Based on the “Dream up the future” corporate philosophy that NRI has upheld since its founding, all NRI directors and employees share the concept of value co-creation to solve social issues and contribute to the realization of a sustainable future through our main business activities. NRI’s mission is to look beyond the client, discern society’s demands, and take charge of their fulfillment.

Corporate Philosophy
“Dream up the future.”

Mission
To society
“Discern new social paradigms and implement them.”
Co-creation

NRI exists to support and co-create with clients who bring about innovation to society. In the past and into the future, NRI has and will continue to pursue value co-creation.

Mission

To clients:
“Build client’s trust and establish relationships for mutual growth.”
Realization

Con-Solution

With one of Japan’s largest consulting divisions, NRI possesses expert consulting capabilities for various industries and business processes. Under the “Con-Solution” model, consultants and system engineers work as a single team to support clients. Consultants are experts in insight based on the experience and expertise that they have accumulated through long-term business relationships with industries and clients. System engineers, meanwhile, possess capabilities in the latest technologies while keeping utility in mind. This is something that cannot be easily offered by other companies, and we use this strength as ammunition to provide robust support to the digital transformation of our clients.

* Con-Solution is a business model in which consulting and IT solutions run side by side with clients from the planning and concept stages, and create and promote business while supporting the process of hypothesis testing.

any companies are promoting the transformation of their business models through digital transformation (DX). NRI offers proposals that anticipate future changes, and supports clients’ transformations from the planning and concept stages. Consulting and IT solutions run side by side with clients toward the achievement of transformations.
The NRI Group Business

The NRI Group business is divided into four business segments: Consulting, Financial IT Solutions, Industrial IT Solutions, and IT Platform Services. While maintaining an industry-top-level competitive edge in its respective domain, each business segment flexibly forms teams with other segments as needed. The NRI Group’s strength is its possession of both consulting and IT solutions functions. This makes it possible to swiftly and consistently provide on-target solutions that solve the priority issues faced by clients and society.

External sales by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY Mar. 2020</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Platform Services</td>
<td>528.8</td>
<td>528.8</td>
</tr>
<tr>
<td>Consulting</td>
<td>7.3%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td>51.7%</td>
<td>51.7%</td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td>33.7%</td>
<td>33.7%</td>
</tr>
</tbody>
</table>

External sales by service

<table>
<thead>
<tr>
<th>Service</th>
<th>FY Mar. 2020</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Sales</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>18.3%</td>
<td>18.3%</td>
</tr>
<tr>
<td>System Management &amp; Operation Services</td>
<td>47.6%</td>
<td>47.6%</td>
</tr>
<tr>
<td>System Development &amp; System Application Sales</td>
<td>30.6%</td>
<td>30.6%</td>
</tr>
</tbody>
</table>

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

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

- **Financial IT Solutions**
  - This segment provides system consulting, system development and system management solutions, and shared online services for financial institutions mainly in the securities, insurance, banking, asset management, and other financial sectors.
  - Major affiliated companies: NRI Process Innovation, DSB, Nippon Securities Technology, Cutter Associates

- **Industrial IT Solutions**
  - This segment provides system consulting, system development and system management solutions, and shared online services mainly for the distribution, manufacturing, service, and public sectors.
  - Major affiliated companies: NRI Netcom, NRI System Techno, Brierley+Partners, ASG Group

- **IT Platform Services**
  - This segment provides data center operations and construction of IT platforms and networks to the Financial IT and Industrial IT Solutions segments. This segment also provides IT platform solutions and information security services to external clients. Furthermore, NRI conducts research related to advanced information technology, etc.
  - Major affiliated companies: NRI SecureTechnologies, NRI Data i Tech, NRI digital
With the provision of Con-Solutions as our strength, we will continually raise our corporate worth by providing society with value that is distinctive of NRI.

As society faces major challenges, NRI will fulfill its social mission through value co-creation, and continue to transform itself while looking ahead to the future toward the realization of its corporate philosophy to “Dream up the future.”

July 2020

Shingo Konomoto
Chairman and President & CEO,
Representative Director, Member of the Board
I am sensing signs of a paradigm shift – a major change in digitalization that will take place all at once.

In 2020, the COVID-19 pandemic is raging around the world. I would like to offer my sincerest condolences to those who have lost loved ones to the novel coronavirus. To those who contracted COVID-19, I would like to express my heartfelt concern and wishes for a speedy recovery. And, to the healthcare professionals on the front lines of COVID-19 response, I would like to convey my respect and gratitude.

An unpredictable situation continues in regard to the spread of infection. There are growing concerns that the world economy will experience the first economic malaise since the 2008 global financial crisis. However, there is something that differs greatly from that time. It is that the current situation is accompanied by a paradigm shift.

With the spread of COVID-19 infections, NRI made telecommuting the general rule from April. In fact, even I spent several days a week working from home. During that time, I received various requests from corporate managers as I communicated with them through a web conferencing system. Many of the requests were related to infrastructure adoption with an eye to business continuity. The complete digitalization of operations, for example, in anticipation of full telecommuting, or the bolstering of an intranet infrastructure. At the same time, I could see that companies were exploring the various possibilities of digital transformation (DX) – such as the strengthening of their e-commerce business or conversion to a subscription-type service model – and leverage digital technologies to transform their business models. By providing proposals that anticipate changes, I have a heightened desire to have NRI contribute to the realization of the business model transformation being conceived by each company.

Due to the COVID-19 pandemic, I sense signs that changes, which were expected to require five or ten years, will take place all at once in such ways. I also believe that it will hasten the arrival of a new age.

Making recommendations for society is one of the important themes of “dreaming up the future.” Releasing NRI’s Proposals regarding COVID-19 Measures was a part of this since FY2017, I have been recommending digital capitalism through books that I have supervised, and lectures given at the NRI Dream Up the Future Forums.

Labor input amounts and labor productivity are the premises of growth under traditional industrial capitalism. I believe that it has reached its limit as population declines and an emphasis on achieving a work-life balance further progresses in developed countries. Meanwhile, the rapid digitalization of society has made it possible to obtain a grasp of all phenomena, including consumer behavior, on the basis of data. I believe that we will be entering the age of digital capitalism going forward, with the wealth of such data becoming the source of added value. With the changes in working styles and shift to non-face-to-face services that have been triggered by the COVID-19 pandemic, what kind of data a company possesses and how well it can utilize such data become important management issues that are linked directly to the company’s competitive edge. That is why I feel that the speed of the shift to digital capitalism will accelerate. NRI has the strength to play a principal role in that kind of a new age.

NRI will powerfully assist the DX of clients by providing Con-Solutions.

NRI was born through the 1988 merger of two companies: the former Nomura Research Institute, Ltd. (Japan’s first full-fledged private-sector think tank established in 1965) and Nomura Computer Systems Co., Ltd. (established in 1966 and the first in Japan to make use of a commercial computer in business). The management team that led the merger said, “When forecasting the advanced information vision that was announced in April 2015. Two years later, from around 2017, which I refer to as the first year of DX, moves to use IT to transform business models (DX) shifted into high gear. Having both consulting services and IT solutions as a set became a condition for project structuring. Roughly 30 years after the merger, we now have increasing opportunities to fully exhibit the strength of Con-Solutions for the promotion of DX, with consulting and IT solutions running side by side with our clients.

Today, all of NRI directors and employees understand the true meaning of the words left more than 30 years ago by NRI forerunners at the time of the merger. You could say that the path we are currently following is one that was determined by the forerunners when NRI was founded.

Roughly 30 years after the merger, we now have increasing opportunities to fully exhibit the strength of Con-Solutions for the promotion of DX, with consulting and IT solutions running side by side with our clients.
We will continue to pursue value co-creation under the mission that is clearly stated in our corporate philosophy.

The “Dream up the future” corporate philosophy, which we have been upholding since NRI’s founding, contains the following statements as our mission.

- Discern new social paradigms and implement them.
- Build client’s trust and establish relationships for mutual growth.
- Interest in Creating Shared Value (CSV) has been increasing in recent years. This is a concept in which corporate growth is achieved while making a contribution to a sustainable future. Business opportunities are generated through a company’s main business activities that resolve social issues. B2C companies are continually in contact with society through the consumers before them. I think it is easy to imagine that the generation of social value is directly linked to corporate value. On the other hand, B2B companies do not have a direct point of contact with society. Since that is the case, they must be even more conscious of social value than B2C companies. B2B companies must understand the demands of the society that exists on the other side of customers, and this must be done to an even greater extent and ahead of the customers. Otherwise, the companies would be unable to provide added value and would lose their significance. Needless to say, this is especially important for NRI due to the nature of the profession. That is the true meaning of the first statement, “Discern new social paradigms and implement them.” In other words, the CSV concept was already clearly stated in our corporate philosophy, and contribute to the resolution of social issues.

I place importance on listening to people, and teamwork.

It goes without saying that it is essential to acquire advanced theories to discern the future and help clients navigate. However, as a management executive, who will discern the future and show the way forward for NRI, I place great importance on not only theories but also on listening to the opinions of those on site. I had been building my career as a consultant when, in 1994, I was assigned to head the Taiwan office, which had been newly established at the time. I was in my early 30s, and there, I came up against a Chinese-style, no-frills kind of business where theories had no place. The emphasis was on nothing other than how much money could be made. I remember being greatly baffled. I realized the limitations of making judgments solely on the basis of my own theories, and I started listening to the opinions of not only other executives but also those at the working level. I also started thinking that I was my duty to link the results of our employees on site. I believe that I must continue to learn from those on site and uncover truly valuable information if I am to make correct management decisions. To enable this, I strive to create an open corporate climate that encourages employees to express their opinions freely to me.

The same can be said of the management team. A management team that correctly shares on-site information is one that can frankly engage in debates and discussions. What is more, if the management team is united and exhibits teamwork once a decision is made on the direction to be taken, I believe that employees will hesitantly follow the lead.

I will consider difficulties as opportunities, and promote investments that will lead to long-term growth.

Looking back at history, we see that the economy has gone through difficult periods once every 10 years or so. NRI, too, was hard hit by the collapse of the bubble economy in the 1990s, the Asian currency crisis of 1998, and the bursting of the dot-com bubble in 2001. We were particularly brutally hit by the 2008 global financial crisis. When NRI has encountered such challenging circumstances, the successive NRI management executives have considered them as opportunities to change the Company, tackling structural issues that they were unable to address when the Company was doing well. For example, the fundamental cause of the sizable drop that we experienced during the global financial crisis was a lopsided portfolio that was skewed toward financial institutions and accounted for nearly 70% of the offerings. That was why the management team of that time came out with the policy of developing the industrial sector as another pillar of NRI’s revenues. Reforms toward the resolution of structural issues were carried out. I succeeded that intent, and today, the non-financial sector accounts for roughly 50% of net sales, supporting the stable growth in our financial performance in recent years. In other words, the things that were implemented during a time of crisis have blossomed 10 years later. Managing the Company from a long-term perspective without becoming excessively focused on short-term performance is an NRI tradition. This also holds true when evaluating our officers and employees. We place emphasis on what has been implemented from a long-term perspective.

Although we assume that the COVID-19 pandemic will have some impact on NRI’s financial performance, I am
We will steadily promote the DX Strategy and Global Strategies under the Medium-Term Management Plan (2019–2022).

In V2022, we set as the financial targets up to FY March 2023, an operating profit of ¥100 billion, an operating profit margin of 14% or more, overseas sales of ¥100 billion, and an ROE of 14%. To promote “creating a DX business” and “globalization,” the drivers of V2022, we formulated the Medium-Term Management Plan so that we may steadily take necessary steps. The Medium-Term Management Plan (2016–2018) covered the first three years of V2022. In the first fiscal year of the plan, we established NRI digital, Ltd., which integrates consulting and IT solutions functions. We transferred there personnel who can lead the DX business, as well as projects that were highly compatible with DX2.0*. The strategic aim of establishing the Company was to fortify the foundation for having diverse experts work together regardless of profession, brainstorm, and cooperate in the provision of support for the digital transformation of clients. We achieved the financial targets of the Medium-Term Management Plan, which were net sales of ¥500 billion and an operating profit of ¥70 billion. Having secured a firm foothold, we moved forward into the next stage.

The Medium-Term Management Plan (2019–2022) establishes the direction to be taken in the last four years of V2022. To move even more powerfully toward the realization of NRI’s corporate philosophy, we clearly specified our CSV-related efforts as “solving social issues through value co-creation.” It is being promoted as NRI Sustainability Management, which enables both the continued growth of NRI and building sustainable futures. Toward the creation of the NRI Group’s 3 Social Values, in addition to financial targets, each quarter, we also monitor quantitative non-financial indicators that are linked to the growth strategy so as to ensure the steady execution of efforts. (P.50-51)

In FY March 2020, the first year of the current Medium-Term Management Plan, we were able, as in the previous fiscal year, to continue marking new records in net sales, operating profit, and for each stage of income. In regard to operating profit, we are moving a year ahead of the original plan as a result of such factors as an increase in revenue in the consulting business and an improvement in development productivity. It was a year in which we were able to feel a good, strong response toward an increase in DX-related demand. We also saw significant progress, such as in standardization, breakdown into components, and the commercialization of high-value-added analysis models, in the acquisition of digital IP. The objective of which is to increase the profitability of the DX business. The Business Platform Strategy is also steadily moving forward, such as in gaining a foothold toward the bolstering of the financial platform business.

The global strategy is also seeing steady progress. We have made Australia and North America the primary regions of focus. Business expansion based on external growth, such as M&A, is being promoted. Australia, where the population is increasing, has a high growth rate of the IT services market. It is actively adopting new technologies and is an attractive market. In 2017, we integrated the operations of the ASG Group, which has strengths in IT infrastructure services and SMS (with strengths in consulting services), creating a system and foothold for the consistent provision of IT managed services. In 2020, we commenced proceedings for the acquisition of AU$1 billion shares, a back-office division affiliated with an Australian mega bank, and we are steadily putting a business foundation in place in the country. Meanwhile, in North America, we will promote our business with the acquisition of high-value-added IPs in the digital realm as our primary objective.

We will recruit and develop human resources who will shoulder the growth strategy as well as pursuing a new working style that will be optimal for NRI.

In our human resources strategy, we are recruiting and developing talent who can provide value and lead the DX of our clients to success. In addition to business designers, data scientists, and application platform personnel, who will be part of DX business project teams, we are also bolstering leaders, who not only understand both business and information technology but are also capable of dialogue with the persons responsible at our clients’ companies. We are not only hiring such specialists but also strategically cultivating them in-house. A DX Human Resources Development Program has been established, and we are powerfully implementing throughout NRI the development of capabilities required to promote the DX business, including analytics, blockchain, agile software development, and cloud computing. Applications for the various offerings of the program are flooding in, and we are seeing a rise in the drive of young employees.

In terms of the way everyone works at NRI, we are searching for a style that is unique to us. Currently, many companies have adopted working from home as their new working style. While I do not see a return to our old working styles, I do question the thinking that productivity will increase just through the adoption of telecommuting. The driving force behind the international competitive edge possessed in the past by Japanese companies was tacit knowledge, as represented by “suriawase” (coordination of differing opinions) in the manufacturing sector. Unlike the West, where rationality is pursued, I believe that Japanese companies brought about added value by having its workers share tacit knowledge with each other, even if it resulted in some unproductiveness. Shifting to telecommuting without giving it careful thought would be a denial of such originally Japanese strengths. Telecommuting may bring about the efficiency of working hours, but I feel that it contains a risk – that of making it harder to create added value. Together with its employees, NRI will explore an optimal working style that combines the conventional with the new. As we search for the answer, I believe that NRI will be able to move one step further as an entity that shoulders the new paradigm in the form of digital capitalism.

Together with its employees, NRI will explore an optimal working style that combines the conventional with the new. As we search for the answer, I believe that NRI will be able to move one step further as an entity that shoulders the new paradigm in the form of digital capitalism.
Editorial Policy for the Integrated Report 2020:
Since FY March 2014, NRI has published integrated reports which provide explanations while associating important financial and non-financial information. These reports aim to give an overall picture of our corporate value creation activities in a concise and clear manner. The Integrated Report 2020 has improved its content using feedback from stakeholders as reference. In particular, our thoughts related to value co-creation, which is contained in the corporate philosophy, and the path for the continuous enhancement of NRI’s corporate value are described in an easy-to-understand manner in the Top Message. We also enhanced the disclosure of non-financial key performance indicators (KPIs) and the description of concrete activities, such as NRI’s Recommendations for COVID-19 Emergency Measures.

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

Guidelines for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
by the Ministry of Economy, Trade and the Industry (METI)
• Knowledge Insight
• Solutions & Services
• Sustainability
• News
• About NRI
• Investor Relations
• Careers
• NRI People
• NRI JOURNAL

Categorization for NRI’s Disclosure Information

Integrated Reports

Website

https://www.nri.com/en

Knowledge Insight

Solutions & Services

Sustainability

News

About NRI

Investor Relations

Careers

NRI People

NRI JOURNAL
A Corporate Philosophy that Builds on the Founding Spirit and Lives on Dream up the future

NRI offers integrated services ranging from consulting through to IT solutions. We were established through the merger of the former Nomura Research Institute, Ltd., Japan’s first private-sector think tank, and Nomura Computer Systems Co., Ltd., a leader of Japan’s IT industry.

We summarize our commitment to creating a new society, business, and the future in our corporate philosophy—Dream up the future. While succeeding NRI’s founding spirit in these times of rapid change, we are working to develop new social values and resolve various social issues.

The NRI Founding Spirit Continues to Be Passed Down

1965 Research consulting

(former) Nomura Research Institute established

Japan’s First Established Private-sector Think Tank

The origin of NRI’s consulting business goes back to 1965 when Nomura Securities Co., Ltd. expanded the functions of its Research Division and established the former Nomura Research Institute, Ltd. The objective was to make a dramatic leap to develop into a high-quality research and investigation institution.

The founding prospectus, “Nomura Research Institute—Its Concept and Policies,” describes the following as the aims of establishing the Institute: “To be a new type of research institute that had never existed in Japan before,” and “To promote industry and be of service to society through research studies.” This has been passed down to today in NRI’s DNA, which makes it an organization with the primary goal of creating new social value and engaging in the resolution of social issues through its main business activities.

1966 IT solutions

Nomura Computer Systems established

Japan’s First Commercial Use of Computers

The origin of NRI’s IT solutions business is the Electronic Data Processing Division of Nomura Securities Co., Ltd. that was established in 1965. In 1965, the division adopted the use of a commercial computer (UNIVAC-120) that had just been developed in the United States, making headlines as the first instance in Japan of the commercial use of a computer. This is the result of the desire and passion to create new systems previously unknown in the world.

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


Corporate Philosophy

To society:
Discover new social paradigms and implement them.

To clients:
Build client’s trust and establish relationships for mutual growth.

Mission

Create an innovative society for the future.

Business engagements

Maximize corporate value through "Navigation X Solution."

Management goals

Challenge tirelessly with true professionalism.

Action guidelines

Vision2022 long-term management vision and “Share the Next Values!” vision statement released

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

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

(From the press conference following the signing ceremony for the new NRI)

1988 Merger

2001 Listed on the First Section of the Tokyo Stock Exchange

2015 The History and Mission of NRI

In a move that foresaw an ideal information services company, the former Nomura Research Institute, Ltd., and Nomura Computer Systems Co., Ltd., merged to become the new Nomura Research Institute, Ltd. (NRI) in 1988. The new NRI succeeded the spirit of the two companies from the time of their founding. It would do more than simply provide research, consulting, and IT services. The Company would create new social value, making its mission the resolution of challenges faced by society and clients.
The History of NRI’s Value Creation

Ever since its founding, NRI has been creating a multi-fold increase in its capital value in accordance with the changes in social issues, and continually achieved sustainable growth even amid the impact of various changes in economic trends and economic crises.

In the Long-Term Management Vision “Vision2022” (from FY March 2016 to FY March 2023), and the Medium-Term Management Plan (2019–2022), which are currently being promoted, we are vigorously pushing toward enhancement of our medium- to long-term corporate value under the “Dream up the future” corporate philosophy.

Services Created in Response to Societal Demand

Consulting

1970 Launched a new company in Osaka, a pioneer in research & consulting business in Japan.
1979 Established Professional Staffing Services, Inc., a pioneer in personnel consulting business in Japan.
1980 Completed the first draft report for the World Trade Center (now the Moscow center).

IT Solutions

1997 Listed on the First Section of the Tokyo Stock Exchange.
2001 Launched I-STAR, a shared online system for SEVEN-ELEVEN JAPAN CO., LTD.

Social and Relationship Capital

- Solid client base and continuous business relationships
- Close cooperation with domestic and overseas business partners

Manufacturing Capital

- System development quality (NRQ-QMS)
- Data center’s operational quality

Financial Capital

- Solid financial base
- Capital reserves for flexible investments
- High capital efficiency to achieve both growth and returns

Natural Capital

- Reduced greenhouse gas emissions by data centers
- Generation of environmental benefits for clients through shared online services

Nomura Research Institute

Integrated Report 2020

Accumulated Assets

- Human Capital
  - A deep pool of diverse professionals
  - Global employees network

- Intellectual Capital
  - R&D that supports a high degree of specialization
  - Competitive intellectual properties

- Manufacturing Capital
  - System development quality (NRQ-QMS)
  - Data center's operational quality

- Financial Capital
  - Solid financial base
  - Capital reserves for flexible investments
  - High capital efficiency to achieve both growth and returns

- Natural Capital
  - Reduced greenhouse gas emissions by data centers
  - Generation of environmental benefits for clients through shared online services

Integrated Report 2020

Revised Report 2020

Nomura Research Institute
Competitive Advantages of Human Capital

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

**Outcome**

High Levels of Profitability and Productivity

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

**Human Capital**

- NRI provides services in cooperation with employees at its domestic and overseas bases.
- NRI has an abundance of professionals with advanced information technology, skills, etc.

**Diverse Professionals**

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

**Competitive Advantages of Social and Relationship Capital**

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

**Solid client base and continuous business relationships**

NRI has accumulated its expertise through long-term business relationships with industry leaders. Moreover, by providing shared online services based on that expertise, we have established more sustainable business relationships with more of our clients.

**Stable Profit Structure**

NRI has established a stable profit structure with sustainable businesses accounting for over 60%, such as shared online services, system management and operation outsourcing as well as enhancements (maintenance and operations) in system development.
We promote research and development (hereinafter, “R&D”) with high-quality investigation ability and systems in order to create value unique to NRI with innovations and building sustainable futures by solving social issues. The fruits of R&D are widely communicated to society as future forecasts and recommendations related to society. At the same time, we are integrating with existing efforts that was obtained through business activities and utilized as practical competitive intellectual properties.

### R&D Policy

NRI promotes two categories of R&D. The first is business development, via research and feasibility investigations, prototype development, and proof of concepts for new business and new product development according to our Medium-Term Management Plan and “Vision2022” Long-Term Management Vision. The second is investigative research, via cutting-edge technological research, fundamental technologies, and production development technologies regarding information technology and recommendations for society, via surveys and research.

In FY March 2020, we placed particular emphasis on business development themes and accumulated commercialization expertise for businesses that will lead to new value creation.

### R&D System

In order to promote R&D across the entire company, we have established the Research & Development Committee and promote research and development while cooperating with society and other parties outside the Company.

Furthermore, we have adopted stage gate management in order to quickly respond to recent rapid changes in the external environment and cutting-edge technologies, as well as ensuring systems that enable us to take on various challenges. We also enhance the internal publishing of R&D results to enable business discovery that utilizes know-how and knowledge across the entire company.

### R&D Themes and Initiative Policies

**Business development**
- R&D reporting new business development in the medium- to long-term (business discovery, localization, etc.)
- R&D for digital transformation activities positioned as important themes, such as artificial intelligence (AI), the Internet of Things (IoT), and FinTech.
- Utility evaluation of technologies related to important themes

**Investigative research**
- Technology trend surveys to contribute to the revitalization of business development and strengthen the technical competitiveness of NRI
- Recommendations for society that contribute to the NRI business
- Recommendations that contribute to government institutions and corporate management.

### Organizations Promoting R&D

**Research & Development Committee**

- Reviews individual R&D projects from a company-wide perspective, from planning to result utilization, while preparing and delivering R&D strategies.
- Conducts surveys and research regarding new systems for in charge of administration government policy recommendations and cutting-edge research functions

**Center for Strategic Management & Innovation**

- Conducts surveys and research regarding new systems for in charge of administration government policy recommendations and cutting-edge research functions

**DX Systems Development Innovation Division**

- Conducts research into cutting-edge technologies and fundamental technologies in the field of information technology.

**Business divisions**

- In charge of medium- to long-term business development and new service development, and conducts feasibility investigations, prototype development, and proof of concept, etc.
Risks Receiving Many Questions from Investors and NRI’s Response Measures

<table>
<thead>
<tr>
<th>Risks</th>
<th>Response measures</th>
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</table>
| **Decreased sales in overseas business**                            | ✪ Expanding DX projects directly linked with management issues that are not affected by economic fluctuations  
                     ✪ Consulting and IT solutions segments work together to expand our business for high-priority themes such as business model transformation in the field of DX  
                     ✪ Building a stable income structure via the expansion of shared online services  
                     ✪ More than 60% of sales is stable business with a high rate of retention, such as shared online services, operation outsourcing, and enhancement (maintenance/operation)  
                     ✪ Promotion of investment in preparation for the future even if the demand for IT investment drops temporarily due to the impact of COVID-19, etc  
                     ✪ Solidly ensuring growth opportunities to respond to increased demand for IT investment after the economy recovers                                                                                       |
| **Intensification of price competition and other aspects of the competitive environment** | ✪ Focus on providing services with high-value-added instead of price competition  
                     ✪ Thoroughly understand the business and IT of a specific client and provide assistance that fits the needs of that client comprehensively and in the medium- to long-term in order to achieve differentiation  
                     ✪ Shared online services build superiority with the largest market share  
                     ✪ Provide complete and definite operation and cost reduction benefits while maintaining added value such as good handling of legal system changes                                                                 |
| **Bottleneck in development human resources**                        | ✪ Enhance both new graduate and mid-career recruitment to increase the number of employees (non-consolidated) by 1,000 or more in the four-year period of the Medium-Term Management Plan (2019–2022)  
                     ✪ Control the turnover rate by providing employees with opportunities for growth and establishing the human resources system and labor environment  
                     ✪ As a result, also ensure reserve resources to handle increased demand  
                     ✪ Maintain good trading relationships with excellent cooperating companies in Japan and overseas, and enable production that overcomes the limitations of NRI’s resources  
                     ✪ Conclude “co-partnership agreements” with highly specialized cooperating companies to continue improving quality and productivity together  
                     ✪ Implement company-wide human resource management that transcends business segments, based on order trends                                                                                     |
NRI's Value Creation Process

NRI will provide the optimal services to resolve clients' issues through its original “Con-Solution” model. This value co-created with our clients will contribute to the creation of the future society, while at the same time leading to achievement of “Vision 2022.” NRI’s long-term management vision. Repeating this series of processes builds robust competitive advantages for NRI and achieves continuous enhancement of corporate value, which in turn strengthens our capital and leads to attempts to solve new social issues.

Value provided to society

- Co-create a thriving future society
  
  - 280% increase in corporate value
  
  - 93.7% reduction in client CO2 emissions

- Co-create an ideal society
  
  - Effectively utilizing resources

- Co-create a safe and secure society
  
  - Advancing its infrastructure

NRI’s Value Creation

Value co-creation with clients

- Consulting services
- IT solution services

The “Con-Solution” model

Consulting and IT solutions run side by side with clients

- Diverse professionals
- A solid client base and sustainable business relationships

NRI’s Value Creation Process

Human Capital

- Implementation of DX human resources development program
- Promotion of diversity
- Strengthening of new-graduate / mid-career hiring
- NRI Group employees: 13,278 persons

Intelectual Capital

- Digital IP development
- Partnership in creating the business model (establishment of ICOOSTOR, etc.)
- Recommendations for society (Dream Up the Future Forum, Proposals regarding Coronavirus Infection COVID-19 measures, etc.)
- Research and development expenses: ¥4.3 billion

Social and Relationship Capital

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

Manufacturing Capital

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

Financial Capital

- Share buyback amounting to approximately ¥160 billion
- Sale of cross-held shares
- Increase of annual dividends per share
- Implementation of stock splits

Natural Capital

- Publication of the results of TCFD scenario analysis
- Reduction of client CO2 emissions through separation of shared online services
- Relation of the NRI Group Environmental Policy

Integrated Report 2020
Business Model and Business Direction

**NRI positioning and the advantages of the “Con-Solution” model**

NRI has achieved higher levels of profitability and productivity than other companies in the same industry. This is related to NRI’s positioning in the IT industry. NRI mainly works on innovative themes of clients who are in the top class of their respective industries, avoiding price competition, and always striving for differentiation through the pursuit of added value. One example of a high-value-added service is shared online services. Strengths such as depth in human resources, a solid client base, and competitive intellectual property support the establishment of this positioning.

In recent years, the progress of the Digital Revolution has strengthened the trend of client management issues and IT problems closely affecting each other. Value has been placed in quickly proposing and implementing viable solutions for transforming business models using IT. Opportunities for NRI’s original “Con-Solution” model, in which consulting and IT solutions run side-by-side with clients to solve problems, to provide a high level of added value are increasing.

**Business policy**

NRI will aim for business growth in the following three directions.

1. **Enhance & Enlarge Core Businesses**

   We will strive for further expansion of shared online services, the culmination of long-term accumulation of expertise. In addition, we will continue to provide services that use cutting-edge expertise to resolve the issues of each client, and strive to make existing core businesses more sophisticated and larger.

2. **Create & Expand DX business**

   We will strive to achieve DX business, which continues to have a rapidly expanding market, through “Con-Solutions” that provide speedy support, while consulting and IT solutions run side-by-side with the client.

3. **Accelerate globalization**

   As in Japan, NRI will aim to provide a high level of added value, and seek business opportunities globally where market growth is expected.

**Changes to the environment**

Achievement of higher levels of profitability and productivity than other companies in the same industry by specializing in high-value-added services.

- Mainly work on innovative themes of clients who are in the top class of the industry.
- Avoid price competition, and strive for differentiation from other companies in the same industry through higher added value.

**Provide high-value-added services through the “Con-Solution” model.**

**NRI positioning strategy**

**Expansion of DK “Closer relationship between management and IT issues”**

**Major Shared Online Services**

- **Launched in 1974**
  - THE STAR
    - Basic office solution for retail brokerage firms
    - 75 firms

- **Launched in 1979**
  - BESTWAY
    - Back-office solution for mutual fund sales and back-office work
    - 117 firms*

- **Launched in 1987**
  - I-STAR
    - Back-office solution for wholesale brokerage firms
    - 28 firms

- **Launched in 1993**
  - T-STAR
    - Back-office solution for asset management firms
    - 81 firms

- **Launched in 2015**
  - e-BANGO
    - My Number service
    - Approx. 19 million cases

**Major Utility Services**

- **For retail brokerage firms**
  - NRI provides the shared online service “THE STAR,” and DSB Co., Ltd. provides comprehensive support services. They range from trade execution, clearing, settlement, account management, account transfers, and other financial services carried out on behalf of securities companies, to securities back-office work, printing, envelope insertion, and mailing services.

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

- **For financial institutions / operating companies**
  - NRI provides “e-BANGO” as a My Number storage / management system with high management standards, based on our experience operating backbone systems for financial institutions. DSB Co., Ltd. provides services for the collection, registration, management, and use of individual numbers.

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* As of March 31, 2020.
The need of clients to achieve DX business, which transforms business using new digital technology, is increasing. This requires a strategic partner that provides swift implementation while transforming processes and business models at the same time as transforming IT infrastructure and discussing things together. NRI has the human resources and functions required for both consulting and IT solutions and provides "Con-Solution" for creating and promoting DX business via repeated hypothesis testing side-by-side with the client, sharing the results and the risks.

### DX Strategy

#### DX2.0 Business Model Transformation

<table>
<thead>
<tr>
<th>Business model transformation</th>
<th>Build cross-industry platforms that seizes ecosystems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital front office</td>
<td>Digitize actions for end users</td>
</tr>
<tr>
<td></td>
<td>• Helping customers execute DX strategies</td>
</tr>
<tr>
<td></td>
<td>• CRM, digital marketing, etc.</td>
</tr>
<tr>
<td></td>
<td>Digital back office</td>
</tr>
<tr>
<td></td>
<td>• Digitize actions within customer companies</td>
</tr>
<tr>
<td></td>
<td>• SCM reforms such as inventory optimization</td>
</tr>
<tr>
<td></td>
<td>• Operational efficiency improvements using AI, RPA, etc.</td>
</tr>
<tr>
<td>Infrastructure transformation</td>
<td>Enhance infrastructure such as cloud, security</td>
</tr>
<tr>
<td></td>
<td>• Supporting migration from on-premises to cloud</td>
</tr>
<tr>
<td></td>
<td>• Managed services for system platforms</td>
</tr>
<tr>
<td></td>
<td>• Security business mainly focused on NRI SecureTechnologies, Ltd. (NRI Secure), etc.</td>
</tr>
</tbody>
</table>

#### DX1.0 Process transformation

**Digital front office**
- Digitize actions for end users
- Helping customers execute DX strategies
- CRM, digital marketing, etc.

**Digital back office**
- Digitize actions within customer companies
- SCM reforms such as inventory optimization
- Operational efficiency improvements using AI, RPA, etc.

**Infrastructure transformation**
- Enhance infrastructure such as cloud, security
- Supporting migration from on-premises to cloud
- Managed services for system platforms
- Security business mainly focused on NRI SecureTechnologies, Ltd. (NRI Secure), etc.

#### DX2.0 Business Model Transformation Expanding via Co-creation with Customers

<table>
<thead>
<tr>
<th>Major initiatives</th>
<th>Business model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KDDI Digital Design Inc.</strong></td>
<td>Established December 10, 2017</td>
</tr>
<tr>
<td>Capital: ¥1 billion</td>
<td>KDDI 51%, NRI 49%</td>
</tr>
<tr>
<td><strong>ASG</strong></td>
<td>With KDDI CORPORATION, established a joint venture for assisting digital transformation at companies</td>
</tr>
<tr>
<td><strong>Technium CO., LTD.</strong></td>
<td>Established January 3, 2018</td>
</tr>
<tr>
<td>Capital: ¥10 million</td>
<td>TOYO 65.6%, NRI 33.4%</td>
</tr>
<tr>
<td><strong>ASG</strong></td>
<td>With DMG MORI CO., LTD., established a joint venture for the high-level utilization of production facilities in factories, etc. using digital technologies.</td>
</tr>
<tr>
<td><strong>Ndias, Ltd.</strong></td>
<td>Established December 3, 2018</td>
</tr>
<tr>
<td>Capital: ¥10 million</td>
<td>DENSO 50%, NRI Secure 50%</td>
</tr>
<tr>
<td><strong>ASG</strong></td>
<td>With DENSO CORPORATION and NRI Secure established a joint venture in the automobile cybersecurity business</td>
</tr>
<tr>
<td><strong>JAL Digital Experience Co., Ltd.</strong></td>
<td>Established February 4, 2019</td>
</tr>
<tr>
<td>Capital: ¥10 million</td>
<td>JAL 51%, NRI Group 49%</td>
</tr>
<tr>
<td><strong>ASG</strong></td>
<td>With Japan Airlines Co., Ltd. (JAL), established a joint venture for creating services for proposing lifestyle personalization and enrichment in customers’ daily lives and travel destinations, rather than simply flying</td>
</tr>
<tr>
<td><strong>BOOSTRY</strong></td>
<td>Established September 2, 2019</td>
</tr>
<tr>
<td>Capital: ¥1, 170 million</td>
<td>Nirma Holdings: 81%, NRI: 19%</td>
</tr>
<tr>
<td><strong>ASG</strong></td>
<td>Joint venture with Nirma Holdings, Inc. Leveraging biometric technology to develop/secure STO platform where securities and other rights can be exchanged as tokens</td>
</tr>
</tbody>
</table>

* DXC stands for Direct to Consumer, or direct sales through e-commerce, etc.

### 2. Create & Expand DX Business

Image of Con-Solutions—Running side-by-side with consulting and IT solutions, and creating sustainable value—

Analysis / proposal

IT building (updating) / expansion

Data updating / accumulation

Operation utilizing IT

### 3. Accelerate Globalization

NRI implements global business on the premise of the solid competitive advantage of a client base and competitive intellectual property (IP) cultivated over many years of experience. Since NRI differentiates via high-added value, we do not perform M&A that aims to simply expand the scale, and instead are expanding our business base via external growth in North America, America, and Asia.

#### Business Base Expanding Globally

<table>
<thead>
<tr>
<th>Region</th>
<th>Company name</th>
<th>Company overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>ASG</td>
<td>Provides end-to-end services to enable clients to achieve digital transformation and innovation, from consulting to application, infrastructure, data, and security.</td>
</tr>
<tr>
<td>Asia</td>
<td>Cutter Associates</td>
<td>Established in 2016, specializes in research and consulting in the U.S. asset management industry and has the largest client base in the country, including over 200 firms such as asset management firms, insurance firms, and pension funds.</td>
</tr>
<tr>
<td>North America</td>
<td>Briory/Partners</td>
<td>With Japan Airlines Co., Ltd. (JAL) and with others, we have developed and operated the first mileage program of a U.S. airline. &quot;Briory/Partners&quot; is an integrated loyalty platform solution, including all necessary functions, such as membership registration for customers, recording and tracking customers’ action history, acquiring points and mileage as well as redeeming points.</td>
</tr>
</tbody>
</table>

#### Expanding Our Business Base in Australia

As a key player that leads the IT market in Australia, the ASG Group (ASG) has expanded its business base by providing long-term managed services, mainly to governmental agencies. In December 2016, ASG joined the NRI Group as a core global business, and in 2017, SMS was merged. Subsequently, ICT and Group10 were converted to subsidiaries. In those ways, NRI has been expanding its capabilities related to DX. As of 2020, ASG is a Tier 1 corporation with approximately 1,600 employees in Australia.

#### ASG’s History

Established in Perth

Established in Melbourne

Junction with NRI Group is December 2016

September 2017

Purchased ICT for DX development in 2010

Purchased Group10 for IT consulting in 2020

#### Business Profile of ASG (As of the end of June 2020)

**Composition of sales by sector**
- IT managed services: 38%
- Financial: 19%
- Other: 15%
- Construction/ resources: 8%
- Government: 50%
- Telecommunications: 9%
- Composition of sales by sector:
- M&T (human resource dispatching services): 25%

#### ASG’s Strengths

End-to-end service in DX
- Possible to provide one-stop DX services to clients
- Possibility of diverse software products and cloud services, etc., according to client needs

Exceptional client base and extensive track record
- Continuous, long-term provision of services to governmental agencies and major financial/telecommunications companies in Australia.

Flexible community-based operating structure
- Sales are closely connected to the community and respond to client needs in a flexible and dynamic manner
- Operations made efficient across regions (Some offshores)
### NRI’s Capital and the Creation of Value through its Utilization

<table>
<thead>
<tr>
<th>Human Capital</th>
<th>Intellectual Capital</th>
<th>Social and Relationship Capital</th>
<th>Manufacturing Capital</th>
<th>Financial Capital</th>
<th>Natural Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of various types of capital in value creation</td>
<td>Creation of new value through accumulation of cutting-edge intellectual capital and innovation, on the foundation of knowledge acquired through high-quality investigation / research activities and business</td>
<td>Creation of stable, sustainable value through a solid client base focused on efficiency that enable flexible investment, in addition to creation of a solid financial base</td>
<td>Contribution to the increased sophistication of social infrastructure and co-creation of safe and secure physical environment through high-quality services, and strengthening of relationships with business partners and other stakeholders</td>
<td>Achievement of both growth and shareholder returns through capital reserves and a high level of capital components that are at the top of their industries, expansion of shared online services, and strengthening of relationships with business partners and other stakeholders</td>
<td>Contribution to maintenance of the global environment by reducing the environmental burden through appropriate management of energy consumption at data centers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium- and long-term strengthening policy</th>
<th>Digital IP development (cloud infrastructure, etc.) that promotes work-style reform and internal/external relationships</th>
<th>Improvement of system quality</th>
<th>Achievement of a solid financial base and strong medium- to long-term growth</th>
<th>Environmental management based on global standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of hiring (FY2019 36.1% increase of more than 1,000 persons; non-consolidated)</td>
<td>Digital IP development that contributes to improvement of competitiveness in the DX area</td>
<td>Expansion of divisional and cross-business strategic development</td>
<td>* Reduction of greenhouse gas emissions (Goal for FY March 2031: 55% compared to FY March 2014) * Use of renewable energy at data centers (Goal for FY March 2031: 36%) * Implementation of Environmental Management System (EMS) * Innovative approach to TCD recommendations (Evaluation of the impact of climate change on business)</td>
<td>Generation of environmental benefits for clients through expansion of shared online services</td>
</tr>
<tr>
<td>* Bolster new graduate hiring; Bolster promotions, etc. * Bolster mid-career hiring; Further improve systems of working conditions for the hiring of more specialists, etc. * Promote employees’ skills transfer and development</td>
<td>Business Investment Strategy</td>
<td>Expansion of social activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Strategic development of specialists in the DX area</td>
<td>* R&amp;D for new business development in the medium- to long-term (business discovery, incubation, etc.)</td>
<td>* Enhancement of opportunities to engage in dialogue with stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Skills transfer and development for overseas employees with advanced expertise</td>
<td>R&amp;D for DX utilization positioned as important themes, such as artificial intelligence (AI), IoT, and FinTech</td>
<td>* Enhanced opportunities to activities to other environmental changes on society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Promote diversity in styles (diversity, participation and advancement of women and senior personnel)</td>
<td>Promotion of recommendations for society</td>
<td>* Promote activities related to digitalization and other environmental changes on society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Initiative to respect human rights</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Main initiatives of FY March 2020 (2020)</th>
<th>Digital IP development (cloud infrastructure, etc.) that promotes work-style reform and internal/external relationships</th>
<th>Improvement of system quality</th>
<th>Achievement of a solid financial base and strong medium- to long-term growth</th>
<th>Environmental management based on global standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Strengthening of the implementation of the human resources development program to support DX strategy</td>
<td>Expansion of the number of companies using shared online services aimed at co-creation of the ideal society</td>
<td>Expansion of divisional and cross-business strategic development</td>
<td>* Reduction of greenhouse gas emissions (Goal for FY March 2031: 55% compared to FY March 2014) * Use of renewable energy at data centers (Goal for FY March 2031: 36%) * Implementation of Environmental Management System (EMS) * Innovative approach to TCD recommendations (Evaluation of the impact of climate change on business)</td>
<td>Generation of environmental benefits for clients through expansion of shared online services</td>
</tr>
<tr>
<td>* Promote diversity (‘Supporting tech for balancing work and parenting,’ etc.)</td>
<td>Expansion of divisional and cross-business strategic development</td>
<td>Expansion of social activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Developed an office environment that promotes work-style reform and internal/external relationships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Increase of the number of new graduates and mid-career hires</td>
<td>* Support for establishment of a telecommuting work environment at business partners</td>
<td>* Enhancement of opportunities to engage in dialogue with stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Formulation of the NRI Group AI Ethics Guidelines</td>
<td>* Dialogue with clients through overseas subsidiaries, dialogue with stakeholders, etc.</td>
<td>* Hosting of ESG Briefings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* NRI Group employees: 13,278 persons</td>
<td>* Hosting of the Dream Up the Future Forum and announcement of new important themes, such as artificial intelligence (AI), IoT, and FinTech</td>
<td>* Hosting of the 2019 NRI Student Essay Contest</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results of FY March 2020 (Outcomes)</th>
<th>Digital related sales of ¥6,006 billion (Ratio of sales from consolidated: 56.6%)</th>
<th>* Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</th>
<th>* Publication of the results of TCD scenario analysis targeting data center business</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>* Ratio of female managers: 7.1%</td>
<td>* Expansion of the number of companies using shared online services aimed at co-creation of the ideal society</td>
<td></td>
<td>* Reduction of client CO2 emissions through expansion of shared online services</td>
<td></td>
</tr>
<tr>
<td>* Ratio of female hires: 28.2%</td>
<td></td>
<td></td>
<td>* Revision of the NRI Group Environmental Policy</td>
<td></td>
</tr>
<tr>
<td>* Selected as a Nadeshiko Brand listed company for four consecutive years with outstanding promotion of female performance and advancement</td>
<td></td>
<td></td>
<td>* Launch of provision of NURU-AP SODs</td>
<td></td>
</tr>
<tr>
<td>* Certified as a Health and Productivity Management 500 Organization 2020 (White 500) for four consecutive years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* No. of New Graduates: Approx. 100 persons; mid-career: Approx. 190 persons</td>
<td></td>
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<tbody>
<tr>
<td>Net sales from shared online services</td>
<td>* Net sales from shared online services</td>
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<td>* Net sales from shared online services</td>
</tr>
<tr>
<td>* No. of companies using the shared online service THE STAR: 75 companies</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Partners in Japan: Approx. 7,500 persons</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Partners in China: Approx. 5,000 persons</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Results of the Client Satisfaction Survey (non-consolidated): 83.8%*</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Individual interviews with investors / analysts; total of 558</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Percentage that reported “satisfied” or “satisfactory/satisified” (Total for top two items on five-grade scale)</td>
<td>* Net sales from shared online services</td>
<td></td>
<td></td>
<td></td>
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</thead>
<tbody>
<tr>
<td>Investment of ¥5.7 billion in security and safety</td>
<td>* ROE: 20.3%</td>
<td>* ROE: 20.3%</td>
<td>* ROE: 20.3%</td>
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<td>* ROE: 20.3%</td>
</tr>
<tr>
<td>* Data Center awarded the ISO Excellence Award</td>
<td>* EBITDA margins: 22.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* NRI SecuritiesTechnologies, Ltd. received the Japan Managed Security Service Provider of the Year award for three consecutive years</td>
<td>* Dividend ratio: 27.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Net Debt-to-Equity ratio: 0.3 times</td>
<td>* Management of strategic development of specialists, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Full payment of annual dividends per share</td>
<td>* Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Stock splits of three shares per one share of common stock</td>
<td>* Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</td>
<td></td>
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</tr>
</thead>
<tbody>
<tr>
<td>Environmental management based on global standards</td>
<td>* Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder</td>
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<tr>
<td></td>
<td>* Reduction of greenhouse gas emissions (Goal for FY March 2031: 55% compared to FY March 2014)</td>
<td></td>
<td>* Reduction of client CO2 emissions through expansion of shared online services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Use of renewable energy at data centers (Goal for FY March 2031: 36%)</td>
<td></td>
<td>* Revision of the NRI Group Environmental Policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Implementation of Environmental Management System (EMS)</td>
<td></td>
<td>* Launch of provision of NURU-AP SODs</td>
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<tr>
<td></td>
<td>* Innovative approach to TCD recommendations (Evaluation of the impact of climate change on business)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Generation of environmental benefits for clients through expansion of shared online services</td>
<td></td>
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</tbody>
</table>

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*Percentages that reported “satisfied” or “satisfactory/satisfactory” (Total for top two items on five-grade scale)"
Utilization of Capital

Proposals regarding Coronavirus Infection (COVID-19) Measures

On March 24, 2020, NRI began posting emergency proposals related to measures against COVID-19 on the NRI website. At NRI, diverse professionals with high-level expertise are constantly analyzing changes in the environment, and conducting activities to predict future changes and provide social recommendations, thereby building up intellectual property in a variety of areas. In addition, NRI has co-created social value with its clients by proposing solutions to corporate management issues and social issues that will arise in the future, and providing support for their achievement.

The recent spread of COVID-19 is anticipated to be an environmental change that could significantly change the future society due to the speed and size of its impact. Accordingly, the NRI Group has enlisted all of its strength to provide emergency proposals, social issues that will arise in the future, and providing support for their achievement.

Examples of emergency proposals from various perspectives

- **Macro**
  - Macro positioning of the economic shock of COVID-19
  - Moving forward with “digital social capital” that considers the “new normal”
  - Prediction of the impact of COVID-19 on industry, using the Bayesian structure time series model

- **Public (policy)**
  - Expectations for cash payments using a My Number card
  - The necessity to address the maintenance of employment along with the continued existence of companies in anticipation of the impact becoming long-term
  - Redefining of a sustainable socio-economic system through risk management in which there is public-private / internal-external partnership
  - Medical cybersecurity in conjunction with the spread of COVID-19

- **Consumers**
  - The possibility of “learning-style reform” and “work-style / lifestyle reform” from the perspective of changes in people’s behavior and awareness accompanying the spread of COVID-19
  - The impact of the spread of COVID-19 on the behavior of Japanese consumers
  - Sharp progress in the utilization of digital in daily life due to the spread of COVID-19

- **Industry**
  - Increase of cashless payment: What each person should do to prevent the spread of infection and promote economic recovery
  - Status of response and issues related to the supply chain of companies affected by COVID-19
  - Utilization of the new normal of consumer behavior, namely, “near-dealer consumption,” “distraction consumption,” and “no-contact,” as an opportunity for reform by retailers

- **Global**
  - The UK’s challenges with the “new normal”
  - The digital reform of Chinese companies to change the crisis into an opportunity
  - The required post-corona offensive stance learned from past experiences with economic crisis

- **Management**
  - Utilization of office IT in preparation for BCP flexibly
  - Measures that should be implemented by the CEO in the midst of COVID-19
  - The required post-corona offensive stance learned from past experiences with economic crisis

- **Digital transformation of business models (DX)**
  - Strengthen non-face-to-face channels at financial institutions
  - Make operations fully digital and bolstering customers’ intranet infrastructure in preparation for full telecommuting
  - Shift to the As-a-Service model (subscription-based, etc.)

- **Efforts in preparation for a paradigm shift in the midst of COVID-19**

NRI is continuing discussions with clients regarding future management issues, based on the knowledge acquired through emergency proposal activities. From the opinions obtained from our clients, NRI recognizes two priority issues as we move forward, namely, business continuity and digital transformation of business models.

“Business continuity” includes enhancement of the in-house network and digitalization of work to make it possible to execute work in the same manner as when done in the company even in the context of a work style that has normalized telecommuting. In addition, implementation of sales floor services utilizing unmanned cash registers and other non-contact services and rebulding of the global supply chain (decentralization of the supply structure, etc.) need to be addressed.

In the case of “digital transformation of business models,” we anticipate that companies will aim to expand business in the EC market, which has expanded during the COVID-19 pandemic, and that manufacturers, etc., will strengthen the EC channels of their own companies. Further, it is possible that there will be an acceleration of conversion to subscription-type or other “As-a-Service” models, and strengthening of non-face-to-face channels at financial institutions.

NRI will move forward with recommendation activities that anticipate such paradigm shifts caused by the COVID-19 pandemic, search for new business opportunities, and support the resolution of issues by our clients.

The possibility of business opportunities due to a paradigm shift

<table>
<thead>
<tr>
<th>Client needs directed to NRI</th>
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</thead>
<tbody>
<tr>
<td><strong>Business continuity</strong></td>
</tr>
<tr>
<td>- Make operations fully digital and bolstering customers’ intranet infrastructure in preparation for full telecommuting</td>
</tr>
<tr>
<td>- Shift to the As-a-Service model (subscription-based, etc.)</td>
</tr>
<tr>
<td><strong>Digital transformation of business models (DX)</strong></td>
</tr>
<tr>
<td>- Strengthen non-face-to-face channels at financial institutions (new services in the front office domain, etc.)</td>
</tr>
</tbody>
</table>

Implementation of digital solutions in the office as a measure against COVID-19

To protect the health of clients and business partner employees who visit NRI, as well as the health of NRI employees, we have implemented digital solutions in NRI’s office to avoid the three Cs and detect when visitors have a fever.

At cameras developed by NRI detect the number of people in a meeting room, their proximity to each other, and whether or not they are wearing masks. A message to call attention to a problem is sent when necessary. In addition, the body temperature of people who enter the building is measured with thermal cameras to detect the possibility of a fever.

Further, we have implemented other solutions to combat COVID-19, such as measuring the degree of crowding, etc., using Bluetooth™ tags, and measuring CO₂ concentration in meeting rooms.

![Install thermal cameras at entry / exit gates. Check the temperature of visitors.](https://www.nri.com/en/keyword/proposal)

![AI cameras in meeting rooms and identification of mask wearing.](https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0611_1)
Non-Financial Highlights

E: Environment-related Data

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

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

- FY March 2020: Reduced greenhouse gas emissions by 43.8% compared to FY March 2014.

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

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

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

S: Social-related Data

Number of Employees (NRI Group data)
(persons)

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

Client Satisfaction (Non-consolidated data)
(%)
**Vision2022 and NRI Sustainability Management Policy**

In April 2015, NRI launched its long-term management vision “Vision2022” (V2022), the final year of which is FY March 2023. Under V2022, we are moving forward with NRI Sustainability Management that enables both NRI’s continued growth and building of a sustainable future.

**The “Dream Up the Future” Corporate Philosophy and CSV**

The concept of CSV (Creating Shared Value), which creates business opportunities and enables both the corporate growth and creation of a sustainable society by resolving social issues through the main business activities, has garnered attention in recent years. To achieve sustainable growth, it is indispensable that a company creates both social and economic value, and carries out management from a long-term perspective. The “Dream up the future” corporate philosophy – advocated by NRI since around the time of founding – encapsulates the Company’s commitment to contributing to the resolution of social issues and creating a better tomorrow through the power of innovation. This commitment contains the concept of CSV. Each NRI Group employee shares the thinking that the continued enhancement of NRI’s corporate value can be found only through its resolution of social issues.

**NRI Sustainability Management**

NRI’s will to “Dream up the future” is in our DNA and has been inherited by V2022, which was announced in April 2015. Our commitment – to contribute to creating a thriving future society with our clients, to pioneer globally, digitally, and into the realm of the future with the spirit of being ahead of the times, and to solidly create value and provide them to society and clients – is declared in our V2022 Vision Statement, “Share the Next Values!”

Further, under V2022, in addition to the key issues for sustainable growth, which are financial targets and non-financial targets linked to growth strategy, we are advocating “solving social issues through value co-creation” that clearly indicates efforts toward CSV. Among them, social value created through all NRI businesses has been defined as the NRI Group’s 3 Social Values. They will be incorporated into the PDCA cycle of management, monitored, and promoted as NRI Sustainability Management that enables both the continued growth of NRI and building sustainable future society.

Long-term Management Vision “Vision2022” Vision Statement

**NRI’s Value Creation**

The diverse variety of personnel within the NRI Group joins together to pool their collective effort, and contribute to a vibrant future society together with our clients. With the mentality of being ahead of the times we pioneer globally, digitally, and into the realm of the future, to create new business models for the next generation. We refine our strengths and create value by providing various types of services to clients and to society, giving birth to new future-minded business models.

**NRI’s 3 Social Values**

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

**Key NRI Initiatives**

- Business Model Transformation
  - • Business Process Transformation
    - • Strategy / Operations / System Consulting
    - • Business Infrastructure Transformation
      - • Business Model Evaluation & Design
  - • Cross-divisional cooperation, new market entry support
  - • Policy proposals for society & systems, information & knowledge sharing to promote global discussion & action in all sectors
- Business Infrastructure Transformation
  - • Cybersecurity business
  - • Cloud & Data Center managed services
  - • Smart Service Operation
  - • Disaster Prevention & Reduction Policy & Disaster Recovery Support

**Solving Social Issues through Value Co-creation**

<table>
<thead>
<tr>
<th>Vision2022 financial targets</th>
<th>NRI sustainability management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit (¥100) billion</td>
<td>Co-create an ideal society</td>
</tr>
<tr>
<td>Operating profit margin 14% or more</td>
<td>by effectively utilizing its resources.</td>
</tr>
<tr>
<td>Overseas sales (¥100) billion</td>
<td>Co-create a thriving future society</td>
</tr>
<tr>
<td>ROE 14%*</td>
<td>by driving new value.</td>
</tr>
</tbody>
</table>

* Asking for higher capital efficiency or continuing from the previous term

**Management of the information systems that form social infrastructure**

**Materiality for sustainable growth**

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

**Solving Social Issues through Value Co-creation**

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  - by effectively utilizing its resources.
- Co-create a thriving future society
  - by driving new value.
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Vision2022 and Medium-Term Management Plan Overview and Progress Status

As we aim for the final goal of V2022, NRI is moving forward with the Medium-Term Management Plan (2019-2022), the four-year second half of V2022. In FY March 2020, the first year of the Plan, the growth strategy of the Medium-Term Management Plan progressed steadily, and we achieved a high level of performance.

Overall Picture of V2022 and the Positioning of the Medium-Term Management Plan

In April 2015, NRI launched its Long-Term Management Vision “Vision2022” (V2022), the final year of which is FY March 2023. This indicates the determination to refine IP, one of NRI’s existing strengths, as well as to dramatically expand globalization and create new value in the digital area.

The Medium-Term Management Plan (2016-2018) was launched in April 2016 as the first step toward achieving V2022, and NRI promoted the four priority themes of (1) Improve productivity in specialty areas in Japan, (2) Expand industry-standard business platforms and develop large-scale clients, (3) Build foundations for global business, and (4) Create business IT. As a result, in FY March 2019 (the first fiscal year), we were able to achieve the originally planned goals of ¥500 billion in net sales and ¥70 billion in operating profit. In addition, we were able to further deepen “Con-Solution,” which is critical to the promotion of NRI-like DX business.

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

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

Main strategies

- DX
  - Use technology to transform customer business models and processes
  - Offer comprehensive support through DX from front-office to core systems to develop large-scale customers

- Business platform
  - Evolve business platforms (BPFs) in finance
  - Additional expansion of BPFs that cater to IT structure reform and new entry

- Cloud
  - Modernize legacy systems by using cloud
  - Comprehensive support from diversifying system platforms to application development

- Global
  - Achieve more global business growth, seeking sales of ¥100 billion
  - Expand business base, centered on external growth in Australia and North America

- Human resources
  - Strategic recruiting, talent development and collaboration with partners to bolster NRI’s competitiveness
  - Increase mid-career recruiting, offer diverse work styles, etc.

The following is an overview of the Three Growth Strategies of the Medium-Term Management Plan and an explanation of the progress in FY March 2020, the first fiscal year of the Plan.

1. DX Strategy

Around 2017, during the Medium-Term Management Plan (2016-2018), investment in DX started due to a sudden increase in IT investment for business model and work process transformation utilizing digital technologies. NRI is constructing competitive advantages by utilizing its strength of combining consulting and IT solutions.

The DX business of NRI defines “DX1.0” as DX that contributes to work process transformations in existing businesses and “DX2.0” as DX that generates new business models themselves via digital technologies. In the field of “DX1.0”, NRI is moving forward with many initiatives related to the streamlining of business process and further sophistication of infrastructure, utilizing digital technology. The demand is high for infrastructure transformation of the launch of EC business and the accompanying distribution/inventory systems in the distribution, manufacturing, and service industries, etc., in particular, and NRI is providing support for it.

In the field of “DX2.0”, we establish joint ventures with clients and companies that have advanced technologies and promote the creation of new businesses utilizing digital technologies via collaboration. In September 2019, NRI established BOOSTRY, a joint venture with Nomura Holdings, Inc., and has started business to develop transaction platforms for securities, etc., using blockchain technology.
In order to achieve our target of ¥100 billion in overseas sales as indicated in V2022 and our Medium-Term Management Plan (2019–2022), we are executing growth strategies for the three regions of Australia, North America, and Asia / Europe, and moving forward with the expansion of our global business base with external growth via M&A, etc. In April 2020, NRI announced that it had begun procedures⁴ to acquire stock in AUSIX Ltd., a member of the CBAA Group⁵. In addition to aiming for participation in back-office services operations in Australia’s wealth management market, which is expected to grow, NRI will take large strides in establishing an infrastructure for expansion of business into the financial sector in the future. Though sluggishness in Australia’s macro environment and intensification of competition in the North American IT industry, along with the impact of the spread of COVID-19, have increased the severity of the environment surrounding the immediate overseas business, we will continue to move forward with the expansion of our global business base with appropriately controlling business risks.

### 2. Global Strategy

#### Australia
- Seek to be a top-10 Australian IT services company by around FY March 2023¹
- Achieve additional external growth in fields where synergies can be anticipated

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

#### Asia, Europe
- Further expand consulting for Japanese and local companies in locations throughout Asia
- Expand outsourcing business geared toward financial institutions, with NVANTAGE as the core

#### Functions of Global Headquarters
- Formulate global strategies and support execution
- Work together with regional controlling companies such as NRI Australia, and strengthen governance of overseas subsidiaries

### Efforts to build a business base in Australia

- Began the procedure to acquire shares of AUSIX stock
- Enter back-office operations services in Australia’s wealth management market
- In the future, aim to be part of Australia’s direct finance market infrastructure

#### Overview of AUSIX

- **Name:** Australian Investment Exchange Limited
- **Location:** Sydney
- **Established:** November 25, 1996
- **Net sales (FY ended June 2019):** AUD $61,813,000 (¥4,092 million)*
- **Business activities:** Back-office services for managing securities trading and portfolios, etc.

### DX-related Sales

In order to communicate the degree of achievement of the DX strategy described previously, NRI started detailed disclosure of the ratio of net sales consisting of DX-related sales, beginning in FY March 2020. The ratio was approximately 58% as of the end of March 2020, and we have set a goal of expanding it to approximately 75% by the end of March 2023.

#### Numerical Targets for DX-related Sales

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Result</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020</td>
<td>16.3%</td>
<td>20.3%</td>
</tr>
<tr>
<td>FY 2021</td>
<td>20.3%</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

### 3. Human Resources Strategy

**Human Resources Strategies**

- **Bolster hiring**
  - Increase of 1,000 employees or more (non-consolidated) over four years
  - Bolster new graduate hiring: Bolster promotions, etc.
  - Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc.
  - FY Mar. 2019: 120 people
  - FY Year 2023: 200 people

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

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

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

### Toward Achievement of the Goals of V2022 and the Medium-Term Management Plan

As a result of solid implementation of the aforementioned Three Growth Strategies, net sales for FY March 2020 reached ¥528.8 billion (up 5.5% year on year), operating profit reached ¥83.1 billion (up 16.4% year on year), and profit attributable to owners of parent was ¥69.2 billion (up 36.0% year on year), with each hitting the highest level ever. Since the spread of COVID-19 began, there have been lively debates regarding the digitalization of economic activities, and it is believed that the digital strategy of companies will accelerate sharply in the future. The NRI Group is working to stay ahead of social changes, discern the ideal nature of future society, and achieve that goal.

Although the immediate future is unclear, NRI will continue to strive to achieve the consolidated performance targets for FY March 2023, as stipulated in the Medium-Term Management Plan, of at least ¥670 billion in net sales, ¥100 billion in operating profit, and ¥100 billion in overseas sales.

#### Vision 2022

- FY Mar. 2020 (Results)
- FY Mar. 2023 (Targets)

- **EBITDA margin:** 22.2% (growth 50% or more)
- **ROE:** 20.3% (144%*)

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

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*Non-consolidated

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NRI’s Value Creation
CFO Message

High Capital Efficiency and Greater Shareholder Returns

Finance management at NRI emphasizes financial soundness, aiming to balance growth with returns while keeping capital efficiency in mind.

In August 2019, NRI conducted a share buyback of roughly ¥160 billion in treasury stock from main shareholder Nomura Holdings, Inc. Along with steady profit growth, this initiative helped push NRI's ROE above 20% in FY March 2020. This is already well above our target of 14% for the final year of Vision2022 in FY March 2023. Our ROE is already at a sufficiently high level compared to industry peers in Europe and the United States, but going forward we will seek high capital efficiency with global standards in mind, aiming to balance growth with returns while keeping capital efficiency.

Measures for shareholder returns during the Medium-Term Management Plan (2019-2022) focus on dividends, and we will continue our policy of a consolidated dividend payout ratio of 35% while seeking to continuously increase cash dividends per share according to income growth.

Balance Sheet Management during the COVID-19 Pandemic

At NRI, we manage with an emphasis on financial discipline so that we can maintain our services when unseen circumstances arise, due to the social responsibility borne by our information systems that support financial markets and product distribution markets. From the perspective of maintaining liquidity, we have a policy of maintaining approximately two to three months' worth of sales as funds on hand (cash and cash equivalents). To cope with the recent spread of the COVID-19, we have bolstered our funds on hand to three months’ worth of sales, the upper limit of that range. We are also considering a further increase to between three and four months’ worth of sales, to have a deeper pool of funds on hand in preparation for any unexpected circumstances that could arise in the future.

As for raising funds, we are working to diversify the methods we use. This includes the issuance of commercial paper. We set an upper limit of 0.3 times for the net D/E ratio, while maintaining financial soundness by conducting management that is strongly conscious of keeping net interest-bearing debt level within the amount of EBITDA.

Our cross-shareholding policy is to reduce cross-held shares while continuously validating rationality of what we retain. The amount of cross-held shares recorded on our balance sheet at the end of March 2020 was around ¥24 trillion, a significant decrease from the roughly ¥50 billion recorded a year earlier at the end of March 2019.

Financial Management with Consciousness of Global Standards

We are pursuing a variety of initiatives in financial management with consciousness of global standards. For example, regarding how our outlook on growth, as emphasizing stable ability to generate cash in addition to expanding sales, we have published a target of 20% EBITDA margin in our Medium-Term Management Plan (2019-2022) out of a strong awareness of benchmarking against industry peers overseas. Our EBITDA margin in FY March 2020 has already reached 22.2%. Even compared to industry peers overseas, our EBITDA margin is quite high. We plan to keep it at a high level of 20% or above going forward. During FY March 2019, we also acquired an S&P rating to bolster our presence overseas.

IFRS implementation is the culmination of our various initiatives in the pursuit of global standards. Preparations for implementation have been proceeding steadily since we began these considerations in earnest back in FY March 2018, and we aim to have IFRS implemented sometime in the near future.

Beyond simply establishing the economic value of our Company, we are seeking to create social value through efforts such as broadening the horizons of our ESG investment and diversifying our methods of raising funds, under our corporate Philosophy of “Dream up the future.” During FY March 2019, we were recognized under the Science Based Targets (SBT) initiative which promotes the setting of environmental targets according to global standards, while also announcing our early approval of the Task-Force on Climate-related Financial Disclosures (TCFD) for disclosing the impact of environmental change on finance. We remain committed to progressive efforts such as these. In May 2020, NRI also signed the Business Ambition for 1.5°C pledge, a request for companies to set targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels.

NRI strives to solve social issues via our business and places emphasis on the concept of CSV that aims for both economic value and social value, and will continue to work toward enhancing dialog with our investors via disclosure of various financial and non-financial KPIs and holding ESG briefings, etc.

Financial Management Policy

Balance Sheet

Assets

- Cash and cash equivalents*
  - Required funds on hand equivalent to 3-4 months of sales
- Investment securities and business and non-business assets
  - Cross shareholdings will be held within the confines of raising corporate value (and subject to validation of efficiency based on capital cost and other factors) and sold if the rationale to hold diminishes.
  - For business assets, the decision to invest or exit will be based on hurdle rates based on capital costs, operating profit margin, and other factors.
  - We will generally not own office assets.
  - We treat non-continuous assets immediately.

Liabilities

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

Net assets

Equity

- Suitable capital level considering asset efficiency and capital efficiency
- Recognize capital efficiency for achieving both growth and returns
- Retain treasury stock at about 5% of total issued shares

* Cash and cash equivalents
Consists of cash, deposits that can be withdrawn at any time, and short-term investments with maturity within three months of the date of acquisition which are easily convertible and involve little risk of value fluctuations.

Net assets

Retirement benefit assets / liabilities

- Manage retirement benefit trust assets and liabilities on the balance sheet to advance stability in retirement system assets

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As for raising funds, we are working to diversify the methods we use. This includes the issuance of commercial paper. We set an upper limit of 0.3 times for the net D/E ratio, while maintaining financial soundness by conducting management that is strongly conscious of keeping net interest-bearing debt level within the amount of EBITDA.

Our cross-shareholding policy is to reduce cross-held shares while continuously validating rationality of what we retain. The amount of cross-held shares recorded on our balance sheet at the end of March 2020 was around ¥24 trillion, a significant decrease from the roughly ¥50 billion recorded a year earlier at the end of March 2019.
The Importance of Value Co-creation Reaffirmed in the COVID-19 Pandemic

The rampant spread of the COVID-19 in 2020 is impacting the economic activities of consumers and companies in various ways. We do not know how long this impact will last, so we find ourselves in an unpredictable situation. With these circumstances around us, we at NRI are in the position of supporting the operation of information systems that are essential to the business of our clients, who play key roles maintaining finance, distribution, and other important infrastructure for people’s lives and society. Under the state of emergency declaration which began in April of this year, NRI continued operating under the designation of a business engaged in work essential for enduring the stability of people’s lives and the national economy in the Basic Policies for Novel Coronavirus Disease Control by the Government of Japan. Our employees came together to keep the information systems that society needs running reliably, while telecommuting and taking other adequate measures against the spread of the virus.

Since NRI was founded, our executives and employees have shared the DNA of NRI’s unique way of thinking to help create social value through the Company’s business in consulting and IT solutions. We have also defined key performance indexes (KPIs) to monitor our progress in each type of value co-creation.

Co-creation Efforts and Key Performance Indexes (KPIs)

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<thead>
<tr>
<th>Social value</th>
<th>Medium- to long-term measures</th>
<th>Key indexes</th>
<th>Results in FY March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide social recommendations and system proposals</td>
<td>Number of appearances in major media publications**</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>Promote DX</td>
<td>DX-related sales</td>
<td>308 billion yen</td>
<td></td>
</tr>
<tr>
<td>Create new business models</td>
<td>Number of business partnerships (joint ventures, local government agencies supported, etc.)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Contribute to reforms for the greater good</td>
<td>Scale of orders received for operational reform consulting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand services in business platforms</td>
<td>Business platform sales</td>
<td>103.6 billion yen</td>
<td></td>
</tr>
<tr>
<td>Generate environmental benefits for clients through business platforms</td>
<td>Client CO2 emission reductions through shared online services**</td>
<td>83,399 tons</td>
<td></td>
</tr>
<tr>
<td>Help build IT infrastructure to create an ideal society</td>
<td>Scale of cloud and data center services business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help upgrade the social infrastructure</td>
<td>Scale of business for the public sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribute to information security</td>
<td>Amount invested in security, safety, and peace of mind</td>
<td>6.7 billion yen</td>
<td></td>
</tr>
<tr>
<td>Maintain the quality of systems in operation</td>
<td>Number of systems failures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitate long-term CSV activities</td>
<td>Amount of contributions to the NRI Dream Up the Future Fund</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

medium-term Management Plan

| Formulae business plan (annually) | | |
| Medium-term Management Plan Formulation (9 to 4 years) | In the Medium-Term Management Plan (2019-2022), outline an overview of the sustainability management of the NRI Group and advocate three types of social value |
| Entire company | Clearly indicate the promotion of value co-creation via business together with an action policy (from 2019) |
| By segment | Define strategic targets, measures, and KPIs associated with three types of social value (from 2019) |
| By division | Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020) |

Monitoring the Status of Efforts for Co-creation

PDCA cycle

NRI Sustainability Policy

Based on our CSV way of thinking, NRI has defined 3 Social Values that we aim to co-create with clients through our main lines of business such as consulting and IT solutions. We have also defined key performance indexes (KPIs) to monitor our progress in each type of value co-creation.

In addition to CSV-related efforts, we are also addressing our materiality for sustainable growth which underlies these efforts.

Furthermore, from the perspectives of management and external stakeholders, we have identified and are working toward four priority issues for our sustainable growth materiality, which are geared toward achieving the Sustainable Development Goals (SDGs). We identified these themes based on international standards and guidelines such as GRI standards, ISO 26000, the Dow Jones Sustainability Indices (DJSIs), and the United States Sustainability Accounting Standards Board (SASB), as well as on the opinions of external experts. (See P.52.)

Exploring the Optimal Work Styles

The COVID-19 pandemic trenched a major change in work styles as many different companies implemented telecommuting. As NRI employees have been able to telecommute for some time, many employees ended up using this system for a large number of hours as a result of the COVID-19 pandemic. For employees, the natural benefit of telecommuting is better work-life balance. This is something that we absolutely must pursue. On the other hand, telecommuting has also presented some challenges. In some cases, the quality of communication with clients, supervisors, and colleagues has suffered. Restrictions in the environments of clients’ systems have also required us to be physically present at work in other cases. Depending on the nature of the work to be performed and the position of the employees involved, the challenges are various. Going forward, we will be implementing NRI’s own brand of work-style reforms that establish the optimal combinations of telecommuting with conventional work styles.

To take our value co-creation efforts to the next level, we are implementing value co-creation measures aligned with our company-wide strategy and are defining key performance indexes (KPIs) to measure their progress. The status of value co-creation efforts is reported in both quantitative and qualitative measurements to the Board of Directors on a quarterly basis and monitored regularly throughout the Company. We also evaluate the value co-creation efforts of executives and employees at the division level, and add to their bonuses based on the results. Taking it a step further, we instill co-creation efforts internally by appointing “Value Co-creation Leaders” to oversee the prevalence and practice of co-creation efforts on-site, while promoting internal dialogue pertaining to these efforts. We believe that this on-site dialog spreads employee buy-in for our value co-creation activities and helps further expand their practical application in our business.

We will continue to create effective mechanisms to further reinforce our sustainability management.

Boasting Efforts for Value Co-creation

Keeping business running and fulfilling our social responsibility as a company that operates information systems that are essential to citizens’ lives.

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

Message from the Head of Corporate Headquarters

*1 Applies that contain photos of at least two paragraphs about NRI
*2 CO2 emissions reduction: Difference between the estimated amount of CO2 emissions if the client were not to use the business platform and their actual emissions (assuming use of the platform)
*3 Amount of contribution in the first year (FY March 2021) is predicted to be 830 million yen
Mechanisms for Supporting Value Creation

Results of Main Sustainability Activities

Our Sustainability Policy is composed of CSV initiatives for solving social issues through value co-creation, and materiality for sustainable growth that supports the aforementioned CSV initiatives. Based on this Sustainability Policy, NRI is implementing a variety of activities aimed at building a sustainable future.

The following is an introduction of initiatives for materiality for sustainable growth for supporting value creation at NRI.

Initiatives for Materiality for Sustainable Growth

<table>
<thead>
<tr>
<th>Materiality for sustainable growth</th>
<th>Main policies / Related SDGs / NRI’s achievement</th>
<th>Examples of main sustainability activities</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of environmental impact for preserving global environment</td>
<td>• Response on climate change</td>
<td>• Set a New Environmental Target to reduce greenhouse gas emissions by 55% by FY March 2031 (compared to FY March 2016)</td>
<td>P.64</td>
</tr>
<tr>
<td></td>
<td>• Sustainable energy consumption</td>
<td>• Implemented and expanded the scope of NRI’s EMS, a unique environmental management system for offices at NRI</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td>• Responsibility and conservation to the environment</td>
<td>• Relocated to office buildings with superior environmental performance, used renewable energy</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td>• Environment-conscious supply chain</td>
<td>• Acquired SASB initiative certification for greenhouse gas reduction targets formulated by NRI</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aimed RE100, an initiative by corporations seeking to transition to 100% renewable energy for power used in business activities</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Initiatives pertaining to Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</td>
<td>P.70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Selected for the CDP’s highest rating, the Climate Change ‘A’ List</td>
<td>P.70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Providing ESG training for employees</td>
<td>P.70</td>
</tr>
<tr>
<td>Provision of opportunities for all kinds of professionals to take on challenge</td>
<td>• Human resource diversity</td>
<td>• Human resource development initiatives including DX, human resources development programs</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td>• Healthy employment and labor-management relationship</td>
<td>• Formulating the NRI Group Human Rights Policy and NRI Group HR Officce Guidelines, Publishing the NRI Group Human Rights Report</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td>• Respect for human rights</td>
<td>• Expanded actions to support the balance of work and child-rearing by male employees</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• In June 2017, opened the in-office nursery, Yumemato Hikouki</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Based on the “Act on Employment Promotion, etc. of Persons with Disabilities,” promoted the hiring of persons with disabilities by our special subsidiary NRI Min</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Developed a new office environment which promotes work-style reform and internal/external interactions</td>
<td>P.54</td>
</tr>
<tr>
<td>Compliance with laws, regulations and risk management to increase trust from society</td>
<td>• Enhancement of corporate governance</td>
<td>• Established the Nomination Committee, which is mainly composed of independent directors</td>
<td>P.72</td>
</tr>
<tr>
<td></td>
<td>• Risk management</td>
<td>• Changed the main members composing the Compensation Committee from external experts to independent Members of the Board</td>
<td>P.72</td>
</tr>
<tr>
<td></td>
<td>• Action against corrupt practices abroad</td>
<td>• Implemented the restricted stock compensation plan as a medium- to long-term incentive compensation plan for Members of the Board</td>
<td>P.72</td>
</tr>
<tr>
<td></td>
<td>• Appropriate information disclosure to the customers</td>
<td>• Held the Sustainability Dialogue in order to discuss CSR with business partners</td>
<td>P.72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Held the ESG briefing</td>
<td>P.72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Evaluating efforts for value co-creation at the division level, and adding to their bonuses</td>
<td>P.77</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Established the Global Headquarters for global governance</td>
<td>P.71</td>
</tr>
<tr>
<td>Management of the information systems that form social infrastructure</td>
<td>• Management of information security and system</td>
<td>• Enhanced project monitoring functions and held other activities to improve the quality of information systems</td>
<td>P.54</td>
</tr>
<tr>
<td></td>
<td>• Access to information society</td>
<td>• Held the DX Production Innovation Forum and took other activities to improve company-wide quality and productivity</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Held the Safety and Security Forum and acquired certification / guarantees from third-party organizations</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased the level of information security measures both inside and outside Japan</td>
<td>P.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased the sophistication of our Computer Security Incident Response Team (CSIRT) in order to respond to upper attacks</td>
<td>P.67</td>
</tr>
</tbody>
</table>

NRI’s sustainability initiatives also contribute to achievement of the SDGs (Sustainable Development Goals) for 2030 which were adopted by the United Nations in September 2015.

Participation in Initiatives

<table>
<thead>
<tr>
<th>Month</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2017</td>
<td>United Nations Global Compact (UNGC)</td>
</tr>
<tr>
<td>June 2018</td>
<td>Japan Climate Initiative</td>
</tr>
<tr>
<td>July 2018</td>
<td>Task Force on Climate-related Financial Disclosures</td>
</tr>
<tr>
<td>September 2018</td>
<td>Science Based Targets Initiative</td>
</tr>
<tr>
<td>January 2019</td>
<td>World Business Council for Sustainable Development (WBCSD)</td>
</tr>
<tr>
<td>February 2019</td>
<td>Renewable Energy 100%</td>
</tr>
<tr>
<td>May 2020</td>
<td>Business Ambition for 1.5°C</td>
</tr>
</tbody>
</table>

Status of Inclusion at Equities in ESG Stock Indices

NRI is included in the indices used for the main ESG stock indices:

- Dow Jones Sustainability World Index
  - Included for two consecutive years from 2016
- Dow Jones Sustainability Asia Pacific Index
  - Included for four consecutive years from 2016
- FTSE4Good Index Series
  - Included for fourteen consecutive years from 2008

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NRI's Human Resources Strategy

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

Three Pillars of Our Human Resources System

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

As an outline for pursuing specialized fields, NRI has defined 22 career fields (Figure 1) and encourages employees to refine their skills in multiple specialized fields. We develop human resources capable of collaborating across multiple departments by using a broad perspective to flexibly respond to changes in the business environment. NRI confers internal certification (Figure 2) to employees who possess a particularly high level of expertise in career fields. This promotes development of core human resources and provides employees with a role model of a professional.

Furthermore, each employee shares his or her target career field and level with his/her manager. Through interviews with managers held every six months, we implement a Challenge & Act (C&A) System for confirming the target set by employees and the corresponding level of achievement and an internal job posting and self-certification system that aims to increase opportunities for employees to choose their own careers and have the right people in the right places.

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

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

Human Resource Investment that is Top-class among Japanese Companies

Human resources development at NRI is an organic fusion of three methods: training programs, self-improvement, and on-the-job training (OJT). NRI believes that providing OJT through work experience is the optimal development method. Training programs are a method for organizing knowledge acquired through OJT and deepening understanding. It is also positioned as a method for obtaining knowledge and skills which cannot be acquired through OJT. Training programs at NRI (Figure 3) can be divided into two main types: training according to seniority and training according to career field. In addition to curriculums depending on seniority and titles, programs according to seniority include managerial talent development of selected individuals, curriculums depending on job type, courses that support women’s participation and advancement in the workplace, and courses for veteran career development. Programs according to career field provide a variety of training programs that fulfill the diverse needs of employees. They are directed to the development of individual capabilities that are in line with career fields (Figure 1), career development that aims for acquisition of internal certifications and other objectives. NRI has also established a system to support self-development for employees to become qualified in and improve their foreign language skills.

Global Human Resources Development Programs

NRI implements many overseas programs to develop global business leaders who can promote the Global Strategy, which is one of the growth strategies contained in the Medium-Term Management Plan (2019–2022). We are especially focusing on an overseas training system where employees can experience global business for about one year through an internship at the overseas office of a globally active client company. Over the past eight years, 180 trainees have so far been sent to 16 countries overseas. The overseas studies program is a system through which employees obtain wide-ranging knowledge and expertise as well as advanced technical capabilities. In addition to MBAs from overseas business schools, the acquisition of degrees in other fields, such as computer sciences (MSE/MICS) and law (LLM), is also actively pursued. Training is also implemented in China and India to learn project management and data sciences.

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

NRI implements a program to develop human resources who can accelerate the DX Strategy, which is a pillar of the growth strategies contained in the Long-Term Management Vision “Vision2022” and the Medium-Term Management Plan (2019-2022). Education to re-skill and increase the capabilities of consultants and systems engineers, who already possess conventional abilities, is being carried out. This enables them to utilize their existing skills while expanding their area of activity to include the field of digital transformation (DX). By doing so, we are promoting the strategic shift of NRI’s human resources portfolio to one that we are aiming for in the DX age.

DX Human Resources Development Program

With the aim of strengthening capabilities – such as those in artificial intelligence (AI), analytics, blockchain, UX design, agile software development, and microservice architecture – that are required in the DX age, NRI offers training for the acquisition of DX skills. The training is available across different lengths of service in addition to the traditional skills cultivation that takes place according to how long a person has been with the Company (Figure 1). There is a wide array of curriculums available. They include not only those for the acquisition of basic knowledge and IT skills but also courses that share implementation know-how, the latest business-use cases as well as deep insights, distinctive of NRI, and edgy business acumen.

Furthermore, proactive collaboration is carried out with research bodies (graduate schools, etc.) in Japan and abroad, external organizations, such as data scientist (DS) associations, and companies. A multitude of academic knowledge and progressive cases are incorporated to establish places of learning of a higher level as well as support employees in their development of human networks and stages for achieving success. Going forward, curriculums will be planned and designed around creating opportunities for learning, opportunities for development, opportunities for becoming connected, and opportunities for playing an active role. They will be adapted to providing chances for acquiring high skills of greater efficiency (Figure 2). We are focusing on cultivating data scientists, such as by establishing “data scientist” as a career field in 2012, and institutionalizing “certified data scientist” in 2017. Ranks have been established in accordance with skill levels for each capability to develop the human resources required for execution of the DX Strategy. Programs are planned and operated after establishing numerical targets in regard to the number of people to be cultivated.

The Four Places of Learning (Figure 2)

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

2. Opportunities for development
   - Plan internal training and development measures at DX Expert Panel meetings, and lead measures that promote the advanced integration of on-the-job and off-the-job training
   - Opportunities to develop the next generation by serving as lecturers of internal and external training sessions, and as university professors in industry-academia partnerships, taking the podium at events, and providing guidance to interns
   - Lead opportunities to teach others to ever deeper learning through systematization and introspection

3. Opportunities for becoming connected
   - Participate in DX Expert Panel meetings and, based on human resources information and project information, lead measures for interaction between internal advanced human resources, sharing of insights and the reinforcement of organizational abilities
   - Reinforce the functions of internal DX-related CoE* organizations, strengthen collaboration between consulting and solutions, integrate job assignment through the discovery of candidates for advanced human resources, and promote the spread and popularization of advanced knowledge
   - CoE (Center of Excellence): An cross-departmental organization within a company that brings together scattered people and knowledge
   - Promote the integration of internal resources and information through these measures, and strengthen the display of capabilities by individuals

4. Opportunities for playing an active role
   - Make strategic assignment of human resources for information communication, such as through external lectures and newspaper and web-based articles, and to external collaborations, such as by dispatching individuals to industry organizations or having persons serve as executive board members of such organizations
   - Trigger self growth through opportunities to strengthen NRI’s branding

Holding DX Seminars

In February 2020, we held a DX seminar in Omotachi, Tokyo, with the aim of sharing domestic and international DX-related knowledge and recent practical examples with each other to facilitate greater knowledge and mindfulness among employees. For this seminar, we decided on 5G as the theme, and brought in four experts from NRI and elsewhere to speak about its technological elements, the state of relevant legislation, usage cases in Japan and other countries, future outlook, and other related topics. At least 300 employees were able to participate via simultaneous broadcast to three NRI locations in Japan on the day of the event.

Training New Employees Online

The NRI Group welcomed 450 new employees to its ranks in April 2020. The Company switched to online training that adapts an at-home learning curriculum for all new employees development activities as a measure against the spread of COVID-19. Trainees were divided into a number of virtual classes. The training emphasized mutual communication during classes as the new employees and training instructors utilized messaging tools to share questions about the lectures and comments about their impressions of the content in real time.
Diversity Management

NRI works to create a workplace environment that provides each one of our employees with diverse values, growth opportunities, the chance to work vibrantly, and prospects for embracing challenges regardless of their race, nationality, gender, age, disability, gender identity, and sexual orientation.

Efforts for Respecting Human Rights

On February 2019, NRI formulated its NRI Group Human Rights Policy based on international conventions such as the International Bill of Human Rights and the Guiding Principles on Business and Human Rights. Based on this policy, NRI is engaged in efforts toward respect for human rights. As a company involved in the development and utilization of AI, NRI also formulated the NRI Group AI Ethics Guidelines in October 2019 with the belief that it is essential to mitigate the negative effects of AI while developing and utilizing AI in a proper manner. The progress of NRI’s efforts toward respect for human rights was published in the NRI Group Human Rights Report in March 2020. This report refers to the UN Guidelines Reporting Framework, a comprehensive set of guidelines for companies to report on how they respect human rights.

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

Promoting Diversity and Inclusion

NRI engages in activities to promote Diversity and Inclusion (D&I) with the approach that the various strengths and individual characteristics of each employee can collectively be made into strength for the organization. We hold seminars for managers and provide career development support training for women as well as a learning content to promote understanding of unconscious bias and sexual minorities.

To promote women’s participation and advancement in the workplace, we are continuously engaged in activities for the NRI Women’s Network (NWN) project under the direct supervision of our president which began in 2013. Now that it is commonplace for female employees to continue working even after marriage or childbirth, NRI is prioritizing their continued active participation as professionals with its Leader Development Program and by holding Leader Development Academy courses in which female directors serve as instructors.

Childbirth, Parenting, and Nursing Care Support

NRI is working to create a workplace that facilitates a balance between work and parenting for both men and women. In addition to systems such as maternity/paternity leave, we established the “partner childbirth leave” system in January 2017 as part of measures aimed at supporting a work-life balance for male employees. In June 2017, we opened the Yokohama Center system in January 2017 as part of measures aimed at supporting a work-life balance for female employees with disabilities by holding fixed-point surveys and presentations related to managing/delivering internal mail, managing of miscellaneous goods, and even providing massage services for employees.

Moreover, NRI is working to expand hiring opportunities for people with disabilities by holding fixed-point surveys and presentations related to management of people with disabilities and operations at special subsidiaries. As of June 2020, 170 disabled persons are employed at NRI and its Group companies (an employment ratio of 2.35%).

NRI aims to achieve health and productivity management that helps improve employees’ quality of life (QOL). The CEO of NRI also serves as Chief Health Officer (CHO) and currently is developing various systems and engaging in the relevant initiatives toward invigorating NRI and achieving increased productivity under the four goals.

Mechanisms for Supporting Value Creation

- In 2017, received the highest level (Level 3) of Eribonbi Certification (certification of the Ministry of Health, Labour and Welfare based on the Act on Promotion of Women’s Participation and Advancement in the Workplace)
- Selected as a Nadeshiko Brand for four consecutive years in a row (corporations selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry for outstanding promotion of female performance and advancement)
- Certified as “Kurumin” for five consecutive terms from 2007 and as “Platinum Kurumin” in 2018 (certification of corporations that support child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children) agreement with Health and Productivity Management 500 Organization (White 500, Large Enterprise Category) for four consecutive years in a row.

Initiatives for Work-style Reform

In 1994, NRI implemented a discretionary labor scheme which was based on 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 Toyko, Yokohama, and Osaka offices to new buildings. Based on the concept of creating new value by connecting people, goods, events, information, and objectivity, we aimed to change the office spaces which achieve a working style that is unhindered by location. The use of telecommuting and satellite offices is also increasing. Led by the Work-style Reform Committee which we started in FY 2016, we are supporting the achievement of flexible working styles with even higher productivity. A total of about 20,000 NRI employees participated in Telework Days held in July and August 2018. Through advanced efforts such as these, roughly 90% of NRI employees worked from home while the April 2020 COVID-19 state of emergency declaration was in effect. After the emergency declaration was lifted, NRI employees are teleworking for roughly half the work week.

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

Work-style Reform Issues and Health and Productivity Management

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

NRI Health Declaration 2022

Basic policy: Based on correct knowledge and recognition for their own health and productivity, NRI 3rd Officers supports active initiatives for improving long-term quality of life (QOL).

- Reduce work-related diseases
  - Manage employees’ reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations
  - Provide health management rooms at our principal offices and build a framework for industrial doctors to handle cases
- Lower stress
  - Contribute to the performance of our employees and teams
  - Develop a system to enable employees to return to work earlier
  - Introduce support to help stop smoking
  - Remove smoking spaces inside the office
- Promote work-life balance
  - Reduce overtime and holiday work hours
  - Encourage employees to take paid leave
  - Implement the frontline-driven Smart Work-Style Campaign (SWSC) including streamlining operations and meetings, as well as promoting early morning work
Mechanisms for Supporting Value Creation

Social and Relationship Capital

Cooperation with Stakeholders

Stakeholder Dialogue
On September 2, 2019, we visited BNP Paribas Asset Management (BNP Paribas AM), the asset management division of the BNP Paribas Group, the world's leading financial institution in sustainable finance, and Vigeo Eiris, a global ESG assessment organization, in Paris, France, where we held an overseas stakeholder dialogue. This was the third such event for NRI.

During this dialogue, opinions were exchanged on trends in sustainable global finance and the assessment of corporate initiatives toward SDGs.

Vigeo Eiris

What an ESG Assessment Organization Looks For
Vigeo Eiris assesses companies in six domains of social responsibility. These are human rights, human resources, business behavior, corporate governance, environment, and community involvement. They also use a number of sustainability criteria within each domain, and manage them from the following three perspectives.
1. Leadership: How does company management engage in the specific issue?
2. Implementation: How extensive is the scope of the measures and initiatives?
3. Results: Their feedback to stakeholders

In the ICT industry, they also watch for privacy issues, as well as lost jobs and new job creation brought about by AI.

Approach to Assessing the CSV of Companies
Vigeo Eiris assesses the CSV activities of companies according to a methodology called Sustainable Goods & Services. Vigeo Eiris classifies the impact of a company’s products and services within its nine original themes of analysis in line with the UN Sustainable Development Goals (SDGs) to assess what percentage of that company’s activities are contributing to sustainable development.

They consider this to be most important in weighing the impact a company has on society through its goods and services.

* The nine themes: Access to information, capacity building, energy & climate change, food & nutrition, health, infrastructure, responsible finance, water & sanitation, and protection of ecosystems.

BNP Paribas Asset Management

Sustainable Investment by Financial Institutions
The BNP Paribas AM Group has been actively engaged in sustainable investment since first issuing SRI funds in 2002. The BNP Paribas AM Group’s approach and roadmap to sustainable investment were compiled into its Global Sustainability Strategy which was announced in March 2018. The goal of the Global Sustainability Strategy is to achieve long-term investment returns for the BNP Paribas AM customers through sustainable investment. The strategy sets a variety of goals, including all managed assets being sustainable by the end of the year 2020.

The BNP Paribas AM Group wants to invest in companies that consistently strive to set a better path to the future without degrading the earth’s resources.

Approaching the CSV of Companies

We Are Building Sustainable Future, Tomorrow
NRI engaged in CSR dialogues overseas again this year as a continuation from dialogues in 2018. Representatives of global ESG assessment organizations and leading global financial institutions in the field of sustainable finance were on hand for this year's dialogue, and the sessions were highly productive. We are very grateful for their contributions. In the dialogue with Vigeo Eiris, we learned how ESG assessment organizations evaluate companies from the standpoint of CSV and the SDGs, as well as what they pay attention to for ICT companies in particular. We were also reminded of the expectations for ICT companies to accurately comprehend CSV and the SDGs, and integrate these into their sustainability management. In the dialogue with BNP Paribas AM, we gained a deeper understanding of the sustainable strategy of financial institutions and their view of investee companies. The information will also serve as a valuable reference in the education and training of officers and staff. We at NRI also intend to continue to raise the awareness of our officers and staff. We would like to put more effort into promoting initiatives for CSV and respond to the challenge of solving social issues through NRI's services.

We will earnestly take into account the opinions shared with us in these dialogues and incorporate them into our efforts going forward in creating future society at NRI.

Announcing Acceptance of the Japan Stewardship Code, a First for Contract-type Corporate Pension
NRI announced its acceptance of the Japan Stewardship Code (the “Code”) principles for responsible institutional investors on February 14, 2020. It was the first time the principles had been accepted for contract-type corporate pension in Japan.

The Code was announced by the Financial Services Agency (FSA) in February 2014 for the purpose of growing medium- to long-term investment returns for beneficiaries of institutional investors who invested in listed stocks and other financial instruments in Japan, by promoting the increased corporate value and sustainable growth of their investee companies through constructive dialogue with those companies. The two types of defined-benefit corporate pensions to which the Code applies are contract-type corporate pensions and fund-type corporate pensions. NRI announced its acceptance as a corporate pension asset owner by way of contract-type corporate pension.

Based on the Code, NRI will fulfill its fiduciary responsibility as a corporate pension asset owner to the beneficiaries of corporate pensions by promoting the increased corporate value and sustainable growth of its investee companies through the asset managers to whom the management of these assets is contracted.

Reference for the policy on fulfilling its stewardship responsibility
https://www.nri.com/jp/sustainability/governance/stewardship_code
Cooperation with Clients and Business Partners

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

The Main Items for Deliberation on New Contracts
- Credit screening tapping into information from research firms
- Project-by-project deliberation at the Senior Management Committee and each division meeting
- Comprehensive assessment on the future potential, growth potential, and social effects of the business

NRI holds annual sustainability workshops with its business partners to share information and exchange opinions about sustainable activities. Twenty business partners participated in the January 2020 event, with four of those companies introducing their sustainability activities.

Results of the Client Satisfaction Survey (non-consolidated)
Percentage that responded “Satisfied” or “Moderately satisfied”

<table>
<thead>
<tr>
<th>Percentage</th>
<th>16.0</th>
<th>17.0</th>
<th>18.0</th>
<th>19.0</th>
<th>20.0</th>
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<td>63.9%</td>
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<td>63.9%</td>
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</tbody>
</table>

Hosting of Partner Sustainability Dialogues
NRI holds annual sustainability workshops with its business partners to share information and exchange opinions about sustainable activities. Twenty business partners participated in the January 2020 event, with four of those companies introducing their sustainability activities.

Hosting of ESG Briefings
We host “ESG briefings” to help investors, analysts, and the media gain an understanding of NRI’s sustainability management and specific efforts regarding ESG. The February 2020 briefing welcomed 71 participants.

Providing Appropriate Information Disclosure
In order to achieve accountability to shareholders, investors, and other stakeholders, NRI is striving to enhance the level of information disclosure and the timely disclosure of information through activities including those below:
- Disclosed the Long-Term Management Vision and the Medium-Term Management Plan (mid- and long-term management strategy and numerical targets, etc.)
- Established the Disclosure Committee, which checks the preparing process for, and appropriateness of, disclosed materials
- Published our financial results and latest information promptly under the Investor Relations section on our website
- Provided a dedicated website for individual investors to enhance information disclosure and understandability and clarity

Measures Aimed at Ensuring a Meaningful General Meeting of Shareholders
To energize the General Meeting of Shareholders and ensure that voting rights are exercised, we perform the following procedures:
- Set the date of the General Meeting of Shareholders on a day where such meetings are not concentrated
- In addition to sending out individual notices of convocation of a General Meeting of Shareholders earlier, post the notice on the NRI and Tokyo Stock Exchange websites prior to sending the individual notices. This effort allows shareholders to have sufficient time to consider the proposed resolutions for the meeting
- The 50th Ordinary General Meeting of Shareholders: Notice released on May 23; Meeting held on June 18 (Notice about one month before)
- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure
- 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

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

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

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

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

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

- Management strategy planning
- Planning and development of information systems
- Maintenance and operation of information systems
- Quality of information system development
- Quality of information security
- Quality of workplace environment
- Solution

Initiatives for Improving the Quality of Information Systems

Each division is responsible for quality management over system development, maintenance, and operations, and consulting services projects. In addition, NRI has an organization which proposes and supports quality management activities for each division. In addition, work is under way to post all of the knowledge gathered at NRI on its internal website in order to share expertise and examples across the entire company.

Project supervision activities to support the quality of information system development

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

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

Operational Innovation Initiatives

Since FY March 2011, NRI has held the Production Innovation Forum for each business division to share its initiatives related to productivity and quality improvements in a company-wide manner, and to recognize innovative initiatives. The name of the forum was changed to DX Production Innovation Forum in FY March 2020, and NRI continues to push forward with company-wide production innovations.

We will continue to make endless improvements as a leader of the IT services industry and foster a corporate culture of taking on new challenges.

Emphasis on quality of systems in operation

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

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

Cloud service quality that supports social infrastructure

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

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

Quality of data center management that supports stable operations

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

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

Safety and Security Forum

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

Examples of Certifications and Assurances Acquired by NRI

- ISO9001 (quality management system)
- ISO14001 (environmental management system)
- ISO20000 (IT service management)
- ISO27001 (Cloud services security)
- SOC 1/SOC 2 Report (internal control assurance report)
- ISO/IEC 27001:2013 (IT service assurance report)
- Uptime Institute M&O (global certification standard for data center management prescribed by Uptime Institute)*

* Certification acquired for Tokyo Data Center 1, Yokohama Data Center 2, and Osaka Data Center 2.
Quality of Information Security

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

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

Related rules concerning information security
In response to laws and regulations related to information security and the advance of information technologies, we establish or revise the roles that companies offering information services should play.

In response to laws and regulations related to information security and the advance of information technologies, we establish or revise the roles that companies offering information services should play. NRI has provided ongoing information security education to raise the awareness of information security, risk, and regulations, and improve the quality of security during design and development.

Education on information security
NRI conducts ongoing information security education to raise the awareness of information security, risk, and regulations, and improve the quality of security during design and development. We also actively incorporate group training and e-learning methods into our training programs.

NRI’s handling of personal data (including individuals)
NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the “My Number Act”), and other relevant laws and regulations.

Quality of Workplace Environment

NRI promotes a multi-dimensional framework to foster a workplace environment where employees can keep on working positively in good mental and physical health. The buildings for Headquarters, Yokohama Center, and Osaka Center have open layouts with no assigned seating, and common spaces such as meeting rooms. NRI is working to create better places to work through innovation in work styles and by restructurizing the organizational atmosphere. Such efforts include the introduction of a framework for allowing project managers, and those in project supervisor departments, to grasp the overtime hours of project members. NRI is also continuously working on advancements in our work environments themselves. This includes digital solutions implemented starting in June 2020 that use in-house technologies to protect the health of visiting clients as well as employees of NRI and its partners.

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

*2 Intrusion Detection System: A system for detecting unauthorized access to a computer or a system.

*3 Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it. NRI collaborates with running software suspected of being malware in a highly restricted environment called a “sandbox.” Checks are then made to see if the software is engaging in behavior such as information exploitation or preparatory activity.

*4 Computer Security Incident Response Team: This is the entity (a team) that takes the appropriate response when it receives notice of a computer security incident. Alternatively, CSIRT refers to the functions of that entity.

Frost & Sullivan
Service Provider of the Year award from Frost & Sullivan

Integrated Report 2020

Mechanisms for Supporting Value Creation

Quality of Information Security

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 meshed structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, this structure will enable us to respond swiftly, accurately, and reliably in the event of cyber-attacks and other security emergencies.

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

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

Information Security Management Structure

Planning and implementation

Chief Information Security Officer

Information Security Promotion Committee

Security Management Department

Practice

Person responsible for department

Person responsible for division

Person responsible for department

Person responsible for division

Person responsible for department

Person responsible for division

Employees

NRI SecureTechnologies

NRI Workplace Services

Network Defense & Performance Planning and implementation

Management Rules.

In response to laws and regulations related to information security and the advance of information technologies, we establish or revise the roles that companies offering information services should play.

Management of Information Security

NRI Secure, an information security firm engaged exclusively in information security business, was recognized as an information security market leader by research firms in Japan and overseas.

NRI Secure recognized as an information security market leader by research firms in Japan and overseas

As part of the “2019 Best Practice Award” released by the major U.S. research and consulting firm Frost & Sullivan Inc., NRI Secure was named the “Japan Managed Security Service Provider of the Year,” the top award in the Managed Security Services category, for the third year in a row. In addition, the company was introduced as a representative global vendor by Frost & Sullivan, Inc. (U.S.), in their Market Guide for Digital Forensics and Incident Response Services.

Quality of Workplace Environment

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

NRI aims to create a future that is both sustainable and prosperous. All NRI directors and employees strive to reduce environmental impact in order to preserve a global environment where humans and nature coexist in harmony. NRI also engages in initiatives that emphasize dialogue with various stakeholders to be able to join forces with all stakeholders in achieving harmony between humans and nature.

Environmental Targets

 Targets related to energy usage

On February 18, 2019, NRI joined RE100*, an international initiative by corporations seeking to transition to 100% renewable energy for power used in business activities. By FY March 2031, we seek to procure renewable energy for all electric power used in business activities. Electric power accounts for more than 90% of energy used in NRI’s business activities. Therefore, we are also working to reduce greenhouse gas emissions from our business activities to zero by FY March 2031. NRI is the 165th company to join RE100 globally, and the 17th in Japan.

* An international initiative operated through a partnership between the CDP and The Climate Group (an international NGO). Member corporations have publicly declared that they will transition to 100% renewable energy, for electric power consumed in business activities.

| Science Based Target website | https://sciencebasedtargets.org/ |
| RE100 website | http://re100.org/ |

 Targets related to energy usage

In September 2018, NRI’s target for reducing greenhouse gas emissions was certified by the Science Based Targets (SBT) Initiative*, an international environmental initiative, as a science-based reduction target for keeping the increase in global mean temperature below 1.5°C from pre-industrial revolution levels. NRI is the 132nd company to receive certification globally, and the 17th in Japan.

* An initiative to promote the setting of science-based targets for reducing greenhouse gas emissions through the collaboration of the Global Commission on the Economy and Climate, the World Bank, CDP, the World Business Council for Sustainable Development, and other organizations.

Scope 1:** Direct emissions through combustion of fuel, etc.

Scope 2: Indirect emissions through use of electricity, heat, steam, etc.

Scope 3: Indirect greenhouse gas emissions other than Scopes 1 and 2, including manufacturing of the supply chain, commuting by employees, business travel, etc.

Greenhouse Gas Emissions by Year

From FY March 2016, NRI has been relocating and consolidating operations into data centers and offices with high environmental performance. For data centers, we are migrating systems to Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II, all of which have outstanding environmental performance. As a result, we were able to reduce greenhouse gas emissions by 31.1% compared with FY March 2016.

As for offices, we are relocating and consolidating our operations into new offices at Headquaters, Yokohama Center, and Osaka Center, all of which feature outstanding environmental performance. As a result, we were able to reduce greenhouse gas emissions in our main offices by 27.1% compared with FY March 2016.

Changes in Greenhouse Gas Emissions by Year

<table>
<thead>
<tr>
<th>Data centers</th>
<th>FY March 2016</th>
<th>Reduced by 31.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Data Center I</td>
<td>12,000</td>
<td>7,700</td>
</tr>
<tr>
<td>Yokohama Data Center II</td>
<td>9,000</td>
<td>5,800</td>
</tr>
<tr>
<td>Osaka Data Center II</td>
<td>7,000</td>
<td>4,700</td>
</tr>
</tbody>
</table>

Changes in Greenhouse Gas Emissions at Offices

<table>
<thead>
<tr>
<th>Officse</th>
<th>FY March 2016</th>
<th>Reduced by 27.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquaters</td>
<td>10,000</td>
<td>7,300</td>
</tr>
<tr>
<td>Yokohama Center</td>
<td>9,000</td>
<td>6,500</td>
</tr>
</tbody>
</table>

Mechanisms for Supporting Value Creation

ESG Training for Employees

NRI is committed to offering ESG instruction for employees to raise each of their awareness. We have been providing curriculum for environmental education to all officers and staff, and engaging in activities to raise their environmental awareness since FY March 2015. In addition to the environment (E), we added society (S) and governance (G) to the curriculum in FY March 2017 and overhauled ESG instructional activities to bolster overall recognition of ESG.

During FY March 2020, NRI started a new initiative to produce an ESG instructional video, which is now being used internally. The video features a basic explanation of ESG, introduces initiatives at NRI, and fosters employee awareness of ESG.

Additionally, we recruit around 30 to 50 employees once each year as volunteers for environmental conservation activities such as forest thinning at Tadami Experience and Observation Forest of Heavy Snow Forestry in the town of Tadami, Fukushima. This project also provides the environmental education experience of being surrounded by Tadami’s abundant nature which has also been designated a UNESCO Eco Park, and learning the importance of the earth’s environment first-hand.

External Recognition

In January 2020, NRI was selected by the International non-profit organisation CDP** as a Climate Change ‘A List’ company, the CDP’s highest level of recognition. We believe that NRI was recognized for its strategy, initiatives, and information disclosure pertaining to climate change.

NRI’s initiatives to address climate change in its supply chain were also recognized in February 2020 by selection to the Supplier Engagement Leaderboard, the highest rating assigned to companies in the Supplier Engagement Ratings by CDP. These ratings assess over 4,800 companies around the world. Only the 159 companies comprising the top 3% of the ratings were selected to the Leaderboard in 2019. Including NRI, 29 companies in total were selected in Japan.

* CDP: A non-profit organization involved in compiling companies and local governments to disclose information at the request of highly environmentally-aware institutional investors and major purchasing companies about their climate change measures and measures for environmental problems such as water disposal water resources and protecting forests, and subsequently encouraging them in following through on these measures.

** CDP: An information disclosure platform that currently provides the world’s most useful information pertaining to environmental problems.

Integrated Report 2020
Initiatives at NRI for TCFD Final Recommendations

NRI established the Sustainability Activities Committee for promoting activities as the management infrastructure to support co-creating social value and sustainable management, and is implementing initiatives for sustainability management.

NRI mainly consists of a large amount of energy use due to our data centers. Therefore, we place particular focus on initiatives to stop climate change. Moreover, since we possess numerous clients who are taking on climate change other than those that are currently envisioned, we identified the impact of each of these scenarios on the business fields of consulting, financial IT solutions, industrial IT solutions, and data centers.

Envisioned Impact on Business (Opportunities and Risks)

During FY March 2019, the first fiscal year after declaring our support for the Final Recommendations of the TCFD, we defined the scope of review and drafted scenarios. We set a 2°C Scenario for limiting temperature increases to less than 2°C per the Paris Agreement, and also a 4°C Scenario in which no measures are taken against climate change other than those that are currently envisioned. We identified the impact of each of these scenarios on the business fields of consulting, financial IT solutions, industrial IT solutions, and data centers.

Scenario Analysis for Data Centers Business

In FY March 2020, we performed a scenario analysis on our data centers business, which is the business area most greatly impacted by climate change among the risks and opportunities identified in FY March 2019. We took on the role of special report author for climate change in the global financial sector in July 2019, making us one of the first non-financial business firms to do so. A total of nine meetings regarding response to TCFD were held by experts from the Consulting Division and the Sustainability Activities Committee. We announced our progress status at the BSIF Briefing held in February 2019.

NRI is currently reviewing renewable energy procurement and exploring strategies for long-term rationalization of procuring energy with our sights set on FY March 2031 and FY March 2051.

Assessment of Impact in 2°C Scenario

In the 2°C Scenario, we studied the impact of carbon taxes and renewable energy implementation by anticipating baseline, Case 1, and Case 2 circumstances, and assessing the financial impact of each one. For the baseline, we anticipated what would happen if NRI did not procure renewable energy in a world where electricity costs increased 21–28% compared to FY March 2019 due to implementation of a carbon tax ($75 to $100/ton of CO2). In comparison, for case 1 we anticipated achieving our medium-term target of 36% rate of renewable energy procurement by FY March 2031. For case 2 we anticipated the same conditions as case 1, but in a world where the renewable energy procurement price has fallen. From the results, we learned that it is possible that the impact of the carbon tax can be mitigated by achieving our renewable energy procurement goal (see Figure 1). In addition, we stated that electricity costs procured energy with our sights set on FY March 2031 and FY March 2051.

[Definition of Scenarios]

The Special Report on Global Warming of 1.5°C was used as supplementary information for the organizations to which the FRF is not applied, related to the IPCC’s RCP 8.5 scenarios, and the IPCC’s RCP 2.6 scenario.

[Figure 1: Impact of Carbon Tax and Achieving Renewable Energy Implementation Target (hundred million yen/year)]

Electricity Usage (MWh) at Data Centers through FY March 2031

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline Electricity Costs Increase from Carbon Tax</th>
<th>Renewable Energy Procured Total Electricity Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY March 2030</td>
<td>14.8</td>
<td>18.2</td>
</tr>
<tr>
<td>FY March 2031</td>
<td>17.3</td>
<td>23.6</td>
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<tr>
<td>FY March 2032</td>
<td>20.3</td>
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<td>FY March 2033</td>
<td>23.3</td>
<td>35.3</td>
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<tr>
<td>FY March 2034</td>
<td>26.3</td>
<td>41.3</td>
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<td>FY March 2035</td>
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<td>FY March 2036</td>
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<td>FY March 2037</td>
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<td>FY March 2038</td>
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<tr>
<td>FY March 2039</td>
<td>41.3</td>
<td>71.3</td>
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<tr>
<td>FY March 2040</td>
<td>44.3</td>
<td>77.3</td>
</tr>
<tr>
<td>FY March 2041</td>
<td>47.3</td>
<td>83.3</td>
</tr>
</tbody>
</table>

[Assessment of Impact in 4°C Scenario]

In the 4°C Scenario, Ministry of Land, Infrastructure, Transport and Tourism hazard maps were used to analyze the risk of floods and landslides around data centers to study the impact of natural disasters on data center facilities, and financial risk was judged to be small. Measures to cope with the anticipated risks are also being taken at the data centers.

Assessment of Impact in 4°C Scenario

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</tr>
<tr>
<td>FY March 2037</td>
<td>35.3</td>
<td>59.3</td>
</tr>
<tr>
<td>FY March 2038</td>
<td>38.3</td>
<td>65.3</td>
</tr>
<tr>
<td>FY March 2039</td>
<td>41.3</td>
<td>71.3</td>
</tr>
<tr>
<td>FY March 2040</td>
<td>44.3</td>
<td>77.3</td>
</tr>
<tr>
<td>FY March 2041</td>
<td>47.3</td>
<td>83.3</td>
</tr>
</tbody>
</table>

[Figure 2: Scenarios for 4°C Scenario]

The cost borne to achieve the renewable energy implementation target (36% in FY March 2031) when joining the RE100.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Total additional cost (hundred million yen/year)</th>
<th>Difference from baseline (hundred million yen/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Action</td>
<td>3.1–4.2</td>
<td>1.0–1.3</td>
</tr>
<tr>
<td>Carbon tax + 36% renewable energy procured</td>
<td>3.4–4.1</td>
<td>1.1–1.8</td>
</tr>
</tbody>
</table>

[Figure 3: Assessment of Impact in 4°C Scenario]

- The impact of natural disasters on data center facilities

| Impact of Carbon Tax and Achieving Renewable Energy Implementation Target (hundred million yen/year) |
|-------------------------------------------------|-------------------------------------------------|
| FY March 2030 | 14.8                                               |
| FY March 2031 | 17.3                                               |
| FY March 2032 | 20.3                                               |
| FY March 2033 | 23.3                                               |
| FY March 2034 | 26.3                                               |
| FY March 2035 | 29.3                                               |
| FY March 2036 | 32.3                                               |
| FY March 2037 | 35.3                                               |
| FY March 2038 | 38.3                                               |
| FY March 2039 | 41.3                                               |
| FY March 2040 | 44.3                                               |
| FY March 2041 | 47.3                                               |

[Figure 4: Selecting Subjects of Scenario Analysis in 4°C Scenario]

- The impact of natural disasters on data center facilities

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Total additional cost (hundred million yen/year)</th>
<th>Difference from baseline (hundred million yen/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Action</td>
<td>3.1–4.2</td>
<td>1.0–1.3</td>
</tr>
<tr>
<td>Carbon tax + 36% renewable energy procured</td>
<td>3.4–4.1</td>
<td>1.1–1.8</td>
</tr>
</tbody>
</table>

[Figure 5: Mechanisms for Supporting Value Creation]

1) TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), which is composed of financial ministries, financial regulatory bureaus, and governors of central banks from 25 main countries throughout the world.

2) The TCFD makes recommendations for disclosure of climate-related financial information in annual reports, etc., with the goal of enabling appropriate investment decision-making by investors in corporations. The TCFD recommends disclosure in four items including governance, strategy, and risk management related to risks faced by corporations due to climate change.

3) ESG rankings are used in order to create understandable sorting systems, analysis, and members of the media regarding NRI’s Sustainable Management and specific ESG initiatives.


5) For security reasons, we do not publish details of analysis results from maps.

6) NRI is currently reviewing renewable energy procurement and evaluating strategies for long-term rationalization of procuring energy with our sights set on FY March 2031 and FY March 2051.
Mechanisms for Supporting Value Creation

NRI’s Corporate Governance

NRI continues to enhance corporate governance in accordance with the basic approach outlined below, with 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 has made the NRI Corporate Governance Guidelines public to outline its basic approach and action policy regarding corporate governance.

The Basic Approach to Corporate Governance

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

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

(3) Corporate governance system
NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Directors.

Main corporate governance efforts since 2001

- Formulated the NRI Group’s corporate philosophy
- Listed on the Tokyo Stock Exchange (First Section)
- Introduced an executive officer system to assist in separating management and execution functions
- Reduced the number of members of the Board of Directors to 20 or less and also appointed Independent Outside Directors
- Increased the number of Outside Audit & Supervisory Board Members to strengthen their auditing functions
- Formulated the NRI Group’s Ethical Code (revised to the NRI Group Code of Business Principles on 2013) and the NRI Group Employees’ Code of Business Conduct
- Established the Compensation Committee comprised of outside experts to enhance transparency in regard to executive compensation
- Reduced the number of members of the Board to 15 or less
- Initial release of the Long-Term Management Vision: Vision2015
- Took part in an electronic voting platform for institutional investors as part of efforts to maximize opportunities for shareholders to exercise their voting rights
- Appointed non-executive director to chair the Board of Directors in order to separate supervision and execution functions
- 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 Executives Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members
- Formulated the NRI Corporate Governance Guidelines
- Revised the NRI Group’s Code of Business Principles completely
- Initial release of the Medium-Term Management Plan (From FY March 2017 to FY March 2019)
- Implemented the evaluations of the Board of Directors’ effectiveness
- Newly establish the Nomination Committee, comprised mainly of Independent Directors
- Change the main members of the Compensation Committee from outside experts to Independent Directors
- Introduction of Restricted Stock Compensation Plan as a medium- to long-term incentive for Members of the Board

Corporate governance structure

Roles and activities of committees

Nomination Committee
Mainly composed of Independent Directors, the Committee deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CEO, and other Board Members, from the standpoint of fairness and transparency.

Compensation Committee
Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.

Senior Management
The Committee meets in principle to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.

Integrated Risk Management Committee
Based on instructions given by the President & CEO, the Committee deliberates on important issues concerning risk management, including system failure, information security, and business continuity.

Compliance Committee
The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation recurrences, based on instructions given by the President & CEO.

IR Business Promotion Committee
The Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.

Human Resources Development Committee
The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.

Business Development Committee
The Committee deliberates on important issues concerning investments in research and development, planned businesses and investments, such as the acquisition of businesses, based on instructions given by the President & CEO.

System Development Committee
The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.

Disclosure Committee
The Committee deliberates on important issues concerning the disclosure of the Annual Reports and other documents, based on instructions given by the President & CEO.

Crisis Management Committee
The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.

Business Promotion Committee
The Committee deliberates on important issues concerning promotions of the digital transformation (DX) business.

For the Board of Directors and the Audit & Supervisory Board, see P.74–75
For the Internal Controls, Corporate Ethics, and Compliance, see P.86–87
Goverance

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

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

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

Structure of the Board of Directors

<table>
<thead>
<tr>
<th>Executive</th>
<th>Non-executive</th>
<th>Current System</th>
<th>Total of nine Directors including three Outside Directors</th>
</tr>
</thead>
</table>

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

Advisory committees for the Board of Directors
NRI has established the following two advisory committees mainly composed of Independent Directors:
• Nomination Committee: Deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CEO, and other Board Members
• Compensation Committee: A body to advise the Board of Directors on executive compensation

Structure of the Audit & Supervisory Board

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

Two or more Independent, Outside Audit & Supervisory Board Members are appointed. One or more persons with substantial knowledge regarding finance and accounting are appointed as Audit & Supervisory Board Members. To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audit & Supervisory Board Members and the Audit & Supervisory Board have worked to enhance the Audit & Supervisory Board Members.

Members of the Board (as of July 1, 2020)

<table>
<thead>
<tr>
<th>Members of the Board (as of July 1, 2020)</th>
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<table>
<thead>
<tr>
<th>Term of office</th>
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<table>
<thead>
<tr>
<th>Executive</th>
<th>Non-executive</th>
<th>Current position</th>
<th>Current Directors</th>
<th>Board Members</th>
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<table>
<thead>
<tr>
<th>Science and Technology Committee Chairperson</th>
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<table>
<thead>
<tr>
<th>Terms of office</th>
</tr>
</thead>
</table>

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

**Compensation System for Members of the Board**

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

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

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

Compensation for the Members of the Board of NRI is comprised of the three categories (a. basic compensation, b. bonuses, and c. stock-based compensation).

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

<table>
<thead>
<tr>
<th>Total Compensation</th>
<th>¥1,000 million*3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[Fixed compensation] Basic compensation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[Performance-based compensation]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[Short-term performance-based compensation]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Bonuses</strong></td>
<td>¥400 million*3</td>
</tr>
<tr>
<td><strong>[Medium- to long-term performance-based compensation]</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted stock-based compensation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Basic compensation consists of fixed pay</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Bonuses are positioned as a short-term incentive.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Bonuses reflect performance in the relevant fiscal year and their determination takes into account differences in posts and positions.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted stock compensation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Financial compensation used as investment assets for the acquisition of shares with restriction on transfer compensation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation is provided in order to give incentives aimed at sustainable improvements in the Company's corporate value and to promote the sharing of value with shareholders through share ownership.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The number of shares allocated is determined in accordance with executive positions.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation as long term incentives</strong></td>
<td></td>
</tr>
<tr>
<td><strong>¥120 million*3</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation as medium-term incentives</strong></td>
<td></td>
</tr>
<tr>
<td><strong>¥280 million*3</strong></td>
<td></td>
</tr>
<tr>
<td><strong>It is positioned as a long-term incentive aimed at promotion of the sharing of value with shareholders through share ownership and sustainable improvements in the Company's corporate value.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The transfer restriction term is from the day of allotment to the day of retirement as an officer, etc., of NRI or its subsidiary.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>It is positioned as a medium-term incentive aimed at improvements in the Company's medium-term results and share price as represented in the Medium-Term Management Plan.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The transfer restriction term is from the day of allotment and lasts between three and five years thereafter.</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
1. Calculations are based on the Board of Directors average for FY March 2020 (excluding Outside Directors and Directors who retired or assumed their post during the period).
2. Stock-based compensations herein are the total amount of monetary compensation receivable that would be contributed in kind in exchange for the shares with transfer restrictions.
3. This shall not include employee salaries of Members of the Board who concurrently serves as employees.

**Compensation Ratio for Director Compensation (FY March 2020)**

| [Fixed compensation] Basic compensation | 1.9 |
| [Short-term performance-based compensation] Bonuses | 0.8 |
| [Medium- to long-term performance-based compensation] Stock-based compensation | 1.1 |

Notes: 1. Calculations are based on the Board of Directors average for FY March 2020 (excluding Outside Directors and Directors who retired or assumed their post during the period).
2. Stock-based compensations herein are the total amount of monetary compensation receivable that would be contributed in kind in exchange for the shares with transfer restrictions.

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

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

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

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

The maximum compensation total for Audit & Supervisory Board Members: ¥250 million per annum

<table>
<thead>
<tr>
<th>Basic compensation</th>
<th>Basic compensation consists of fixed pay based on each Audit &amp; Supervisory Board Member's career, knowledge, and responsibilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonuses</td>
<td>Bonuses are only paid to the full-time Audit &amp; Supervisory Board Members, and it is based on our business performance during the current fiscal year.</td>
</tr>
</tbody>
</table>

Note: In regards to Audit & Supervisory Board Members, stock-based compensation is not issued.

**Evaluate efforts for value co-creation at the division level**

From the fiscal year ended March 31, 2021, value co-creation (CSV) was added to the evaluation criteria for each division.

To evaluate efforts of executives and employees for value co-creation at the division level, add to their bonuses from the fiscal year ending March 31, 2021.

**Solving social issues through value co-creation (CSV)**

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

> **Co-create a thriving future society**
> by bringing new value.

**Evaluate efforts of executives and employees for value co-creation at the division level, and add it to their bonuses**
Mechanisms for Supporting Value Creation

Executive Compensation Amounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Total compensation (millions of yen)</th>
<th>Fixed compensation (millions of yen)</th>
<th>Performance-based compensation (millions of yen)</th>
<th>Bonus (millions of yen)</th>
<th>Stock options (millions of yen)</th>
<th>Other (millions of yen)</th>
<th>No. of directors (individuals percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board (Excluding Outside Members of the Board)</td>
<td>508</td>
<td>205</td>
<td>164</td>
<td>25</td>
<td>110</td>
<td>300</td>
<td>2</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (Excluding Outside Audit &amp; Supervisory Board Members)</td>
<td>91</td>
<td>57</td>
<td>26</td>
<td>1</td>
<td>32</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Outside Members of the Board and Outside Audit &amp; Supervisory Board Members</td>
<td>110</td>
<td>96</td>
<td>13</td>
<td>--</td>
<td>--</td>
<td>13</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes: 1. The above includes one Audit & Supervisory Board Member who retired at the conclusion of the 54th Ordinary General Meeting of Shareholders held on June 20, 2019. In addition to the above, stock option costs (¥4 million per 1 Director related to officers who have retired in the past are recorded in the current fiscal year.
2. For stock options, the total fair value of subscription rights to shares has been converted to costs equally in accordance with the term of service from the day of allotment of subscription rights to the day of the commencement date of the exercise period. In regard to those granted prior to the fiscal year ended March 2018, the amount converted to costs for the fiscal year ended March 2020 is shown. Furthermore, the stock option for Audit & Supervisory Board Members are those granted before they assumed their post.
3. For restricted stock-based compensation, the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions has been converted equally in accordance with the term of service from the day of the allotment of shares with transfer restrictions to the day of the lifting of transfer restrictions. The amount posted as expenses in the fiscal year ended March 2020 is shown.
4. Because the amounts of the "stock option" and "restricted stock-based compensation" of Items 2 and 3 above posted as expenses are equalized in accordance with respective terms of service, each ratio of the constituent elements of the above compensation differ from the ratio of constituent elements of Director compensations, etc., shown on the page 77.
5. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Clawback System, etc.

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

Evaluations of the Board of Directors’ Effectiveness (FY March 2020)

We implemented evaluations of the Board of Directors’ effectiveness for the fiscal year ended March 2020. By confirming the current state of NRI’s Board of Directors through the effectiveness evaluation, we strive to improve the future operation of the Board.

Evaluation methods
- Questionnaire targeting all Directors and Audit & Supervisory Board Members
- Exchange of views with Independent Directors
- Deliberations at a Board of Directors meeting based on the results of the above questionnaire and view exchanging sessions.

Results
- From the points below, we conclude that the Board of Directors is basically viable in its effectiveness.
  - The Board is composed of members with diverse experience and include three Independent Directors, and a structure for ensuring appropriate decision making and oversight is in place.
  - Individual Directors carry out active deliberations with an understanding of NRI’s business philosophy, business plans, etc., and based on their respective knowledge, and their duties as Directors are fulfilled as such.
  - Overall, open and constructive discussions and exchanges of views are carried out as a start to active opinions and recommendations from Outside Directors.
  - Appropriate discussions are also held by the Nomination Committee and the Compensation Committee, which are ordinarily appointed committees, and the committees function effectively.

Challenges for further effectiveness
- As an agenda item for promoting the strategy defined in the Medium-Term Management Plan (2019-2022), we will work to further improve the form of discussion and device unique measures for balanced meeting operation, such as further enhancing discussions related to group governance.

Message from the Outside Member of the Board

Hideaki Omiya
Member of the Board

Active Involvement in Management Strategy

As an Outside Director, I will thoroughly fulfill my duties of supervising the execution of management, including the deliberation of officer nomination and compensation. Furthermore, I will prioritize active involvement in management strategy in order to increase corporate value under appropriate supervision.

Based on my past experience in business management, I am able to provide various suggestions from an independent position outside the Company. I will strive to actively provide opinions on the strategies proposed to the Board of Directors. NRI is aiming to expand the DX business and grow its business through globalization. I would like to support these efforts by indicating opportunities and risks in these areas from an outside objective perspective.

Contributing to Value as a Social Infrastructure Corporation

During the crisis caused by the spread of COVID-19, NRI supports social infrastructure that must not be stopped in the area of information systems including finance and distribution. Furthermore, NRI provides value to society in unique ways such as emergency proposal activities. This positive attitude toward society is highly regarded.

However, when considering the potential of NRI as a corporation, the range of social responsibility fulfilled by NRI is still narrow. Recently, digitization of the government has been raised as a social issue. One example is the delay in procedures for payment of special cash benefit using My Number Cards. Nevertheless, the importance of information systems as social infrastructure will only increase in the future. I believe that NRI is one of the few corporations that can fulfill a role in social infrastructure that enhances the convenience and safety of people by utilizing its comprehensive strengths including consulting. I would like to see the range of NRI’s social responsibilities be expanded further to become an even more essential corporation for society.

Promoting Diversity and Cultivating Successors

NRI is working hard to promote diversity, including active participation by women. However, it seems that NRI has not made much progress in hiring women for director positions. From hiring to assignment in managerial positions, the base of participation by women is expanding. I hope that this will lead to the development of female directors and the diversity of the management team.

The discussions at meetings of the Board of Directors are lively. Moreover, I sense the excellent teamwork in coming together to implement the policies decided at those meetings. Additionally, generally speaking, the method of proceeding with discussions is highly transparent and there is a highly effective framework. In particular, the succession plan for executives, including the CEO, is a well-conceived system for selecting and developing human resources while evaluating their abilities. Discussions are held in accordance with the plan.

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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 company-wide internal control status as appropriate. The Business Promotion Committee, which all business divisions and group companies attend, also works to ensure that the internal control system is established.

Risk Management PDCA Cycle

<table>
<thead>
<tr>
<th>Setting risks</th>
<th>Risk monitoring and improvements</th>
<th>Risk prevention measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk assessment</td>
<td>Risk management</td>
<td>Risk prevention</td>
</tr>
</tbody>
</table>

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

- The department responsible for risk management establishes a management structure and conducts integrated risk management in cooperation with the departments, etc. that oversee each risk. As necessary, risks are discussed at meetings attended by personnel with expertise, and appropriate measures are taken by the responsible department in cooperation with the business divisions.
- BOP (business continuity plan) and DR (disaster recovery) measures are also out in place for businesses and services that have a significant social impact.

Priority themes for FY March 2021

1. Continue proper management of quality risks for systems in operation
2. Improve the sophistication of management preparedness in information security
3. Further strengthen the management of project risks
4. Develop governance systems suitable to NRI Group
5. Implement appropriate preparation for fulfilling our business continuity responsibilities
6. Create comfortable working environments

Internal Audits Conducted by the Internal Audit Department

The Internal Audit Department (21 employees), which functions directly under the President & CEO, audits the Company to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the execution of the Members of the Board.

The results of such audits are reported to the President & CEO and other directors, and when corrections or improvements are required, the Risk Management Supervisory Department, the representative departments, and the business divisions collaborate to introduce improvements.

In addition, the Internal Audit Department works to cooperate with the accounting auditor through regular exchange of opinions regarding plans for conducting internal audits and their results.

The Strength of Global Governance

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

Corporate Ethics and Compliance System

To ensure effective ethics and compliance systems, NRI has appointed the Chief Ethics Officer and Chief Compliance Officer, and established the Compliance Committee. Moreover, we have established the NRI Group’s Code of Business Principles expressing the code of business principles and the NRI Group’s Code of Business Conduct indicating the employees’ code of business conduct.

The Fundamental Rules composed of 12 items prepared and monitored to confirm that those 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 towards 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 a contact point that Japanese Group employees can use to consult with regarding compliance-related issues.

Compliance Information Communication Process

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

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

Members of the Board

Shingo Konomoto
Non-executive Director and President
Adviser of SUMITOMO CHEMICAL COMPANY, LIMITED
Adviser of KONICA MINOLTA, INC.

Hironori Momose
Non-executive Director
Adviser of KONICA MINOLTA, INC.
Adviser of SUMITOMO CHEMICAL COMPANY, LIMITED

Ayumu Ueno
Non-executive Director
Director & Vice President of Sumika Technical Information Service, Inc.

Yasuo Fukami
Non-executive Director
Chairman and President & CEO, Representative Director, Member of the Board

Tadashi Shimamoto
Non-executive Director
Chairman and President & CEO, Representative Director, Member of the Board

Hiroshi Funakura
Non-executive Director
Chairman and President & CEO, Representative Director, Member of the Board

Masatoshi Matsuzaki
Non-executive Director
Chairman and President & CEO, Representative Director, Member of the Board

Hideaki Oumiya
Non-executive Director
Chairman and President & CEO, Representative Director, Member of the Board

Shina Sakata
Non-executive Director and Executive Fellow
Chairman of the Board of JAPAN TOBACCO INC.

Audit & Supervisory Board Members

Takuhito Sakata
Chairman of the Board
Advisor of SUMITOMO CHEMICAL COMPANY, LIMITED
Advisor of KONICA MINOLTA, INC.

Motoya Nishimura
Chairman of the Board
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Noriaki Okubo
Chairman of the Board
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Kohei Sato
Chairman of the Board
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Senior Managing Directors, Managing Directors, and Executive Fellows

NRI makes a distinction between the Board of Directors’ decision making on management strategy and business execution function, and the authority and responsibilities for business execution are largely delegated to Senior Managing Directors, etc. There are 49 Senior Managing Directors, etc. (excluding three people who serve concurrently as a Member of the Board).

Senior Executive Managing Directors

Tatsuya Watanuki
Executive Managing Director
President & CEO, Representative Director, Member of the Board

Kiyotaka Yamazaki
Executive Managing Director
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Kohei Sato
Executive Managing Director
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Non-executive Fellows

Yasuo Ogita
Executive Fellow
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Kiyotaka Yamazaki
Executive Fellow
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.

Kohei Sato
Executive Fellow
Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
NRI’s Four Business Segments

NRI’s business consists of mainly the following four business segments.

Consulting: Consulting services
Financial IT Solutions: IT solutions for the securities, insurance, banking, asset management, and other financial sectors
Industrial IT Solutions: IT solutions for industrial clients in distribution, manufacturing, and service sectors
IT Platform Services: Construction of IT platforms and networks which support NRI’s IT solutions business and data center operations.

In addition to system management services and security services for external clients.

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

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

Major affiliated companies
NRI Process Innovation, DSB, Nippon Securities Technology, Cutter Associates

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

Major affiliated companies
NRI Netcom, NRI System Techno, Brierley + Partners, ASG Group

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

Major affiliated companies
NRI SecureTechnologies, NRI Data | Tech, NRI digital

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (billions of yen)</th>
<th>Operating profit (billions of yen)</th>
<th>Operating profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>38.5 (+10.7%)</td>
<td>6.5</td>
<td>16.6</td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td>273.5 (+8.4%)</td>
<td>27.6</td>
<td>15.6</td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td>178.4 (+3.3%)</td>
<td>18.4</td>
<td>10.9</td>
</tr>
<tr>
<td>IT Platform Services</td>
<td>38.2 (+15.3%)</td>
<td>14.7</td>
<td>31.4</td>
</tr>
</tbody>
</table>

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

Integrated Report 2020
Consulting Segment

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

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

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

Domestic and International Business Environment

Client Trends
- Acceleration in corporate reform by DX
- Expansion of business transformation themes by DX, further enhancement of transformation needs
- Legacy core system and lack of IT human resources continue to hinder DX (domestic)
- Non-transparent business environment and heightened difficulty of management

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

NRI Strategies and Countermeasures

Domestic Business
- Enhance DX-related solutions and service menus
- Expansion of business transformation consulting by DX
- Strengthen DX execution support such as business consulting and comprehensive support for client IT departments
- Strengthen client responsiveness through increased sophistication of account management
- Accelerate response to client needs through internal collaboration
- Strengthen ongoing business relationships through large-scale projects and promotion of cross-selling
- Oversee business
- Strengthen proposal ability through global practice activities
- Search for DX-related intellectual property (IP) in developed countries such as Europe and the United States

ASEAN nations technical assistance for development of the bond market

As part of growth strategy for the financial capital market in Asia, the Asian Bond Markets Initiative (AFMI) is being promoted by ASEAN nations, as well as by the financial ministries and central banks of Japan, China, and South Korea. NRI has continually provided technological assistance to countries such as Indonesia, Cambodia, Thailand, Vietnam, and Laos, based on the Japan-ASEAN Financial Technical Assistance Fund (JATFA). As a result of initiatives based on AFMI, the scale of the local currency bond market in the ASEAN region is expanding.

In FY March 2020, a joint workshop on the corporate bond market was held by the Vietnamese Ministry of Finance and the Asian Development Bank at the Vietnam Ho Chi Minh Stock Exchange. The workshop was attended by about 120 people from financial agencies, banks, securities firms, and other institutions.

Co-create an ideal society by effectively utilizing its resources

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Co-create a thriving future society by driving new value

Proposal of “GDP+i”—a new economic indicator for the digital age

While, in recent years in Japan, key economic indicators such as the real GDP growth rate have been sluggish, NRI’s research has revealed that the subjective feelings of consumers toward daily life are improving. NRI believes that the background of this conflicting phenomenon is the abundance obtained from digital services (consumer surplus created by digital services). In response, we proposed “GDP+i” as an indicator representing economic activities in the digital age in a more realistic manner. We announced GDP+i at the NRI Dream Up the Future Forum 2019 held in Tokyo in October 2019.

As shown in the diagram below, the consumer surplus “I” generated by digital is the difference between the maximum price that the consumer is willing to pay and the actual transaction price. “I” is an imaginary value that cannot be represented as an actual monetary amount. We proposed “GDP+i” as a new index for the digital age.

NRI gave a lecture on visualization and revitalization of the secondary market for corporate bonds, and also participated in a panel discussion.

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

Supporting urban development by utilizing the digital technology with Tsuruoka City

Tsuruoka City (Yamagata Prefecture) is currently implementing a structural reform project using digital technology. Based upon connecting understanding of economic society in the digital age, Tsuruoka City believes that it is important to work on solving social issues in Japan such as the declining birthrate, aging population, and regional revitalization. On December 12, 2019, the city signed a basic agreement on cooperation activities with NRI, which possesses a wealth of knowledge and technology related to urban development and digitalization.

Through urban development which utilizes digital technology, Tsuruoka City seeks to become a regional city that possesses high productivity and is capable of independent economic growth. Furthermore, by realizing high-quality urban services that support citizens’ health, peace of mind, and comfortable living, Tsuruoka City aims to build a local community where individuals can feel “happiness” and “prosperity.” In cooperation with Tsuruoka City, NRI supports the achievement of safe, comfortable, and high-quality city services, and promotes the construction of efficient digital government. Based on our know-how and experience related to local communities and industrial development, and extensive experience related to digital technology and its utilization, NRI will contribute to the development of local communities and the resolution of social issues on a wide scale.
**Financial IT Solutions Segment**

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

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

**Service Examples**

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

**Segment Strengths**

- Strong client base based on business with top-class financial institutions in the industry and other clients over many years.
- Shared online services which have the leading market share in the financial industry.
- Utility services provided jointly with groups of companies (IT solutions + BPO services).
- Close communication with financial authorities, industry organizations, etc., (supports, etc. for policy planning for the My Number system, NISA system, etc.)

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

- Change to the environment surrounding the financial industry
  - Securities industry: Increasing need for reform of profit structure due to a transition to no fees.
  - Banking industry: Profitability is declining due to low interest rates.
  - Insurance industry: Profitability is declining due to low interest rates and increased payments due to natural disasters.
  - Asset management industry: Domestic market which is forced to grow.
  - Amidst decreasing profitability due to low interest rates, etc., changes in the investment area and expansion investment aimed at core.
- Utilize BPO services in addition to IT solutions
- Active IT investment in competitive areas such as front-end services
- Search for new profit opportunities and business models
- Search for partnerships and responses in conjunction with new entry into the financial business by new industry players and corporations from other industries.
- Securities industry: Partnerships with corporations from other industries.
- Banking industry: Expansion of new forms of banks.
- Insurance industry: Diversification of products and channels
- Overseas markets with a higher growth rate than Japan

**NRI Strategies and Countermeasures**

- Acquire new clients and expand business fields
- IT industry business creation that exceeds the conventional financial industry framework and expansion of service lineup
- Response to new entry by corporations from other industries through function modularization and API release
- Expanded BPO services by DBI Co., Ltd.
- Creation of new businesses aimed at providing digital financial services
- Developed platform services using My Number
- Established BOOSTRY Co., Ltd., which develops and provides new platforms for issuance and distribution of rights for securities, etc., utilizing blockchain technology.
- Developed the shared platform ibet, which enables the creation, transfer, and usage of bonds and stocks, as well as various rights such as ownership rights, memberships, and digital assets. As a result, it is possible to handle products that previously had a low level of liquidity.
- In September 2019, Nomura Holdings, Inc. and NRI established BOOSTRY Co., Ltd., which develops and provides new platforms for issuance and distribution of rights for securities, etc., utilizing blockchain technology.
- Developed platform developed by BOOSTRY Co., Ltd., NRI issued Japan’s first-ever digital asset bond and digital bond in March 2020.
- By providing new platforms for society to support the activities of business corporations, etc., NRI will realize new forms of finance and participate in the co-creation of a thriving future society.

**Created a thriving future society through new value creation**

New transaction platforms such as securities utilizing blockchain technology

- Further expand use of shared online service THE STAR
- NRI has developed multiple shared-use platforms that support finance, such as THE STAR and BESTWAY, thus contributing to the transformation of business processes at financial institutions.
- In addition to leading the shift from ownership to usage at financial institutions, NRI contributes to the creation of CO2 reduction effects through joint usage of information systems.
- THE STAR, a back-office system for securities firms, began operation in 1974. Since then, THE STAR has been introduced by numerous securities firms, banks, and other institutions.
- THE STAR supports overall management at securities firms through compatibility with various transaction formats of comprehensive securities firms, including face-to-face sales with investors, Internet transactions, and brokerage.
- Recently, in addition to Mizuho Securities Co., Ltd., THE STAR has been adopted by the online securities company.

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

Further expand use of shared online service THE STAR

- Providing platform services using My Number Card for a safe digital society
- Today, the Social Security and Tax Number (nicknamed “My Number”) is an important type of social infrastructure. As a private business operator, NRI has been involved in the My Number system of the Japanese government from the stage of system design. Based on our deep understanding of systems and our many years of experience in operating the core financial information systems, NRI provides systems, services, and solutions related to My Number. e-BANGO, which comprehensively manages the acquisition (collection), storage, use, and disposal of My Number, meets the same high management level as the core systems of financial institutions.
- Furthermore, digitization of year-end adjustment procedures will be started sequentially from October 2020. By using the e-SHISHOBAKO service which connects private corporations and a personal portal site, Mynaportal, data from institutions issuing the deduction certificates is linked to the Mynaportal, thus simplifying year-end adjustments and income tax returns, and supporting digital government from the private service side.

**Activity results**

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

Providing platform services using My Number Card for a safe digital society

- NRI will continue to contribute to the co-creation of a safe and secure society by providing services that utilize My Number.

**Promote the digitalization of tax returns**

- NRI will continue to contribute to the co-creation of a safe and secure society by providing services that utilize My Number.
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**UHN Securities Corporation**, as well as banks that start securities brokerage businesses.

Moving forward, NRI will continue to co-create an ideal society with our clients by providing numerous clients with business platforms which enable effective utilization of corporate social resources without waste.

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

Further expand use of shared online service THE STAR

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Industrial IT Solutions Segment

Operations in this segment comprise integrated consulting, system development, and system management solutions for the distribution retail, wholesale, manufacturing, telecommunications, service, and public sectors. We are strengthening our relationship as a long-term business partner with industry-leading corporations. Through these relationships, we seek to create new value.

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

Segment Strengths
- Technical capabilities and experience in building mission-critical systems
- Accumulated one-year operation
- Compelling proposals and record of implementing packaging solutions and cloud services
- Business analysts and data scientists to analyze customer data and propose solutions to business issues such as demand forecasting, logistics forecasting, price optimization, and customer segmentation
- Cultivate experts in each field to support expanded business and increased competitiveness at clients, and accumulate industry-specific research results through advanced technology

Business Segments

Industrial IT Solutions Segment

Activities of the Industrial IT Solutions Segment

Service Examples

- Total beauty website service of a major cosmetics manufacturer
- Customer service support tool for shops of a major communication carrier
- Convenience stores

- Order and supply system and POS information system for major convenience stores
- Construction of a secure and stable system infrastructure
- Expanded utilization of package solutions and cloud services
- Construction of a strong e-commerce platform that supports transactions for various industries

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Domestic and International Business Environment

Client Trends

- Evolution of technologies such as mobile, cloud, and AI
  - Response to product proposals based on consumer preferences and to dynamic price changes, etc.
  - Optimization of supply chains and logistics capable of responding to the increase in frequent delivery of small lots is a trend not only for corporations, but also for society as a whole.
  - Spread of network-type products in the manufacturing industry
  - The quality of network services significantly impacts product value
- Renewal of core systems
  - Expanded utilization of package solutions and cloud services
  - Construction of a secure and stable system infrastructure

NRI Strategies and Countermeasures

- Support for the continued growth of clients’ e-commerce businesses such as cosmetics, travel, and home appliances, information service businesses, etc.
- Utilization of advanced R&D results such as customer fitting, hybrid recommendations, and loyalty programs
- Licensed by Brierley+Partners, a Group company
- Construction of a strong e-commerce platform that supports transactions among corporations in the e-marketplace
- Algorithm for high-speed search of an enormous number of products
- Development and modularization of complex business logic
- Supply chain and logistics management
- Provision of solutions for solving business issues, from overall resource planning in the supply chain to delivery route optimization
- Enterprise AI
- Replace work that has been performed based on experience and rules with automated operations utilizing artificial intelligence (AI) and machine learning (ML)
- Package integration
- When introducing ERP, provision of total solutions that both differentiate and standardize indirect operations
- Mission critical systems
- High availability and rapid service expansion 24 hours a day, 365 days a year

Activity Results

Co-create a thriving future society by driving new value

Launch of JAL Digital Experience, a member service utilizing data analytics and AI

JAL Digital Experience Co., Ltd., a joint venture established with Japan Airlines Co., Ltd. (hereinafter, "JAL"), established the member organization CLASS EXPLORER and started services from October 30, 2019. JAL Digital Experience and affiliated business partners will propose new experience-based services that are based on, but not limited to, JAL’s strength in the travel industry. Furthermore, by utilizing data analytics and AI in which NRI excels, we will digitize the business of "considering services according to the potential needs of each person*" that has traditionally been handled face-to-face by concierges. By doing so, we aim to realize DX that includes affiliated business partners. Additionally, in the process of proposing services, we will analyze the interests of customers and increase the sophistication of digital marketing to create new value.

Co-create an ideal society by effectively utilizing its resources

Hold a real estate DX seminar under the theme of "Digital Transformation and Smart Cities*

NRI and NRI Digital, Ltd. held a real estate DX seminar under the theme of "Digital Transformation and Smart Cities." This seminar started by taking discussion from the first seminar one step further, specifically, discussing the meaning of DX and what it means in the real estate industry. A lecture was also given on the theme of "Digital Transformation and Smart Cities.*

The NRI Group’s diverse consultants and business designers gain insight into the possibilities of DX in the real estate industry, trends in smart cities in Japan and overseas, and the impact of smart cities on DX throughout society. Furthermore, consultants make recommendations on the direction that should be taken by Japanese companies.

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

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.

Scene from venue of the real estate DX seminar

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.

Scene from venue of the real estate DX seminar

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.

Scene from venue of the real estate DX seminar

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Scene from venue of the real estate DX seminar

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.

Scene from venue of the real estate DX seminar

By realizing DX in the real estate industry, NRI will co-create the ideal society together with its clients.
IT Platform Services Segment

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

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

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

Digital workplace business
- Expansion of global security business
- Expansion of digitalization of office environments with a focus on corporate culture, office space, and IT to enhance the employee experience
- Creation of a thriving future society through its digital workplace business, which supports working styles based on new values.

NRI Strategies and Countermeasures
- Multi-cloud services business
- Expansion of multi-cloud services
- Provision of a safe and secure public cloud environment
- Establishment and expansion of infrastructure consulting
- Digital workplace business
- Expansion of digitalization of office environments with a focus on work-style reform
- Security business for achievement of an even safer workplace environment

Security business
- Provision of security countermeasures solutions for needs of the times; i.e., IoT and blockchain
- Expansion of global security business
- DX production innovation
- Provision of NRI CODO for supporting DX through co-creation of advanced technology
- Implementation of the digital workplace business
- NRI’s managed services provide flexible and high-level services to fulfill various client needs. Examples include the maintenance and stable operation of systems and various services on private and public clouds, achieving business continuity in the event of a disaster through mutual backup by multiple data centers in Japan, and possession of global networks. Furthermore, the multi-cloud data utilization platform supports corporations in using data to select the most appropriate technology essential for transforming traditional business models, to realize governance for the collection and use of data, and to ensure appropriate management and operation of constantly increasing data sources.

Domestic and International Business Environment (Client Trends)
- Multi-cloud services business
- Expansion of multi-cloud services
- Establishment and expansion of infrastructure consulting
- Digital workplace business
- Expansion of digitalization of office environments with a focus on work-style reform
- Security business for achievement of an even safer workplace environment

Security business
- Provision of security countermeasures solutions for needs of the times; i.e., IoT and blockchain
- Expansion of global security business
- DX production innovation
- Provision of NRI CODO for supporting DX through co-creation of advanced technology
- Implementation of the digital workplace business

Co-create an ideal society by effectively utilizing its resources

Multi-cloud services that optimize infrastructure resources, thus supporting DX promotion at clients

In order to create high-value-added businesses that utilise IT and assure the continued growth of those businesses, it is necessary to appropriately use multiple public clouds and on-premise environments to establish an advanced and reliable IT solution infrastructure. NRI’s managed services provide flexible and high-level services to fulfill various client needs. Examples include the maintenance and stable operation of systems and various services on private and public clouds, achieving business continuity in the event of a disaster through mutual backup by multiple data centers in Japan, and possession of global networks. Furthermore, the multi-cloud data utilization platform supports corporations in using data to select the most appropriate technology essential for transforming traditional business models, to realize governance for the collection and use of data, and to ensure appropriate management and operation of constantly increasing data sources.

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

NRI SecureTechnologies’ security consulting and solutions protect society from cyber-threats

In conjunction with the increased use of information technology (IT), there is a continued rise in various security risks such as cyber-attacks aimed at corporations. In recent years, laws and regulations for protecting privacy and personal information are being increasingly enforced in other countries. One example is the EU General Data Protection Regulation (GDPR). Service providers are required to establish a mechanism for fulfilling their social responsibilities in regards to privacy protection and security measures on a global level. NRI SecureTechnologies’ liquamation (“NRI Secure”) provides the ID access management solution Uni-ID that achieves various tasks such as integration of customer IDs managed by providers, multi-factor authentication, linkage via API, and privacy protection. NRI Secure also provides solutions for solving various issues related to information security.

Activity results

Created a thriving future society through new value creation

Digital workplace business for providing solutions for new work styles

Right now, work-style values are about to change significantly. As employees seek to achieve work-life balance, the digital workplace utilizes IT to give people freedom over where and when they work. Employers create new ideas in the spare time made possible by the introduction of the digital workplace. From those ideas, corporations are able to transform themselves into corporations that offer new value. This transformation into high-value production activities will once again give employees more room to adjust their working hours, thus improving their work-life balance and increasing the value of the employee experience.

NRI’s digital workplace business combines the three elements of corporate culture, office space, and IT to enhance the employee experience (Ex). NRI will co-create a thriving future society through its digital workplace business, which supports working styles based on new values.

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

NRI SecureTechnologies’ security consulting and solutions protect society from cyber-threats

In conjunction with the increased use of information technology (IT), there is a continued rise in various security risks such as cyber-attacks aimed at corporations. In recent years, laws and regulations for protecting privacy and personal information are being increasingly enforced in other countries. One example is the EU General Data Protection Regulation (GDPR). Service providers are required to establish a mechanism for fulfilling their social responsibilities in regards to privacy protection and security measures on a global level. NRI SecureTechnologies, Ltd. (hereinafter, “NRI Secure”) provides the ID access management solution Uni-ID that achieves various tasks such as integration of customer IDs managed by providers, multi-factor authentication, linkage via API, and privacy protection. NRI Secure also provides solutions for solving various issues related to information security.

We will continue to co-create a safe and secure society by gaining insight into IT and cybersecurity trends, and then providing solutions that meet the needs of the times.
11-Year Summary Consolidated Financial Statements

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

Note: Figures less than the unit indicated have been rounded down for amounts.
EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.
## Consolidated Financial Data

### Segment Information:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td></td>
<td>27,353</td>
<td>28,370</td>
<td>30,574</td>
<td>34,577</td>
<td>34,893</td>
<td>38,572</td>
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<td>252,842</td>
<td>246,979</td>
<td>252,122</td>
<td>252,367</td>
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<td>123,696</td>
<td>119,138</td>
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<td>119,387</td>
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<td>Other financial</td>
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<td>37,541</td>
<td>40,286</td>
<td>42,225</td>
<td>43,404</td>
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<td>Industrial IT Solutions</td>
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<td>107,208</td>
<td>104,917</td>
<td>108,882</td>
<td>107,490</td>
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<td>Distribution</td>
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<td>46,705</td>
<td>51,982</td>
<td>54,236</td>
<td>61,057</td>
<td>66,814</td>
<td>66,799</td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing, service, and others</td>
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<td>51,239</td>
<td>49,656</td>
<td>52,952</td>
<td>53,860</td>
<td>54,068</td>
<td>54,106</td>
<td>111,700</td>
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</tr>
<tr>
<td>IT Platform Services</td>
<td></td>
<td>34,779</td>
<td>38,720</td>
<td>39,241</td>
<td>39,870</td>
<td>33,153</td>
<td>38,239</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>8,803</td>
<td>9,966</td>
<td>10,545</td>
<td>10,955</td>
<td>11,230</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>227,188</td>
<td>228,310</td>
<td>242,748</td>
<td>256,754</td>
<td>273,672</td>
<td>268,779</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### External sales + Sales for each segment:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td></td>
<td>27,149</td>
<td>28,823</td>
<td>31,161</td>
<td>35,332</td>
<td>35,481</td>
<td>35,612</td>
<td></td>
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<tr>
<td>Operating profit</td>
<td></td>
<td>5,959</td>
<td>5,487</td>
<td>5,653</td>
<td>5,681</td>
<td>7,786</td>
<td>9,515</td>
<td></td>
<td></td>
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<tr>
<td>Operating profit margin (%)</td>
<td></td>
<td>21.5</td>
<td>19.0</td>
<td>18.8</td>
<td>18.6</td>
<td>21.9</td>
<td>24.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td></td>
<td>237,649</td>
<td>253,802</td>
<td>248,188</td>
<td>254,567</td>
<td>256,184</td>
<td>278,937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>23,621</td>
<td>29,171</td>
<td>26,461</td>
<td>27,673</td>
<td>27,045</td>
<td>33,034</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td></td>
<td>9.5</td>
<td>11.5</td>
<td>10.7</td>
<td>10.9</td>
<td>10.6</td>
<td>12.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td></td>
<td>96,974</td>
<td>102,859</td>
<td>107,672</td>
<td>105,585</td>
<td>103,280</td>
<td>101,438</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>11,769</td>
<td>9,974</td>
<td>9,076</td>
<td>9,199</td>
<td>18,449</td>
<td>19,718</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td></td>
<td>11.9</td>
<td>9.7</td>
<td>9.8</td>
<td>10.0</td>
<td>10.9</td>
<td>10.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Platform Services</td>
<td></td>
<td>113,035</td>
<td>110,444</td>
<td>112,701</td>
<td>112,342</td>
<td>127,311</td>
<td>128,830</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>8,636</td>
<td>11,575</td>
<td>14,015</td>
<td>14,764</td>
<td>17,130</td>
<td>18,454</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td></td>
<td>7.6</td>
<td>10.5</td>
<td>11.5</td>
<td>12.1</td>
<td>13.4</td>
<td>13.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>227,188</td>
<td>228,310</td>
<td>242,748</td>
<td>256,754</td>
<td>273,672</td>
<td>268,779</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### Capital Expenditures / Depreciation and Amortization / Research and Development Expenses:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures (tangible)</td>
<td></td>
<td>31,580</td>
<td>46,925</td>
<td>38,668</td>
<td>38,351</td>
<td>26,276</td>
<td>26,498</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (intangible)</td>
<td></td>
<td>8,349</td>
<td>20,285</td>
<td>13,640</td>
<td>16,188</td>
<td>5,615</td>
<td>6,684</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure (intangible)</td>
<td></td>
<td>22,731</td>
<td>26,540</td>
<td>25,297</td>
<td>22,012</td>
<td>25,061</td>
<td>22,151</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td>25,800</td>
<td>32,598</td>
<td>28,476</td>
<td>31,041</td>
<td>30,427</td>
<td>30,414</td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td></td>
<td>4,252</td>
<td>5,110</td>
<td>5,674</td>
<td>5,170</td>
<td>3,665</td>
<td>4,310</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
1. The total return ratio is calculated as the sum of capital gains and dividends divided by the price of the shares times 100.
2. The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by net income.
3. ROA = Ordinary profit / Beginning and ending balance average total assets
4. ROE = Profit attributable to owners of parent / Beginning and ending balance average net assets
5. EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.
6. NRI implemented a 1:3 common stock split on July 1, 2019. Earnings per share, diluted earnings per share, and net assets per share are calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2019. Dividend per share for the fiscal year ended March 2019 is based on the number of shares prior to the stock split.
7. The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by net income.
E: Environment

Environmental KPI (NRI Group data):

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>1,398</td>
<td>30.0</td>
<td>35.2</td>
</tr>
<tr>
<td>Share of renewable energy in data centers (%)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Supplier’s environmental target setting ratio (%)</td>
<td>n/a</td>
<td>n/a</td>
<td>4.6</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Greenhouse gas emissions (NRI Group data):

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct greenhouse gas emissions (Scope 1)</td>
<td>101,000 t-CO₂</td>
<td>71</td>
<td>73</td>
<td>65</td>
</tr>
<tr>
<td>Japan</td>
<td>81</td>
<td>74</td>
<td>70</td>
<td>62</td>
</tr>
<tr>
<td>Overseas</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total emissions (Scope 1 + 2)</td>
<td>101,000 t-CO₂</td>
<td>86</td>
<td>78</td>
<td>75</td>
</tr>
<tr>
<td>Japan</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: Scope 1: Direct greenhouse gas emissions other than Scope 1 and 2. Manufacturing in the supply chain, commuting by employees, business travel, etc.

F: Social

Number of employees (NRI Group data):

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>9,495</td>
<td>71.5</td>
<td>99.0</td>
</tr>
<tr>
<td>Japan</td>
<td>1,244</td>
<td>9.4</td>
<td>1,579</td>
<td>11.9</td>
</tr>
<tr>
<td>Overseas</td>
<td>8,251</td>
<td>62.1</td>
<td>8,916</td>
<td>68.6</td>
</tr>
</tbody>
</table>

Number of employees who returned to work after taking childcare leave in the previous fiscal year × 100% / number of employees who returned to work and who were employed by NRI as of March 31 of the current fiscal year

By region

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
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</thead>
<tbody>
<tr>
<td>Japan</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Overseas</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Employment-related (Non-consolidated data):

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>300</td>
<td>1,439</td>
<td>1,439</td>
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<tr>
<td>Japan</td>
<td>1,212</td>
<td>45.2</td>
<td>1,212</td>
<td>45.2</td>
</tr>
<tr>
<td>Overseas</td>
<td>98</td>
<td>3.3</td>
<td>98</td>
<td>3.3</td>
</tr>
<tr>
<td>Total</td>
<td>1,310</td>
<td>48.5</td>
<td>1,310</td>
<td>48.5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>38</td>
<td>34</td>
<td>24</td>
</tr>
<tr>
<td>Number of students Over 1,500</td>
<td>2,622</td>
<td>3,103</td>
<td>1,767</td>
<td>1,444</td>
</tr>
<tr>
<td>Entries to the NRI Student Essay Contest</td>
<td>1,161</td>
<td>937</td>
<td>962</td>
<td>922</td>
</tr>
<tr>
<td>Public lectures given (times)</td>
<td>1,161</td>
<td>937</td>
<td>962</td>
<td>922</td>
</tr>
<tr>
<td>TV/radio appearances (times)</td>
<td>126</td>
<td>102</td>
<td>108</td>
<td>267</td>
</tr>
</tbody>
</table>

G: Governance

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

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>10</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Female Directors</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of the Board of Directors (total)</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Attendance average of all Directors (%)</td>
<td>96</td>
<td>96</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Attendance average of Outside Directors (%)</td>
<td>98</td>
<td>90</td>
<td>93</td>
<td>95</td>
</tr>
<tr>
<td>Attendance average of Audit &amp; Supervisory Board Members (%)</td>
<td>97</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2016.3</th>
<th>2017.3</th>
<th>2018.3</th>
<th>2019.3</th>
<th>2020.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Research Institute</td>
<td>1 1 1 1</td>
<td>3</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Number of students Over 1,500</td>
<td>3</td>
<td>8</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

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

1) Number of employees returning to work in the current fiscal year / number of employees expected to return to work after taking childcare leave in the current fiscal year

2) Number of employees who returned to work in the previous fiscal year after taking childcare leave and who were employed by NRI as of March 31 of the current fiscal year / number of employees who returned to work after taking childcare leave in the previous fiscal year × 100%
NRI Group Network (As of July 1, 2020)

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

Domestic Bases
NRI Networks, Ltd.
NRI SecureTechnologies, Ltd.
NRI Workplace Services, Ltd.
NRI Data Tech, Ltd.
NRI Social Information System Services, Ltd.
NRI Process Innovation, Ltd.
NRI System Techno, Ltd.
UBSecure, Inc.
NRI Retail Next, Ltd.
NRI Mirai, Ltd.
DSB Co., Ltd.
NRI digital, Ltd.
NRI Netcom, Ltd.
NRI Workplace Services, Ltd.
NRI SecureTechnologies, Ltd.

Overseas Bases
[US]
Nomura Research Institute Holdings America, Inc.
Nomura Research Institute America, Inc.
Nomura Research Institute IT Solutions America, Inc.
Pacific Branch
NRI SecureTechnologies, Ltd., North America Branch
Cutter Associates, LLC
Breiley-Partners, Inc.

[Europe / Russia]
Nomura Research Institute Europe Limited
Luxembourg Branch
Cutter Associates Europe, Ltd.
Breiley Europe Limited
Nomura Research Institute, Ltd., Moscow Branch

[Asia / Pacific]
Nomura Research Institute Australia Pty Ltd.
Perth Office
ASG Group Limited
Sydney Office
Cutter Associates Australia Branch

Nomura Research Institute (Beijing), Ltd.
Shanghai Branch
Dalian Branch
Nomura Research Institute Shanghai Limited
Beijing Branch
Nomura Research Institute (Dalian), Ltd.
Zhiming Software (Beijing), Ltd.
Chengdu Branch
Zhiming Software (Chengdu), Ltd.
Zhiming Software (Jilin), Ltd.
Nomura Research Institute Taiwan Co., Ltd.
Nomura Research Institute Seoul Co., Ltd.
Nomura Research Institute Thailand
Nomura Research Institute Asia Pacific Private Limited
Nomura Research Institute Singapore Pte. Ltd.
Manila Branch
Nomura Research Institute Hong Kong Limited
PT. Nomura Research Institute Indonesia
Nomura Research Institute Consulting and Solutions India Private Limited
Nomura Research Institute Financial Technologies India Pvt. Ltd.
Nomura Research Institute Asia Private Limited

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

Integrated Report 2020

Corporate Data / Share Information

Corporate data (As of March 31, 2020)

| Shareholders | Number of shares held (1,000 shares) | Percentage of total shares (%)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Holdings, Inc.</td>
<td>105,423</td>
<td>17.41</td>
</tr>
<tr>
<td>Nomura Financials, Inc.</td>
<td>87,218</td>
<td>14.70</td>
</tr>
<tr>
<td>JPFO Co., Ltd.</td>
<td>39,468</td>
<td>6.59</td>
</tr>
<tr>
<td>Nomura Group Employee Stock Ownership Group</td>
<td>29,050</td>
<td>4.81</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan Ltd. (Trust Account)</td>
<td>24,529</td>
<td>4.02</td>
</tr>
<tr>
<td>Nippon Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd.)</td>
<td>24,771</td>
<td>4.09</td>
</tr>
<tr>
<td>State Street Bank and Trust Company (Standing Agent: MUFG Bank, Ltd., settlement division)</td>
<td>19,842</td>
<td>3.28</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>19,207</td>
<td>3.18</td>
</tr>
<tr>
<td>Nomura Securities Co., Ltd. (Standing Agent: The Master Trust Bank of Japan, Ltd.)</td>
<td>13,434</td>
<td>2.22</td>
</tr>
<tr>
<td>Nomura Chase Bank, Ltd.</td>
<td>11,269</td>
<td>1.98</td>
</tr>
</tbody>
</table>

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

Individuals and other shareholders: 74.60%
Financial institutions: 20.40%
 Securities firms: 0.61%
Companies incorporated in the United States: 0.00%
Companies incorporated in other countries: 14.70%

Total Shareholder Return (TSR) over the Past 5 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>NRI</th>
<th>TOSPK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/3</td>
<td>30.6%</td>
<td>61.3%</td>
</tr>
<tr>
<td>2016/3</td>
<td>39.1%</td>
<td>74.3%</td>
</tr>
<tr>
<td>2017/3</td>
<td>38.9%</td>
<td>80.6%</td>
</tr>
<tr>
<td>2018/3</td>
<td>13.1%</td>
<td>80.7%</td>
</tr>
<tr>
<td>2019/3</td>
<td>19.1%</td>
<td>84.3%</td>
</tr>
</tbody>
</table>

Note: NRI’s total shareholder return (TSR) is calculated by dividing the average total return over the last 5 years by stock dividends and stock buybacks by the number of shares issued. NRI’s total shareholder return (TSR) is calculated by dividing the average total return over the last 5 years by stock dividends and stock buybacks by the number of shares issued.

Source: Compiled by NRI