theme of “Pathway to Smart Cities”**

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

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

**Communicating initiatives related to the physical Internet in Japan**

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

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

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

The segment provides services such as the management, multi-cloud services, and operation of data centers and IT platform/network development to the Financial and Industrial IT solutions segments. We also carry out research toward development of new businesses and new solutions and research in cutting-edge information technology.

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

Segment Strengths
- Data centers with facilities and operational management capabilities that conform to the highest standards
- Management operation centers in five locations in Japan and network hubs around the world
- Security business that supports companies’ global development
- Specialty company (NRI digital, Ltd.) that supports digital business creation
- Information technology trend projections over many years (publication of the IT Road Map, etc.)
- Investigation and research on AI (artificial intelligence), deep learning, voice recognition, image recognition, character recognition, etc.
- Acquisition of various global certifications
  - https://www.nri.com/jp/sustainability/evaluations#amc03

Domestic and International Business Environment (Client Trends)

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

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

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

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

NRI Strategies and Countermeasures

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

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

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

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

Promotion of measures against infection in the office through digital technology

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

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

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

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

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

Creating an attractive community through XR technology and art

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

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

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

* XR technology: A comprehensive term for augmented reality (AR), virtual reality (VR), and mixed reality (MR)
### 10-year Summary Consolidated Financial Statements

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

#### Consolidated Statement of Income:

<table>
<thead>
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<th>Sales</th>
<th>Cost of sales</th>
<th>Gross profit</th>
<th>Selling, general and administrative expenses</th>
<th>Operating profit</th>
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</tr>
<tr>
<td>2019.3</td>
<td>421,439</td>
<td>287,270</td>
<td>134,168</td>
<td>75,873</td>
<td>1,567</td>
<td>1,567</td>
</tr>
<tr>
<td>2018.3</td>
<td>424,548</td>
<td>283,761</td>
<td>143,787</td>
<td>85,272</td>
<td>1,567</td>
<td>1,567</td>
</tr>
<tr>
<td>2017.3</td>
<td>471,488</td>
<td>311,868</td>
<td>159,619</td>
<td>94,481</td>
<td>1,567</td>
<td>1,567</td>
</tr>
<tr>
<td>2016.3</td>
<td>520,243</td>
<td>335,528</td>
<td>184,666</td>
<td>93,293</td>
<td>1,567</td>
<td>1,567</td>
</tr>
<tr>
<td>2015.3</td>
<td>528,873</td>
<td>346,456</td>
<td>181,417</td>
<td>97,898</td>
<td>1,567</td>
<td>1,567</td>
</tr>
</tbody>
</table>

**Note:** Figures less than unit indicated have been rounded down for amounts.

---

### Consolidated Balance Sheet (Year-end):

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets</th>
<th>Net assets</th>
<th>Bonds and borrowings</th>
<th>Intangible fixed assets</th>
<th>Fixed assets</th>
<th>Property, plant and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023.3</td>
<td>624,111</td>
<td>73,310</td>
<td>85,485</td>
<td>90,067</td>
<td>431,634</td>
<td>47,714</td>
</tr>
<tr>
<td>2022.3</td>
<td>612,192</td>
<td>71,659</td>
<td>83,167</td>
<td>89,047</td>
<td>429,168</td>
<td>47,714</td>
</tr>
<tr>
<td>2021.3</td>
<td>533,151</td>
<td>69,276</td>
<td>79,023</td>
<td>87,987</td>
<td>406,788</td>
<td>47,714</td>
</tr>
</tbody>
</table>

---

### Consolidated Statement of Cash Flows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flows from operating activities</th>
<th>Cash flows from investing activities</th>
<th>Cash flows from financing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023.3</td>
<td>33,022,314</td>
<td>17,073</td>
<td>1,127,016</td>
</tr>
<tr>
<td>2022.3</td>
<td>32,336,361</td>
<td>89,067</td>
<td>1,142,675</td>
</tr>
<tr>
<td>2021.3</td>
<td>35,748,329</td>
<td>87,987</td>
<td>1,166,798</td>
</tr>
</tbody>
</table>

---

### 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.
3. Profit attributable to owners of parent includes extraordinary income and loss.
4. Extraordinary income and loss includes extraordinary income and profit, and other non-operating income and profit.

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**Corporate Information / Data**

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**Integrated Report 2021**

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**Integrated Financial Results**

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**Nihon Research Institute**

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**103**
## Consolidated Financial Data
(Year ended March 31)

### Segment Information:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2021.3</th>
<th>2020.3</th>
<th>2019.3</th>
<th>2018.3</th>
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<tbody>
<tr>
<td>Consulting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Platform Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
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<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Operating profit</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities</td>
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</tr>
<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Operating profit</td>
<td></td>
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</tr>
<tr>
<td>Operating margin (%)</td>
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<td></td>
</tr>
<tr>
<td>Other Financial</td>
<td></td>
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</tr>
<tr>
<td>Revenue</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Ratios:

<table>
<thead>
<tr>
<th>Ratios</th>
<th>2021.3</th>
<th>2020.3</th>
<th>2019.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total return ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price earnings ratio (PER)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted earnings ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other Financial Information:

- **Note:** Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
- **Note:** EBITDA margin is calculated as (Operating profit + Depreciation and amortization + Goodwill amortization) / Total revenue for FY March 2015 and as (Operating profit + Depreciation and amortization + Goodwill amortization + Loss on revaluation of non-current assets from FY March 2016 and as Operating profit + Depreciation and amortization + Loss on revaluation of non-current assets + Temporary factors from FY March 2020 (IFRS).
- **Note:** Ratios: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
- **Note:** The dividend payout ratio is calculated by dividing the total share dividends by the basic earnings per share.

---

### Production Orders:

<table>
<thead>
<tr>
<th>Production Orders</th>
<th>2021.3</th>
<th>2020.3</th>
<th>2019.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcontracting costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capital Expenditures:

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
<th>2021.3</th>
<th>2020.3</th>
<th>2019.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures (tangible)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (intangible)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### Notes:

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Total (Scope 1 + 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021.3</td>
<td>26.9</td>
<td>81.8</td>
<td>108.7</td>
</tr>
<tr>
<td>2019.3</td>
<td>25.9</td>
<td>73.8</td>
<td>99.7</td>
</tr>
<tr>
<td>2018.3</td>
<td>22.0</td>
<td>64.0</td>
<td>86.0</td>
</tr>
</tbody>
</table>

Note: Scope 1: Direct emissions through combustion of fuel, etc.
Scope 2: Indirect emissions through use of electricity, heat, steam, etc.

**S: Social**

**Number of employees (NRI Group data):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021.3</td>
<td>11,804</td>
<td>100</td>
<td>12,708</td>
</tr>
<tr>
<td>2019.3</td>
<td>11,804</td>
<td>100</td>
<td>12,708</td>
</tr>
<tr>
<td>2018.3</td>
<td>11,804</td>
<td>100</td>
<td>12,708</td>
</tr>
</tbody>
</table>

**Employment related (Non-consolidated data):**

<table>
<thead>
<tr>
<th>Year</th>
<th>New hires for the year (persons)</th>
<th>Total turnover rate (at rate)</th>
<th>Average length of service (years)</th>
<th>New graduates hires retention rate after 3 years (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021.3</td>
<td>289</td>
<td>12</td>
<td>14.3</td>
<td>15.6</td>
</tr>
<tr>
<td>2019.3</td>
<td>289</td>
<td>12</td>
<td>14.3</td>
<td>15.6</td>
</tr>
<tr>
<td>2018.3</td>
<td>289</td>
<td>12</td>
<td>14.3</td>
<td>15.6</td>
</tr>
</tbody>
</table>

**Health and productivity management**

- **Number of notification & consultation (cases):**
  - 2021.3: 158
  - 2019.3: 137
  - 2017.3: 290

**ESG Data**

**G: Governance**

**Number of Directors (Non-consolidated data):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Directors</th>
<th>Outside Directors</th>
<th>Female Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021.3</td>
<td>9</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

**Status of the Board of Directors (Non-consolidated):**

- **Number of the Board of Directors held (times):**
  - 2021.3: 18

- **Attendance average of Outside Directors (%):**
  - 2021.3: 98 |

- **Attendance average of Outside Audit & Supervisory Board Members (%):**
  - 2021.3: 98 |

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

- **Number of the Audit & Supervisory Board held (times):**
  - 2021.3: 18

**Number of notification & consultation (cases):**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>

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

*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.

**Employment of people with disabilities (NRI Group data):**

- **Employees with disabilities (persons):**
  - 2021.3: 121

**Client satisfaction (%):**

- 2021.3: 82.8

**Number of notification & consultation (cases):**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>

**Employment/education**

<table>
<thead>
<tr>
<th>Region</th>
<th>Australia</th>
<th>Asia</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021.3</td>
<td>593</td>
<td>1,277</td>
<td>290</td>
</tr>
</tbody>
</table>

**Public relations**

- **Number of public lectures given (times):**
  - 2021.3: 937

**Health and productivity management**

- **Number of notification & consultation (cases):**
  - 2021.3: 158

**Employment of people with disabilities (NRI Group data):**

- **Employees with disabilities (persons):**
  - 2021.3: 121

**Client satisfaction (%):**

- 2021.3: 82.8

**Number of notification & consultation (cases):**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
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<td>8</td>
</tr>
</tbody>
</table>

**Employment of people with disabilities (NRI Group data):**

- **Employees with disabilities (persons):**
  - 2021.3: 121

**Client satisfaction (%):**

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<table>
<thead>
<tr>
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<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>

**Employment of people with disabilities (NRI Group data):**

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<table>
<thead>
<tr>
<th>Year</th>
<th>2021.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>
NRI Group Network (As of the end of March 2021)

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

Domestic Bases
- NRI Networks, Ltd.
- NRI Secure Technologies, Ltd.
- NRI Workplace Services, Ltd.
- NRI Data, Ltd.
- NRI Social Information System Services, Ltd.
- NRI Process Innovation, Ltd.
- NRI Social Information System Services, Ltd.
- NRI Workplace Services, Ltd.
- NRI Secure Technologies, Ltd.

Overseas Bases
- US
  - Nomura Research Institute Holdings America, Inc.
  - Nomura Research Institute Americas, Inc.
  - Nomura Research Institute IT Solutions Americas, Inc.
- Pacific Branch
  - NRI Secure Technologies, Ltd., North America Branch
  - Cutter Associates, LLC
- Europe
  - Brierley+Partners, Inc.
- Asia (Russia)
  - Nomura Research Institute Europe Limited
- Luxembourg Branch
  - Cutter Associates Europe, Ltd.
- Europe Limited
  - Nomura Research Institute, Ltd., Moscow Branch
- Asia (Pacific)
  - Nomura Research Institute Australia Pty Ltd.
  - AGS Group Limited
  - Sydney Office
  - Canberra Office
  - Melbourne Office
  - Adelaide Office
  - Cutter Associates Australia Branch

NRI Group Worldwide Offices
- NRI Europe
  - London Office
  - Milan Office
- NRI Americas
  - NRI Americas (Beijing) Branch
  - NRI Americas (Shanghai) Branch
  - NRI Americas (Singapore) Branch
- NRI Australia
  - NRI Australia (Sydney)
  - Cutter Associates Australia Branch
- NRI China
  - NRI China (Beijing)
  - NRI China (Shanghai)
  - NRI China (Dalian)
- NRI India
  - NRI India (Mumbai)
  - NRI India (Bangalore)
- NRI Indonesia
  - PT. Nomura Research Institute Indonesia
  - NRI Indonesia (Jakarta)
- NRI Korea
  - Nomura Research Institute (Korea), Ltd.
- NRI Singapore
  - Nomura Research Institute (Singapore), Ltd.
- NRI Thailand
  - Nomura Research Institute (Thailand), Ltd.
- NRI UK
  - Nomura Research Institute (London), Ltd.

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

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

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

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

Component ratio of shareholders
- Individuals and other shareholders: 10.25%
- Companies incorporated in other countries: 33.88%
- Financial institutions: 25.77%
- Others: 40.18%

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

Share information
- Listed stock exchange: Tokyo Stock Exchange 1st. Section
- Code: 4207
- Fiscal year: From April 1 to March 31 of the following year
- Ordinary General Meeting of Shareholders: June
- Authorized shares: 4,720,525,000 shares
- Issued shares: 3,000,000,000 shares
- Number of shareholders: 38,149 persons

Transfer agent (address for inquiries only)
Mitsubishi UFJ Trust and Banking Corporation (Standing Agent: Mizuho Bank, Ltd., settlement division)
2-1-1, Marunouchi, Chiyoda-ku, Tokyo 100-8343
Tel: 03-3266-1111

Nomura Research Institute Consulting and Solutions
- Corporate Information / Data

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

Total Shareholder Return (TSR) Over the Past Five Years

- 360%
- 150%
- 30%
- 10%
- 0%
- 2016/3
- 2017/3
- 2018/3
- 2019/3
- 2020/3
- 2021/3

Nomura Holdings, Inc.
Nomura Securities Co., Ltd.
Nomura Research Institute, Ltd.
Nomura Research Institute (Korea), Ltd.
Nomura Research Institute (Singapore) Pte, Ltd.
Nomura Research Institute (Shanghai) Co., Ltd.
Nomura Research Institute (Thailand) Limited
Nomura Research Institute (Beijing), Ltd.
Nomura Research Institute (Dalian), Ltd.
Nomura Research Institute (Hong Kong), Ltd.
Nomura Research Institute (Indonesia), Ltd.
Nomura Research Institute (London), Ltd.
Nomura Research Institute (Mumbai), Ltd.
Nomura Research Institute (Singapore), Ltd.
Nomura Research Institute (Thailand), Ltd.
Nomura Research Institute (Tokyo), Ltd.
Nomura Research Institute (UK), Ltd.

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- 2016/3
- 2017/3
- 2018/3
- 2019/3
- 2020/3
- 2021/3

Note: Total shareholder return (TSR) is a ratio calculated by dividing revenue earned through stock investment (dividends and capital gains) by the amount of investment (stock price).
The graph above shows the TSR when investment was made on March 31, 2015. Based 100% on the closing price on March 31, 2015.
Source: Compiled by NRI.

Nomura Research Institute
Tel: +81(3)5533-2111

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

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Nomura Research Institute Consulting and Solutions
- Corporate Information / Data

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Nomura Research Institute (Thailand) Limited
Nomura Research Institute (Tokyo), Ltd.
Nomura Research Institute (UK), Ltd.

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Note: Total shareholder return (TSR) is a ratio calculated by dividing revenue earned through stock investment (dividends and capital gains) by the amount of investment (stock price).
The graph above shows the TSR when investment was made on March 31, 2015. Based 100% on the closing price on March 31, 2015.
Source: Compiled by NRI.