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

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

Consulting and IT Solutions Ushered in the Era

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

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

1966 IT SOLUTIONS

Nomura Computer Systems Established

Japan’s First Commercial Use of Computers

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

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


1988 Launch of New NRI

Merger

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.

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

(From the press conference following the signing ceremony for the new NRI)
Diverse human resources, who have inherited the founding spirit, are the drivers of NRI’s value co-creation. NRI’s professionals, possessing knowledge and skills in every area, stand in unity under the “Dream up the future” corporate philosophy as an unrivaled team. They will continue launching the challenge of building a future society through proposals that have looked into the far future and their sound execution.

**Corporate Statement**

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

<table>
<thead>
<tr>
<th>Mission</th>
<th>Business engagements</th>
<th>Management goals</th>
<th>Action guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dream new social paradigms and implement them</td>
<td>Create an innovative society for the future “Knowledge Creation and Integration”. Apply knowledge to create and integrate business solutions for customers</td>
<td>Maximize corporate value through “Navigation X Solution”</td>
<td>Challenge tirelessly with true professionalism</td>
</tr>
<tr>
<td>Build customer trust and establish relationships for mutual growth</td>
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</tr>
</tbody>
</table>

**Diverse Professionals Committed to Executing Their Mission**

Nomura Research Institute

Integrated Report 2022
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.

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 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 management solutions, and shared online services mainly for the distribution, manufacturing, service, and public sectors.

- **IT Platform Services**
  - This segment provides data center operations and Constructs IT platforms and networks for the Financial IT and Industrial IT Solutions segments. This segment also provides IT platform solutions and information security services to external clients. Furthermore, NRI conducts research related to advanced information technology, etc.

**External Revenue by Segment**

- **IT Platform Services**: 7.0%
- **Consulting**: 7.0%
- **Product Sales**: 2.8%
- **Consulting Services**: 20.5%

**External Revenue by Service**

- **Industrial IT Solutions**: 36.4%
- **Financial IT Solutions**: 49.6%
- **System Management & Operation Services**: 44.6%
- **System Development & System Application Sales**: 32.0%

Note: Ratios are for consolidated sales in FY March 2022.
Editorial Policy for the Integrated Report 2022

Since FY March 2014, NRI has published integrated reports that provide explanations while associating important financial and non-financial information. These reports aim to give an overall picture of NRI in a concise and clear manner. The Integrated Report 2022 has improved its content using feedback from stakeholders as reference. In particular, we enriched the content related to our human capital, which is one of NRI’s competitive advantages. Furthermore, we have included an outline of Group Vision 2030, which is the next long-term management vision that we are currently formulating.

As for details and other related information that cannot be included due to space, we have included the source of the relevant information (e.g., websites and the Annual Securities Report) within the pages of this Integrated Report for your use. NRI works toward the medium- to long-term enhancement of its corporate value. We strive for even deeper communication with stakeholders to enable the determination of its value.

Guidelines Referenced for the Disclosure of Information

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

Categorization for NRI’s Disclosure Information

Corporate Brochure
Integrated Report
Website

Corporate Brochure
Sustainability Book 2022
ESG Databook 2022

Website
https://www.nri.com/en

- Knowledge Insight
- Solutions & Services
- Sustainability
- News
- About NRI
- Investor Relations
- Careers
- NRI People
- NRI JOURNAL
- NRI Voice

Cautionary Note on Forward-Looking Statements

- This Integrated Report is prepared for the purpose of providing information on our performance in FY March 31, 2022 and our strategy for the coming years, not for the purpose of attracting investment in stocks issued by Nomura Research Institute, Ltd. (NRI). In addition, this report contains absolutely no guarantees or pledges.
- The opinions and outlook contained herein reflect the views of management at the time of preparation. We do not offer any guarantees or pledges as to the accuracy or completeness of such information, which, moreover, is subject to alteration without advance notice.
- NRI holds all rights to each and every part of the integrated report, which may not be reproduced, transmitted, or otherwise duplicated by any means, whether electronic or mechanical, whatever the purpose, without our express permission.
- The trademarks that appear in this report are the trademark of NRI or the respective company.
- For the purpose of convenience within this report “NRI” is used to refer to the Company and in certain places the entire NRI Group.
Toward 2030, the NRI Group will have insight into the prosperity that lies beyond digital transformation (DX) and provide value to society by creating digital social capital.

July 2022

Chairman and President & CEO
Representative Director
Member of the Board

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

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

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

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

While corporate management environments are being exposed to unprecedented changes, from a medium- to long-term perspective, initiatives and investment toward decarbonization and other social issues of high importance are expected to expand. The role to be fulfilled by mechanisms that utilize digital technology will continue to increase going forward, and the integration of business and IT will create sweeping trends of a new age. Transformation that utilizes digital technologies (DX) is expected to continue to be sought going forward for wide-ranging needs, from the transformation of individual enterprises to the resolution of global social issues.

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

Japan is facing the serious social issue of population decline. According to one forecast, negative GDP growth in the 2030s is unavoidable for the country if the trends of the past decade in labor productivity, employment rate, and working hours continue. To realize a society in which people can live in prosperity, Japan, too, must create digital social capital by transcending the barriers between the government and private sector, business types, and industries. It is essential that productivity and added value that surpass the effects of population and working-hour decline will be created.

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

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

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

The founding spirit is continued in the corporate mission announced by NRI in 2000: “Discern new social paradigms and implement them,” and “Build client trust and establish relationships for mutual growth.” NRI’s corporate mission is a clear statement of the Company’s conviction that the enhancement of its corporate value lies nowhere other than beyond the resolution of social issues.

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

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

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

While working to instill the corporate philosophy, NRI has also been engaged since 2019 in “value co-creation activities.” They are activities for thinking, from the bottom up, about providing value to society. With the aim of having each selected value co-creation leader place themselves in the shoes of NRI management to gain insight into the social issues of the future, we meet the theme of value co-creation activities for FY March 2022. “Message from the President in the 2000 NRI Group Integrated Report.” In the dialogue with value co-creation leaders, a straightforward exchange of opinions was carried out regarding creating a future society with an eye to 2030, and growth opportunities for the NRI Group. At the NRI Dream Up the Future Forum, I, too, have been introducing the shape of future economic systems and industries, and NRI initiatives based on those assumptions. As such, we have been implementing initiatives that are a combination of top-down and bottom-up approaches.

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

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

The move toward digitalization, which we had originally assumed, began in earnest from around 2017, and the term “DX” became commonplace in around 2018. Our move to shift the focus of our business ahead of others worked in our favor. We securely captured the tide of DX by implementing NRI’s original Con-Solutions business model in which our consulting and IT solutions arms worked as a team from the planning and conceptualization stage. They ran in tandem with clients, repeatedly carried out hypothesis testing, and provided value on an ongoing basis. Combining our capabilities in consulting and IT solutions has become the source of our added value. NRI has a large number of consultants and researchers who spent years accumulating deep knowledge of the industry in wide-ranging fields. They help show our clients the way, while discerning the future of ten or fifteen years’ time and making recommendations related to society. This is a capability that is distinctive of NRI, where the DNA of a general think tank has been passed down. Meanwhile, in the field of IT solutions, NRI has a wealth of systems engineers and DX human resources who can build from scratch information systems that require extremely complex operational logic, and implement them to businesses. The high quality required for mission critical systems and social infrastructures is assumed by NRI, and as such, the Company hires talented human resources and nurtures true professionals. Our pursuit is not of “size” that enables the mobilization of large numbers of human resources. Rather, we hire and develop human resources while emphasizing high added value.

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

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

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

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

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

The Next-generation Smart Construction being developed by EARTHBRAIN Ltd. consolidates all of the construction processes required for a 30-year long-term management vision, including design, procurement, construction, and operation. It can be said to be nothing other than an appreciation-type business model, such as that represented by digital assets.

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

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

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

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

The two missions, which are the foundations of the corporate philosophy, and the corporate statement, will be upheld as a universal set of values.
We will leverage such accomplishments and expertise to expand the My Number-related business, which will contribute to digitalization of national and local governments, into a new business pillar for NRI.

In Value Chain DX, which is another pillar for DX 3.0, we will work toward the achievement of a circular economy, such as by food-loss reduction through value chain optimization and the effective utilization of resources. Furthermore, in Infrastructure DX, we will work toward the realization of a platform business that is distinctive of NRI. It includes the provision of data analysis that streamlines the operation and maintenance of social infrastructures, and a shared online service for financial institutions that will also contribute to the reduction of CO2 emissions by clients.

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

Under V2030, the Australian business has entered the stage of making the organization even stronger and achieving mostly organic growth. Furthermore, we will build the business foundation in North America while using the successful experience and lessons learned in Australia. Because North America is a highly competitive market, the choice of the market segment on which we will focus the business will be important. American and Indian vendors that are rolling out large-scale resources are making their presence felt in North America. On the other hand, there are also many community-based vendors that specialize in the provision of clients' complex DX solutions. NRI's strength in Japan is in solutions which, through consulting, realize advanced DX that meet client needs. For this reason, we will orient ourselves toward a similar kind of business in the North American market as well. We would like to expand the business by joining hands with community-based vendors that compete not in terms of scale but rather in terms of the value proposition.

To build the North American business foundation, NRI acquired in December 2021, Core BTS, which has strengths in advanced DX. This was NRI's largest-scale M&A at about ¥53.1 billion (inclusive of the cash loan of ¥10.6 billion to Core BTS). In addition to the integration of infrastructure networks, which was the business inherited by Core BTS, in recent years Core BTS has possessed functions from cloud migration support, security diagnosis, and what is more, to DX application development. Using Core BTS, which possesses an abundant client base, as the foundation, and through further M&A, we plan to build a business model in North America that is similar to that in Japan and Australia.

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

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

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

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

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

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

Chairman and President & CEO
Kazuyoshi Kusakabe
Representative Director
Member of the Board

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

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

### Vision2022 financial targets

- **Operating profit**
  - ¥100 billion

- **Operating margin**
  - 14% or more

- **Overseas revenue**
  - ¥100 billion

- **ROE**
  - 14%*  

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

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

- Co-create a thriving future society by driving new value
- Co-create an ideal society by effectively utilizing its resources
- Co-create a safe and secure society by advancing its infrastructure

**Materiality for sustainable growth**

- Reduction of environmental impact for preserving global environment
- Provision of opportunities for all kinds of professionals to take on challenge
- Compliance with laws, regulations, and risk management to increase trust from society
- Management of the information systems that form social infrastructure
A Path of Unchanging Value Co-Creation

Services Created in Response to Societal Demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>(Former) Nomura Research Institute established</td>
</tr>
<tr>
<td>1966</td>
<td>Nomura Computing Center established</td>
</tr>
<tr>
<td>1968</td>
<td>Global financial crisis (billions of yen)</td>
</tr>
<tr>
<td>2001</td>
<td>Listed on the First Section of the Tokyo Stock Exchange</td>
</tr>
<tr>
<td>2015</td>
<td>50th anniversary</td>
</tr>
</tbody>
</table>

Nomura Research Institute

IT Solutions

| 1974 | Developed EOB, a shared online service for retail brokerage firms, launched |

Consulting

1970 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |
| 1974 | System Clinic Service launched to provide system consulting business in Japan |

1968 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 1969 | Organized Pension Management Study Group (affiliated with the Japan 45% scheme later) |

1984 | Became the sixth company in Japan to launch a corporate website |
| 1985 | Center for Cyber Communities Initiative established with Keio University |

1986 | Advocated the concept of Ubiquitous Networking (a new information technology paradigm) |
| 1987 | Conducted the first survey of 10,000 Consumers (repeated every three years) |
| 1992 | Established Tsinghua-NRI Chinese Research Center |
| 1994 | Providing comprehensive support, from designing the system to system construction |

1997 | Started sending CIO aides to government organizations, including the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, etc. |
| 2000 | Conducted the first survey of 10,000 Consumers (repeated every three years) |
| 2001 | Recommended activities and others for Great East Japan Earthquake recovery efforts |
| 2003 | Provided comprehensive support, from designing the service to the system architecture, for Toyota’s integrated online beauty service “watashi+” |
| 2004 | Provided comprehensive support, from designing the service to the system architecture, for Shiseido’s integrated online beauty service “watashi+” |
| 2005 | Provided comprehensive support, from designing the service to the system architecture, for Shiseido’s integrated online beauty service “watashi+” |
| 2006 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2011 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2012 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2013 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2014 | Proposed regarding Coronavirus Infection (COVID-19) measures |
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| 2018 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2019 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2020 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2021 | Proposed regarding Coronavirus Infection (COVID-19) measures |
| 2022 | Proposed regarding Coronavirus Infection (COVID-19) measures |

1970 | Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, etc. |
| 1987 | Forecasted the number of visitors to the World Exposition held in Osaka (afflicted Japan 401k scheme later) |
| 1988 | Forecasts the number of visitors to the World Exposition held in Osaka (afflicted Japan 401k scheme later) |

1988 | Online trading system for an online brokerage firm launched |
| 1992 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 1994 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 1995 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 1997 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 2000 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 2003 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 2006 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 2011 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |
| 2014 | Started recommendation activities of the world’s top three banks, including NRI (Japan) annually through 1984 |

1970 | Money trial) |
| 1973 | Financial crisis |
| 1975 | Financial crisis |
| 1984 | Financial crisis |
| 1987 | Financial crisis |
| 1990 | Financial crisis |
| 1993 | Financial crisis |
| 1996 | Financial crisis |
| 1999 | Financial crisis |
| 2002 | Financial crisis |
| 2005 | Financial crisis |
| 2008 | Financial crisis |
| 2011 | Financial crisis |
| 2014 | Financial crisis |
| 2017 | Financial crisis |
| 2020 | Financial crisis |
| 2023 | Financial crisis |

1987 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

1988 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

1989 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

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2019 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

2020 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

2021 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

2022 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |

2023 | Forecasted the number of dollars to the Japan World Exposition held in Osaka (began in research and consulting business in Japan) |
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.

Corporate Philosophy

Dream up the future

Competitive Advantages

Business Model

- Navigation
- Solution

Con-Solution

Solid Client Base

Value co-creation with clients

Materiality for sustainable growth

- Reduction of environmental impact for preserving global environment (Natural Capital)
- Provision of opportunities for all kinds of professionals to take on challenges (Human Capital)
- Compliance with laws, regulations, and risk management to increase trust from society (Governance)
- Management of the information systems that form social infrastructure (Intellectual and Manufacturing Capital)

External Environment

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

Corporate Value

Building sustainable futures

- Co-create a thriving future society by effectively utilizing its resources
- Co-create a safe and secure society by advancing its infrastructure

NRI growth

Financial Strategy

Co-create an ideal society by applying new value
Initiatives for Sustainability Management

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

### NRI’s Value Co-Creation

<table>
<thead>
<tr>
<th>Topics for FY March 2022</th>
<th>NRI</th>
<th>FY March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial comprehensive inspections and business platforms</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Co-create a thriving future society** | Promote DX | Led social transformation through numerous DX projects
Core DDS becomes a subsidiary, DX expansion into North America |
| | Create new business models | Established EuroHarmon, a subsidiary, to significantly improve productivity in the construction industry |
| | Provide social recommendations and system proposals | Diversified information on the economic impact of vaccination, trends in revenge consumption, etc., to solve social issues |
| **Co-create an ideal society** | Expand services in business platforms | Development of shared online services through the adoption and expansion of STAR clientele with major clients, etc. |
| | Generate environmental benefits for clients through business platforms | Completed energy conversion of three data centers
CDP A-list accreditation: MSCI rating of AAA-award |
| | Facilitate transformation for societal optimization | Development of a prototype carbon-tracing system to help companies identify their CO2 emissions |
| | Help build IT infrastructure to create an ideal society | Progress in optimizing IT infrastructure, with financial ASP services gradually moving to a public cloud environment |
| **Co-create a safe and secure society** | Help upgrade the social infrastructure | Further expansion of the use of e-PO box and e-NINSHO public personal authentication system linked to individual number portal |
| | Contribute to information security | Expansion of zero trust business
Contribute to improved security of society and infrastructure |
| | Maintain the quality of systems in operation | Ongoing comprehensive interlocking inspections and major fault operation drills to ensure stable system operation |
| **Reduction of environmental impact for preserving global environment** | | Reduction of greenhouse gas emissions 72.1% (compared with FY March 2014) |
| **Provision of opportunities for all kinds of professionals to take on challenge** | | Ratio of female managers 8.30% |
| | | Ratio of female hires 33.20% |
| **Compliance with laws, regulations, and risk management to increase trust from society** | | |
| **Management of the information systems that form social infrastructure** | | |

**Key Results for FY March 2022**

- **Number of business partnerships (joint ventures, local government agencies supported, etc.)**: 3
- **Number of NRI articles featured in the big five national newspapers**: 114
- **Business platform sales**: 109.7 billion JPY
- **Clients’ reduced CO2 emissions due to shared use**: 105,087 tons
- **Size of business regarding operational reform-related services**: 32%, compared to FY March 2021
- **Size of cloud and data center services business**: +8%, compared to FY March 2021
- **Size of business involving public sector**: +6% year-on-year
- **Amount of investment in safety and security**: 7.5 billion JPY
- **Number of information systems failures causing significant financial and social impact**: No occurrences
Business Model

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

NRI’s Two Functions

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

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

NRI’s Business Model

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.

In Relation to Competitive Advantages

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

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

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

Integrated Report 2022
Competitive Advantages

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

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

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

Human Capital [P. 68]

Challenging Assignments
At NRI, employees are given roles requiring great responsibility and discretion even if the employees are of a younger generation. Thirty-five percent of the systems development project managers (PMs) are in their 20s or early 30s. What is more, even in consulting projects, in many cases, employees experience working as a leader for the first time in their 20s.
NRI-style project management methods and knowledge-sharing mechanisms, which were developed through long-standing accomplishments, make human resources development and the giving of challenging assignments possible.

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

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

Thinking behind the supporting personnel system
- The flexible assignment of roles
- Serendipity and independent career development
- Treatment and development investment appropriate for professionals

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Thinking Behind the Supporting Personnel System

- Three ways of thinking that are at the root of the personnel system support the “cycle of growth.” They are:
  - The flexible assignment of roles
  - Serendipity and independent career development
  - Treatment and development investment appropriate for professionals

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

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

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

The Strength of Individual Human Resources
- The Strength as an Organization

Human Resource Investment [P. 72]
Competitive Intellectual Property

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

Future Forecasts and Social Recommendations

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

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

Shared Online Services

For many years, NRI has continued to respond to the needs of clients in the financial industry and provide innovative solutions. Shared online services are the fruit of our long-term accumulation of know-how. Shared online services consist of the creation of software incorporating the technology and expertise cultivated through building systems for individual clients, with the client’s required work standardized, and providing it as SaaS. NRI’s strength is using our technology and expertise cultivated through building systems for individual clients, with the client’s required work standardized, and providing it as SaaS. NRI’s strength is using our technology and expertise cultivated through building systems for individual clients, with the client’s required work standardized, and providing it as SaaS.

The increase in the number of clients using shared online services contributes not only to the expansion of NRI’s business but also to the stabilization of our profit structure.

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 storage/management system with high management standards, based on our experience operating backbone systems for financial institutions. DSB Co., Ltd., provides services for the collection, registration, management, and use of individual numbers.

Development of Competitive Intellectual Properties

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

Solid Client Base

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

Competitive Advantages

Outcome of Business Model and Competitive Advantages

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

Stable Profit Structure

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

Number of Companies Using the Services as of the End of March 2022

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.

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>NRI</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/70s</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>1980s</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1990s</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2000s</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2010s</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2020s</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

Number of Clients with Revenues of ¥1.0 Billion or More

<table>
<thead>
<tr>
<th>Industry</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Insurance</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Banking</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Distribution</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Manufacturing,</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Other domestic</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Overseas</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

Industry-wide Comparison of Consolidated Revenue and Operating Margin

Industry-wide Comparison of Consolidated Revenue and Operating Profit per Employee

EBITDA Margin Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>NRI</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>17.3%</td>
<td>Compiled by NRI from the above companies’ financial statements</td>
</tr>
<tr>
<td>2020</td>
<td>18.3%</td>
<td>Compiled by NRI from the above companies’ financial statements</td>
</tr>
<tr>
<td>2021</td>
<td>19.3%</td>
<td>Compiled by NRI from the above companies’ financial statements</td>
</tr>
<tr>
<td>2022</td>
<td>20.3%</td>
<td>Compiled by NRI from the above companies’ financial statements</td>
</tr>
</tbody>
</table>

(Source) Compiled by NRI from SPiSGA
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><strong>Complex social issues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of decarbonization and other means of resolving social issues</td>
<td>Contribution to preserving the global environment - Reduction of client greenhouse gas emissions through shared online service</td>
<td>Social responsibility - Inadequate climate change measures - Inappropriate behavior in business activities</td>
</tr>
<tr>
<td>Heightened expectations of society and investors toward companies for the resolution of social issues</td>
<td>Business continuity - B-preparedness for COVID-19 and large-scale natural disasters</td>
<td></td>
</tr>
<tr>
<td>Increasingly fluid industrial structure</td>
<td>Strengthening of information security - Needs for information security services that manage data, such as personal information, safety, and security</td>
<td>Information security - Information leakage due to unauthorized external access - Group governance of risk violations at the NRI Group and business partners - Insufficient synergistic effects of M&amp;A and partnerships - Inadequate system for global strategy promotion</td>
</tr>
<tr>
<td>Relative expansion of the scale of overseas markets</td>
<td>Entry into overseas markets - Incorporation of IT investment needs in overseas markets - Overseas acquisition of competitive intellectual properties</td>
<td>Group governance - Insufficient synergy through M&amp;A and alliances - Insufficient system to promote global strategy</td>
</tr>
<tr>
<td>Division of economic zones and formation of economic blocs</td>
<td>Reconstruction of supply chains - Needs for advisory services for corporations constructing their global supply chain</td>
<td>Business partners - Tightening of regulations toward overseas offshore development, and degraded quality of efficiency</td>
</tr>
<tr>
<td>Melting of boundaries between business types and industries due to digitalization</td>
<td>Redefinition of industry and business models, and integration of management and technology - Needs for simultaneous transformation of both client business and IT through the combination of consulting and IT solutions</td>
<td>Quality - Discontinuation of large-scale system failures - Unstable operation of the operating system</td>
</tr>
<tr>
<td>Increasingly fluid industrial structure</td>
<td>Strengthening of the protection of rights</td>
<td>Compliance - Infringement of third-party intellectual property rights - Violation of domestic and foreign laws and regulations</td>
</tr>
<tr>
<td>Evolution of advanced technology, such as cloud computing, artificial intelligence, and next-generation communications</td>
<td>Emergence of DX-related business - P&amp;I for advanced themes with a focus on DX-related business</td>
<td>Projects - Late delivery - Work man-hours exceeding the initial estimate</td>
</tr>
<tr>
<td>Commodityization of no-code, low-code, etc.</td>
<td>Expansion of the usage of IT services - Heightened needs for increasing business efficiency and improving productivity - Shift to shared online services - Modernization of systems using new technology</td>
<td>Social responsibility - Inadequate climate change measures - Inappropriate behavior in business activities</td>
</tr>
<tr>
<td>R&amp;D for advanced themes with a focus on DX-related business</td>
<td>Variety of working styles and diverse human resources - Pursuit of optimal working styles for NRI such as the utilization of telecommuting - Value creation through collaboration with business partners and external human resources</td>
<td>Business partners - Insufficient assessment of business partners possessing highly specialized operational expertise - Decline of productivity and quality in the NRI Group, including business partners</td>
</tr>
<tr>
<td>Taking root of respect for individuals and new working styles</td>
<td>Expansion of the usage of IT services - Heightened needs for increasing business efficiency and improving productivity</td>
<td>Social responsibility - Inadequate climate change measures - Inappropriate behavior in business activities</td>
</tr>
<tr>
<td>Innovations in advanced technology, such as cloud computing, artificial intelligence, and next-generation communications</td>
<td>Variety of working styles and diverse human resources - Pursuit of optimal working styles for NRI such as the utilization of telecommuting - Value creation through collaboration with business partners and external human resources</td>
<td>Business partners - Insufficient assessment of business partners possessing highly specialized operational expertise - Decline of productivity and quality in the NRI Group, including business partners</td>
</tr>
</tbody>
</table>

**Related Initiatives**

- Reduction of Environmental Impact for Preserving Global Environment | P.119
- Initiatives Regarding the TCFD Final Report | P.91
- Internal Controls, Corporate Ethics, and Compliance | P.116
- Cooperation with Business Partners | P.586
- NRI’s Quality Management | P.80
- Global Strategy | P.150
- NRI’s Corporate Governance | P.102
- Competitive Intellectual Property | P.32
- NRI’s Quality Management | P.580
- Internal Controls, Corporate Ethics, and Compliance | P.116
- Competitive Intellectual Property | P.32
- NRI’s Quality Management | P.580
- Diverse Professionals | P.32
- NRI’s Human Resource Strategies | P.96
- DX Human Resources | P.72
- Cooperation with Business Partners | P.586
- NRI’s Quality Management | P.80
Non-Financial Highlights

E: Environment-related Data

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

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

- FY March 2022: Reduced greenhouse gas emissions by 72.1% compared with FY March 2014.

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

Among concerns over rising power usage by the IT services industry as a whole, NRI has formulated a business plan to steadily reduce greenhouse gas emissions. NRI’s shared online service revenues will likely serve the entire value chain, including client companies. Specifically, using NRI’s shared online service can allow our clients to cut their CO₂ emissions by around 70%, compared with if they build and operate their own systems independently.

Note: The basis for the data has been changed from FY March 31, 2022. Accordingly, data for the period prior to FY March 31, 2021 has been recalculated based on the same standards.

S: Social-related Data

Number of Employees (NRI Group data)

Female Hires / Turnover Rate (Non-consolidated data)

Male Childcare Leave Acquiring Rate (Non-consolidated data)

Information Communication / Recommendation Projects (Non-consolidated data)

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

Client Satisfaction (Non-consolidated data)

Engagement Score

NRI: 70

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

See P.130-131 for more details
02 Growth Strategy

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

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### Transition of Growth Strategy

#### Vision2015

**NRInnovation!**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>To provide a business platform that laterally spans the industry and market</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Growth higher than industry average and profitability set NRI apart in the industry</td>
<td></td>
</tr>
<tr>
<td>- Growth potential 7% growth</td>
<td></td>
</tr>
<tr>
<td>- Profitability 13% or more</td>
<td></td>
</tr>
<tr>
<td>- Powerful business portfolio</td>
<td></td>
</tr>
<tr>
<td>- More dependence on two major clients 58% - 74%</td>
<td></td>
</tr>
<tr>
<td>- Expand business in industrial sector 13% - 24%</td>
<td></td>
</tr>
<tr>
<td>- Expand industry-specific business platforms 12% - 22%</td>
<td></td>
</tr>
<tr>
<td>- Expand overseas-related business 1% - 6%</td>
<td></td>
</tr>
<tr>
<td>Improve productivity in specialty areas in Japan</td>
<td></td>
</tr>
<tr>
<td>- Handily any unexpected large-scale unprofitable projects</td>
<td></td>
</tr>
<tr>
<td>- Improved productivity by integrating business platform development systems and implementing development management integration tool</td>
<td></td>
</tr>
<tr>
<td>- Expand industry-standard business platforms and develop large-scale clients</td>
<td></td>
</tr>
<tr>
<td>- In Industrial IT, major progress has been achieved in the context of DX, and great progress has been made in development of largescale clients</td>
<td></td>
</tr>
<tr>
<td>- In Financial IT, worsening business conditions of clients had an impact but business platforms grew, and large-scale projects were also acquired</td>
<td></td>
</tr>
<tr>
<td>- Expand number of clients to whom sales was ¥1 billion or more: 86 firms (&lt;22 firms)*</td>
<td></td>
</tr>
<tr>
<td>- Build foundations for global business</td>
<td></td>
</tr>
<tr>
<td>- Business in Australia is progressing smoothly, mainly with AGS</td>
<td></td>
</tr>
<tr>
<td>- Initiated more governance improvements in conjunction with global business separation</td>
<td></td>
</tr>
<tr>
<td>- Create business IT</td>
<td></td>
</tr>
<tr>
<td>- More projects involving D2C, digital marketing, and analytics</td>
<td></td>
</tr>
<tr>
<td>- Greater proficiency in agile development for BIT, and productivity has improved</td>
<td></td>
</tr>
<tr>
<td>- Collaborative models have been achieved by establishing joint ventures</td>
<td></td>
</tr>
</tbody>
</table>

#### Specific initiatives

- Introduce THE STAR to Nomura Securities Co., Ltd. (2012)
- Established and acquired subsidiaries in the industrial field
  - Acquired NRI System Techno, Ltd. (2012)
  - Established Marubeni IT Solutions Inc. (2014)
- Started provision of new industry standard business platform services
  - SFP platform solution for asset managers “SmartBridge Advance” (2012)
  - Online banking system “Value Direct” (2012)
  - Solution supporting financial institutions’ retail sales representatives “Advisor Platform” (2014)
- My Number management services “e-BANGO” (2015)
- Solution supporting financial institutions’ retail sales representatives
  - “Advisor Platform” (2014)
- Established joint ventures
  - R2D2 Digital Inc. (2017)
  - Technium Co., Ltd. (2018)
  - NEWS Ltd. (2019)
  - JIRL, Digital Experience Co., Ltd. (2019)

- Expanded the number of companies using industry standard business platforms
  - THE STAR: 73 firms (<5 firms)*
  - BESTWAY: 114 firms (<5 firms)*
  - T-STAR: 19 firms (<5 firms)*

- Global acquisition
  - Established joint ventures
  - R2D2 Digital Inc. (2017)
  - Technium Co., Ltd. (2018)
  - NEWS Ltd. (2019)
  - JIRL, Digital Experience Co., Ltd. (2019)

- Established overseas bases

- Collaborative models have been achieved by establishing joint ventures

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

* Number of firms for FY March 2019 (compared to FY March 2016)

### Medium-Term Management Plan (2016–2018)

**Vision2018 Share the Next Value!**

<table>
<thead>
<tr>
<th>FY March 2017 – FY March 2019</th>
<th>FY March 2020 – FY March 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>Operating Profit</strong></td>
</tr>
<tr>
<td>106.5</td>
<td>12.4</td>
</tr>
<tr>
<td>110.9</td>
<td>12.6</td>
</tr>
<tr>
<td>113.2</td>
<td>12.8</td>
</tr>
<tr>
<td>116.0</td>
<td>13.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating Margin / ROE (%)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>20.3</td>
</tr>
<tr>
<td>21.7</td>
</tr>
</tbody>
</table>

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

**Vision2022 Share the Next Value!**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>Operating Profit</strong></td>
</tr>
<tr>
<td>107.0</td>
<td>12.4</td>
</tr>
<tr>
<td>111.4</td>
<td>12.6</td>
</tr>
<tr>
<td>114.8</td>
<td>12.8</td>
</tr>
<tr>
<td>118.2</td>
<td>13.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating Margin / ROE (%)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>20.6</td>
</tr>
<tr>
<td>22.0</td>
</tr>
</tbody>
</table>

### Financial Target and Progress

<table>
<thead>
<tr>
<th>FY March 2020 (Actual)</th>
<th>FY March 2021 (Forecast)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥611.6 billion</td>
<td>¥670.0 billion</td>
</tr>
<tr>
<td>Operating profit</td>
<td>¥105.0 billion</td>
<td>¥110.0 billion</td>
</tr>
<tr>
<td>Operating margin</td>
<td>17.4%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Overseas revenue</td>
<td>¥75.8 billion</td>
<td>¥80.0 billion</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>24.9%</td>
<td>—</td>
</tr>
<tr>
<td>ROE</td>
<td>12.5%</td>
<td>—</td>
</tr>
</tbody>
</table>

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

### Integration of Corporate Philosophy & Vision

#### Mission & Values

- **Corporate Philosophy**
  - Vision Statement (Formulating now)
  - Long-term Management Strategy
  - Medium-term Management Plan
- **Our Values**
  - Vision
  - Values

#### NRIvision 2030

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

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

---

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

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

#### Ratio of Revenue by Japan and Overseas

<table>
<thead>
<tr>
<th>FY March 2015</th>
<th>FY March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Overseas</td>
</tr>
<tr>
<td>96.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>87.5%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

#### Ratio of External Revenue by Segment

<table>
<thead>
<tr>
<th>FY March 2016</th>
<th>FY March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>Financial IT</td>
</tr>
<tr>
<td>7.0%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Financial IT</td>
<td>Industrial IT</td>
</tr>
<tr>
<td>36.4%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Industrial IT</td>
<td>IT Platform</td>
</tr>
<tr>
<td>6.8%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Others</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Vision2022 and Medium-Term Management Plan

As we aim for the final goal of V2022, NRI is moving forward with the Medium-Term Management Plan (2019–2022), the four-year second half of V2022. In FY March 2021, the third year of the Plan, the growth strategy of the Medium-Term Management Plan progressed steadily, and we achieved targeted operating profit, ¥110 billion, ahead of schedule.

Long-Term Management Vision “Vision2022”

In April 2015, NRI launched its long-term management vision “Vision2022” (V2022), the final year of which is FY March 2023. It was created to realize NRI’s corporate philosophy of “Dream up the future.” NRI is positioning itself as a corporation that boldly tackles truly meaningful innovation based on its commitment and strengths. NRI will create future societies with clients by further refining the strengths that we have cultivated thus far; namely, insight, the ability to achieve, and the ability to co-create. We have imbued our thoughts for achieving V2022 into our vision statement “Share the Next Values!” With this in mind, each NRI employee is embracing the challenge of achieving new value.

NRI Sustainability Management

NRI not only wants to achieve growth by contributing to the creation of a sustainable society through the resolution of social issues. This is the basic concept behind the sustainability management of the NRI Group, initiatives for which we newly commenced from the Medium-Term Management Plan (2019–2022).

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

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

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

DX Strategy

- Use technology to transform customer business models and processes

Business Platform Strategy

- Evolve business platforms (BPFs) in finace

Cloud Strategy

- Modernize legacy systems by using cloud infrastructure

Global Strategy

- Achieve more global business growth, seeking revenue of ¥110 billion

Human Resources Strategy

- Strategic recruiting, talent development

Integrated Report 2022
Supporting the Transformation of Clients and Society through DX Consulting

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

Improvement of Consumer Convenience with the My Number Individual Number as the Foundation

NRI is engaged in the development of services that cross the boundaries between the public and private sectors and the creation of usage scenarios to spread and entrench the My Number Card, which is increasingly taking hold, as a “digital society ID.” To promote the My Number Individual Number system from the private sector standpoint, NRI, as one of the largest providers of related services in Japan, has rolled out the “e-BANGO,” a My Number storage/management system, “e-NINSHO,” an identity verification service, and the “e-POBox,” a private-public initiative that provides a digital infrastructure. More recently, e-NINSHO has been used by financial institutions for identity verification and in administrative procedures for making an application for the electronic issuance of deduction certifications, etc. In such ways, we carried out the “e-NINSHO” and “e-POBox,” services, a private-public initiative that provides a digital infrastructure. DX will bring about Transformation of Production Processes in the Construction Industry

The construction industry is currently facing issues such as aging workers and a declining working population, and combined with the impact of the spread of COVID-19, it needs to undergo reforms utilizing the power of digital technology on construction sites in Japan and overseas. NRI, Komatsu, NTT Docomo, and Sony Semiconductor Solutions jointly launched the new company, EARTHBRAIN Ltd., in September 2021. It utilizes digital technology to remotely monitor all kinds of information including the topography of construction sites, machinery, people, materials and also safety and environmental aspects, and control the optimization of the entire construction process with diverse solutions such as visualization and optimization of construction sites, and remote control to resolve customers’ issues. This will result in the generation of new standards for production processes and the creation of safe and highly productive sites for the future.

Enhance Multi-Cloud Services (Dedicated Cloud)

In response to the growing demand for overall system optimization in response to the diversification and complexity of customer system infrastructures, such as the use of on-premise and multiple clouds, NRI offers multi-cloud services that centrally manage multiple cloud infrastructures and managed services that provide comprehensive support by optimizing entire systems on behalf of customers’ IT departments. Utilizing useful services in the public cloud is an important factor for successfully realizing DX. NRI has established a dedicated public cloud in its own data center in order to maximize the usefulness and competitiveness of the public cloud, while at the same time responding to the need for safe and secure governance and security under our own control. Using the World’s First Oracle Dedicated Region Cloud In March 2020, NRI announced that, as part of strengthening this service, it would be the first company in the world to adopt Oracle Corporation’s “Oracle Dedicated Region Cloud” and use it as NRI’s exclusive public cloud.
Australia

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

ASG

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

ASG possesses a full range of capabilities related to DX. By consistently supporting digital transformation as a trusted partner of its clients, the company is aiming to grow together with clients.

ASG will aim for further growth by expanding its capabilities through M&A and providing total support to clients.

Planit

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

AUSIEX

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

* IFAs: independent financial advisors who are not affiliated with major financial institutions, etc.
Overview of Core BTS

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

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

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

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

Promote employee skill acquisition and development
- Strategically develop business designers, data scientists, and other such personnel
- Skill acquisition and development for application / platform personnel to support DX strategy

Promote employee success
- Promote diverse work styles (diversity, participation, and advancement of women and senior personnel, etc.)

More development partners
- Get more development partners that have technologies and expertise in areas such as DX

NRI Group’s Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic substitutes</th>
<th>NRI Payroll*</th>
<th>Overseas substitutes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>200</td>
<td>700</td>
<td>300</td>
<td>1,200</td>
</tr>
<tr>
<td>2020</td>
<td>200</td>
<td>700</td>
<td>300</td>
<td>1,200</td>
</tr>
<tr>
<td>2021</td>
<td>200</td>
<td>700</td>
<td>300</td>
<td>1,200</td>
</tr>
<tr>
<td>2022</td>
<td>200</td>
<td>700</td>
<td>300</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Hiring to NRI Payroll* by Year

- New graduate: 319 persons
- Mid-career: 133 persons

The Voice of a Mid-Career Recruit

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

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

* Acquisition date
In FY March 2023, despite the intermittent spread of COVID-19 continuing from the previous fiscal year, we were able to expand our DX business and global business, which has been a continual theme for NRI, and we were able to steadily improve our performance. We have already achieved the targets set for operating profit margin and ROE in the Long-Term Management Vision “Vision2022” (V2022) by FY March 2022. Recently, we were also able to achieve the target for operating profit ahead of schedule. In response to these achievements, in the announcement of financial results in April 2022, NRI announced the outline of our next vision, “Group Vision V2027” (V2030). The entire form of V2030 is scheduled to be announced in April 2023. In this way, we are moving forward to even greater future growth.

Looking Back on V2022

FY March 2023 is a milestone year in which we will complete V2022 and begin V2023. FY March 2023 marks a return on financial management during the past six years of V2022, and we have focused on efficient management of working capital on hand, with a guideline of approximately two to three months of revenue. In preparation for unforeseen circumstances during the COVID-19 pandemic, NRI temporarily increased working capital on hand, with a guideline of approximately three to four months of revenue. However, we have now returned to the previous level and are operating flexibly while paying close attention to social conditions.

In terms of business and non-business assets, in order to consolidate management resources and streamline business operations, we have organized offices and data centers and switched to leasing in order to increase fluidity. The spread of COVID-19 has accelerated the diversification of workstyles. In response, NRI is continuing to work on office consolidation.

We have reduced our cross-shareholdings while periodically verifying their consistency with our holding policy. We have now returned to the previous level and are operating flexibly while paying close attention to social conditions.

Global Promotion through Finance

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

In February 2022, NRI became the first Japan operat- ing company to raise funds using the Australian Medium Term Note (AMTN) program. This is an effort to enable flexible procurement of Australian dollars against the backdrop of business expansion in Australia. Through these new initiatives, we aim to further increase recognition of NRI among overseas investors and to expand our investor base both in Japan and overseas.

Financial Activities to Promote Sustainability Management

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

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

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

Balance Sheet Management Policy

NRI identified the following as key items in its balance sheet management.

- **Cash and cash equivalents**: To ensure stability and security, operating capital, and maintaining solvency.
- **Investment securities and business and nonbusiness assets**: To ensure sufficient capital to support the group's future growth.
- **Cross-shareholdings**: To maintain a transparent and market-oriented business model.
- **Capital**: To ensure the group’s capability to make strategic capital investments.
- **Net interest-bearing debt**: To maintain a stable debt structure.
- **Payout ratio**: To ensure ample resources for future growth.
- **Equity ratio**: To ensure strong financial stability.

The following is a summary of NRI’s financial management policy as described in the “Integrated Report 2022.”

**Policy for managing medium- to long-term interest-bearing debt**
- Cap on net C/I ratio 0.3 times
- Maintain net interest-bearing debt below EBITDA

**Retirement benefit assets/liabilities**
- Swaps for hedging for financial risk, such as volatility in foreign exchange rates

**Total equity**
- Equity: To ensure capital adequacy and financial sustainability.
- Surplus: To ensure sufficient resources for future investments.

**Equity**
- Cash and cash equivalents: To ensure liquidity and maintain solvency.
- Equity ratio: To ensure strong financial stability.
- Capital: To ensure the group’s capability to make strategic investments.

In the future, NRI will continue to manage its balance sheet with these principles in mind, focusing on sustainability, financial growth, and long-term profitability.
Value Co-Creation

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

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

STEP 1
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
We extract the identified elements that have a high degree of importance from a variety of perspectives inside and outside the company.

STEP 3
Hearings with experts and management review
Adjust highly material elements based on the opinions from external experts, securing the reliability and objectivity of the elements, and identify through management review.

Value Co-Creation Committee

Identification of aggressive materiality based on business
Returning to the corporate philosophy, the Founding Spirit, and NRI’s DNA, and confirming that they constitute “social value creation”.

Sustainability Activities Committee

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

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

NRI’s 3 Social Values

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

Co-create a thriving future society

Co-create an ideal society

Co-create a safe and secure society

Informational perspectives

Materiality for sustainable growth

Reduction of environmental impact for preserving global environment

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

Management of the information systems that form social infrastructure

Sustainability Activities Committee

- Dialogue with investors, etc.
- ESG information disclosures
- TCFD scenario analysis
- Human rights
- Supply chain handling

Contact points with clients & society

Expansion & involvement

Global

Practice

Action

Switching to a mode focused on fostering a stronger “sympathy”

Creating additional social and economic value

Sustainability Management Structure

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

Value Co-Creation Committee

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

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

Sustainability Activities Committee

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

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

Structure of subcommittee and team

- Basic sustainability policy considerations
- Materiality revisions
- ESG information disclosures
- Decarbonization
- Carbon neutrality consideration
- TDFT scenario analysis
- Scope 3 emissions reduction activities
- Human rights
- Promoting diversity & inclusion
- Monitoring supply chain
- Dialogue with partners, etc.
- Dialogue with partners, etc.
Practice for Value Co-Creation—The NRI Dream Up the Future Awards

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

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

Launch of the New Company EARTHBRAIN
"EARTHBRAIN" Team

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

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

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

This project was created through the practical efforts of value co-creation leaders. It was achieved by value co-creation leaders continuously aiming to establish new business while keeping co-creation with clients in mind.

Proposals Related to Social Problems During the COVID-19 Pandemic

Questions Related to Social Problems During the COVID-19 Pandemic

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

Support for COVID-19 Vaccination Operations

National Vaccination Operations Support Team

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

The NRI Dream Up the Future Awards 2021 Special Recognition

Research Reports and Proposal Activities on Digital Currency

Study Group on the Future of Currency and Banking Team

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

Proposals Related to Social Problems

During the COVID-19 Pandemic

We secured COVID-19 vaccines, prepared the vaccination system and created a workplace vaccination reservation site in the short period of just over two weeks. By smoothly implementing workplace vaccinations for approximately 26,000 people inside and outside the NRI Group, we contributed to building the framework for mass vaccination based on data on vaccinations and infections in other countries.

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

Workplace Vaccination Team

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Purpose of the activities

Understanding the policy and implementation of private and public measures toward digitalization of payments and settlements

Understanding the policies of private- and public-sector businesses

Desirable proposals for design and framework

Activity methodology

Discussion at Study Group on the Future of Currency and Banking

Discussion with policymakers

Statistical analysis

Co-creation at the division level

Solving Social Issues through Value Co-creation

NRI’s 3 Social Values

Co-create a thriving future society by driving new value

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

Co-create an ideal society by effectively utilizing its resources

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 the efforts of executives and employees for value co-creation at the division level, consider to their bonuses from the fiscal year ending March 31, 2021.
NRI is completing the final fiscal year of long-term management vision V2022 in FY March 2023. With our sights set on growth beyond this vision, we are now formulating Group Vision 2030 (V2030). Here we will share the framework of the growth story we are outlining leading up to the year 2030.

* Announcement of V2030 planned for April 2023

Changes in the Environment from Now until 2030
We expect significant turbulence in our surrounding environment over the next decade. Under these circumstances, companies will need to exercise strong resolve in shifting toward doing business digital-first. Management and technology will also become more closely intertwined, and proper application of technologies on the management side will likely be essential for companies to be more competitive.

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

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

Growth Story for 2030

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

Excellent intangible assets (human capital and intellectual assets) and enhanced digital social capital* is required to build a prosperous and thriving society

* Shared infrastructure and services that leverage digital technologies to generate new value and support society and industry

Various events in real space are visualized as data and optimized through simulations in digital space (Digital Twin) to realize a society that effectively utilizes resources and considers the global environment

Protection of social infrastructure and personal information through advanced security services so that people can live comfortably using various digital services with peace of mind

Society in 2030 Created by NRI

A prosperous and thriving society

A sustainable and ideal society

A safe and secure society

Intelligent assets (human capital and intellectual assets) and enhanced digital social capital* is required to build a prosperous and thriving society

* Shared infrastructure and services that leverage digital technologies to generate new value and support society and industry

Areas of cooperation areas must be expanded to solve social issues

Partnerships are essential for solving social issues

Shifting to cooperative frameworks, including for carbon neutrality

Diversity is a source of energy

Business opportunities associated with inclusion and diversity

Companies should leverage diverse human resources and talent

Value of new products is lowest but appreciates with the passage of time as updates are implemented

Excellent intangible assets (human capital and intellectual assets) and enhanced digital social capital

Dynamically transform the world with digital social capital

DX 3.0

Expansion in core area

Joyful change

DX 2.0

Establish business in Australia

Regional expansion

DX 1.0

Evolution of Core Domains

Human capital enrichment

Production innovation

NRI in 2030

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

Revenue

over ¥1 trillion

Overseas Revenue

over ¥250 billion

Operating Margin

20% or more
Evolution of Core domains

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

Consulting: Expanding DX execution-based consulting
- DX execution-based consulting, such as analytics and DX consulting to realize client transformation
- Prior investment in planned businesses such as client collaboration and new DX services, through social issues-based approach
- Evolve BPF from business-specific to function-specific, creating PF for new markets such as alternative investments and digital assets
- Expand migration of clients’ legacy IT assets, including cloud shifts and IT outsourcing
  * BPF: Business Platform

Industrial IT Solutions: Develop and acquire large first-mover DX clients
- Leverage Con-Solution and digital development capabiliies to do business with DX growth companies in major industries
- Strengthen competitiveness by adding digital IP that contributes to development efficiency, and the optimization and automation of client businesses

IT Platform: Expansion of the cybersecurity business
- Offer multi-layered cyber defense services for digital crime, including regulatory compliance
- Accelerate co-creation with vendors, startups, etc. in addition to strengthening R&D in order to acquire the latest technology IP

Creating the future society we envision with digital social capital

We have designated our three areas of DX 3.0 as social DX, value chain DX, and infrastructure DX corresponding to the 2030 society that NRI innovates. Among these, social DX which utilized the “My Number” individual number system for digitalization of government services is a major topic. Compared to DX 1.0 and 2.0, which transform companies and industries, for DX 3.0 to transform society as a whole has a higher level of difficulty. That is precisely why NRI should tackle it.

A 2030 society that NRI innovates

Social DX
- Digitalization of government services
  - Improving convenience for citizens with the individual Number Card platform
- Regional revitalization and environmental improvement
  - Promoting local DX to improve quality of life and increase competitiveness
- Resilience and digitalization of services such as healthcare and education
- New expansion of financial services
  - Expanding new use of financial assets such as digital assets

Value Chain DX
- Value Chain optimization/tracing
  - Consistency of eco-friendliness and economic efficiency, optimization of CO2
- Creation of circular economy Platform
- Eco-friendliness through effective use of resources

Infrastructure DX
- Transformation of infrastructure lifecycle
  - Achieving sustainable and resilient social infrastructure
- Creation of financial infrastructure for carbon neutrality
- Creating and enhancing markets through policies such as decarbonization

Financial IT Solutions: BPF evolution and legacy migration
- Core businesses
  - Digitalization of government services
  - Regional revitalization and environmental improvement

Human Capital Enrichment

Adding and Strengthening Capabilities to Achieve Our “Growth Story”

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

The capabilities of NRI’s human resources (currently)

- Human resources capabilities that NRI seeks (2030)

Global

Business Expansion Focusing on Three Main Regions

Establishing business infrastructure focused on the three major hubs of Japan / Asia, Australia, and North America is a major mission in V2030. We will particularly aim to establish the North American business infrastructure of Core BTS, which was made into a subsidiary during FY March 2022. In Australia, we will aim to build strong, highly profitable organizations through organic growth. We also aim to establish sustainable business infrastructure through local management, accelerate collaboration-building and synergy creation between regions, and operate full-line global DX business long-term.

Evolving and synergistically enhancing DX in each region

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

Australia
- Expanding business for Japanese clients and improving our delivery system

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

Northern America
- Transitioning from establishing business base infrastructure to a sustainable growth phase

Human resources capabilities that NRI seeks (2030)
Mechanisms for Supporting Value Creation

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

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Mechanisms for Supporting Value Creation

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

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

Maximizing the Potential of Human Resources

Our human resources possess a high degree of expertise and are passionate about solving social issues, making forward-looking consulting proposals, and meticulously implementing IT solutions. Human resources are the source of NRI’s competitiveness. Under “Vision2022,” we have focused on human resource management. Some strengths and characteristics of NRI’s human resources include the following: 1) from an early stage, they possess self-awareness as professionals and refine a high level of expertise, 2) they absorb a large amount of knowledge from various work experiences and apply it to new challenges, and 3) they possess the ability to learn autonomously by recognizing the skills which they personally require. NRI promotes a human resources management cycle that maximizes the strengths of individual human resources. This cycle begins with the recruitment of diverse and talented human resources, and then provides growth opportunities through challenging assignments. In addition, when human resources accomplish their work with responsibility and awareness toward society, they will feel pride in their own work that leads to personal and organizational growth. NRI will further enhance the strengths of its human resources by continuing to be an attractive workplace.

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

Commitment to Quality

NRI’s mission is to “Discern new social paradigms and implement them” and “Build client trust and establish relationships for mutual growth.” In order to fulfill this mission, NRI has given high importance to quality management. Organizations, systems, and activities that embody our commitment to quality are deeply rooted in NRI’s culture and have continued to evolve. We systemize and accumulate the efforts and wisdom necessary to execute projects that are important to our clients with high quality. We then apply what we have learned to new projects. Our commitment to quality is a capability that supports NRI’s business development. We will continue to refine this commitment. Another capability that supports NRI’s business development is production innovation (productivity improvement). We are strengthening our efforts to achieve the operating margin which we aim for by 2030. For example, in an effort to enhance our intellectual capital, we are working on componentization (digital IP) of functions that improve the value provided to clients; for example, automatic ordering and route optimization, as well as the use of tools in testing processes. NRI will continue our efforts for achieving a high level of both quality and productivity.

Sustainability Management Initiatives

NRI’s corporate philosophy of “Dream up the future” contains our thinking that the continued enhancement of NRI’s corporate value can be found only by creating a new future through innovation and resolving social issues. Furthermore, as social issues such as climate change and human rights violations become more serious, NRI needs to systematically implement its social responsibility. We are developing our human resource strategy, and sustainability management is an important pillar of our growth strategy. Our sustainability management consists of NRI’s Group 3 Values and 4 Key Issues unique to NRI. Additionally, in consideration of the revisions to our Corporate Governance Code in June 2021, we have decided to have the Board of Directors reassess our sustainability management policy. Moving forward, NRI will continue to grow by contributing to a sustainable society.

In FY March 2022, in order to reduce the burden on the global environment, among the data centers that were the major sources of greenhouse gas emissions for the NRI Group, we switched the power used at our particularly large data centers to renewable energy. As a result, we were nine years ahead of schedule in achieving our FY2030 target for reducing greenhouse gas emissions (Scope 1 + 2), for which we have obtained SBT 1.5°C target certification. Furthermore, by FY March 2024, we expect all of our data centers to use 100% renewable energy. Regarding environmental targets related to the reduction of greenhouse gas emissions, we raised our target level from SBT 2°C to SBT 1.5°C in February 2021. Moreover, in February 2022, we moved up our target year for net zero emissions to fiscal 2030 from fiscal 2050. We believe that initiatives throughout the supply chain are important for realizing a sustainable future society. The NRI Group promotes initiatives toward a sustainable society through collaboration with our business partners. For example, on April 1, 2021, we released the NRI Group Business Partner Code of Conduct on our website. The Code stipulates the principles of conduct for which we request cooperation from our business partners. We also ask each business partner to submit written consent to our the Code when concluding a contract. We have obtained written consent from 282 companies as of June 2022. NRI believes that consolidating the total capability of each of its employees, with their various strengths and individual characteristics, leads to the strength of the organization. In FY March 2022, we promoted three priority areas (gender, career/expertise, and age) from among the seven areas set out in the NRI Action Policy for Promoting Diversity and Inclusion. Some specific examples include creating lists of female candidates for manager and group manager in each division, confirming aspects such as promotion dates, holding events for mid-career hires to talk directly with our president, and holding information sessions for managers on themes such as age inclusion.

Strengthening of Group Governance

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

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

New Human Resources System

NRI had previously been operating a human resources system of assessments based on performance, outcomes, and ability, but we believed it was time for a new system that could spur ceaseless transformation of our existing businesses and taking on challenges in new business.

Based on this belief, we introduced a new human resources system in April 2022. The new system was structured to clarify expectations according to the role and mission and reward the results accordingly, with the aim of continuously being professionals who always have a crisis mentality toward the current situation and are undaunted by change or challenges. We also emphasize the spirit of treating all people with mutual respect regardless of their position.

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

- Promotions and Demotions

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

- Evaluation System

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

- System for Employment Conditions

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

Key Points about the New Human Resources System

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

Three Methods of Human Resources Development

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

In-House Training

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

NRI's Human Resources Strategy

Mechanisms for Supporting Value Creation

Hands-on career PRO

Hands-on career training

Human Capital

Autonomous Career Development along Diverse Career Paths

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

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

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Mechanisms for Supporting Value Creation

Human Capital

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

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

Growth of Core Talent

Internal Certification Program

Career Fields
Nomura Research Institute has defined 20 career fields for specialist employees. Each employee selects their own specialized field from among the 20 career fields, and to bolster our development for mid-level ranks and higher, NRI has defined 20 career fields for specialist employees. Each employee selects their own specialized field from among the 20 career fields, then goes on to refine their expertise with the aim of becoming a leading expert.

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

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

Purpose of Personal Career Design
- Have each employee work independently to choose and develop their own career, undergo ceaseless transformation, and continuously take on challenges, regardless of age.
- Maintain and increase employees’ motivation while giving them the ability to flexibly adapt to changes in the business environment.

Personal Career Design

<table>
<thead>
<tr>
<th>Level</th>
<th>Age</th>
<th>Management</th>
<th>Compensation</th>
<th>End of employment for older people</th>
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<tbody>
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<td>(57 years old)</td>
<td>60s</td>
<td>Personal Career Design 5</td>
<td>Horizon</td>
<td>Manager</td>
</tr>
</tbody>
</table>

Career Field: Management

Integrated Report 2022
Mechanisms for Supporting Value Creation

Human Resource Investment that Is Top-Class among Japanese Companies

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

HUMAN RESOURCE INVESTMENT

+DX
Human Resources

In addition to further skill transfer under the concept of +DX, NRI is creating learning opportunities such as holding a variety of training for consultants and systems engineers, who already possess conventional abilities, to utilize their existing skills while expanding their area of activity to include the field of digital transformation (DX). By doing so, we are promoting a strategic shift of NRI’s human resources portfolio to one that we are aiming for in the DX age.

Innovation / Leadership

DX Human Resources Development Program

With the aim of strengthening capabilities — such as those in artificial intelligence (AI), analytics, blockchain, UX design, agile software development, and microservice architecture — that are required in the DX age, NRI offers training for the acquisition of DX skills. The training is available across different lengths of service in addition to the traditional skills cultivation that takes place according to how long a person has been with the Company (Figure 1). These curricula are actively being newly established and continuously revised/abolished based on internal needs and social trends (Graph 1). The number of trainees per year and the number of training days per trainee are steadily increasing. This has firmly established the concept of +DX, in which each employee engages in autonomous learning to acquire the necessary DX skills (Graph 2). Also, in the Challenge & Act System, employees take an inventory of their own DX skills (area/level) and then use this assessment to set goals for their next skill improvement. The number of DX active personnel with a DX skill level of “basic level” or higher is steadily increasing (Graph 3).

NRI-registered employees (includes employees of NRI Group companies listed by NRI level)

Global Human Resources

NRI implements many overseas programs to develop global business leaders. 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 MBA’s from overseas business schools, the acquisition of degrees in other fields, such as computer sciences (MSE/MCS) and law (LLM), is also actively

Leadership Skills

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

Successor Training

We conduct two types of training for selected individuals to secure our next generation of management and executive personnel. Every year, five to eight officer promotion candidates take part in the New Dream Up the Future Program, a learning and development program for the next generation of management personnel. Of the 11 total participants in the program during the five years leading up to and including FY March 2022, 12 have been promoted to executive roles (as of the end of March, 2022). Additionally, we conduct Selected GM & Department Head Training for 15 to 20 candidates for promotion to department head every year.

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

Initiatives to Improve Engagement

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

Visualizing the Status of Organizations (Engagement Surveys)

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

Organizational Development Program

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

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

We are also concentrating on communicating information in various ways to foster a culture in which all employees take the initiative to co-create job satisfaction.

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

Promoting Diversity and Inclusion, and Respect for Human Rights

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

Diversity and Inclusion at NRI

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

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

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

Discussions related to diversity promotion, including hiring women for management positions, are also taking place in Senior Management Committee and Board of Directors meetings. Starting in FY March 2022, diversity promotion initiatives are evaluated on a per-division basis and calculated into bonuses. To facilitate the further hiring and promotion of women to director and management positions, we are engaging in the promotion of women’s participation and advancement while keeping the job assignment and development plan in mind.

Initiatives for Promoting the Success of Mid-career Hires

NRI is strengthening mid-career hiring in order to promote the DK and Global Strategies. We are enhancing on-boarding measures when mid-career hires join NRI to enable them to become used to their new work environment as soon as possible and exhibit their expertise and capabilities to the fullest extent. In addition to the semi-annual socializing event for mid-career recruits and the president which we have been holding since FY March 2021, we also arrange follow-up interviews and support internal social networking.

Initiatives for Strengthening Intergenerational Integration and Synergy

Employees of a broad range of ages work at NRI, from those in their teens to their sixties. In regard to differences in thinking and values arising from generational differences, there is a need to create an environment that enables people to recognize each other’s strengths while respecting differences. We worked to enhance the awareness of managers and department heads by holding a D&A seminar for them with generational inclusion as the theme.

Reference:

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

*1 Tool provided by Atrae, Inc.
Human Capital

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

NRI is working to create a workplace that facilitates a balance between work and parenting for both men and women. In addition to systems such as maternal/paternal leave, we established the “partner childbirth leave” system in January 2017 as part of measures aimed at encouraging male employees to take maternity and paternity leaves and vacations. Starting in FY 2021, male employees who take childbirth leave have also been participating in Training for Balancing Work with Parenting for employees who have returned to work from childcare leave. In June 2017, we opened the Yokohama Center and established the Yumemino Rituke and established the Yumemino Rituke as an in-house 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 Mini, Ltd., a special subsidiary* of NRI, contributes to work-style reform by providing employees with various disabilities work opportunities such as setting up meeting rooms and libraries, supporting training, collecting/delivering internet mail, and managing miscellaneous goods, and even providing massage services for employees and managing a café at Kiba Center. Moreover, NRI is working to expand hiring opportunities for people with disabilities by holding fixed-point surveys and presentations related to management issues and trends in the hiring of people with disabilities and operations at special subsidiaries. As of June 2022, 191 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.42%).

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

To further promote sustainable procurement, we are reviewing the terms and expressions used in the existing NRI Group Procurement Policy and the NRI Group Employers’ 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 all our business partners, including 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.

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 un inhibited by location. The use of telecommuting and satellite offices is also increasing. Led by the Work-Style Reform Committee, which we started in FY March 2018, we supported the achievement of flexible working styles with even higher productivity. Currently, we are engaged in enhancing productivity through a new work style that combines telecommuting with in-office work.

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

Health and Productivity Management

NRI aims to achieve health and productivity management* that helps improve employees’ quality of life (QOL). The CEO of NRI also serves as Chief Health Officer (CHO) and currently is developing various systems and engaging in the relevant initiatives toward invigorating NRI and achieving increased productivity under the four goals. Furthermore, we have expanded the scope of vaccination to include employees, their families, and business partners, and have implemented the COVID-19 vaccinations.

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

External Evaluation of NRI

In 2017, NRI received the highest level (Level 3) of Ethisphere 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) by selected as a Nadeshiko Brand for six consecutive years in a row (corporations selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry for outstanding promotion of female performance and advancement)

Certified as “Kurumin” for five consecutive terms from 2007 and as “Platinum Kurumin” in 2018 certification of corporations that support child-rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Certified as a Health and Productivity Management 500 Organization (White 500, Large Enterprise Category) for six consecutive years in a row
**Intellectual and Manufacturing Capital**

**The Source of NRI’s Competitiveness**

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

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**Outstanding Business Model**

The NRI Group has a unique business model that continuously and concurrently utilizes both consulting and IT solutions to support reform in our clients’ business. Industry and business knowledge in consulting work, deep understandings to support reform in our clients’ business. Industry and dramatically improve safety, productivity, and environmental friendliness. NRI supports DX in the construction industry through development of solutions and providing services and expertise that utilize its insight in business model transformation through digitalization.

**Continuous Evolving Brand**

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

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

The core of the NRI Group’s think tank function, the Center for Strategic Management & Innovation, aims to be a “future-oriented think tank” that observes the increasingly unclear social and economic issues faced by Japan and the world from a perspective that looks into the future, and recommends / communicates a “prescription” for those issues based on scientific judgment. Members who possess a high level of expertise in each area propose a variety of measures to improve Japan’s competitiveness and resolve social issues while painting a picture of society’s future. In addition, we are implementing innovative initiatives that contribute to resolution of issues, while collaborating with global entities.

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

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**A Variety of Intellectual Property Rights that Support these Activities**
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 projects. In addition, NRI has an organization that proposes and supports quality management activities for each division. Each division is responsible for quality management over system development, maintenance and operation of information systems and consulting services.

Initiatives for Improving the Quality of Information Systems

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

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

Project Support System for Improving the Quality of Information Systems

NRI-QMS (quality management system) 

Production innovation 

System failure management 

Information system newly development project 

Planning, Design, Release 

Information system Enhancement project 

Operations, Improvements 

Project supervision 

Risk management 

Enhancement innovation, Operational innovation 

NRI’s Quality Management Framework

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

Capabilities that Support Business Development

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

NRI’s Quality Management

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

Project Management Activities as an Opportunity to Develop Human Resources

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

Emphasis on Quality of Systems in Operation

Operating and maintaining completed information systems of a high quality not only builds solid relationships with clients but also provides opportunities to improve and propose new solutions for the streamlining and further growth of clients’ businesses. For this reason, NRI refers to operations and maintenance projects as “enhancement projects,” which are assigned the same level of importance as projects to develop new information systems.

Production Innovation Initiatives

Since FY March 2011, NRI has held the Production Innovation Forum for each business division to share its initiatives related to productivity and quality improvements in a Company-wide manner, and to recognize innovative initiatives.

Cloud Service Quality that Supports Social Infrastructure

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

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

The stable operation of information systems requires not only the quality of the information system itself but also the quality of the data center that operates and manages the information system. In order to ensure stable operation of information systems, and to provide safe and secure quality of services, NRI visualizes the risks related to data center services, conducting training for each type of issue that could be anticipated. It also conducts inspections that are interconnected with data center facilities. In respect to these efforts, NRI has obtained certification from third-party review agencies.

Main Data centers

**[Kanto]**

<table>
<thead>
<tr>
<th>Data Center</th>
<th>Completion</th>
<th>Total floor area</th>
<th>Reception capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Data Center I</td>
<td>2012</td>
<td>30,830m²</td>
<td>40,000KVA</td>
</tr>
<tr>
<td>Yokohama Data Center II</td>
<td>2007</td>
<td>15,888m²</td>
<td>15,000KVA</td>
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</tbody>
</table>

**[Osaka]**

<table>
<thead>
<tr>
<th>Data Center</th>
<th>Completion</th>
<th>Total floor area</th>
<th>Reception capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Osaka Data Center II</td>
<td>2016</td>
<td>15,000m²</td>
<td>7,500KVA</td>
</tr>
</tbody>
</table>

Safety and Security Forum

The stable operation of data centers is NRI’s social mission. As part of this mission, we hold a forum on the themes of safety and security every year. In FY March 2022, we invited Professor Masayuki Nakao of the University of Tokyo Graduate School of Engineering for a lecture on “The Science of Preventing Failure.” Professor Nakao conducts research on the science of failure analysis aimed at clarifying the causes of accidents and failure in companies. The forum served as an opportunity for employees to pledge to the stable operation of information systems, with lectures on safety by external experts centered around the concepts of thinking, learning, and not forgetting, and awards for excellent slogans on safety and security thought up by individual employees.

Examples of Certifications and Assurances Acquired by NRI

- ISO20001 (Quality management system)
- ISO14001 (Environmental management system)
- ISO27000 (IT service management)
- ISO27001 (Information Security Management System)
- ISO27017 (Cloud services security)
- ISO1/ISO 2 Report (Internal control assurance report)
- Upima Institute M&O (Global certification standard for data center management prescribed by Upima Institute)¹

¹ Certification acquired for Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II

Policies Relating to Information Security

NRI and its Group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play. The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of client and public trust.

### Information Security Management Structure

**Planning and Implementation**

- **Chief Information Security Officer**
- **Information Security Promotion Committee** (Composed of directors and department managers, etc. of divisions that implement measures)
- **Security Management Department**
- **Practice**
  - Person responsible for division
  - Person responsible for department
  - Employee
  - Division Information Security PIC
  - In-department Information Security PIC

**Support**

- **NRI SecureTechnologies**
- **NRI Workplace Services**
Response to Cyberattacks
NRI uses system-based defenses against cyberattacks, such as installing antivirus software and EDR1, hard drive encryption, and installing different security measures (such as firewalls, WAF2, and network behavior analysis technology3). However, NRI is well aware that system responses alone are not enough for defense, and it has therefore put in place a Computer Security Incident Response Team (CSIRT4).

A CSIRT acts like a fire extinguisher, denying further success to any attacks that does in fact strike a system. It collects, evaluates, and shares vulnerability and attack information, and functions as an organized, swift, and appropriate measure. We also conduct employee education and training related to targeted e-mail attacks.

1 A solution that detects suspicious behavior on computers and servers (endpoints) and supports prompt response
2 Web Application Firewall: System for detecting or providing protection against attacks that take advantage of the vulnerabilities of web applications
3 Malware used in a phishing attack is often procured to target a specific company alone, which means general antivirus software may not be able to detect and eliminate the attack. NSB technology works by turning 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 expropriation or preparatory activity to that end, and if so, it is eliminated.
4 Computer Security Incident Response Team: This is the entity (a team) that takes the appropriate responses when it receives notice of a computer security incident. Alternatively, CSIRT refers to the functions of that entity.

Quality of Workplace Environment
NRI promotes a multitude of initiatives to foster a workplace environment where employees can keep on working positively in good mental and physical health. The buildings for Headquarter, the Yokohama Center, and the Osaka Center have open layouts with no assigned seating, and common spaces such as meeting rooms. NRI is working to create better places to work through innovation in work styles and by reconceptualizing the organizational atmosphere. Such efforts include the introduction of a framework for allowing project managers, and those in project supervisor departments, to grasp the overtime hours of project members. NRI is also continuously working on advancements in our work environments themselves. This includes digital solutions implemented starting in June 2020 that use in-house technologies to protect the health of visiting clients as well as employees of NRI and its partners by detecting body temperatures of visitors and avoiding the “Three Cs”—closed spaces, crowded places, and close contact with people, in the office.

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 Services Provider of the Year,” the top award in the Managed Security Services category, for the fifth year in a row. Furthermore, NRI was introduced as one of the representative global vendors in reports published by U.S.-based Forrester Research related to managed security services providers and fraud management solutions.

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

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

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

Method of Procuring Renewable Energy
Hibi: From the perspective of NRI being able to co-create social value as well, I believe that it is necessary to procure renewable energy that has additionally.4 Even if NRI procures renewable energy that has additionally, the social impact may not be that significant in terms of the amount of consumption. However, I believe that it is very significant as the ability to communicate information. Japan is behind in the context of the world, but NRI should take the lead in Japan.

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

CSR Dialogue FY March 2022

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

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

NRI’s Handling of Personal Data (Including Individual Numbers)
NRI has a Personal Data Protection Statement, and it has identified 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.

Cooperation with Stakeholders
NRI values connections with clients, employees and their family members, shareholders, investors, and business partners, which include a wide range of entities composed of general consumers, media, local communities, industry associations and competitors, government agencies, education/research institutions, students, and NGOs / NPOs.

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

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

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

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

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

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

NRI Group Procurement Policy
https://www.nri.com/jp/sourcing/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 management, compliance, and efforts on information security management. Overseas business partners should also be screened under laws such as the Foreign Exchange and Foreign Trade Act.

The number of employees involved in business at NRI’s business partners stands at approximately 13,000, about half of which are permanently stationed in NRI offices or currently working from home.

To continue the appropriate contract services, we formulated the Guidelines Relating to Contract Work. Moreover, we separate the work sites of business partners under a contract service agreement from the work site of NRI partner employees from the work site of NRI employees under a contract service agreement from the work site of NRI offices or currently working from home.

Providing Appropriate Information Disclosure

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

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

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

Measures Aimed at Ensuring a Meaningful General Meeting of Shareholders
To energize the General Meeting of Shareholders and ensure that voting rights are exercised, we perform the following procedures:

- Set the date of the General Meeting of Shareholders on a day where such meetings are not concentrated.
- In addition to sending out individual notices of convocation of a General Meeting of Shareholders earlier, post the notice on the NRI and Tokyo Stock Exchange websites prior to sending the individual notices. This effort allows shareholders to have sufficient time to consider the proposed resolutions for the meeting.
- The 57th Ordinary General Meeting of Shareholders: Notice released on May 21 Meeting held on June 17 (Notice about one month before)
- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure
- Provide an opportunity to exercise voting rights by using the Internet system run by a trust bank (a shareholder register administrator).
- Provide an opportunity to exercise voting rights by using the Voting Rights Electronic Exercise Platform, run by ICJ, Inc.
- Hold a Management Reporting Session for shareholders after the conclusion of the General Meeting of Shareholders

Hosting of ESG Briefings
We host “ESG briefings” to help investors, analysts, and the media gain an understanding of NRI’s sustainability management and specific efforts regarding ESG. The February 2022 briefing welcomed 96 participants.

External Evaluation of NRI
2021 Award for Excellence in Corporate Disclosure (IT Service / Software Industries)
Disclosure to Individual Investors (The Securities Analysts Association of Japan)
Mechanisms for Supporting Value Creation

Nomura Research Institute

Greenhouse gas emissions by promoting renewable energy

2014. Going forward, we will engage in the reduction of greenhouse gas emissions (Scope 1+2) in FY March 2022 were 30,000 tons, which was a reduction of about 72% from FY March 2014. Afterwards, in FY March 2022, we switched the electricity used at our main data centers to renewable energy sources. As a result of these efforts, we expect to achieve the SBT 1.5°C target for FY March 2031 that we set in February 2021 by FY March 2022, which is nine years ahead of schedule. Therefore, we set new targets in February 2022 for reducing greenhouse gas emissions.

Environmental Targets

In May 2020, NRI committed to Business Ambition for 1.5°C, in response to the mounting sense of crisis related to global climate change. In February 2021, NRI set a greenhouse gas emissions reduction target that aimed to limit global temperature rise to 1.5°C from preindustrial revolution levels. The target has been certified by SBTi™ as a 1.5°C target. To achieve this target, NRI joined RE100 in February 2019. Afterwards, in FY March 2022, we switched the electricity used at our main data centers to renewable energy sources. As a result of these efforts, we expect to achieve the SBT 1.5°C target for FY March 2031 that we set in February 2021 by FY March 2022, which is nine years ahead of schedule. Therefore, we set new targets in February 2022 for reducing greenhouse gas emissions.

NRI Group's Environmental Targets

<table>
<thead>
<tr>
<th>Category*1</th>
<th>Target for FY Mar. 2031</th>
<th>Target for FY Mar. 2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1+2</td>
<td>Reduce greenhouse gas</td>
<td>Reduce greenhouse gas</td>
</tr>
<tr>
<td></td>
<td>emissions at the NRI</td>
<td>emissions at the NRI</td>
</tr>
<tr>
<td></td>
<td>Group by 72% (compared</td>
<td>Group by 72% (compared</td>
</tr>
<tr>
<td></td>
<td>with FY March 2014)</td>
<td>with FY March 2014)</td>
</tr>
<tr>
<td></td>
<td>Achieve a renewable</td>
<td>Achieve a renewable</td>
</tr>
<tr>
<td></td>
<td>energy usage rate of 70%</td>
<td>energy usage rate of 70%</td>
</tr>
<tr>
<td></td>
<td>at data centers</td>
<td>at data centers</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Reduce greenhouse gas</td>
<td>Reduce greenhouse gas</td>
</tr>
<tr>
<td></td>
<td>emissions at the NRI</td>
<td>emissions at the NRI</td>
</tr>
<tr>
<td></td>
<td>Group to zero</td>
<td>Group to zero</td>
</tr>
<tr>
<td></td>
<td>Achieve a renewable</td>
<td>Achieve a renewable</td>
</tr>
<tr>
<td></td>
<td>energy usage rate of 100%</td>
<td>energy usage rate of 100%</td>
</tr>
<tr>
<td></td>
<td>at the NRI Group</td>
<td>at the NRI Group</td>
</tr>
<tr>
<td>Scope 5</td>
<td>Reduce greenhouse gas</td>
<td>Reduce greenhouse gas</td>
</tr>
<tr>
<td></td>
<td>emissions related to</td>
<td>emissions related to</td>
</tr>
<tr>
<td></td>
<td>employee travel and</td>
<td>employee travel and</td>
</tr>
<tr>
<td></td>
<td>commuting (Categories 6</td>
<td>commuting (Categories 6</td>
</tr>
<tr>
<td></td>
<td>and 7) by 25%</td>
<td>and 7) by 25%</td>
</tr>
</tbody>
</table>

*1 The new target is scheduled to acquire SBTi certification in accordance with the future standards of the SBTi initiative.

*2 Regarding Scope 3 emissions, we will consider measures based on future SBT guidelines and technology trends. Scope 1: Direct emissions from fuel combustion at NRI facilities. Scope 2: Indirect emissions through purchase 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.

Actual Greenhouse Gas Emissions

From FY March 2016, NRI has been reorganizing and consolidating operations into data centers and offices with high environmental performance. As a result, the NRI Group’s greenhouse gas emissions (Scope 1+2) in FY March 2022 were 30,000 tons, which was a reduction of about 72% from FY March 2014. Going forward, we will engage in the reduction of greenhouse gas emissions by promoting renewable energy procurement in addition to our conventional energy conservation measures.

Implementation of Environmental Management System

NRI has acquired ISO14001 certification, an international standard on environmental management systems (EMS), for its data centers, which are the main source of CO2 emissions. Furthermore, NRI-EMS, an environmental management system unique to NRI, has been introduced at key NRI offices. Starting with implementations of NRI-EMS at offices in China in FY March 2019, we will be implementing the system at more worldwide offices going forward.

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

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

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

Actual Greenhouse Gas Emissions

<table>
<thead>
<tr>
<th>Results and Annual Targets of Greenhouse Gas Emissions (Scope 1+2) (1,000t-CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
</tr>
<tr>
<td>Planned</td>
</tr>
<tr>
<td>Net Zero</td>
</tr>
<tr>
<td>14.3</td>
</tr>
<tr>
<td>22.2</td>
</tr>
<tr>
<td>31.3</td>
</tr>
</tbody>
</table>

Reduction of Client’s Greenhouse Gases Through Shared Online Services

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Mechanisms for Supporting Value Creation

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

Each January, we host sustainability dialogue sessions to provide a forum for learning about and discussing sustainability with our partner companies. At that time, we introduce the NRI Group Environmental Policy and efforts to reduce greenhouse gas emissions. During this dialogue, we also ask our business partners to set targets for reduction of greenhouse gas emissions. In FY March 2022, the international climate NGO CDP*2 selected us with an explanation of how to set environmental targets. In addition, starting in FY March 2022, we have participated in the “CDP Supply Chain Program,” with the aim of understanding greenhouse gas emissions in the supply chain and considering ways to reduce them. Along with encouraging our business partners to disclose information related to climate change, we are working to understand and identify the emissions generated by the products and services that NRI uses.

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

External Recognition

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

NRI’s Initiatives to address climate change in its supply chain—Environmental, Social, and Governance. What is more, employees can also learn about and deepen their understanding of the sustainability activities that the NRI Group is engaged in.

ESG Training for Employees

We believe that spreading the NRI Group’s sustainability policy to each officer and employee, and having them engage in their daily duties with an awareness of the key issues for sustainable development, is of importance in the implementation of sustainability efforts. To enable this, we opened our intranet ESG Site as a means to build awareness and familiarize employees with the necessary knowledge and wisdom, including those matters that need to be observed. Through the ESG Site, employees can learn about the global trends related to ESG from each of the themes—Environmental, Social, and Governance. What is more, employees can also learn about and deepen their understanding of the sustainability activities that the NRI Group is engaged in.

Iscorporated the TCFD Framework Implementation Status

In FY 2018, we identified risks and opportunities throughout the NRI Group and endorsed the TCFD*1 Final Report in July 2018, and we are appropriately disclosing information based on the TCFD framework. Repeated discussions are being held in the Sustainability Activities Committee together with experts from the consulting business division, and in FY 2018 we began publicly releasing information about our progress at the annual ESG briefing.

In FY 2018, we identified risks and opportunities throughout the NRI Group’s overall business. In FY 2019, we conducted a scenario analysis for the data center business (which is vulnerable to the impacts of climate change) and calculated the financial impacts. Since FY 2020, targeting a different business every year, we have been conducting a scenario analysis to calculate the financial impact on each profit center.

Sustainability activities for the NRI Group are being held in the Sustainability Activities Committee.

A List 2021

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

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

The demand for client corporations to make changes leading to decarbonization will increase demand for NRI’s knowledge and solutions related to sustainability.

After declaring our support for the TCFD Final Report, we established the scope of our investigations in FY 2018, the first fiscal year. We defined and identified scenarios: a “2°C or lower scenario,” in which the temperature increase is kept below 2°C according to the Paris Agreement, and a “4°C scenario,” in which no measures are implemented besides those expected at present. We identified the impacts in these scenarios on the Consulting, Financial IT Solutions, Industrial IT Solutions, and Data Center businesses. Subsequently, in light of trends in society, we revised the scenario of less than 2°C to a scenario of 1.5°C.

TCFD Scenario Analysis Implementation Status

Anticipated Impacts on Our Businesses (Opportunities and Risks)

<table>
<thead>
<tr>
<th>Business Field</th>
<th>1.5°C scenario</th>
<th>4°C scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>The demand for client corporations to make changes leading to decarbonization will increase demand for NRI’s knowledge and solutions related to sustainability.</td>
<td>There is the risk that intensified natural disasters experienced in the 4°C scenario will cause stagnation of the macro economy, hurt the profitability of clients, and impact business sales.</td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td>Compared to independent system development by individual corporations, NRI’s shared online services will enable significant reduction in power consumption, CO2 emissions, and cost. Furthermore, demand can be increased by raising the renewable energy usage rate aimed at achieving RE100.</td>
<td>If the profitability of financial institutions decreases due to climate change becoming a factor in asset damage and long-term stagnation of the macro economy, there is the risk of impact on demand for provided services.</td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td>Support for increasing the efficiency of the supply chain and distribution processes will contribute to low carbonization.</td>
<td>NRI believes that providing a cloud-based system will minimize damage in the event of a natural disaster, thereby limiting the risk to our customers.</td>
</tr>
<tr>
<td>Data Centers</td>
<td>By FY March 2025, we seek to establish carbon-free data centers which use renewable energy for all electric power. We believe that these data centers will create increased demand in conjunction with increased environmental awareness among our clients.</td>
<td>The risk of business stoppage is reduced by considering natural disasters after selecting locations, as well as by implementing a mutual backup system using multiple data centers. This creates opportunities for increasing demand.</td>
</tr>
<tr>
<td>Securities Solutions</td>
<td>The risk of increased expenses such as equipment maintenance / renewal expenses and cooling expenses due to power malfunctions caused by natural disasters, and due to an increase in days on which the temperature exceeds 30°C.</td>
<td></td>
</tr>
</tbody>
</table>
Scenario Analysis for the Capital Markets & Wealth Management Solution Business

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

**[Business model analysis]**
To identify risks and opportunities in the Capital Markets & Wealth Management Solution business, we first conducted a business model analysis for the same. The services provided by the Capital Markets & Wealth Management Solution business are broadly classified into ASP (Shared Online Services) and SI (System Integration). We surveyed the relationships between these services and the variation factors of sales, likely to be affected by climate change events. The below illustration demonstrates these relationships.

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

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

<table>
<thead>
<tr>
<th>Variation factors of sales expected to be affected by climate-related events</th>
<th>Number of transactions</th>
<th>Share price, asset balance &amp; brokerage firm revenue</th>
<th>Number of contracts</th>
<th>Number of functions utilized per customer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wholesale</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Combination of fixed and usage-based pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fixed usage-based fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transaction oriented standard system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NRI develops as per client’s needs with specifications determined by the client</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Climate-related events</th>
<th>Anticipated changes</th>
<th>Analysis of potential opportunity for NRI</th>
<th>Impacted business (losses &amp; opportunities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in corporate behavior and environmental consciousness</td>
<td>Impact of offshore development (including a carbon tax, etc.)</td>
<td>Estimating based on a 10% to 20% of offshore production shutdown, and the cost to substitute in Japan if domestically substituted. We are looking at the cost impact of substituting in Japan if overseas development were to cease operations by 10%–20%.</td>
<td></td>
</tr>
<tr>
<td>Changes in corporate behavior and environmental consciousness</td>
<td>Impact of natural disasters</td>
<td>Estimated based on the GPIF report, taking into account the rate of fluctuation in physical impacts</td>
<td></td>
</tr>
<tr>
<td>Changes in trading terms and conditions and increased pressure and demand for environmentally conscious behavior</td>
<td>Impact of offshore development shutdown (Manpower cost)</td>
<td>Estimated based on a 10% to 20% of offshore production shutdown, and the cost to substitute that domestically</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

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

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

The cost of responding to widespread damage caused by interrupting natural disasters is estimated with reference to existing data.

It is assumed that overseas development will be suspended due to natural disasters, and that development will be domestically substituted. We are looking at the cost impact of substituting in Japan if overseas development were to cease operations by 10%–20%.
Mechanisms for Supporting Value Creation

Natural Capital

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

Figure 4 shows the impact on sales and expenses due to anticipated changes (1) through (6) in the Figure 3 by range of effects in the 1.5°C and 3°C to 4°C scenarios, respectively. The blue graph on the left depicts the impact on sales. The impact of carbon price on share prices is calculated by the GPIF in the form of value at risk, which is the impact of climate change on share prices. According to this, in the 1.5°C value-at-risk case, opportunity is high and the share price is expected to rise by about 25%, and NRI’s sales increase rate is estimated to be high, through securities firms’ profits. The physical impact from natural disasters is limited. It is estimated that the 1.5°C scenario and even the 3°C–4°C scenario could result in negative sales of about 3% and 5%, respectively.

The yellow graph on the right depicts the cost-related impact, and the positive portion represents a cost increase for NRI. The impact of carbon price and renewable energy procurement is not expected to lead to significant cost increases. The impact of natural disasters is expected to be greater than other expenses such as the cost of repairing facilities, etc., in response to wide-area disasters, and higher labor costs due to the suspension of overseas development (offshore development). The substitution of such development in Japan is anticipated changes (1) through (8) in the Figure 3 by range of effects in the 1.5°C and 3°C to 4°C scenarios, respectively.

External Recognition

Participation in Initiatives

Status of Inclusion at Equities in ESG Stock Indices

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

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

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

3) Scenario: We are striving to conduct scenario analyses (analyses on how climate change could affect our business in the future) as recommended by TCFD. Regarding the 2°C or lower scenario and 1.5°C scenario, the NRIGroup utilizes the Sustainable Development Scenario in the World Energy Outlook 2018 released by the International Energy Agency (IEA) and Representative Concentration Pathway (RCP) 2.6 (low, stable scenario) from the Intergovernmental Panel on Climate Change (IPCC). In addition, as necessary, we utilize RCP 4.5 and use IPCC Special Report on the impacts of global warming of 1.5°C (SR1.5) as a supplement. For the 4°C scenario, we use the IEA’s World Energy Outlook 2018 and SR1.5 Path reference scenario and IEA’s Biennial Energy Outlook (7 RPS).

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Governance
Supporting Healthy, Sustainable Growth, and Higher Medium- to Long-Term Business Value

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To Further Boost NRI’s Business Value

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

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

Omiya: It seems to me that time is managed very smoothly in NRI Board of Directors meetings. While there are some things that still need to be ironed out, the materials and presentation methods are concise, which also speeds up our understanding. Authority is also being delegated, and the Board meetings seem to be running very well. I also serve as an outside director at another company, but they seem to have a more outspoken atmosphere there. People there often say unpredictable things. Sometimes it happens where a conversation starts between outside directors, and someone from inside that company then cuts into their conversation. Compared to that, it seems like NRI’s Board of Directors is a little more serious. At the other company, there are also opportunities to exchange opinions in places outside the Board of Directors. That helps to better understand each person’s character, the points that matter most to them, and their level of understanding. Although it also somewhat depends on the character of each company, I think we could express our opinions more candidly in our Board if NRI also offered such opportunities. In that sense, I think this new Roundtable Discussion initiative is very meaningful since it allows us to hold discussions in a different atmosphere than in the Board of Directors. It has brought out different opinions than before. I would even advise that we could be a bit bolder in the way we go about this.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sustainability Management

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

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

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

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

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

Expectations and Aspirations for NRI

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

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

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

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

I am very much looking forward to seeing NRI operate its business with enthusiasm for playing a leadership role in Japan’s economy, in good balance with profitability.
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 made the NRI Corporate Governance Guidelines public to outline its basic approach and action policy regarding corporate governance.

The Basic Approach to Corporate Governance

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

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

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

Main corporate governance efforts since listing

- 2002
  - Introduced an executive officer system to assist in separating management and execution functions
  - Reduced the number of members of the Board of Directors by 70% and also appointed Independent Outside Directors
  - Increased the number of Independent Audit & Supervisory Board Members from one to two
- 2003
  - Formulated the NRI Group’s Ethical Code (revised to the NRI Group’s Code of Business Principles on 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
  - Reduced the number of members of the Board of Directors from 15 to 11
- 2008
- 2010
  - Appointed non-executive director to chair the Board of Directors to separate supervisory and execution functions
- 2012
  - Newly established the Integrated Risk Management Supervisory Department to appropriately manage any risk that may arise in the course of business execution
- 2015
  - Increased the number of Independent Outside Directors from two to three
  - Established the Independent Executives Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members
  - Formulated the NRI Corporate Governance Guidelines
- 2016
  - Initial release of the Medium-Term Management Plan (From FY March 2017 to FY March 2019)
- 2017
  - Implemented the evaluations of the Board of Directors’ effectiveness
  - Newly established the Nomination Committee, comprising mainly Independent Directors
  - Changed the members of the Compensation Committee from outside experts to Independent Directors
- 2018
  - Abolished stock option plan
  - Introduction of Restricted Stock Compensation Plan as a medium-to long-term incentive for Members of the Board
- 2022
  - In order to clarify the roles of Members of the Board and Senior Managing Directors, the President and other positions with the title of Members of the Board and Senior Managing Directors have been consolidated into Senior Managing Directors
Board of Directors and Advisory Committees

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

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

Annual Schedule of the Board of Directors

<table>
<thead>
<tr>
<th>Year</th>
<th>July-September</th>
<th>October-December</th>
<th>January-March</th>
<th>April-June</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Management / business strategy</th>
<th>Executive appointment matters (including remuneration)</th>
<th>Governance and sustainability</th>
<th>Risk management and internal controls</th>
<th>Audit &amp; Supervisory Board Members, internal auditing report</th>
<th>Business execution report</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next-long-term Management Vision</td>
<td>Office appointment matters</td>
<td>Policy for revising the Corporate Governance Code</td>
<td>Risk management status</td>
<td>Audit plan by Audit &amp; Supervisory Board Members</td>
<td>Quarterly report on business execution status</td>
<td>JR status</td>
</tr>
<tr>
<td>Status of software investment/development</td>
<td>Matters related to directors’ remunerations</td>
<td>Status of annual, quarterly, and monthly reporting</td>
<td>Group governance policy (Japan and overseas)</td>
<td>Report by Internal Audit Department (organization under direct supervision of the president)</td>
<td>Main agenda items of Senior Management Committee meetings (business execution)</td>
<td>Rejection of market category</td>
</tr>
<tr>
<td>Domestic and foreign acquisitions and investment</td>
<td>Reports from each Committee</td>
<td>Status of funds and finances (financing, capital policy)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Status of Advisory Committees

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

<table>
<thead>
<tr>
<th>Nomination Committee</th>
<th>Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positioning</td>
<td>The Nomination Committee is composed of a majority of Independent Directors. It was established to ensure the independence, objectivity, and explanatory power of the functions of the Board of Directors regarding the appointment of officers such as Members of the Board, Audit &amp; Supervisory Board Members, the President, and other Senior Managing Directors, and Managing Directors.</td>
</tr>
<tr>
<td>Meetings</td>
<td>The Compensation Committee consists of a majority of Independent Directors, and was established to ensure the independence, objectivity, and explanatory power of the functions of the Board of Directors regarding Directors’ compensation.</td>
</tr>
<tr>
<td>Main contents</td>
<td>Deliberation on the appointment of Members of the Board, candidates for Audit &amp; Supervisory Board Members, the President and other Senior Managing Directors, and Managing Directors and other executives</td>
</tr>
<tr>
<td></td>
<td>Deliberation on the composition of the Board of Directors</td>
</tr>
<tr>
<td></td>
<td>Deliberation on revision of policy for determining compensation, etc., and submission of proposals to the General Meeting of Shareholders in conjunction with review of the Directors’ Compensations System</td>
</tr>
</tbody>
</table>
System of the Board of Directors and the Audit & Supervisory Board

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

Structure of the Board of Directors

Has a well-balanced composition of executive directors, non-executive directors, and Outside Directors. The Board of Directors includes no more than 15 Members of the board, taking into consideration the balance of experience in and the Company’s businesses, corporate management, risk management, corporate governance, and overseas businesses, as well as gender, internationality, professional experience, and accumulated knowledge in light of the medium- to long-term management strategies.

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

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

One or more persons with substantial knowledge regarding finance and accounting are appointed as Audit & Supervisory Board Members. To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audits Department has been established to support the work of the Audit & Supervisory Board Members.

<table>
<thead>
<tr>
<th>Name &amp; Position</th>
<th>Gender</th>
<th>Executive / Outside / independent</th>
<th>Terms of office</th>
<th>Expected Experience / Qualification</th>
<th>Experience and Qualification in Specialized Field</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shingo Konomoto</td>
<td></td>
<td>Executive</td>
<td>7 years</td>
<td>Corporate Management</td>
<td>CEO</td>
<td></td>
</tr>
<tr>
<td>Yasuo Fukami</td>
<td></td>
<td>Non-executive</td>
<td>3 years</td>
<td>Business / Corporate Affairs / Quality</td>
<td>IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Yo Akutsuka</td>
<td></td>
<td>Non-executive</td>
<td>New election</td>
<td>Finance / M&amp;A</td>
<td>Director of securities company</td>
<td></td>
</tr>
<tr>
<td>Hidenori Anzai</td>
<td></td>
<td>Executive</td>
<td>1 year</td>
<td>Business / Corporate Affairs / Quality</td>
<td>IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Ken Ebato</td>
<td></td>
<td>Executive</td>
<td>1 year</td>
<td>Business</td>
<td>IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Shuji Tateno</td>
<td></td>
<td>Executive</td>
<td>New election</td>
<td>Business</td>
<td>IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Hideaki Omiya</td>
<td></td>
<td>Non-executive</td>
<td>4 years</td>
<td>Corporate Management</td>
<td>Linked company CEO</td>
<td></td>
</tr>
<tr>
<td>Shinohi Sakata</td>
<td></td>
<td>Non-executive</td>
<td>2 years</td>
<td>ESG / Social / Human Resources Diversity</td>
<td>Linked company executive</td>
<td></td>
</tr>
<tr>
<td>Tetsuji Ohashi</td>
<td></td>
<td>Non-executive</td>
<td>1 year</td>
<td>Corporate Management</td>
<td>Linked company CEO</td>
<td></td>
</tr>
<tr>
<td>Takahito Sakata</td>
<td></td>
<td></td>
<td>2 years</td>
<td>Governance and Internal Control / Business</td>
<td>IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Motoya Nishimura</td>
<td></td>
<td></td>
<td>3 years</td>
<td>Governance and Internal Control / Business</td>
<td>Consulting / IT Solutions</td>
<td></td>
</tr>
<tr>
<td>Kenkichi Kosaka</td>
<td></td>
<td>Outside</td>
<td>1 year</td>
<td>Corporate Management</td>
<td>Linked company vice president / CFO</td>
<td></td>
</tr>
<tr>
<td>Narufumi Minami</td>
<td></td>
<td>Outside</td>
<td>New election</td>
<td>Governance and Internal Control / Corporate Accounting</td>
<td>GPD</td>
<td></td>
</tr>
<tr>
<td>Yusuke Takanawa</td>
<td></td>
<td>Outside</td>
<td>New election</td>
<td>Governance and Internal Control</td>
<td>Lawyer</td>
<td></td>
</tr>
</tbody>
</table>

* After assuming the post on June 16, 2021

Concept of Skill Categories

- Concept of Skill Categories
- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022

- Integrated Report 2022
Concept of Skill Categories

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

Content of Each Skill Category

<table>
<thead>
<tr>
<th>Expectations for Leveraging Knowledge Related to Strategy</th>
<th>Specialized Fields</th>
<th>Experience and Qualifications in Specialized Fields</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Innovation] (DX Strategy) [Global] (Global Strategy) [Human Resource Management] (Human Resource / Resource Strategy)</td>
<td>[Corporate Management] Expertise in business, corporate affairs, quality, governance, and internal control that goes beyond specific fields</td>
<td>[Corporate Management] Experience as CEO or vice president of a listed company</td>
</tr>
<tr>
<td>[Business] Leadership of business divisions [Corporate Affairs] Business management, governance, and internal control [Qualification] Project management / Risk management [Finance] Knowledge of the finance and securities industries to which our major clients belong [M&amp;A] [ESG] [SDGs] [Human Resources Diversity] [Governance / Internal Control] [Corporate Accounting] Knowledge of individual fields</td>
<td></td>
<td>[Business / Corporate Operations] Experience as a general manager of a business division, supervisor of a corporate division, or as an officer of another company [Qualifications] Possession of advanced public qualifications</td>
</tr>
</tbody>
</table>

Concept on "Expectation of Demonstrating Strategic Knowledge"

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

Knowledge of General Business Management

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

Demonstrating Skills of Outside Directors

Outside Directors demonstrate their skills in various aspects of NRI. In FY March 2022, Outside Director Shinoi Sakata will participate in the Female Leader Training Program, an annual training for specially-selected female employees as an initiative to promote women's participation and advancement in the workplace as part of diversity and inclusion. At the program, Sakata used her personal knowledge to conduct a dialogue with trainees. Outside Directors demonstrate their skills not only in business, but also in strengthening the framework that supports value co-creation by NRI.

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

Compensation System for Members of the Board

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

The standards employed by the compensation system have been set with reference to market standards and trends and other factors, with the goal of establishing standards appropriate for a leading company in the information services industry.

To improve transparency of directors’ compensation and others, NRI has established the Compensation Committee, comprising mainly Independent Directors, as an advisory body to the Board of Directors. The committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. Using the results of the committee’s inquiries, the Board of Directors sets policies for the determination of compensation for Members of the Board and other matters.

Compensation for Members of the Board of NRI comprises three categories (basic compensation, bonuses, and stock-based compensation).

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

<table>
<thead>
<tr>
<th>Total Compensation</th>
<th>¥2,600 million*</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Performance-based compensation)</td>
<td></td>
</tr>
<tr>
<td>[Fixed compensation] Basic compensation</td>
<td></td>
</tr>
<tr>
<td>[Short-term performance-based compensation] Bonuses</td>
<td></td>
</tr>
<tr>
<td>[Medium- to long-term performance-based compensation] Stock-based compensation (restricted stock-based compensation)</td>
<td>¥800 million*</td>
</tr>
<tr>
<td>Basic compensation consists of fixed pay (basic pay and position pay), which is compensation based on each Member of the Board's post.</td>
<td>Bonuses are positioned as a short-term incentive. They reflect performance in the relevant fiscal year and their determination takes into account differences in posts and positions.</td>
</tr>
<tr>
<td>Restricted stock compensation (financial compensation used as investment assets for the acquisition of shares with restriction on transfer compensation) as stock-based compensation is provided in order to give incentives aimed at sustainable improvements in the Company's corporate value and to promote the sharing of value with shareholders through share ownership. The number of shares allocated is determined in accordance with executive positions. Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.</td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation as long-term incentives</td>
<td>Stock-based compensation as medium-term incentives</td>
</tr>
<tr>
<td>¥240 million*</td>
<td>¥560 million*</td>
</tr>
</tbody>
</table>

* Monetary compensation claims provided for granting restricted stock to Eligible Members.
Emphasis is placed on bonuses and stock-based compensations so as to create a compensation system that is highly linked to performance. The approximate ratio of constituent elements of the compensations of directors, etc., in FY March 2022 is as follows. If basic compensation is equalized to “1,” the bonus is “0.9” and stock-based compensation is “1.6.” If fixed compensation is “1,” performance-based compensation is “2.5.”

<table>
<thead>
<tr>
<th>Compensation Ratio for Director Compensation (FY March 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Fixed compensation] Basic compensation</td>
</tr>
<tr>
<td>[Short-term performance-based compensation] Bonuses</td>
</tr>
<tr>
<td>[Medium- to long-term performance-based compensation] Stock-based compensation</td>
</tr>
<tr>
<td>[Performance-based compensation]</td>
</tr>
</tbody>
</table>

(Note) 1. Calculations are based on the Board of Directors average for FY March 2022 (excluding Outside Directors and Directors who retired or assumed their post during the period).
2. Stock-based compensations herein are the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions.

Clawback System, etc.

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

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

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

At the 57th Ordinary General Meeting of Shareholders held on June 17, 2022, we received approval to revise the amount of compensation, etc. for Members of the Board, and set the amount of compensation, etc., for NRI’s Members of the Board to ¥2 billion or less per year (of which ¥300 million per year is for Outside Directo

<table>
<thead>
<tr>
<th>Executive Compensation Amounts</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Total compensation (millions of yen)</th>
<th>Compensation by type (millions of yen)</th>
<th>No. of eligible individuals (personal)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic compensation</td>
<td>Performance-based compensation</td>
<td>Other</td>
</tr>
<tr>
<td>Members of the Board</td>
<td>738</td>
<td>264</td>
<td>205</td>
</tr>
<tr>
<td>(Of which Outside Member of the Board)</td>
<td>43</td>
<td>43</td>
<td>—</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>181</td>
<td>111</td>
<td>51</td>
</tr>
<tr>
<td>(Of which Outside Audit &amp; Supervisory Board Member)</td>
<td>70</td>
<td>53</td>
<td>17</td>
</tr>
</tbody>
</table>

(Note) 1. The above includes three Members of the Board, including one Outside Member of the Board, and one Audit & Supervisory Board Member, including one Outside Audit & Supervisory Board Member, who retired at the conclusion of the 56th Ordinary General Meeting of Shareholders held on June 19, 2021.
2. For restricted stock-based compensations, the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions has been converted equally in accordance with the term of service from the day of the allotment of shares with transfer restrictions to the day of the lifting of transfer restrictions. The amount posted as expenses in FY March 2022 is shown. Because the amounts of the “restricted stock-based compensations” is equalized in accordance with respective terms of service, each ratio of the constituent elements of the above compensations differ from the ratio of constituent elements of Director compensations, etc., shown on Compensation Ratio for Director Compensation.
3. “Other” refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.
**Initiatives for Issues Recognized in Effectiveness Evaluations**

**Effectiveness Evaluation of the Board of Directors**

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

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

**Overview of Board of Directors Effectiveness Evaluation for FY March 2022**

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

  a. **Composition and Status of Operation of the Board of Directors**
     - A well-balanced composition ratio of executive directors, non-executive directors, independent directors, and the diversity of their experience and areas of expertise are being maintained, and a structure to ensure appropriate decision-making and oversight is in place. Based on future business conditions and management strategies, we have recognized the need to discuss the composition and diversity of the Board of Directors.

  b. **Support for Directors**
     - Opportunities are provided for Outside Executives to obtain necessary information by receiving explanations from executives as appropriate, such as by participating in the Group’s management strategy meetings.

  c. **Management Strategy**
     - Discussions on DX strategy and global strategy, which are the priority themes of the Medium-Term Management Plan, and exchanges of views toward the formulation of the next Vision and Medium-Term Management Plan are being implemented continuously and appropriately.

  d. **Internal Control / Risk Management / Group governance**
     - Active discussions and exchanges of views are being held on Group governance, and information on the current status and issues of Company-wide initiatives are shared appropriately. In conjunction with the increase in the number of Group companies, in addition to clarifying the basic rules of governance, we have recognized the importance of continuing discussions toward enhancing governance while confirming the operation status of implementation guidelines listing basic rules and the promotion status of initiatives at overseas Group companies.

  e. **Committees**
     - In the Nomination Committee and the Compensation Committee, discussions and exchanges of views related to the President & CEO succession plans, the director candidate selection and development process, and the method of determining directors’ compensation, etc., are being conducted appropriately, and while being arbitrarily appointed committees, they are functioning effectively.

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

Shingo Konomoto
Chairperson of the Board of Komatsu Ltd.

Yo Akatsuka
Member of the Board of the Company (present)

Hideaki Omiya
Chairperson of the Board and Representative Director of Komatsu Ltd.

Tetsuji Ohashi
Senior Executive Managing Director
Head of Asset Management Solutions
Senior Executive Managing Director
Member of the Board
Representative Director

Date of birth: July 14, 1965

Hidenori Anzai
Senior Executive Managing Director
Head of Financial IT Solutions
Senior Executive Managing Director
Member of the Board

Shuji Tateno
Senior Corporate Managing Director
Supervising of Corporate Headquarters (102,924 shares)
Member of the Board

Shinoi Sakata
Senior Corporate Managing Director
Supervising of Corporate Administration
Member of the Board

Chairperson of the Board of Komatsu Ltd.
Head of Business, Head of Consulting
Division Manager of Consulting Division

Managing Directors and Fellows

NRI makes a distinction between the Board of Directors’ decision-making on management strategy and business execution function, and the authority and responsibilities for business execution are largely delegated to Senior Managing Directors, etc.

Senior Executive Managing Directors

Hajime Ueda
Toshifumi Tanakado
Hidetoshi Kitamori
Hiroshi Masukuni
Yasuo Fukami
Yoshikatsu Kawai
Hiroshi Masumoto

Senior Corporate Managing Directors

Yoshihiro Iida
Mitsuru Yonezawa
Yoshiki Hayashi
Hiroshi Masumoto
Hideaki Omiya
Shoichiro Shinozaki
Tetsuji Ohashi
Yasuo Takazawa

Senior Managing Directors

Katsuyoshi Muraumi
Toshiba Matsuda
Kazuto Tatsuno
Hiroshi Ishii
Toshio Yasui
Yasuo Takeno
Tomohiko Noguchi
Tatsuro Sato

Managing Directors

Masaaki Shiraishi
Makoto Aranami
Takeo Tanaka
Masahiro Kobayashi
Atsushi Takanaka
Hiroshi Miyatake

Research Directors

Yasuaki Oka
Fumihiko Kamiyama

Counselors

Minoru Ishida
Yasuo Takazawa

Fellow

Minoru Ohshima
Internal Controls, Corporate Ethics, and Compliance

Internal Control System

NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management.

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

Basic policy for building an internal control system (Japanese)
https://www.nri.com/jp/company/internal

Risk Management PDCA Cycle

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

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

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

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

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

- Priority themes for FY March 2023
  I. Continuous proper management of quality risks for our systems in operation
  II. Implement appropriate preparation for fulfilling our business continuity responsibilities
  III. Further strengthen the management of project risks
  IV. Develop internal control systems suitable for NRI
  V. Implement appropriate preparation for fulfilling our business continuity responsibilities
  VI. Improve the quality of working environments to adapt to a variety of working styles

Internal Audits Conducted by the Internal Audit Department

The Internal Audit Department (30 employees), which functions directly under the President, audits the Company to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the execution of the Members of the Board. The results of such audits are reported to the President & CEO and other directors, and when corrections or improvements are required, the Risk Management Supervisory Department, the representative departments, and the business divisions, collaborate to introduce improvements. In addition, the Internal Audit Department works to cooperate with the accounting auditor through regular exchange of opinions regarding plans for conducting internal audits and their results.

The Strengthening Global Governance

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

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.


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

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


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

Compliance Information Communication Process

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

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

Responding to a wide range of social needs through four businesses

CONTENTS

120 NRI’s Four Business Segments
122 Consulting
123 Financial IT Solutions
124 Industrial IT Solutions
125 IT Platform Services
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 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.

**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.

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**Revenue by Segments for FY March 2020**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue Including Inter-Segment Revenue (billions of yen)</th>
<th>Operating Profit / Margin (billions of yen / %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities</td>
<td>¥133.3 billion (2.2%)</td>
<td>Operating profit (billions of yen) 39.6</td>
</tr>
<tr>
<td>Insurance</td>
<td>¥68.8 billion (12.1%)</td>
<td>Operating margin (%) 39.6</td>
</tr>
<tr>
<td>Banking</td>
<td>¥47.0 billion (8.2%)</td>
<td>Operating profit (billions of yen) 20.3</td>
</tr>
<tr>
<td>Other financial</td>
<td>¥54.3 billion (9.4%)</td>
<td>Operating margin (%) 21.3</td>
</tr>
<tr>
<td>Manufacturing service and other</td>
<td>¥154.3 billion (24.6%)</td>
<td>Operating profit (billions of yen) 40</td>
</tr>
<tr>
<td>Distribution</td>
<td>¥68.2 billion (9.8%)</td>
<td>Operating margin (%) 22.3</td>
</tr>
<tr>
<td>Total</td>
<td>¥42.8 billion (+14.9%)</td>
<td>Operating profit (billions of yen) 50</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>¥303.6 billion (+5.4%)</strong></td>
<td>Operating margin (%) 40</td>
</tr>
<tr>
<td><strong>Total operating profit</strong></td>
<td><strong>¥12.8 billion</strong></td>
<td>Operating margin (%) 38.1</td>
</tr>
<tr>
<td><strong>Total operating margin</strong></td>
<td><strong>43.8%</strong></td>
<td>Operating margin (%) 39.6</td>
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</table>

**Revenue Including Inter-Segment Revenue (billions of yen)**

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</tr>
</tbody>
</table>

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

The Consulting segment provides management consulting services for policy planning for government agencies, strategy planning and business operation reforms of companies, and system consulting services for all phases of IT management. As one of the largest consulting firms in Asia with more than 1,000 consultants in Japan and overseas, we have a strong track record in overseas markets such as the Asia-Pacific, Europe, and the United States, where we have been tapped for numerous consulting projects by Japanese companies as well as local companies and governments.

Management Consulting

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

Visualization and Structuring of Management Issues

- Insight into issues
  - Trust from clients backed by high client satisfaction
  - Providing information from diverse perspectives based on in-depth knowledge of their clients and industries
  - Identifying client management issues
  - Clarity of related themes and issues

- High-quality proposals to match such client
  - Surveying, construction of strategies
  - PoC (Proof of Concept)

- Subsequent issues such as system design and M&A
  - Execution

System Consulting

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

Financial IT Solutions

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

Solutions for Securities Business

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

We are also proactively engaging in Japan’s “My Number” national ID system related platform business (e-BANG0, e-NINSHO, e-PO box etc.) including e-BANG0, capable of connecting to the STAR series in accordance with the government’s digital government policy. In addition to the IT services mentioned above, we provide BPO services to support our clients’ businesses through our group company, DSB Co., Ltd.

Solutions for Banking Business

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

Solutions for Insurance Business

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

Solutions for Asset Management Business

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

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

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

* Telematics: The term created by integrating “telecommunications” and “informatics”, is a system of providing all sorts of information and services by using on-board devices such as car navigation system or GPS, and a mobile communication system.
Industrial IT Solutions

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

DiPcore

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

Enterprise IP Series

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

Engineering IP Series

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

Series that uses AI to improve operational efficiency

- AI demand forecasting / automatic ordering
- Shipping route optimization
- Price optimization
- Search engine
- AI recommend
- Digital Contact Center (DCC)
- Royalty marketing

Application template
- EC Platform (ECP) / Smartphone Native App Framework

Data utilization platform template
- Digital marketing PIP / Machine learning PIP

Cloud template
- Automated infrastructure construction / Multi-cloud / Security / CICV

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

IT Platform Services

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

Managed Services

- Experts in each area provide total support for DX transformation

Advanced Technology Acquisition / Co-creation with Clients

- Creating digital business from a technology driven and client-driven perspective

Security Service

- Information security specialists provide comprehensive support to solve a wide range of security issues.

‘Zero Trust’ Provides Safety and Security in an Advanced IT Society

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

* Zero Trust: A policy that disregards the concept of ‘boundaries’ between internal and external networks. Instead, it constantly monitors and verifies all access to information assets that must be protected without trusting anyone.

On March 14, 2022, NRI and LAC Co., Ltd. established Nuligen Security Co., Ltd. to provide managed security services for cloud platforms. The new company will bring together the wealth of security-related technology, knowledge, and experience accumulated by LAC Co., Ltd., NRI, and NRI Secure Technologies, Ltd. By actively engaging in cutting-edge technology fields such as the use of artificial intelligence (AI), Nuligen Security Co., Ltd. will provide managed security services that support the realization of advanced cloud security required by enterprises.

NRI SecureTechnologies, Ltd.

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

<table>
<thead>
<tr>
<th></th>
<th>(¥ millions)</th>
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<th>(¥ millions)</th>
<th>(¥ millions)</th>
<th>(¥ millions)</th>
<th>(¥ millions)</th>
<th>(¥ millions)</th>
<th>(¥ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>432,422</td>
<td>469,010</td>
<td>593,213</td>
<td>628,944</td>
<td>631,197</td>
<td>628,944</td>
<td>631,197</td>
<td>593,213</td>
</tr>
<tr>
<td>Current assets</td>
<td>189,206</td>
<td>208,121</td>
<td>298,405</td>
<td>306,943</td>
<td>309,915</td>
<td>306,943</td>
<td>309,915</td>
<td>298,405</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>24,316</td>
<td>268,884</td>
<td>274,647</td>
<td>311,054</td>
<td>321,054</td>
<td>311,054</td>
<td>321,054</td>
<td>274,647</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>3,456</td>
<td>67,767</td>
<td>53,915</td>
<td>63,790</td>
<td>65,308</td>
<td>63,790</td>
<td>65,308</td>
<td>53,915</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>42,654</td>
<td>42,712</td>
<td>55,482</td>
<td>45,161</td>
<td>45,482</td>
<td>45,161</td>
<td>45,482</td>
<td>55,482</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,891</td>
<td>2,544</td>
<td>4,513</td>
<td>2,544</td>
<td>2,544</td>
<td>2,544</td>
<td>2,544</td>
<td>4,513</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>437,367</td>
<td>49,816</td>
<td>51,486</td>
<td>58,295</td>
<td>58,514</td>
<td>58,295</td>
<td>58,514</td>
<td>51,486</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>43,967</td>
<td>49,816</td>
<td>51,486</td>
<td>58,295</td>
<td>58,514</td>
<td>58,295</td>
<td>58,514</td>
<td>51,486</td>
</tr>
</tbody>
</table>

### Consolidated Financial Results

<table>
<thead>
<tr>
<th></th>
<th>(¥ billions)</th>
<th>(¥ billions)</th>
<th>(¥ billions)</th>
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<th>(¥ billions)</th>
<th>(¥ billions)</th>
<th>(¥ billions)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>105,175</td>
<td>109,267</td>
<td>116,774</td>
<td>134,778</td>
<td>159,619</td>
<td>164,735</td>
<td>180,866</td>
<td>199,619</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>57,605</td>
<td>59,450</td>
<td>65,297</td>
<td>75,873</td>
<td>85,272</td>
<td>94,801</td>
<td>94,801</td>
<td>102,287</td>
</tr>
<tr>
<td>Corporate Information / Data</td>
<td>663,891</td>
<td>295,932</td>
<td>320,945</td>
<td>395,442</td>
<td>492,348</td>
<td>434,548</td>
<td>471,488</td>
<td>501,243</td>
</tr>
</tbody>
</table>

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

### Note 2
- Operating profit includes operating expenses and extraordinary income.
- Extraordinary income and loss includes income and loss from disposal of investments.
- Ordinary profit includes operating profit and operating expenses.
- Operating expenses include (a), (b), (c), (d), (e), (f), and (g) in the notes to the consolidated financial results as of the fiscal year ending March 31 of the following year.

For the fiscal years beginning April 1 and ending March 31 of the following year.
### Consolidated Financial Data

#### Segment Information

<table>
<thead>
<tr>
<th>Service</th>
<th>2022.3</th>
<th>2021.3</th>
<th>2020.3</th>
<th>2019.3</th>
<th>2018.3</th>
<th>2017.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>485,542</td>
<td>485,542</td>
<td>485,542</td>
<td>485,542</td>
<td>485,542</td>
<td>485,542</td>
</tr>
</tbody>
</table>

#### Profit and Operations

- **Net Profit**
  - JGAAP: 23,941 million yen
  - IFRS: 23,941 million yen

- **Net Profit Margin (%)**
  - JGAAP: 9.7%
  - IFRS: 9.7%

### Note

1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. If there are multiple orphans in the table, they are considered as follows:
   - On the left side of the row, if the column number of the row is the same as the amount of columns, they are considered as follows:
   - On the right side of the row, if the column number of the row is the same as the amount of columns, they are considered as follows:
### S: Social

<table>
<thead>
<tr>
<th>Number of employees (NRI Group data)</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
<th>2021.3</th>
<th>2022.3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Persons</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>1,145</td>
<td>1,164</td>
<td>1,180</td>
<td>1,195</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Percentage (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>85.0</td>
<td>86.0</td>
<td>87.0</td>
<td>88.0</td>
<td>89.0</td>
</tr>
<tr>
<td>Europe</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Asia</td>
<td>12.0</td>
<td>13.0</td>
<td>13.0</td>
<td>12.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Of which China</td>
<td>1.2</td>
<td>1.3</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Average overtime hours per employee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>2.2</td>
<td>2.3</td>
<td>2.4</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>China</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Average compensation: all employees (thousands of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>10,240</td>
<td>10,340</td>
<td>10,440</td>
<td>10,540</td>
<td>10,640</td>
</tr>
<tr>
<td>China</td>
<td>1,150</td>
<td>1,160</td>
<td>1,170</td>
<td>1,180</td>
<td>1,190</td>
</tr>
</tbody>
</table>

#### Employment status

<table>
<thead>
<tr>
<th>Persons (thousands of yen)</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
<th>2021.3</th>
<th>2022.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>1,145</td>
<td>1,164</td>
<td>1,180</td>
<td>1,195</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Percentage (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>85.0</td>
<td>86.0</td>
<td>87.0</td>
<td>88.0</td>
<td>89.0</td>
</tr>
<tr>
<td>Europe</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Asia</td>
<td>12.0</td>
<td>13.0</td>
<td>13.0</td>
<td>12.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Of which China</td>
<td>1.2</td>
<td>1.3</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
</tr>
</tbody>
</table>

#### Employment-related KPIs (NRI Group data)

<table>
<thead>
<tr>
<th>Employees remaining in work after childcare leave (persons)</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
<th>2021.3</th>
<th>2022.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>113</td>
<td>114</td>
<td>117</td>
<td>114</td>
<td>118</td>
</tr>
<tr>
<td>China</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
</tbody>
</table>

### E: Environment

<table>
<thead>
<tr>
<th>Greenhouse gas emissions (Scope 1) (1,000 t-CO2)</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
<th>2021.3</th>
<th>2022.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>61</td>
<td>62</td>
<td>63</td>
<td>64</td>
<td>65</td>
</tr>
<tr>
<td>Overseas</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
</tbody>
</table>

#### Note

- **Scope 1** includes direct emissions from the fuel combustion of vehicles, etc., and Scope 2 includes indirect emissions from the purchase of electricity, steam, and heat, etc. (excluding the Scope 3).
NRI Group Network (As of March 31, 2022)

Global Network

Headquarters
Nomura Research Institute, Ltd.
Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku,
Tokyo, 100-0004, Japan
Tel: +81(0)3-5033-2111

Domestic Bases
NRI Network, Ltd.
NRI SecureTechnologies, Ltd.
NRI Workplace Services, Ltd.
NRI Data Tech, Ltd.
NRI System Technology Services, Ltd.
NRI Process Innovation, Ltd.
NRI Digital, Ltd.
NRI Digital Solutions, Ltd.
Nippon Securities Technology Co., Ltd.

Global Bases
17 countries & area, 44 bases
Europe
Denmark
Ireland
Luxembourg
Russia
United Kingdom
North America
United States
Asia & Pacific Ocean
Australia
China
Hong Kong
India
Indonesia
New Zealand
Philippines
Singapore
South Korea
Taiwan
Thailand

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

Corporate Information / Data
Nomura Research Institute
Nippon Securities Technology Co. Ltd.
NRI digital, Ltd.
NRI Retail Next, Ltd.
Zhiming Software Japan, Ltd.
NRI Mirai, Ltd.
DSB Co., Ltd.
UBsecure, Inc.
NRI System Techno, Ltd.
NRI Process Innovation, Ltd.
NRI Data i Tech, Ltd.
NRI Workplace Services, Ltd.
NRI Netcom, Ltd.

1-9-2 Otemachi, Chiyoda-ku,
Otemachi Financial City Grand Cube,
Nomura Research Institute, Ltd.
Tokyo, 100-0004, Japan

1. Corporate Agency Division
Mitsubishi UFJ Trust and Banking Corporation
post office box No.29 137-8081, JAPAN
Shin-TOKYO Post Office
Mitsubishi UFJ Trust and Banking Corporation
17,923 persons

2. Name of the trustee company:
The Master Trust Bank of Japan, Ltd.
Agricultural Cooperatives (Standing Agent: Mizuho Bank, Ltd., settlement division)
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd., settlement division)
Nomura Holdings, Inc.
Nomura Properties, Inc.
JP Morgan Chase Bank 3585632 (Standing Agent: Mizuho Bank, Ltd., settlement division)
NRI Group Employee Stock Ownership Group
Nomura Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd., settlement division)

Total Shareholder Return (TSR) Over the Past Five Years (%)

Holding Period
0 50 100 150 200 250 300 350 400
0 100 200 300 400 500 600 700 800 900

Year
2017/3 2018/3 2019/3 2020/3 2021/3 2022/3
NRI 123.1% 127.1% 114.1% 288.0% 306.4%

Note: Total shareholder return (TSR) is a ratio calculated by dividing revenues earned through stock investment (dividends and capital gains) by the amount of investment (stock price). The graph and table above show the TSR when investment was made on March 31, 2017. Based 103% on the closing price on March 31, 2017.

Source: Compiled by NRI.