We will continue to practice management in which the performance of each individual contributes to social change.

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

V2030: Sustainability Strategy (Materiality)

NRI Group Vision 2030 (“V2030”) established a new basic sustainability policy (materiality), which was resolved by the Board of Directors. The eight materialities are structured into three layers. The second layer is “Value Creation Capital,” which includes human capital and intellectual capital. Clearly stating that human capital and intellectual capital are the sources of NRI’s value creation will serve as a guideline for aggregating strength as an organization and demonstrating individual capabilities.

We are always conscious of “Our Values” as defined in our corporate philosophy. NRI believes that if each and every employee cherishes “our set of values” and continues to work diligently on a daily basis, it will lead to the creation of new value.

Source of Value: Human Capital

One characteristic of NRI’s human capital is that individuals are professionals in their respective fields, and each individual fulfills an active role in their business and operations. We believe that a company’s ability to create value will be continuously enhanced by operating a system that urges employees to exercise their individual strengths and encourages their individual performance. Therefore, NRI is promoting 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 that are assigned to project leaders and project managers at an early stage. 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; for example, we will enable employees to take on challenges in which they are interested, even when outside the framework of their organization.

In order to support employees in taking on challenges, we started operation of a new human resources system in April 2022. This human resources system is characterized by multiple career paths and a role-based rank system. In the past, the main path was to promote employees who had accumulated a certain amount of experience to the head of the organization. There was not necessarily a clear career path for further pursuit of a specialized field. Due to the diversification of career paths, it has become possible to highly evaluate people who have achieved significant results by utilizing their expertise in various fields. The role-based rank system promotes the utilization of diverse human resources by appointing human resources who can demonstrate results in the roles needed now, rather than focusing on past performance. In this way, the system aims to broaden careers by facilitating involvement in challenging new roles.

Furthermore, in the system for rehiring after mandatory retirement, we have created Master position offering a high level of treatment for employment of human resources who possess extensive experience and knowledge, and who can be expected to perform well. By doing so, we are creating an environment where highly motivated and capable human resources can continue to perform.

Source of Value: Intellectual Capital

Another type of Value Creation Capital is intellectual capital. The core of intellectual capital is quality control. NRI is strongly committed to the pursuit of quality management. We will continue to increase the sophistication of the organizations, systems, and activities that have embodied our commitment to quality for many years. For example, we held the first meeting of the Systems Development Committee in 1987, and the committee has met about 3,000 times since then. Internal experts, including individuals certified by NRI, participate in the committee meetings as reviewers. By examining project risks from multiple perspectives, we are able to realize a high-quality system. It is extremely difficult to develop and operate complex and large-scale systems. Nevertheless, systems used as social infrastructure are required to be safe and secure. The Systems Development Committee is operated as a forum for systematizing and accumulating wisdom and ingenuity for the development of high-quality systems that are important to clients, and then returning that wisdom and ingenuity to the development of new systems. NRI’s culture is to diligently continue efforts that are taken for granted as essential aspects of business. In a broad sense, we also consider this culture to be part of intellectual capital.

In addition to technologies accumulated from the past, we are actively working on new technologies such as generative AI. NRI does not rely solely on AI; rather, we utilize AI as one option for solving issues. In order to find the best solutions to issues, NRI utilizes a myriad of resources, both inside and outside the Company.

For NRI, human capital and intellectual capital are forms of accumulation-type capital whose value can be increased by accumulating experience and knowledge. We will continue to refine our human capital and intellectual capital as a source of value that transforms society.

Strengthening Management Basis (ESG)

A solid management foundation is a prerequisite for continuing to take on new challenges. As part of sustainability management, NRI has been working to contribute to the global environment, fulfill its social responsibilities, and evolve governance. In V2030, we have once again defined themes for medium- to long-term growth.

In terms of contributing to the global environment, we have actively worked to reduce greenhouse gas emissions. As a result, we have received high recognition from external evaluation agencies. In February 2023, we set a total reduction target, including Scope 3. For FY March 2050, we set a net-zero target, including Scope 3. Moving forward, NRI will work with its business partners to contribute to the realization of a sustainable future.

When it comes to fulfilling our social responsibilities, initiatives throughout the supply chain are essential for realizing a sustainable future. We will continue to expand the NRI Group Business Partner Code of Conduct, which summarizes items for which we request cooperation from business partners working with NRI. As of June 2022, we obtained written consent to the Code of Conduct from 282 companies. By June 2023, we obtained written consent from 501 companies.

In regard to evolving governance, NRI has worked to expand corporate governance at domestic and overseas Group companies, and has established rules and guidelines. In recent years, an increasing number of companies have become part of the NRI Group through M&A. Moving forward, we will develop highly effective governance mechanisms for these companies.

We are also working to enhance our governance system related to sustainability, such as establishing the Sustainability Committee.

MNV for Connecting Management and Worksites

In order to achieve both the growth strategy set out in V2030 and the growth of individual employees, each and every employee must empathize with our corporate philosophy and take personal responsibility for working toward our vision for 2030. To connect the Company’s vision and employee initiatives, NRI has continued to hold dialogue (MNV dialogue) on the theme of Mission & Values, Vision (MV). In fact, a total of 3,000 people participated in the MNV dialogue prior to the announcement of V2030, and many discussions were held. One example of the candid exchange of opinions was a young employee stating that “I’m having trouble understanding how the contents of V2030 relate to my work.” I feel that this kind of dialogue made it possible to align the perspectives of management and employees. This dialogue between management and employees will serve as more than an initiative for formulating a vision; it will continue as a process of converting each person’s thoughts into organizational actions for determining how we should shape the NRI Group toward the realization of V2030.

This close connection between management and employees will be a new strength of NRI as we take on the challenge of changing the world and push forward toward the realization of our vision for 2030.
List of Materialities

We will promote sustainability management based on the concept that the creation of a sustainable future society and NRI’s growth strategy are integrated. We will constantly recognize that achieving the “society we innovate” as set forth in our corporate philosophy is the reason for NRI’s existence, and we will work on the eight materialities.

### Value Creation

<table>
<thead>
<tr>
<th>Materiality</th>
<th>KPI</th>
<th>FY March 2026 Targets</th>
<th>Major Initiatives</th>
<th>Contributions to SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Co-create a Thriving Future Society</strong></td>
<td>Derive value from excellent human capital and intellectual capital to expand digital social capital</td>
<td>Overall investment and spending on measures for DX ($1.0 trillion) that transforms industries and society</td>
<td>• Business model transformation - Social DX (e.g. utilization of My Number, regional revitalization, etc.) - D2C - Financial DX - Policy proposals, advocacy, information and knowledge sharing, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Co-create an Optimal Society</strong></td>
<td>Effectively utilize resources (such as human resources, public assets, IP) and recycle natural resources through the use of business PF and data analytics</td>
<td>Revenues of business platforms that help to achieve an optimal society</td>
<td>• Business process transformation - Strategy / operations/system consulting - Value chain DX (CC) - Circular economy platforms creation - Shared operation through business PF-STAR, BESTWAY, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Co-create a Safe and Secure Society</strong></td>
<td>Provide highly advanced IT infrastructure to protect social infrastructure and data from disasters and cyber risks</td>
<td>Revenues related to safety and security to enable a more resilient society</td>
<td>• Sustainable social infrastructure - IT infrastructure transformation - Security, cloud services - Stable service operation - Disaster management, disaster recovery support, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Advance Human Capital</strong></td>
<td>Create a workplace where highly skilled professionals with diverse values gather to grow</td>
<td>Employee engagement score (NRI payroll); Female opportunity offering rate (non-consolidated)</td>
<td>• Improve growth opportunities for each individual - Promote diversity and inclusion - Enhance capability to realize the growth story, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulate Intellectual Capital</strong></td>
<td>Sublimate individual knowledge into organizational strength (such as business model, brand, and capability)</td>
<td>Amount of investment in creating and accumulating intellectual capital</td>
<td>• Evolve business model (e.g., expand software assets) - Create a continuously evolving brand (e.g., enhanced content for information &amp; knowledge sharing) - Strengthen organizational capability to support business development (e.g., quality control, productivity innovation), etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Contribute to Global Environment</strong></td>
<td>In collaboration with business partners with Scope 3 vision, create a sustainable environment globally and conserve natural capital while promoting more sophisticated use of renewable energies</td>
<td>Greenhouse gas emissions reduction rate / Renewable energy usage rate (Base year: 2019)</td>
<td>• Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1 + 2) - Take measures to reduce greenhouse gas emissions in Scope 3, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Fulfill Our Social Responsibilities</strong></td>
<td>Fulfill social responsibilities in the entire supply chain, such as good relationships with stakeholders, creating a healthy workplace, and commitment to human rights</td>
<td>Rate of consent to the NRI Group Business Partner Code of Conduct or possessing own such codes of conduct</td>
<td>• Employee well-being - Initiatives concerning human rights and labor practices (including AI ethics, etc.) - Build and strengthen partnerships with business partners, stakeholders and communities, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Evolve Governance</strong></td>
<td>Strive for balanced governance, including strategic risk-taking, to control risks with long-term perspective</td>
<td>Number of cases in which severe risk materializes (reports to regulatory authorities or incidents of equivalent severity for which the NRI Group is responsible)</td>
<td>• Maintain / operate Group-wide governance and internal control - Enterprise risk management - Strengthen quality control and information security management - Promote disclosure and improve transparency - Enhance compliance, etc.</td>
<td></td>
</tr>
</tbody>
</table>
NRI is promoting DX 1.0 to transform its clients’ business processes, DX 2.0 to create new businesses together with clients, and DX 3.0 to solve social issues and realize transformation. In this way, we are actively creating new businesses and co-creating businesses with our clients.

As we move toward 2030, we aim to contribute to the realization of a thriving society in which everyone can lead a prosperous life by enriching outstanding human capital and intellectual capital, as well as the digital social capital for creating value from those two types of capital.

To achieve the goal stated above, NRI is making various efforts in both consulting and IT solutions. In particular, we will focus on building platforms that contribute to social transformation from a medium- to long-term perspective.

Specifically, in response to the increased number of residents with a My Number card, we are expanding services related to My Number and individual number services; for example, an ID platform for Japanese residents, an electronic mailbox service, and one-stop administrative services such as tax and social security. By providing such digital social capital, we will support the realization of policies and services optimized for individual users, while at the same time appropriately managing information.

To achieve the goals stated above, we will work on the development and consulting of IT solutions that contribute to solving global issues such as green transformation (GX) and a circular economy. For example, we provide platforms that contribute to solving social issues. One example is the solution NRI Carbon Tracing System (NRI-CTS), which enables the timely sharing of accurate information based on actual measurements of greenhouse gases. We will also promote projects for co-creation of a business foundation that can effectively utilize corporate and social resources without waste.

Example Initiative: Creation of Digital Social Capital Through DX 3.0

<table>
<thead>
<tr>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand possession and use of My Number cards</td>
<td>Optimal policy and services for individuals</td>
</tr>
<tr>
<td>● System into use at financial institutions</td>
<td>● Tailored to individuals</td>
</tr>
<tr>
<td>● Government cloud</td>
<td>● Shift to agents</td>
</tr>
<tr>
<td>● Electronic submission and notification of legal records</td>
<td>● Self-control over information (complete comprehension of self-related information)</td>
</tr>
</tbody>
</table>

NRI’s My Number-related services

- Re-creating ID in digital spaces (Resident ID platform, electronic post services, etc.)
- Offering convenience Taxation and social security procedures all in one place
- Expand function of agents
  - Transaction reports
  - Deduction certificates
  - Certificates of income and withholding tax
  - Employment contracts
  - Healthcare and medication
  - Medical checkups
  - Bango
  - Ninsho

Example Initiative: Ascertaining Greenhouse Gas Emissions across the Entire Supply Chain Using NRI-CTS

<table>
<thead>
<tr>
<th>Upstream</th>
<th>Own company</th>
<th>Downstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts manufacturer Company A</td>
<td>Parts manufacturer Company B</td>
<td>Parts manufacturer Company C</td>
</tr>
<tr>
<td>Distributor Company D</td>
<td>Distributor Company E</td>
<td></td>
</tr>
</tbody>
</table>

Links upstream CO₂ emissions to own company’s products and extends downstream
Co-create a Safe and Secure Society Through Sophistication of Infrastructure

As information infrastructure becomes increasingly complex, NRI is promoting businesses that undertake security-guaranteed infrastructure as a managed service. The integration of business and technology is accelerating, and digital twins are expected to create new business models. As we work toward 2030, we aim for a state that contributes to the realization of a strong and flexible society. In this society, social infrastructure and data will be protected by an advanced IT infrastructure that operates stably and is resistant to disasters and cyber risks, and everyone will be able to enjoy various digital services with peace of mind.

To achieve the goals stated above, we will work to acquire advanced technologies and to create safe, secure, and high-quality services. For example, we will develop a foundation that enables numerous companies to promote their businesses safely and securely on digital twins through digital trust that ensures the reliability of virtual spaces by protecting clients and businesses and responding to the demands of society.

Example Initiative: Digital Trust for Ensuring the Reliability of the Digital Twin

Instill the Value of Co-Creation

NRI believes that dialogue on various matters related to our work (including contributions to society) will accumulate as a depth of thought and manifest in the strength of individuals and organizations.

Writing a personal story that explains how one’s work can help solve social issues will give employees new insights into their work and foster a sense of pride in their work. Since the Medium-Term Management Plan (2019–2022), we have been systematically promoting activities for instilling value co-creation that assists in revitalizing both the organization and individuals.

**Initiatives to Instill Value Co-Creation Activities**

**Development of value co-creation leaders**

From FY March 2020, we have been developing value co-creation leaders as successors who will continue to manually implement transformation through the practice of value co-creation. Through a two-year training program, value co-creation leaders who have gathered from each organization deliberate on value co-creation for themselves and NRI, and build a network that transcends organizational boundaries. We will also work on the practice of value co-creation through dialogue with the president and management.

After completing the program, leaders not only practice value co-creation, but also promote activities for instilling value co-creation in their own organizations.

**Instillation of value co-creation**

With the aim of taking personal responsibility for the meaning and significance of value co-creation and further cultivating recognition and empathy for linking it to each practice, we periodically hold creative and unique initiatives such as “Value Co-Creation DAYS” and “Value Day.” These initiatives provide an opportunity for each employee to step back from their daily work and consider the connection between their own work and social issues.

**Implemented value co-creation involving clients**

We held value co-creation workshops with participation from clients. The aim of these workshops was to experience different ideas, broaden perspectives, promote mutual understanding, and form personal connections, as well as to examine the value to be provided to society from a different and wider perspective than normal.

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**Instillation of value co-creation**

In order to ensure that the entire NRI Group works on co-creation of value, we are promoting activities for instillation among Group companies. Value co-creation leaders and other human resources selected from each Group company fulfill a central role in sharing the significance of value co-creation and working to gain recognition and empathy for value co-creation.

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After completing the program, leaders not only practice value co-creation, but also promote activities for instilling value co-creation in their own organizations.
NRI positions the expansion of human capital as the core of its materiality as corporate Value Creation Capital. The strength of NRI exists precisely in this human capital. We also have strengths in various initiatives and mechanisms that attract outstanding human resources and encourage their growth. NRI’s human resources are a group of professionals who possess a high level of expertise and who take the initiative to continually take on challenges and pursue growth based on independently set goals. We constantly emphasize the creation of systems and environments in which such highly motivated human resources can improve their abilities and demonstrate their full potential.

NRI’s Unique Growth Cycle

NRI has always operated its own growth cycle. This has enabled us to maximize the capabilities of human resources who support growth and to build human capital, which is our greatest strength.

<table>
<thead>
<tr>
<th>Professionalism</th>
<th>Responsiveness to Change</th>
<th>Potential for Autonomic Growth</th>
<th>Integration of Excellent Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Builds awareness as professionals from an early stage</td>
<td>✓ Continues to hone high-level of expertise</td>
<td>✓ Full of curiosity</td>
<td>✓ Possesses extremely wide-ranging and diverse expertise as an organization</td>
</tr>
<tr>
<td>✓ Accumulates much knowledge through various experiences</td>
<td>✓ Applies the knowledge to new challenges</td>
<td>✓ Acquires new skills on their own and continues to better themselves</td>
<td>✓ Mobilizes strengths while respecting each other</td>
</tr>
</tbody>
</table>

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.

Employees will feel pride in their work upon receiving high recognition from clients, which then leads to increased employee engagement. Each and every employee works with a high level of commitment, thereby creating individual and organizational strengths, which in turn leads to individual growth.

NRI’s Investment in Human Capital

NRI is working to quantitatively ascertain the amount of investment needed in order to effectively realize and further enhance investment in human capital.

We believe that in order for human capital to demonstrate its value, it is important to increase engagement in the organization through strengthening professionalism and diversity and inclusion, and to work to maximize the power of individual employees as the strength of the organization. Based on this concept, NRI seeks to enhance well-balanced human capital through appropriately investing in human capital initiatives such as bolstering hiring, human resource development initiatives that enhance the capabilities of each employee, and initiatives to improve engagement in order to fully demonstrate the value of human capital. As part of these initiatives, NRI calculated the amount of investment in human capital investment in FY March 2023.

<table>
<thead>
<tr>
<th>FY March 2023: NRI non-consolidated basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment to bolster hiring, etc.</td>
</tr>
<tr>
<td>Investment to develop human resources</td>
</tr>
<tr>
<td>Initiatives to improve engagement</td>
</tr>
</tbody>
</table>

Note: The “Total human resource investment cost” disclosed in the NRI ESG Databook 2023 is on a consolidated basis.
**Initiatives for Realizing V2030**

In order to promote the strategies of “core business,” “DX,” and “global” as listed in the growth story of V2030, NRI will implement initiatives for strengthening capabilities (including revision of the human resources system), expanding growth opportunities, and creating an environment where everyone can work with enthusiasm.

**Measures for Realizing V2030**

- **Strengthen capabilities to achieve our growth story**
  - Further bolster hiring through new measures [recent university graduates, strengthen referral hiring, alumni, etc.]
  - Visualize human resources with capabilities in DX, business creation, and global business, and systematically provide opportunities to those human resources
  - Promote the performance of veteran employees
  - Establish operation of the Master System (system for relaying after mandatory retirement), etc.

- **Expand growth opportunities for each employee**
  - Provide growth opportunities and increase realization of growth by advancing the level of talent management
  - Strengthen the development of next-generation managers and hold training to improve the human management skills of managers
  - Consider expanding the mission grade system (role-based/job grade system) to younger employees

- **Maintain a culture of diversity and inclusion**
  - Maintain and improve employee engagement throughout the entire Group
  - Ensure women’s advancement by promoting hiring as managers
  - Strengthen on-boarding of mid-career hires (create horizontal connections, etc.)

In the Medium-Term Management Plan 2023–2025, we will set appropriate KPIs and implement the PDCA cycle for these measures.

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY March 2023 Targets</th>
<th>FY March 2023 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance capabilities to realize the growth story</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources for utilizing DX</td>
<td>3,200 people</td>
<td>2,997 people</td>
</tr>
<tr>
<td>Human resources for business creation</td>
<td>230 people</td>
<td>155 people</td>
</tr>
<tr>
<td>Human resources for global business</td>
<td>—</td>
<td>Measurements start in FY March 2024</td>
</tr>
<tr>
<td>Hiring headcount*1</td>
<td>New graduate hires</td>
<td>500 people</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>385 people</td>
<td>393 people</td>
</tr>
<tr>
<td>Improve growth opportunities for each individual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth realization ratio</td>
<td>75%</td>
<td>72.1%</td>
</tr>
<tr>
<td>Percentage of managers with high human management skills (high scores on human resource-related measures in the internal survey)</td>
<td>97%</td>
<td>93.5%</td>
</tr>
<tr>
<td>Promote diversity and inclusion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee engagement score (NRI Payroll)</td>
<td>More than 70 continued</td>
<td>71</td>
</tr>
<tr>
<td>Percentage of female managers*2</td>
<td>13%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Female opportunity offering rate</td>
<td>17%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Percentage of managers who were mid-career hires (equivalent promotion from employee population)</td>
<td>Equivalent percentage maintained for expert and management</td>
<td></td>
</tr>
</tbody>
</table>

*1 Number of professional employees, includes employees seconded to subsidiaries, etc., in the scope of the calculation.
*2 Percentage of women responsible for projects and businesses

In addition to actively hiring human resources who support the growth cycle of human capital, NRI supports the challenges of each and every employee by enhancing its personnel system and treatment.

**Hiring at NRI**

NRI activity hires employees that will grow into professionals who possess a high level of expertise, who take the initiative to work on independently set goals, and who embrace challenges without fearing change.

In particular, we are strengthening mid-career hires in recent years.

- **New Graduate Hires**
  - NRI has been focusing on hiring activities that focus on a realistic job preview (RJP); in other words, we communicate honestly with employees without embellishing NRI. In order to communicate the appeal of NRI’s wide range of business areas, it is essential to involve not only recruiters in the human resources department, but also on-site employees. Therefore, we focus on integrated management combining human resources staff and on-site employees.

  In order to communicate the realities of NRI, our on-site employees are in charge of various events such as “on-site internships (five or 10 days),” “hands-on one-day work for studying IT,” and “roundtable discussions for female students.” In particular, approximately 800 students participate in on-site internships every year. In addition to conveying work at NRI, these internships enable students to deepen their understanding of the consulting and IT industry. As a result, these internships have been extremely well-received by students who are engaged in job-hunting activities.

  In recent years, we have introduced a platform service that enables online visits by alumni who now work at NRI. Through this service, more than 300 on-site employees are conveying the appeal of NRI.

  Furthermore, many on-site employees participate in recruitment activities. Taking a step back from work and reflecting on duties through an objective perspective is an opportunity for employees to consider the significance, appeal, and meaning of work. The result is a positive cycle that strengthens organizational engagement.

- **Mid-career Hiring**
  - NRI is strengthening mid-career hiring in order to promote and support the DX strategies and global strategies that are accelerating at various companies in recent years. Mid-career hires come from not only the IT industry, but also from a variety of other industries. These mid-career hires leverage their expertise in order to contribute to the transformation of a digital society.

  In addition to activities aimed at increasing recognition for mid-career hiring through web media, event exhibitions, posting on transit advertisements, etc., NRI holds a “one-day internship for working professionals.” This internship is conscious of RJP as well, which is an opportunity for employees to consider the significance, appeal, and meaning of work. The result is a positive cycle that strengthens organizational engagement.

- **Dialogue with External Experts on Human Capital**

  NRI periodically engages in dialogue with outside experts in order to ascertain global trends and reflect that knowledge in management strategy.

  In December 2022, Chiharu Takakura (director and chief human resource officer (CHRO) of Rohto Pharmaceutical Co., Ltd.) and NRI senior managing directors Kaga Yaragisawa and Takeshi Hihara held a dialogue on human capital, including the relationship between growth strategies and human resource development. They also discussed the positioning of human capital in the NRI Long-Term Management Vision V2030 materially and human resource development as the V2030 growth story, as well as how to communicate human capital management to investors.

Dialogue Related to NRI’s Management of Human Capital
Hiring of Employees After Mandatory Retirement and Support for Active Participation

NRI has established a system for rehiring after mandatory retirement with the aim of maintaining advanced expertise and enabling employees to continue to demonstrate their capabilities even after mandatory retirement. In the past, the system for rehiring after mandatory retirement was designed to accommodate diverse lifestyles; for example, the system allowed for shorter working days. From FY March 2024, we have established Master position as part of the system for rehiring after mandatory retirement. Master position allows for employment with a high level of treatment for employees who possess particularly advanced expertise and wish to take on roles with greater responsibility. This supports increased performance and job satisfaction for employees after mandatory retirement.

Personnel System That Supports Challenges and Appealing Conditions (Salaries and Bonuses)

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.

This means that the current 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, we can offer the appropriate conditions to people who continue to grow as professionals and produce results.

Rank System
Job class for manager-level personnel is now determined according to the duties handled and expected role for the year rather than past successes and achievements. Career paths as specialists who are not managers have also been clarified, and the job class of chief expert at the same level as a manager was newly established. These multi-track careers have made it possible for management to assist the career development and boost the engagement level of more subordinates and offer the appropriate conditions to people who 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
Under 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 under 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).

Average Annual Salary (Non-consolidated Basis) (1,000 yen)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>10,911</td>
<td>10,692</td>
<td>11,580</td>
<td>11,514</td>
<td>11,660</td>
<td>12,217</td>
<td>12,352</td>
<td>12,251</td>
<td>12,320</td>
<td>12,421</td>
</tr>
</tbody>
</table>

NRI is working to expand growth opportunities by reviewing and enhancing various systems and training programs so that each employee can grow and perform while pursuing their own areas of expertise.

Initiatives for Systematic Development

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. In the C&A System, employees have a goal-setting interview with their supervisors at the beginning of the term. After activities for half of the term, employees meet again with their supervisors to confirm the results. The cycle is then repeated.

In conjunction with the introduction of the new personnel system, NRI revised the Mission-C&A System for employees in managerial positions. Mission-C&A translates the organizational mission into expected roles for individual managers.

<table>
<thead>
<tr>
<th>C&amp;A System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-manager Level</td>
</tr>
<tr>
<td>Promotion decisions Final performance evaluations Promotion of employees, associates, and non-managerial personnel Evaluation of performance Evaluation of skills</td>
</tr>
<tr>
<td>Manager Level</td>
</tr>
<tr>
<td>Promotion decisions Results and challenges Final performance evaluations Evaluation of performance Evaluation of skills</td>
</tr>
</tbody>
</table>

Note:
1. Employee in managerial positions
2. Targets members and associates in non-managerial positions

<table>
<thead>
<tr>
<th>Various types of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
</tr>
<tr>
<td>Self-improvement</td>
</tr>
<tr>
<td>Activities over six months</td>
</tr>
<tr>
<td>Check marks (C&amp;A interview)</td>
</tr>
<tr>
<td>Target setting (C&amp;A interview)</td>
</tr>
<tr>
<td>C&amp;A interviews</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Value Creation Capital

DX Human Resources

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

DX Human Resources Development Program

In the C&A System, employees take inventory of their own DX skills (area / level) and then use this assessment to set goals for their next skill improvement. The number of employees with a DX skill level of "basic level" or higher is set as a KPI that shows "the number of active DX personnel." NRI is working to increase this KPI.

In order to develop human resources who will drive the creation and expansion of the DX business, which is a pillar of our growth strategy, the training program has a curriculum for strengthening the capabilities necessary for the DX era (Figure 1). For example, the program enables employees to learn not only IT skills but also cutting-edge business insight from the latest business use cases. The establishment of this curriculum was completed during the three-year period until FY March 2022. From FY March 2023, we are continually revising and removing portions of the curriculum, with the main goal of refining the content (graph 1).

Together with the systematic provision of opportunities based on KPIs, each individual continues to receive the training necessary for achieving their skill development goals (graph 2). As a result, the number of active DX personnel is steadily increasing (graph 3).

DX Human Resources Development Program (Figure 1)

Business Creation Human Resources

As an indicator for expanding human resources to create new businesses, we have set the goal of increasing the number of Certified Business Analyst (CBA) and Certified Business Developer (CBD) certifications, which are internal certifications at NRI. (The KPI is a total of 250 certified employees for FY March 2031.) To achieve these goals, we provide mid-career and above employees with a large number of courses for efficiently learning practical skills, as well as courses for preparing to obtain external qualifications such as CBAP. For young employees, we have prepared a training program for early identification of human resources who possess the elements for business creation and assistance in bringing those human resources closer to certification while increasing their motivation and skills. In both cases, the strength of NRI’s human resource development lies in our well-established scheme in which internal professionals serve as instructors and serve as leaders in developing the next generation.

Global Human Resources

NRI implements numerous overseas programs that aim to expand the capabilities of global human resources. NRI is especially focusing on an overseas trainee system that dispatches young employees to our worldwide offices or the worldwide offices of client corporations that are active in the global market. Until now, more than 200 trainees have been deployed to 32 cities in 18 countries overseas (graph 4). We also send several employees every year to study abroad. We have sent a total of 58 students to study abroad during the 10-year period up to FY March 2023. In addition to MBAs from overseas universities and business schools, students are actively acquiring degrees in other fields, such as computer sciences (MSE/MCS) and law (LLM).

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**Expanded Training Programs**

With more than 1,000 total sessions held for over 400 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 courses on their own.

Diversity and inclusion programs offer programs geared toward supporting the advancement of women, diversity, and work-life balance.

**Training Program System**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Total employee</th>
<th>Mid-career employee</th>
<th>Expert</th>
<th>Senior officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Career seminar**

- Training at the time of joining the Company
- Selected leader development program
- Self-organized development program
- Core talent development program
- Staff HR Development Program
- Human resources development program
- Global human resources development program
- Human capability improvement program
- Organizational development support program
- Self-organized support program

**Time of promotion by position**

- Entry to Mid-level: 3 years
- Mid-level to Senior: 5 years
- Senior to Expert: 7 years
- Expert to Manager: 10 years

**Pursuit of Advanced Expertise**

**Career Fields**

To advance our development of specialists and multiskilled personnel who work in 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 to refine their expertise, then continues with the aim of becoming a leader in multiple career fields.

**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 18 categories, which serve as goals when employees envision their future careers and design their career paths. In the Skills Development Program, we offer an extensive lineup of highly specialized programs for boosting skills for internal certifications.

**Independent Career Development and Empowerment of Veteran Human Resources**

In order to achieve independent career development for our employees and empower veteran human resources, we dramatically overhauled our existing career development training and started “Personal Career Design” training from FY March 2022. In this program, we arrange a total of five workshop-style training sessions aiming to achieve career autonomy by looking back at one’s career, from the time employees are in their 20s until their 50s. In the training sessions for ages 40 and up, we also support independent career enhancement by providing career coaching, one-on-one interviews, and a rich variety of optional programs such as e-learning for reskilling after workshops to make career development efforts more effective. In FY March 2023, we enhanced our optional programs such as cross-boundary learning and overhauled our program for employees in their late 50s as we look ahead to the introduction of Master position in FY March 2024. Aside from the workshops, we also organize annual career seminars open to all employees, where we strive to foster career consciousness. The seminars were attended by approximately 800 employees in FY March 2023.

**My Career Design (MCD)**

Have each employee work independently to choose and develop their own careers, undergo ceaseless transformation, and continuously take on challenges, regardless of age. Raise motivation (or prevent motivation from declining) at regular intervals and career turning points, and enable employees to flexibly adapt to environmental changes.

**Growth of Core Talent and Internal Certification Program**

<table>
<thead>
<tr>
<th>Certification</th>
<th>BD (Business Development)</th>
<th>BA (Business Analyst)</th>
<th>ITA (IT Architect)</th>
<th>AE (Application Engineer)</th>
<th>ISM (Information Systems Manager)</th>
<th>IT (IT Service Manager)</th>
<th>PM (Project Manager)</th>
<th>IT Service</th>
<th>Senior</th>
<th>Expert</th>
<th>Chief Expert</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification</td>
<td>BD (Business Development)</td>
<td>BA (Business Analyst)</td>
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<td>IT (IT Service Manager)</td>
<td>PM (Project Manager)</td>
<td>IT Service</td>
<td>Senior</td>
<td>Expert</td>
<td>Chief Expert</td>
<td>Manager</td>
</tr>
</tbody>
</table>

**Conditions for certification**

- Senior: Upon promotion to senior associate
- Expert: Upon promotion to expert
- Chief Expert: Upon promotion to chief expert (40 years old)
- Manager: Upon promotion to manager (50 years old or 50 years old / general manager)
- Chief: Upon promotion to chief (57 years old)

**My Career Design (MCD) Purpose**

- Have each employee work independently to choose and develop their own careers, undergo ceaseless transformation, and continuously take on challenges, regardless of age.
- Raise motivation (or prevent motivation from declining) at regular intervals and career turning points, and enable employees to flexibly adapt to environmental changes.
Employee Growth via Challenging Assignments

At NRI, employees are given roles requiring great responsibility and discretion even if the employees are of a younger generation. In consulting projects, employees experience working as a leader in their 20s. Approximately 30% of the systems development project managers (PMEs) are in their 20s or early 30s.

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. This experience not only encourages employee growth, but also creates a virtuous cycle that fosters pride in work as employees perceive their own growth.

Cultivating Human Resources to Support Management

Enhancing the Development of the Next Generation of Management

We conduct two types of training for selected individuals to develop 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 Forum, a learning and development program for the next generation of management personnel. Participants learn about how managers think via dialogue with outside managers, deepen their understanding of management under the guidance of outside experts, and tackle management issues presented to each participant. This series of activities provides opportunities for thinking about the meaning of management. Of the 30 total participants in the program during the five years leading up to and including FY March 2023, 11 have been promoted to executive roles (as of the end of March 2023). We conduct Selected GM & Department Head Training for about 20 candidates for promotion to department head every year. By thinking about business strategy from a Company-wide perspective, participants cultivate a viewpoint broader than their current position. Of the 89 total participants in the program during the five years leading up to and including FY March 2023, 32 have been promoted to department head roles (as of the end of March 2023).

Improving the Personnel Management Ability of Managers

In order to further accelerate the growth cycle as we head toward 2030, it is important to improve the personnel management ability of our general managers, group managers, and other managers. That is why we reviewed the curriculum of the training for new general managers, group managers, and other managers with a focus on improving personnel management ability. All training programs incorporate vision management for consolidating the total capability of the organization, potential management for maximizing the potential of people and the organization, and performance management for achieving goals while supporting subordinate development and independent career development. Training for improving the personnel management ability of existing group managers and other managers is scheduled to start in the second half of FY March 2024. We are also providing AHEAD Program 360-degree feedback with the aim of improving the abilities of managers to develop subordinates and boost co-creation leadership skills.

We plan to start e-learning for effectively utilizing the AHEAD Program from FY March 2024.

At NRI, we promote co-creation of job satisfaction so that employees and the Company can raise job satisfaction together, diversity and inclusion to bring together the strengths of diverse human resources, and the creation of an environment where everybody can demonstrate their value as they work. Furthermore, we are engaged in the respect of the human rights of all people who are impacted by NRI business activities.

Co-creating Job Satisfaction with Employee Engagement

Fostering a Culture Conducive to Job Satisfaction

(Providing Organizational Development Training and Communicating Information via Events, Etc.)

To enable all our employees to independently strive to co-create job satisfaction, we focus on providing video content and training regarding organizational development and human resource development (via one-on-one interviews, etc.), as well as fostering a culture conducive to job satisfaction by transmitting information in various forms.

We have also started incorporating a training program on organizational development into training for new managers, and together with the Company-wide employee engagement survey, we share information on engagement inside and outside NRI each year at the Job Satisfaction Co-Creation Forum (with nearly 700 employees in attendance each year). We also have a Job Satisfaction Co-Creation website on the Company intranet, where we regularly display case examples of activities to co-create job satisfaction at various organizations within NRI, in order to encourage activities for job satisfaction co-creation across the entire Company.

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 the Company as a whole. Utilizing the engagement measurement tool Wevox®, the survey has been conducted for employees of NRI and some NRI Group companies* once per year (in June) since 2021. 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.

Establishing Diversity and Inclusion

Promoting Diverse Work Styles and Health and Productivity Management

Efforts for Respecting Human Rights

We also have a Job Satisfaction Co-Creation Training for new managers, and together with the Company-wide employee engagement survey, we share information on engagement inside and outside NRI each year at the Job Satisfaction Co-Creation Forum (with nearly 700 employees in attendance each year).
Promoting Diversity and Inclusion

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.

Of the seven areas on the right, we have identified gender and career/expertise as two priority areas for promoting activities. We are also enhancing the sharing of information on systems and case examples related to each area and responding to employee queries regarding work styles.

Promotion of Women’s Participation and Advancement in the Workplace

We are continuing our engagement in activities for the NRI Women’s Network (NWN) project, which began in 2008 under the 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 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. These efforts have enabled us to achieve the ratio of female managers target in our action plan formulated in April 2019 (achieving a ratio of at least 8.5% by FY March 2023). In April 2023, we formulated a new action plan. In accordance with our goal of raising the ratio of female managers (general managers/managers) to at least 13% during FY March 2026, we have defined a unique goal of raising the ratio of female employees responsible for projects and businesses to at least 17%, based on the idea that empowerment in work will lead to promotion.

Discussions related to diversity promotion, including hiring women for management positions, are also taking place in Senior Management Promotion Committee and Board of Directors meetings. Starting in FY 2022, diversity promotion initiatives are evaluated on a per-division basis and promoted in 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.

Enhanced On-Boarding for Mid-Career Hires

We promote mid-career hiring to expand our DX business and global business, which are the pillars of our growth strategy. We are also enhancing on-boarding measures when mid-career hires join NRI to enable these employees to become used to their new work environment as soon as possible and exhibit their expertise and capabilities to the fullest extent.

As part of our Company-wide efforts, we held monthly Getting Started training for those that have just joined the Company, where we explain our systems and rules, welfare, human resource development, sustainability activities, and the distinctive NRI value co-creation. In FY March 2023, we launched the “Portal for mid-career hires” in-house portal that gathers various useful information for those who have just joined the Company, based on the opinions of mid-career hires. Of these various efforts, our semi-annual socializing event for mid-career hires and the president is particularly well-received, as it provides those who have been at the Company for less than one year with an opportunity to directly ask questions to the president.

The division that a mid-career hire joins also involves various on-boarding measures (an explanation of the business of the division, follow-up interviews, social networking within the division, and socializing events for interacting with the executives of that division) immediately after the employee enters the Company, according to the characteristics of that division.

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 FY March 2023, we adopted a spouse pregnancy notification system for male employees, which explains the various systems regarding childcare that male employees can apply for, recommends paternity leave, and enables general managers to check the paternity leave schedules of their subordinates. Male employees now also participate in Training for Balancing Work with Parenting, which was previously only available to female employees and their managers.

We are also enhancing the sharing of childcare-related information within the Company, and continuing to hold briefings on the systems regarding childcare that are available and discussions with role model senior employees who worked as project managers with limited work hours due to childcare duties. In “Examples of Working Parents,” we provide examples of both mothers and fathers who have successfully balanced work with childcare, and introduce flexible work styles that utilize methods such as telecommuting.

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

At NRI Mira, Ltd., a special subsidiary of NRI, employees with various disabilities perform a wide range of work such as setting up meeting rooms, supporting training, collecting/delivering in-house mail, managing miscellaneous goods, and providing massage services for employees. We are expanding the work of these employees to managing a café at Kiba Center and performing some data entry work for our financial information database service (IDS).

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 2023, 208 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.42%).

* This refers to a subsidiary that gives special consideration to promote the employment of persons with disabilities, and is doing so to meet certain requirements. Disability certification from the central government allows persons with disabilities employed by this type of subsidiary to be deemed as being employed by the parent company.

Efforts for LGBTQ and Other Sexual Minorities

As part of our efforts for LGBTQ and other sexual minorities, we provide e-learning for promoting understanding to all of our employees and promote the operation of various systems. Systems that apply to the spouses of our employees also apply to those with a partnership certificate issued by a local municipality that is deemed equivalent to marriage.
Accumulate Intellectual Capital
Through Elevation of Individual Knowledge into Organizational Strength

Intellectual capital is the source of our competitiveness and an important element that clearly differentiates
us from other companies. NRI has grown by sustaining long-term relationships with its clients and providing services with high added
value through the management of intellectual capital. We will create and accumulate intellectual capital that
channels individual knowledge into unrivaled organizational strength that is inherited across generations.

Intellectual Capital

- Outstanding business model
  - Consulting (industry/business knowledge, technical skills, etc.)
  - IT solutions (Management Information Systems, data management, etc.)
  - Finance
  - Con-Solution

- Continuously evolving brand
  - Quality, degree of solution integration in customer business
  - Knowledge that supports organizational strength

- Intellectual property management activities
  - Development of competitive intellectual properties

- Capabilities that support business development
  - Consulting framework, strategy development, etc.
  - Processes that support organizational strength

- Reliability, corporate 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 its deep understanding of regulations and systems to provide integrated services, from consulting to IT services and BPO. The increase in the number of clients using shared online services contributes not only to the expansion of NRI's business but also to the stabilization of its profit structure.

Major Shared Online Services

<table>
<thead>
<tr>
<th>Service Name</th>
<th>Launched in</th>
<th>No. of clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STAR</td>
<td>1974</td>
<td>87 firms</td>
</tr>
<tr>
<td>I-STAR</td>
<td>1987</td>
<td>28 firms</td>
</tr>
<tr>
<td>T-STAR</td>
<td>1993</td>
<td>80 firms</td>
</tr>
<tr>
<td>BESTWAY</td>
<td>1997</td>
<td>110 firms*</td>
</tr>
</tbody>
</table>

* The number of firms and cases are as of the end of March 2023.

Development of Competitive Intellectual Properties
In recent years, we have been focusing our efforts on the development of digital IPs that can be used for multiple clients and industries in the DX business area. “DiPcore” is NRI’s componentized key technology for achieving client DX. 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.

Value Creation Capital
**Continuously Evolving Brand**

Considering Japan’s first private think tank as one of its origins, NRI has strength in social recommendations and communication of information based on consumer trend investigations and forecasts of the future. As a group of experts gaining insights into future society, the Center for Strategic Management & Innovation offers proposals that contribute to improving the competitiveness of Japan and solving social issues, and implements measures toward doing so. 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 garnered high praise and trust and enhanced the NRI brand through these activities.

**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. We carry 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.

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

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

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

**Increased Presence Through Communication of Information on Accumulated Intellectual Property**

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

**Capabilities That Support Business Development**

The capability of NRI, which channels individual knowledge into organizational strength, stems from knowledge and the processes that generate knowledge. Knowledge is comprised of various consulting frameworks and various types of IT expertise and rules. Processes that generate and circulate this knowledge include quality control processes such as system development meetings, production innovation methodology such as that for making software development more efficient, and business development activities such as research and development for forming future intellectual capital. These capabilities support outstanding business models and a continuously evolving brand.

**NRI’s Quality Management**

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

**Intellectual Property Management Activities**

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

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

Tokyo Data Center I

- Completion: 2012
- Total floor area: 38,820m²
- Reception capacity: 40,000KVA

Tokyo Data Center II

- Completion: 2016
- Total floor area: 18,360m²
- Reception capacity: 7,500KVA

Yokohama Data Center II

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

Osaka Data Center II

- Completion: 2016
- Total floor area: 38,820m²
- Reception capacity: 40,000KVA

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 2023, we conducted work for clarifying the cause of and preventing the factors behind failure that causes loss to society, corporations, and individuals, and invited Kenji Iino, deputy chairperson of the Association for the Study of Failure, which promotes social education, to give a talk on creating systems for eliminating failures.

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 building a learning, and not forgetting, and awards for excellent slogans on safety and security thought up by individual employees.

Examples of Certifications and Assurances Acquired by NRI

- ISO9001 (Quality management system)
- ISO14001 (Environmental management system)
- ISO20000 (IT service management)
- ISO27001 (Information Security Management System)
- ISO27017 (Cloud services security)
- SOC 1 / SOC 2 Report (Internal control assurance report)
- Uptime Institute M&O (Global certification standard for data center management prescribed by Uptime Institute)*

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

Project Supervision Activities

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.

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, initiatives for improving and facilitate improvement processes to ensure that they remain highly regulated with good security.
Quality of Information Security
NRI operates important infrastructure that supports society including finance and distribution. We have established an advanced information security framework to continue service and protect important information at all times, and through that framework, we work to remain a trusted partner to our clients and society.

Policies Relating to Information Security
NRI and its Group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play.

The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of client and public trust.

Information Security Management Structure
NRI has appointed a chief information security officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, this structure will enable us to respond swiftly, accurately, and reliably in the event of cyberattacks and other security emergencies.

The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. (hereinafter, “NRI Secure”), that engages exclusively in information security business. We will draw on their technology, know-how, and knowledge when preparing and implementing our information security policies.

We have appointed an information security manager and an information security PIC at each of our overseas and domestic Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their companies. In addition, the NRI Group has set certain information security protection standards and engages in improvement drives designed to meet those standards.

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 the headquarters, the Yokohama Center, and the Osaka Center have open layouts with no assigned seating, and include 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 roles, to have close contact with people—in the office.

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

In FY March 2023, we invested ¥4.9 billion in R&D and placed particular emphasis on business development themes and accumulated commercialization expertise for businesses that will lead to new value creation.

R&D Themes and Initiative Policies

<table>
<thead>
<tr>
<th>Theme</th>
<th>Initiative policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigative research</td>
<td>• Research and theoretical research from a medium-to-long-term perspective</td>
</tr>
<tr>
<td>• Investigation research contributing to NRI business development</td>
<td></td>
</tr>
<tr>
<td>• Technology trend surveys to contribute to the vitalization of business development and strengthen the technical competitiveness of NRI</td>
<td></td>
</tr>
<tr>
<td>• Systematic policy research, consumer surveys, etc.</td>
<td></td>
</tr>
<tr>
<td>DX business development</td>
<td>• Recommendations that contribute to government institutions and corporate management</td>
</tr>
<tr>
<td>• Business development for priority themes such as 5G, next-generation stores, and smart cities</td>
<td></td>
</tr>
<tr>
<td>• Technological research focusing on DX-related technology</td>
<td></td>
</tr>
</tbody>
</table>
NRI recognizes that the preservation and restoration of the global environment, including addressing climate change, is a shared global issue. As a company that provides consulting and IT solution services, we are committed to tackling this issue by leveraging our insights and ability to achieve. We will collaborate with all stakeholders and contribute to the creation of a sustainable future society.

Initiatives for Creating Opportunities and Reducing the Risks of Climate Change (TCFD)

**Governance**

The NRI Group positions sustainability as an important management issue. In addition to considering sustainability in the structure and supervision of our Board of Directors and the appointment of outside directors with knowledge about sustainability, the Board of Directors has decided on a Basic Sustainability Policy (including materiality). We have also established the Sustainability Committee, which is headed by the director in charge of promoting sustainability management, and supervised by the Board of Directors. The Sustainability Committee also has two subcommittees; the Sustainability Activities Committee and the Value Co-Creation Committee, which are led by the senior corporate managing director. The Sustainability Committee and the two subcommittees promote sustainability across the entire Group and periodically report to the Board of Directors on the progress of their activities. Related matters are reported to the Board of Directors at least twice each year.

**Sustainability Governance System**

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Supervisors</th>
<th>Chairperson</th>
<th>Members</th>
<th>Elected directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion of important sustainability issues, monitoring of materiality progress, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Sustainability Committee | | | | |
|---------------------------| | | | |

| Value Co-Creation Committee | | | | |
|-----------------------------| | | | |

| Sustainability Activities Committee | | | | |
|-------------------------------------| | | | |

<table>
<thead>
<tr>
<th>Sustainability Strategy</th>
<th>ESG Disclosure</th>
<th>Supply Chain / Human Rights</th>
<th>Group Global Coordination</th>
<th>Net-Zero Journey</th>
</tr>
</thead>
</table>

**Strategy**

Since the fiscal year ended March 2019, NRI has continuously conducted scenario analyses to identify climate change-related risks and opportunities, as well as assessing the financial impact on the Group.

**Scenario Analysis Implemented in the Past**

- **Fiscal year ended March 2019**
  - Identification of risks / opportunities in the Group’s overall business
  - Identification of risks and opportunities for the 2°C and 4°C scenarios (Currently, the 2°C scenario is being used as the 1.5°C scenario and applied.)
- **Fiscal year ended March 2020**
  - Scenario analysis for highly important business
    - Implemented for data center business
- **Fiscal year ended March 2021**
  - Scenario analysis for profit center
    - Implemented for asset management solutions business and consulting business
- **Fiscal year ended March 2022**
  - Expansion of businesses targeted for scenario analysis
    - Implemented for securities solutions business
- **Fiscal year ended March 2023**
  - Continuation of scenario analysis, consideration of a disclosure system
    - Continue scenario analysis
    - Consider a more evolved information disclosure framework

**Net-Zero Journey Subcommittee**

The Net-Zero Journey Subcommittee of the Sustainability Activities Committee, led by a senior corporate managing director who also serves as the chairperson of the Sustainability Committee, includes members with expertise in climate-related issues. This subcommittee is responsible for advancing discussions and strategies related to climate initiatives within the NRI Group, such as achieving carbon neutrality, reducing Scope 3 emissions, and sourcing renewable energy.

Further, in the determination of stock-based compensation provided to directors (excluding outside directors) and senior managing directors, as well as other employees (with executive titles), a mechanism has been introduced that takes into account the progress of the NRI Group’s sustainability indicators, which include efforts to reduce greenhouse gas emissions.

**Key Deliberations and Reporting Items Related to Climate Change in Board of Directors Meetings (Fiscal Year Ended March 2023)**

- Status of generation of environmental benefits for clients through business platforms (quarterly)
- Status of support for setting the environmental targets of business partners
- Setting of 2050 net-zero targets (SBT level), including Scope 3

**Key Deliberations and Reporting Items Related to Climate Change in Sustainability Activities Committee Meetings**

- Setting of 2050 net-zero targets (SBT level), including Scope 3
- Status of progress in renewable energy procurement
- TCFD scenario analysis results (asset management solutions business, consulting business)
- Agreement with the GZ League Basic Concept
- TCFD scenario analysis results (securities solutions business)
- Status of support for setting the environmental targets of business partners
- Status of consideration of setting 2050 net-zero targets (SBT level), including Scope 3
- Implementation of top-management dialogue with CDP

**Key Deliberations and Reporting Items Related to Climate Change in Sustainability Committee (Established April 2023) Meetings (Held in May 2023)**

- Mechanism for considering sustainability efforts (including climate change) in the stock-based compensation of executives
- Policy concerning external disclosure of information related to sustainability (including climate change)
- Subcommittees (Value Co-Creation Promotion Committee, Sustainability Activities Committee)

**Scenario Analysis Implemented in the Past**

- **Fiscal year ended March 2019**
  - Identification of risks / opportunities in the Group’s overall business
  - Identifying the risks and opportunities for the 2°C and 4°C scenarios (Currently, the 2°C scenario is being used as the 1.5°C scenario and applied.)
- **Fiscal year ended March 2020**
  - Scenario analysis for highly important business
    - Implemented for data center business
- **Fiscal year ended March 2021**
  - Scenario analysis for profit center
    - Implemented for asset management solutions business and consulting business
- **Fiscal year ended March 2022**
  - Expansion of businesses targeted for scenario analysis
    - Implemented for securities solutions business
- **Fiscal year ended March 2023**
  - Continuation of scenario analysis, consideration of a disclosure system
    - Continue scenario analysis
    - Consider a more evolved information disclosure framework

Note: For details on each scenario, please refer to our efforts in response to the TCFD’s final recommendations. (https://www.nri.com/en/sustainability/environment/fossil)
Management Basis (ESG)

Anticipated Scenario

In the scenario analysis, two types of scenarios were considered: the regulation and measures enhancement scenario (referred to as the “below 2 °C scenario” or “1.5 °C scenario” as described later) and the current scenario (referred to as the “4 °C scenario” as described later).

Reference Scenarios and Anticipated Contents

<table>
<thead>
<tr>
<th>Reference scenarios</th>
<th>Before 2 °C / 1.5 °C scenario (Regulation / measures enhancement scenario)</th>
<th>4 °C scenario (Current scenario)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEA Sustainable Development Scenario (SDES)</td>
<td>IEA Net Zero Emission Scenario by 2050 case (NZE)</td>
<td>IEA Stated Policies Scenario (STEPS)</td>
</tr>
<tr>
<td>IPCC RCP 2.6</td>
<td>IPCC RCP 1.9</td>
<td></td>
</tr>
</tbody>
</table>

Identification of Risks and Opportunities Across NRI Business as a Whole (Fiscal Year Ended March 2019)

During the fiscal year ended March 2019, we identified risks and opportunities across NRI’s overall business. Two scenarios were set: the “2 °C scenario” to limit temperature rise to 2 °C and the “4 °C scenario” assuming no measures beyond current assumptions are taken. These scenarios were applied to four business domains: Consulting, Financial IT solutions, Industrial IT solutions, and Data Center businesses (IT Infrastructure solutions). Currently, “2 °C scenario” is being read as “1.5 °C scenario” and applied.

Risks and Opportunities in NRI’s Business Overall

<table>
<thead>
<tr>
<th>Business Field</th>
<th>World View in 1.5 °C Scenario</th>
<th>World View in 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 envisioned 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 reductions 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. The advancement of related initiatives in the future will create opportunities for increasing demand.</td>
<td>+ Providing cloud systems will make it possible to minimize damage in the event of a natural disaster, thus reducing the risk to clients.</td>
</tr>
<tr>
<td>Data centers (IT Platform Services)</td>
<td>+ We seek to establish carbon-free data centers that 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 customers.</td>
<td>+ The risk of business stoppage is reduced by considering natural disasters when selecting locations, as well as by implementing a mutual backup system using multiple data centers. This creates opportunities for increasing demand.</td>
</tr>
</tbody>
</table>

Scenario Analysis of Individual Businesses (Since March 2020)

For the aforementioned target businesses, namely Consulting, Financial IT solutions (categorized into Asset Management Solutions and Securities Solutions), and Data Center businesses, we conducted more detailed analyses of climate-related events, assessing NRI’s specific risks and opportunities, as well as the financial impact on NRI.

Status of Implementation of Scenario Analysis by Business

<table>
<thead>
<tr>
<th>FY March 2020</th>
<th>FY March 2021</th>
<th>FY March 2022</th>
<th>FY March 2023</th>
<th>FY March 2024</th>
</tr>
</thead>
</table>
Scenario Analysis for the Data Center Business (FY March 2020)

Among the risks and opportunities, we conducted a scenario analysis for the Data Center Business—upon which climate change has the greatest impacts—in FY March 2020. To define and identify scenarios, we established two scenarios for the medium-to-long term (2030 on): the 2 °C or lower scenario and the 4 °C scenario.

The risks and opportunities in the Data Center Business are as follows. Within the climate-related events, light blue represents “transition risk,” which indicates the economic and social transition due to climate change, while dark blue is for “physical risk,” indicating the physical change caused by climate change.

Risk and Opportunities for the Data Center Business

<table>
<thead>
<tr>
<th>Climate-related events</th>
<th>Anticipated changes</th>
<th>Risk / Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of carbon pricing (carbon tax, etc.)</td>
<td>In the below 2 °C scenario, the anticipated introduction of carbon tax has led to an increase in electricity costs.</td>
<td>×</td>
</tr>
<tr>
<td>Expansion of the use of renewable energy</td>
<td>Cost burden incurred to achieve renewable energy adoption targets. However, if the goals are achieved, it could mitigate the impact of carbon tax.</td>
<td>△</td>
</tr>
<tr>
<td>Escalating natural disasters</td>
<td>Data center facilities being affected by natural disasters. (Water supply restrictions, water outages, flooding due to heavy rainfall, wind damage, power supply disruptions, etc. However, analysis of the hazard map, etc., led to the assessment that the impact was minor.)</td>
<td>×</td>
</tr>
</tbody>
</table>

In the 2 °C or lower scenario, to study the financial effects of adopting a carbon tax and renewable energy, we anticipated Baseline, Case 1, and Case 2 situations, and evaluated the impacts for each. In Baseline, we anticipated that the adoption of a carbon tax caused utility expenses to rise 21% to 28% compared to FY March 2019, and that NRI did not procure renewable energy. In response to this, Case 1 considered achievement of the target set at the end of the fiscal year ended March 2031. Case 2 assumed the same conditions as Case 1 but also took into account a world in which the cost of renewable energy procurement target could mitigate the impact of implementation of carbon tax.

Assessment of Financial Impact in 2 °C or Lower Scenario

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

<table>
<thead>
<tr>
<th>Case</th>
<th>Electricity costs increase 91%–28% due to implementation of carbon tax ($75 to $100 / ton of CO2)</th>
<th>Total additional cost (hundred million yen / year)</th>
<th>Difference from Baseline (hundred million yen / year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>△</td>
<td>3.1–4.2</td>
<td>–</td>
</tr>
<tr>
<td>Case 1</td>
<td>36% renewable energy procured</td>
<td>3.4–4.1</td>
<td>-0.1–0.3</td>
</tr>
<tr>
<td>Case 2</td>
<td>Price of procuring renewable energy decreases</td>
<td>2.3–3.0</td>
<td>-1.1–0.8</td>
</tr>
</tbody>
</table>

Scenario Analysis for the Asset Management Solution Business (FY March 2021)

In FY March 2021, we conducted a scenario analysis for the asset management solution business, which is part of the Financial IT Solutions business. To define and identify scenarios, we established two scenarios: the 2 °C or lower scenario and the 4 °C scenario. We surveyed impacts on our services and changes anticipated at client companies regarding six climate-related events, and analyzed whether these posed risks or opportunities for NRI. The results are shown in the following table.

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

Risks and Opportunities for the Asset Management Solution Business

<table>
<thead>
<tr>
<th>Climate-related events</th>
<th>Anticipated changes</th>
<th>Risk / Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of carbon pricing (carbon tax, etc.) and subsidies for new technology</td>
<td>Changes to corporate competitiveness and corporate value impacts the asset balance.</td>
<td>△</td>
</tr>
<tr>
<td>Promoting standardization and requesting improved disclosure of ESG/climate-related information to asset management companies</td>
<td>Asset management companies will have increased need for organizing corporate information due to increasing amounts of information disclosed from companies and standardization of the information to disclose.</td>
<td></td>
</tr>
<tr>
<td>Improve disclosure of information to asset management companies</td>
<td>Increased need for assistance due to improved disclosure of ESG investment and sustainable finance in operation at regulatory authorities and asset owners.</td>
<td></td>
</tr>
<tr>
<td>Improve disclosure of ESG information for financial products</td>
<td>There is demand for explanation of ESG-related items, etc., in financial products for individuals developed by asset management firms.</td>
<td></td>
</tr>
<tr>
<td>Increased interest in personal ESG and climate change</td>
<td>With increasing demand for ESG investment and impact investment among millennials and generation Z, who have a particularly high interest in environmental and social issues, there is increasing need for visualizing the environmental and social impact of asset management.</td>
<td></td>
</tr>
<tr>
<td>Interacting natural disasters</td>
<td>Loss due to natural disasters will cause a slowdown in economic activity and a temporary drop in the asset balance.</td>
<td>×</td>
</tr>
</tbody>
</table>
Next, we predicted changes in revenue fluctuation factors based on anticipated changes in client companies and consolidated the impact of four identified events on financial performance. The analysis showed that in the context of the below 2°C scenario, the influence of increased revenue would be relatively significant, while in the 4°C scenario, the impact of decreased revenue would be considerable.

**Evaluation of Financial Impact for the Asset Management Solution Business**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Change in Sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2°C or lower scenario</td>
<td></td>
</tr>
<tr>
<td>Adoption of carbon tax</td>
<td>-0.4</td>
</tr>
<tr>
<td>Improve disclosures</td>
<td>0.1</td>
</tr>
<tr>
<td>Increased interest in ESG investments</td>
<td>1.4</td>
</tr>
<tr>
<td>Intensifying natural disasters</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>3.1</td>
</tr>
<tr>
<td>4°C scenario</td>
<td></td>
</tr>
<tr>
<td>Adoption of carbon tax</td>
<td>0.4</td>
</tr>
<tr>
<td>Improve disclosures</td>
<td>0.0</td>
</tr>
<tr>
<td>Increased interest in ESG investments</td>
<td>-1.1</td>
</tr>
<tr>
<td>Intensifying natural disasters</td>
<td>-1.0</td>
</tr>
<tr>
<td>Total</td>
<td>-2.5</td>
</tr>
</tbody>
</table>

**Scenario Analysis for the Consulting Business (FY March 2021)**

Similarly, in the fiscal year ended March 2021, scenario analysis was conducted for the consulting business. Two scenarios were defined: a below 2°C scenario and a 4°C scenario.

The results of analysis of risks and opportunities for the consulting business are as shown in the figure below. The analysis revealed that while there would be an increased demand for sustainability-related consulting services due to climate change, there would also be significant risks to the business, such as the potential failure in transitioning to decarbonization or economic stagnation due to exacerbated natural disasters.

**Risks and Opportunities for the Consulting Business**

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

**Sustainability-Related Sales for the Consulting Business (Forecast at Time of Analysis)**

Regarding opportunities, future revenue growth was forecast based on the current track record of sustainability-related business. Consequently, the analysis indicated that the below 2°C scenario would result in a higher increase in demand for consulting services and greater revenue growth than the 4°C scenario.

**Scenario Analysis for the Capital Markets & Wealth Management Solution Business (FY March 2022)**

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. To define and identify scenarios, we established two scenarios: the 2°C or lower scenario and the 4°C scenario.

We investigated the impact on our services and potential changes in NRI’s external environment in response to climate-related events, and analyzed whether there were risks or opportunities. The results are shown in the following figure.

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 that market reforms, such as setting sustainability bond market classifications, sustainability ranking of companies, and increased demand to be environmentally conscious, will create opportunities for NRI’s securities solutions business 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.
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 following figure shows the impact of anticipated changes on revenue and expenses by range of effect in the 4°C and 4°C scenarios, respectively. The purple graph represents the impact on revenue, while the light blue graph indicates the impact on costs.

### Evaluation of Financial Impact for the Capital Markets & Wealth Management Solution Business

**Evaluation of Financial Impact**

<table>
<thead>
<tr>
<th>1.5°C Scenario</th>
<th>4°C Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
</tr>
<tr>
<td>Impact of carbon pricing (Share price)</td>
<td>Impact of carbon pricing (Share price)</td>
</tr>
<tr>
<td>Impact of climate change (Share price)</td>
<td>Impact of climate change (Share price)</td>
</tr>
<tr>
<td>Impact of natural disasters (Trading suspension)</td>
<td>Impact of natural disasters (Trading suspension)</td>
</tr>
<tr>
<td>Impact of carbon pricing (Procurement)</td>
<td>Impact of carbon pricing (Procurement)</td>
</tr>
<tr>
<td>Impact of carbon pricing (Procurement)</td>
<td>Impact of carbon pricing (Procurement)</td>
</tr>
<tr>
<td>Impact of natural disasters (Procurement)</td>
<td>Impact of natural disasters (Procurement)</td>
</tr>
</tbody>
</table>

### Utilization of the Results of Scenario Analysis

At NRI, based on the results of analysis of financial impact, we recognize that initiatives aimed at reducing greenhouse gas emissions, such as the adoption of renewable energy, can mitigate risks arising from the introduction of carbon pricing (carbon tax, etc.) and the expansion of the demand for environmental considerations. In light of this recognition, we are taking steps to address these issues. Specifically, considering that a significant portion of NRI's greenhouse gas emissions is attributed to consumption of electricity, we believe that transitioning the sourcing of electricity used in our operations to renewable energy is a crucial step toward decarbonization. With this in mind, all of NRI's data centers have transitioned to using 100% renewable energy sources by the end of the fiscal year ended March 2023. In addition, even in our office spaces, we began transitioning some of the main office locations to renewable energy in the fiscal year ended March 2022.

NRI revised its greenhouse gas emissions reduction targets in February 2023, and has set forth the targets given later in the “Indicators and Targets” section. Further, NRI is currently considering methods for procuring long-term and stable renewable energy with an eye toward 2030 and 2050.

### Risk Management

In risk management in NRI overall, including climate-related risks, the Company has appointed a director in charge of risk management and established an Integrated Risk Management Department as a centralized unit for risk management. The Integrated Risk Management Department is responsible for establishing and maintaining the framework of risk management, as well as identifying, assessing, monitoring, and managing risks in general. Integrated Risk Management Committee meetings chaired by the director in charge of risk management are held twice a year. During these meetings, participants evaluate the risk management PDCA cycle and deliberate on risk response strategies. The outcomes of these discussions are then reported to the Board of Directors.

NRI separates potential risks into 13 categories that might arise in its business execution. Specific risk items are defined for each risk category. These risk items are regularly evaluated by the responsible departments, and the risk items, their importance, and their impact are reviewed. Among the 13 risk categories, those perceived as being particularly significant each year are selected as “priority themes for risk management” during meetings of the Integrated Risk Management Committee. One of these risk categories is “strategic management risk,” which encompasses “risk related to sustainability management (including climate change response).”

Additionally, since the fiscal year ended March 2019, the Sustainability Activities Committee has been responsible for identifying, evaluating, and responding to climate-related risks and opportunities in particular. The committee considers external environmental factors, status of initiatives, and information from service-providing departments to consider and make decisions about measures for each climate-related risk, including risks related to escalating natural disasters and their impact on business continuity.

### Indicators and Targets

In an aim to achieve decarbonization across the entire Group’s value chain, NRI revised its environmental targets in February 2023 in accordance with the SBT initiative’s “Corporate Net-Zero Criteria.” (The application for certification of reduction targets by the SBT initiative is currently pending.) In addition, to achieve this target, NRI joined RE100 in February 2019.

#### Indicators for Decarbonization

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Targets</th>
<th>FY March 2023 results</th>
<th>(Reference) FY March 2023 emissions results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction rate of greenhouse gas emissions (base year: 2019)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1+2</td>
<td>Net-zero**</td>
<td>–66%</td>
<td>20,000 tCO₂eq*</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Net-zero**</td>
<td>+5%</td>
<td>190,000 tCO₂eq*</td>
</tr>
<tr>
<td>Renewable energy utilization rate</td>
<td>100%</td>
<td>73%/**</td>
<td>—</td>
</tr>
</tbody>
</table>

**Reduction rate of Scope 1+2 emissions by 66% to achieve the remaining emission. "Neutralization" refers to abatement that cannot be reduced within NRI's value chain by the net-zero target year, and “neutralization” involves offsetting those residual emissions using carbon removal technologies outside the value chain.

*Reduction rate of Scope 3 emissions by 5%, with residual emissions neutralized.

**Performance values are verified by third parties.
Analysis of Emissions Reduction Targets and Transition Plan

Efforts Toward Achieving Net-Zero by FY2050

Implementation of Environmental Management System (EMS)

NRI has acquired ISO14001 certification, an international standard on environmental management systems, for its data centers, which are the main source of CO2 emissions. Furthermore, NRI-EMS, an environmental management system unique to NRI, has been introduced at key NRI offices.

EMS Implementation Status

- Domestic offices (not yet implementing NRI-EMS): 12.4%
- Overseas offices (with NRI-EMS): 9.7%
- Data centers (with ISO14001): 57.3%

Progress in Renewable Energy Procurement

In light of the results of the aforementioned TCFD scenario analysis, NRI joined the RE100 initiative in February 2019. By the fiscal year ended March 2022, the Company switched to using renewable energy for the power consumption of three main data centers with high electricity usage. In the same year, NRI also introduced renewable energy sources in key offices such as the Tokyo Headquarters and the Yokohama Center. Originally, the goal was to cover all electricity needs with renewable energy by the fiscal year ended March 2051. However, considering the potential for future tightening of regulations, the target year was advanced to the fiscal year ending March 2031. As of the end of the fiscal year ended March 2023, all electricity used by NRI’s data centers is derived from renewable sources.

Concept of NRI Net-Zero Journey

We believe that collaboration with various stakeholders is crucial not only for the Company but also for achieving “2050 Net-Zero” across the entire value chain. We are actively advancing the initiative called “NRI Net-Zero Journey,” which involves collaborating with our business partners to jointly navigate the path toward achieving net zero. As shown in the figure below, NRI believes that fostering partnerships with business partners is essential for achieving the goal of contributing to the creation of a sustainable future society. We are committed to growing together while placing great importance on these partnerships.

Efforts to Reduce Scope 3

(1) Visualization

Scope 3 emissions are currently calculated by multiplying activity amount by emissions intensity. With this method, emissions also increase proportionally if activities increase, regardless of reduction efforts. We believe that building sustainable futures is inseparable from the growth of NRI, and consider it important that we revise the calculation method so that reduction efforts are appropriately affected and thereby continue to grow. That is why we have been participating in the CDP supply chain program since FY March 2022 and are gathering primary data from our business partners.

We believe that encouraging business partners to disclose climate-related information via the CDP supply chain program is a meaningful action for achieving net zero throughout our entire value chain and society at large. We are considering changes to the method for calculating Category 1 of Scope 3 emissions in FY March 2023, based on data gathered via the CDP supply chain program. This involves making estimates with various calculation options, based on the opinions of CDP experts. By switching from the base units given by the Ministry of the Environment to unique base units for each business partner, we have generated estimates where reduction efforts are reflected in the figures even when activities increase.

(2) Engagement

Starting in FY March 2023, we enhanced engagement with each of our business partners based on the NRI Net-Zero Journey concept in order to reduce emissions from Category 1 software development partners, which account for most of our Scope 3 emissions. As part of this effort, we held a workshop on corporate trends, methods for calculating greenhouse gas emissions, and how to set SBT targets. NRI specialists from our consulting business division joined the workshop as speakers, and we established a contact desk to enable our partners to ask questions at any time about calculating emissions and setting targets.

Mutual benefits for business partners and NRI:

- Raise employee engagement
- Be a preferred choice in the job market
- Branding and gaining credibility

Helping to build sustainable futures:

- Be the preferred choice of our clients
- Compliance with regulations, anticipating future regulations
- Accountability to investors
- Attracting investors

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Sustainable Procurement
In FY March 2022, we formulated the NRI Group Business Partner Code of Conduct that defines rules on legal compliance, the environment, and human rights. This code of conduct was created according to our concept of achieving sustainability management and the RBA Code of Conduct 6.0 formulated and published by the RBA (Responsible Business Alliance), and details efforts that we would like our business partners to make together with NRI. NRI has been promoting the acquisition of written agreements to this Code of Conduct from business partners, and the rate of acquisition has been increasing year by year. In addition, some business partners are asked to conduct self-assessments* to confirm their compliance with the Code of Conduct, and individual discussions are held based on the results of these assessments.

These efforts for encouraging our business partners in order to reduce Scope 3 emissions were recognized as we were selected for the top “Leader Board” in the CDP supply chain engagement evaluation. (We have been selected since 2020).

Initiatives for Conservating / Restoring of Natural Capital (TNFD)

Current Initiatives
In 2012, NRI established the Biodiversity Action Guidelines (now the NRI Group’s Biodiversity Policy) and has been actively promoting initiatives for biodiversity conservation and the sustainable use of biological resources. As part of the NRI Green Style activities, the Company contributes to reducing environmental impact through its own efforts as well as through the services and policy recommendations it provides to society. In 2021, NRI formulated the NRI Group Business Partner Code of Conduct, aiming to minimize harmful events related to the local environment, natural resources, and to ensure a safe environment among its business partners, thus contributing to reducing environmental impact throughout its value chain.

In this context, NRI joined the TNFD Forum in July 2022 to further enhance its commitment to natural capital. To identify nature-related risks and opportunities, NRI is considering the Locate, Evaluate, Assess, Prepare (LEAP) approach outlined in the TNFD disclosure framework.

During implementation of LEAP analysis, NRI first gained an understanding of the broad points of interaction between its business and nature. Specifically, NRI organized its value chain and referred to tools like ENCORE* to comprehend the dependencies and impact relationships between each element and nature in various sectors. As a result, NRI identified three main types of interaction: (i) with data centers and office usage (including upstream value chain activities such as energy and equipment procurement), (ii) with recipients of IT solutions services and consulting (downstream activities in the value chain), and (iii) indirect interactions through societal recommendations and consulting services contributing to social transformation.

* ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposures) is a web-based tool offered by Natural Capital Finance, etc. It makes it possible to understand the potential dependencies and impact on nature for 157 industries based on the GICS. TNFD also references ENCORE as a tool that is useful for activities such as scoping and the Locate phase of the LEAP approach.

Points of Contact between NRI’s Business and Nature

Organisation of the value chain
Understanding of dependency and impact
Deep analysis
Future policy

NRI’s business
Provision of services to government agencies and other social entities through policy recommendations
Contributions through indirect factors
Influence and dependence on nature through clients

Provision of services to a broader range of companies in sectors like finance and distribution
Impact and dependence on nature as perceived by clients
Direct or upstream impact and dependence

Various business activities utilizing data centers, offices, etc.
Procurement of electricity, water, and equipment, etc.

Provision of services for biodiversity conservation and the sustainable use of biological resources

Emissions of greenhouse gases, water, and other wastes

Analysis based on LEAP is carried out at main locations, etc.

In the Assess and Prepare phases of the LEAP approach, risks and opportunities as well as the response are considered.

In the Locate phase, NRI organizes geographical information about its value chain, including business locations (data centers and offices). In addition, various tools are used to compile information about the natural conditions in different regions, aiding in the identification of priority sites for focused action.

In the Evaluate phase, based on the results from the Locate phase and the nature of business processes and activities at each site, NRI identifies more specific dependencies and impact relationships with the environment. Further, concerning downstream aspects, NRI will attempt to conduct in-depth analysis, particularly focusing on items believed to have significant impact. Currently, the plan is to focus on dependencies and impact relationships related to water resources.

Moving to the Assess phase, NRI considers not only the dependencies and impact relationships identified in the Evaluate phase but also the points of interaction with nature that contribute to societal transformation through policy recommendations and consulting services. This phase assesses potential risks and opportunities for NRI through scenario analysis, etc.

In the Prepare phase, taking the above outcomes into account, NRI examines the actions it should undertake and the specific methods of disclosure.
Fulfill Our Social Responsibilities

Through Strengthening of Relationships with Stakeholders

Recognizing the importance of collaboration with various stakeholders beyond its own operations, NRI forms positive relationships with stakeholders (society, clients, employees, business partners, shareholders, and investors). These relationships are essential to fulfilling social responsibilities throughout the supply chain, including sound labor-management relations, consideration for human rights, and creating a sustainable future society.

Building Positive Relationships with Employees
- Promoting Diverse Work Styles and Health and Productivity Management -

By enacting work-style reform, NRI aims 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.

In 1994, NRI implemented a discretionary labor scheme that was a pioneering initiative in Japan at that time. Through this scheme, we have promoted a work style that is free from time constraints.

From 2016 to 2017, we relocated our Tokyo, Yokohama, and Osaka offices to new buildings. Based on the concept of “creating new value by connecting people, goods, events, information, and objectives,” we developed office spaces that achieve a working style that is uninhibited by location. Currently, we are engaged in enhancing productivity through a new work style that combines telecommuting with in-office work.

At NRI, the CEO also serves as the chief health officer (C-HO) in charge of Health Management* and is promoting various institutional arrangements and initiatives based on the four activity goals set forth in the NRI Health Declaration.

NRI Declaration

Basic policy: Based on correct knowledge and recognition for their own health by each employee, the NRI Group supports active initiatives for improving long-term QOL.

1. Reduce lifestyle-related diseases
- Manage employees’ reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations
- Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases

2. Lower stress
- Stress prevention for individual employees and teams
- Develop a system to enable employees to return to work earlier

3. Lower smoking rates
- Introduce support to help stop smoking
- Remove smoking spaces inside offices

4. Promote work-life balance
- Reduce overtime and holiday work hours
- Encourage employees to take paid leave
- Implement frontline-driven initiatives including streamlining operations and meetings, as well as promoting early morning work

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.

Prevention Course* (e-learning) has been made mandatory for all staff members, in an aim to promote human rights awareness at NRI. Moreover, NRI engaged in dialogue on human rights with WBCSD*, understanding the necessity for stronger commitment to human rights and acknowledging international trends, which hold expectations for companies.

Furthermore, as a company involved in the development and utilization of AI, NRI 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. Further, efforts have been made to promote AI ethics within practical operations, such as developing checklists for reference during AI development and utilization.

To further promote sustainable procurement, we established the NRI Group Business Partners’ Code of Conduct in April 2021 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, NRI is disseminating this information to external contractors, vendors, and others, obtaining consent to its code of conduct. NRI has also requested self-assessments and conducted interviews with business partners, enhancing their interest in sustainability and working together for improvement.

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

* WBCSD: World Business Council for Sustainable Development

NRI Group Health Declaration

For details, refer to its presentation on the Company’s intranet website.

NRI Group Health Declaration

In order to promote understanding of our sustainability philosophy and initiatives, and to enhance the acquisition and awareness of ESG fundamentals, NRI conducts annual e-learning programs for all employees in the domestic Group. In the fiscal year ended March 2023, 98.0% of officers and employees participated in the program.

In addition, we collaborated with simpleshow Japan to create educational videos on ESG basics, their significance, the global state of ESG investments, environmental issues, and human rights concerns. The information is always available on the Company’s intranet website.

E-SG Training for Employees

In the fiscal year ended March 2023, NRI continued to conduct regular human rights due diligence for both NRI and its Group companies, in accordance with the “UN Guiding Principles on Business and Human Rights.” In addition to continuing ESG training that includes human rights-related training including “Unconscious Bias Basics” and the “Harassment Prevention Course” (e-learning) has been made mandatory for all staff members, in an aim to promote human rights awareness at NRI. Moreover, NRI engaged in dialogue on human rights with WBCSD, understanding the necessity for stronger commitment to human rights and acknowledging international trends, which hold expectations for companies.

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NRI Group Policy on Human Rights


NRI Group AI Ethics Guidelines


NRI Human Rights Report


NRI Group Business Partner Code of Conduct

https://www.nri.com/en/company/partner_code
Cooperation with Stakeholders

NRI understands the expectations of its various stakeholders, namely, society (including the global environment), clients, employees, business partners, shareholders, and investors. Through initiatives that leverage NRI’s strengths, we collaborate with stakeholders to co-create a sustainable future society.

Dialogue with Experts

Each year since the fiscal year ended 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.

In dialogue during the fiscal year ended March 2023, we exchanged opinions with experts in the fields of human capital and the environment.

Environment: Effort for Climate Change Mitigation – Top Management Dialogue with CDP (November 2022)

NRI has set forth “Contribution to the Global Environment through Collaboration with Business Partners” in its materiality announced in April 2023, and contributes to natural capital and a sustainable future society. This article describes the dialogue held on November 2022 with Paul Dickinson, founder of CDP. In this dialog, opinions were exchanged between Paul Dickinson, Shingo Konomoto (Chairman, President & CEO, Representative Director, Member of the Board at Nomura Research Institute), and Takeshi Hihara (Senior Managing Director, Chief Sustainability Officer of NRI).

About CDP

CDP is a global non-profit that runs the world’s environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 740 financial institutions with over $130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impact, and to reduce greenhouse gas emissions, safeguard water resources and protect forests.

Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy.

CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, the Investor Agenda and the Net Zero Asset Managers initiative.

Regarding the Importance of Information Disclosure in the Global Fight Against Climate Change, and the Role of Decarbonization in Japan

NRI Konomoto: How does decarbonization in Japan fit into the global fight against climate change?

Mr. Dickinson: Considering that carbon tax system will be installed, I believe Japanese corporations and industries will have an enormous opportunity to sell decarbonization technologies overseas in the future.

In the 19 years that I have been interacting with Japan, it has seemed to me that despite the technical and strategic preparations of both government and industry, they lack the confidence to contribute to decarbonization and need to realize that they have the capability to do so. On a global level, various stakeholders are faced with extreme climate change and abnormal weather, and are urging national governments to do something. Looking ahead, I believe that the question of what government policies can be implemented toward decarbonization will mean everything.

Role and Expectations for the IT Industry Toward a Sustainable Future

NRI Konomoto: Now we would like to take a look at the relationship between IT and sustainability. NRI holds the NRI Dream Up the Future Forum every year. One of the important themes is how IT can achieve sustainability, or a sustainable society.

NRI functions as a think tank. This involves, for example, estimating how much IT can contribute to society via digitization, and communicating that information to society. At the same time, I hope we can utilize our IT service business to implement sustainability measures in society. With DX3.0, we aim to create hypotheses for using IT services to increase the sustainability of society at large, and test those hypotheses via social implementation.

Mr. Dickinson: In order to limit the overall CO2 emissions of society, I believe that it is necessary to radically redesign and rebuild the foundations of global industry. Digitization will play an extremely important role in achieving such revolutionary changes. I believe that the two biggest trends in the world will be decarbonization and digitalization.

I hope that the IT industry will establish and promote much more ambitious targets toward a fundamental restructuring of industry to achieve decarbonization. I think that people around the world are looking forward to having the NRI Group confront the challenges of society, in particular by leading industry in Japan via DX3.0 efforts.
NRI regards human capital as the “driving force for value creation and growth” and positions it as the most crucial element in the materiality disclosed in April 2023. In December 2022, we conducted an expert dialogue focused on human capital. For this dialogue, we invited Ms. Chiharu Takakura, director and CHRO of Rohto Pharmaceutical Co., Ltd., who has had an extensive career in the human resources and human capital fields both domestically and internationally, and serves on various committees, including with the Ministry of Economy, Trade and Industry. In this dialogue, Ms. Takakura had a discussion and exchanged opinions with Takeshi Hihara and Kaga Yanagisawa, senior managing directors of NRI, regarding the themes, “Positioning of the Growth Story of NRI and Human Capital,” “Relationship between the Growth Story of NRI and Human Resource Development,” and “Communicating Human Capital Management to Investors.”

Embracing the role of NRI as a consumer in daily life while approaching business is likely to showcase NRI’s human capital management to society. This approach can lead to the creation of value for society and provide ideas.

**Ways to Communicate Human Capital Management to Investors**

Takakura: Investors are requesting, first and foremost, comparable indicators to be presented. In the case of NRI, it would be beneficial to showcase the state in which a diverse range of talent, including women and mid-career hires, come together with various expertise to form teams through innovative collaboration. In addition, it’s important to demonstrate the cycle of learning (input) and experience in the development of human resources.

Further, having the CHRO play a significant role in management and sharing a story that outlines NRI’s direction, including its rationale and its link to sustainability, are also crucial.

Hihara / Yanagisawa (NRI): Thank you very much for your valuable input. Essentially, diverse perspectives and imagination are crucial, and creating an environment where human resources in the Company can freely express these aspects is of significant importance.

The growth story of human capital is reflected in the Company’s vision and Medium-Term Management Plan, but I believe that it is equally important to convey this story effectively to external stakeholders as well.

**Delivering Value to Clients**

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

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

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

The Quality Management Department compiles and analyzes overall trends from the results of 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 sound business practices and laws.

- **NRI Group Procurement Policy**
  - [https://www.nt.com/en/company/partner](https://www.nt.com/en/company/partner)

When NRI system development projects are contracted out to a business partner, it should be assessed comprehensively with respect to its technological capability, quality, delivery date, cost of products and services, staffing and platform, financial condition, compliance, and efforts on information security management. Overseas business partners should also be screened under laws such as the Foreign Exchange and Foreign Trade Act.

The number of employees involved in business at NRI’s business partners stands at approximately 15,000, about half of whom are permanently stationed in NRI offices or currently working from home. NRI promotes efforts to create a sustainable society through collaboration with its business partners. When signing contracts with each company, we require them to submit a written agreement to the NRI Group Business Partner Code of Conduct, and as of June 2023 we had received written agreements from 501 business partners.

To continue the appropriate contract services, we formulated the Guidelines Relating to Contract Work. Moreover, we separate the work sites of business partners under a contract service agreement from the work site of NRI employees, preventing a practice of false unilateral contract service in which an NRI employee directly issues instructions and orders to a business partner employee. We annually conduct the required self-inspections.
Information Disclosure and Communication

NRI is committed to gaining the trust of shareholders and investors through constructive dialogue, and to receiving 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 that 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 58th Ordinary General Meeting of Shareholders: Notice released on May 27 Meeting held on June 23 (Notice about one month before)
- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure
- Deliver a notice of convocation of a General Meeting of Shareholders in English (summary)
- Provide an opportunity to exercise voting rights by using the Internet system run by a trust bank (a shareholder register administrator)
- Provide an opportunity to exercise voting rights by using the Voting Rights Electronic Exercise Platform, run by ICJ Inc.
- Hold a Management Reporting Session for shareholders after the conclusion of the General Meeting of Shareholders

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 financial 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 clarify

External Evaluation of NRI

2022 Award for Excellence in Corporate Disclosure
- IT Service / Software Industries
- Disclosure to Individual Investors
(The Securities Analysts Association of Japan)

Active Dialogues with Shareholders and Investors

With the aim of expanding our shareholder and investor base, we are promoting a better understanding of our business activities and strategies for growth through direct and indirect communication.

Dialogue with Shareholders and Investors

NRI’s representative directors (president, senior executives), CFO, executives in charge of IR, IR Department, executive in charge of sustainability, and Sustainability Promotion Department engage in dialogue with shareholders, investment analysts, fund managers, and individuals in charge of ESG, etc.

Through approximately 700 dialogues annually, NRI responds to investor inquiries and actively initiates conversations to create dialogue opportunities.

The opinions gathered from these conversations are incorporated into meetings of the Senior Management Committee and the Board of Directors and applied to management. For instance, when formulating the V2030 strategy, feedback received from these dialogues was considered in the decision-making process.

Main Activities in the Fiscal Year Ended March 2023

<table>
<thead>
<tr>
<th>Shareholders</th>
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<tbody>
<tr>
<td>Shareholder questionnaire: Number of respondents—5,614 shareholders out of 23,391 sent (collection rate: 24.9%)</td>
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<table>
<thead>
<tr>
<th>Institutional investors and analysts</th>
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</thead>
<tbody>
<tr>
<td>Number of investors met: 1,056 persons</td>
</tr>
<tr>
<td>Domestic: In addition to results briefing sessions for each quarter and individual interviews, the Company held small meetings, business information sessions, and sustainability briefings, etc., with executives. Participated in conferences held in Japan.</td>
</tr>
<tr>
<td>Overseas: In addition to holding face-to-face and online overseas roadshows, the Company participated in conferences held overseas.</td>
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<tr>
<th>Individual investors</th>
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<tbody>
<tr>
<td>Individual investor information meetings: two were held (online). Total number of participants: 2,824</td>
</tr>
</tbody>
</table>

Holding of Sustainability Briefings

To enhance understanding of NRI’s sustainability management efforts among investors, the media, and business partners, we have been holding annual sustainability briefings since the fiscal year ended March 2018.

Starting from the fiscal year ended March 2023, we have changed the name of the event from “ESG Briefing” to “Sustainability Briefing” to share NRI’s initiatives on a broader range of topics.

In the February 2023 briefing, institutional investors, as well as ESG ratings agencies / experts, media representatives, and others, were among the 95 participants.
### Stakeholder Map

Based on the NRI Group’s Code of Business Principles, we strengthen our relationships with diverse stakeholders in Japan and overseas by sincerely listening to their opinions, while governing our own actions and striving to cooperate with everyone to build sustainable futures. This stakeholder map indicates how we shall meet everyone’s expectations via our relationships with various stakeholders and the actions of the NRI Group.

<table>
<thead>
<tr>
<th>Major Stakeholders</th>
<th>Society (Including the Global Environment)</th>
<th>Clients</th>
<th>Employees</th>
<th>Business Partners</th>
<th>Shareholders / Investors</th>
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<tbody>
<tr>
<td><strong>Society</strong></td>
<td>• Creation of social value via business</td>
<td>• Provision of valuable services and solutions</td>
<td>• Building and maintaining constructive relationships that allow mutual development</td>
<td>• Improved corporate value</td>
<td></td>
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<tr>
<td></td>
<td>• Transformation of society via recommendations</td>
<td>• Cutting-edge proposals that exceed expectations</td>
<td>• Fair and equitable evaluations and treatment</td>
<td>• Substantial disclosures of information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Cultivation of the next generation for future society</td>
<td>• Provision of appropriate quality and services</td>
<td>• Contribution to society via work</td>
<td>• Enhancement of sustainability management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Transparent and equitable corporate administration</td>
<td>• Co-creation of a thriving future society / ideal society / safe and secure society</td>
<td>• Opportunities for learning and growth</td>
<td></td>
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<tr>
<td><strong>Global environment</strong></td>
<td>• Reducing risks and creating opportunities regarding climate change</td>
<td>• Conserving and recovering natural capital</td>
<td>• Comfortable workplace environment</td>
<td>• Building mutual understanding and relationships of trust</td>
<td></td>
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<tr>
<td><strong>Example Initiatives of NRI Group</strong></td>
<td>• Creation of social value via business (value co-creation with client)</td>
<td>• Building relationships where we grow together and respect each other via business</td>
<td>• Provision of stable employment and fair treatment</td>
<td>• Building mutual understanding and relationships of trust</td>
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<tr>
<td>FY March 2023 Results</td>
<td>- Policy proposals for society and systems, information and knowledge sharing</td>
<td>- Business model transformation</td>
<td>- Job satisfaction</td>
<td>- Honest treatment from an equal position</td>
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<td></td>
<td>- Sustainable social infrastructure</td>
<td>- Business process transformation</td>
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<td>- Policy suggestions on disaster prevention / reduction and support for disaster recovery</td>
<td>- Promotion of shared online services via business platforms</td>
<td>- Creation of comfortable workplace environment</td>
<td>- Sustainability actions</td>
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<tr>
<td></td>
<td>- Participation in initiatives</td>
<td>- IT infrastructure transformation</td>
<td>- Cultivation of good human relations</td>
<td>- Transactivities according to the law and social norms, collaboration on the environment and society (including human rights), etc.</td>
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<tr>
<td></td>
<td>- Other social activities</td>
<td>- Stable service operation</td>
<td>- Respect for human rights and compliance with labor laws</td>
<td></td>
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<tr>
<td>Example Initiatives of NRI Group</td>
<td>• Reduction of CO2 emissions and promotion of renewable energy usage (Scope 1 + 2)</td>
<td>- Equitable quality control</td>
<td>• Provision of valuable services and solutions</td>
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<tr>
<td>FY March 2023 Results</td>
<td>- Reduction of Scope 3 CO2 emissions</td>
<td>• Cutting-edge proposals that exceed expectations</td>
<td>• Building and maintaining constructive relationships that allow mutual development</td>
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<tr>
<td>Relationship with Materiality</td>
<td>• Building relationships where we grow together and respect each other via business</td>
<td>• Provision of stable employment and fair treatment</td>
<td>• Fair and equitable evaluations and treatment</td>
<td>• Contribution to society via work</td>
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<td>FY March 2023 Results</td>
<td>- Business model transformation</td>
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<td>- Creation of environment where employees can take on challenges</td>
<td>- Opportunities for learning and growth</td>
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<td></td>
<td>- Business process transformation</td>
<td>- Creation of environment where employees can take on challenges</td>
<td>- Creation of comfortable workplace environment</td>
<td>- Comfortable workplace environment</td>
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<tr>
<td></td>
<td>- Promotion of shared online services via business platforms</td>
<td>- Cultivation of good human relations</td>
<td>- Cultivation of good human relations</td>
<td>- Mental and physical health</td>
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<td></td>
<td>- IT infrastructure transformation</td>
<td>- Respect for human rights and compliance with labor laws</td>
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<tr>
<td></td>
<td>- Stable service operation</td>
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1) MTP2025: Management Target Plan 2025
2) DJSI: Dow Jones Sustainability Index
3) ESG: Environmental, Social, and Governance
4) Scope 1 + 2: Direct and indirect GHG emissions
5) C&A: Challenge & Act
6) CDP: Climate Disclosure Project
7) WBCSD: World Business Council for Sustainable Development
8) D2C: Direct-to-Consumer
9) V2030: Vision 2030
10) DJSI World: Dow Jones Sustainability Indices
11) DJSI: Dow Jones Sustainability Index
12) KLD: KLD Sustainability Ratings
13) Sustainability: Activities that achieve an optimal society: ¥128.5 billion
14) Revenues of business platforms that help to achieve an optimal society: ¥128.5 billion
15) KLD: KLD Sustainability Ratings
16) KLD: KLD Sustainability Ratings
17) CDP: Climate Disclosure Project
18) CDP: Climate Disclosure Project
Outside Director

Tetsuji Ohashi

Meetings are energized by the president’s report at the outset

Discussions in Board of Directors meetings are energized by the president’s report at the outset

Fukami: For our discussion today, I would like to focus primarily on the NRI Group Vision 2030 (V2030) and our Medium-Term Management Plan 2023–2025 (Medium-Term Plan 2025), which were announced in April 2023. Our Board of Directors was heavily involved in the considerations for both V2030 and Medium-Term Plan 2025.

Ohashi: Aside from discussions in the Board of Directors, I still remember how we went through repeated considerations for V2030, such as setting up more forums for independent outside officers and the executive side to exchange views. The outline of V2030 was announced in April 2022 one year before the official announcement, but before the announcement of the outline, we engaged in more in-depth discussions about our environment analysis and the key issues. After the announcement of the V2030 outline, we had open, candid discussions about

Medium-Term Plan 2025 which had been scrutinized and formulated by the executive side.

It is ideal that both the Board of Directors and the executive side discuss the growth strategies of Medium-Term Plan 2025 in greater depth. In my opinion, open-minded discussions such as those are one defining trait of NRI.

Fukami: Having the appropriate information provided from the executive side is key to devising deeper involvement by the Board of Directors. I pay particular attention to the president’s report at the beginning of Board of Directors meetings*1, and the advance explanations by the Board’s administrative office*2.

Ohashi: Information provided from the executive side is key to having meaningful discussions within the time limits of Board of Directors meetings. As you mentioned, the president’s report at the beginning of Board of Directors meetings and the advance explanations from the Board’s administrative office are extremely helpful. For major issues such as global strategy, for example, the president’s report at the beginning of Board of Directors meetings is meaningful because it helps us to understand information that is the background behind major issues being discussed. The preparation work for advance explanations by the administrative office encompasses everything up to producing materials that are easy to understand. This must be quite painstaking, but it is also very helpful to us.

Fukami: Do you have any issues with how the Board of Directors operates, or is there anything you would like to see improved?

Ohashi: We had candid discussions for V2030 and Medium-Term Plan 2025, but for individual matters being deliberated, it felt like there was no leeway to add any to-the-point questions or discussions. This is likely a product of all the meticulous preparations by the proposer of the matter for deliberation and the Board of Directors administrative office, but there might be cases among these matters that should be considered in greater depth.

Fukami: Standards for bringing up matters for deliberation in the Board of Directors are specified in the approval rules in order to narrow the focus to the more important matters. Taking time constraints into consideration, we would need to narrow down the number of matters brought up in the Board of Directors in order to take discussions into greater depth.

Ohashi: Rather than having outside directors verify matters that the executive side is well aware of and has thoroughly considered, it might make better use of the Board...
Management Basis (ESG)

of Directors’ time to leverage outside directors’ knowledge to gain multiple standpoints on matters they have little internal experience with. I would say that delegating authority to the executive side, including changes to the standards for bringing matters up in the Board of Directors, is an action we should consider. Behind this recommendation to delegate authority to the executive side is the trust that we outside directors have in them.

Fukami: The knowledge of our outside directors serves as input for matters considered by the executive side. Particularly for issues that the executive side should be made aware of, pointing things out that they do not notice can improve both the quality and efficiency of their considerations. The standards for narrowing down matters to bring up to the Board might not be purely financial.

Ohashi: For the Board of Directors, I think it is important to engage in discussions and exchange views from a broader perspective, not only for the function of supervising the executive side, but also for medium- to long-term growth. It would be a good idea to seek even more improvement by engineering ways to live up discussions and bring out more diverse perspectives and opinions. We have been made sufficiently aware that the executive side is engaging in close considerations, so the Board could operate in a more meaningful way by discussing the policy and direction of the Company for agenda items with outside directors in the stage before these are incorporated into separate individual matters, as was done in the considerations for global strategy.

Fukami: You make a valid argument. I do intend to continue working toward improving the operation of our Board of Directors.

Medium-Term Management Plan 2023-2025

Fukami: The four pillars of our growth strategy in Medium-Term Plan 2025 are core areas, DX evolution, global, and management. Among these four, which are you particularly focusing on?

Ohashi: My focus is on global. Digital transformation (DX) is still flourishing in Japan, but business opportunities will diminish going forward as the population shrinks. Taking business globally is a proper approach from a long-term perspective. The key to beating out the global competition lies in how a company shows its strengths. You also need to be clear about how you intend to compete. One example would be by acquiring overseas companies possessing technologies and expertise not available in Japan.

Fukami: Globalization is advancing the manufacturing industry. What sort of initiatives are you deploying there?

Ohashi: We are emphasizing initiatives that bring about deeper mutual understanding in our global business efforts such as assigning human resources from Japan to overseas subsidiaries. One such experience was when business at an overseas subsidiary was not proceeding according to our scenario. We sent over a team of expert problem-solvers from Japan who not only resolved the issue, but also built deeper trust with the overseas subsidiary. We were able to strengthen our bonds with that subsidiary by getting them to believe in this headquarters function and these people. From the standpoint of governance toward overseas subsidiaries, it is also insufficient to only send members of the Board over from Japan. Direct practical experience overseas is essential as a process to develop human resources who can be responsible for overseas business in its entirety.

Fukami: I understand your point that exchanging human resources between Japan and other countries and clarifying career paths are key points that drive sustained growth when doing business internationally through acquisitions of technologies and markets.

Ohashi: It is important to have everyone aligned in the same direction by including overseas employees in the sharing of values and setting clear priorities on the path toward successfully achieving Medium-Term Plan 2025. If we can do that, we will likely be stronger as an organization and gain far greater capabilities to do business.

Strengths of NRI

Fukami: In addition to increasing our capabilities, I think we will need to further hone our strengths to successfully achieve Medium-Term Plan 2025. What do you see as NRI’s strengths from your standpoint as an outside director?

Ohashi: NRI has grown continuously, and I think the strength supporting that is Con-Solution. Having a high added-value consulting function gives us an advantage over system integrators with weak consulting functions. NRI’s strength is in sorting out the issues through discussion with clients, being able to make proposals that leverage insight into the future, and turning those proposals into reality with high-level systems architecture capabilities. In other words, Con-Solution.

For sustainability-related topics in particular, I admire how NRI is going beyond the desires of individual companies for greenhouse gas reductions or items of that nature, and is working toward topics that help to increase the productivity of society as a whole. I also believe that NRI can continuously create new value and make proposals that accelerate solutions for social issues.

Fukami: In recent years, we have been working on creating digital social capital that contributes to solutions for social issues. Under the theme of helping to preserve the global environment, we are developing a carbon tracing system (NRI-CTS) that tracks emissions of greenhouse gases.

Ohashi: Validity of data and traceability of supply chains are important for carbon footprints (total greenhouse gas emissions from production to disposal). Eliminating the risk of tampering with greenhouse gas emissions data in transactions between various companies, and using the latest technologies such as blockchain, are all topics that are tough for companies to handle on their own. We should be able to combine consulting with IT solutions and get various industry players involved while harnessing our strengths in projects to build platforms that benefit society.

Laying the groundwork for medium- to long-term growth is also important, which is something that My Number-related business applies to. In manufacturing, future-oriented moves are made on purpose for some topics even without the assurance that any products will result from them in the next five to 10 years.

Fukami: We excel at research and development in areas where findings can be utilized over the short term, but what should we keep in mind for our ongoing efforts toward long-term topics?

Ohashi: This might be different for each company, but I consider it important to accurately evaluate attempts at new things even if they end in failure. At Komatsu, employees involved in the launch of their Smart Construction*3 worked on it with feelings of excitement that major change was about to happen. They believed that something of interest might be about to happen. This feeling of excitement turns into motivation that drives the person to hone their skills.

Expectations for NRI

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

Ohashi: I hope that NRI will continue to drive digital transformation (DX) in Japan. To do that, it will be important to hone our own strengths. We are not aware of some of these strengths on our own. Therefore, I hope you can also use outside perspectives as a reference. For employ- ees, I would like them to work dedicatedly toward achieving business plans and have a tough-minded, no-excuses mentality.

This might be somewhat off-topic, but a researcher from the old Nomura Research Institute once visited the university I attended to introduce the Company’s initiatives. The researcher reported research results with a case example of a tourist area where littering was a problem, along with the reasons why littering occurs, characteristics of places where it is prone to occurring, and other details. What I found really impressive was how far they went in exploring the actual root causes, such as how they built an observation shed in a place that would not stand out and spent a half-year observing, and how they analyzed the psychology of the tourists down to the fine details. It might be that the characteristics of handling work in a meticulous fashion has simply been passed down through the generations.

I hope that we can all continue to grow as a company and as individuals, and contribute even more to the development of communities and society, by passing down the NRI DNA into the future and honing our strengths.

*3 Solution that allows entire job sites from measurements to inspections by organizing the various types of data in construction and production processes through ICT to create safe, highly productive, and smart job sites of the future.
We will take on new challenges while controlling risk, and contribute to business development.

Kenichi Kosakai
Outside Audit & Supervisory Board Member

Role and Focal Topics of the Audit & Supervisory Board

NRI’s Audit & Supervisory Board is comprised of two full-time Audit & Supervisory Board members and three outside Audit & Supervisory Board members who engage in spirited discussions from diverse perspectives, based on each of their own respective experiences. Comprised of members with experience as an accountant, attorney, and in corporate management, the NRI Audit & Supervisory Board boasts a wealth of diverse experience.

Based on three audits—the Audit & Supervisory Board Member Audit, Accounting Auditor Audit, and Internal Audit—joint meetings are held with Audit & Supervisory Board members, accounting auditors, and the Internal Audit Department in attendance. The aim of these meetings is to strengthen the quality of audits and make them more efficient. Audit & Supervisory Board members, accounting auditors, and the Internal Audit Department conduct audits according to their own respective goals, but in some cases they are auditing the same departments. In other words, there is concern from the perspective of the departments being audited that they are being subjected to similar investigations and verifications being conducted separately. We are working to make the audits more efficient and have them audit what is appropriate by getting these three entities to work together beforehand.

Since risks become more diverse and complex as the environment surrounding a company changes, we set the key topics after considering a variety of issues. Some examples of topics are information security, strengthening governance and controlling risks for Group subsidiaries including those overseas, bolstering human capital, production innovation, and Medium-Term Management Plan progress. NRI is growing with the goal of ¥1 trillion in sales. When a company grows larger, sometimes new aspects of issues to be resolved will appear. In manufacturing, we are examining capital expenditures for new businesses and rationalization, but I think the source of NRI’s value is its human capital. We should take an in-depth look at what kind of investments will lead to future increases in business value and turn those into actions.

Expectations for Outside Audit & Supervisory Board Members

As an outside Audit & Supervisory Board member, I think it is important to have an objective, neutral perspective without being bound to traditional practices in the IT industry. Audit & Supervisory Board members are typically required to play a defensive role to protect a company’s business value from damage by auditing the legality and validity of its business activities. In addition to this defensive role, we are expected to play an offensive role of increasing NRI’s business value. In other words, it feels like we need to express a broad range of candid opinions about management overall. My intention is to point things out and give advice openly and candidly based on my own knowledge as a manager who gained experience in the world outside of NRI.

Aside from the Board of Directors and Audit & Supervisory Board, we sit down for exchanges of views with the representative director twice per year. I consider it a very meaningful arrangement since the opinions expressed freely there help to open up deeper communication with us. The ability to express opinions candidly, supported by arrangements such as these, seems to be a distinctive trait of NRI.

For the defensive role of controlling risk, we have established committees for various topics, and they operate in combination with the normal reporting lines. As a result, I believe that we have a solid handle on risk control. However, the risks that we must handle are evolving as society changes. Additionally, we must scrutinize the risks involved in key business management matters such as acquisitions (M&A). Utilizing my outside perspective, I will make contributions to controlling risks such as these.

V2030 and Global Strategy

One pillar of our strategy in the Medium-Term Management Plan completed in the fiscal year ended March 2023 was to expand NRI’s global business. Advance explanations about key strategies such as global strategy were provided to outside directors multiple times before Board of Directors meetings. These advance explanations achieved their purpose. We were able to engage in discussions from multifaceted perspectives in Board of Directors meetings. Initially there was also some cautiousness about expanding global business, but we then proceeded with a series of attentive deliberations about the multiple opinions that were presented. I think that not tapping the most cutting-edge IT services market in the world in North America is a major risk. Having understood that it is a tough market where we would be exposed to intense competition, I consider it highly meaningful that we take that challenge. The fact that we ultimately reached a unanimous resolution on the acquisition of Core BTS, which we ended up acquiring in December 2021, was proof to me that the Board of Directors is functioning correctly.

I believe that through NRI’s growth thus far, the foundation of our business rules, financial standing, and governance systems has been established. There have been quite a few conservative initiatives to this point, but I think it’s time to take on new future-oriented challenges and take new risks.

I am aware that we have shareholders and investors who believe that we have even more room to grow domestically and thus should focus on our domestic business where we excel. We must certainly restore our business performance that had been slipping in the short term, but NRI has a good balance of shareholder returns and growth investment. Therefore, it would be better to go all-in on strategies that show confidence in our ability to add value to our company over the medium to long term. For a business to be successful, all of the people involved in the business must be passionate, not just the managers. Be passionate, lead your business to success, and engage in work that excites you.

Expectations and Aspirations for NRI

Unfettered, open-minded discussions are taking place in the Board of Directors and desires learned through effectiveness evaluations are being addressed. If I had to request something in particular, it would be that more diverse opinions could be presented by the internal members of the Board. Each individual member of the Board likely has their own individual opinion, and even when matters that have been sufficiently considered on the executive side are brought up in the Board of Directors, they should be able to discuss those even further from the perspective of a Board member.

Next, I would like NRI to play a central role in leveraging DX to overcome social issues. Although some of NRI’s business activities are through the activities of clients, what NRI does directly links to solutions to social issues. Keep increasing the value of NRI’s existence. Tackle DX with enough fortitude to think of it as your own responsibility that Japan’s DX is lagging behind that of other countries, and make things happen.

Last, you should hone your ability to do new things and your ability to control risk while developing business. In my opinion, NRI’s strength is that we are loaded with first-class personnel who earn clients’ unwavering trust by being rock-solid and meticulous in their work. We should continue to hone this strength, but we will also need to take some risks in order to further grow and develop our business. The direction that NRI should take is expressed concisely by our vision statement, “Envision the value, Empower the change.” Make it your goal to further increase the value of NRI by continuously taking on new challenges.

Nomura Research Institute
Integrated Report 2023
NRI's Corporate Governance

NRI works to enhance its corporate governance 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, clients, employees, business partners, and shareholders.

NRI Corporate Governance Guidelines

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 to within 20 and also appointed Independent Outside Directors
- Increased the number of Independent Outside Audit & Supervisory Board members from one to two

2003
- Formulated the NRI Group's Ethical Code (revised to the NRI Group's Code of Business Principles on 2010) and the NRI Group Employees' Code of Business Conduct

2005
- Established the Compensation Committee comprising outside experts to enhance transparency in regard to executive compensation
- Reduced the number of members of the Board to 15 or less

2008
- Initial release of the Long-Term Management Vision: Valor2015
- Took part in an electronic voting platform for institutional investors as part of efforts to maximize opportunities for shareholders to exercise their voting rights

2010
- Appointed non-executive director to chair the Board of Directors to separate supranational 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
- Increased the number of Independent Outside Directors from two to three
- Established the Independent Executive Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board members

2015
- Formulated the NRI Corporate Governance Guidelines
- Revised the NRI Group's Code of Business Principles completely
- Increased the number of Independent Outside Directors from two to three
- Established the Independent Executive Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board members
- Implemented the evaluations of the Board of Directors' effectiveness

2017
- Newly established the Nominating Committee, comprising mainly independent directors
- Changed the main members of the Compensation Committee from outside experts to independent directors

2018
- Announced stock option plan
- Introduction of Restricted Stock Compensation Plan as a medium- to long-term incentive for members of the Board

2022
- In order to clarify the roles of members of the Board and senior managing directors, the president and other positions with the titles of members of the Board and senior managing directors have been consolidated into senior managing directors.
Board of Directors and Advisory Committees

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

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

Main Contents Deliberated on by the Board of Directors (April 2022–March 2023)

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| Evaluation of efficacy of Board of Directors | Evaluation of efficacy of Board of Directors |
| Risk management status | Risk management status |
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| Audit plan by Audit & Supervisory Board members | Audit plan by Audit & Supervisory Board members |
| Report by Internal Audit Department (organization under direct supervision of the president) | Report by Internal Audit Department (organization under direct supervision of the president) |
| Quarterly report on business execution status | Quarterly report on business execution status |
| Main agenda items of Senior Management Committee meetings (business execution) | Main agenda items of Senior Management Committee meetings (business execution) |
| Client satisfaction survey | Client satisfaction survey |

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.

Succession Plan for President

The next management team is formed at NRI by selecting talent from among the younger management ranks to be the nucleus of the next generation of management. The process for selecting the successor to the president is based on selection from among these individuals. NRI’s Nomination Committee investigates and deliberates on the specific succession plan for president and checks on the progress of this plan whenever necessary while also evaluating the next generation of core management personnel to identify successors to the president. Those found to be most suitable to drive the healthy, sustained growth of NRI and increase its value over the medium to long term are then reported as president successor candidates to the Board of Directors.

The practice of having the next-generation management team including the successor president take over management as a group is helpful for facilitating a smooth management transition without losing any continuity in the change of presidents.
Structure of the Board of Directors

The Board of Directors includes no more than 15 members of the Board, taking into consideration the balance of experience in and the Company's businesses, corporate management, risk management, corporate finance, and overseas business, as well as general corporate, 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

<table>
<thead>
<tr>
<th>Name &amp; Position</th>
<th>Gender</th>
<th>Executive / Outside / Independent</th>
<th>Terms of Office</th>
<th>Expectations for Leveraging Knowledge Related to Maturity</th>
<th>Specialized Fields</th>
<th>Experience and Qualifications in Corporate Governance</th>
<th>Attendance</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shingo Kononoto</td>
<td>Male</td>
<td>Executive / Outside / Independent</td>
<td>8 years</td>
<td>Innovation / Global / HR Management</td>
<td>Corporate Management</td>
<td>CEO</td>
<td></td>
<td>Board of Directors Abstain 14 of 14 Meetings</td>
</tr>
<tr>
<td>Yasuo Fukami</td>
<td>Male</td>
<td>Non-executive</td>
<td>4 years</td>
<td>Business / Corporate Affairs / Quality</td>
<td>IT Solutions / Corporate Affairs</td>
<td>Board of Directors Abstain 14 of 11 Meetings</td>
<td></td>
<td>IT Solutions</td>
</tr>
<tr>
<td>Yo Akutsuka</td>
<td>Male</td>
<td>Non-executive</td>
<td>1 year</td>
<td></td>
<td>Finance / MBA</td>
<td>Director of securities company</td>
<td></td>
<td>Board of Directors Abstain 14 of 11 Meetings</td>
</tr>
<tr>
<td>Kan Ebato</td>
<td>Male</td>
<td>Executive</td>
<td>2 years</td>
<td></td>
<td>Business</td>
<td>Board of Directors Abstain 14 of 11 Meetings</td>
<td></td>
<td>IT Solutions</td>
</tr>
<tr>
<td>Hidenori Anzai</td>
<td>Male</td>
<td>Executive</td>
<td>2 years</td>
<td></td>
<td>Business / Corporate Affairs / Quality</td>
<td>Board of Directors Abstain 14 of 11 Meetings</td>
<td></td>
<td>IT Solutions</td>
</tr>
<tr>
<td>Shuji Tateno</td>
<td>Male</td>
<td>Executive</td>
<td>1 year</td>
<td></td>
<td>Business</td>
<td>Board of Directors Abstain 14 of 11 Meetings</td>
<td></td>
<td>IT Solutions</td>
</tr>
<tr>
<td>Shinso Sakata</td>
<td>Male</td>
<td>Non-executive</td>
<td>3 years</td>
<td></td>
<td>ESG / SD / Human Resource Diversity</td>
<td>Listed company CEO</td>
<td></td>
<td>Listed company CEO</td>
</tr>
<tr>
<td>Tetsuji Ohashi</td>
<td>Male</td>
<td>Non-executive</td>
<td>2 years</td>
<td></td>
<td>Corporate Management</td>
<td>Listed company CEO</td>
<td></td>
<td>Listed company CEO</td>
</tr>
<tr>
<td>Hideki Kobori</td>
<td>Male</td>
<td>Non-executive</td>
<td>New election</td>
<td></td>
<td>Corporate Management</td>
<td>Listed company CEO</td>
<td></td>
<td>Listed company CEO</td>
</tr>
<tr>
<td>Takuhito Sakata</td>
<td>Male</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>3 years</td>
<td></td>
<td>Governance and internal Control / Business</td>
<td>Audit and Supervisory Committee / CEO</td>
<td></td>
<td>Audit and Supervisory Committee Abstain 14 of 11 Meetings</td>
</tr>
<tr>
<td>Yoichi Inada</td>
<td>Male</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>New election</td>
<td></td>
<td>Governance and internal Control / Business</td>
<td>Audit and Supervisory Committee / CEO</td>
<td></td>
<td>Audit and Supervisory Committee Abstain 14 of 11 Meetings</td>
</tr>
<tr>
<td>Kenkichi Kosakai</td>
<td>Male</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>2 years</td>
<td></td>
<td>Corporate Management</td>
<td>Listed company president / CEO</td>
<td></td>
<td>Listed company president / CEO</td>
</tr>
<tr>
<td>Naruhito Minami</td>
<td>Male</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>1 year</td>
<td></td>
<td>Governance and internal Control / Corporate Accounting</td>
<td>Audit and Supervisory Committee / CEO</td>
<td></td>
<td>Audit and Supervisory Committee Abstain 11 of 11 Meetings</td>
</tr>
<tr>
<td>Yasko Takazawa</td>
<td>Male</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>1 year</td>
<td></td>
<td>Governance and internal Control</td>
<td>Listed company executive</td>
<td></td>
<td>Listed company executive</td>
</tr>
</tbody>
</table>

System of the Audit & Supervisory Board

Structure of the Audit & Supervisory Board

To ensure independence, more than half are outside Audit & Supervisory Board members. Currently, there are five Audit & Supervisory Board members, including three Outside Audit & Supervisory Board members. Two or more independent outside Audit & Supervisory Board members are appointed. One or more persons with substantial knowledge regarding finance and accounting are appointed as Audit & Supervisory Board members.

To ensure that audits are effectively conducted by the Audit & Supervisory Board members, the Audit Department has been established to support the work of the Audit & Supervisory Board members.

* After assuming the post on June 17, 2022
Concept of Skill Categories

- Based on our management strategy, expected items related to the specified strategy are described as “expectations for leveraging knowledge related to strategy.”
- We have categorized and described the “specialized fields” and “experience and qualifications in specialized fields” that are necessary to promote the strategy.

<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</td>
<td>Corporate Management</td>
<td>Experience as CEO or vice-president of a listed company</td>
</tr>
<tr>
<td>[Global Strategy]</td>
<td>Business</td>
<td>Business management, governance, and internal control</td>
</tr>
<tr>
<td>[Human Resources]</td>
<td>[Quality]</td>
<td>Project management / Risk management / Finance</td>
</tr>
<tr>
<td></td>
<td>Knowledge of the finance and securities industries to which our major clients belong</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[Corporate Accounting]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Knowledge of individual fields</td>
<td></td>
</tr>
</tbody>
</table>

Concept of “Expectations for Leveraging Strategic Knowledge Related to Strategy”

- Professionals with experience in corporate management are expected to demonstrate knowledge of all strategies
- For innovation and globalization, a 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 Executives

Outside Directors demonstrate their skills in various aspects of NRI.

Outside Director Shinoi Sakata participated in the Female Leader Training Program, an annual training program for specially selected female employees as an initiative to promote women's participation and advancement in the workplace as part of our management strategy. Through the program, Ms. Sakata used her personal knowledge to conduct dialogues with trainees.

Outside Audit & Supervisory Board Member Yasuko Takazawa also participated in a Female Leaders Networking Event aimed at providing helpful hints about careers and mindsets. There, she gave a speech about her leadership journey and engaged in dialogues with other participants.

Outside Executives 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

- In the interest of enhancing business results, the compensation system emphasizes connections to business performance.
- Emphasis is placed on bonuses and stock-based compensation so as to create a compensation system that is highly linked to the Group's business 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 compensation system and standards of executive compensation from the standpoint of fairness and transparency. Using the results of the committee’s inquiries, the Board of Directors sets policies for the determination of compensation for members of the Board and other matters.

Compensation for the members of the Board of NRI comprises three categories: basic compensation, bonuses, and stock-based compensation.

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

<table>
<thead>
<tr>
<th>Compensation System for Members of the Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Compensation</td>
</tr>
<tr>
<td>Fixed compensation</td>
</tr>
<tr>
<td>Basic compensation</td>
</tr>
<tr>
<td>Short-term performance-based compensation</td>
</tr>
<tr>
<td>Bonuses</td>
</tr>
<tr>
<td>Medium- to long-term performance-based compensation</td>
</tr>
<tr>
<td>Stock-based compensation</td>
</tr>
<tr>
<td>Restricted stock-based compensation</td>
</tr>
</tbody>
</table>

In addition, monetary compensation claims are provided for granting restricted stock to eligible members.
Emphasis is placed on bonuses and stock-based compensation so as to create a compensation system that is highly linked to performance. The approximate ratio of constituent elements of the compensation of directors, etc., in FY March 2023 is as follows. If basic compensation is equalized to “1,” the bonus is “1” and stock-based compensation is “1.7.” If fixed compensation is “1,” performance-based compensation is “2.7.”

### Compensation Ratio for Director Compensation (FY March 2023)

<table>
<thead>
<tr>
<th>Component</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic compensation</td>
<td>1</td>
</tr>
<tr>
<td>Short-term performance-based</td>
<td>2.7</td>
</tr>
<tr>
<td>bonus</td>
<td></td>
</tr>
<tr>
<td>Medium- to long-term performance-based compensation</td>
<td>1.7</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td></td>
</tr>
</tbody>
</table>

Notes:  
1. Calculations are based on the Board of Directors’ average for FY March 2023 (excluding outside directors and directors who retired or assumed their post during the period).  
2. Stock-based compensation refers to the total amount of monetary compensation equivalent to that which would be contributed in kind in exchange for the shares with transfer restrictions.

### Mechanism for Considering Status of Sustainability Indicators for Stock-Based Compensation

We have introduced a framework for deciding the number of shares allocated for stock-based compensation, which takes into consideration the status of applicable sustainability-related initiatives. This mechanism applies if the status of targeted actions defined for achieving the deliverables for sustainability evaluation metrics defined by NRI the previous business year is evaluated as insufficient. The mechanism makes it possible to reduce the number of shares allotted according to position via evaluation and resolution by the Board of Directors. It is applicable to members of the Board excluding outside directors, senior managing directors, managing directors, and executive fellows.

### 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 previous 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.

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

Policies for the determination of compensation for Audit & Supervisory Board members and other matters are set through discussions among the Audit & Supervisory Board members.

The role of the Audit & Supervisory Board members is to audit the members of the Board in the performance of their duties and to do so from an independent standpoint. However, given that the full-time Audit & Supervisory Board members share with the members of the Board the objective of realizing sound, sustainable growth for NRI, their compensation, in addition to a fixed amount, includes a variable portion that changes in accordance with our business performance.

Levels of compensation have been set based on the need to secure human resources capable of playing important roles in the establishment and operation of effective corporate governance.

**Maximum total compensation for Audit & Supervisory Board Members:** ¥250 million per annum

<table>
<thead>
<tr>
<th>Category</th>
<th>Compensation by type (millions of yen)</th>
<th>Number of eligible individuals (persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed compensation</td>
<td>Performance-based compensation</td>
</tr>
<tr>
<td>Basic compensation</td>
<td>836</td>
<td>299</td>
</tr>
<tr>
<td>Bonuses</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Restricted stock-based compensation</td>
<td>158</td>
<td>115</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>56</td>
</tr>
</tbody>
</table>

Note:  
1. The above includes two members of the Board and two Audit & Supervisory Board members, including two outside Audit & Supervisory Board members, who retired at the conclusion of the 57th Ordinary General Meeting of Shareholders held on June 17, 2022.
2. Basic compensation consists of fixed pay based on each Audit & Supervisory Board member’s career, knowledge, and responsibilities.
3. Bonuses are only paid to full-time Audit & Supervisory Board members, and they are based on our business performance during the current fiscal year.
4. “Other” refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

<table>
<thead>
<tr>
<th>Category</th>
<th>Total compensation (millions of yen)</th>
<th>Number of eligible individuals (persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed compensation</td>
<td>Performance-based compensation</td>
</tr>
<tr>
<td>Basic compensation</td>
<td>836</td>
<td>299</td>
</tr>
<tr>
<td>Bonuses</td>
<td>64</td>
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</tr>
<tr>
<td>Restricted stock-based compensation</td>
<td>158</td>
<td>115</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>56</td>
</tr>
</tbody>
</table>

Note:  
1. Calculations are based on the Board of Directors’ average for FY March 2023 (excluding outside directors and directors who retired or assumed their post during the period).
2. Stock-based compensation refers to the total amount of monetary compensation equivalent to that which would be contributed in kind in exchange for the shares with transfer restrictions. The amount posted as expenses in FY March 2023 is shown.
3. “Other” refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.
Review of Effectiveness Evaluation Process and Evaluation Method

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 2023
- In the evaluation preparations for (1), we conducted hearings with external members of the Board and independent Audit & Supervisory Board members in February 2023 and reached a consensus confirming that the expanded section for written answers in the questionnaire, which was added in FY March 2022, is effective for identifying a wider range of issues and honest opinions. We conducted the questionnaire in March using the same structure as FY March 2022 with some changes made, then debated the effectiveness of the questionnaire in independent executive meetings based on the resulting responses and exchanged various opinions. Based on those results, we performed an analysis and evaluation at Board of Directors meetings and debated issues from various evaluation perspectives.

Initiatives for Issues Recognized in Effectiveness Evaluations

Initiatives for Issues Recognized in FY March 2022
- We implemented the following initiatives in response to various issues identified in the effectiveness evaluation for FY March 2022.
  1. Promoting continuous debate on the composition and diversity of the Board of Directors: We debated the selection of suitable candidates for members of the Board while considering diversity.
  2. Improving the quality of debate by further clarifying the points of debate in Board of Directors meeting materials: We indicated the points of debate for clarifying the agenda and shared the contents of the debate for business execution.
  3. Providing opportunities for the free and open exchange of ideas between outside directors themselves and between executive directors and outside directors: We provided opportunities for the informal exchange of opinions, such as off-site meetings between outside directors and executive directors and independent director meetings for formulating our new vision and new Medium-Term Management Plan.
  4. Further enriching debate on human resource management, which is the foundation of growth: We identified human resource management as a key theme of our new Medium-Term Management Plan and debated the topic at independent director meetings.
  5. Continuous debate on enhancing governance and detailed inspection of internal control and risk management at Group companies: We revised our regulations, established governance procedures, and reviewed how we monitor and assist Group companies. We also had Group companies conduct self-assessments on procedures and inspections on the status of internal control and risk management.

Overview of Board of Directors’ Effectiveness Evaluation for FY March 2023

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. Structure / Status of Board of Directors
- An overall good balance of inside executive / non-executive directors and independent directors with diverse experience and specialized knowledge is maintained, and a system for ensuring appropriate decision making and supervision is provided.
- We recognized the necessity of continuing to debate the composition and diversity of the Board of Directors and ratio of external members of the Board based on the future business situation and management strategy.
- Constructive discussions and exchanges of views are carried out by the entire Board of Directors, including active opinions and recommendations from outside directors. We expect the quality of debate to further improve in the future as we promote focus on important topics and the clarification of the points to debate in the meeting materials.

b. Assistance for Directors
- Outside directors are provided with opportunities for obtaining information by receiving explanations from the executive side as needed, such as participating in the management strategy meetings of NRI.
- In order to further stimulate discussion at the Board of Directors meetings, it is desirable to provide opportunities for the free and open exchange of ideas between outside directors themselves and between outside directors and executive directors and the president.

c. Management strategy
- Careful discussions were carried out to formulate our new vision and new Medium-Term Management Plan. In order to promote understanding of and establish our new vision, we expect to conduct awareness-building measures for the entire Group and continuous progress reviews.
- It is desirable to have further debate on how we can expand our human resources in a manner consistent with our strategies and formulate a research and development strategy suitable for NRI.

d. Internal control, risk management, and Group governance
- We have lively debate and exchange of ideas regarding Group global governance and are steadily moving forward overall. It is important to continue debate on how to further enhance governance, while also evaluating the operation of procedures that include basic rules and the status of maintenance measures and actions for enhancing governance at overseas Group companies.
- Our internal control and risk management are functioning effectively overall and we are reporting in an appropriate manner. It is desirable to continuously maintain, inspect, and report on the roles of the first and second lines for ensuring the internal control functions.
- Due to increasing geopolitical risks, it is desirable to accelerate debate focused on offshore policy.

e. Advisory committees
- In regard to the Nomination Committee and Compensation Committee, discussions and the exchange of opinions on the succession plan for the president, director candidate selection and cultivation process, and method for determining director compensation are carried out appropriately, and the committees are functioning effectively, despite being voluntary.

Based on the above analysis and evaluation, we will continuously aim to improve the effectiveness of the Board of Directors.
### NRI Executives

#### Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
<th>Position</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shingo Konimoto</td>
<td><img src="image" alt="Shingo Konimoto" /></td>
<td>Executive Officer of Komatsu Ltd.</td>
<td><img src="image" alt="Shingo Konimoto" /></td>
</tr>
<tr>
<td>Yasuo Fukami</td>
<td><img src="image" alt="Yasuo Fukami" /></td>
<td>Head of Financial IT Solutions</td>
<td><img src="image" alt="Yasuo Fukami" /></td>
</tr>
<tr>
<td>Yo Akatsuoka</td>
<td><img src="image" alt="Yo Akatsuoka" /></td>
<td>Head of Corporate Headquarters</td>
<td><img src="image" alt="Yo Akatsuoka" /></td>
</tr>
<tr>
<td>Ken Ebato</td>
<td><img src="image" alt="Ken Ebato" /></td>
<td>Head of Business, Senior Executive Managing Director</td>
<td><img src="image" alt="Ken Ebato" /></td>
</tr>
<tr>
<td>Hideki Arai</td>
<td><img src="image" alt="Hideki Arai" /></td>
<td>Senior Corporate Managing Director</td>
<td><img src="image" alt="Hideki Arai" /></td>
</tr>
<tr>
<td>Yasuo Takazawa</td>
<td><img src="image" alt="Yasuo Takazawa" /></td>
<td>Senior Executive Director</td>
<td><img src="image" alt="Yasuo Takazawa" /></td>
</tr>
<tr>
<td>Tetsu Ohashi</td>
<td><img src="image" alt="Tetsu Ohashi" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Tetsu Ohashi" /></td>
</tr>
<tr>
<td>Hiroshi Morinou</td>
<td><img src="image" alt="Hiroshi Morinou" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Hiroshi Morinou" /></td>
</tr>
<tr>
<td>Fumihiko Sagano</td>
<td><img src="image" alt="Fumihiko Sagano" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Fumihiko Sagano" /></td>
</tr>
<tr>
<td>Hideki Kobori</td>
<td><img src="image" alt="Hideki Kobori" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Hideki Kobori" /></td>
</tr>
</tbody>
</table>

#### Managing Directors and Fellows

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

#### Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
<th>Position</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takahito Sakata</td>
<td><img src="image" alt="Takahito Sakata" /></td>
<td>Chairman and Representative Director</td>
<td><img src="image" alt="Takahito Sakata" /></td>
</tr>
<tr>
<td>Yoji Inada</td>
<td><img src="image" alt="Yoji Inada" /></td>
<td>Deputy CEO</td>
<td><img src="image" alt="Yoji Inada" /></td>
</tr>
<tr>
<td>Kenkichi Kosakai</td>
<td><img src="image" alt="Kenkichi Kosakai" /></td>
<td>Counselor of the Company</td>
<td><img src="image" alt="Kenkichi Kosakai" /></td>
</tr>
<tr>
<td>Nanhto Minami</td>
<td><img src="image" alt="Nanhto Minami" /></td>
<td>Supervisory Board Member</td>
<td><img src="image" alt="Nanhto Minami" /></td>
</tr>
</tbody>
</table>

Notes:
1. Shinya Saito, Yasuji Ohashi, and Hideki Kobori are outside directors. Kenkichi Kosakai, Nanhto Minami, and Yasuji Ohashi were outside Audit & Supervisory Board members. NRI specifies those members as independent directors pursuant to the regulations of the Tokyo Stock Exchange and has notified about them to the said stock exchange.
2. Members of the Board were selected at the Ordinary General Meeting of Shareholders held on June 23, 2023.
3. For the Audit & Supervisory Board members, Takahito Sakata was selected at the Ordinary General Meeting of Shareholders held on June 18, 2020; Kenkichi Kosakai was selected at the Ordinary General Meeting of Shareholders held on June 17, 2022; and Nanhto Minami was selected at the Ordinary General Meeting of Shareholders held on June 23, 2023.
4. Figures in parentheses indicate number of the Company's shares held as of March 31, 2023, including holdings in the executive share ownership plan.

#### Senior Executive Managing Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
<th>Position</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiroshi Masutani</td>
<td><img src="image" alt="Hiroshi Masutani" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Hiroshi Masutani" /></td>
</tr>
<tr>
<td>Fumihiko Sagano</td>
<td><img src="image" alt="Fumihiko Sagano" /></td>
<td>Senior Executive Managing Director</td>
<td><img src="image" alt="Fumihiko Sagano" /></td>
</tr>
</tbody>
</table>

#### Senior Managing Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
<th>Position</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katsuyoshi Murakami</td>
<td><img src="image" alt="Katsuyoshi Murakami" /></td>
<td>Senior Managing Director</td>
<td><img src="image" alt="Katsuyoshi Murakami" /></td>
</tr>
<tr>
<td>Yosuke Koba</td>
<td><img src="image" alt="Yosuke Koba" /></td>
<td>Senior Managing Director</td>
<td><img src="image" alt="Yosuke Koba" /></td>
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<td>Hiroshi Kawanami</td>
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<td>Katsuya Mori</td>
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<td>Masaaki Yamaaki</td>
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<td>Masayoshi Shimizu</td>
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<td>Noriyuki Kobayashi</td>
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#### Managing Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
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<tbody>
<tr>
<td>Masakazu Amamiya</td>
<td><img src="image" alt="Masakazu Amamiya" /></td>
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<td>Junji Hidaka</td>
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<td>Aiko Tabaru</td>
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<td>Tomonori Utsumi</td>
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#### Research Directors

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<tr>
<td>Kotaro Kikutani</td>
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<tr>
<td>Fumihiko Kamiyama</td>
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#### Fellows

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<tr>
<td>Minori Ashihara</td>
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<tr>
<td>Shinichiro Umeya</td>
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<td>Fellow</td>
<td><img src="image" alt="Shinichiro Umeya" /></td>
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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 Companywide internal control status as a foundation. The Business Promotion Committees, which all business divisions and Group companies attend, also works to ensure that the internal control system is established.

https://www.nri.com/company/internal

Risk Management PDCA Cycle

- Setting risks
- Risk monitoring and improvements
- Risk prevention measures
- After an assessment is completed, 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.

Priority themes for FY March 2023

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

Internal Audits Conducted by the Internal Audit Department

The Internal Audit Department (22 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 exchanges of opinions regarding plans for conducting internal audits and their results.

Strengthening Group 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 formulates and executes global strategies centered on its Global Headquarters, established in April 2019, while at the same time reinforcing the management ranks supporting CEOs of overseas subsidiaries, improving communication through personnel on assignment from NRI Headquarters, and strengthening governance.

Corporate Ethics and Compliance System

To ensure effective ethics and compliance systems, NRI has appointed a chief ethics officer and chief compliance officer and established the Compliance Committee. Moreover, we have established the NRI Group’s Code of Business Principles, expressing the code of business principles, and 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. Regular training to raise the awareness of executives and employees toward compliance is conducted, as well as training on the legal knowledge, etc., required for individual operations. Through this training, efforts are made to thoroughly instill awareness on matters such as prohibitions on bribes and facilitation payments to public officials and the importance of compliance with antitrust laws.


NRI has prescribed Whistleblower Protection Regulations based on the Whistleblower Protection Act and established internal and external hotlines as contact points that domestic group companies can use to consult with regarding compliance-related issues.

Compliance Information Communication Process

We have created a Rule Book, Fundamental Rules for Executive Officers and clerical 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.