ESG DATA BOOK 2023

Year ended 31 March 2023

Environment

Social

Governance

Nomura Research Institute, Ltd.

ESG Databook 2023 Contents

■ Symbol legend

Symbols in the table

—	Data not available
n/a	Not applicable

Symbols for the data coverage

a	NRI group
a-	NRI group (Some ranges excluded)
b	NRI group (Domestic)
b-	NRI group (Domestic, some ranges excluded)
c	NRI (Not consolidated)
c-	NRI (Not consolidated, some ranges excluded)
d	Others

■ Coverage ratio based on sales revenue(FY2022)

Scope of the report by category		Coverage ratio based on sales revenue(FY2022)		
Consolidated companies in Japan	NRI	82.2%	68.1%	100%
	Other group companies*		14.1%	
Overseas consolidated companies		17.8%		

*It includes Internal transactions (consolidation adjustments).

■ Sustainability Policy

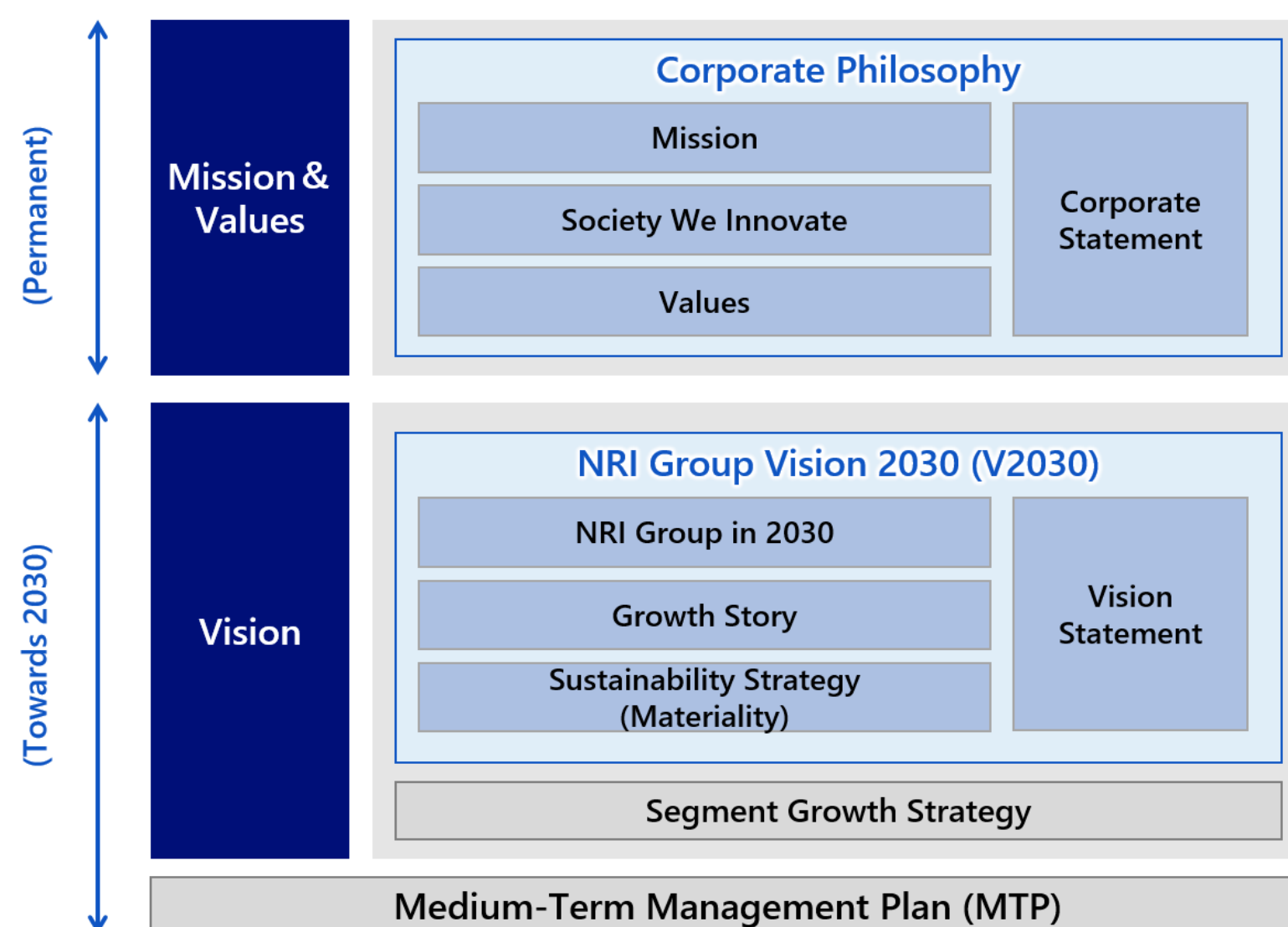## ▶NRI's founding objective and approach to solving social issues

NRI sustainability management policy

Nomura Research Institute, Ltd. (NRI) was born out of the 1988 merger between the former Nomura Research Institute, Ltd., founded in 1965 as Japan's first comprehensive private sector think tank, and Nomura Computer Systems Co., Ltd., which was established in 1966 and achieved the first business applications for commercial computers in Japan. The prospectus of the former Nomura Research Institute, Ltd., included the objective "Promoting the industrial economy and serving the general community through research." This objective is the starting point for sustainability management in the NRI Group. For us, "achieving social value along with economic value" is not something special. It is something we have been engaged in since our founding. The 1988 merger was conducted based on the idea that "in the upcoming advanced information society, neither could there exist a think-tank without system functions nor a systems company without a think-tank function," having foreseen a word truly like the one surrounding us today where the power of digital has become a requirement in every field. The spirit of challenging ourselves to resolve social issues and to create new social value through our core business has been passed down until today as the NRI Group's DNA.

Positioning of MVV and Sustainability Management

The MVV (Mission, Vision, and Values) of the NRI Group are comprised of our Corporate Philosophy (Mission & Values) and our NRI Group Vision 2030 (V2030) long-term management vision, and the concept of sustainability penetrates our entire MVV.
We will continue to promote "Building sustainable futures" and "Achieving growth strategies for the NRI Group" via value co-creation with our customers based on this MVV.

(Permanent)	Mission & Values	Corporate Philosophy	
		Mission	Corporate Statement
		Society We Innovate	
		Values	

(Towards 2030)	Vision	NRI Group Vision 2030 (V2030)	
		NRI Group in 2030	Vision Statement
		Growth Story	
		Sustainability Strategy (Materiality)	
		Segment Growth Strategy	

Medium-Term Management Plan (MTP)

■ Sustainability Policy

NRI Group Corporate Philosophy (Mission＆Values)

Mission

For Society:
Envision and realize new paradigms

For Customers:
Be a trusted partner for mutual growth

Society We Innovate

Prosperous society that nourishes potential and brings dreams to life

Sustainable society that connects knowledge to treat the planet wisely

Resilient society that promotes safety and security

Values

Foresight and thoroughness to exceed expectations

Mutual respect to unite diverse individuals

Passion and pride to pursue new challenges
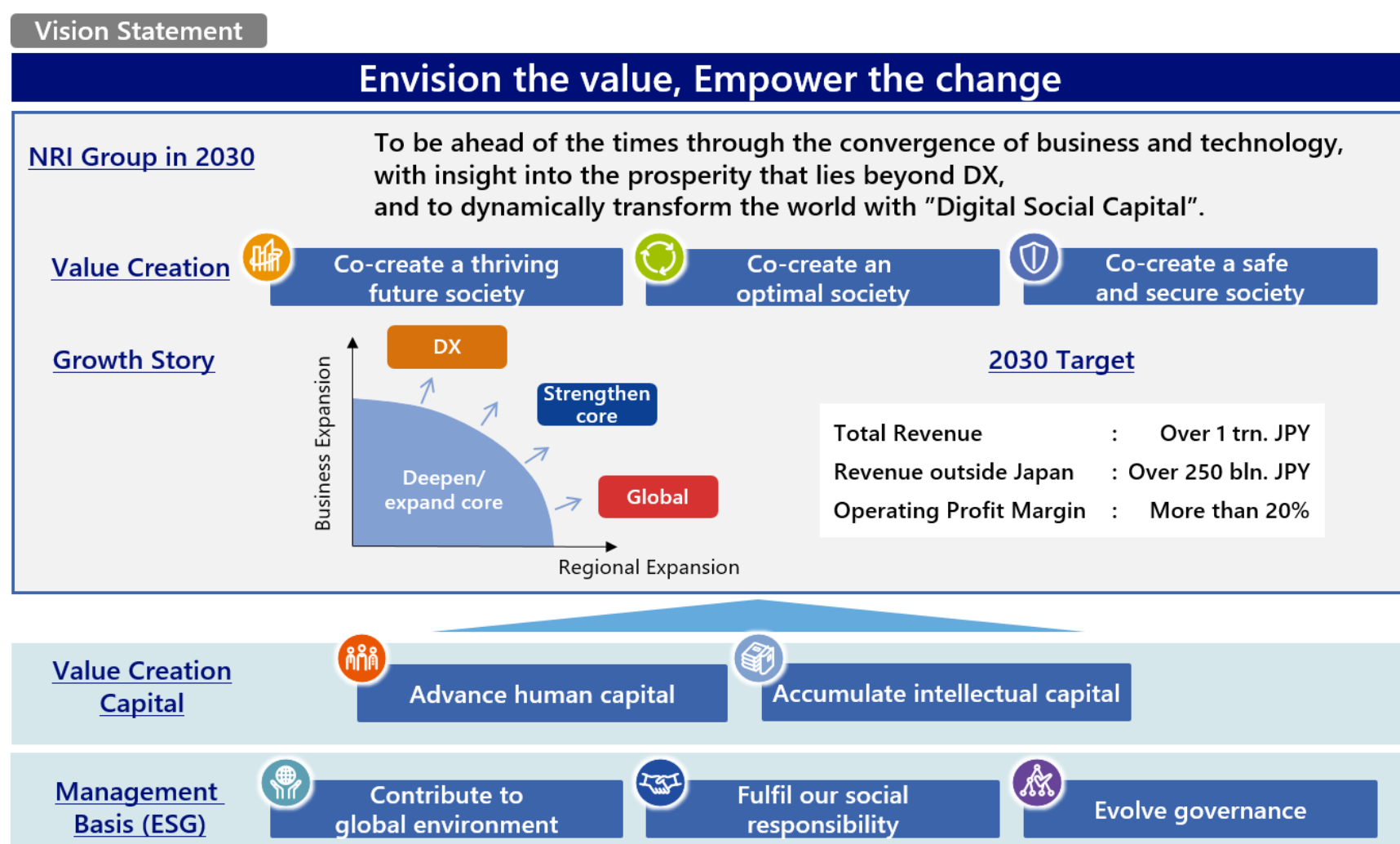
Corporate Statement

Dream up the future.

未来創発

NRI Group Vision 2030（V2030）

As we head into the future, the economic environment faced by companies is expected to change greatly, as social issues become more complex, industrial structure becomes more fluid, technologies evolve and commoditize, and values and work styles become more diverse. Despite such a business environment, the NRI Group possesses unique strengths for discerning what we want the future to look like and how we can achieve it with digital technologies. It is because the NRI Group is in the middle of this complex and unpredictable maelstrom of environmental changes that we are confident that we can utilize our strengths and thereby maximize their true value.

In the NRI Group Vision 2030 (V2030) announced in April 2023, our vision statement is given as "Envision the Value, Empower the Change" and our vision for the NRI Group in 2030 is to "Pioneer the merging of management and technology, discern the affluence after DX, and become a company that can dynamically transform the world with digital social capital." We will aim to deepen and evolve our core business and achieve further growth in our DX (digital transformation) business and global business.

Vision Statement

Envision the value, Empower the change

NRI Group in 2030
To be ahead of the times through the convergence of business and technology, with insight into the prosperity that lies beyond DX, and to dynamically transform the world with "Digital Social Capital".

Value Creation
Co-create a thriving future society | Co-create an optimal society | Co-create a safe and secure society

Growth Story

Business Expansion

DX

Strengthen core

Deepen/ expand core

Global

Regional Expansion

2030 Target

Total Revenue	:	Over 1 trn. JPY
Revenue outside Japan	:	Over 250 bln. JPY
Operating Profit Margin	:	More than 20%

Value Creation Capital
Advance human capital | Accumulate intellectual capital

Management Basis (ESG)
Contribute to global environment | Fulfil our social responsibility | Evolve governance

Sustainability Policy

Medium-Term Management Plan (2023－2025)

In order to adapt to the global digital society, increase competitiveness, and conduct business more efficiently, corporations are promoting not only business processes and operations utilizing DX, but also transformations to their business model itself. However, they face major challenges in adopting the new technologies required to promote DX, restructure in-house systems, establish dedicated support organizations, and secure the engineers required. Corporations face numerous other management challenges, such as enhancing governance, protecting personal information, and ensuring information security, as well as building awareness and training employees in order to do so.

Faced with such a business environment, in April 2023, the NRI Group formulated its Medium-Term Management Plan (2023-2025), which covers the first three years of V2030.

Pillars of our growth strategy

・Core business: Simultaneously deepen and expand our core business to further enhance value creation with our customers via "Con-Solution" (a business model where consulting and solutions run parallel from the stage of planning and conceptualizing business IT in order to continuously create value for clients) and evolve our core business to achieve outstanding competitiveness and high added-value by expanding business platforms and achieving radical production innovations

・DX evolution: In addition to work process transformation and infrastructure transformation at clients (DX1.0) and the transformation of business itself (DX2.0), attempt DX3.0, which exceeds the boundaries of corporations and industries to impact society

・Global business: Establish a system for tripolar global business management, by expanding to the huge North American market, which has high growth potential, in addition to the markets of Japan/Asia and Australia

・Management: Expand human capital, enhance sustainability management and environmental measures, and stabilize our management foundation

Numerical Targets

	FY 2022 Results	FY 2025 Target
• Sales	692.1 bn. yen	810 bn. yen
Overseas Sales	123.2 bn. yen	150.0 bn. yen
• Operating profit	111.8 bn. yen	145.0 bn. yen
• Operating profit margin	16.2%	17.9%
• ROE	20.7%	More than 20%

■ Sustainability Policy

Key performance indicator	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Overseas sales	billion yen	501.2	528.8	550.3	611.6	692.1
Overseas sales	billion yen	53.0	46.7	44.6	76.5	123.2
Operating profit	billion yen	71.4	83.1	80.7	106.2	111.8
Operating profit margin	%	14.3	15.7	14.7	17.4	16.2
ROE	%	12.3	20.3	18.2	21.3	20.7
Coverage		a	a	a	a	a

Note : Because we have applied the International Financial Reporting Standards (IFRS) since FY2020, figures for FY2020 and beyond are based on IFRS.

Indicators related to materialities are listed on page 15 and beyond.

Link Files	Sustainability Management
	https://www.nri.com/en/sustainability
	NRI Group Corporate Philosophy
	https://www.nri.com/en/company/c_philosophy
	NRI Group's Code of Business Principles
	https://www.nri.com/en/company/company_code
	NRI Group Employees' Code of Business Conduct
	https://www.nri.com/en/company/business_code
	Management Vision "NRI Group Vision 2030"
	https://www.nri.com/en/company/vision

▶ Sustainability governance

Sustainability governance structure

The NRI Group positions sustainability as an important management issue. In addition to considering sustainability in the structure and supervision of our Board of Directors and the appointment of outside directors with knowledge about sustainability, the Board of Directors has decided on a Basic Sustainability Policy (including materiality).
We have also established the Sustainability Committee, which is headed by the director in charge of promoting sustainability management, and supervised by the Board of Directors. This is a permanent committee defined in our organization regulations.

[As of July 1, 2023]

Sustainability Policy
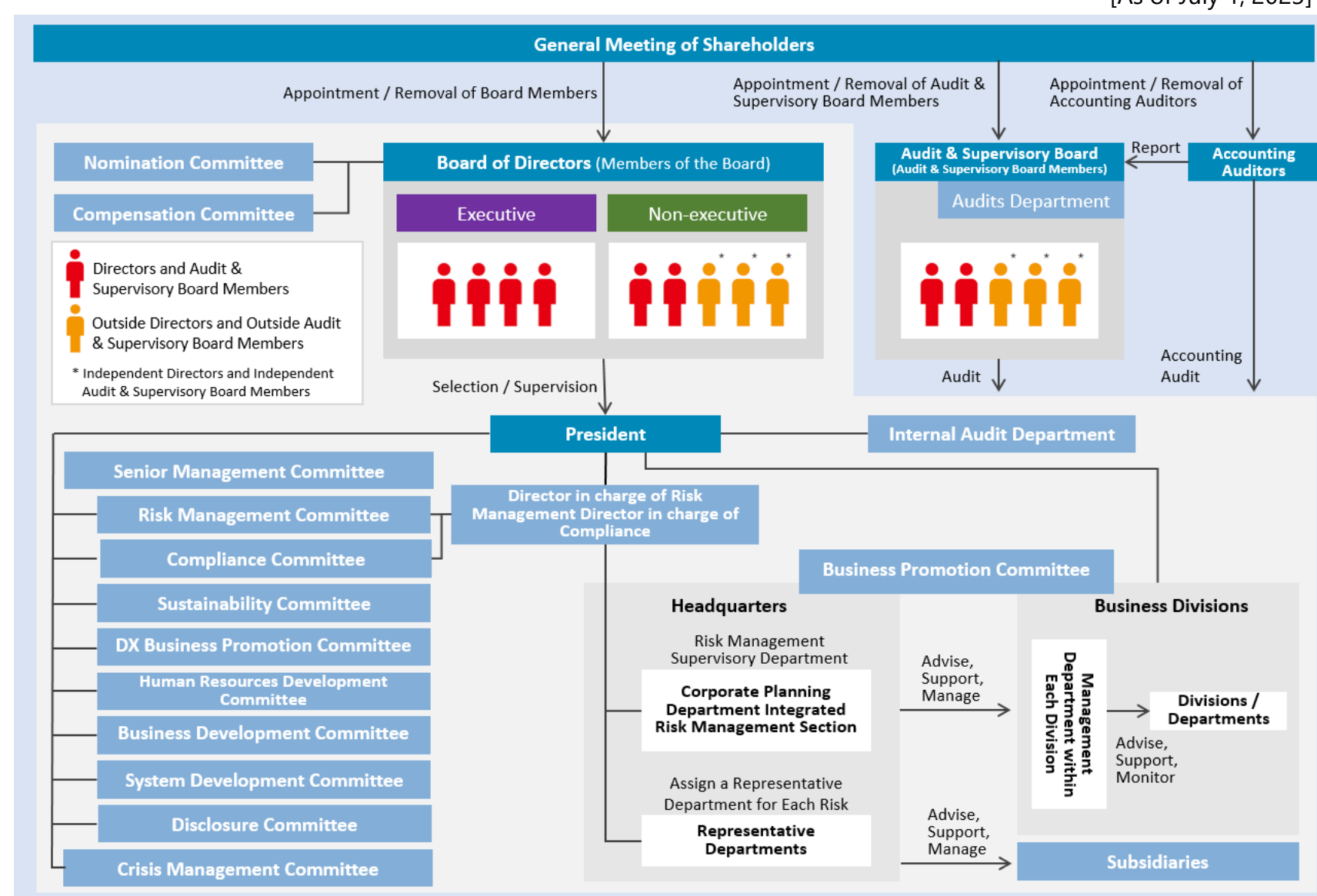
The Sustainability Committee also has two subcommittees; the Sustainability Activities Committee and the Value Co-Creation Committee, which are led by the Senior Corporate Managing Director. The Sustainability Committee and the two subcommittees promote sustainability across the entire group and periodically report to the Board of Directors on the progress of their activities.

The Sustainability Activities Committee plays a role in promoting fundamental activities from the perspective of ESG. It is divided into five teams that promote activities to support sustainability management and work on various sustainability measures, such as human rights related investigations, decarbonization of the entire supply chain, and the disclosure of ESG information including scenario analysis.

Board of Directors

Supervision — Presentation and report

Sustainability Committee

Discussion of important sustainability issues, monitoring of materiality progress, etc.

Chairperson	Head of Sustainability Management
Member	Elected Directors

Value Co-Creation Committee

Promotion of MVV and value co-creation penetration, grooming of value co-creation leaders, implementation of monitoring and evaluation, etc.

Chairperson	Senior Corporate Managing Director
Member	Elected Directors and General Managers etc.

Cooperation

Sustainability Activities Committee

Sustainability management framework, decarbonization, Sustainablity disclosure, stakeholder dialogue, global response, etc.

Chairperson	Senior Corporate Managing Director
Member	Elected Directors and General Managers etc.

Sustainability Strategy	ESG Disclosure	Supply Chain / Human Rights	Group Global Coordination	Net-Zero Journey

In regard to share-based compensation for Members of the Board (excluding external Members of the Board), Senior Managing Directors, and other employees (who are treated as directors), we have adopted a system that considers actions for achieving NRI Group sustainability indices including the expansion of human capital and the reduction of greenhouse gas emissions.

▶Participation in the initiatives

Participation in the initiatives

- United Nations Global Compact (UNGC)
- Japan Climate Initiative (JCI)
- World Business Council for Sustainable Development (WBCSD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- TNFD forum (TNFD : Taskforce on Nature-related Financial Disclosures)
- Science Based Targets initiative (SBTi)
- Renewable Electricity 100% (RE100)
- Business Ambition for 1.5℃
- COOL CHOICE
- GX League
- Race to Zero

■ Stakeholders

▶Our stakeholders

Our stakeholders
We considers our stakeholders are "society," "clients," "employees," "business partners," and "shareholders/investors". These include "consumers," "media," "industry associations and peer companies," "government," "educational and research institutions," "students," and "NGOs and NPOs" etc. We will continue to create a better future society and build stronger relationships of trust with whole society, all the while maintaining close communication tailored to the peculiarities of each stakeholder.

▶Stakeholder dialogue

Stakeholder dialogue
The NRI Group values the opportunities in its daily business activities to listen to the opinions of and communicate with stakeholders in a variety of ways. Furthermore, in addition to our daily discussions, we engage in dialogue with opinion-maker and rule-maker experts to understand global sustainability trends and reflect them in management strategies and risk management. In FY2020, we held a dialogue with the World Benchmarking Alliance, an international NGO promoting the Sustainable Development Goals (SDGs). In the dialogue, we mainly exchanged opinions on corporate evaluations from the perspective of SDGs and how human rights initiatives should be disclosed. * The dialogues were conducted on-line due to COVID-19. In FY2021, we exchanged opinions with three experts, mainly on the themes of the positioning of sustainability in our Medium-Term Management Plan, the promotion of diversity, and ESG trends. In FY2022, we exchanged opinions with experts in various fields related to the environment and human capital. <Environment> In the dialog, opinions were exchanged between Paul Dickinson (founder of CDP) Shingo Konomoto (President & CEO, Member of the Board at NRI), and Takeshi Hihara (Senior Managing Director) regarding the themes of "Growth Story of the NRI Group and DX3.0" and "Global Climate Change Related Trends and the Expected Role of Corporations." <Human capital>We held a dialogue with Ms. Chiharu Takakura, Director and CHRO of Rohto Pharmaceutical Co. Ltd., who has an extensive professional experience in the fields of human resources and human capital both in Japan and overseas. She is also a member of multiple review committees of the Ministry of Economy, Trade and Industry (METI). In this dialogue, Chiharu Takakura had a discussion with Takeshi Hihara and Kaga Yanagisawa, Senior Managing Directors of NRI, regarding the themes, "Significance of Human Capital Management," "Relationship between the Growth Story of NRI (including Group) and Human Resource Development," and "KPI (Key Performance Indicators) and Information Disclosure aligned with the Management Strategy."

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

■ Stakeholders

▶ Stakeholder map

Stakeholder map

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

	Major stakeholders				
	Society (including the global environment)	Clients	Employees	Business partners	Shareholders/ investors
Expectations of stakeholders	(society) ・Creation of social value via business ・Transformation of society via recommendations ・Cultivation of the next generation for the future society ・Transparent and equitable corporate administration (global environment) ・Reducing risks and creating opportunities regarding climate change ・Conserving and recovering natural capital	・Provision of valuable services and solutions ・Cutting-edge proposals that exceed expectations ・Provision of appropriate quality and services ・Co-creation of a thriving future society/ideal society/safe and secure society	(Decent work) ・Fair and equitable evaluations and treatment ・Contribution to society via work ・Opportunities for learning and growth ・Comfortable workplace environment ・Mental and physical health	・Building and maintaining constructive relationships that allow mutual development ・Fair opportunities and transparent/equitable appointment ・Sustainability -Compliance with the law and social norms, consideration of the environment and society (including human rights), etc.	・Improved corporate value ・Substantial disclosure of information ・Enhancement of sustainability management
Relationships with stakeholders	・Creation of social value via business (value co-creation with clients) -Policy proposals for society and systems, information and knowledge sharing -Sustainable social infrastructure -Policy suggestions on disaster prevention/reduction and support for disaster recovery ・Participation in initiatives ・Other social activities ・Reduction of CO2 emissions and promotion of renewable energy usage (Scope 1 + 2) ・Reduction of Scope 3 CO2 emissions	・Building relationships where we grow together and respect each other via business -Business model transformation -Business process transformation -Promotion of shared online services via business platforms -IT infrastructure transformation -Stable service operation -Equitable quality control	・Provision of stable employment and good treatment ・Job satisfaction ・Creation of environment where employees can take on challenges ・Creation of comfortable workplace environment ・Cultivation of good human relations ・Respect for human rights and compliance with labor laws	・Building mutual understanding and relationships of trust ・Honest treatment from an equal position ・Non-arbitrary appointment ・Sustainability actions -Transactions according to the law and social norms, collaboration on the environment and society (including human rights), etc.	・Engagement with investors via IR activities, etc. ・Disclosure of information (financial/non-financial) ・Responding to requests of external assessment agencies
Example Initiatives of NRI Group	・DX3.0 initiatives (social DX, digital social capital): "e-shishobako"/"e-NINSHO", GX League secretariat, NRI-CTS, etc. ・Engagement with society: Agreement with/action on the Paris Agreement, participation in global lobbying (joining the WBCSD PACT*1), top dialog with external experts (CDP founder chair), holding the Dream Up the Future Forum and other forums ・Environmental contribution: Efforts for achieving the target of net zero in FY2050	・Business model transformation: DX consulting ("Dokakani Byun!", "Dokokani Mairu", "EARTHBRAIN", etc.), analytics, social DX (personal number card utilization, regional regeneration), D2C, digital finance business ・Business process transformation: Strategy/work/system consulting/value chain DX (CO2 visualization, circular economy platform creation) ・CO2 reduction via expansion of shared online services: STAR, BESTWAY ・IT infrastructure transformation, stable service operation: Promote the provision of security, cloud services, and digital trust ・Efforts for quality control ・Efforts for AI ethics	・C & A system*2: Fair and equitable assessment system ・Opportunities for growth: Substantial training and goal management system ・D&I : Proceed women's participation/promotion ・Work-style reform: Improving Work from Home, health and productivity management, welfare/support program for employees and their family ・Improved engagement: Engagement survey, 1-on-1 meetings, MVV dialog ・Dialog with employees: Employee (union) gatherings	・Partnership activities: e-partners, f-partner activities*3, management seminars, partner dialog ・Procurement management: Promotion of procurement according to the NRI Group Procurement Policy, procurement reviews, order management, payment management, promotion of compliance ・Promotion of sustainability regarding procurement Receiving agreements on the NRI Group Business Partner Code of Conduct, self assessments (SAQ), collaboration for Net-Zero Journey*4	・Efforts based on shareholder/investor expectations: Enhanced group governance, operation of Sustainability Committee, incorporation of sustainability elements in director compensation ・Enhanced engagement: Investor interviews, information for institutional investors and individual investors, sustainability information sessions ・Evaluations from external assessment agencies: DJSI World, CDP Climate Change A List, MSCI AAA, etc.
Relationship with materiality					

*1 PACT (Partnership for Carbon Transparency) is a project for visualizing CO2 emissions.

*2 C&A (Challenge & Act) is a system for goal management and growth assistance at NRI.

*3 e-partners are partner companies with a particularly high level of expertise and information technology capability, and f-partners are other outstanding partner companies essential for our solution business.

*4 Net-Zero Journey is an initiative for reducing Scope 3 emissions and achieving economic growth and a sustainable future together with our business partners, as we head toward net-zero in the year 2050.

Materiality

▶NRI Group's Materiality

NRI Group's Materiality

In V2030, we identify eight materiality issues in the three levels of "value to create," "capital to generate value," and "management foundation (ESG)" and position those issues in the Basic Sustainability Policy of the NRI Group as themes to focus on as we head toward the year 2030, so that we can strive to build sustainable futures and achieve growth strategies for the NRI Group. These materiality issues are important factors for ensuring that we achieve our vision for the year 2030 and our growth strategy.

Materiality: Priority for 2030 to "Create a sustainable society" and "Achieve the NRI Group's growth strategy"

Value Creation

Co-create a thriving future society through expansion of digital social capital

Co-create an optimal society through effective utilization of resources

Co-create a safe and secure society through sophistication of infrastructure

Value Creation Capital

Advance human capital through bold actions and growth of diverse professionals

Accumulate intellectual capital through elevation of individual knowledge into organizational strength

Management Basis (ESG)

Contribute to global environment through collaboration with business partners

Fulfill our social responsibilities through strengthening of relationships with stakeholders

Evolve governance through realization of strategic risk control
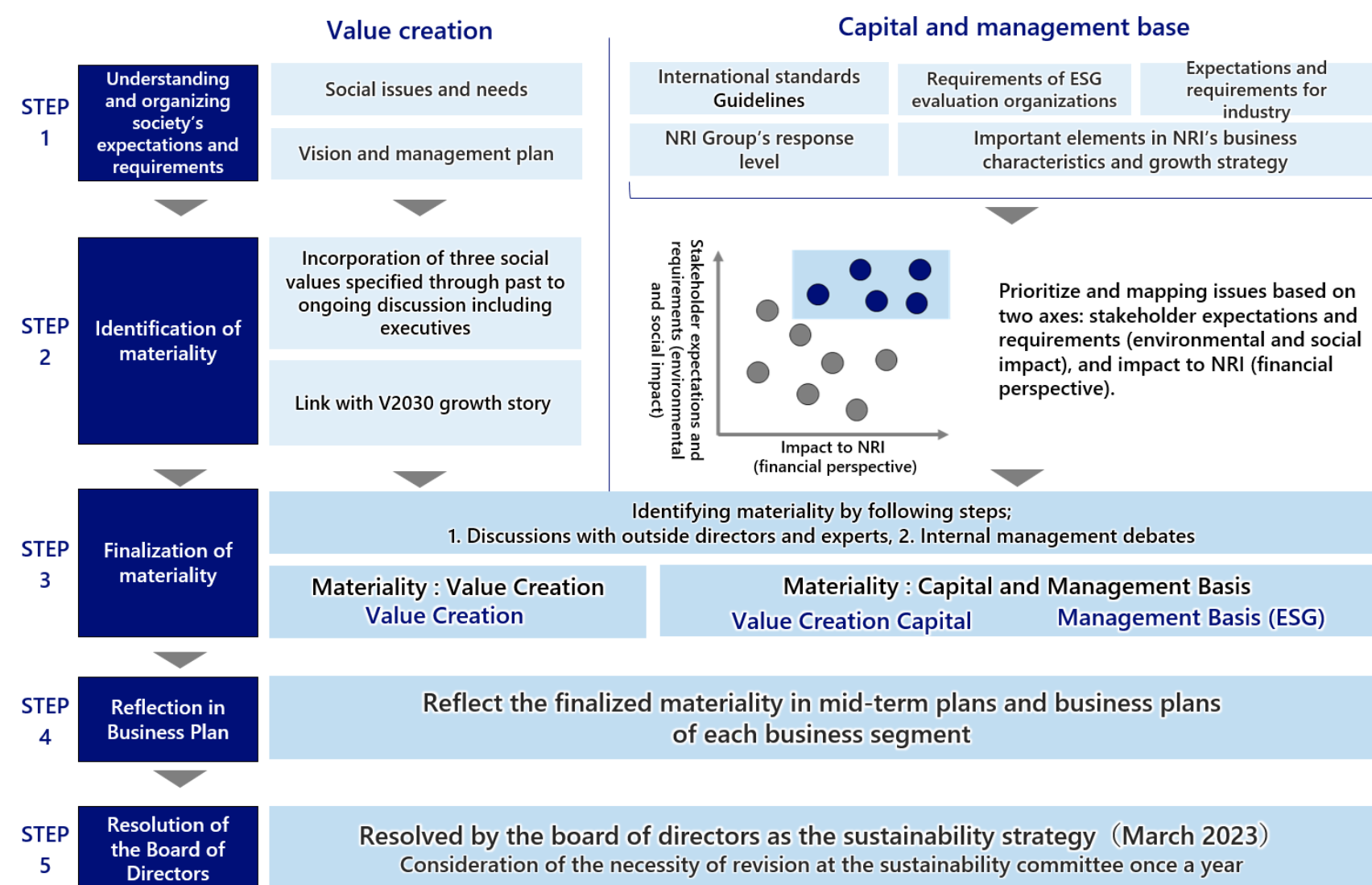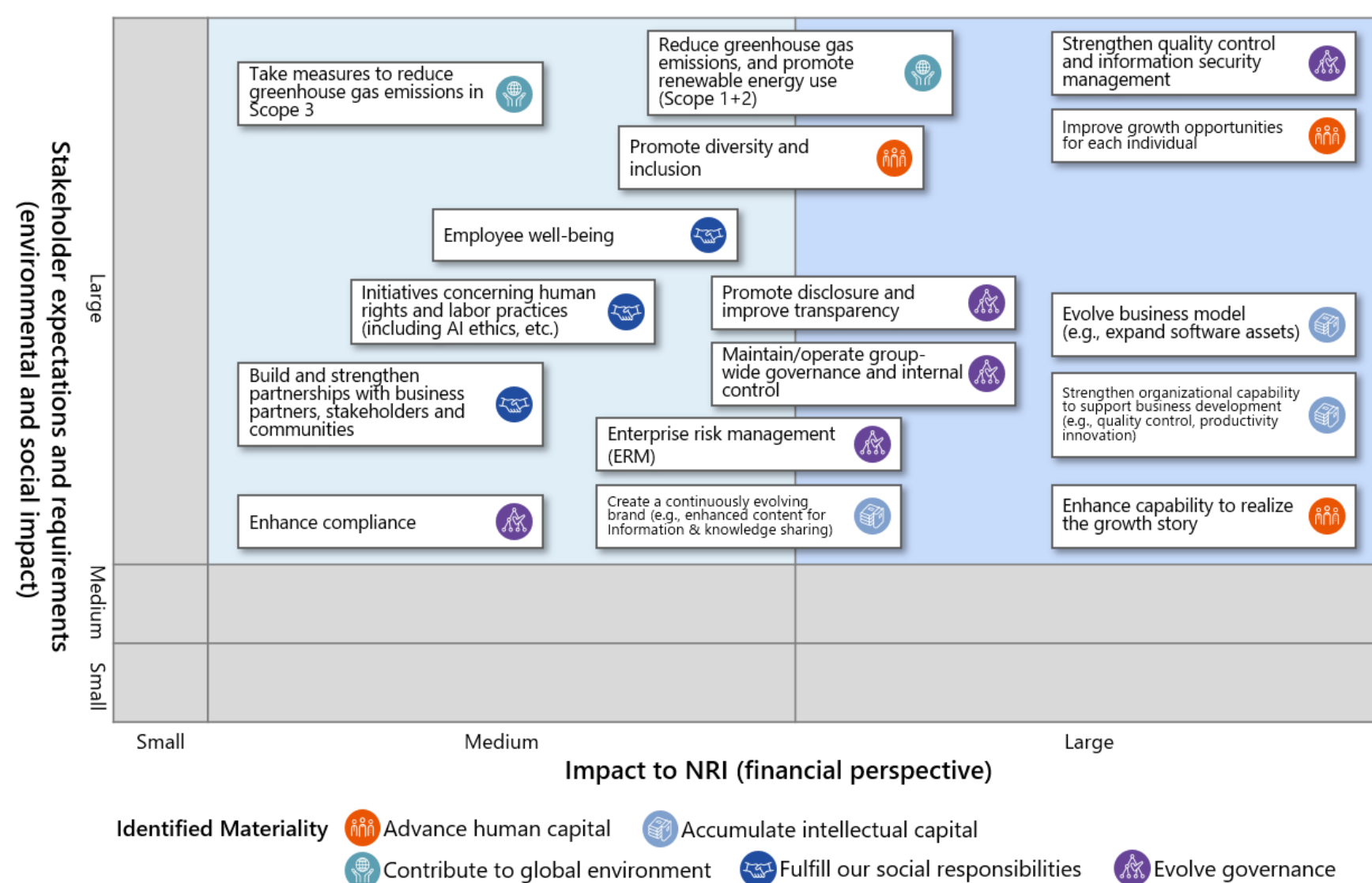
Identification process of materiality

In FY2017, we identified NRI's materiality (key issues) from a management perspective and the perspective of external stakeholders by referring to international standards and guidelines, requirements from ESG evaluation organizations, consistency with corporate philosophy and growth strategy, and opinions of outside directors and experts.

Following that, based on changes in the NRI Group's business and social situation, and the concept of "double materiality", we re-identified materialities in 2023, taking into account not only the impact to NRI (financial perspective) but also the expectations and requirements from our stakeholders (environmental and social impacts), and incorporated them into Group Vision2030(V2030).

When identifying the materiality issues, we debate with external directors and experts and hold management discussions (STEP 3 in the figure below). In March 2023, we made a decision on materiality as part of our Basic Sustainability Policy (STEP 5 in the figure below). In the future, the Sustainability Committee will investigate the need for revising our materiality once a year.

Value creation / Capital and management base

STEP 1 — Understanding and organizing society's expectations and requirements
- Social issues and needs
- Vision and management plan
- International standards Guidelines
- Requirements of ESG evaluation organizations
- Expectations and requirements for industry
- NRI Group's response level
- Important elements in NRI's business characteristics and growth strategy

STEP 2 — Identification of materiality
- Incorporation of three social values specified through past to ongoing discussion including executives
- Link with V2030 growth story

Prioritize and mapping issues based on two axes: stakeholder expectations and requirements (environmental and social impact), and impact to NRI (financial perspective).

(Axes: Stakeholder expectations and requirements (environmental and social impact) vs Impact to NRI (financial perspective))

STEP 3 — Finalization of materiality

Identifying materiality by following steps;
1. Discussions with outside directors and experts, 2. Internal management debates

- Materiality : Value Creation — Value Creation
- Materiality : Capital and Management Basis — Value Creation Capital / Management Basis (ESG)

STEP 4 — Reflection in Business Plan

Reflect the finalized materiality in mid-term plans and business plans of each business segment

STEP 5 — Resolution of the Board of Directors

Resolved by the board of directors as the sustainability strategy（March 2023）
Consideration of the necessity of revision at the sustainability committee once a year

Details of the above issue priority mapping are indicated below.

Axes: Stakeholder expectations and requirements (environmental and social impact) [Large / Medium / Small] vs Impact to NRI (financial perspective) [Small / Medium / Large]

Mapped issues:
- Take measures to reduce greenhouse gas emissions in Scope 3
- Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)
- Strengthen quality control and information security management
- Promote diversity and inclusion
- Improve growth opportunities for each individual
- Employee well-being
- Initiatives concerning human rights and labor practices (including AI ethics, etc.)
- Promote disclosure and improve transparency
- Evolve business model (e.g., expand software assets)
- Build and strengthen partnerships with business partners, stakeholders and communities
- Maintain/operate group-wide governance and internal control
- Strengthen organizational capability to support business development (e.g., quality control, productivity innovation)
- Enterprise risk management (ERM)
- Enhance compliance
- Create a continuously evolving brand (e.g., enhanced content for information & knowledge sharing)
- Enhance capability to realize the growth story

Identified Materiality
- Advance human capital
- Accumulate intellectual capital
- Contribute to global environment
- Fulfill our social responsibilities
- Evolve governance
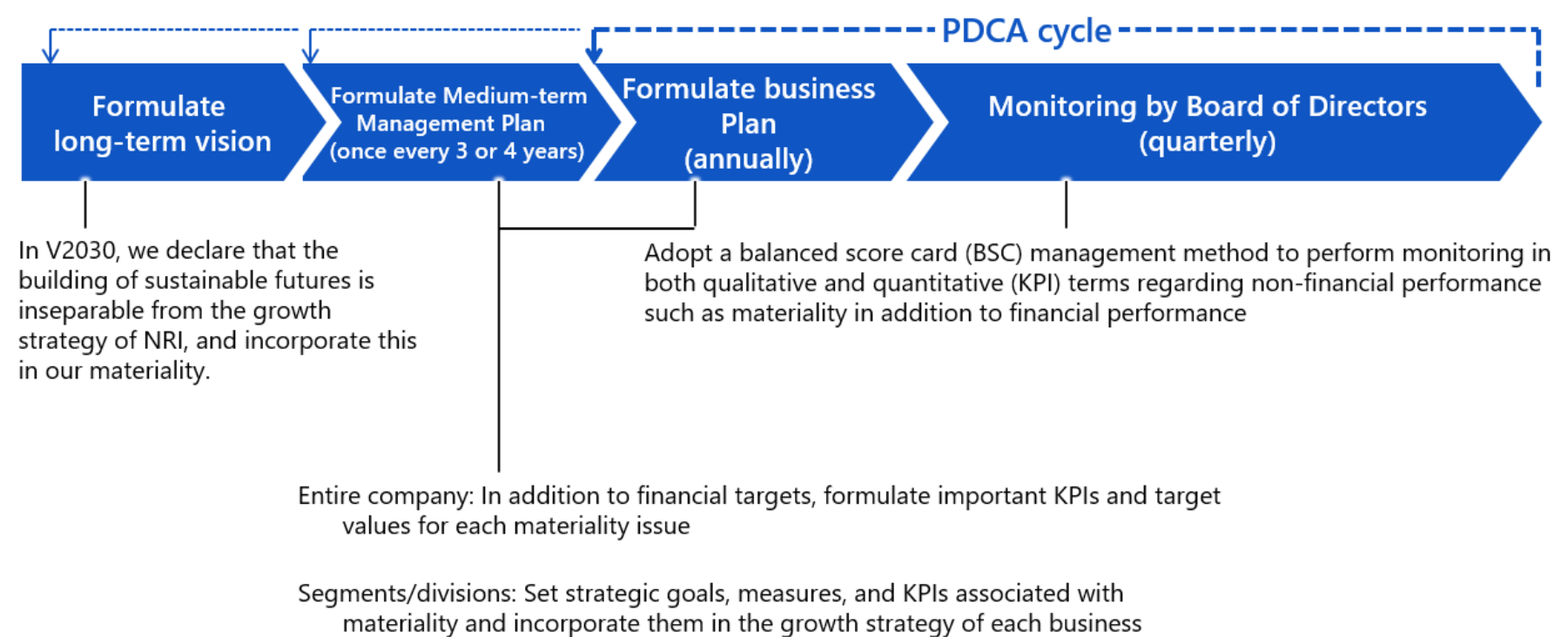
Materiality

Materiality Management

For each materiality issue, we have identified the following risks and opportunities related to sustainability and impacts on the business and finances of the NRI Group.

Materiality	Main Opportunities and Risks	Business and Financial Impact		
		Details	Term to face	Impact
Co-create a thriving future society	Solving social issues through co-creation with various partners, and thereby increasing sales and improving corporate value (opportunity)	As social issues become more complex and severe, the building of a sustainable future and the growth of the NRI Group proceed in unison and affect our business and finances	Short-term ～ Long-term	Large
Co-create an optimal society				
Co-create a safe and secure society				
Advance human capital	Direct impact of securing human resources and expanding human capital on competitiveness (risk/opportunity)	As competition for human resources intensifies, our ability to secure outstanding professionals and ensure that our management system for developing those human resources functions will affect our business and finances	Medium-term ～ Long-term	Large
Accumulate intellectual capital	Direct impact of creating and accumulating intellectual capital and enhancing organizational capability on competitiveness (risk/opportunity)	As uncertainty increases in society and the business environment, our ability to predict the future, provide recommendations for society, and utilize the expertise gained via our business activities as practical intellectual assets to gain a competitive advantage will affect our business and finances	Medium-term ～ Long-term	Large
Contribute to global environment	Reduced profitability and reputation due to the physical impacts of climate change and regulatory risks (risk)	If we do not strive to reduce our greenhouse gas emissions including Scope 3 emissions, we will lose the trust of society and our clients, which will affect our business and finances	Medium-term ～ Long-term	Medium
Fulfill our social responsibilities	Reduced competitiveness due to loss of human resources or human capital, difficulty continuing business due to loss of partner companies, litigation, and loss of reputation (risk)	If we do not uphold our social responsibility, we will lose the trust of clients, employees, and partner companies, and this will affect our business and finances	Short-term ～ Long-term	Medium
Evolve governance	Damages and litigation due to the occurrence of critical incidents, legal/compliance violations, loss of goodwill, and loss of reputation (risk)	If appropriate governance does not function, we will lose the trust of clients and investors, and this will affect our business and finances	Short-term ～ Long-term	Large

note: Comprehensively determining impact based on factors such as financial impact and probability of occurrence

■ Materiality

These risks and opportunities are identified, evaluated, and managed via ERM (Enterprise Risk Management) methodology and the risk management system of the entire NRI Group. The Sustainability Committee and Sustainability Activities Committee perform monitoring and progress management of important indices and report to the Board of Directors. We have also established a Sustainability Promotion Department, which monitors sustainability trends and regulations, and checks the impact they will have on the NRI Group.

In order to evaluate and manage risks regarding sustainability, we have defined important indices (materiality indices) and target values in the Medium-Term Management Plan (2023 - 2025). These are incorporated in the PDCA cycle of each organization via a balanced score card (BSC) used to promote business plans in the NRI Group, and monitored at quarterly Board of Directors meetings.

PDCA cycle

| Formulate long-term vision | Formulate Medium-term Management Plan (once every 3 or 4 years) | Formulate business Plan (annually) | Monitoring by Board of Directors (quarterly) |

In V2030, we declare that the building of sustainable futures is inseparable from the growth strategy of NRI, and incorporate this in our materiality.

Adopt a balanced score card (BSC) management method to perform monitoring in both qualitative and quantitative (KPI) terms regarding non-financial performance such as materiality in addition to financial performance

Entire company: In addition to financial targets, formulate important KPIs and target values for each materiality issue

Segments/divisions: Set strategic goals, measures, and KPIs associated with materiality and incorporate them in the growth strategy of each business

▶ Materiality Details

Co-create a thriving future society through expansion of digital social capital

2030 Target

Derive value from excellent human capital and intellectual capital to expand digital social capital

Major Initiatives

・Business model transformation
 - DX consulting, analytics
 - Social DX (e.g. Utilization of Individual Number, regional revitalization, etc.)
 - D2C*, Financial DX
・Policy proposals, advocation, Information & knowledge sharing, etc.

Materiality Indicators (Targets and Progress)

Overall investment & spending on measures for DX 2.0/3.0 that transforms industries & society
 FY2025 target : ¥63.0 billion
   *Cumulative values during the term of Medium-term Management Plan (2023-2025)
 FY2022 result : - *Measured from FY2023

11

Materiality

Co-create an optimal society through effective utilization of resources

2030 Target

Effectively utilize resources (such as human resources, public assets, IP) and recycle natural resources through the use of business PF and data analytics

Major Initiatives

・Business process transformation
 - Strategy/operations/systems consulting
 - Value chain DX (CO2 visualization, circular economy platforms creation)
・Shared operation through business PF
 - STAR, BESTWAY, etc.

Materiality Indicators (Targets and Progress)

Revenues of business platforms that help to achieve an optimal society
    FY2025 target : ¥141.0 billion
    FY2022 result : ¥128.5 billion

Co-create a safe and secure society through sophistication of infrastructure

2030 Target

Provide highly advanced IT infrastructure to protect social infrastructure and data from disasters and cyber risks

Major Initiatives

・Sustainable social infrastructure
・IT infrastructure transformation
 - Security, cloud services
・Stable service operation
・Disaster management, disaster recovery support, etc.

Materiality Indicators (Targets and Progress)

Revenues related to safety & security to enable a more resilient society
    FY2025 target : ¥216.0 billion
    FY2022 result : ¥169.8 billion
    *Including Inter-segment revenue for each segment

Advance human capital through bold actions and growth of diverse professionals

2030 Target

Create a workplace where highly skilled professionals with diverse values gather to grow

Major Initiatives

・Improve growth opportunities for each individual
・Promote diversity and inclusion
・Enhance capability to realize the growth story, etc.

Materiality Indicators (Targets and Progress)

Employee engagement score (NRI Payroll)
    FY2025 target : More than 70 continued
    FY2022 result : 71

Female opportunity offering rate (Not consolidated)
    FY2025 target : 17%
    FY2022 result : 14.3%
    *Percentage of women responsible for projects and businesses

■ Materiality

Accumulate intellectual capital through elevation of individual knowledge into organizational strength

2030 Target

Sublimate individual knowledge into organizational strength (such as business model, brand, and capability)

Major Initiatives

・Evolve business model (e.g., expand software assets)
・Create a continuously evolving brand (e.g., enhanced content for Information & knowledge sharing)
・Strengthen organizational capability to support business development (e.g., quality control, productivity innovation), etc.

Materiality Indicators (Targets and Progress)

Amount of investment in creating & accumulating intellectual capital
　　FY2025 target : ¥41.0 billion
　　　　　　　　*Cumulative values during the term of Medium-term Management Plan (2023-2025)
　　FY2022 result : ¥13.2 billion

Contribute to global environment through collaboration with business partners

2030 Target

In collaboration with business partners with Scope 3 vision, create a sustainable environment globally and conserve natural capital while promoting more sophisticated use of renewable energies

Major Initiatives

・Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)
・Take measures to reduce greenhouse gas emissions in Scope 3, etc.

Materiality Indicators (Targets and Progress)

Greenhouse emissions reduction rate (base year : FY2019) (Scope 1 + 2)
　　FY2030 target : Net-zero　* Reduce Scope 1+2 emissions by 97%, neutralizing residual emissions
　　FY2022 result : -66%

Reduction rate of greenhouse gas emissions (base year: FY 2019) (Scope 3)
　　FY2030 target : -30%
　　FY2022 result : +5%

Renewable energy utilization rate
　　FY2030 target : 100%
　　FY2022 result : 73%

■ Materiality

Fulfill our social responsibilities through strengthening of relationships with stakeholders

2030 Target

Fulfill social responsibilities in the entire supply chain, such as good relationships with stakeholders, creating a healthy workplace, and commitment to human rights

Major Initiatives

・Employee well-being
・Initiatives concerning human rights and labor practices (including AI ethics, etc.)
・Build and strengthen partnerships with business partners, stakeholders and communities, etc.

Materiality Indicators (Targets and Progress)

Rate of consent to the NRI Group Business Partner Code of Conduct　or possessing own such codes of conduct
　FY2025 target : Domestic group 90％ (Ref. Global 80％)
　FY2022 result　: Domestic group 63％ (Ref. Global 56％)
　＊ Including environment, human rights, etc.
　　＊ Consenters or holders of equivalent standards in NRI Group's procurement partner companies, such as system development contractors

Evolve governance through realization of strategic risk control

2030 Target

Strive for balanced governance, including strategic risk-taking, to control risks with long-term perspective

Major Initiatives

・Maintain/operate group-wide governance and internal control
・Enterprise risk management
・Strengthen quality control and information security management
・Promote disclosure and improve transparency
・Enhance compliance, etc.

Materiality Indicators (Targets and Progress)

Number of cases in which severe risk materializes
(reports to regulatory authorities or incidents of equivalent severity for which the NRI Group is responsible)
　FY2025 target : 0
　FY2022 result　: 1

▶Key performance indicators of materiality

Note : Red letters are materiality indicators in the medium-term management plan (2023-2025)

Materiality	Initiatives	KPI	FY2025 Targets	FY2022 Results	Coverage	Link
Value Creation						
Co-create a thriving future society	Business model transformation	Overall investment & spending on measures for DX 2.0/3.0 that transforms industries & society*¹	¥63.0 billion*²	(Measurements starts in FY2023)	a	-
		Number of business partnerships (joint ventures, local government agencies supported, etc.)	-	2	a	-
		Research and study to solve social issues	-	¥1,181 million	c-	P.170
	Policy proposals, advocation, Information & knowledge sharing, etc.	Major newspaper articles	1,000	162/Q	a	P.171
		Major Website articles	1,800	360/Q	a	P.171
		Media forums	48 times	6 times/Q	a	-
Co-create an optimal society	Business process transformation	Scale of cloud and data center services business (monetary sum)	-	YoY -0%	a	-
	Shared operation through business PF	Revenues of business platforms that help to achieve an optimal society	¥141.0 billion	¥128.5 billion	a	P.102
		Client CO2 emission reductions through shared online services	-	128,144t	a	P.102
Co-create a safe and secure society	Sustainable social infrastructure	Scale of public services business (monetary sum)	-	YoY+18%	a	-
	IT infrastructure transformation	Revenues related to safety & security to enable a more resilient society*3	¥216.0 billion	¥169.8 billion	a	-
	Stable service operation	Number of information system incidents that had serious financial and social impacts	0	0	a	-
	Disaster management, disaster recovery support	As stated "Research and study to solve social issues" above				
		Degree of empathy with value co-creation *⁴ (domestic group)	70%	64%	b	-
		（reference） DCI （calendar year） *⁴	-	62.6		-

Value Creation Capital						
Advance human capital	Improve growth opportunities for each individual	Growth realization ratio	75%	72.1%	c	-
		Percentage of managers with high human management skill (high scores on human resource-related measures in the internal survey)	97%	93.5%	c	-
	Promote diversity and inclusion	Employee engagement score (NRI Payroll)	More than 70 continued	71	b-	P.129
		Percentage of female managers	13%	8.5%	c	P.121
		Female opportunity offering rate *5	17%	14.3%	c	-
		Percentage of managers who were mid-career hires (equitable promotion from employee population)	Equivalent percentage maintained for expert and management	Equal ratio of expert and management (26%)	c	-
	Enhance capability to realize the growth story	Number of human resources for utilizing DX	3,200 people	2,997 people	c	-
		Number of human resources for business creation	200 people	155 people	c	-
		Number of human resources for global business	-	(Measurements starts in FY2023)	c	-
		Number of hires (new graduates/mid-career hires)	new graduates 500 mid-career hires 365	new graduates 399 mid-career hires 335	c-*7	P.126
Accumulate intellectual capital	Evolve business model (e.g., expand software assets)	Software investment	-	¥43.3 billion	a	-
	Create a continuously evolving brand (e.g., enhanced content for Information & knowledge sharing)	As stated "Major newspaper articles", "Major Website articles" and "Media forums" above				
	Strengthen organizational capability to support business development (e.g., quality control, productivity innovation)	Amount of investment in creating & accumulating intellectual capital	¥41.0 billion*2	¥13.2 billion	a	-

Management Basis (ESG)						
Contribute to global environment	Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)	Greenhouse gas emissions reduction rate (Scope1+2) (Base year FY2019)	FY2030 Target Net-zero *8	66% decrease	a	P.105
		Renewable energy utilization rate	FY2030 Target 100%	73%	a	P.105
	Take measures to reduce greenhouse gas emissions in Scope 3	Greenhouse gas emissions reduction rate (Scope3) (Base year FY2019)	FY2030 Target 30%	5% increase	a	P.105
		Percentage of suppliers that set environmental targets based on SBT	-	53%	c	-

Materiality

Fulfill our social responsibilities	Employee well-being	Percentage of paid leave taken	75%	71%	c	P.139
		Rate of follow-up on periodic health checkups	95%	89%	c-	-
		Percentage of male employees taking childcare leave/partner childbirth leave	80%	76%	c-	P.132
	Initiatives concerning human rights and labor practices (including AI ethics, etc.)	Percentage of employees receiving training on human rights	100% of employees in position of expert or above have received training	89%	c	-
	Build and strengthen partnerships with business partners, stakeholders and communities	Number of unique companies participating in events for business partners about sustainability	–	(Measurements starts in FY2023)	c	-
		Rate of consent to the NRI Group Business Partner Code of Conduct*9 or possessing own such codes of conduct*10	Domestic Group 90％ （reference：global 80％）	Domestic Group 63％ （reference：global 56％）	d	-
		Social contribution expense	-	¥1,367 million	c-	P.170
Evolve governance	Maintain/operate group-wide governance and internal control	Number of cases in which severe risk materializes (reports to regulatory authorities or incidents of equivalent severity for which the NRI Group is responsible)	0 (every year)	1	a	-
	Enterprise risk management					
	Strengthen quality control and information security management					
	Promote disclosure and improve transparency	Number of guarantees obtained from third party certification authorities	-	65	–	P.172
	Enhance compliance	Percentage of compliance confirmation tests (odd years) or compliance awareness surveys (even years) collected	-	83.7%	b	P.57
External Evaluation		DJSI World （Dow Jones Sustainability Indices）	Selection Continued	Selection	-	P.24

*1 "DX2.0" is defined as DX that uses digital technology to create new business models, and "DX3.0" is defined as DX that solves social issues and achieves paradigm change.

*2 Cumulative values during the term of Medium-term Management Plan (2023-2025)

*3 IT Platform Services Segment Revenues (including Inter-segment revenue for each segment)

*4 Ratio of employees who feel strong buy-in for the concepts of "value co-creation" and NRI's "three social values"

*5 Digital Capabilities Index. This index visualizes the level of digitalization in Japan based on the overall value of four factors : (1) internet use by citizens, (2) digital public services, (3) connectivity (devices and telecommunications infrastructure), and (4) human capital (digital skills and ICT education).

*6 Percentage of women responsible for projects and businesses

*7 Number of people hired for associate and expert positions (career track). Including employees seconded to subsidiaries in the scope of the calculation.

*8 97% reduction of Scope 1+2 emissions and neutralization of residual emissions.

　Residual emissions : Emissions that cannot be reduced in the NRI Group's value chain at the time of the net-zero targets

　Neutralization : Canceling out residual emissions through the use of carbon dioxide removal technologies and other means

*9 Including environment, human rights, etc.

*10 Consenters or holders of equivalent standards in NRI Group's procurement partner companies, such as system development contractors

■ Materiality

▶**Materiality issues with particularly high expectations and requirements** (environmental and social impact) **from external stakeholders**

(1) CO2 reduction via shared online services

Corresponding materiality

Value Creation : Co-create an optimal society

Reason that expectations/demands from external stakeholders are thought to be particularly high

The ICT industry has high CO_2 emissions and therefore great responsibility regarding climate change, which is a negative externality of the development of the future digital society. As the NRI Group promotes DX, our impact on climate change and our responsibility will increase as our business expands in the future.

In order to tackle these climate change problems, we build software for clients on a standardized system and provide shared online services as SaaS to clients in various industries including financial institutions. Consolidation via shared online services can dramatically reduce CO_2 emissions compared to a situation where companies operate equivalent systems separately.

Effects of NRI actions (Output)

Consolidation via shared online services can reduce CO_2 emissions by as much as 73.9% compared to a situation where companies operate equivalent systems separately. Further CO_2 emission reductions are expected if the development stage is also taken into account.

In other words, by reducing the greenhouse gas emissions of the NRI Group and expanding the users of shared online services, we can reduce the overall greenhouse gas emissions of society. We will expand the users of shared online services to aim to reduce the overall greenhouse gas emissions of society.

Measuring the impact on stakeholders

In order to quantify and evaluate estimate the impact on stakeholders, we use the Impact Weighted Financial Accounts index (The Environmental Priority Strategy System) developed by Harvard Business School.

We quantify and measure the impact on society and the environment by using the above index to convert the estimated overall CO_2 reductions if all our clients used shared online services into reduced carbon costs for society.

Reference

HARVARD BUSINESS SCHOOL The IMPACT-WEIGHTED ACCOUNTS MODEL

https://www.hbs.edu/impact-weighted-accounts/Pages/default.aspx

(2) Improving community QOL and regional revitalization via digitalization of local municipalities and regional IT development

Corresponding materiality

Value Creation : Co-create a thriving future society

Reason that expectations/demands from external stakeholders are thought to be particularly high

As Japan is the fastest aging society in the world, aging, depopulation, and economic decline in regional areas are major social problems faced by the country. For a company in charge of ICT, there is an urgent need to utilize digital technologies to overcome challenges such as labor shortages and the management of social infrastructure.

Faced with such problems, we believe that it is possible to increase the happiness (wellbeing) of citizens and improve community QOL via regional digitalization based on the future predictions of consultants with a diverse range of specialized knowledge, an understanding of issues and potential opportunities identified via the latest trend analysis and big data analysis, and the utilization of knowledge regarding the industrial redevelopment and urban regeneration that NRI has conducted in the past.

Effects of NRI actions (Output)

The NRI Group prevents aging, depopulation, and economic decline in regional areas by providing solutions (IT services and consulting projects for local government) to solve individual issues faced by regional cities.

We have been utilizing our knowledge regarding the industrial redevelopment and urban regeneration that NRI has conducted in the past to formulate strategies for solving individual challenges facing regional cities. We also propose solutions to social issues by utilizing DX at regional cities that are concerned by various regional challenges.

Measuring the impact on stakeholders

In order to quantify and evaluate the impact on stakeholders, we use the unique DCI (Digital Capability Index) index developed by NRI in 2019 to visualize digitalization by prefecture.

The above index is used to periodically measure the degree digitalization of each prefecture and thereby quantify and measure the impact on society and the environment.

Reference

The Progress of Digitalization by Prefecture as Seen in the DCI

https://www.nri.com/en/knowledge/report/lst/2023/cc/0419_1

▶Materiality issues with a particularly large impact on the business of the NRI Group

(1) Strengthening information security management

Corresponding materiality

Management Basis (ESG) : Evolve governance through realization of strategic risk control

Reason that impact on the business of the NRI Group is thought to be particularly high

Risks to information security are increasing over the world, as exemplified by the large-scale hacking of confidential information and cyberattacks targeting important infrastructure and corporations.

Information security is the most critical business risk for the NRI Group, because we develop and operate national systems and information systems for many client companies.

NRI Group efforts to tackle this materiality issue

The NRI Group appoints people responsible for and in charge of information security at every business division and group company to build a mesh structure for conducting activities across the organization. In addition to promoting information security measures, this enables us to enact swift and accurate responses to emergency situations such as information security problems or cyberattacks.

In order to prevent information security problems before they occur and minimize the impact of problems that do occur, we implement various measures for employee awareness building and information security management auditing at our offices and business partners, including the adoption of the above robust governance measures.

Materiality Indicators (Targets and Progress)

Number of cases in which severe risk materializes

(reports to regulatory authorities or incidents of equivalent severity for which the NRI Group is responsible)
    FY2025 target : 0
    FY2022 result : 1

Relationship between this materiality issue and Member of the Board compensation

Information security problems are reflected in the calculation of compensation for Members of the Board, Senior Executive Managing Directors, and Senior Corporate Managing Directors, according to the scope of impact and level of importance.

We also quantitatively and qualitatively conduct a comprehensive evaluation of the results and CSV performance of each department annually, and select three departments with outstanding achievements. The evaluations of the three departments are reflected in the bonuses of the general managers and employees of the departments.

■ Materiality

(2) Securing/developing human resources and diversity

Corresponding materiality

Value Creation Capital : Advance human capital

Reason that impact on the business of the NRI Group is thought to be particularly high

As a consulting and IT solutions service company, our most important management resources are people. In our V2030 long-term management vision, maximizing human capital is an important theme for the NRI Group. From a long-term perspective, it is important to recruit/develop outstanding human resources and provide those people with opportunities for fully demonstrating their abilities, in order to maximize our human capital. Improved diversity and employee engagement are also important for maximizing human capital.

NRI Group efforts to tackle this materiality issue

By implementing the following measures to enable each of our employees to fully demonstrate their abilities in line with their ambition and experience, we promote the construction of a highly engaging organization where diverse professionals can flourish, and aim to develop true professionals.

(1) "Career fields" visualizing the domains and levels of one's specialized skills
(2) Internal certification system for employees with a high level of specialized skills
(3) Global human resource development program including overseas posting and training
(4) Systematically providing female managers and manager candidates with opportunities and promotions
(5) Various initiatives aimed at maintaining and improving engagement across the entire group

Materiality Indicators (Targets and Progress)

Employee engagement score (NRI Payroll)
  FY2025 target : More than 70 continued
  FY2022 result : 71

Female opportunity offering rate (Not consolidated)
  FY2025 target : 17％
  FY2022 result : 14.3％
  *Percentage of women responsible for projects and businesses

Relationship between this materiality issue and Member of the Board compensation

In regard to share-based compensation for Members of the Board (excluding external Members of the Board) and Senior Managing Directors, we have adopted a system that considers actions for achieving NRI Group sustainability indices including the expansion of human capital in our Medium-Term Management Plan (2023 - 2025).
Each year, we select three outstanding departments upon conducting a quantitative and qualitative evaluation on business performance, strategic consistency, quality management and compliance efforts, and the status of sustainability efforts including response to climate change. The evaluations of the three departments are reflected in the bonuses of the general managers and employees of the departments.

Materiality

(3) Reduction of greenhouse gas emissions

Corresponding materiality

Management Basis (ESG) : Contribute to global environment

Reason that impact on the business of the NRI Group is thought to be particularly high

As described in the expected opportunities and risks of the TCFD, climate change will have a major impact on all four business segments of the NRI Group.

Although we can expect our consulting business to see increased corporate assistance utilizing our knowledge on decarbonization and our IT solution business to contribute to decarbonization by providing assistance on making supply chain and logistics processes more efficient, there is also a risk of NRI profits falling due to climate change because of the impact that ensuing macroeconomic stagnation will have on our client companies.

The NRI Group has three data centers that account for approximately 80% of the energy consumption of the entire NRI Group.

This is why global warming (and the reduction of greenhouse gas emissions) entails both long-term risks and business opportunities for the NRI Group.

NRI Group efforts to tackle this materiality issue

The NRI Group is migrating from conventional data centers to new data centers with excellent environmental performance. Our data centers, which account for most of the energy consumed by our business, use power completely derived from renewable sources. A combination of multiple energy-saving technologies also enable us to dramatically reduce energy consumption.

We are also able to dramatically reduce the total energy consumption of the company by adopting shared online services, which enable a single IT system to be shared between multiple companies, rather than having each company build and operate individual IT systems.

Our consulting business also provides effective advice on environmental measures to government and industry. We also actively promote the disclosure of information regarding climate change.

Materiality Indicators (Targets and Progress)

Greenhouse emissions reduction rate (base year : FY2019) (Scope 1 + 2)
   FY2030 target : Net-zero   * Reduce Scope 1+2 emissions by 97%, neutralizing residual emissions
   FY2022 result : -66%

Relationship between this materiality issue and Member of the Board compensation

In regard to share-based compensation for Members of the Board (excluding external Members of the Board) and Senior Managing Directors, we have adopted a system that considers actions for achieving NRI Group sustainability indices including the reduction of greenhouse gas emissions in our Medium-Term Management Plan (2023 - 2025).

Each year, we select three outstanding departments upon conducting a quantitative and qualitative evaluation on business performance, strategic consistency, quality management and compliance efforts, and the status of sustainability efforts including decarbonization. The evaluations of the three departments are reflected in the bonuses of the general managers and employees of the departments.

■ Information Disclosure

▶Structure of disclosure of information

Information disclosure system

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

ESG Databook (PDF)
We disclose in detail non-financial information relating to the Environmental (E), Society (S), and Governance (G) as the data section of the integrated report,

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

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

Information Disclosure System

Relevance to our strategy / Story

Integrated Report (Annual Report)

Corporate Brochure | Sustainability Book

Website

Financial

Investor Relations Page | About NRI Page | Sustainability Page

Non-financial

Annual Securities Report (in Japanese)

Corporate Governance Page

ESG DATA BOOK

Information Comprehensiveness

Link Files	Approach to Disclosure
	https://www.nri.com/en/ir/policy
	Integrated Report (Annual Report)
	https://ir.nri.com/en/ir/library/report.html
	Sustainability
	https://www.nri.com/en/sustainability
	Sustainability Report (Library)
	https://www.nri.com/en/sustainability/library/report

▶Scope of reporting / Reporting period / Independent assurance

Scope of reporting

The disclosure of financial and non-financial information applies as a general rule to the NRI Group (Nomura Research Institute, Inc., and its consolidated subsidiaries).
Some of the non-financial information targets a specific range, in which case said range is clearly specified separately.

Reporting period

Content is mainly focused on initiatives from FY2022 (from April 1, 2022 to March 31, 2023), but may also include some background information, activities after April 1, 2023, or planned future activities.

■ Information Disclosure

Correction of previously reported information

There are no serious corrections to the reporting in last year's ESG Data Book.

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Independent assurance

We have obtained certification from third-party certification organizations for some environmental data and social contribution activity data.

| Link File | Independent Assurance Report (p.172) |

■ Information Disclosure

▶Guidelines referenced for the disclosure of information

Guidelines referenced for disclosure
• The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) • Global Reporting Initiative (GRI) Sustainability Reporting Standards • Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan • UN Guiding Principles Reporting Framework

Link File	GRI Standards Content Index (p.173-)

▶External evaluation

External evaluation
Inclusion in ESG stock indices • Dow Jones Sustainability World Index (2018－) • Dow Jones Sustainability Asia/Pacific Index (2016－) • MSCI ESG Leaders Index (2016－) • FTSE4Good Developed Index (2006－) • MSCI Japan ESG Select Leaders Index (2017－) • MSCI Japan Empowering Woman Index (2017－) • FTSE Blossom Japan Index (2017－) • FTSE Blossom Japan Sector Relative Index（2022－） • SOMPO Sustainability Index (2012－) • S&P/JPX Carbon Efficient Index (2018－) • Euronext Vigeo World 120 Index（2021－） ・Morningstar Japan ex-REIT Gender Diversity Tilt Index（2023－） Sustainability related evaluation • "Top 10%" of S&P Sustainability Yearbook 2023 Rankings by S&P Global (2022) • MSCI ESG Ratings AAA（FY2021－） Climate change related evaluation • CDP climate change A list company (FY2019－) • CDP Supplier Engagement Leaderboard (FY2019－) Diversity related evaluation • Received the highest level of "Eruboshi" (The Ministry of Health, Labor and Walfare) (2017－) • Kurumin Mark (The Ministry of Health, Labor and Walfare) (2007－) • Plutinum Kurumin Certification (The Ministry of Health, Labor and Walfare) (2018－) Health and productivity management related evaluation* • Certified as "Excellent Enterprise of Health and Productivity Management* (White 500)" (2017－) Awards ・Japan Times "Sustainable Japan Award 2022" Grand Prize (FY2022) ・Japan Association of Corporate Directors (JACD) "Corporate Governance of the Year 2022 Awards" Winner Company (FY2022) ・Securities Analysts Association of Japan "Awards for Excellence in Corporate Disclosure" 1st place in IT Service/Software category (FY2022)

Corporate Governance - Management Approach

NRI's approach to material issues

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

1. Cooperation with stakeholders

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

2. Information disclosure and communication

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

3. Corporate governance system

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

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

Priority activities / Medium- to long-term targets

NRI Group has grown in the Japanese market mainly by building a client base in the finance and distribution industries and providing business platforms in the field of finance. In the global market, we have grown by assisting the globalization of Japanese companies and expanding their business base mainly in Australia and North America.

Furthermore, client companies are taking COVID-19 as an opportunity for IT investment related to digital transformation (hereinafter referred to as "DX"), and are rapidly progressing from the stage of transforming business processes to the stage of transforming business models themselves.

In order to realize further growth in the future, the NRI Group needs to enhance its competitive advantage in existing business areas both at home and abroad, establish its position as a trusted partner in the DX area, and enlarge transactions with customers.

To that end, it is necessary to secure personnel who will promote the DX business and the global business, and it is important to strengthen recruitment and development.

Although the percentage of consolidated overseas sales is 17.8%, NRI's foreign ownership ratio is about 34.9%, and the NRI Group's overseas workforce ratio is 37.9%.

In light of the above, we are promoting the enhancement of corporate governance from the following perspectives.

Based on the above, we promote the enhancement of corporate governance from the following perspectives.

・Transparency and independence based on global standards
・Sustainability including non-financial factors such as environmental and social aspects
・Diversity and universality in global governance

■ Corporate Governance - Management Approach

Progress / Achievements / Challenges

We improved transparency and independence by increasing the number of independent outside directors from two to three in 2015, and began evaluating the effectiveness of the Board of Directors annually from 2016.

In 2017, the company established a Nomination Committee with independent outside directors as the principal members, and also changed the principal members of the Compensation Committee from outside experts to independent outside directors.

In regard to sustainability efforts, in 2023 we merged the existing Sustainability Activities Committee and Value Co-Creation Committee to establish the Sustainability Committee, headed by a Member of the Board. This has enabled us to further strengthen our system for incorporating the perspective of sustainability in our management decision-making and supervision.

As for the diversity and universality of global governance, we are proceeding to share the corporate philosophy of NRI, along with the group's corporate behavior principles and standards of conduct, while at the same time respecting the corporate culture and climate of overseas subsidiaries that have newly joined the NRI Group.

Link Files

Corporate Governance
https://www.nri.com/en/company/governance

NRI's Corporate Governance
https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=104

Financial Results (In Japanese only)
https://ir.nri.com/jp/ir/library/securities.html

■ Corporate Governance - Data

▶Corporate governance policy

Policy and objectives concerning the independence of the Board of Directors	
Reference	NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Directors and Independent Audit & Supervisory Board Members, as well as the establishment of a body with a majority of members Independent Directors appointed to advise the Board of Directors. The Board of Directors has a well-balanced composition of executive directors, non-executive directors, and outside directors, which is intended to facilitate the realization of appropriate decision-making and oversight of the Board of Directors that take into consideration multiple perspectives, including the viewpoints of business execution, supervision, and outside parties. In order to realize this, we ensure that at least one third of the Board of Directors is made up of independent directors. The independence of the Board of Directors is stipulated in Articles 11, 13, 17, 19, 21, 22 and 23 of the NRI Corporate Governance Guidelines.
	NRI Corporate Governance Guidelines https://www.nri.com/en/company/governance

▶Members of the Board

Number of Members of the Board and Audit & Supervisory Board Members (Beginning of July)		unit	2019	2020	2021	2022	2023
Total number of Members of the Board		no. of person	9	9	9	9	9
	Female directors	no. of person	1	1	1	1	1
	Non-Japanese directors	no. of person	0	0	0	0	0
Executive internal directors		no. of person	3	3	3	4	4
Non-executive internal directors		no. of person	3	3	3	2	2
Outside directors		no. of person	3	3	3	3	3
Total number of Audit & Supervisory Board Members		no. of person	5	5	5	5	5
	Female directors	no. of person	0	0	0	1	1
	Non-Japanese members	no. of person	0	0	0	0	0
Outside Audit & Supervisory Board Members		no. of person	3	3	3	3	3
Coverage			c	c	c	c	c

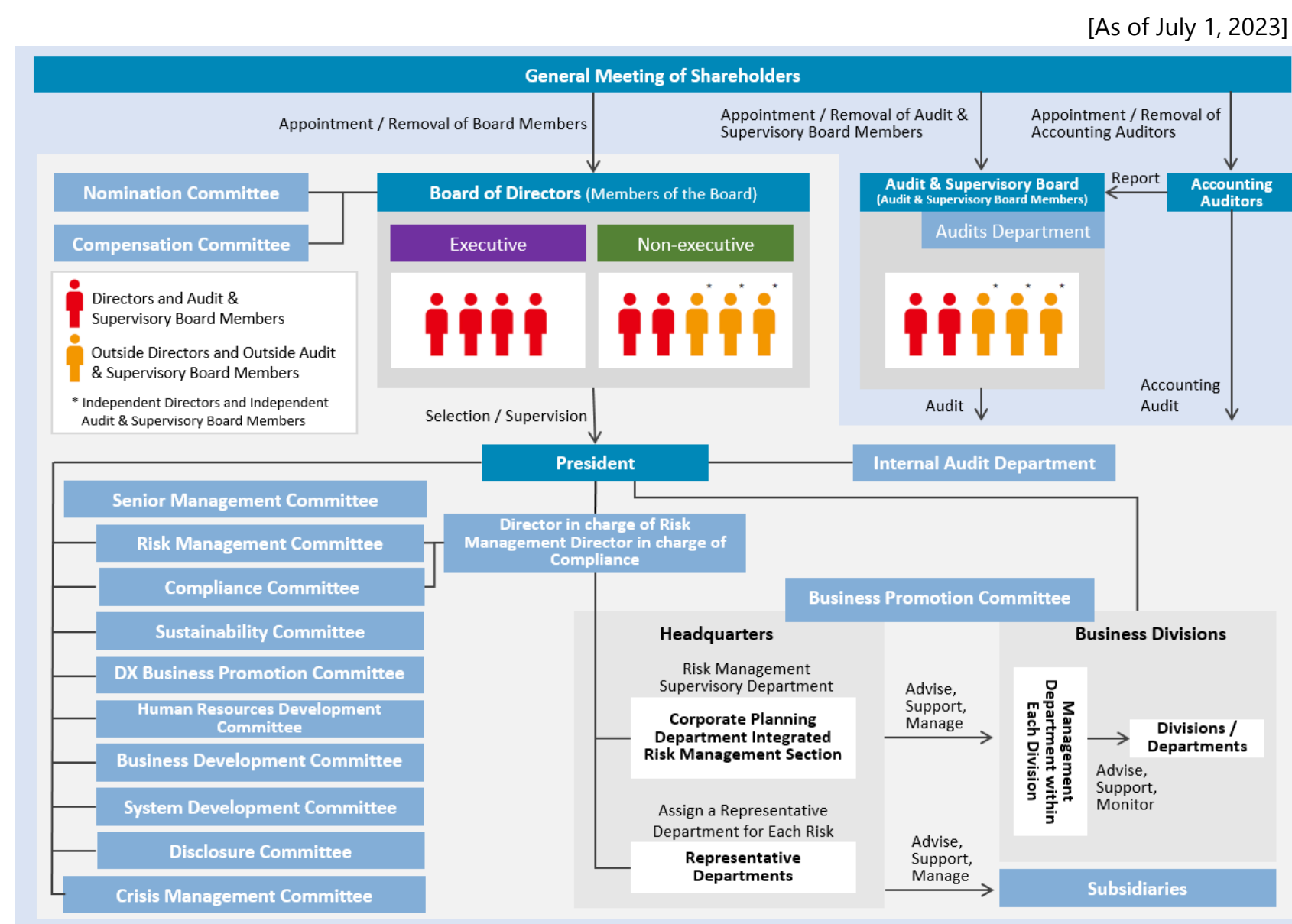| Chairperson of the Board of Directors	
	The Chairperson of the Board of Directors serves as a non-executive director, thereby achieving the separation of business execution and oversight. (Ref. NRI Corporate Governance Guidelines Article 13. Chairperson of the Board of Directors)

Number of Senior Management Directors, etc. (Beginning of July)		unit	2019	2020	2021	2022	2023
Senior Management Directors[*]		no. of person	38	41	40	43	42
	Female	no. of person	1	1	2	2	2
Management Directors		no. of person	10	9	8	7	7
	Female	no. of person	1	1	0	1	1
Research Directors		no. of person	2	2	3	3	2
	Female	no. of person	0	0	0	0	0
Coverage			c	c	c	c	c

* Including members who also serve as executive internal directors

■ **Corporate Governance - Data**

▶**Corporate governance structure**

Corporate governance structure

[As of July 1, 2023]

General Meeting of Shareholders

Appointment / Removal of Board Members | Appointment / Removal of Audit & Supervisory Board Members | Appointment / Removal of Accounting Auditors

Nomination Committee
Compensation Committee

Board of Directors (Members of the Board)
Executive | Non-executive

Audit & Supervisory Board (Audit & Supervisory Board Members)
Report
Accounting Auditors
Audits Department

■ Directors and Audit & Supervisory Board Members
■ Outside Directors and Outside Audit & Supervisory Board Members
* Independent Directors and Independent Audit & Supervisory Board Members

Selection / Supervision
Audit
Accounting Audit

President
Internal Audit Department

Senior Management Committee
Risk Management Committee
Compliance Committee
Sustainability Committee
DX Business Promotion Committee
Human Resources Development Committee
Business Development Committee
System Development Committee
Disclosure Committee
Crisis Management Committee

Director in charge of Risk Management Director in charge of Compliance

Business Promotion Committee

Headquarters
Risk Management Supervisory Department
Corporate Planning Department Integrated Risk Management Section
Assign a Representative Department for Each Risk
Representative Departments

Business Divisions
Management Department within Each Division
Advise, Support, Manage
Divisions / Departments
Advise, Support, Monitor
Advise, Support, Manage
Subsidiaries

▶**Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members**

Process for nomination of Members of the Board and Audit & Supervisory Board Members

The Board of Directors includes up to 15 members that are appointed based on gender, internationality, career experience/expertise, and a good balance of experience related to the NRI business, corporate management, risk management, finances/accounting, and overseas business, according to our the medium to long-term management strategy, and realizes appropriate decision-making and supervision based on diverse perspectives and values. Selection was decided at the General Meeting of Shareholders after deliberation by the Nomination Committee and Board of Directors.

To ensure independence, NRI elects at least two Independent Audit & Supervisory Board Members. And at least one of the appointed Audit & Supervisory Board Members must have considerable knowledge of finance and accounting.

Criteria for nomination of Members of the Board and Audit & Supervisory Board Members

Candidates for Members of the Board must have extensive practical experience, high capabilities, understanding, and the ability to contribute to the enhancement of corporate value over the mid- to long-term in a manner consistent with the NRI's corporate philosophy.

Candidates for Audit & Supervisory Board members must have extensive practical experience, high capabilities, understanding, and can be expected to perform audits from a neutral and objective viewpoint and contribute to the maintenance of the soundness of management.

Terms of Members of the Board and Audit & Supervisory Board Members

The terms of Members of the Board and Audit & Supervisory Board Members are defined as follows in the articles of incorporation.

・Members of the Board: Until the conclusion of the Ordinary General Meeting of Shareholders regarding the final business year that will finish within one year of appointment.

・Audit & Supervisory Board Members: Until the conclusion of the Ordinary General Meeting of Shareholders regarding the final business year that will finish within four years of appointment.

■ **Corporate Governance - Data**

▶**Conflict of interest**

Process for Preventing and Reducing Member of the Board Conflicts of Interest
When conducting a conflict of interest transaction with a Member of the Board as defined in the Companies Act, NRI requires debate on and approval of the transaction at a Board of Directors meeting, to ensure that the transaction will not harm the common interests of the company and shareholders. If a transaction is approved, the status of the transaction is periodically reported on at Board of Directors meetings.

▶**Functions and committees**

The highest governing body	
Overview	Board of Directors
	NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors. The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member of the Board (Non-Executive Director)
Members	
	Shingo Komoto, Yo Akatsuka, Ken Ebato, Hidenori Anzai, ShujiTateno, Shinoi Sakata, Tetsuji Ohashi, Hideki Kobori

Function for compensation	
Overview	Compensation Committee
	The majority of the members of this committee are independent outside directors. The committee deliberates on topics such as the system and level of remuneration for directors and remuneration for each director from the standpoint of fairness and transparency. (Ref. NRI Corporate Governance Guidelines Article22, Compensation Committee)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member of the Board (Non-Executive Director)
Members	
	Hidenori Anzai, Shinoi Sakata, Tetsuji Ohashi, Hideki Kobori

Function for nomination	
Overview	Nomination Committee
	The majority of the members of this committee are independent outside directors. The appointment of directors and corporate auditors is deliberated from the perspective of fairness and transparency in light of the basic management policy and selection criteria for each officer. In addition, if any doubt arises in the activity results of the board member, the appropriateness of dismissal will be discussed. (Article 21 Nomination Advisory Committee of NRI Corporate Governance Guidelines)
Committee Chair	
	Yasuo Fukami, Vice Chairman, Member of the Board (Non-Executive Director)
Members	
	Shingo Kinomoto, Shinoi Sakata, Tetsuji Ohashi, Hideki Kobori

Corporate Governance - Data

Function for audit

Overview	Audit & Supervisory Board
	The Audit & Supervisory Board oversee the execution of duties by Members of the Board. And discusses and decides auditing policies and other important matters related to auditing and formulate and expresses audit opinions. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)
Committee Chair	
	Takuhito Sakata, Audit & Supervisory Board Member
Members	
	Yoichi Inada, Kenkichi Kosakai, Naruhito Minami, Yasuko Takazawa

Function for strategy

Overview	Senior Management Committee
	The Committee deliberates on important matters of company management in order to centralize the intention of business execution.
Committee Chair	
	Shingo Konomoto, President & CEO, Chairman, Member of the Board, Representative Director
Members	
	Ken Ebato, Hironori Anzai, Shuji Tateno, Fumihiko Sagano, Namiki Kubo, Tomohiko Noguchi, Susumu Nishimoto, Yoshihiko Sunaga, Shigekazu Ohmoto, Takeshi Hihara, Ichiro Morisawa, Kaga Yanagisawa, Hiroyuki Nakayama, Hiroyuki Kawanami

Function for risk management

Overview	Integrated Risk Management Committee
	The Committee deliberates on important issues related to risk management of the Group, such as system failures and information security and business continuity, based on the instructions of the President & CEO.
Committee Chair	
	Takeshi Hihara, Senior Corporate Managing Director
Members	
	Ken Ebato, Hironori Anzai, Shuji Tateno, Fumihiko Sagano, Namiki Kubo, Tomohiko Noguchi, Susumu Nishimoto, Yoshihiko Sunaga, Shigekazu Ohmoto, Ichiro Morisawa, Kaga Yanagisawa, Hiroyuki Nakayama, Hiroyuki Kawanami

Function for compliance

Overview	Compliance Committee
	The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on the instructions of the President & CEO.
Committee Chair	
	Takeshi Hihara, Senior Corporate Managing Director
Members	
	Ken Ebato, Hironori Anzai, Shuji Tateno, Fumihiko Sagano, Namiki Kubo, Tomohiko Noguchi, Susumu Nishimoto, Yoshihiko Sunaga, Shigekazu Ohmoto, Ichiro Morisawa, Kaga Yanagisawa, Hiroyuki Nakayama, Hiroyuki Kawanami, Hideki Saito, Takao Yamaguchi, Hirofumi Miyatake

■ Corporate Governance - Data

Function for sustainability

Overview	Sustainability Committee
	The committee deliberates important matters related to sustainability, based on the instructions of the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Tohru Yasumaru, Susumu Nishimoto, Yoshihiko Sunaga, Takeshi Hihara, Kaga Yanagisawa, Hiroyuki Kawanami, Masaaki Yamazaki, Hideki Saito, Takao Yamaguchi
Subcommittees	
	Value Co-Creation Committee : Committee Chair Kaga Yanagisawa
	Sustainability Activities Committee : Committee Chair Takeshi Hihara
	* P.5 for details.

Function for DX business promotion

Overview	DX Business Promotion Committee
	Based on the instructions given by the President & CEO, the Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.
Committee Chair	
	Tomohiko Noguchi, Senior Corporate Managing Director
Members	
	Hiroshi Masutani, Fumihiko Sagano, Shigekazu Ohmoto, Ichiro Morisawa, Kaga Yanagisawa, Masaaki Yamazaki, Kotaro Gunji, Masakazu Amamiya, Fumihiko Kamio, 6 other department managers

Function for human resources

Overview	Human Resources Development Committee
	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Takeshi Hihara, Hideki Saito, Fumihiko Sagano, Namiki Kubo, Tomohiko Noguchi, Susumu Nishimoto, Shigekazu Ohmoto, Ichiro Morisawa, Kaga Yanagisawa, Hiroyuki Nakayama, Hiroyuki Kawanami

Function for business development

Overview	Business Development Committee
	The Committee deliberates on important issues concerning investments in research and development, planned businesses and investments, such as the acquisition of securities, based on instructions given by the President & CEO.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director
Members	
	Hiroshi Masutani, Takeshi Hihara, Takao Yamaguchi

Corporate Governance - Data

Function for systems development

Overview	Systems Development Committee
	The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.
Committee Chair	
	Susumu Nishimoto, Senior Corporate Managing Director
Members	
	Namiki Kubo, Tohru Yasumaru, Tomohiko Noguchi, Akira Matsumoto, Tetsuro Watanabe, Yuichi Higo, Shigekazu Ohmoto, Yasuki Nakamaru, Hiroyuki Nakayama, Yasushi Kobara, Sonoko Kitagawa, Jun Odashima, Masaaki Yamazaki, Koji Shimizu, Hiroshi Koike, Kazuya Kobayashi, Katsuya Mori, Takefumi Ikeya, Noriyuki Takeda, Toshifumi Hara, Masashi Shimizu, Akihiro Kamei, Akiko Tabaru, Takashi Yagi, Tomonori Utsumi, Youji Minamigawa, 113 other department managers

Function for disclosure

Overview	Disclosure Committee
	The Committee deliberates on important issues concerning the disclosure of Annual Securities Report and other documents, based on instructions given by the President &CEO.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director
Members	
	Takeshi Hihara, Kaga Yanagisawa, Hideki Saito, Takao Yamaguchi, Hirofumi Miyatake, 7 other department managers

Function for crisis management

Overview	Crisis Management Committee
	The Committee will develop and support a prompt system in the event of a crisis such as natural disasters and infectious diseases, system failures, and information security failures, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Members	
	Susumu Nishimoto,Takeshi Hihara, Ken Ebato, Shuji Tateno, Fumihiko Sagano, Namiki Kubo, Tohru Yasumaru, Tomohiko Noguchi, Yoshihiko Sunaga, Tetsuro Watanabe, Shigekazu Ohmoto, Ichiro Morisawa, Kaga Yanagisawa, Hiroyuki Nakayama, Hiroyuki Kawanami, Hideki Saito, Takao Yamaguchi

Function for promotion of internal control

Overview	Business Promotiion Committee
	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director
Members	
	Katsutoshi Murakami, Hideki Saito, Takao Yamaguchi, 36 other department managers and subsidiary executives

Corporate Governance - Data

▶NRI Executives

NRI Executives				
President & CEO, Chairman, Member of the Board, Representative Director	Shingo Konomoto	Senior Corporate Managing Directors	Minoru Yokote	Akira Matsumoto
Vice Chairman, Member of the Board	Yasuo Fukami		Namiki Kubo	Tetsuro Watanabe
	Yo Akatsuka		Yuichi Higo	Shigekazu Ohmoto
Senior Executive Vice President, Member of the Board, Representative Director	Ken Ebato		Tohru Yasumaru	Yasuki Nakamaru
			Tomohiko Noguchi	Takeshi Hihara
Senior Executive Managing Director, Member of the Board, Representative Director	Hidenori Anzai		Susumu Nishimoto	Ichiro Morisawa
			Yoshihiko Sunaga	Kaga Yanagisawa
Senior Executive Managing Director, Member of the Board	Shuji Tateno		Shoichi Ohno	Hiroyuki Nakayama
Members of the Board	Shinoi Sakata *1	Senior Managing Directors	Katsutoshi Murakami	Kotaro Gunji
	Tetsuji Ohashi *1		Yasushi Kobara	Hideki Saito
	Hideki Kobori		Hiroyuki Kawanami	Katsuya Mori
Audit & Supervisory Board Members	Takuhito Sakata		Sonoko Kitagawa	Takefumi Ikeya
	Kenkichi Kosakai *2		Jun Odashima	Noriyuki Takeda
	Naruhito Minami *2		Masaaki Yamazaki	Toshifumi Hara
	Yasuko Takazawa *2		Koji Shimizu	Masashi Shimizu
	Yoichi Inada		Hiroshi Koike	Noriyuki Kobayashi
Senior Executive Managing Directors	Hiroshi Masutani		Kazuya Kobayashi	Akihiro Kamei
	Fumihiko Sagano		Noriyasu Kogure	Takao Yamaguchi
		Managing Directors	Masakazu Amamiya	Junji Hatoya
			Akiko Tabaru	Tomonori Utsumi
			Hirofumi Miyatake	Youji Minamigawa
			Takashi Yagi	
		Research Director	Kotaro Kuwazu	Fumihiko Kamio
		Counselors	Hisao Nakajima	
*1 Outside directors				
*2 Outside Audit & Supervisory Board Members		Fellow	Minoru Aoshima	Shinichiro Umeya

▶Effectiveness of the Board of Directors

Status of the Board of Directors	unit	FY2021	
Number of board meetings held*	times	14	
Attendance rate of Board of Directors	%	100	
Term of office of directors	years	1	
Average tenure of directors	years	3.1	

* From April 1, 2022 to March 31, 2023

■ Corporate Governance - Data

Evaluations of the Board of Director's effectiveness

1. Evaluation process

We evaluate the effectiveness of the Board of Directors via a series of five processes: (1) Evaluation preparations, (2) Evaluation, (3) Evaluation & Analysis, (4) Reporting/disclosure, and (5) Operational improvement. Regarding the evaluation in (2), we conduct a questionnaire for all Director and Independent Audit & Supervisory Board Members, and to understand more specific issues, exchange views with Independent Directors.

1. Preparation	2. Evaluation	3. Evaluation and Analysis	4. Reporting and Disclosure
● Study of evaluation methods	● Respond to questionnaire	● Identify issues	● Reporting at Board Meetings
● Design of questionnaire	● Opinion exchange and interviews	● Study of measures	● Disclosure

5. Operational Improvement
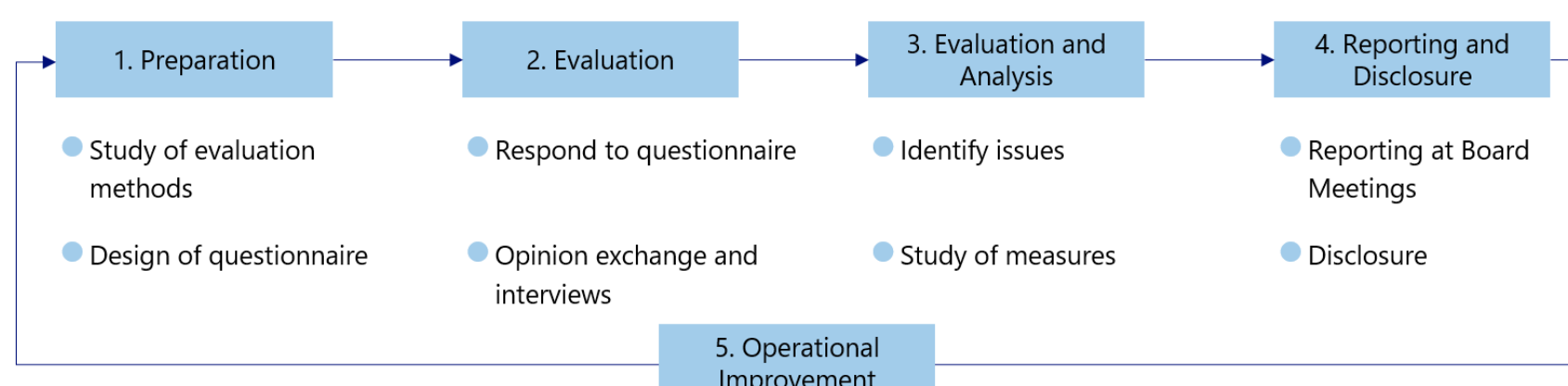
2. Review of the evaluation method for the current fiscal year

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

3. Efforts to tackle issues identified in the previous fiscal year

We conducted the following efforts for the various issues identified in the effectiveness evaluation of the previous fiscal year.

(1) Promoting continuous debate on the composition and diversity of the Board of Directors
-We debated the selection of suitable candidates for Members of the Board while considering diversity.

(2) Improving the quality of debate by further clarifying the points of debate in Board of Directors meeting materials
-We indicated the points of debate for clarifying the agenda and shared the content of the debate for business execution.

(3) Providing opportunities for the free and open exchange of ideas between outside directors themselves and between executive directors and outside directors
-We provided opportunities for the informal exchange of opinions, such as off-site meetings between outside directors and executive directors and independent director meetings for formulating our new vision and new Medium-Term Management Plan.

(4) Further enriching debate on human resource management, which is the foundation of growth
-We identified human resource management as a key theme of our new Medium-Term Management Plan and debated the topic at independent director meetings.

(5) Continuous debate on enhancing governance and detailed inspection of internal control and risk management at group companies
-We revised our regulations, established governance procedures, and reviewed how we monitor and assist group companies. We also had group companies conduct self assessments on procedures and inspections on the status of internal control and risk management.

4. Overview of evaluation results
The Board of Directors determined that its effectiveness is generally maintained and that its administration is being steadily improved. An overview of evaluation results is indicated below.

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

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

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

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

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

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

▶Executive compensation

Executive compensation amounts	No. of eligible individuals (person)	unit	Total compen-sation	Basic compen-sation	Performance-linked compensation		Other
					Bonus	Restricted stock-based compen-sation	
Members of the Board	11	millions of yen	836	299	225	308	3
Outside Members of the Board	3	millions of yen	64	64	–	–	–
Audit & Supervisory Board Member	7	millions of yen	158	115	35	6	0
Outside Audit & Supervisory Board Member	5	millions of yen	56	56	–	–	0

Notes:

1. The above includes two Members of the Board and two Audit & Supervisory Board Members (of which two are Independent Audit & Supervisory Board Members) who retired at the conclusion of the 57th Ordinary General Meeting of Shareholders held on June 17, 2022.

2. For restricted stock option 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 FY2022 is shown. Furthermore, the restricted stock option compensation for Audit & Supervisory Board Members are those granted before they assumed their post. Because the amount of "restricted stock option compensation" is equalized in accordance with terms of service, the ratio of the constituent elements of the above compensation differs from the ratio of constituent elements of compensation shown under "b. Composition of compensation for directors" in "Policy for determining the amount of compensation for Members of the Board or the calculation method" below.

3. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Compensation amounts for each executive	Name	Official position	unit	Total compen-sation	Basic compen-sation	Performance-linked compensation		Other
						Bonus	Restricted stock-based compen-sation	
	Shingo Konomoto	Members of the Board	millions of yen	201	60	54	86	0
	Yasuo Fukami	Members of the Board	millions of yen	108	34	27	46	0
	Hidenori Anzai	Members of the Board	millions of yen	132	37	38	55	0
	Ken Ebato	Members of the Board	millions of yen	131	37	38	54	0
	Shuji Tateno	Members of the Board	millions of yen	106	26	38	41	0

Note : Limited to those whose total amount of consolidated compensation is JPY 100 million or more.

Corporate Governance - Data

Policy on determining the amount of remuneration for directors or the method of its calculating

The policy for determining compensation, etc. for Members of the Board was decided at the Board of Directors meeting held on February 18, 2021 according to the results of Compensation Committee inquiries. As our new NRI Group Vision 2030 (hereinafter "V2030") long-term management vision and Medium-Term Management Plan (2023 - 2025) starts from FY2023, we have decided to revise our director compensation system in order to provide incentives to motivate the next generation of directors (Members of the Board (excluding external Members of the Board) and Senior Managing Directors, etc.) to achieve our medium to long-term management goals and increase the transparency of our director compensation system. The revisions to our director compensation system were decided based on continuous reviews by the Compensation Committee and our revised Basic Policy for Director Compensation (applicable from April 1, 2023) for determining the compensation for Members of the Board, which was redefined at the Board of Directors meeting held on March 10, 2023.
The main changes to our director compensation system are as follows.

(Main changes to director compensation system (applicable from April 1, 2023))
i. Reviewing the ratio of compensation distribution
Our director compensation is comprised of basic compensation, which is fixed compensation, bonuses linked to short-term performance, and share-based compensation linked to medium to long-term performance.
With the start of V2030, director compensation has been reviewed to ensure an appropriate amount and ratio of compensation according to the roles and responsibilities of each director position. Before this review (this fiscal year), the compensation ratio [basic compensation:bonuses:share-based compensation] of Members of the Board (excluding external Members of the Board, and Members of the Board who retired or assumed their post during the corresponding period) was about [1:1:1.7], and after the review the compensation ratio will be about [1:1.3:1.3]. (Before considering the consolidated performance of the NRI Group in FY2023, share price fluctuation, and Member of the Board promotion)
ii. Setting appropriate levels of compensation for each director position
We have reviewed our basic director compensation, which was previously based on both the career history and business experience of each director as well as the director position and duties of each director during the period, to be based solely on the director position and duties of each director during the period.
iii. Adopting a system that considers the progress of sustainability indices for share-based compensation
We have reviewed our share-based director compensation, which previously granted each director a certain number of shares according to their position, to now also consider the progress of sustainability related initiatives. In specific terms, this means that if actions to achieve the targets of sustainability assessment indices are deemed to have progressed insufficiently in the previous business year, the Board of Directors can decide to decrease the number of shares granted to each director position.

An overview of the policy for determining the director compensation, etc. applicable for this fiscal year is indicated below.
The Compensation Committee has confirmed that the individual compensation for each Member of the Board this fiscal year was correctly calculated based on the table of director positions and calculation method defined in the policy for determining the director compensation, and the Board of Directors has determined that the compensation meets the requirements of the policy via a decision at a Board of Directors meeting.

a. Director compensation policy

    i. We will secure incentives that will motivate the achievement of mid- to long-term management goals in order to achieve a sustainable increase in corporate value with a highly performance-based compensation system.

    ii. Meet the standards required for a leading company in the information service industry.

b. Composition of compensation for directors

Compensation for directors (excluding outside directors) is a system system based on job title, and consists of basic compensation, bonuses, and stock-related compensation (hereinafter referred to as "compensation elements"). Considering the role of supervision and advice for the management of the Group based on an objective standpoint, only basic compensation will be paid to outside directors. We place focus on bonuses and share-based compensation to ensure that the compensation system is highly correlated to business performance. Because bonuses are now linked with the consolidated performance of the single fiscal year and share-based compensation is linked with the share price at the time that the compensation is granted, the compensation ratio [basic compensation:bonuses:share-based compensation] in FY2022 is about [1:1:1.7].

FY2022 THE AVERAGE VALUE OF DIRECTORS	Performance-based compensation 2.7		
	(Fixed compensation) Basic compensation 1	(Short-term performance-based compensation) Bonus 1	(Medium- to long-term performance-based compensation) Stock-related compensation 1.7
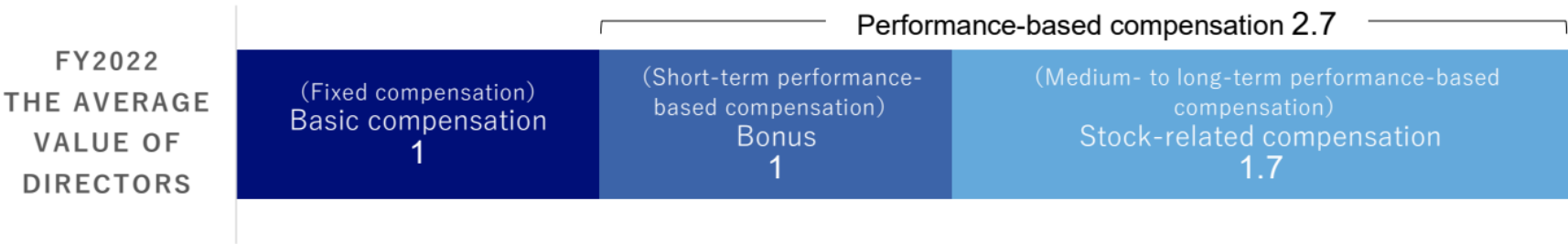
note 1. Calculated as the average value of directors (excluding outside directors, retired directors, and incumbent directors) for the FY2022.

2. Stock-related compensation uses the total amount of monetary compensation receivables that are invested in kind in exchange for restricted stock.

（Ⅰ）Basic compensation（Fixed compensation）

It is composed of a salary as a compensation according to the career and work history of each director, and a role-based salary based on the position and duties of each director during the term of office, and is paid as a fixed compensation for the performance of duties.
The basic compensation for each Member of the Board is decided by the Board of Directors according to the results of the Compensation Committee inquiries, based on the policy for determining compensation, etc. for Members of the Board.

（Ⅱ） Bonus

Members of the Board bonuses are positioned as short-term incentive compensation for achieving medium- to long-term management goals. Operating profit and current profit (current profit attributable to owners of parent), which are the performance indicators that we place the most importance on, are linked to performance index increase/decrease rate to decide the rate of change in Member of the Board bonuses from the previous year. The specific calculation method is indicated below.

The bonuses for each Member of the Board are decided by the Board of Directors according to the results of the Compensation Committee inquiries.

$$\text{Amount of bonus payment for each director} = \text{Base year bonus } (\alpha) \times \left[1 + \text{Change rate of performance indicators } (\beta) \right] \times \text{Position points } (\gamma)$$

←　Varies from 0% to 200%　→

（α） Base year bonus

The amount of bonus paid by the president in the previous year.

（β） Change rate of performance indicators

The final change rate of performance indicators is decided by the Board of Directors according to the results of the Compensation Committee inquiries.

The values of performance indicators for this fiscal year used to calculate the change rate of performance indicators are as follows, and the performance index increase/decrease rate to decide the rate of change in Member of the Board bonuses for this fiscal year calculated using the evaluation weights for each performance index was +4.0%.

Performance indicator	FY2021	FY2022	YoY change	Evaluation Weight
Operating Profit	106.2 billion yen	111.8 billion yen	5.3%	75.0%
Profit attributable to owners of parent	71.4 billion yen	76.3 billion yen	6.8%	25.0%

（γ） Position points

President and CEO set to 1.0, and other directors set points based on each position.

（Ⅲ） Stock-related compensation（Stock compensation with transfer restrictions）

There are the following two types of restricted stock compensation for directors, excluding outside directors, for the purpose of providing medium- to long-term incentives for the sustainable improvement of our corporate value and promoting value sharing with shareholders. Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board except for Outside Directors are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.

Type	Transfer restriction period
Long-term incentive stock compensation	From the date of allocation until the retirement of officers of the Company or its subsidiaries
Medium-term incentive stock compensation	3 to 5 years from the date of allocation

c. Clawback system, etc.

We have adopted a system (clawback system) that enables us to request bonuses to be repaid in full or in part if the values in the financial report that was used to calculate the bonuses paid over the past three years are revised. The restricted stock allocation contract contains a provision (malus provision) that enables all stock granted by the company to be reclaimed free-of-charge if the recipients of restricted stock in the restricted stock compensation plan have violated the law or the company rules, etc. or deemed to have done so by the Board of Directors.

d. Decision process for Member of the Board compensation, etc.

In regard to Member of the Board compensation, the Compensation Committee, an advisory committee for the Board of Directors made up mostly of Independent Directors, conducts inquiries on matters such as the system, level, determination policy and procedure for compensation and individual compensation, and the Board of Directors makes decisions on the policy for determining Member of the Board compensation and individual compensation based on the results of those inquiries.

Stakeholder Contribution in Compensation Decision Process

A revision to the policy for determining Member of the Board compensation was debated on and decided at the 57th Ordinary General Meeting of Shareholders held on June 17, 2022. (With 98.94% in favor)

CEO to employees pay ratio	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Compensation of the President & CEO	millions of yen	119	131	149	178	201
Ratio of compensation	ratio	9.7	9.4	12.2	14.4	16.2

▶Executive stock ownership requirements

Guidelines of Executive stock ownership

Based on the Stock Ownership Guidelines for Executive Officers, Members of the Board (Excluding outside directors. The same applies hereinafter.) are expected to hold more than a certain number of NRI shares, in accordance with their respective positions. More specifically, it is stipulated that they must hold at least three times the number of shares with restriction on transfer granted in a single year.
In the fiscal year ended March, 2023, shares with restriction on transfer equivalent to approximately 1.7 times the basic remuneration (based on the fair value of the NRI shares at the time of granting) were granted to each Member of the Board, which equates to each Member of the Board having shares equivalent to approximately 5.1 times the basic remuneration, when based on the fair value of the shares. As of the end of March 2023, President & CEO Shingo Konomoto has NRI shares equivalent to approximately 17 times the basic remuneration (based on the fair value of NRI shares on the same day) and Members of the Board (excluding external Members of the Board) have average NRI shares equivalent to 12 times the basic remuneration.

Risk Management - Management Approach

NRI's approach to material issues

The NRI Group defines the possibility of detriment to the Group's capital due to an unforeseen circumstance that occurs in business operations, or something that prevents the preservation or improvement of enterprise value due to a phenomenon that hinders business operations as business operational risk.

These risks conform to the ERM framework (COSO Enterprise Risk Management-Integrated Framework) developed by the USA's COSO (The Committee of Sponsoring Organizations of the Treadway Commission), divided into the 11 categories of management strategy risk, business continuity risk, compliance risk, information security risk, systems impairment risk, project management risk, external outsourcing / procurement risk, subsidiaries / affiliate company risk, business resource risk, information disclosure risk, and reputational risk, and are subject to integrated management.

In recent years, we recognize that the response to risks of social issues such as climate change or human rights will have a major impact on the sustainable growth of the company over the medium to long term. The NRI Group will also respond to these sustainability risks within the integrated risk management framework.

The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments.

Priority activities / Medium- to long-term targets

NRI annually inspects and assesses risk for the entire company, based on results from a company-wide monitoring of compliance with regulations as well as from internal audits, after which management sets priority themes to be tackled.

We strive to reinforce our business continuity plan (BCP) and disaster recovery (DR) measures by regularly monitoring risk countermeasures required for business continuity, targeting significant business and service lines.

[Priority themes for FY2023]
(1) Continue proper management quality risks
(2) Further strengthen the management of project risks
(3) Improve the management preparedness of information security
(4) Establish internal control system for the NRI Group
(5) Create comfortable working environment
(6) Improve the quality of our labor environment that adapts to diverse workstyles

■ Risk Management - Management Approach

Progress / Achievements / Challenges

The items and results of the priority themes of the Integrated Risk Management Council for the FY2022.

(1) Continue proper management quality risks
We strive to improve our response capability via system trouble training, and prevent initial failure and refresh knowledge on basic operations via meetings for eliminating system trouble, including at our group companies.

(2) Further strengthen the management of project risks.
Investigate, rectify, and enhance the security settings of public cloud services to prepare against threats such as cyberattacks and unauthorized access.

(3) Improve the management preparedness of information security
The number of projects remains at a high level, and we will continue to maintain project management and assessments of the management system at group companies.

(4) Develop governance systems suitable to increasing globalization
We have adopted procedures defining requirements for group companies and the concept of parent company involvement and support at group companies. We will continue monitoring the situation of maintenance and operation.

(5) Appropriate preparations for fulfilling our business continuity responsibility
We maintain COVID-19 and business continuity measures, and make preparations via efforts such as CP reviews. A remaining issue is how we can respond to newly identified risks.

(6) Providing an environment that makes it easy-to-work
Establish a system for responding to new workstyles. Aim to improve quality by establishing operation, ensuring compliance at Group companies, and handling communication problems

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

▶Risk management system

Risk management system

NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management.
Furthermore, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.
With regard to the main risks associated with business activities, we have established departments in charge of each risk, deliberate as necessary at expert meetings, and take appropriate measures in cooperation with the departments in charge.
An internal audit department (20 employees) under the direct control of the president audits the effectiveness of the risk management system, the compliance system, and the system for streamlining the efficiency of directors' execution of duties.
The audit results are reported to the president and other directors, and when corrections or improvements are needed, the Risk Management Division, the representative department, and the business divisions work together to make improvements.
In addition, the internal audit department cooperates with the accounting auditor to regularly exchange opinions on the implementation plans and results of internal audits.

[Corporate governance structure]

[As of July 1, 2023]
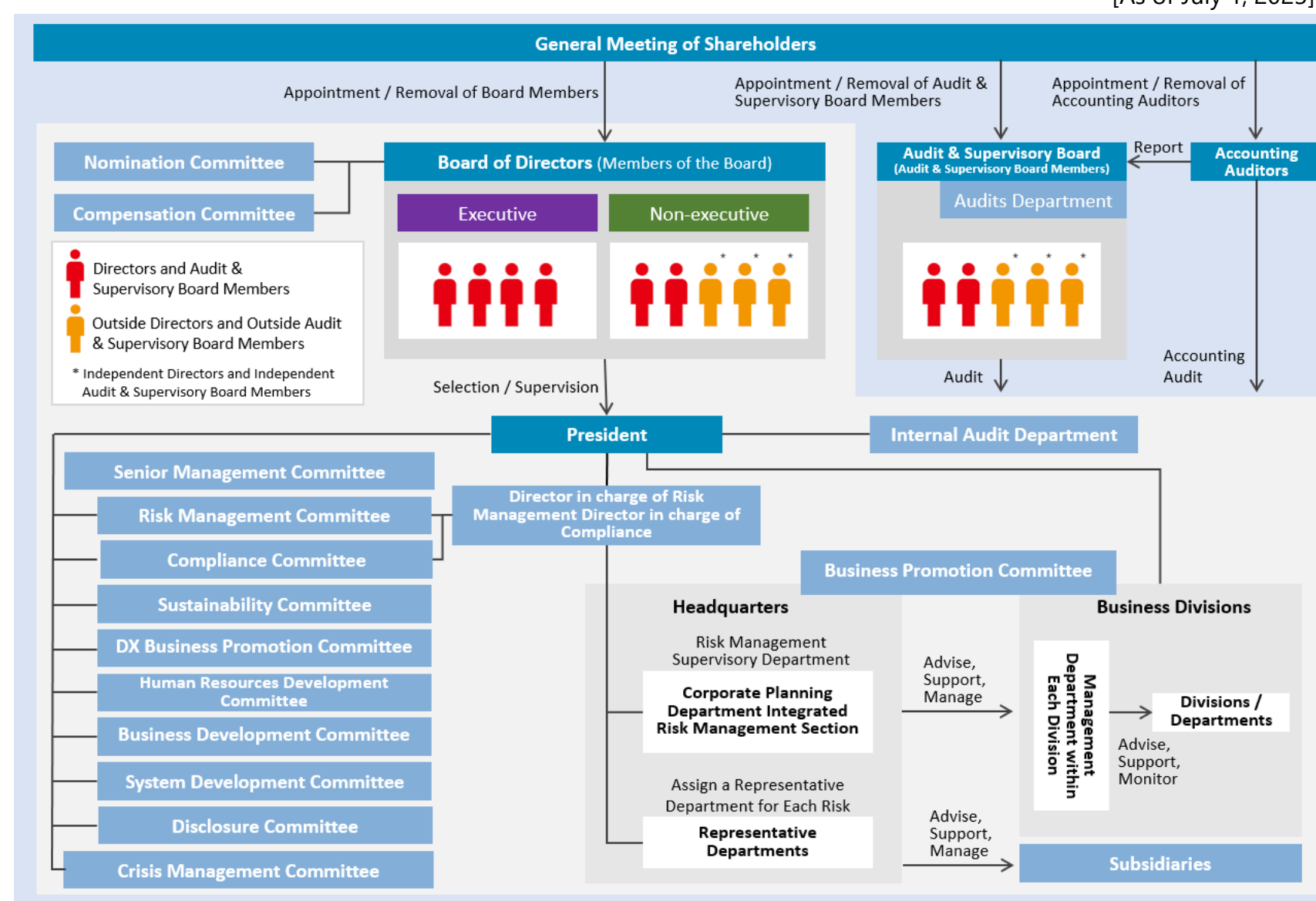
Officer in charge

Responsibility for risk management
  Hidenori Anzai
  Senior Executive Managing Director in charge of Supervising of Corporate Administration*,
  Representative Director, Member of the Board
    * Including risk management and compliance.

Responsibility for monitoring and auditing risk management performance
  Norihiro Suzuki
  General Manager of the Internal Audit Department

Responsible committee

Integrated Risk Management Committee

■ Risk Management - Data

Independence of risk management function and involvement of the Board of Directors

In order to achieve overall optimization of risk management, a resolution of the board of directors established rules for risk management for the entire NRI Group, and has appointed a director in charge of risk management and setting up a department for supervising risk management.

In addition, an Integrated Risk Management Committee has been established in order to deliberate on important matters related to risk management in the NRI Group based on the instructions of the President & CEO.

Furthermore, we regulary provide trainings about the risk management including the industry specific risks to directors.

▶Risk identification and management

Risk assessment measures

The NRI Group has established, based on the instructions of the President & CEO, an Integrated Risk Management Committee to dliberate important matters related to risk management.

The Integrated Risk Management Committee monitors the major risks at the NRI Group, and after comprehensive analysis, classifies them as either medium to long-term risks or short-term risks.

The risks are then managed by comprehensively taking into account the importance of each risk and setting priority risk theme every year.

We follow the process below once a year to identify the risks that may have a critical impact on the NRI Group, and report on the assessment and review of these measures at Board of Directors meetings several times a year.

<Process for identifying particulary critical risks>
1: Comprehensively identify risks as seen from both inside and outside the company
2: Analyze and map these risks according to their level of impact (five level scale) and likelihood (five level scale)

Level of impact		Likelihood
Impact on management	Impact on profitability	
1. Insignificant impact	1. Less than 1 billion yen	1. Very unlikely
2. Impact requiring action	2. Less than 20 billion yen	2. Once in 10 to 30 years
3. Impact causing management problem	3. Less than 50 billion yen	3. Once in 2 to 9 years
4. Impact causing critical management problem	4. Less than 100 billion yen	4. Once a year
5. Tremendous impact	5. More than 100 billion yen	5. Multiple times a year
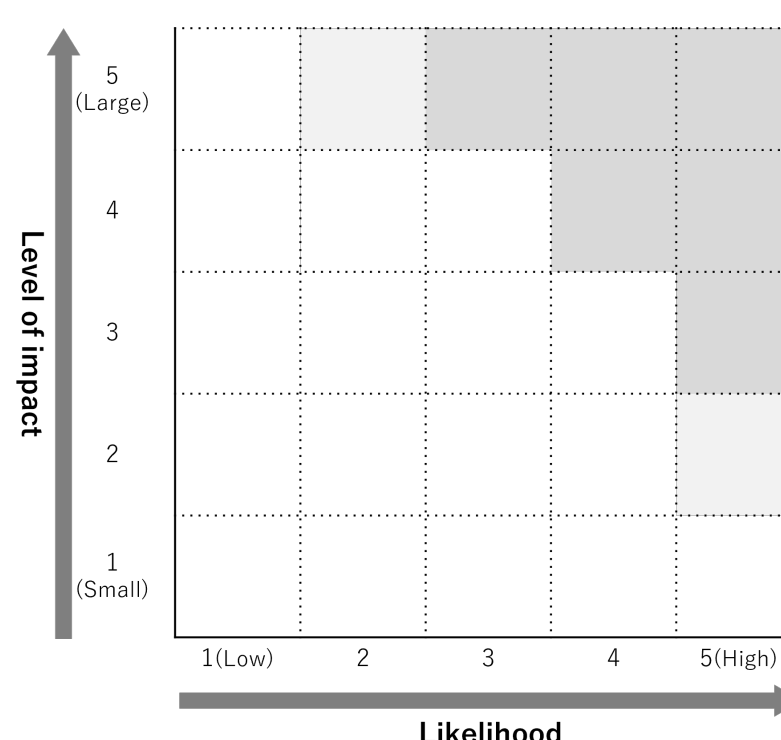
3: The Risk Management Supervisory Bureau selects risks with a high likelihood and high impact, which are debated as particularly critical risks* at Integrated Risk Management Committee meetings, and decisions made are then reported to the Board of Directors
4: The risk supervision department formulates a plan for responding to the critical risks
5: The risk supervision department implements countermeasures for critical risks and evaluates and monitors their status

* Please refer the following Identified particular critical risks in page 46-48.

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Risk Management - Data

1. Reviewing risks

The NRI Group conducts annual reviews of the risks that we face, including critical risks.

2. Risk items subject to risk management

Strategy risk
Business continuity risk
Compliance risk
Information security risk
Systems impairment risk
Project management risk
External outsourcing / procurement risk
Subsidiaries / affiliate company risk
Business resource risk (Human) : Unsatisfactory labor management, human rights violations, etc.
Business resource risk (Physical) : Unsatisfactory management of noncurrent assets and intellectual property, etc.
Business resource risk (Financial) : Unsatisfactory management of fund management and payment work, etc.
Information disclosure risk
Reputational risk

3. Risk management method

For each risk, we create scenarios based on the impact and likelihood of each risk occurring, and check how it would affect our profitability and management.
In regard to business resource (financial) risks, we conduct risk management by implementing a sensitivity analysis of risks such as credit risks, liquidity risks, and exchange rate risks.

4. Risk management audit

Once a year, we regularly receive an external audit on our risk management system, risk identification process, risk management plan, and implementation method.

Link Files	Internal Controls, Corporate Ethics and Compliance
	https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=118

■ Risk Management - Data

▶Particularly critical risks

Particularly critical risks 1

Overview	Quality risks
	The information systems that we develop are often important infrastructure for the work of our clients, and we believe stable operation after development is complete to be of vital importance. We consider systems for the financial service industry to be particularly important, as they may affect not only our clients but trust in the financial market itself.
Risk reduction measures	The NRI Group focuses on improving operation quality, and we continuously strive to maintain and improve the quality of our system management solutions based on an IT service management system complying with ISO20000 and an information security management system complying with ISO27001. With systems for the financial service industry, we conduct focused inspections on the status of management and perform maintenance if a problem happens to occur. Data centers are essential infrastructure for the economy and society, and we are acutely aware of its importance. We work on making our system for data center administration more secure, and periodically evaluate and verify that system. In regard to outsourcing such as our BPO (business process outsourcing) service where we take on contracts for the work processes of our clients, we recognize the operation risks of entry and sending mistakes, and promote the establishment of more robust management systems.

Particularly critical risks 2

Overview	Information security risks
	The Internet is now established as infrastructure, and our society can distribute all types of information instantaneously. Although such technological developments have expanded our horizon and improved convenience, they have also increased the risk of information leaks via unauthorized external access such as cyberattacks, and led to calls from society for stricter information security management. The information service industry in particular has many opportunities for handling the confidential information of clients, and thus requires more advanced information security management and comprehensive employee training.
Risk reduction measures	In regard to the management of personal information including individual numbers, we are Privacy Mark certified (certification for management systems that protect personal information). We have also acquired certification for the information security management systems of some of our other businesses, where we appropriately manage confidential information. In order to constantly maintain an advanced level of security, we have a system for managing building entry and exit, ensure security management for our computers, and provide training regarding the protection of personal information. At data centers where the core systems of our clients operate, we adopt a strict entry/exit management system that requires any baggage to be scanned by X-ray equipment. As the number of overseas subsidiaries increases due to the globalization of our business activities, we strive to enhance the control of the entire NRI Group by conducting checks and assessments on regulations regarding information security.

Risk Management - Data

Particularly critical risks 3

Overview	Project-related risks
	The development of information systems is generally conducted under a service contract, and we are responsible for delivering a completed information system by a deadline. However, the deadline may be delayed due to more advanced or complicated client requirements or changes to the requirements leading to work hours that exceed initial estimates. In some cases, unexpected work may be required after handover to complete the contract, such as work for improving functionality. With long-term projects that span over several years, it is more likely that the requirements will adapt due to environmental changes or technological changes. Because information systems are important social infrastructure, we believe that quality management and risk management are important from the development stage, in order to ensure stable operation after development is complete. We consider systems for the financial service industry to be particularly important, as they may affect not only our clients but trust in the financial market itself.
Risk reduction measures	The NRI Group strives to improve the management ability of project managers via education and training, and maintains a system for appropriately reviewing estimates before orders are placed and managing projects after orders are placed, including a quality management system that complies with ISO9001. For projects above a certain size, we adopt a dedicated review system including a Systems Development Committee, which conducts thorough progress reviews on everything from project planning to stable operation. With systems for the financial service industry, we conduct focused inspections and improvements on the system development process.

Particularly critical risks 4

Overview	Group governance risks
	The NRI Group is investing in various operating companies with an eye on future business opportunities, and investing in business partners to improve business relations, while taking into consideration the profitability of investment. We also promote M&A and business collaboration to expand our business base globally.
Risk reduction measures	When doing so, we conduct detailed preliminary reviews on the finances and business of the target companies, and make decisions upon collecting and examining enough information. Our system for promoting global strategies in North America, Asia, and Australia includes establishing either regional supervisory companies or holding companies, and enhancing governance systems for acquired affiliates. NRI assists the formulation and implementation of global strategies centered around a newly established global headquarters mechanism, and we enhance governance for all overseas subsidiaries including acquired affiliates.

■ Risk Management - Data

Particularly critical risks 5

Overview	Business continuity risks
	Due to the globalization and networking of our business activities, the scope of possible damage that might occur due to a disaster or other system trouble has greatly increased, we need to strengthen our crisis management system accordingly.
Risk reduction measures	
	The NRI Group has formulated a contingency plan detailing an initial response system and action guidelines to follow if an event or incident that affects our business or work should occur, such as the spread of infectious disease like COVID-19, a natural disaster like a large earthquake, typhoon, or flooding, or other large scale disaster or problem. We also maintain and improve a crisis management system, which involves implementing preliminary measures and training, as well as maintaining infrastructure required for business continuity and building a system to enable business to continue smoothly. The main offices occupied by the NRI Group have advanced disaster prevention functions for business continuity, and our Headquarters, Yokohama Center, and Osaka Center in particular have the very highest level of disaster prevention functions in Japan. NRI Group data centers maintain the highest level of security measures and disaster prevention measures in Japan, including earthquake countermeasures. We also implement measures to maintain resilience in the event of a wide-area disaster, such as the mutual backup and distributed functionality of our data centers in the Kanto and Kansai regions. We are further improving our system for backing up our own information assets at data centers, and for information assets received from our clients, we promote measures based on standards agreed with the clients in advance. In order to decrease the ratio of work at the office due to COVID-19 and ensure that work can continue in the event of a large-scale natural disaster where it is not possible to go to the office, we have built a crisis handling system compatible with working from home. We are also continuously reviewing our business continuity plan.

Particularly critical risks 6

Overview	Human resource acquisition/development risks
	At the NRI Group, we believe that the high level of expertise of our employees is the cornerstone of providing clients services with high added-value. We recognize that maintaining a HR system and working environment that secures and develops specialized human resources and enables us to exploit the full potential of their abilities is essential for achieving medium to long-term growth for the NRI Group.
Risk reduction measures	
	We consider our employees to be valuable human resources and promote a system for securing and developing them. In regard to securing human resources, we strive to recruit human resources with outstanding specialized knowledge, respect work-life balance, and build HR systems and maintain work environments that respond to changing work styles and diversification of values. In regard to developing human resources, we have established a system for assisting employees to gain certification, and we hold a large number of human resource development classes on topics such as new technologies for DX (digital transformation), both at dedicated education and training facilities, and online. We also encourage our employees to achieve self-improvement via efforts such as our unique in-house certification system.

■ Risk Management - Data

▶Long-term risk

Long-term risk 1	
	M&A associated risk: ESG risks of a company that NRI acquires.
Business impacts	
	Moving ahead with global business is stated as one of the goals in the Medium-term Management Plan of NRI, indicating that M&A in overseas business will become active more than ever. Review of business risks and financial risks will be duly conducted prior to the acquisition, however if any long-term potential ESG risks that cannot be recognized at the time of acquisition emerge, that would cause reputation damage and negative impact to the business continuity of NRI.
Mitigating actions	
	Prior to actual M&A, ESG risk related due diligence is conducted including environmental and human rights risk, in addition to due diligence for financial risks and legal risks. Also, after acquisitions, in order to enhance corporate governance, we provide principle-based education including dissemination of the NRI Group business philosophy to the management and employees of the acquired company.

Long-term risk 2	
	The climate change risks associated with CO_2 emission by electricity use of the Data Centers
Business impacts	
	Greenhouse gas emissions from electricity usage at NRI's data centers account for a large portion of the NRI Group's total emissions. Along with rapidly proceeding international consensus on climate change, there is a risk of increase in operation costs of data centers that emit large amounts of green house gases due to introduction of new regulations and tax systems such as the carbon tax.
Mitigating actions	
	We are working to reduce power consumption and greenhouse gas emissions by raising the environmental performance of data centers to the top level in the world. All data centers have acquired ISO14001 certification and improve environmental management level continuously by using a PDCA cycle. In FY2021, we switched the power used by the three largest of the five data centers owned by NRI (Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II) to renewable energy. As a result, by the end of FY2022, the NRI Group will have achieved 100% utilization of renewable energy as a percentage of electricity used at its data centers (95% for all of FY2022). By continuing to increase our rate of renewable energy, we will respond to the transition risk of climate change.

■ Risk Management - Data

▶Response to risk

Integrated risk management structure

NRI divides risk into three categories: 1) Company-wide risks; 2) Business activity risks; and 3) Disaster or accidentrelated risks. We have developed a risk management structure for each type of risk, working closely together as an organization to conduct integrated risk management.

Periodically we perform assessments of this risk management structure, making improvements when necessary.

We have instituted business continuity and disaster recovery plans especially for those businesses and services which may have a significant impact on society.

Response plans for large-scale disasters, accidents and incidents, and epidemics

In the event of a disaster or accident, we will ensure the safety of group employees, protect important information systems and information assets of our customers, and strive to continue operations.

In preparation for large-scale natural disasters, infectious diseases and contingencies of the NRI Group, the risk management department and related risk departments work together to consider preventive measures as necessary.

Their work also includes examining preventive action plans.

On the intranet, we post an emergency action guideline and a contact system to ensure thorough internal awareness. In addition, we carry out drills every year for quick response by utilizing the "Emergency Safety Confirmation System" that allows us to confirm the safety and attendance status in case of a disaster by e-mail or telephone.

In order to ensure that work can continue in the event of a large-scale natural disaster where it is not possible to go to the office or a pandemic where work at the office is decreased, we have built a crisis handling system compatible with working from home and are continuously reviewing our business continuity plan.

Crisis management

We have created an "emergency response plan" that summarizes the basic response system and procedures for emergency situations.

In the event of a natural disaster such as a large-scale earthquake, the spread of infectious diseases, large-scale system failure, information security failure, etc., we will establish a company-wide crisis management system at an early stage and consider measures in cooperation with our customers.

For large-scale system failures and information security failures, we will implement measures such as failure recovery, investigation of causes, disclosure of information, and consideration of recurrence prevention measures, while taking into account the status of the failure.

■ Risk Management - Data

▶Emerging risks

Emerging Risks 1	
Content of risk	Human rights risks of providing solutions using AI
	At NRI, we utilize our knowledge and expertise regarding AI to assist the adoption of AI in various aspects of consulting, system development, and system operation, via a dedicated organization that considers how AI can be utilized and selects the optimal AI system to adopt. Our clients include financial institutions and distribution companies, who we help utilize AI to make call center work more efficient and automate stores in order to solve social issues and make work more efficient. However, such use of AI raises concerns about invasion of privacy, information leaks, and discrimination and social exclusion due to discriminatory prediction and decision-making performed by the AI, unintentionally.
Business impact	
	Advances in AI technology will increase the demand for building business strategic systems which will possibly increase our sales. On the other hand,these advances in AI technology and related strategic systems demand will cause social issues related personal information protection, right to privacy, discrimination, social exclusion, etc. which may damage our reputation and reduce our sales.
Measures	
	We recognize the importance of establishing processes and regimes that enable the development of reliable and high quality AI systems. We developed technology for high-quality AI that secures reliability, privacy, security, and dependability by ensuring fairness, accountability, transparency, etc., and established operation standards and systems. NRI formulated the "AI Ethics Guideline'' in FY2019, which summarizes the ideas and guidelines for developing and utilizing AI while referring to international principles such as The OECD AI Principles and Ethics guidelines for trustworthy AI. We also introduce ethical guidelines for AI on our in-house portal, in order to raise awareness of AI ethics in daily business and work. All of our employees learn about these guidelines via ESG training, and we also deploy a simple guideline checklist to build awareness on AI ethics during actual work.

■ Risk Management - Data

Emerging Risks 2

Content of risk	Hybrid warfare risk	
	There is a risk of "hybrid warfare" occurring over the world in the future. Hybrid warfare involves the fierce exchange of cyberattacks on the Internet in concurrence with physical warfare on land, as seen in the war in Ukraine launched by Russia in 2022. This risk is not contained to Europe, which is far away from Japan. Increased tensions in East Asia involving China and North Korea have led to calls for increased cyber resilience in Japan, due to the high geopolitical risk that the country faces. In Japan, there has been much progress in the digitalization of civilian technology, but national security and the digitalization of national infrastructure has been lagging behind. This means that vulnerabilities (security weak points) of important infrastructure in Japan and related supply chain (business partner) systems are at risk of being targeted. And this could become a new business risk for our company, which is responsible for Japan's core systems such as systems for individual Number.	
Business impact		
	NRI is in charge of IT systems that support critical government and industry infrastructure, including the core systems of companies and data centers, and the individual number system of the Japanese government, which has become important infrastructure for society. As a company involved in system development regarding important information assets, we have a graver responsibility than ever before, and are required to maintain secure systems that take the latest trends into account. Even a single cyberattack targeting the core systems of our client companies or the Japanese government could cause immeasurable impact and become a major business risk for our company, as we are in charge of system development.	
Measures		
	NRI has appointed a Chief Information Security Officer and appoints personnel in charge of and responsible for information security in all business divisions and group companies, which enable rapid and accurate responses to emergencies, such as information security failures and cyber-attacks. The NRI Group also includes NRI Secure, a company that focuses on security, which provides one of the few security monitoring services in Japan. We have a regional headquarters in California, which is known for cybersecurity technologies, and have established a system that enables us to keep track of cutting-edge security technologies. Our employees include "white hat hackers" (ethical hackers) that have won global hacking competitions, and they utilize their expertise to reduce security risks in the system development conducted throughout the entire NRI Group. In April 2022, NRI Secure, together with other companies with a wide range of knowledge in the field of cybersecurity, established a membership organization called the Cyber Security Initiative for Japan, in order to support countermeasures for the cybersecurity risks faced by companies in Japan.	

Link Files	NRI Secure Technologies, Ltd. https://www.nri-secure.com/ LAC, NRI SecureTechnologies, and GSX jointly establish the "Cyber Security Initiative for Japan". (In Japanese only) https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2022/220412_1.pdf Integrated Report (Annual Report)2022 https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/00/link/ar2022_e_view.pdf#page=44

■ Risk Management - Data

▶Risk culture

Training and awareness on risk management

We conduct training for each hierarchy level, educate all employees via e-learning, and raise awareness through compliance-awareness surveys.

Non-executive directors with knowledge on risk management

Yasuo Fukami, Tetsuji Ohashi, Hideki Kobori

Evaluation and financial incentives

An oversight department is established for each of the risks associated with business activities, and the results of risk management are directly reflected in the performance evaluations of the heads of the oversight departments. Other risks[1] may be reflected in the evaluation for the head of a department, depending on whether they are responsible for the risk.

Furthermore, in regard to human rights and labor risks[2] for employees supervised by those in management positions, the same is directly reflected in performance evaluations as the results of managerial risk management.

*1 Compliance risks, human rights and labor risks related to employees, etc.
*2 Health and safety, extended work periods, discrimination and harassment, etc.

Finding and reporting of potential risk by employees

When an employee of a NRI group found all risk including an incident on the law breaking and the information securities, it's required to report it to a risk supervision department based on a usual report line and also it's required that a risk supervision section concerned will report it to a risk management charge official.

We have established an external-service hotline (attorney's office) for the purpose of discovering and correcting any risks, including illegal activities.

Feedback process on potential risk

Ability to respond to risk is raised by a business promotion committee's by holding in twice for each of every quarter of the year developing a risk case promptly for all fields also sharing information during a section. Eleven business promotion committee meetings were held in FY2022.

Compliance - Management Approach

NRI's approach to material issues

With the expansion of the global economy, societal demands for companies to engage in fair and transparent business activities are becoming more and more relentless.

In particular, laws and regulations are being strengthened worldwide for issues that transcend borders and have a large social impact, such as anti-corruption, unfair competition, and tax compliance.

The NRI Group aims to expand its global-related business in its "NRI Group Vision 2030" long-term management vision, and will strengthen its global compliance system, prioritizing thorough compliance with laws and regulations above all else.

Furthermore, we recognize that it is the premise of sustainable business activities to not only comply with laws and regulations, but also act in accordance with international social norms.

Priority activities / Medium- to long-term targets

NRI respects and practices the spirit of the Charter of Corporate Behavior as a member of the Keidanren (Japan Business Federation).

The NRI Group has established the "NRI Group's Code of Business Principles" and the "NRI Group Employees' Code of Business Conduct" as standards for all directors and employees to comply with. Furthermore we established "NRI Group Policy on Human Rights," "NRI Group AI Ethics Guidelines," "NRI Group Anti-Bribery Policy," "NRI Group Competition Law Compliance Policy," and "NRI Group Global Tax Policy" to strengthen global compliance.

Compliance - Data

▶Compliance policy

Compliance policy	
	The NRI Group is sincere in its observation of ethics and laws and regulations, and strives to ensure thorough compliance. we have also formulated a policy on the prohibition of bribery and compliance with antitrust laws. The "NRI Group Employees' Code of Business Conduct," which was established to realize the "Corporate Philosophy" and the "NRI Group's Code of Business Principles," establish that "employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity." Furthermore, by establishing a mechanism for the proper processing of reports concerning organizational or personal violation of laws and regulations from persons engaged in the NRI Group's business (including not only company employees, but also employees of partner companies), we will aim for prompt detection and rectification of such misconduct, thereby strengthening compliance management. In addition, NRI Group has a policy on human rights, AI ethics, anti-bribery, competition law compliance, and tax.
Applicable scope	
	All directors, officers and employees of NRI Group
References	
	Corporate Philosophy https://www.nri.com/en/company/c_philosophy NRI Group's Code of Business Principles https://www.nri.com/en/company/company_code NRI Group Employees' Code of Business Conduct https://www.nri.com/en/company/business_code NRI Group approach to compliance https://www.nri.com/en/sustainability/social/policies

■ Compliance - Data

▶Compliance system

Compliance system of the NRI Group

To secure effectiveness of management in observation of ethics and compliance, in addition to the Chief Ethics Officer and a Director in charge of Compliance being assigned and a Compliance Committee being established and operated, its settlement and improvement in its effectiveness has been targeted by continuously conducting training and enlightenment activities.

In addition, a basic policy has been established for anti-social forces, not to have any relations, including business transactions, with them,

with the representative department undertaking information gathering as well as management and response to prevent any transactions.

[Compliance system]

Officer in charge

・Chief Ethics Officer

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

・Director in charge of Risk Management / Compliance

  Takeshi Hihara, Senior Corporate Managing Directors

Responsible committee

Compliance Committee

Compliance hotlines

We have set up a number of reporting desks, including an external reporting desk (attorney's office), to provide for anonymous reporting and consultation relating to violations of laws and regulations.

In addition, protections for whistleblowers are in place, including the prohibition of disadvantageous treatment such as dismissal or termination of contract based on said whistleblowing.

Measures are taken in the event of such reports, including those for prompt handling after investigating the facts, and also those preventing any recurrence of the situation.

Third-party audit of compliance system

As part of the creation of an internal control audit report, the compliance system is audited annually by an auditing firm.

■ Compliance - Data

▶Compliance situation

System of thorough compliance

Every year, management set important risks that should be prioritized the following year as "major themes" based on the results of company-wide monitoring of compliance with regulations and the results of internal audits, and the NRI Group is focusing on compliance with the rules.

The "major themes" are reflected in a booklet that is distributed to all employees of the NRI Group entitled "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff", which explains the nature of the rules and their legal basis, as well as providing examples.

The state of compliance with respect to the rules included in the booklet is regularly monitored, and if any issues are found, the head office organization and business divisions work together to make improvements.

In addition to training for each hierarchy level and position, we generally conduct compliance confirmation testing (in the e-learning format) on "The NRI Group Rule Book:Fundamental Rules for Executive Officers and General Staff" once every two years.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Completion Rate for Compliance Confirmation Testing[*]	%	–	97.9	–	97.8	–
Coverage			b-		b-	
Collection Rate for Compliance Awareness Surveys[*]	%	–	–	82.5	–	83.7
Coverage				b-		b-
Numbers of Internal Reports/Consultations		4	3	4	3	7
Number of Harassment Consultations		–	–	–	31	42
Coverage		b-	b-	b-	b-	b-

*Compliance awareness surveys were conducted in FY2022. Compliance confirmation testing was conducted in FY2021.

Breaches of laws and regulations

In FY2022, there were no compliance breaches including harassments related incidents, that had a significant impact on the management of the NRI Group.

In any case of a violation of regulations or compliance including harassment of any kind, NRI takes disciplinary measures including pay cuts and/or suspension of employment based on rules established by each Group company.

Depending on the case, the results are reflected in personnel assessment processes.

◼ Compliance - Data

▶Anti-corruption

Anti-bribery policy

In order to pursue business fairly and in compliance with the laws and social norms, NRI Group will comply with the Japanese Unfair Competition Prevention Law, the US Foreign Corrupt Practices Act, the UK Bribery Act 2010, the Chinese Criminal laws on anti-bribery, and other applicable anti-bribery laws and regulations (hereinafter collectively called "anti-bribery laws and regulations").

By preventing any acts of bribery and any acts that may be considered as bribery, NRI Group will maintain its reputation as a company that is trusted by the customers and the society.

NRI Group has established the following code of conduct "NRI Group Anti-Bribery Policy", applicable to all directors, officers and employees of NRI Group.

NRI Group requires its agents and partners to comply with such standards.

In addition, through the "RULE BOOK: Cornerstone Rules of Executive Officers and Employees," distributed annual basis, NRI Group's global executives and employees are informed of the NRI Group Employees' Code of Business Conduct (eliminating inappropriate business, moderation in interactions, etc.) and individual rules (promoting appropriate interactions with public officials, preventing bribery, etc.).

Applicable scope

All directors, officers and employees of NRI Group, and business partners.

Reference

NRI Group Anti-Bribery Policy
https://www.nri.com/en/sustainability/social/policies#zoushuu

Breaches of anti-corruption

No cases or disputes involving corruption or bribery were identified in FY2022.

▶Political contribution

Political contribution policy

In the NRI Group Employees' Code of Business Conduct stated that "Employees shall not give political contributions and election campaign support to politicians, candidates and political body directly through their corporate activities".

Applicable scope

All directors, officers and employees of NRI Group

Reference

NRI Group Employees' Code of Business Conduct
https://www.nri.com/en/company/business_code

Political contribution amount

NRI group does not make political contributions.

■ Compliance - Data

▶ Fair competition

Fair competition policy

In order to pursue fair competition, NRI Group will comply with the Japanese Anti-Monopoly Law, the Subcontract Proceeds Law and other Japanese Laws, the US Antitrust Law, the EU Competition Law, the Chinese Anti-Monopoly Law and other applicable competition laws and regulations.
NRI Group has established the following code of conduct "NRI Group Competition Law Compliance Policy", applicable to all directors, officers and employees of NRI Group.
NRI Group requires its agents and partners to comply with such standards.

Applicable scope

All directors, officers and employees of NRI Group

Reference

NRI Group Competition Law Compliance Policy
https://www.nri.com/en/sustainability/social/policies#dokusen

Breaches of fair competition

Nothing applicable.

▶ Tax risk and compliance

Tax policy

The NRI Group's policy on taxation has been defined in the "NRI Group Global Tax Policy," and stipulates the basic policy, tax compliance, tax governance, tax risk control, tax planning, and relationship with tax authorities.
The NRI Group strives to achieve sustainable growth and enhance its medium to long-term corporate value while observing all applicable laws, regulations, social norms, and its own internal rules, and conducting its business in a fair and highly transparent manner.We are working to continuously enhance tax governance, such as establishing a tax system and developing transfer pricing policies in response to the expansion of our global business.
The NRI Group observes international tax rules and regulations as well as the tax laws of each country in which we operate, while considering the intended spirit of those laws and paying appropriate taxes in the appropriate jurisdictions where we operate based on the value which is created through our business activities.
This policy has been authorized by President & CEO at NRI.

Applicable scope

NRI Group

Reference

NRI Group Global Tax Policy
https://www.nri.com/en/sustainability/social/policies#zeimu

Tax governance

The NRI Group is working to enhance tax governance in order to properly manage tax risks and costs in the entire group.
NRI's CFO is responsible for NRI Group tax governance.The results of tax audits are reported to the management and corporate auditors, and important matters are reported to the Board of Directors.
We have established and operate the "NRI Group Transfer Pricing Policy" regarding transactions between NRI Group companies.
The transaction price between NRI group companies is set according to the arm's length price in accordance with the OECD Transfer Pricing Guidelines and the relevant transfer pricing policy.

Compliance - Data

Taxes paid by region (FY2022)		unit	Revenue	Income tax accrued	Income tax paid	No. of employees
	Japan	100 millions of yen	5,689	127	369	10,798
	Rest of the world	100 millions of yen	1,232	3	32	6,596
	Oseania	100 millions of yen	753	0	26	3,736
	North America	100 millions of yen	384	0	1	869
	Asia/Others	100 millions of yen	94	3	4	1,991
Total		100 millions of yen	6,921	130	401	17,394
	Coverage		a	a	a	a

Name and business overview of major companies

Country/region	Name of major company	Business overview
Japan	Nomura Research Institute, Ltd.	◆Consulting services Providing government policy advice and strategic consulting, business consulting to support work reforms, and system consulting for all types of IT management ◆Financial IT solutions Providing system consulting, system development and system management solutions, and IT solutions and BPO services for shared online systems, mainly to clients in the financial industry, such as securities firms, insurance firms, and banking firms ◆Industrial IT solutions Providing IT solutions such as system consulting and system development and operation services to clients in the distribution industry, manufacturing industry, service industry, and public utilities ◆IT infrastructure solutions Providing services such as data center administration and IT infrastructure/network building, mainly via the financial IT solutions department and industrial IT solutions department Providing IT infrastructure solutions and information security services to clients in various industries
	NRI Netcom, Ltd.	
	NRI Data i Tech, Ltd.	
	NRI Process Innovation, Ltd.	
	NRI System Techno, Ltd.	
	DSB Co., Ltd.	
	DSB Information System Co., Ltd.	
	NRI digital, Ltd.	
	Nippon Securities Technology Co. Ltd.	
Oceania	NRI Australia Holdings Pty Ltd	
	NRI Australia Limited	
	Planit Test Management Solutions Pty Ltd	
	SQA Holdco Pty Ltd	
	Australian Investment Exchange Limited	
North America	Nomura Research Institute Holdings America, Inc.	
	Convergence Technologies, Inc.	
	Core BTS, Inc.	
	Cutter Associates, LLC	
Asia	Nomura Research Institute Asia Pacific Private Limited (Singapore)	
	Nomura Research Institute (Beijing), Ltd. (China)	
Other	Nomura Research Institute Europe Limited	

■ Supply Chain Management - Management Approach

NRI's approach to material issues

The NRI Group believes that its business is built on collaboration with its business partners such as its external contractors and suppliers.

For that reason, the NRI Group's basic policy is to build business relationships that comply with both the law and sound business practices, to the benefit of both parties.

In order to maintain the services that it delivers that act as foundations for the society, it is essential that the NRI Group continues to have good relationships with its business partners, and to grow together as partners. To that end the NRI Group:

- Shares its management policies with its business partners.
- Provides information and opportunities for its business partners to grow together with the NRI Group.
- Provides rules and procedures to maintain a sound operating environment with its business partners, which it also monitors periodically.

Furthermore, in conducting business both in Japan and overseas, there are now strong demands for engagement with respect to a "responsible supply chain," and in addition to responsibility with respect to legal-compliance, productquality. And information-security aspects, there is a need to work together with our business partners to also tackle ESG issues such as environmental protection, proper labor practices, and respect for human rights, etc.

Accordingly, the practice of ESG procurement has been clearly stated in the "NRI Group Procurement Policy," we formulated the new NRI Group Business Partner Code of Conduct in April 2021, and we have shared our policy of observing laws, regulations and social norms while simultaneously engaging in procurement activities that are considerate of the environment and human rights, etc., and working together with our business partners in contributing to the creation of a sustainable society.

Priority activities / Medium- to long-term targets

We ask our major business partners to agree to the NRI Group Business Partner Code of Conduct that defines rules on legal compliance, the environment, and human rights. We also ask our business partners that have agreed to the NRI Group Business Partner Code of Conduct to conduct self-assessments, so that we can implement sustainable procurement throughout the entire supply chain.

As an environmental initiative, we are currently making progress with setting environmental targets in supply chains.

For our business partners that correspond to Category 1 (Purchased Products/Services), Category 2 (Capital Goods), and Category 11 (Sold Products and Services) in Scope 3, which has a large impact on greenhouse gas emissions, we are also working to have them set targets for greenhouse gas emission reductions based on SBT standards.

We ask our major business partners to agree to the NRI Group Business Partner Code of Conduct and conduct self-assessments, so that we can implement sustainable procurement throughout the entire supply chain.

In FY2021, we received written agreements on the NRI Group Business Partner Code of Conduct from 243 business partners, which account for 82% of non-consolidated procurement costs. A self-assessment was also conducted at 14 companies.

■ Supply Chain Management - Management Approach

Progress / Achievements / Challenges

NRI conducts "Sustainability study sessions" with business partners every year to prepare for the ESG activities that will be demanded of the entire supply chain in the future.

At the meetings we share information and exchange opinions on ESG trends in domestic and foreign companies, as well as on the status of ESG activities of participating companies, including NRI. Above all, much time is devoted to human rights.

In FY2022, 89 business partners participated.

In FY2023, we plan to encourage active participation in "Sustainability study sessions" in order to continue dialogue with business partners in order to achieve our supply chain goals.

In regard to the NRI Group Business Partner Code of Conduct, in FY2022 we received written agreements from business partners that account for 90% of procurement by NRI on a non-consolidated basis, and we are continuing efforts for receiving such agreements from the business partners of our group companies. We have already received written agreements* from 418 business partners, which account for 63% of our procurement at group companies in Japan (or 56% of global procurement).

We also asked 52 of our top business partners by transaction value to conduct a self assessment to confirm their compliance with the code of conduct, and exchanged opinions with seven of those companies.

*These written agreements are equivalent to contracts between companies and also includes provisions for reducing or suspending transactions in cases where violations occur and improvements are not made despite requests from NRI.

■ Supply Chain Management - Data

▶Supply chain management policy

Policy to apply to suppliers

	The NRI Group has, through its NRI Group Procurement Policy, made stipulations concerning partnership creation and fair selection with respect to business partners such as outside contractors and suppliers. Furthermore, in order to require business partners to take activities that take into consideration ESG (environmental, social, governance) factors, we have established an item "Practice of Sustainable Procurement" in our procurement policy. In April 2021, we formulated the new NRI Group Business Partner Code of Conduct and are promoting activities for achieving a sustainable future within our entire supply chain.
Applicable scope	
	Directors, officers and employees of NRI Group, and business partners such as outside contractors and suppliers.
Reference	
	NRI Group Procurement Policy https://www.nri.com/en/company/partner NRI Group Business Partner Code of Conduct https://www.nri.com/en/company/partner_code

▶Supply chain situation

Supplier overview

	The below are the NRI Group's two main kinds of business partners: (1) Partner companies (outside contractors) (2) Vendors (hardware suppliers) Design, development, and testing of information systems account for the largest proportion of work outsourced to partner companies. Speaking from the perspective of systems integration, the NRI Group accepts orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies. There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Approx. no. of partner employee (Japan)	no. of person	7,000	7,500	7,000	8,000	8,000
Approx. no. of partner employee (overseas)	no. of person	4,000	5,000	5,000	6,000	6,000
Coverage		c	c	c	c	c

Procurement amount	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total outsourcing expenses	millions of yen	150,635	161,305	171,560	194,766	214,166
Breakdown by country / region China	millions of yen	23,213	28,514	30,460	36,730	37,436
Coverage		a	a	a	a	a

■ Supply Chain Management - Data

Critical supplier

We also sign "e-partnership" agreements with companies that possess particularly sophisticated operational knowhow and IT capabilities.

We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development.

As of March 31, 2023, we had seven e-partners in Japan and seven e-partners overseas.

In FY2008, we set up a system for certifying "extended e-partners" ("e-e partners") in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2023, we have 2 e-e partners in Japan.

In FY2022, we extended our e-partnership system and signed "f-partnership" agreements with outstanding partner companies deemed essential to our solution business by our Partner Promotion Division from the perspective of each business division or the entire company. NRI will closely cooperate with these "f-partners" to systematically enhance human resources, technology, quality, and information security, and we will maintain a system that enables us to provide our customers with the highest quality services.

As of the end of March 2023, we have one f-partner in Japan and three f-partners overseas.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of e-partners	no. of companies	13	15	14	14	14
Japan	no. of companies	8	8	7	7	7
Overseas	no. of companies	5	7	7	7	7
Number of e-e partners	no. of companies	3	3	2	2	2
Japan	no. of companies	3	3	2	2	2
Number of f-partners	no. of companies					4
Japan	no. of companies					1
Overseas	no. of companies					3
Coverage		c	c	c	c	c

Utilization of offshore development

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems.

The NRI Group is proceeding to diversify its outsourcing destinations.

We are promoting nearshore development[1] in Japan and offshore[2] development in Southeast Asia.

*1 Nearshore development: To outsource software development and system construction to a company or subsidiary in a remote area in Japan.

*2 Offshoring: Outsourcing software development and systems development to companies and subsidiaries overseas.

■ Supply Chain Management - Data

▶Supply chain risk assessment

Supply chain risk assessment measures

Before consigning the development of any NRI system to a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its measures on compliance and information security management.

With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act.

Regarding information security, to ensure that our partner companies provide the same level of security as NRI do, NRI requires them to sign confidentiality agreements and memoranda on the handling of personal information.

In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

We have also provided hands-on training in dealing with phishing emails for those of their employees who are engaged full-time on security issues.

Supply chain risk assessment results

After evaluating risk in the supply chain, the NRI Group believes that there are the following two risks with respect to partner companies:

1. Good business relationships with subcontractors

In the fiscal year ended 31st March, 2022, our subcontractors were responsible for about 50% of NRI's actual production. It is essential to secure top-level subcontractors and maintain a good business relationship with them in order to carry out the NRI group's operation.

At the NRI group, we strive to secure superior subcontracting business partners by performing corporate screening regularly and searching for new collaborating business partners both domestically and overseas.

Furthermore, we are conducting activities to raise productivity and quality, including activities with subcontracting partners, through such measures as sharing of project risks with e-Partner Contracts, a contracted business partner with high levels of specialized business expertise,

and demands for greater security and thorough information management on the part of subcontracting partners.

Our subcontracting partners are not only in Japan, but also in various overseas locations, including China. Currently, Chinese companies account for about 20% of subcontracting costs.

We are therefore striving to strengthen this system of cooperation by regularly dispatching executives and employees to China to visit subcontracting partners and check the status of projects.

In spite of all these efforts, in case we fail to secure superior subcontracting partners or maintain a good business relationship with them, we might not be able to conduct business smoothly.

Especially in subcontracting to a subcontracting partner overseas, an unexpected event might occur caused by political, economic, or social factors which are different from those in Japan.

2. Contract work

There have been calls for appropriate responses in compliance with labor-related laws when contracting business outsourcing work is carried out under service contracts.

The NRI group have formulated guidelines relating to contract work to raise common awareness of this problem and to allow the awareness to take root in the NRI group. In addition, we host meetings to explain our policies to contracting business partners as part of our drive for entirely appropriate business outsourcing.

If despite these efforts, work outside the scope of the contract work is carried out and disguised contract issues and so forth arise, NRI may lose credibility.

■ Supply Chain Management - Data

▶ Fair trade

Fair business relationship with business partners

In accordance with antitrust legislation, the NRI Group prohibits employees from abusing their dominant position as outsourcers.

Furthermore, with respect to compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, outsourcing to subcontractors is in thorough compliance with the law, including with respect to the exchange of order documents, and payment dates.

In addition, we inform our partner companies in writing that we decline offers of gifts and entertainment, and we thoroughly ensure our employees at the NRI Group are aware of the same.

Voluntary inspection for appropriate subcontracted operations

The partner companies engaged in business with NRI employ just over 13,000 employees between them, and around 40% are full-time at NRI's facilities.

Appropriate measures in accordance with labor-related laws are required for outsourcing under a contract contract.

Work with these subcontracted employees to maintain proper contract work, separate the subcontracted employee's workplace from the NRI employee's workplace, and conduct annual voluntary inspections of the contract work guidelines to prevent spoofed contracts.

Voluntary inspection results		FY2018	FY2019	FY2020	FY2021	FY2022
Number of inspected projects*		926	1,206	1,186	1,195	1,420
	Coverage	c	c	c	c	c

* The target of inspection is the number of persons in charge of execution from FY2019.

▶ Information security of supply chain

Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, NRI requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy. The number of surveys varies because the target of the survey changes based on the results of the previous fiscal year and security management trends at contractors.

Assessments of business partners		FY2018	FY2019	FY2020	FY2021	FY2022
Number of assessed projects		76	95	780	700	492
	Coverage	c	c	c	c	c

▶ Supplier screening criteria

Supplier screening criteria

We provide opportunities for fair competition to all of our business partners and comprehensively evaluate the status of environmental, societal, and governance efforts from the perspectives of business conditions, product and service quality, delivery, and cost, and perform selection in a fair and transparent manner.

Our efforts regarding the environment, society, and governance correspond to the items in the NRI Group Business Partner Code of Conduct (items regarding labor, health and safety, the environment, corporate ethics, and management systems).

We ask our business partners to submit written agreements on this code of conduct.

We also ask our business partners to conduct self assessments (SAQ) and periodically exchange opinions on the code of conduct and SAQ so that we can have the business partners make improvements based on the results.

The NRI Group uses the processes and results of the above efforts when making decisions on selecting business partners and whether to continue doing business together.

■ Supply Chain Management - Data

▶Capacity building and incentives for suppliers

Efforts toward mutual development with partner companies

When the NRI Group outsources part of the operations for a project concerning the development or operation of information systems to a partner company in or outside Japan, the status of the outsourced processes as a whole, along with any issues and anticipated risks, are identified during regular joint meetings of the project team and responsible officers.

With our principal partner companies, quality management officers from both sides also meet regularly, and aim to ensure and raise quality levels.

The NRI Group is engaged in enhancement services reforms* to further improve quality and productivity. We are undertaking these activities in each project on an ongoing CSR Activities and Stakeholder Engagement basis in collaboration with our e-partners and other partner companies.

In fiscal 2008, we set up a system for certifying "extended e-partners" ("e-e partners") in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us.

In order to strengthen the relationship between the NRI Group and its partner companies, we hold management seminars with the management of partner companies both in Japan and overseas. In FY2022, social gatherings were canceled to prevent the spread of COVID-19, and only lectures (with a limited number of participants) were held, both in person and online.

	unit	FY2018	FY2019	FY2020	FY2021	FY2023
Number of partner companies participating in the training	no. of companies	15	16	12	13	15
Number of participants from partner companies (cumulative number of people)	no. of person	306	511	402	546	616
Number of partner companies participating in management seminars	no. of companies	110	113	—	93	90
Number of participants in management seminars from partner companies	no. of person	226	223	—	147	212
Coverage		c	c	c	c	c

* Enhancement: the term we use to describe our maintenance and operation services for information systems.
  Since enhancement also includes improvements and proposals, we see it more as a full service operation providing support for our clients' entire business operations and systems.

Client Relationship Management - Management Approach

NRI's approach to material issues

Throughout the entire value chain, companies are responsible for continuing to provide products and services that meet the needs of customers and users in a safe and reassuring way.

The NRI Group provides information systems to various industries and government agencies, and has a responsibility to not only direct customers, but also to think about the impact on general consumers and users who benefit from information systems and the impact information systems have on society.

The NRI Group will provide the highest standard of information-systems services through advanced technologies and organizational systems relating to information system quality and information security, and through consulting and IT solutions will create the foundation for industry and technology innovation in the future and connect the same to economic and societal development.

note : Please refer to the "Information System Quality" and "Information Security" sections below.

Priority activities / Medium- to long-term targets

NRI Group has set "Discerning new social paradigms and assuming the role of implementing such paradigms" and "Building client's trust and prospering together with clients" in its corporate philosophy as its mission, indicating its intent to "co-create future society" together with the customers.

We shall aim for sustained growth of NRI Group and the creation of a sustainable future society through "value co-creation" with our customers.

Client Relationship Management - Data

▶Fiduciary duty

Comprehensive deliberation on new contracts

In response to business contract requests from clients, we decide to accept them by conducting the examinations.

We make our final decision after thoroughly considering the fiduciary duty on quality and delivered date, as well as legal, ethical and operational risks for the contract.

• Credit screening tapping into information from research firms

• Project-by-project deliberation at the Senior Management Committee and each division meeting

• Comprehensive assessment on the future potential, growth potential and social effects of the business

▶Client satisfaction

Client satisfaction surveys

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

The quality control department analyzes the overall trend through the survey results.

The project department will also receive survey feedback from the quality management department and follow up to implement measures to improve service quality.

Areas receiving a favorable assessment

• Communication

• Leaders' management skills

• Flexible response to demands

• Productivity and reliability of system operation work (routine work)

• Specialized knowledge and skills relating to systems

• Polite responses to queries

Areas of expectations for improvements

• Greater intelligibility of manuals

• Ease of understanding and using screens and forms

• Clarity of the basis for estimates

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Client satisfaction[1] (percentage of "satisfied client")	%	86.9	83.8	86.4	88.7	89.1
Percentage of clients surveyed[2] (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
Coverage		c	c	c	c	c

*1 Calculating the weighted average as the percentage of clients who are "satisfied" with the top 2 stages out of 5 evaluation criteria.

*2 The survey is conducted for all business units of consulting business and IT solution business, clients and project service subject to the survey are extracted on a certain basis for each business unit.

■ Innovation Management - Data

▶Innovation management policy

Approach to research and development

To create a sustainable society, companies are greatly expected to create innovation and contribute to solving social issues.
The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development.
In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules.
We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.
As R&D focus areas, NRI conducts R&D for different segments. Our Consulting R&D looks at next-generation business and strategies.
Finance & Industry R&D looks at promotion of DX and promotion of de facto standard business platform-ization.
IT Platform Services R&D involves continually monitoring cutting-edge technologies, and strengthening IT's power to provide solutions that apply those technologies to people's lives and to society at large.

▶Research and development system

Research and development system

The NRI Group promotes research and development in the three fields of "digital society infrastructure," "development and acquisition of leading technologies," and "business development".
The NRI organizations responsible for the various areas of our R&D are as follows, but as needed they engage in collaboration with different organizations both within and outside our Group.

Research & Development Committee:
As well as propose and discuss R&D strategies, this Committee manages individual projects from a whole-company perspective, from planning through to application of the results.

Center for Strategic Management & Innovation:
Responsible for government policy recommendations and advanced research functions, this Center conducts surveys on new systems for society.

DX Platform Division:
Responsible for the NRI Group's technologies development, this Division conducts research into cutting-edge technologies and base technologies in the area of information technology.

Our business divisions:
Responsible for medium- to long-term business development and new product (service) development, these investigate product business feasibility, conduct product development, and undertake demonstration projects.

▶Research and development situations

Research and development expense		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total amount		millions of yen	3,665	4,310	4,468	4,992	4,908
Breakdown	Consulting	millions of yen	796	824	1,109	1,331	1,492
by segments	Financial IT Solutions	millions of yen	1,694	1,984	1,947	1,783	1,675
	Industrial IT Solutions	millions of yen	583	714	757	1,150	1,009
	IT Platform Services	millions of yen	590	781	654	727	731
Sales ratio		%	0.7	0.8	0.8	0.8	0.7
	Coverage		a	a	a	a	a

■ Innovation Management - Data

▶Open innovation

Open innovation case 1	
Reference	NRI and Nomura Holdings, Inc. established BOOSTRY in September 2019 as a joint venture to develop and provide a platform for exchanging rights to securities using blockchain technology. BOOSTRY brings together personnel from both NRI and Nomura Holdings with expertise in areas including finance, law, blockchain technology, and IT solutions to pioneer the business of building a new platform for businesses and other entities to issue and distribute securities and other rights. Using the blockchain technology of BOOSTRY, NRI issued digital asset bonds and digital bonds in Japan in March 2020. The bonds use blockchain technology to manage the bond register, which makes it possible for the issuer to continuously identify bondholders, something that is difficult to do with conventional bonds.
	News Release (September 2, 2019) : Nomura and Nomura Research Institute Establish Joint Venture Company https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902_1 News Release (March 30, 2020) (In Japanese only) : NRI issued the first "digital asset bonds" and "digital bonds" in Japan that utilize blockchain technology. https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330_1

Open innovation case 2	
Reference	In the EARTHBRAIN project, a joint venture between Komatsu Ltd., NRI, and two other companies, we combine the DX technologies of NRI with the process management technologies of Komatsu to achieve "next-generation smart construction." In the past, Komatsu has used drones for surveying and inspection, and has promoted the digitalization of each process for visualizing the status of construction projects online, by attaching sensors to machinery. In the EARTHBRAIN project, the DX technologies of NRI are utilized to centralize the data obtained in each process in order to visualize all processes side-by-side and thereby perform optimal control to dramatically improve safety, productivity, and environmental performance. The DX technologies of NRI also visualize multiple construction sites on a platform to enable optimization of machine operation at each site, optimize manpower allocation in advance, and accurately predict when materials need to be procured and dispatched. Because real data is received on a daily basis, it is possible to accurately determine whether construction is proceeding according to plan.
	News release (April 30, 2021) ： Komatsu, NTT DOCOMO, Sony Semiconductor Solutions and Nomura Research Institute to Launch "EARTHBRAIN" https://www.nri.com/en/news/newsrelease/lst/2021/cc/0430_1 EARTHBRAIN Ltd. Official website https://www.earthbrain.com/en/

■ Innovation Management - Data

Open innovation case 3	
Reference	TORANOTEC Asset Management Ltd., TORANOTEC's wholly-owned subsidiary, offers a service called "TORANOCO" for investing using change. This is a service that allows anyone to invest with a small amount ofmoney. NRI has supported smooth service provision for "TORANOCO" by providing its investment account management system service and its back-office operations support service for asset management companies. Going forward, through this investment, NRI will work on the further evolution of "TORANOCO" and the development of new investment services. Specifically, by adapting "TORANOCO" to existing banks where NRI provides an account management system, it enables new approaches to young and inexperienced people who have not had investment experience so far. We will also promote the development of new asset management services for smallscale investment for financial institutions. Creation and acquisition of new market: By bringing young people and investmentexperienced people into the financial market, it can lead to the development of new financial system and service markets.
	Integrated Report 2018:Investment in TORANOTEC that is involved in asset management and applivation development https://ir.nri.com/en/ir/library/report/main/02/teaserItems1/00/linkList/016/link/AR2018_e.pdf#page=41

▶Process innovation

Process innovation	
Overview	Introduction of development tools of information systems
	We have built a tool for integrated management of both product quality improvement and operational efficiency in large-scale information system development. This tool is a "collaboration solution" that integrates the functions of project management such as quality management, progress management, and issue management to improve teamwork and productivity by accumulating and sharing knowledge and activating communication. It is composed of multiple solution packages such as "DevOps solution" that realizes continuous integration/delivery required for advanced software development. By introducing this tool, it has become possible to achieve both system management project sophistication and project member operational efficiency, as well as modernization and efficiency of the system development process. We have been selling this tool as a service called "aslead", and as of April 2023, we are providing ten solutions, and we plan to continue providing new solution packages. It is expected that the results of NRI's process innovation will spread widely to the entire IT industry through "aslead".
Efficiency gains	Improvement in efficiency by introduction of this tool is expected to create about 55 minutes surplus time per person, which will result in a cost saving effect of about 10% as a whole.

■ Innovation Management - Data

Reference	
	What's New (February 26, 2021) (In Japanese only) :
	We have entered a partner agreement with GitLab to start selling the first leading DevOps solutions focused on GitLab as an official distributor in Japan.
	https://www.nri.com/jp/news/info/cc/lst/2021/0226_1
	What's New (March 16, 2021) (In Japanese only) :
	Received the "2020 Best Solution Partner" award from Elastic
	https://www.nri.com/jp/news/info/ips/lst_ips/2021/0316_1
	What's New (November 19, 2021) :
	NRI Launches Solution to Help Build Corporate Privacy Governance —Partnership Agreement Concluded with OneTrust—
	https://www.nri.com/en/news/info/cc/lst/2021/1119_1
	NRI JOURNAL (January 18, 2021)
	Achieving Smoother Communication and Higher Productivity in Remote Work
	https://www.nri.com/en/journal/2021/0128
	aslead (official site, In Japanese only)
	https://aslead.nri.co.jp/

▶Environmental innovation

Environmental innovation

Overview	Significant Reduction in CO_2 Emissions Due to Shared Online Services
	The usage of Shared Online Services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, they can markedly reduce power consumption, CO_2 emissions and costs, more so than when each company independently developed their own system. Estimates show that THE STAR, a back-office system for retail brokerage firms, enables the user to lower its CO_2 emissions by **73.9%**.

Effects of environmental innovation	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Sales ratio of Shared Online Services	%	20	19	19	18	19
Coverage		a	a	a	a	a

▶Social innovation

Social innovation

Overview	Community development through consulting
	There are about 1,400 researchers in our consulting division, which is one of the top consulting institutions in Japan in terms of the number of researchers as well as quality. NRI's diverse consulting services, such as companies, local governments, and governments of emerging countries, are all directly related to the resolution of important social issues and can be said to be social innovation.

Effects of social innovation	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Sales ratio of consulting	%	8.2	7.3	6.8	7.0	6.7
Coverage		a	a	a	a	a

Quality of Information Systems - Management Approach   G07M

NRI's approach to material issues

Information systems are widely and deeply ingrained in modern society in a variety of ways, and have become indispensable infrastructure for our convenient and comfortable lives.

They are also cornerstones in the realization of new systems and services, and contribute greatly to societal innovation.

On the other hand, when an information system fails, it has a large impact on economic activity and civic life.

Since its establishment, the NRI Group has consistently focused on the quality of its information systems, from design through to maintenance and operation, with an emphasis on information services not stopping unexpectedly.

In addition, all possible measures have been taken in providing backup and business-continuity systems in case of an emergency information system failure.

Priority activities / Medium- to long-term targets

The NRI Group provides total support, extending to maintenance and Operation, for the systems that we produce for a variety of business sectors, including the securities, banking, insurance, distribution, and communications industries.

As well as develop a high-quality system within the time and for the cost agreed with the client, another important role for the NRI Group is ensuring the quality of our maintenance and operation of the system once it is up and running.

From this perspective, in order to increase the reliability of our information systems, we at the NRI Group are directing our efforts towards the following priorities:
• Quality management in the development of information systems
• Quality management in the maintenance and operation of information systems
• Increasing the reliability of cloud services as an information system infrastructure
• Increasing the reliability of the data centers that support the systems' operation

■ Quality of Information Systems - Management Approach

Progress / Achievements / Challenges

NRI is certified to ISO9001, the international standards for Quality Management System, in January 2002, which apply to information systems construction projects of a certain size or greater.

In addition, in order to successfully guide projects building large and complex information systems to completion, we have established a project supervision system that systematically carries out risk management and project support.

Data center results

NRI is certified to ISO20000 and ISO27001, the international standards for IT service management, for three data centers* it owns and manages.

In addition, we have acquired M&O certification, which is a global standard for data center operation established by the US non-profit organization Uptime Institute.

"Tokyo data center Ⅰ" was the first data center in Japan to acquire the certification (acquired December 2014).

* With the suspension of services provided by Osaka Data Center in FY2022, we now own and manage three data centers.

KPI

|	FY2017	FY2018	FY2019	FY2020	FY2021
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO/IEC 20000 , ISO/IEC 27001 Certified Data Centers	5	5	5	4	3
ISO/IEC 27017 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
Data Centers with M&O Stamp of Approval	3	3	3	3	3
Failure Response Drills in Data Centers	approx. 4,600	approx. 4,100	approx. 4,000	approx. 3,900	approx. 3,100
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

Link File	NRI JOURNAL: Keeping the Supply Chain Moving
	https://www.nri.com/en/journal/sustainability/2017/01

■ Quality of Information Systems - Data

▶ Management structure for improving the quality of information systems

**Management structure for improving the quality of information systems**

Each business division is responsible for quality control when implementing projects.

Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Center for Systems Development Innovation set objectives and formulate plans relating to quality, and also build quality management systems, provide standard guidelines and advise on projects.

We are also actively engaged in resolving issues concerning the improvement of productivity, based on the idea that "improvements in quality improve productivity, which leads to further improvements in quality."
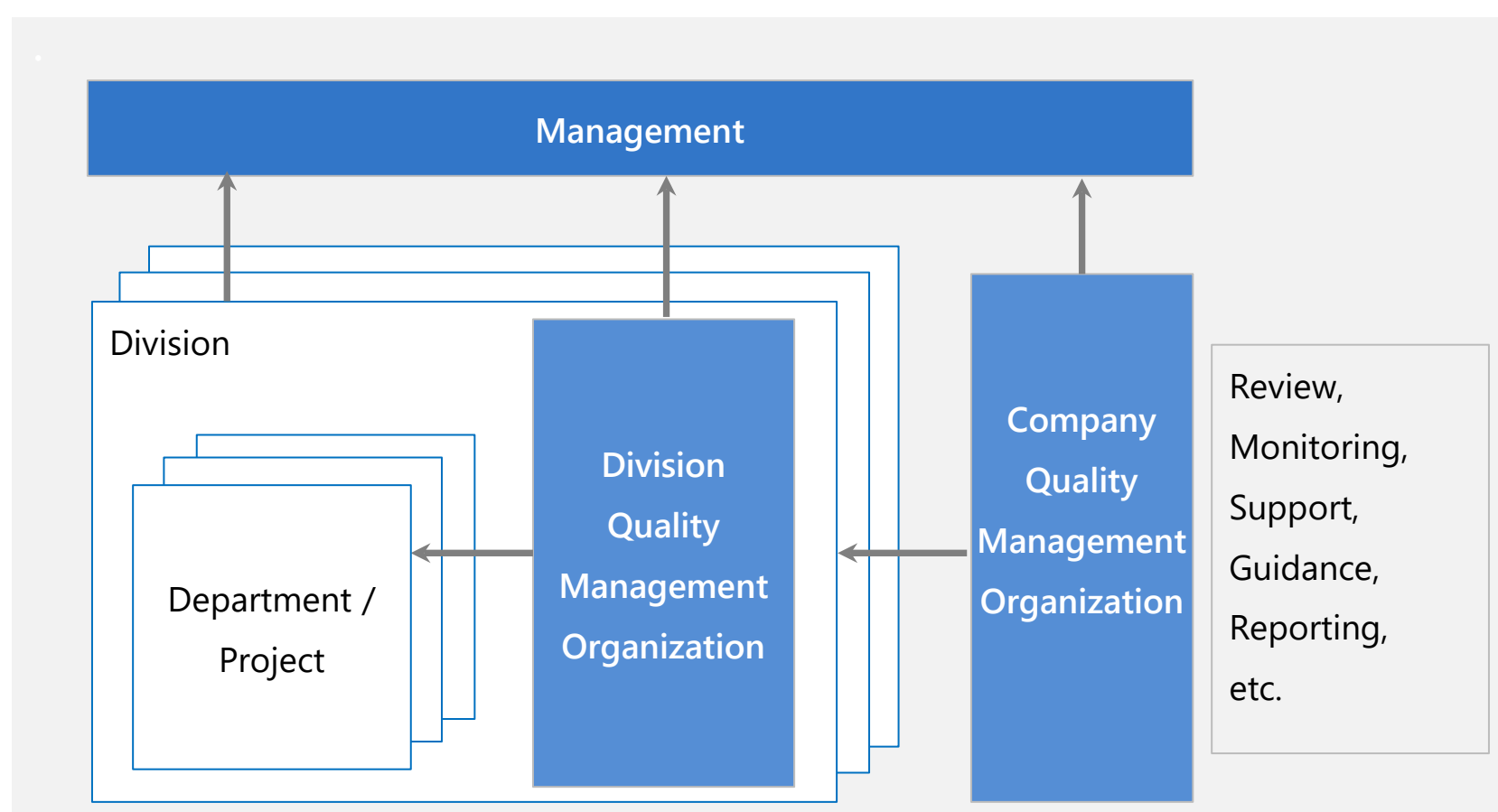
▶ Initiatives for improving the quality of information systems

Project support system for improving the quality of information systems

Each division is responsible for quality management over system development, maintenance and operations, and consulting services projects.

In addition, NRI has an organization which proposes and supports quality management activities for each division.
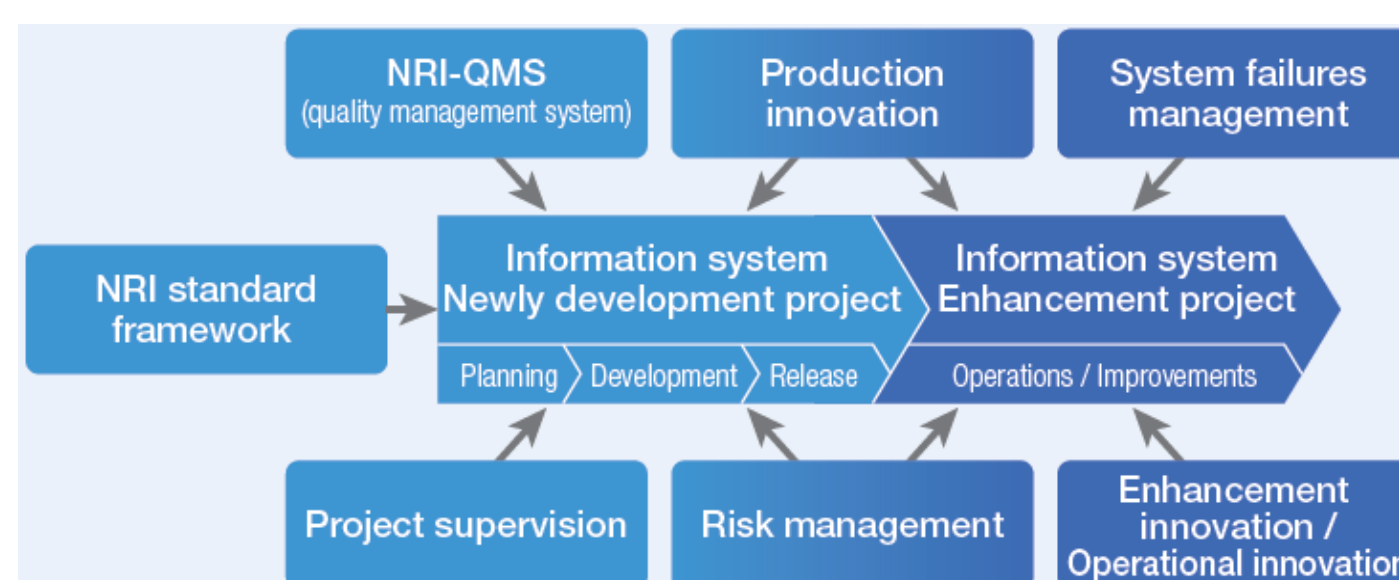
NRI-QMS* (Quality management system)

This is a quality management system built on the basis of know-how cultivated over many years of qualityimprovement activity.

It involves the company having established internal rules, guidelines and models for business processes to ensure quality for individual projects, and is also a mechanism that seeks continuous improvement in quality through periodical reviews of the NRI-QMS itself based on customer satisfaction surveys and audit results.

NRI is certified to ISO9001, the international standards for Quality Management System, for applicable information system construction projects that require a minimum prescribed amount of labor.

* QMS: an abbreviation of "Quality Management System."

■ Quality of Information Systems - Data

NRI Standard Framework

These are guidelines that containing standard processes for projects, as well as the activities and tasks to be carried out in each process, so that project quality and productivity increase through effective and efficient design and development in accordance with internal rules, project management, and review meeting audits taking place.

These guidelines are shared with all employees through the intranet.

They include tools and checklists to help improve quality and productivity, as well as samples, creation guides and case-studies for the eliverables (documents) that should be created in each process, and play a role in instilling practical know-how in the company.

Project supervision

In order to successfully build large-scale and complex information systems, for projects involving building new information systems, we support each business division from both the "monitoring function" and "promotion and support function" sides.

Separate from the "management" required for the implementation and success of each project, we are aiming for improved project quality by promoting "project supervision activities" that support early detection and responses for problems.

We constantly monitor the status of each project and provide assistance for project-manager tasks through support activities aimed at risk avoidance/mitigation, while also providing guidance on improving development processes and deliverables to enhance quality.

Furthermore, in order to understand and evaluate the risks relating to the quality, delivery, and income/expenditure for each project and respond appropriately, we conduct various review meetings in accordance with our internal rules at each critical juncture for the projects, including the proposal, estimate, construction, and release stages.

There are three levels for the review meetings: company, division, and department, and the size, characteristics, and difficulty of the information system being built will determine the review meetings allocated to it.

Each review meeting is not merely a process-checking opportunity; it is a place for a company expert who is well versed in areas such as project

management, quality control, and information technology to ensure high quality is realized by conducting a rigorous examination down to the details of the system and also provide appropriate guidance and support to the person in charge of the project, including advice and know-how.

The risks associated with each project are divided into five levels of impact, which are reported to the management meetings, and immediate or mid-to long-term measures are taken as required.

Quality of Information Systems - Data
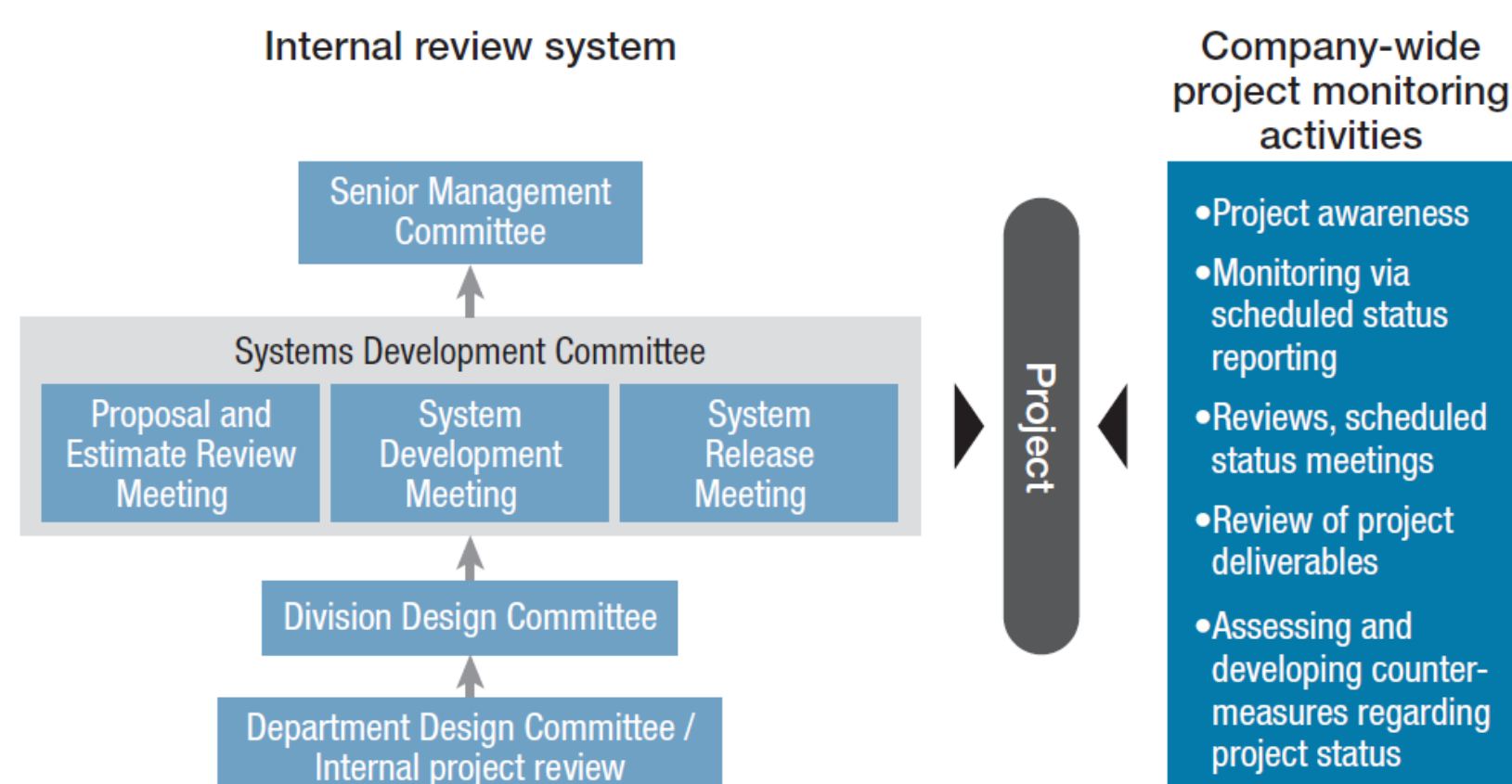
Production innovation

NRI has been building and maintaining systems by selecting the appropriate combination of technologies from the variety of technologies available to meet the needs of our customers.

Based on that experience, we are endeavoring to improve productivity from the following perspectives. One is not only utilizing new technologies when adopting new technologies, but also forming a group of experts to quickly acquire the expertise to ensure the quality and productivity of development.

Another is making progress with improvements in productivity that focus on shared processes that are not technologydependent in the maintenance and operation of the many systems NRI supports that apply various technologies from various time periods.

We are aiming for "Production Innovation" by combining multiple policies in these two areas.

Information system failure management

NRI has created a company-wide system for reducing information system failures, with focused initiatives that have reduced the incidence of failures.

At present, we are working to improve the quality of the system by appropriately implementing measures in the event of a failure along with measures to prevent recurrence, by establishing common rules throughout the company to ensure that action focusing on disaster reduction targeting the specific challenges at each location is continuously being taken.

We manage failure impact levels in five stages according to the impact range of the failure, and have established reporting procedures for each failure impact level and created a mechanism that shares information without delay after a failure's occurrence.

Failures that do occur are subject to deep and thorough analysis to clarify the root causes and allow relevant improvements to be made. We also have prepared a training curriculum on how to analyze failures and are working to improve the abilities and awareness of our employees and partners.

Enhancement service reforms

We will continue to support our customers' business, from the start of operation of information systems until they are retired. During that time, by improving functions according to business changes, system revisions, or advances in technology, a highly cost-effective system can be used for a longer period of time.

NRI believes that it is important to continue to improve functionality while maintaining stable operation of information systems, and refers to the postoperation process commonly called maintenance as "Enhancement". Because enhancement continues over a long period of time, there is a high risk of loss due to unattended problems and unresolved issues can have a negative impact on quality, but improvements can also have a significant impact.

Therefore, in order to promote improvement activities throughout the company, we have established the slogan of "Enhancement Service Reforms," and we are continuing activities to create and realize a improvement plan for each system every fiscal year.Good examples of activities and business know-how are shared with all employees via the intranet.

Quality of Information Systems - Data

▶Quality management in the maintenance and operation of information systems

Overview of quality control

In order for created information systems to be utilized effectively, stable system operation is indispensable.

The NRI Group has been offering reliable-quality system operation services 24 hours each day, 365 days each year for many years.

NRI's Data Center Service Division has built an IT service management system called "System Operation ITSMS" based on that accumulated experience and ITIL[*], and has been working to obtain ISO 20000 Certification, an international standard for IT service management, for the information systems it is entrusted with in its data centers.

In accordance with the System Operation ITSMS, we are working to improve the quality of system operation and IT services by utilizing the results of customer satisfaction surveys and failure records.

* ITIL: an abbreviation of "Information Technology Infrastructure Library. "A systematic standardization of business processes and methods for performing the operation and management of information systems. A registered trademark of AXELOS Limited.

Policy

We provide high quality data-center facilities and operation services to all internal and external customers.

ISO/IEC 20000 Scope

1. Data-center system operations management, system monitoring and data-center facility management

Relevant Locations
• Yokohama Center
• Tokyo Data Center I
• Yokohama Data Center II
• Osaka Data Center II
• Otemachi Operating Office
• Yokohama Landmark Tower Operating Office
• Osaka Center

2. IT service management systems supporting the provision of customer-oriented IT general control services and service desk services in the Operations Service Promotion Department, the Data Center Service Division

Relevant Locations
• Sapporo ITSM Center
• Yokohama Nomura Building

Efforts to improve operations quality and reduce system failures

In operation services for information systems, obstacles such as equipment failure, processing delays from sudden increases in data amounts,
or malfunctions due to improper operation cannot be completely avoided.
The system operation department is working on a variety of initiatives aimed at reducing these obstacles to increase productivity, including the strengthening of collaboration with the information system construction department, promoting standardization, automation, and labor-saving of operational tasks, and improving operator skills.

■ Quality of Information Systems - Data

Strengthening Collaboration with the information systems construction department

In order to improve the quality of information system operations, NRI is strengthening its approach with focus on operational quality from the systems construction stage.

Firstly, we are collaborating with the information system construction department and moving forward to standardize the operational tasks to ensure stable and efficient systems operation.

Items relating to operations have been established in the NRI Standard Framework as a part of the outcome.

Secondly, in the event of a failure, the operation department cooperates with the information system construction department in the effort to clarify its cause and to take countermeasures.

We also cooperate with the departments in charge for other systems, where there are concerns of similar failures, in order to establish countermeasures to prevent the occurrence of such failures.

Promotion of Standardization, Automation, and Labor-Saving for Operations Tasks

NRI is promoting automation in order to eliminate failures due to human error, such as task omission or procedural errors in the operation of information systems.

We are using our own proprietary "Senju Family" operation management tool to make progress with automation, labor-saving, and mistake-reduction in systems operation, while at the same time achieving advance prevention of failures and prompt and appropriate responses if they do occur by standardizing tasks using other tools and leveraging collections of failure-response case-studies.

Promoting improvements for operation quality

At NRI, we handle approximately 500 projects each year for improving the quality and efficiency of system information together with NRI and business partner employees involved in the operation of information systems.

We aim to increase the motivation of system operators by establishing a system where employees who are well-versed in system operation work review these improvement activities and award good examples.

Operational Skill Improvements aimed at Automation and Labor-Saving

In order to operate information systems stably, skill improvement of operators who operate the computers and network equipment is an important factor.

In particular, as automation and laborsaving— progress, it will be necessary for operators to acquire a high level of expertise to be able to cope with various failures with fewer people.

Accordingly, NRI conducts group and e-learning training for operators to improve their skills and awareness. Furthermore, to promote the desire of operators to improve and to have them acquire skills of a certain level or higher, a proficiency assessment system to judge proficiency through examination has been introduced since 2005.

Silver or Gold certifications are awarded depending on the skills and support improving operator skills and motivation.

■ Quality of Information Systems - Data

▶ Increasing the reliability of the data centers that support the information systems' operation

Increasing the reliability of the data centers

The stable operation of information systems requires not only the quality of the information system itself, but also the quality of the data center facility that operates and manages the information system.

In order to ensure stable operation of information systems, and to provide safe and secure quality of services, NRI visualizes the risks related to data center services, conducting training for each type of issue that could be anticipated.

Furthermore, global-standard Management and Operation certification (M&O Stamp of Approval) relating to data center equipment and facility operation prescribed by Uptime Institute[*] has been obtained　providing an objective appraisal of global standard in terms of high reliability.
The "Tokyo Data Center I" in December 2014 was the first example in Japan, and as of April 2023, only 7 data centers including 3 NRI data centers have been certified in Japan.

* Uptime Institute: A United States private organization that provides research, education, and consulting services for data center design, construction, and operation with the aim of supporting improved data center performance and efficiency.
  As one of the world's leading independent organizations, it operates globally through locations worldwide (United States, Mexico, Costa Rica, Brazil, UK, Spain, UAE, Russia, China, Taiwan, Singapore, and Malaysia), creating tier standards for data center equipment and overseeing M&O certification.

M&O Stamp of Approval

Tokyo Data Center I (first obtained in December 2014, updated in November 2021, and updates reviewed every three years)
Yokohama Data Center II (first obtained in February 2016, updated in January 2021, and updates reviewed every three years)
Osaka Data Center II (first obtained in December 2017, updated in February 2023, and updates reviewed every three years)

References

Global quality standards for data center operation - meaning of M&O Stamp of Approval and efforts of NRI - (In Japanese only)
https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it_solution/2016/09/ITSF160903.pdf

Tokyo Data Center I acquires M&O Stamp of Approval for the first time in Japan (In Japanese only)
https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2014/141225.pdf

Yokohama Data Center II acquired M&O Stamp of Approval
https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425_1.pdf

Uptime Institute LLC
https://uptimeinstitute.com/

■ Quality of Information Systems - Data

▶Issuance of SOC2 report

Issuance of SOC2 report

SOC2 reports are reports expressing the opinion of an auditing company on internal control for the confidentiality, security, and availability of a service in service provision work, based on guidance* from the American Institute of Certified Public Accountants (AICPA).

Because the system services provided by NRI often require a high level of reliability and security, in addition to receiving certification based on the above guidelines, we receive an annual SOC2 report expressing the opinion of an auditing company on whether some of our other services conform to the safety measure standards for computer systems at financial institutions, etc. published by the Financial Information Systems Center (FISC).
NRI was also the first in Japan to issue SOC2 reports on FISC safety measure standards in 2012.

* Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing
  Integrity, Confidentiality or Privacy / AICPA

▶Risk management on information systems

Risk management on information systems

As advance preparation for emergencies, the NRI Group has created an "NRI Group Contingency Plan" containing the basic response system and procedures in the event of an emergency situation.

Risk Management in Information Systems in the Maintenance and Operation Phase

In the event of a large-scale system failure, we will promptly set up an emergency response headquarters to coordinate with the relevant divisions and customers.
Based on the circumstances of the failure, we will implement measures such as disaster recovery, investigation of point of origin, disclosure of information, and analysis of preventive measures.

Risk Management in Data Centers

NRI's data centers have a Data Center Contingency Plan to support their customers' critical data.
In case of an emergency, such as a power outage due to a large-scale earthquake disaster or trouble with system-related equipment, we carry out regular comprehensive inspections and crisis response drills.

▶Certification for management system related to services provided by NRI Group

ISO 9001 certified company	Acquisition date	Acquisition object
NRI	January 2002	Systems design and development planning and subcontracting for projects with anticipated workloads above a certain size
NRI System Techno	September 2001	System maintenance, operation and development for subcontracted projects
DSB Co.	November 2016	Back office operations
DSB Information System Co.	July 2002	Contracted software design, development, and maintenance for the finance and securities industry
Nippon Securities Technology Co.	December 2003	Design and development of systems for the finance and securities industry and related package software
Nomura Research Institute (Beijing)	March 2015	Application software design, development, and services

■ Quality of Information Systems - Data

ISO/IEC 20000 certified company	Acquisition date	Acquisition object
NRI	March 2008	IT service management systems supporting the provision of customer-oriented IT general control services and service desk services in the Operations Service Promotion Department, the Data Center Service Division
	April 2009	Data-center system operations management, system monitoring and data-center facility management

▶ NRI Group's information communication on quality management of information systems

Book of lectures	Book name	Publisher	Issued date
(in Japanese)	IT ROADMAP 2023 https://www.nri.com/jp/knowledge/book/lst/2023/o_book271	Toyo Keizai	March 2023
	IT Navigator 2022 Edition https://www.nri.com/jp/knowledge/book/lst/2023/o_book268	Toyo Keizai	January 2023
	Privacy Governance Textbook https://www.nri.com/jp/knowledge/book/lst/2022/o_book265	Chuokeizai-sha	December 2022
	84 Skills for Data Scientists https://www.nri.com/jp/knowledge/book/lst/2022/o_book266	Nikkei Business Publications	December 2022
	Social Media Business Practices and Knowledge https://www.nri.com/jp/knowledge/book/lst/2022/o_book261	Gijutsu-Hyohron	September 2022
	Guide for Adopting the Looker Data Analysis BI Tool https://www.nri.com/jp/knowledge/book/lst/2022/o_book259	SB Creative	July 2022
	AWS Certified SysOps Administrator - Associate https://www.nri.com/jp/knowledge/book/lst/2022/o_book255	SB Creative	July 2022
	Detailed Guide to Google Analytics Volume 4 https://www.nri.com/jp/knowledge/book/lst/2022/o_book258	SB Creative	July 2022
	Illustrated Guide to Cybersecurity Companies https://www.nri.com/jp/knowledge/book/lst/2022/o_book251	Nikkei Business Publications	April 2022

■ Information Security - Management Approach

NRI's approach to material issues

As information systems penetrate into every corner of economic activity and civic society, the risks associated with information security, such as cyber-attacks targeting social infrastructure, companies or government offices, or large-scale data-breaches, are growing all over the world.

The NRI Group operates important information infrastructure that supports society, such as that for finance and logistics. In order to maintain service continuity and protect this valuable information, we are engaged in a variety of efforts to prevent information security failures in advance.

In addition, in the unlikely event an information security failure does occur, we have implemented measures to minimize any impact.

Priority activities / Medium- to long-term targets

Recognizing information security risk as an issue that should be addressed at the highest level in terms of technology and systems, the NRI Group has taken the following key measures:

• Advance prevention of information security failures

• Creation of a solid governance system for information security

Progress / Achievements / Challenges

Advance prevention of information security failures

In order to reduce the risk of a client's business data being leaked, we have established rules for each project concerning access to the live system environment and the removal of business data, which are continuously improved using the PDCA cycle. In addition, system responses are in place as preventive measures against cyber-attacks, and include the use of antivirus software and EDR*, encryption for hard disks, a variety of security devices, and security management of cloud services, and we are also promoting systematic activity and management to collect and evaluate vulnerability and attack information in advance and enable prompt and appropriate responses.

Creation of a solid governance system for information security

A Chief Information Security Officer has been appointed, along with managers and personnel responsible for information security in all business divisions and group companies, to establish an information security management system for the whole organization. In addition to promoting information security measures, we are continuing our activities to enable rapid and more secure responses to emergencies, such as information security failures and cyber-attacks.

KPI	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of information security failures (year-on-year)		About 27% decrease	About 40% decrease	About 17% increase	About 11% decrease	About 8% decrease
Number of major information security failures		0	0	0	0	0
Costs incurred due to major information security failures	millions of yen	0	0	0	0	0
Number of complaints regarding breaches of customer privacy or loss of customer data, from outside parties including regulatory authorities		0	0	0	0	0
Coverage		c	c	c	c	c

＊An abbreviation for Endpoint Detection and Response A solution that detects suspicious behavior on PCs and servers (end points) and supports swift responses

Link File	Declaration of Information Security Measures
	https://www.nri.com/en/site/security_declare

■ Information Security - Data

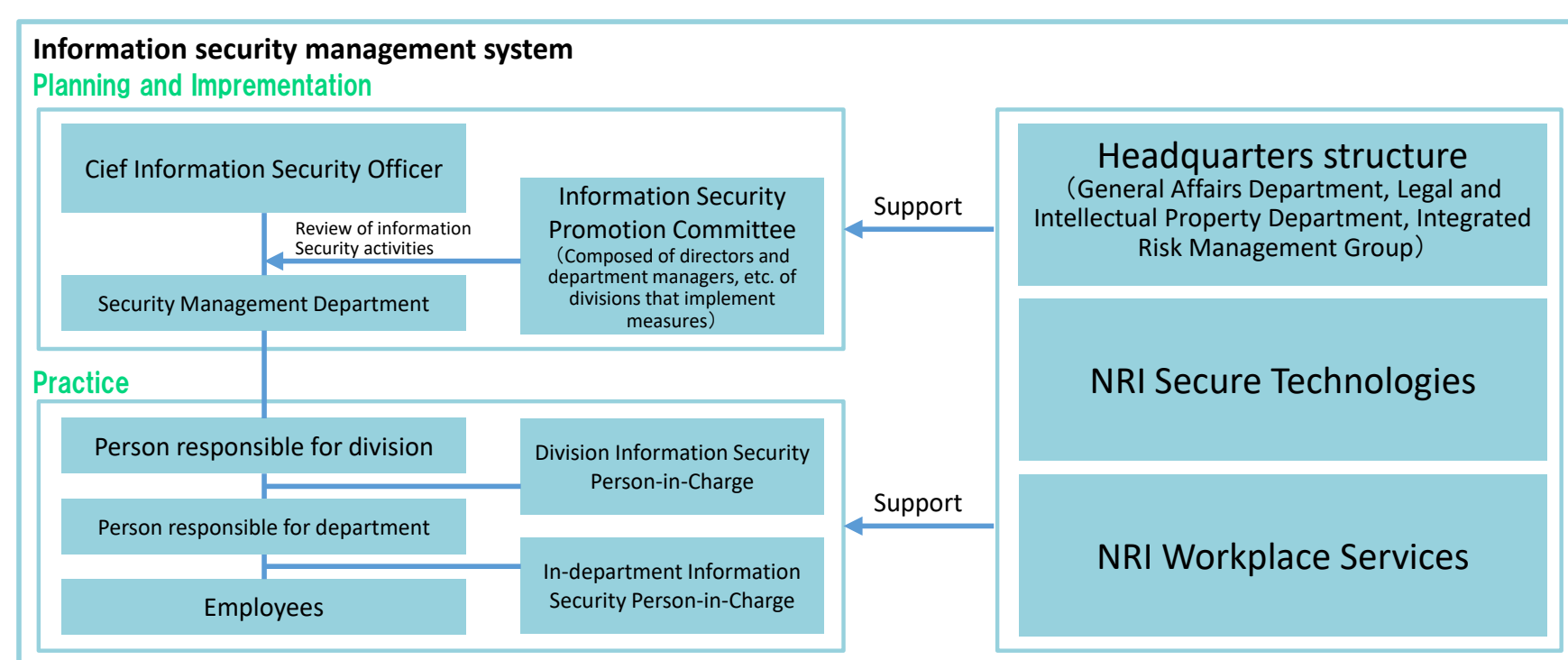## ▶Information security policy

Information security policy

Nomura Research Institute, Ltd., and its group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play.

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

Applicable scope

NRI Group

Reference

Declaration of Information Security Measures

https://www.nri.com/en/site/security_declare

▶Information security management

Governance system for the information security

NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole.

All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, this structure will enable us to respond swiftly, accurately, and reliably in the event of cyber-attacks and other security emergencies.

The NRI Group contains specialist organizations that conduct surveys and research of the latest information technologies, as well as NRI SecureTechnologies, Ltd. that engages exclusively in information security business.

We will draw on their technology, know-how and knowledge when preparing and implementing our information security policies.

We have appointed an information security manager and an information security PIC at each of our overseas and domestic Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company.

In addition, the NRI Group has set certain information security protection standards, and engages in improvement drives designed to meet those standards.

Information security management system
Planning and Imprementation

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

Review of information Security activities

Security Management Department

Practice

Person responsible for division — Division Information Security Person-in-Charge

Person responsible for department

Employees — In-department Information Security Person-in-Charge

Support

Headquarters structure
（General Affairs Department, Legal and Intellectual Property Department, Integrated Risk Management Group）

NRI Secure Technologies

Support

NRI Workplace Services

Officer in charge

Chief Information Security Officer :
Tetsuro Watanabe, Senior Corporate Managing Director

Responsible committee

Information Security Promotion Committee

■ Information Security - Data

Maintenance of rules for the information security

In response to laws and regulations related to information security and the advance of information technologies, we establish or revise management rules as appropriate, including the Information Security Management Rules, Confidential Information Management Rules, Personal Information Management Rules, Specific Personal Information Management Rules, and Information Asset Management Rules.
In addition, we have prepared operating procedures, guidelines, manuals, etc. for each of these management rules to ensure that consistent and effective information security management is conducted.

Training and awareness on information security

NRI conducts ongoing information security education to raise the awareness of information security, instill regulations, and improve the quality of security during design and development.
In addition to conducting specific training tailored to the particular characteristics of our Divisions and Group companies, we arrange training for our overseas offices that can be undertaken in English and/or Chinese.
We also actively incorporate group training and e-learning methods into our training programs.

Number of information security training participants	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Training for new employees	no. of person	515	557	450	424	473
Training on response to cyber-attacks	no. of person	83	56	–	–	–
Training for information security	no. of person	–	–	6,387	6,354	6,660
Personal information management training	no. of person	6,116	6,252	6,387	6,354	6,660
Security training for temporary employees	no. of person	1,695	1,686	1,795	2,041	2,189
Coverage		b-	b-	b-	b-	b-
Security training for overseas offices	no. of person	2,739	2,417	2,705	2,856	3,007
Coverage		d	d	d	d	d

■ Information Security - Data

▶Measures to prevent occurrence of information security failures

Information security in client's information system

In order to reduce the risk of business data being leaked, we have established rules for each project concerning access to the live environment and the removal of business data, which are continuously improved using the PDCA cycle.

For example, for projects that handle large amounts of personal information or projects that store information that would have a large impact on the client in the event of a leak, the oversight departments conduct individual inspections to confirm that operation is taking place in accordance with the rules.

In addition, the oversight departments also check the validity of any initiatives concerning handling of any dataalteration from cyber-attacks, or system service suspensions.

Audits undertaken to ensure the security of clients' systems	Object	FY2018	FY2019	FY2020	FY2021	FY2022
Verification assessments conducted of project security rules	no. of audits	165	141	110	221	239
Audits of public Web system	no. of audits	77	83	67	98	170
Audits of responses to cyber-attacks, and corrections	no. of audits	148	149	158	182	174
Audits of live productions and development management, and corrections	no. of audits	11	147	12	135	11
Surveys of the use of AWS[1] and making any corrections	no. of audits	48	169	193	190	238
Surveys of the use of BPO[2] operations and making any corrections	no. of audits	3	4	1	6	7
Coverage		c	c	c	c	c

*1 Amazon Web Service. The collective name for the online services provided by Amazon.com.

*2 Business Process Outsourcing. An organization contracts an external specialist company to perform some of its business processes.

Strengthening management of information security at our business partners

To ensure that our partner companies provide the same level of security as we do, the NRI requires them to sign confidentiality agreements and memoranda on the handling of personal information.

In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

Assessments of business partners	FY2018	FY2019	FY2020	FY2021	FY2022
Number of projects conducting audits	76	95	780	700	492
Coverage	c	c	c	c	c

■ Information Security - Data

Measures for domestic group companies

The NRI Group conducts regular information security assessments and supports improvement activities.

	Object	FY2018	FY2019	FY2020	FY2021	FY2022
Audits of public Web system	no. of audits	24	22	12	39	58
Audits of responses to cyber-attacks, and corrections	no. of audits	19	154	167	193	38
Audits of live productions and development management, and corrections	no. of audits	6	7	7	7	7
Surveys of the use of AWS[*1] and making any corrections	no. of audits	22	34	45	74	86
Surveys of the use of BPO[*2] operations and making any corrections	no. of audits	2	1	1	3	6

*1 Amazon Web Service. The collective name for the online services provided by Amazon.com.

*2 Business Process Outsourcing. An organization contracts an external specialist company to perform some of its business processes.

Measures for overseas group companies

The NRI Group conducts regular information security assessments and supports improvement activities.

	FY2018	FY2019	FY2020	FY2021	FY2022
No. of rollouts of information security packages for overseas offices	17	17	18	18	17
Audits of public Web system	3	1	4	1	0
Audits of responses to cyber-attacks, and corrections	4	3	0	0	0

Company-wide responses to cyber-attacks

The NRI Group uses system-based defences against cyberattacks, such as installing anti-virus (anti-malware[*1]) software, hard drive encryption, and installing different security measures (such as firewalls, WAF[*2], and network behavior analysis technology[*3]).

With cyber-attacks, however, it is the attackers who have the upper hand, and NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT[*4]).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system.

It collects, evaluates a shares information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate.

We also conduct for our employees education and training, such as ongoing real-life training against phishing emails.

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

*2 WAF: Web Application Firewall. A system that detects attacks that exploit vulnerabilities in Web applications and protects against those attacks.

*3 Network behavior analysis (NBA) technology: Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it. NBA technology works by running software suspected of being malware in a highly restricted environment called a "sandbox." Checks are then made to see if the software is engaging in behavior such as information exploitation or preparatory activity to that end, and if it is, it is eliminated.

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

■ Information Security - Data

Managing human error

We have implemented layer upon layer of defenses designed to prevent email-related problems, such as installing software that prevents emails being sent to the wrong recipients, thorough management of mailing lists, formulating rules for work that involves a lot of email transmission, and the use of secure file sharing services (Cryptobin from NRI SecureTechnologies), etc. In projects involving the handling of highly sensitive information, we sometimes also require employees to get their supervisor's approval before sending certain emails.

▶Penetration Test

Penetration Test

We periodically conduct penetration tests (simulated hacker attacks) on our website and business systems in cooperation with NRI SecureTechnologies, and third parties when required, as part of our measures against cyberattacks. We also conduct vulnerability risk assessments as part of simulated hacker attacks .

▶Policies for minimizing the impact of information security failures

Policies for minimizing the impact of information security failures

The NRI Group has rolled out a centralized information security failure management system.
A feature of this system is that a failure is not just reported one-way from where it has occurred - the system employs interactive communication, which allows decisions to be made based on a bigger picture formed from a range of perspectives.
As well as achieving swift and appropriate responses to an individual failure, this feature helps to extend the take-up of improvement policies throughout the company.
We have put in place a response system (which includes a Crisis Management Committee) based on the scenario of a cyber-attack. We have also drafted a Contingency Plan and conduct response training drills, helping us to be prepared for unexpected situations.

▶Certification on Information Security Management System (ISMS[1])

ISMS certification acquired Name of company, office, or division

Yokohama Center
Tokyo Data Center I
Yokohama Data Center II
Osaka Data Center II
Otemachi Operation office
Yokohama Landmaerk Tower Operation office
Osaka Center

Systems Consulting Division (partial business)
Data Center Service Division (partial business)
Cloud Service Division (partial business)[2]
Insurance Solution Division (partial business)

NRI SecureTechnologies, Ltd.
NRI System Techno, Ltd. (partial business)
DSB Co., Ltd. (partial business)

*1 Certification based on JIS Q 27001 (ISO/IEC 27001)
*2 Certification based on ISO/IEC 27017 Croud Service Security Management System

■ Information Security - Data

▶ Personal data protection

Policy for personal data protection

NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the "My Number Act"); and other relevant laws and regulations. NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission.

We have established personal information management regulations, and if executives and employees violate these regulations, we take disciplinary actions in accordance with our internal rules.

Applicable scope

NRI

References

Personal Data Protection Statement (Applicable scope: NRI)
https://www.nri.com/en/site/security

Privacy Policy (Applicable scope: NRI Group)
https://www.nri.com/en/site/privacy

▶ Management on protection of personal information

Governance System for the Protection of Personal Information

We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system.

The "Personal Information Protection Auditor" is appointed by the President & CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports.

At NRI, we periodically conduct internal audits regarding the protection of personal information as defined in JIS Q15001 (Personal information protection management systems - requirements), with the General Manager of the Internal Audit Department as the Personal Information Protection Auditor.

The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.

Officer in charge

This role is assumed by Chief Information Security Officer.

Maintenance of rules for the Protection of Personal Information

Included in the "Maintenance of rules" section of "Information security management".

Training and awareness on protection of personal information

Included in the "Training and awareness on information security" section of "Information Security Management."

Personal information held by NRI

We have introduced a "Personal Information Management Register System," and are aware of the status of personal information with respect to its registration, use, or disposal. In addition, the oversight departments conduct yearly checks regarding whether personal information is being handled properly or not.

The personal information in our possession includes information concerning company directors, employees, and temporary staff, persons in charge of our corporate clients, persons in charge of our business partners (outside contractors and suppliers), and participants in NRI Group events.

Personal information held by clients may also be handled in system processing.

■ Information Security - Data

Point of contact for external inquiries

General inquiries from the outside are handled by the public relations department.

Strengthened Personal Information Protection Management for Partner Companies

When partner companies handle personal information held by NRI, we request that they enter into a "Confidentiality Agreement" and "Memorandum of Understanding on the Handling of Personal Information" and also comply with our "Security Guidelines."

▶ Risks related to protection of personal information

Percentage of Personal Information or Customer Information Used for Secondary Purposes (Internal or Commercial Purposes)

While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information.
There was no secondary use other than the purposes authorized by customers in FY2022.

Number of Requests for Submission of Personal Information from Government or Legal Authority, and Response

Not applicable.
In FY2022 NRI has not received any requests for customer information from the government and legal authorities. If such requests were to be made, it would be handled in accordance with current regulations and in accordance with the principles set forth in the company's Privacy Policy.

Status of Countries and Regions at Risk of Government Control over the Protection of Personal Information in Information Systems

We understand the situation in each country and region, and take appropriate measures.

Number and Details of Violations relating to the Protection of Personal Information, and Measures Taken

None have occurred.

▶ About Privacy Mark

About Privacy Mark

In August 1999, we acquired the Privacy Mark, and in August 2023, we updated our Privacy Mark certification.
Privacy Mark certification is awarded to offices that are certified by a third party organization to maintain appropriate measures for protecting personal information and conform with the Japanese Act on the Protection of Personal Information and JIS Q15001 (Personal information protection management systems - requirements), the Japanese industrial standard that defines how organizations such as corporations should securely and appropriately manage personal information in business.
The NRI Group acquires privacy mark certification once every two years.

The following seven companies of the NRI Group have acquired the Privacy Mark.
・NRI
・NRI Netcom, Ltd.
・NRI Data iTech, Ltd.
・DSB Co, Ltd.
・DSB Information System Co., Ltd.
・Zhiming Software Japan, Ltd.
・NRI digital, Ltd.

Reference

Privacy Mark System
https://privacymark.org/

■ Environmental Management - Management Approach

NRI's approach to material issues

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO_2 emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector.

In light of these issues, the NRI Group is actively working to solve global environmental problems via both "Green by NRI" and "Green of NRI" approaches.

Green by NRI refers to our contributions to help reduce impacts on environment by improving the efficiency and productivity of both our clients' businesses and societal systems through the services and policy proposal activities we provide.

As an example of the great impact of "Green by NRI" activities, by expanding the provision of "Shared Online Services" that utilize one information system in multiple companies, the amount of CO_2 emissions is greatly reduced as measured by society as a whole.

Green of NRI refers to the NRI Group's efforts to further mitigate our own environmental impact by making NRI's data centers, office buildings and IT equipment more energy efficient and through environmental measures such as energy saving efforts of each of our employees.

As an example of the great impact of "Green of NRI" activities, we are promoting the reduction of energy consumption by raising the environmental performance of the data center which accounts for about 80% of the electricity consumed in the business to the world's highest level.

Priority activities / Medium- to long-term targets

The NRI Group has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers, which are its main sources of CO2. At our main offices in Japan and overseas, we promote the adoption of the unique NRI-EMS environmental management system, as well as improvement activities. We have also engaged continuously in efforts to reduce greenhouse gas emissions, from moving our systems to a new data center with better environmental performance, to moving our main offices, including our Head Office, to office buildings with better energy efficiency.

In regard to the adoption of renewable energy, NRI joined RE100 in 2019, and in FY2021, we switched to using renewable energy at three of our data centers with the largest power consumption. In the same year, we also adopted renewable energy at our Headquarters and the Yokohama Center, which are our main offices. At first, our goal was to entirely switch our power consumption to renewable energy by FY2050, but looking ahead to future tightening of regulations and with the goal of increasing our competitiveness, we brought forward our goal to FY2030. We believe a market that enables the stable and long-term procurement of renewable energy to be essential for promoting reductions across the entire supply chain, and in June 2022 suggested that the Japanese government accelerate the adoption of renewable energy via JCI (Japan Climate Initiative).

The NRI Group has engaged continuously in efforts to reduce greenhouse gas emissions, from moving our systems to a new data center with high environmental performance, to moving our main offices, including our Head Office, to office buildings better energy efficiency.

NRI signed the Business Ambition for 1.5°C in May 2020, formulated a new greenhouse gas emission reduction target, and obtained certification for the 1.5°C target by the SBT Initiative in February 2021. During FY2021, we switched the power used by the three largest of the five data centers owned by NRI (Tokyo Data Center I, Yokohama Data Center II, and Osaka Data Center II) to renewable energy. This enabled us to achieve our greenhouse gas emission reduction target formulated in February 2021 ahead of schedule, so we formulated the following 1) and 2) targets in February 2022.

Afterwards, in February 2023, we set the target of Scope1+2+3 net-zero greenhouse gas emissions by FY2050. This target is in alignment with the corporate net-zero standard criteria published by the Science Based Targets initiative (SBTi), an international environmental initiative.

[Major targets]
1) Archieving Net-Zero greenhouse gas emissions (Scope 1+2) of the NRI Group by FY2030
2) Using 100% renewable energy at the NRI Group by FY2030
3) Archieving Net-Zero greenhouse gas emissions (Scope 1+2+3) of the NRI Group by FY2050

■ Environmental Management - Management Approach

Progress / Achievements / Challenges

NRI was selected as a "Climate Change A List" company for four consecutive years by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change initiative. This recognizes that the greenhouse gas emission reduction and climate risk mitigation efforts of the NRI Group have been highly appraised internationally. In addition, we were also selected by CDP to be on their Supplier Engagement Leaderboard. This is the fourth year that we were selected, which certifies that our efforts to achieve greenhouse gas emission reduction targets over the entire NRI supply chain, efforts to reduce climate change risks, and support for our business partners achieving greenhouse gas emission reductions were befitting that of a global leader.

KPI

1) Archieving Net-Zero greenhouse gas emissions (Scope 1+2) of the NRI Group by FY2030

	unit	FY2019	FY2020	FY2021	FY2022
GHG emissions (Scope1＋2）	1,000t-CO_2	60	55	30	20
Reduction rate (compare to base year)	%	(Base year)	8.2	50.1	65.5

2) Using 100% renewable energy at the NRI Group by FY2030

	unit	FY2019	FY2020	FY2021	FY2022
NRI Group Electricity Consumption	1,000kWh	121926.0	119,574	118,616	137,631
Renewable energy consumption amount	1,000kWh	886.5	3,926	59,968	99,909
Renewable energy utilization rate	%	0.7	3.3	50.6	72.6

3) Archieving Net-Zero greenhouse gas emissions (Scope 1+2+3) of the NRI Group by FY2050

	unit	FY2019	FY2020	FY2021	FY2022
GHG emissions (Scope1+2+3）	1,000t-CO_2	241	189	182	211
Reduction rate (compare to base year)	%	(Base year)	21.6	24.4	12.4
Coverage		a	a	a	a

Link Files

Green by NRI

• Significantly reducing CO_2 emissions from the use of shared online services

• Policy proposal activities to boost data center energy efficiency

• Contribution to mitigating environmental impact through consulting activities
https://www.nri.com/en/sustainability/environment/Green_by_NRI

Green of NRI

• Data centers that boast advanced environmental performance
https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center

• Energy conservation and environmental impact reduction activities in offices
https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving

• Environmental training for executives and employees
https://www.nri.com/en/sustainability/environment/Green_of_NRI/education

• Environmental activities by executives and employees (In Japanese only)
https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities

• NRI Green Bond
https://www.nri.com/en/sustainability/environment/greenbond

• Sustainability-Linked Bonds
https://www.nri.com/en/sustainability/environment/sustainability_linked_bond_01

• Participation in a Program to Protect Asian Elephants
https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51

▶Environmental policy

Environmental policy
NRI formulated the NRI Group Environmental Policy based on a recognition that tackling environment problems such as climate change and pollution is a common challenge facing the entire world. In regard to biodiversity, we have also formulated a The NRI Group's Biodiversity Policy, which defines our actions to take to promote the conservation and sustainable use of biodiversity. To ask our business partners, such as external contractors and suppliers, to also engage in activities that take into consideration the environment, social and governance (ESG), NRI has a procurement policy containing the clause "practice of ESG procurement." We promote procurement in a manner that considers the environment while also complying with the law and social norms. We have also formulated the NRI Group Business Partner Code of Conduct in April 2021, and we have been observing laws, regulations and social norms while simultaneously engaging in procurement activities that are considerate of the environment and human rights.

Applicable scope
NRI Group directors and employees, as well as business partners including external contractors and suppliers

References
NRI Group Environmental Policy https://www.nri.com/en/sustainability/environment/policy
The NRI Group's Biodiversity Policy https://www.nri.com/en/sustainability/environment/biodiversity
NRI Group Procurement Policy https://www.nri.com/en/company/partner
NRI Group Business Partner Code of Conduct https://www.nri.com/en/company/partner_code

▶Environmental management system

Environmental management structure
Under the supervision of the Board of Directors, we established the Sustainability Activities Committee as a subcommittee of the Sustainability Committee, which is headed by a Member of the Board. The Sustainability Activities Committee is responsible for sustainability management including natural capital (such as climate change and biodiversity), and provides advice on sustainability efforts and management to the Senior Management Committee and the Board of Directors several times a year.

Officer in charge
Takeshi Hihara, Senior Corporate Managing Directors

Responsible committee
Sustainability Activities Committee

◼ Environmental Management - Data

Status of introduction of environmental management system (EMS)

NRI has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO2.

note: Of our four data centers, we closed our Osaka Data Center in FY2022. Because the closed data center was not ISO 14001 certified, the EMS coverage at our data centers has decreased compared to before.

As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from FY2015.

In FY2018, China's Zhiming Group was added to the scope of NRI-EMS, and four new bases were added. We will continue to consider introducing it to other overseas bases.

Through EMS, we are promoting initiatives towards reducing electricity and water consumption as well as waste disposal. We monitor the progress of each reduction goal and make improvements to our initiatives while following the PDCA cycle.

			unit	FY2022
EMS coverage at NRI Group [1]	Total		%	77.9
		Datacenters (ISO14001)	%	57.3
		Domestic Offices (NRI-EMS)	%	20.4
		Overseas Offices (NRI-EMS)	%	0.3
EMS adoption rate by site category [2]		Datacenters (ISO14001)	%	95.0
		Domestic Offices (NRI-EMS)	%	68.5
		Overseas Offices (NRI-EMS)	%	3.1
		Coverage		a

*1 Ratio of energy consumption for EMS adoption by office category (data centers/Japan offices/worldwide offices) to total energy consumption of NRI Group

*2 Ratio of energy consumption for EMS adoption to the energy consumption of each office category (data centers/Japan offices/worldwide offices)

Environmental audit

With ISO 14001, which we have adopted at our data centers, we must conduct an internal audit and external audit once a year. With NRI-EMS, which is adopted at our main offices in Japan and overseas, we conduct an internal audit once a year and implement continuous improvements via the PDCA cycle of EMS.

Environmental disclosure

NRI discloses environmental efforts via our website, Integrated Reports, and Annual Securities Report. Our environmental data refers to international standards such as the GHG protocol when conducting calculations. From FY2014, our environmental information has been certified by a third-party organization, and our items for certification increase each year.

In July 2018, we expressed our support for the TCFD final report, and have been disclosing appropriate information based on the TCFD framework since then. NRI performs scenario analysis on a business division basis, and we calculate the financial impact on each business while changing the target business division each year. The results of the scenario analysis are announced at the sustainability briefing held each year in February, and disclosed on our website and in integrated reports. These efforts were well received, and in March 2022 we were selected as a company with excellent TCFD disclosure by the GPIF's asset managers entrusted with domestic equity investment.

In FY2022, we joined the TNFD Forum in agreement with the principles of the TNFD. By joining the forum, we hope to contribute to building a framework to enable corporations to appropriately evaluate and disclose the financial risks and opportunities facing natural capital and biodiversity, including those in their supply chains.

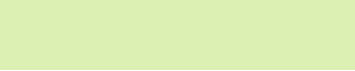## ■ Environmental Management - Data

Environmental training
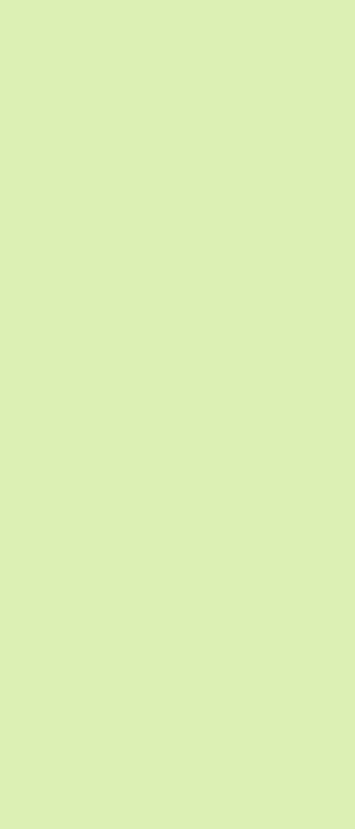
NRI has been pursuing NRI Green Style activities in order to raise environmental awareness of each director and employee, as well as engage in business operations that are environmentally friendly.

We conduct an ESG (environmental, social, governance) e-learning test for all directors and employees in February each year, and it is taken by more than 90%. In November 2020, we also opened the "ESG Site" on the company intranet for disseminating and raising awareness on the knowledge and expertise required for ESG and rules that should be observed. The ESG Site contains animated videos for learning basic ESG knowledge and is shared with NRI Group employees.

Since FY2016 we have been participating in forest improvement activities* in Tadami Town, Fukushima Prefecture, and joining family-oriented environmental experiences at the Takao Nature School in Hachioji City, Tokyo. (Canceled from FY2020, due to COVID-19)

In order to ensure that our environmental management system is operated appropriately, we provide EMS training including e-learning to employees in charge of and responsible for EMS at our offices.

* In March 2016, NRI donated to a development project named "Tadami Experience and Observation Forest of Heavy Snow Forestry" in Tadami-machi.

Breaches of environmental laws and regulations

Not applicable.

■ Environmental Management - Data

▶Environmental mass balance

Environmental mass balance of NRI Group			unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assurance
INPUT			unit	FY2018	FY2019	FY2020	FY2021	FY2022	
	Energy consumption	Total	1,000GJ	1,390	1,328	1,290	1,269	1,452	✔
		Electricity*1	1,000kWh	127,773	121,926	119,574	118,616	137,631	✔
		Gas, kerosene, cooling, steam, heat*2	1,000GJ	150	144	130	118	116	✔
		Renewable energy consumption*1 *a	1,000kWh	743	886	3,926	59,968	99,909	✔
	Water consumption	Water works*2	1,000m³	212	185	154	152	154	✔
	Paper rehouses use	Business paper*2	t	190	174	80	62	31	✔
OUTPUT			unit	FY2018	FY2019	FY2020	FY2021	FY2022	
	Greenhouse gas	Total	1,000t-CO₂	66	60	55	30	20	✔
		Electricity*1 *b	1,000t-CO₂	60	54	49	24	15	✔
		Gas, kerosene, cooling, steam, heat*2	1,000t-CO₂	6	6	5	5	5	✔
	Drainage for business*3	Volume of wastewater	1,000m³	37	34	32	32	32	✔
	Waste paper*2	Whole waste	t	193	173	95	90	88	✔
		Final disposed volume	t	0	0	0	0	0	✔
		Recycling rate	%	100	100	100	100	100	✔
	Industrial wastes*4	Whole waste	t	1,414	539	418	1,007	695	✔
		Final disposal volume	t	40	25	33	65	79	✔
		Recycle rate	%	97.2	95.4	92.1	93.5	88.6	✔
	Coverage			(notes-2)	(notes-2)	(notes-2)	(notes-2)	(notes-2)	

note :

1) Past figures are shown as figures for which impacts due to important acquisitions, etc. have been recalculated according to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Chapter 5. Tracking Emissions Over Time."

2) Data coverage is as follows.

   *1 NRI Group

   *2 NRI Group companies with a Head Office in Japan

   *3 NRI Group's Data Centers

   *4 NRI Group Data Centers and Buildings

3) Renewable energy

   *a Total amount of electricity generated from self-consumption (solar power) and green electricity products from energy supplier.

4) Greenhouse gases (electricity)

   *b Includes results of calculation based on market standards. Results of calculation based on the location standard: 51 [1,000 t-CO₂]

■ Climate Change - Data

▶Governance for climate change

Governance system	
Officer in charge	
	Hidenori Anzai, Senior Executive Managing Director, Member of the Board, Representative Director
Responsible committee	
	Sustainability committee
Governance system regarding climate change	
	The NRI Group identifies "Contribution to global environment" as a materiality issue, and we position it as an important management issue related to corporate value. The NRI Group has established the Sustainability Committee, which is headed by the director in charge of promoting sustainability management, and supervised by the Board of Directors. The Sustainability Activities Committee is a subcommittee below the Sustainability Committee, and its ESG Information Disclosure Team and Decarbonization Team promote investigations and countermeasures specialized for climate change, including the promotion of government policy regarding climate change and engagement with government and industry associations. The results of the investigations and details on the activities are reported to the Board of Directors several times a year. The Board of Directors performs supervision upon debating and deciding policies on reflecting the impact of climate change in our management and business strategies.
Incentives for management on climate change	
	1) Target: Officers including President & CEO ・Adopting a system that considers the progress of sustainability indices for share-based compensation We have reviewed our share-based director compensation, which previously granted each director a certain number of shares according to their position, to now also consider the progress of sustainability related initiatives. In specific terms, this means that if actions to achieve the targets of sustainability assessment indices including climate change response are deemed to have progressed insufficiently in the previous business year, the Board of Directors can decide to decrease the number of shares granted to each director position based on assessment and debate by the Board of Directors. 2) Target: Managing Directors, etc (Other than Directors) ・Sustainability initiatives, including efforts to address climate change, are partially reflected in the individual bonus evaluations of Managing Directors. 3) Target: Department heads (Senior Corporate Managing Directors) and employees ・NRI annually conducts a quantitative and qualitative integrated evaluation of the business performance and CSV performance of each division including respond to climate change, and select several divisions with excellent results. The evaluation of these divisions is reflected as additional bonus payments for the Senior Corporate Managing Directors (General Managers and Deputy General Managers) and employees. 4) Target: Employees ・To realize the NRI Group corporate statement "Dream up the future," NRI has a program for commending employees who contribute to enhancing the prestige of the NRI Group and achieving its vision every year. This program recognizes not only employees who are involved in activities to disseminate information for social recommendations and the development of new business and technologies but also employees who contribute to improving corporate value through ESG (environmental, social, governance) and sustainability activities. 5) Other (employees related to environmental management system administration, including ISO 14001) ・To ensure certain operation of the NRI Group environment management system, NRI encourages employees to obtain various external qualifications related to climate change such as ISO14001 internal auditor and energy manager qualifications. For employees who obtain such qualifications, the NRI Group provides examination fees and also recognizes their achievement in employee performance assessments.

■ Climate Change - Data

Risk management on climate change

In regard to risk management for the entire NRI Group, we appoint a director in charge of risk management, and have established the Integrated Risk Management Office, which functions as a supervisory department for risk management. The Integrated Risk Management Office builds and maintains a risk management framework, identifies, evaluates, and monitors risks , and maintains a management system. We hold Integrated Risk Management Committee meetings twice a year headed by the director in charge of risk management, where we evaluate the risk management PDCA cycle and debate risk countermeasures, and the results of these meetings are reported to the Board of Directors.

We have categorized the risks that may occur during the business of the NRI Group into 13 categories, and identified individual risks in each category. Individual risks are periodically evaluated by the risk supervision department, which reviews the risks along with their level of importance and degree of impact. Each fiscal year, the Integrated Risk Management Committee selects one of the 13 risk categories as an important theme for risk management, which is recognized to be particularly important. One of the 13 risk categories is management strategy risk, and this includes risks related to sustainability management (such as tackling climate change).

To respond to the risks of climate change, we have established the Sustainability Activities Committee as an organization mainly for promoting sustainability management separately from the Integrated Risk Management Committee, based on instructions from the President & CEO. Since the fiscal year ending March 2019, the Sustainability Activities Committee has been considering the status of the external environment and initiatives to investigate and decide on measures for countering climate related risks, in order to identify, evaluate, and respond to climate related risks and opportunities. Important items for consideration regarding climate change risks are reported to the Sustainability Committee, which investigates and makes decisions.

■ Climate Change - Data

▶Climate Related Risks

Types of climate-related risk and value chain stages covered by climate risk assessment

The NRI Group recognizes that all the following risks are interrelated.

Category	Assumed Risks
Current regulations	Energy conservation law and global warming related reporting systems stipulated by municipalities such as the Tokyo metropolitan government are expected to have an impact on the business of the NRI Group. For the data center business, which consumes a large amount of electricity, these regulations may accelerate increases in costs for adopting new energy saving equipment. If more stringent energy saving measures are required in the future, we may need to replace equipment or purchase credits. We respond to these obligations by implementing operation improvements based on an ISO14001 certified environmental management system at our data centers and by adopting the unique NRI-EMS environmental management system at our offices.
Emerging regulations	The world has accelerated towards decarbonization. In October 2020, then-Prime Minister Suga declared Japan's goal of becoming carbon neutral by 2050 in his policy speech. On the other hand, in Japan, the amount of electricity generated from renewable energy sources is currently in the 20% range, and the target of 36-38% renewable energy sources in 2030 as indicated in the 6th Basic Energy Plan approved by the Cabinet in October 2021 is not sufficient to achieve carbon neutrality by 2050, and the 2030 target is not high compared to other countries. Therefore, if a high carbon tax, as expected by the IEA, is introduced to realize long-term targets for emission reduction, Japan's electricity prices are expected to rise, and the NRI Group, which owns data centers, also costs risk of increasing. In addition, IT companies in the United States and Europe are turning to zero-emission, which we believe to be a competitive risk. Therefore, the NRI Group joined RE100 in 2019 and switched the power used at its three data centers with large power usage to renewable energy in FY2021. In addition, together with Japanese RE100 member companies, we are making policy recommendations to the government of Japan to increase the supply of renewable energy.
Technology	With dramatic advancements in digital technologies and IT coming into more widespread use, increasing power consumption has become a cause for concern in the IT industry. The NRI Group has three data centers (as of late March, 2023) and we must always consider energy consumption and developments in the field of IT. These trends in digital technologies are literally the business activities of the NRI Group and we are constantly investigating and researching how we can adopt new technologies and effectively utilize energy at our data centers. There is a risk that we will stop being chosen by clients with targets for reducing greenhouse gas emissions unless we maintain a high level of PUE (Power Usage Effectiveness) and update our air conditioning equipment to the latest technologies, as air conditioning accounts for most of our power consumption, after that consumed by CPUs.
Legal	NRI has three data centers in Japan, but there is a risk of litigation if a large-scale disaster caused by climate change leads to an unavoidable system outage and it becomes difficult to provide services at the level agreed upon with clients. NRI has many clients in the finance industry, particularly securities companies, who build systems using our data centers. Because these systems support the Japanese stock market, we face the risk of litigation from clients or investors if the systems stop due to a disaster or other event. That is why we have formulated a contingency plan detailing an initial response system and action guidelines to follow if a natural disaster like flooding should occur. We also maintain and improve a crisis management system, which involves implementing preliminary measures and training, as well as maintaining infrastructure required for business continuity and building a system to enable business to continue smoothly. We also implement measures to maintain resilience in the event of a large-scale disaster, such as the mutual backup and distributed functionality of our data centers in the Kanto and Kansai regions.

Market	The movement to decarbonize the data center industry is identified as a competitive risk for the data center business of the NRI Group. The NRI Group has widely deployed shared online services as decarbonized services for reducing the power consumption and greenhouse gas emissions of our clients, and these services account for about 20% of our net sales. However, a movement in the West to switch to decarbonized data centers is gaining steam, and if decarbonized data centers become more competitive because clients become more environmentally conscious, there is a risk that this may affect the sales and profit of the NRI Group.
Reputation	There is also a movement among IT companies to switch the power consumed for providing IT services to renewable energy. NRI data centers have the highest level of environmental performance in Japan and every data center has adopted an environmental management system compliant with ISO14001. We have also announced a goal of achieving a renewable energy usage rate of 100% at the entire NRI Group (including offices) by FY2030. However, there is a risk that we will stop being chosen by clients if our switch to renewable energy is delayed or if demand from society to address climate change rapidly moves forward and we are slow to respond, due to the resulting impact on the social standing of the NRI Group.
Acute physical risk	The NRI Group's business (consulting and system developments) is labor-intensive business, and labor costs are the largest cost item. Therefore, if climate change occurs and the number of working days decreases due to heavy rain or intensifying typhoons, new personnel will be needed. Increasing of the labor costs would be a risk for the NRI Group. Currently, about 60% of our 17,400 employees work in Japan, and the rest in Australia, United States, China, and India, and we assume that almost all of these regions will be affected by natural disasters. We are promoting offshore development overseas, particularly in China, but consider such locations particularly susceptible to sudden physical risks such as flooding. Due to such risks, we are actively relocating and decentralizing our offices and adopting telecommuting, to enhance our BCP measures and thereby reduce the risks. In February 2021, a group company (NRI Process Innovation ,Ltd.) that provides BPO services to asset management companies and other companies will be responsible for the management of the Tokyo metropolitan area. In February 2021, NRI Process Innovation Corporation, a group company that provides BPO services to asset management companies and other companies, opened a new office in Sapporo, a city said to be less susceptible to disasters, in preparation for the event of a large-scale disaster in the Tokyo metropolitan area. In addition, at our three data centers in Japan (as of March 31, 2023), we are responding to risks by selecting locations that take natural disasters into consideration and by providing mutual backups at multiple data centers. When planning new business and operation, including overseas, we will make sure that these BCP measures are in place at the target location.
Chronic physical risks	We recognize the risk of a chronic rise in average temperatures due to climate change increasing the energy required to cool our data centers, and therefore leading to increased running costs.

We conduct risk evaluations on our entire supply chain, in addition to our own operations.

Evaluation target	Assumed Risks
Upstream	The NRI Group is expanding off-shore development overseas. Intensifying natural disasters and change to climate patterns have been identified as a risk that may halt our development overseas. To counter this risk, we are decentralizing our off-shore development.
Downstream	If the usage of renewable energy is adopted in conditions for dealing with clients due to increased pressure or demand for environmental action, there is a risk of the NRI group losing business if we do not respond accordingly. That is why we are promoting the adoption of renewable energy, and as of late March 2023, 100% of the power consumed at all of our data centers is renewable energy.

■ Climate Change - Data

▶Climate-related opportunities

Climate-related opportunities
The NRI Group owns five data centers in Japan to provide out sourcing services of IT solutions and Shared Online Services. In particular, Shared Online Services allow multiple companies to use the same system jointly, so that they can reduce power consumption and CO_2 emissions. As a green revenue, it accounts for about 20% of sales. NRI joined RE100 in 2019, and in FY2021, we switched to using renewable energy at our three largest data centers. We have declared a target of using 100% renewable energy at the NRI Group by FY2030 and aim to make the data center business itself a low or zero carbon service. Such low and decarbonized services are expected to increase demand for these services as society moves toward decarbonization, and we believe that they represent a business opportunity for the NRI Group.

▶Action to mitigate climate change

Mitigating climate change through products and services
"Shared Online Services": Due to concerns about the power consumption of the entire IT service industry, NRI is formulating a business plan to expand the use of shared online services in order to curb power usage throughout our entire value chain, including client companies. Increased sales of the shared online services provided by NRI can be expected to reduce the overall CO_2 emissions of society. The use of shared online services can dramatically reduce CO_2 emissions compared to a situation where companies operate equivalent systems separately. The CO_2 reduction effect of customers through the use of shared Online Services is monitored quarterly and reported to the Board of Directors as one of the KPIs of the status of CSV efforts. In FY2022, the CO_2 reduction effect for customers through this service was [128,144] tons.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Green revenues (revenues of business platforms)	billions of yen	98.7	103.6	102.9	108.4	128.5
Sales ratio	%	19.7	19.6	18.7	17.7	18.6
Coverage		a	a	a	a	a

■ Climate Change - Data

Contributing to climate change mitigation via government and regulation

The NRI Group is working with stakeholders to achieve the goals of the Paris Agreement.

The NRI Group provides policy recommendations on government level climate change strategy as a think tank, not only climate change strategy for our own company, and conducts examinations into government legislation as part of our consulting service for government institutions.

We also engage in environment-related policy. By appointing these in-house experts as members of the Sustainability Activities Committee, we regularly confirm that our policy-influencing activities are consistent with the NRI Group's climate change policy and aligned with the goals of the Paris Agreement.

We believe that the decarbonization of society at large is required in order to achieve Japan's medium- to long-term GHG reduction targets promoted by the government, In March 2022, we endorsed the GX (Green Transformation) League Basic Concept, and in March 2023, we declared our intention to join the GX League.

The GX League is a joint initiative between government and the private sector that invites the participation of companies with the goal of limiting global warming to 1.5°C, which is enshrined in the Paris Agreement.

It requests companies to set voluntary targets for reducing greenhouse gas emissions, and promotes policies for stimulating trade in carbon credits and establishing a market for doing so.

From FY2022, NRI serves as the secretariat and overall coordinator of the GX League, absorbing the diverse needs of Japanese companies toward the realization of GX and reflecting them in policy.

In FY2022, the GX League took three actions (dialog on the image of a future society, formulation of market rules, and voluntary emissions trading). In regard to policy formation for voluntary emissions trading in particular, NRI contributes to GX over the entire Japanese society via our think tank and consulting functions. The GX League will start the "GX-ETS" voluntary emissions trading system from FY2023, and as secretariat, NRI is in charge of everything from designing the system to holding briefing sessions for related parties in Japan and collecting opinions. The Basic Policy for the Realization of GX approved by the Cabinet in February 2023 positions the GX League as an important initiative to be developed in stages, with a view to the full-scale operation of an emissions trading system from FY2026. In regard to the formulation of market rules, several working groups have been established and debate has focused on how companies can play a central role in achieving the decarbonization of society. One achievement of the GX League has been the "Basic Policy on Disclosing and Evaluating Climate Related Opportunities," which was published in March 2023, and we supported discussions on this policy for disclosing emission reductions as the secretariat. NRI supports the GX League in its aim to achieve carbon neutrality in Japan by the year 2050.

Thus, The NRI Group's engagement with its stakeholders is consistent with the goals of the Paris Agreement.

Climate Change - Data

Contribution of climate change mitigation to industry associations

The NRI Group promotes and expands efforts for tackling climate change via participation in sustainability related initiatives such as following the Paris Agreement and contributing to the medium to long-term reductions to greenhouse gas emissions promoted by the Japanese government, via a wide range of partnerships with industry groups both in Japan and overseas.

Regarding participation in each initiative (industry group), the Sustainability Activities Committee regularly confirms whether it is consistent with our basic policies and initiatives for climate change and whether consistency with the Paris Agreement can be ensured.

1. Japan accounts for the majority of NRI Group power consumption and greenhouse gas emissions, and we are engaging with government policy based on the recognition that the expansion of the renewable energy market in Japan is also important for achieving the environmental targets of the NRI Group. As part of these activities, we requested that the renewable energy target for 2030 defined in the Basic Energy Plan be raised from 22 - 24% to 40 - 50% in the Japan Climate Initiative in January 2021.

In June 2022, we requested that the Clean Energy Strategy that was planned to be formulated focus on promoting the development of renewable energy such as wind power generation and solar power generation, and allow 40 - 50% to be adopted by the year 2030.

2. NRI participates in WBCSD, a CEO association of approximately 200 companies aiming for sustainable development, which works together to contribute to the shift to a sustainable society.

Over 2022 and 2023, we were involved in three projects; [P], [A], and [C]. For [P], we participated in discussions for formulating Pathfinder Framework Version 2.0, which defines a framework for the calculation, certification, and data distribution of PCF (released January 2023). NRI contributes to these activities as a company with knowledge in both consulting and providing IT solutions. For [A], we participated in weekly workshops and contributed to enhancing guidance on emission reductions by expressing opinions based on our experience debating emission reductions in Japan. We believe it important that WBSCD keeps pace with government and policymaking authorities, and these guidelines were formulated according to European Commission steps for making it mandatory to formulate transition plans in line with the 1.5°C scenario in the Corporate Sustainability Reporting Directive (CSRD). NRI also endorses this stance for transitioning the world in line with the 1.5°C scenario, and participates in the project.

3. NRI joined the SBT Campaign 2022-2023 held by the CDP international environmental NGO in October 2022, as a CDP supply chain program member. This campaign involving 273 financial institutions and 45 companies including NRI encouraged 1,060 companies with global influence to set greenhouse gas emission reduction targets based on scientific evidence (Science Based Targets) in line with the 1.5°C scenario.

Because the NRI Group plays a central role in all the industry groups that we belong to, the viewpoints of such groups all match the climate change strategy of the NRI Group. As feedback on the activities of the groups that we belong to is given to the Sustainability Activities Committee, the Sustainability Activities Committee has confirmed that those activities are compatible with the strategy of our company.

Should any differences arise between the stance of the NRI Group and views of organizations we belong to, the Sustainability Committee and Sustainability Activities Committee will investigate whether to remain in or depart from those organizations.

Climate Change - Data

▶Climate-related targets

Climate-related targets

Targets	Our targets set in February 2021 (reducing the (Scope 1+2) greenhouse gas emissions of the NRI Group by 72% compared to FY2013) were certified by the SBT Initiative to be in line with the 1.5°C scenario. In February 2022, we revised our goal to set a target of achieving net zero greenhouse gas emissions (Scope 1 + 2) by FY2030, as our efforts for adopting renewable energy at our data centers meant that we were on track to achieve our previous targets earlier than expected. In February 2023, we revised our environmental targets as indicated below, according to the corporate net zero standards of the SBT Initiative, in order to aim for decarbonization of the entire NRI Group value chain. (We are currently applying to receive certification from the SBT Initiative on our reduction targets.)

<Environmental Targets>   *Revised in February 2023

Classification	FY2030 targets	FY2050 targets
Scope 1+2	**Achieve net-zero greenhouse gas emissions*** in the NRI Group * Reduce emissions by 97% compared to FY2019, neutralizing residual emissions※	**Achieve net-zero greenhouse gas emissions*** in the NRI Group * Reduce emissions by 90% compared to FY2019, neutralizing residual emissions※
	100% renewable energy usage in the NRI Group	
Scope 3	Reduce NRI Group's Greenhouse gas emissions by **30%** by FY2030 (Compared to FY2019)	

* Residual emissions : Emissions that cannot be reduced in the NRI Group's value chain at the time of the net-zero targets

* Neutralization : Canceling out residual emissions through the use of carbon dioxide removal technologies and other means

Progress		unit	FY2019	FY2020	FY2021	FY2022
Indicators related to short-term targets (FY2030 targets)						
	CO_2 emissions (Scope1＋2）	1,000t-CO_2	60	55	30	20
	Reduction rate (compared to base year)	%	(Base year)	8.2	50.1	65.5
	Electricity usage	1,000kWh	121,926	119,574	118,616	137,631
	Renewable energy consumption amount	1,000kWh	886.5	3,926	59,968	99,909
	Renewable energy usage rate	%	0.7	3.3	50.6	72.6
	CO_2 emissions (Scope3）	1,000t-CO_2	180.0	133.0	152.0	190.0
	Reduction rate (compared to base year)	%	(Base year)	26.1	15.8	-5.4
Indicators related to long-term targets (FY2050 targets)						
	CO_2 emissions (Scope1＋2）	1,000t-CO_2	241	189	182	211
	Reduction rate (compared to base year)	%	(Base year)	21.6	24.4	12.4
	Coverage		a	a	a	a

■ Climate Change - Data

Efforts to reduce Scope 1+2

The NRI Group has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers, which are its main sources of CO2. At our main offices in Japan and overseas, we promote the adoption of the unique NRI-EMS environmental management system, as well as improvement activities. We have also engaged continuously in efforts to reduce greenhouse gas emissions, from moving our systems to a new data center with better environmental performance, to moving our main offices, including our Head Office, to office buildings with better energy efficiency. In March 2023, Tokyo Data Center I was certified as a top-level facility* for the Tokyo Cap-and-Trade Program established by the Tokyo Metropolitan Government.
(As of March 2023, 37 out of approximately 1,200 compliance facilities of the Tokyo Cap-and-Trade Program have been certified as top-level facilities.)

*The Tokyo Cap-and-Trade Program of the Tokyo Metropolitan Government certifies business operators making outstanding efforts to tackle global warming as either top-level facilities or near-top-level facilities.

In regard to the adoption of renewable energy, NRI joined RE100 in 2019, and in FY2021, we switched to using renewable energy at three of our data centers with the largest power consumption. In the same year, we also adopted renewable energy at our Headquarters and the Yokohama Center, which are our main offices. At first, our goal was to entirely switch our power consumption to renewable energy by FY2050, but looking ahead to future tightening of regulations and with the goal of increasing our competitiveness, we brought forward our goal to FY2030. We believe a market that enables the stable and long-term procurement of renewable energy to be essential for promoting reductions across the entire supply chain, and in June 2022 suggested that the Japanese government accelerate the adoption of renewable energy via JCI (Japan Climate Initiative).

Efforts to reduce Scope 3

We recognize that reducing Scope 3 emissions is critical for achieving net zero by the year 2050. We have been promoting efforts for reducing Scope 3 emissions based on the following three major efforts from FY2022.

(1) Visualization (elaborating Scope 3 emissions)
<Main efforts>
・Participating in CDP supply chain program*   ・Visualizing status of partner company efforts
・Gathering emissions data of partner companies   ・Reviewing calculation method (base units)

Scope 3 emissions are currently calculated by multiplying procurement sums by the base units given by the Ministry of the Environment. With this method, emissions also increase proportionally if activities increase, regardless of reduction efforts. We believe that building sustainable futures is inseparable from the growth of the NRI Group, and consider it important that we revise the calculation method so that reduction efforts are appropriately affected, and thereby continue to grow. That is why we have been participating in the CDP supply chain program since FY2020 and are gathering primary data from our business partners.
We believe that encouraging business partners to disclose climate related information via the CDP supply chain program is a meaningful action for achieving net zero throughout our entire value chain and society at large.

We are considering changes to the method for calculating Category 1 of Scope 3 emissions in FY2022, based on data gathered via the CDP supply chain program. This involves making estimates with various calculation options, based on the opinions of CDP experts. By switching from the base units given by the Ministry of the Environment to unique base units for each business partner, we have generated estimates where reduction efforts are reflected in the figures even when activities increase.
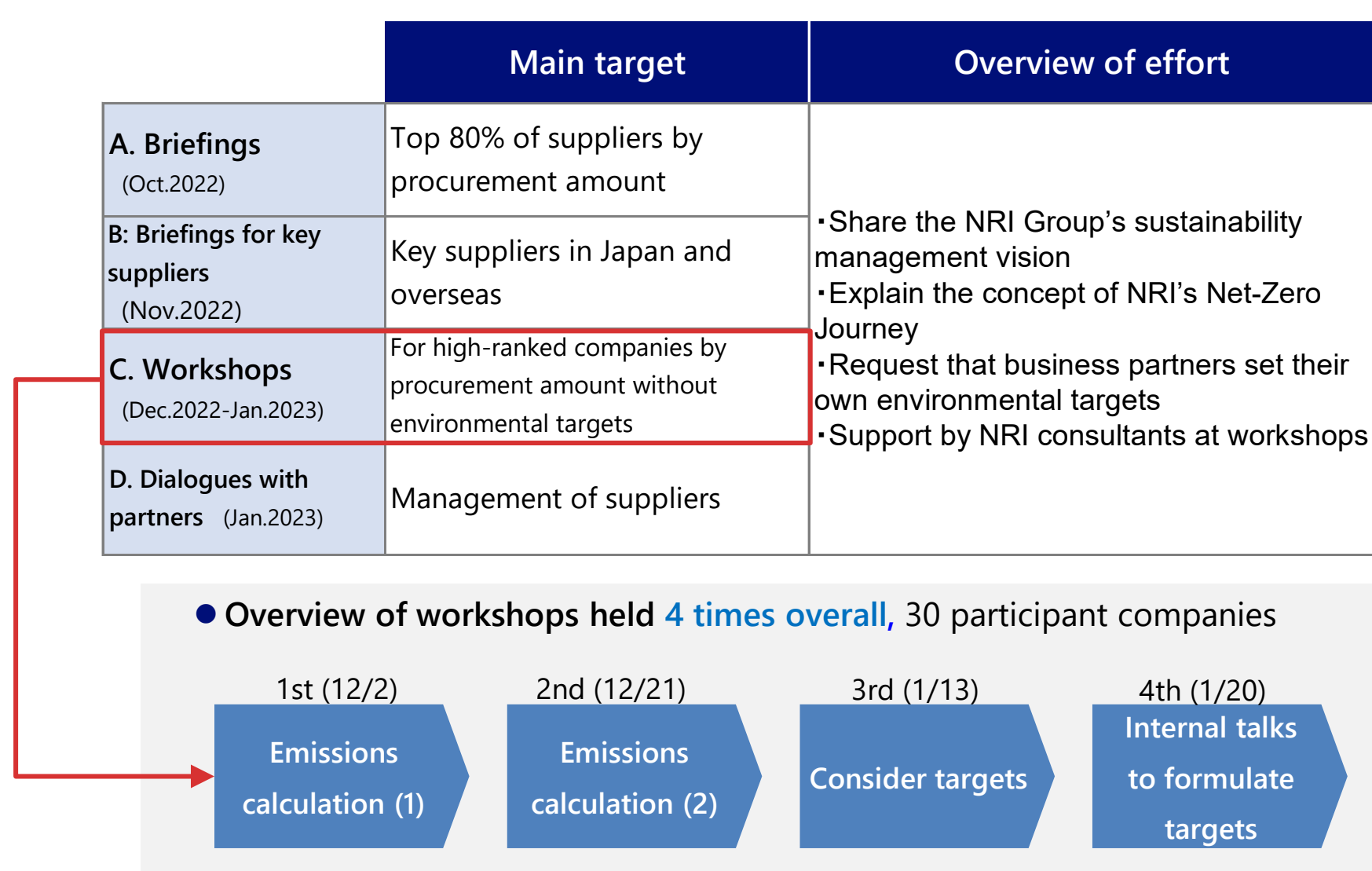
*One environmental information disclosure program run by an international environmental NGO called "CDP." A mechanism where the CDP acts in lieu of member companies of the supply chain program to request the suppliers of member companies to submit environment related information, then analyze and return the gathered data.

(2) Engagement (promoting assistance for setting greenhouse gas reduction targets for business partners)

<Main efforts>

・Enhancing business partner assistance for setting targets

・Holding briefing sessions and workshops for business partners

・Explaining SBT targets via collaboration with CDP

In FY2022 in particular, we enhanced engagement for reducing the Category 1 emissions of our software development partners, which account for 70% of our Scope 3 emissions. Because many of our main software development partners do not have dedicated departments or people in charge of sustainability or the environment, we held a workshop on corporate trends, methods for calculating greenhouse gas emissions, and how to set SBT targets. NRI specialists from our consulting business division joined the workshop as speakers, and we established a contact desk to enable our partners to ask questions any time about calculating emissions and setting targets. We also provide business partners that were unable to join the workshop with materials and tools upon request.

	Main target	Overview of effort
A. Briefings (Oct.2022)	Top 80% of suppliers by procurement amount	・Share the NRI Group's sustainability management vision ・Explain the concept of NRI's Net-Zero Journey ・Request that business partners set their own environmental targets ・Support by NRI consultants at workshops
B: Briefings for key suppliers (Nov.2022)	Key suppliers in Japan and overseas	
C. Workshops (Dec.2022-Jan.2023)	For high-ranked companies by procurement amount without environmental targets	
D. Dialogues with partners (Jan.2023)	Management of suppliers	

● **Overview of workshops held 4 times overall,** 30 participant companies

1st (12/2)	2nd (12/21)	3rd (1/13)	4th (1/20)
Emissions calculation (1)	Emissions calculation (2)	Consider targets	Internal talks to formulate targets

(3) Sustainable procurement (maintaining policies and code of conduct, and implementing awareness building for business partners)

<Main efforts>
・Formulating the NRI Group Procurement Policy
・Deploying NRI Group Business Partner Code of Conduct and obtaining signed agreements
・Self-assessments at major business partners and follow-up interviews

The NRI Group contributes to building sustainable futures together with our business partners via procurement activities based on the NRI Group Procurement Policy. That is why in 2021 we formulated the NRI Group Business Partner Code of Conduct that defines rules on legal compliance, the environment, and human rights. This code of conduct was created according to our concept of achieving sustainability management and the RBA Code of Conduct 6.0 formulated and published by the RBA (Responsible Business Alliance), and details efforts that we would like our business partners to make together with the NRI Group. In FY2022 we received written agreements[1] from business partners that account for 90% of procurement by NRI on a non-consolidated basis, and we are continuing efforts for receiving such agreements from the business partners of our group companies. We have already received written agreements from 418 business partners, which account for 63% of our procurement at group companies in Japan (or 56% of global procurement). We also asked 52 of our top business partners by transaction value to conduct a self assessment[2] to confirm their compliance with the code of conduct, and are exchanging opinions with seven of those companies.

*1 This code of conduct is equivalent to a contract between companies and also includes provisions for reducing or suspending transactions in cases where violations occur and improvements are not made despite requests from NRI.
*2 We use the CSR Procurement Self Assessment Tool of Global Compact Network Japan (GNCJ).

These efforts for encouraging our business partners in order to reduce Scope 3 emissions were recognized as we were selected for the top leaderboard in the CDP supply chain engagement evaluation. (We have been selected since 2019)

Transition Plan towerd Net-Zero

In addition to the above existing initiatives, we plan to implement the following measures to achieve net zero in FY2050.
(1) Key measures by 2030
・Collaboration and assistance to reduce business partner emissions (Scope 3)
・Switching office power to a mixture of renewable energy (Scope 2)
・Neutralization via carbon removal technologies and forest absorption measures (Scope 1 and 2)

(2) Long-term measures by 2050
In addition to the above:
・Investigating ICP (internal carbon pricing) (Scope 1, 2, and 3)
・Green procurement of devices used by NRI (Scope 3)
・Promotion of green procurement for network devices, etc. used by clients (Scope 3)
・Neutralization via carbon removal technologies and forest absorption measures (Scope 1, 2, and 3)
  *Including offsetting through the purchase of carbon credits

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Environmental Targets and Performance
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NRI Green Style activities
https://www.nri.com/en/sustainability/environment/greenstyle

▶Greenhouse gas emissions

GHG emissions (Scope1, Scope2)		unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Direct GHG emissions (Scope1)	Total	1,000t-CO_2	1	1	1	1	1	✔
Japan		1,000t-CO_2	1	1	1	1	1	✔
Overseas		1,000t-CO_2	0	0	0	0	0	✔
Indirect GHG emissions (Scope2)[*1]		unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Market Based	Total	1,000t-CO_2	64	58	53	28	19	✔
Japan		1,000t-CO_2	61	56	53	28	12	✔
Overseas		1,000t-CO_2	2	2	0	0	6	✔
Locatoin based	Total	1,000t-CO_2	65	58	57	55	63	✔
Japan		1,000t-CO_2	62	56	56	53	56	✔
Overseas		1,000t-CO_2	2	2	1	1	6	✔
Total emissions(Scope1＋2)		unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Market based	Total	1,000t-CO_2	66	60	55	30	20	✔
Japan		1,000t-CO_2	63	58	55	29	14	✔
Overseas		1,000t-CO_2	2	2	0	0	6	✔
Location based	Total	1,000t-CO_2	66	60	59	57	64	✔
Japan		1,000t-CO_2	63	58	57	55	57	✔
Overseas		1,000t-CO_2	2	2	1	1	6	✔
	Coverage[*1]		a-	a-	a-	a-	a-	

*1 Among the scope of the coverage of Scope 2, the electricity usage is a (NRI Group), cooling, steam · heat is b (NRI Group companies with a head office in Japan)

GHG emissions (Scope3)			unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
	Indirect GHG emissions (Scope3)		1,000t-CO_2	120	180	133	152	190	✔
	Category1	Purchased goods and services	1,000t-CO_2	84	91	97	112	126	✔
	Category2	Capital goods	1,000t-CO_2	12	15	16	23	36	✔
	Category3	Fuel-and-energy-related activities	1,000t-CO_2	5	10	10	10	11	✔
	Category6	Business travel	1,000t-CO_2	8	24	1	3	10	✔
	Category7	Employee commuting	1,000t-CO_2	2	4	3	1	1	✔
	Category11	Use of sold products	1,000t-CO_2	6	34	4	1	2	✔
	Category12	End of life treatment of sold products	1,000t-CO_2	0	0	0	0	0	✔
		Coverage		a-	a-	a-	a-	a-	

note :
 1. Among the scope of the coverage of category 3 fuel-and-energy-related activities, the electricity usage is a (NRI Group), cooling, steam · heat is b (NRI Group companies with a head office in Japan)
 2. Past figures are shown as figures for which impacts due to important acquisitions, etc. have been recalculated according to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Chapter 5. Tracking Emissions Over Time."

GHG emissions per net sales (Scope 1+2)	unit	FY2018	FY2019	FY2020	FY2021	FY2022
GHG emissions per net sales	t-CO_2/ Millions of Yen	0.133	0.114	0.100	0.049	0.030

■ Energy Consumption - Data

▶Energy consumption amount

Energy consumption amount		unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assurance
Energy consumption amount		1,000kWh	160,866	154,125	148,604	145,082	163,671	✔
Electricity	(A)	1,000kWh	127,773	121,926	119,574	118,616	137,631	✔
Kerosene		kl	0	52	0	0	0	✔
Diesel		kl	128	113	137	110	104	✔
Gas		1,000m^3	628	644	587	589	568	✔
Cooling, steam, heat		1,000GJ	85	80	72	64	64	✔
Renewable energy consumption amount*	(B)	1,000kWh	743	886	3,926	59,968	99,909	✔
Renewable energy utilization rate	(B/A)	%	0.6	0.7	3.3	50.6	72.6	✔
Coverage			a	a	a	a	a	

* Total amount of electricity generated from in-house solar power generation (solar power) and green electricity products from energy supplier.

▶Data center energy consumption

Data center energy consumption		unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assurance
Data center energy consumption	(A)	1,000kWh	98,550	95,779	95,523	95,220	96,560	✔
Renewable energy consumption amount*	(B)	1,000kWh	72	75	1,570	54,180	91,662	✔
Renewable energy utilization rate	(B/A)	%	0.1	0.1	1.6	56.9	94.9	✔
Scope of data center coverage		%	100	100	100	100	100	

* Figures include solar power generation (all for in-house consumption at Tokyo Data Center I and Osaka Data Center Ⅱ) and green electricity products from energy supplier.

■ Resource Use, Waste - Data

▶ Water resources

Water use	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Water use (total)	1,000m^3	212	185	154	152	154	
Water works	1,000m^3	212	185	154	152	154	✔
Recycled water	1,000m^3	–	–	–	–	–	
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers and centers

Waste water	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Waste water (total)	1,000m^3	37	34	32	32	32	✔
Coverage*		c-	c-	c-	c-	c-	

* c-: The scope of the coverage is NRI Group's data centers

▶ Paper resources

Paper use	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Paper use (Business paper)	t	190	174	80	62	31	✔
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers, centers and part of offices

Waste paper	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Waste paper (total)	t	193	173	95	90	88	✔
Recycle rate	%	100	100	100	100	100	✔
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers, centers and part of offices

▶ Waste

Waste disposed	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Waste disposed (total)	t	1,414	539	418	1,007	695	✔
Recycle rate	%	97.2	95.4	92.1	93.5	88.6	✔
Coverage*		b-	b-	b-	b-	b-	

* b-: The scope of the coverage is NRI Group data centers, centers and part of offices

NRI Green Bond (3rd Unsecured) Data

Outline of NRI Green Bond

References	We have announced our corporate statement of "Dream up the future" and promote ESG initiatives for improving corporate value. One example of NRI-style ESG initiatives are the NRI Green Bonds (Nomura Research Institute, Ltd. 3rd series unsecured corporate bonds) issued in September 2016. By issuing NRI Green Bonds, we aim to lead the realization of a sustainable future society by encouraging green investment in Japan and putting our green investment into practice. In May 2021 and April 2022, we sold all of our trust beneficiary rights. Funds from this sale are managed in a dedicated account until they can be allocated to new green projects. note: For the latest information, see our official website.
	NRI Green Bond https://www.nri.com/en/sustainability/environment/greenbond

▶ Status of appropriation of fundraising

Appropriation of procured funds

		unit	FY2022
Details of procurement fund and appropriated amount	Total	millions of yen	8,318
Construction of Osaka Data Center II Building 2		millions of yen	4,831
Adoption of "THE STAR" shared online services at Mizuho Securities Co., Ltd.		millions of yen	3,263
R&D and system/service development of NRI-CTS		millions of yen	170
Installation of solar panels at Osaka Data Center II Building 2		millions of yen	54

Procurement fund balance	unit	FY2022
Procurement fund balance at start of period	millions of yen	5,713
Procurement fund balance at end of period	millions of yen	1,682

▶ Impact Reporting

Status of energy efficiency bussiness (Data Center)

	In July 2021, NRI decided to make the construction project for Osaka Data Center II Building 2 (O2DC) a qualified green project. This construction project started in November 2021 and opened in February 2023.

Environmental assessment of target businesses

Construction of Osaka Data Center II Building 2	unit	FY2022
Greenhouse gas emissions (Scope 1 + +2) at Osaka Data Center II *	t-CO_2／year	70

* The above table shows the results of calculations based on market standards.

Status of energy efficiency (shared online services) business

	In September 2022, NRI decided that the development expenses for the STAR adoption project (to enable Mizuho Securities Co., Ltd. to adopt "THE STAR" shared online services) will be deemed to be an additional green project according to the Green Bond Framework, due to its environmental improvement effect. This STAR adoption project was completed in September 2022 and the total amount of funds appropriated from NRI Green Bonds were 3.09 billion yen.

Environmental assessment of target businesses

THE STAR adoption project for Mizuho Securities	unit	FY2022
Reduced CO_2 emissions via shared online services	t-CO_2／year	237

 * The effect of Green Bond fund appropriation only, estimated from the maximum power consumption per day. NRI is also adopting renewable energy but the effect of reduction due to the use of renewable energy is not included.

Status of businesses preventing and managing pollution

	In April 2023, NRI decided to appropriate the development expenses for the NRI-CTS currently under development and development expenses for future systems and services as the "System/Service Development and R&D to Contribute to Decarbonization" project.

■ NRI Green Bond (3rd Unsecured) Data

Environmental assessment of target businesses

	(1) Service overview of target project NRI-CTS is a carbon tracing system that enables companies to achieve the effective and timely tracing of GHG related information in their supply chains. Data regarding the use of products and services and regarding corporate activities that emit greenhouse gases is automatically collected via IoT to calculate emissions. Simulating the effect of reducing emissions and comparing target values with performance values enables the process for reducing emissions to be visualized and helps in the formulation of further measures. In order to reflect the achievements of promoting efforts for renewable energy, carbon offsetting, and reducing the unit cost for energy in order to achieve a decarbonized society in Scope 3 emissions in a more timely manner, corporations need to understand their emissions via measurement of their supply chain. NRI-CTS aims to achieve the following four items to help understand emissions via such measurement. 1. Help understand GHG emissions in supply chain based on measured values and trace emissions 2. User friendly interface to enable information to be easily deployed to long tail business partners 3. Simultaneously convey information on energy consumption, offsetting, and accuracy 4. Link with other company efforts regarding Scope 1 emissions (2) Status of project progress In FY2021, a prototype was used to conduct a proof-of-concept for using NRI-CTS to trace product-specific GHG emissions and perform TCFD disclosure. In FY2022, NRI, NRI Thailand, and SCG Logistics Management Co., Ltd., a logistics company of the Siam Cement Group, cooperated on a project as part of the ASIA DX program of the Japan External Trade Organization (JETRO), where we conducted a demonstration of calculating and sharing Scope 3 CO_2 emissions for a logistics service by utilizing measured data such as the travel distance of company trucks. We also participated as the project manager and solution provider in and successfully completed the proof of concept phase (a technical demonstration of linking solutions based on the Pathfinder Network of WBCSD) for exchanging CO_2 data between companies in order to visualize CO_2 emissions in the supply chain, which was conducted by the Green x Digital consortium headed by the Japan Electronics and Information Technology Industries Association (JEITA).
References	
	"NRI Develops Carbon Tracing System to Help Identify Greenhouse Gas Emissions in Supply Chains" https://www.nri.com/en/news/info/cc/lst/2021/1215_1 "Nomura Research Institute Thailand launches pilot project for visualizing CO_2 emissions together with SCG Logistics Management Co., Ltd." (Japanese only) https://www.nri.com/jp/news/info/cc/lst/2022/0914_1 "NRI and the 15 Companies of the Green × Digital Consortium Conduct Successful Proof of Concept for CO_2 Emissions Data Exchange" https://www.nri.com/en/news/info/cc/lst/2023/0216_1

Status of Renewable Energy Business

	Installation of solar panels at Osaka Data Center II Building 2 In July 2022, NRI decided to make the construction project for Osaka Data Center II a qualified green project, and construction finished in February 2023. This project has added 80 kW of new renewable energy (electricity output).

Environmental assessment of target businesses			Assurance
Installation of solar panels at Osaka Data Center II Building 2	unit	FY2022	
Renewable energy generated by the new facilities of this project	1,000kWh	17	✔
Ratio of renewable energy added by the new facilities of this project to all O2DC*	%	0	✔

* Calculated by dividing the amount of renewable energy consumed by this renewable energy project by the total O2DC power consumption

■ NRI Sustainability-Linked Bonds (8th series unsecured straight corporate bonds) Data   E07D

Status of KPIs | Assurance

NRI has issued "the NRI Sustainability-Linked Bond(SLB)" to implement the code of conduct in "The NRI Group's Environmental Policy". Sustainability-Linked Bonds are financial instruments based on assessments of future performance according to Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) determined beforehand by the issuer. The conditions of the bonds change depending on whether the SPTs set as numerical targets to be achieved for the KPIs are achieved.

The bonds set out 2KPIs as follows.
KPI1 : NRI Group GHG emissions (Scope1＋2)
KPI2 : Renewable energy utilization rate by NRI Group data centers

KPI

	Unit	Base year FY2013	Target yaer FY2030	Progress FY2022	
NRI Group GHG emissions（Scope 1 + 2)	1,000t-CO_2	0	30	20	✔
Renewable energy utilization rate in data centers	%	－	70	94.9	✔

Status of SPTs achievement

The bods set out 2SPTs as follows.
・SPT1 : 72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year (Scope1＋2)
・SPT2 : Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%

SPT

	Unit	Target yaer FY2030	Progress FY2022
72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year（Scope 1+2)	%	72	80.7
Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%	%	70	94.9

Labor Practices, Diversity - Management Approach

NRI's approach to material issues

The NRI Group believes that employees respecting each other's diverse values is the cornerstone of a workplace environment where employees can continue to work happily, sound in both mind and body, and that this is indispensable to the company's sustained growth, as it brings about improvements in the productivity and creativity of individual employees and the organization as a whole. In addition, the NRI Group has expanded its overseas business, and one in every three employees now works overseas. Therefore, we promote diversity management under the senior management corporate director in line with international social norms so that our value-diverse employees can become established and active in the NRI Group irrespective of their race, ethnicity, nationality, birthplace, social status, social origin (place of birth), gender, marital status, age, language, disability status, health status, religion, thought, belief, property, sexual orientation (regardless of gender identity) and differences in job types and employment types.

In addition, in order to transform this into growth potential for the company, we are working to create an environment in which employees can demonstrate their abilities fully while also valuing their own health and family life by reducing long working hours and improving work-life balance so that employees can demonstrate their creativity. The above labor policy is communicated to NRI Group's global executives and employees through the "RULE BOOK:Cornerstone Rules of Executive Officers and Employees," distributed annually, along with the NRI Group Employees' Code of Business Conduct (Creating a Good Workplace) and individual rules (Compliance with Labor Management Rules).

In terms of recruitment, too, each individual's various abilities, expertise, and skills are appropriately assessed and decisions made without discrimination based on gender or similar.

In addition to the regular yearly recruitment of new graduates, recruitment is ongoing throughout the year for midcareer hires and opportunities for persons with disabilities. When giving an explanation about the company during hiring, we disclose factual information based on the concept of "RJP" *.

* RJP: an abbreviation of "Realistic Job Preview." Recruitment activity carried out using the idea of communicating to job applicants the truth about both the good and bad aspects of the work, its environment, and the corporate culture.

Priority activities / Medium- to long-term targets

The NRI Group has established the following objectives and is promoting initiatives related to diversity and inclusion.

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

(Target: NRI) Term: April 2023 to March 2026

Goals
1. Achieve a 13% or higher ratio of female managers (section managers and department managers, etc.)
2. Achieve a 17% or higher ratio of female employees responsible for projects and business
3. Continue to have a 30% or higher ratio of female hires
4. Achieve a 75% or higher ratio of annual paid leave taken by all employees
5. Achieve a 80% or higher ratio of male employees taking childcare leave

Initiatives
1. Systematically provide female managers and manager candidates with opportunities and promotions
2. Implement training programs to train female employees involved in business decision-making
3. Continue measures for increasing female student applicants
4. Maintain environment and culture for work styles based on the premise of diversity

In addition, we have also established the following objectives and are promoting initiatives related to supporting work-life balance.

[5th Term Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children]

(Target: NRI*)

Goals
1. Promote use of childcare-related systems while facilitating improvements that make them easier to use.
2. Develop a workplace culture that enables diverse talents to flourish, and strive to make improvements in that regard.
3. Further improve the working environment to bring about more satisfactory work-life balance.

Initiatives
1-1. Support employees returning to work by promoting operations of the in-office nursery school that opened in June 2017. Also, hold regularly scheduled explanatory sessions regarding the nursery school.
1-2. Continuing to build awareness on childcare related systems for pregnant employees and employees with pregnant partners.
1-3. Gain a quantitative and qualitative understanding of circumstances surrounding use of the childcare-related systems and employee preferences in that regard, through questionnaires, interviews and other such means to consider improvement measures.

2-1. Prevent harassment related to matters such as childcare and nursing care by regularly implementing employment training programs and continue efforts to heighten awareness in that regard.
2-2. Support employees taking care of children and those who have returned to work by providing them with greater opportunity to plan their careers. To such ends, continue to engage in initiatives to support work-life balance, encompassing elements such as training and interviews enlisting supervisors together with employees who are expecting and those who have returned to work after having taken childcare leave.
2-3. Providing training for supervisors and examples of workstyles to foster an easy-to-work environment for employees that return from childbirth/childcare leave.
2-4. Promote greater understanding of diversity by carrying out initiatives that include training sessions and round-table discussions transcending generational divides and job titles.

3-1. Promote flexible working styles such that include telecommuting and utilizing various IT tools.
3-2. Encourage employees to take paid leave through campaigns and other such initiatives.

* Since we received "Platinum Kurumin Special Exception" from August 2018, instead of formulating an action plan, we announced the implementation status of next-generation upbringing support measures to the Ministry of Health, Labor and Welfare "Holding place for supporting work-life balance".

Progress / Achievements / Challenges

NRI was recognized by the Minister of Health, Labour and Welfare as a company that showed excellence in implementing initiatives encouraging the empowerment of women, receiving Top-Rank Eruboshi Certification (Stage 3). This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace that came into effect in April 2016, and evaluated NRI's achievements in each of the categories of: 1.Recruitment; 2. Continued employment; 3. Work-style, including hours, etc.; 4. Ratio of women in managerial positions; and 5. Career-path variety.

KPI	unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Female experts rate [1]	%	6.8	7.1	7.6	8.3	9.2	✔
Female managers rate [1]	%	4.2	4.1	5.9	6.5	8.5	✔
Employment continuation ratio of female / that of male[2]	%	72.4	77.7	86.3	96.4	99.6	✔
Ratio of average service years of female / that of male[3]	%	78.8	79.7	78.8	77.5	78.6	✔
Female employee hiring rate[4]	%	27.6	28.2	27.2	33.2	34.1	
Coverage		c	c	c	c	c	

*1 As of the beginning of each fiscal year (April 1)
  Experts : Employees in expert positions
  Managers : Department managers and section managers among experts

*2 As of the beginning of each fiscal year and cover employees hired in the three years preceding the 9-11 fiscal year.

*3 As of the end of each fiscal year (March 31)

*4 Calculated based on total value for each year

Link Files	Relating the Act on Promotion of Women's Participation and Advancement in the Workplace (In Japanese only) https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag2 Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children Main schemes of NRI for childbirth, parenting and nursing care support https://www.nri.com/en/sustainability/social/diversity_mgmt#flag3

▪ Labor Practices, Diversity - Data

▶ Employee data

Number of employees (Consolidated)			unit	FY2018	FY2019	FY2020	FY2021	FY2022
Overall	Total number of employees		no. of person	12,578	13,278	13,430	16,512	17,394
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	9,398
			%	—	—	—	—	69.4
		female	no. of person	n/a	n/a	n/a	n/a	4,136
			%	—	—	—	—	30.6
	Non-Japanese		no. of person	3,493	3,705	3,457	6,208	6,522
			%	27.8	27.9	25.7	37.6	37.5
By region	Japan		no. of person	9,004	9,495	9,912	10,236	10,798
			%	71.6	71.5	73.8	62.0	62.1
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
	Europe		no. of person	15	16	12	13	16
			%	0.1	0.1	0.1	0.1	0.1
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	12
		female	no. of person	n/a	n/a	n/a	n/a	4
	Americas		no. of person	345	328	218	1,063	869
			%	2.7	2.5	1.6	6.4	5.0
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	637
		female	no. of person	n/a	n/a	n/a	n/a	211
	Asia		no. of person	1,761	1,860	1,903	1,904	1,975
			%	14.0	14.0	14.2	11.5	11.4
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	1,075
		female	no. of person	n/a	n/a	n/a	n/a	917
	of which China		no. of person	1,168	1,244	1,289	1,323	1,318
			%	9.3	9.4	9.6	8.0	7.6
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	592
		female	no. of person	n/a	n/a	n/a	n/a	697
	Australia		no. of person	1,453	1,579	1,385	3,296	3,736
			%	11.6	11.9	10.3	20.0	21.5
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	2,388
		female	no. of person	n/a	n/a	n/a	n/a	1,508
	Overseas total		no. of person	3,574	3,783	3,518	6,276	6,596
			%	28.4	28.5	26.2	38.0	37.9
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	4,112
			%	—	—	—	—	60.9
		female	no. of person	n/a	n/a	n/a	n/a	2,640
			%	—	—	—	—	39.1
		Coverage		a	a	a	a	a

Note : As of the end of each fiscal year

Breakdown by gender (Overseas group companies) is separately collected from total number on different timing (2023 Mar/E ~ June/E), so that Number of employees (Consolidated) & Number of employees by region doesn't match with total number of breakdown by gender

Except some group companies

Number of employees (Non-consolidated)			unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Overall	Total number of employees		no. of person	6,297	6,353	6,507	6,488	6,782	
	(breakdown) male		no. of person	5,049	5,058	5,152	5,080	5,286	
			%	80.2	79.6	79.2	78.3	77.9	
	female		no. of person	1,248	1,295	1,355	1,408	1,496	
			%	19.8	20.4	20.8	21.7	22.1	
	Average age of employees		age	40.3	40.4	40.5	40.6	40.6	
	(breakdown) male		age	41.0	41.2	41.2	41.5	41.5	
	female		age	37.6	37.6	37.6	37.5	37.4	
	Average years of worked		years	14.6	14.7	14.7	14.8	14.6	
	(breakdown) male (a)		years	15.3	15.4	15.4	15.6	15.3	
	female (b)		years	12.1	12.3	12.1	12.1	12.0	
	(b)/(a)		%	78.8	79.7	78.8	77.5	78.6	✔
	Non-Japanese		no. of person	112	110	122	112	115	
			%	1.8	1.7	1.9	1.7	1.7	
By age	Below 30 years		no. of person	1,223	1,258	1,359	1,422	1,539	
			%	19.4	19.8	20.9	21.9	22.7	
	(breakdown) male		no. of person	858	889	957	969	1,045	
	female		no. of person	365	369	402	453	494	
	30-39 years		no. of person	2,044	2,047	2,064	1,963	2,009	
			%	32.5	32.2	31.7	30.3	29.6	
	(breakdown) male		no. of person	1,640	1,615	1,624	1,522	1,543	
	female		no. of person	383	404	440	441	466	
	40 - 49 years		no. of person	1,575	1,527	1,497	1,487	1,601	
			%	25.0	24.0	23.0	22.9	23.6	
	(breakdown) male		no. of person	1,268	1,230	1,215	1,230	1,334	
	female		no. of person	309	307	282	257	267	
	50-59 years		no. of person	1,338	1,404	1,432	1,415	1,379	
			%	21.2	22.1	22.0	21.8	20.3	
	(breakdown) male		no. of person	1,190	1,231	1,225	1,184	1,140	
	female		no. of person	148	173	207	231	239	
	Over 60 years		no. of person	117	117	155	201	254	
			%	1.9	1.8	2.4	3.1	3.7	
	(breakdown) male		no. of person	93	93	131	175	224	
	female		no. of person	24	24	24	26	30	
		Coverage		c	c	c	c	c	

Note: As of the end of each fiscal year

Number of employees (Consolidated)			unit	FY2022
By managers position level	Total number of managers		no. of person	4,181
		male	no. of person	3,611
			%	86.4
		female	no. of person	570
			%	13.6
	of which general manager or higher positions		no. of person	368
		male	no. of person	329
			%	89.4
		female	no. of person	39
			%	10.6
	of which manager or higher positions		no. of person	1,076
		male	no. of person	908
			%	84.4
		female	no. of person	168
			%	15.6
	of which junior manager [2] excluding general manager and manager positions		no. of person	2,737
		male	no. of person	2,374
			%	86.7
		female	no. of person	363
			%	13.3
		Coverage		a-

Note : Non-consolidated basis : As of 2023 Apr/B. Overseas group companies : As of 2023 Mar/E ~ June/E.

Except some group companies

■ Labor Practices, Diversity - Data

Number of employees (Non-consolidated)			unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
By managers position level	Total number of managers		no. of person	2,733	2,844	2,861	2,875	2,966	
		male	no. of person	2,547	2,642	2,643	2,636	2,692	
			%	93.2	92.9	92.4	91.7	90.8	
		female	no. of person	186	202	218	239	274	
			%	6.8	7.1	7.6	8.3	9.2	✔
	of which general manager or higher positions		no. of person	205	224	225	236	245	
		male	no. of person	197	214	215	226	224	
			%	96.1	95.5	95.6	95.8	91.4	
		female	no. of person	8	10	10	10	21	
			%	3.9	4.5	4.4	4.2	8.6	
	of which manager or higher positions		no. of person	624	656	676	705	716	
		male	no. of person	598	629	636	659	655	
			%	95.8	95.9	94.1	93.5	91.5	
		female	no. of person	26	27	40	46	61	
			%	4.2	4.1	5.9	6.5	8.5	✔
	of which junior manager [1] excluding general manager and manager positions		no. of person	2,109	2,188	2,185	2,170	2,250	
		male	no. of person	1,949	2,013	2,007	1,977	2,037	
			%	92.4	92.0	91.9	91.1	90.5	
		female	no. of person	160	175	178	193	213	
			%	7.6	8.0	8.1	8.9	9.5	
	of which management positions in revenue-generating functions		no. of person	2,537	2,594	2,596	2,607	2,685	
		male	no. of person	2,373	2,416	2,407	2,404	2,455	
			%	93.5	93.1	92.7	92.2	91.4	
		female	no. of person	164	178	189	203	230	
			%	6.5	6.9	7.3	7.8	8.6	
		Coverage		c	c	c	c	c	

Note: As of the beginning of each fiscal year

*1 Employees in expert positions

▶Employment of persons with disabilities

Promoting employment of persons with disabilities	Assur-ance

NRI has been actively working to recruit persons with disabilities. At NRI Mirai, Ltd., a special subsidiary of NRI, Health Keepers (visually-impaired corporate physiotherapists) fulfill their duties by providing relaxation services to NRI Group employees at massage rooms in place at principal offices.

Office Supporters, comprising of mentally impaired persons, work actively to provide training assistance, digitize documents, deliver internal mail, keep office space in order and look after equipment and fixtures, among other diverse activities. We are expanding our scope of work, with office supporter employees providing hand-drop coffee at the "Sora Cafe Mirai" opened in FY2021 and other employees handling some data entry work of the financial information database service (UDS) provided by NRI.

We will continue to promote workplace participation of persons with disabilities by discovering further employment opportunities for them.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number of employees with disabilities	no. of person	142	166	170	181	191	✔
Rate of employees with disabilities*	%	2.26	2.45	2.35	2.37	2.42	✔
Coverage		d	d	d	d	d	

Notes: 1. As of June 1 of each year

2. d: The scope of coverage is based on NRI and its group company to which the special subsidiary system is applied

* Actual employment rate based on "Act on Promotion of Employment of Persons with Disabilities"

▶Remuneration

Average annual salary

In addition to complying with laws & regulations and upholding the minimum wage, NRI strives to enhance employee's good living by a compensation and wage structure that is appropriate for professionals.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employee as a whole	1,000 yen	12,217	12,352	12,251	12,320	12,421
Coverage		c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Master's degree	yen	251,500	251,500	251,500	251,500	264,500
Bachelor's degree	yen	221,500	221,500	221,500	221,500	236,500
Coverage		c	c	c	c	c

Note: New graduate recruitment employee who joined the first business day of April of that year

Gender Pay Gap	unit	FY2022
All employees	%	69.9 ✔
Full-time employees	%	69.9 ✔
Temporary or part-time employee	%	−
Coverage		c

Note: No gap for the same grade in the same position. Any differences are due to age structure, grade structure, etc.

Base Salary and Total Salary per Employee by Gender (Female : Male)			FY2021	FY2022	
Base salary	Experts		1：1.05	1：1.04	✔
	Non-management employees		1：1.15	1：1.14	✔
Total salary	Experts		1：1.07	1：1.06	✔
	Non-management employees		1：1.20	1：1.18	✔
Coverage			c	c	

Note: The same salary system is applid to men and women. Any differences are due to age structure, grade structure, etc.

▶Promoting diversity and inclusion

Promoting diversity and inclusion

NRI's Diversity & Inclusion promotion activities began with the "NRI Women's Network (NWN)", an activity for promoting women's advancement that started in FY2008.
Currently, we are engaged in various types of diversity such as differences in careers / specialties, generations, lifestyles such as childcare / nursing / health, and understanding of disabilities / SOGI / cultural differences.
From FY2018, we hold a Diversity & Inclusion Seminar once a year for department managers to explain the necessity of diversity management directly from top management and the importance of communication to promote inclusion.

Labor Practices, Diversity - Data

Promotion of Women's Participation and Advancement

Since FY2008, NRI has been expanding the activities of the NRI Women's Network (NWN), which are based on the three pillars of "support for female employees in developing their careers," "support for balancing work and parenting," and "fostering a better corporate culture."
Rising ratios of female employees and women continuing to work have become the norm, and in recent years NWN activities have focused on "a more professional approach broadening one's career and continuing to play an active role."

We formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and in FY2016 we started a Leader Development Program and Career Design Seminars to support women's career development. From FY2021, department heads and the personnel department have started progress checks on the appointment of female executive candidates, in order to accelerate the appointment of female executives. We also started monitoring from FY2023 to ensure that opportunities are systematically provided to female managers/manager candidates (by providing females with practical experience at being responsible for projects and business).
We are also continuously working on childbirth and childcare initiatives, and are proactively encouraging not only the employee undergoing the life-event, but also their supervisor, including through three-party interviews aimed at pregnant employees and their supervisors, training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair, and our "Support for Balancing Work and Childcare Guide Book for Supervisors."
In addition, in order to deepen the understanding of male employees, we are working to improve childcare-related systems, provide training, and share childcare know-how for men.

<Main assessments for promotion of women's participation and advancement in the workplace>
・Nadeshiko Brand (2016-2021)
・Highest level (Level 3) Eruboshi Certification (2017)
・Inclusion in the MSCI Japan Empowering Women Index (2017-)

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Labor-management consultation on diversity & inclusion

Through informal gatherings and group negotiations with the Nomura Research Institute Labor Union, NRI continues to engage in dialogue both regularly and irregularly on topics related to its compensation and treatment, personnel system, and work environment. These dialogues also include discussions on important matters concerning diversity management.

▶Long-term incentives

Long-term incentives for employees

As long-term incentives for employees, NRI has adopted a NRI Group employee stock ownership plan, trust-type employee holding incentive plan, and retirement allowances (retirement lump sum, defined-benefit corporate pension, and defined-contribution pension).

NRI Group employee stock ownership plan

This is an employee benefits system in which employees of the NRI Group (NRI and its consolidated subsidiaries) use a self-determined amount of their salary and bonus to regularly purchase shares in NRI, supporting the creation of medium to long-term assets.
Employees are awarded an incentive in the form of NRI shares amounting to 10% of their contribution.
The NRI Group employee stock ownership plan also encourages employees to hold NRI shares, which serves as an incentive to improve the corporate value of the NRI Group.
In addition, dividends are re-invested in purchases of NRI shares (after tax is subtracted).

Ratio of the number of shares held by the NRI Group Employee Stock Ownership Group to the total number of NRI issued shares (excluding treasury stock): 4.22% (as of March 31, 2023)

Trust-type employee holding incentive plan

In order to provide incentives for raising NRI's corporate value over the medium and long terms, and further expand employee benefit packages, NRI adopts the Trust-type Employee Stock Ownership Incentive Plan.
This plan is an incentive plan for all employees participating in the NRI Group Employee Stock Ownership Group, and those employees will benefit from the rise in the NRI stock price.
NRI has set up a specific trust (the Trust) for the NRI Group Employee Stock Ownership Group with a trust bank, and the Trust takes out loans to purchase in advance the amount of NRI stock that is expected to be purchased over the following two years. After that, the Trust will continuously sell the NRI stock to the NRI Group Employee Stock Ownership Group. If gains remain in the Trust at the time it is terminated, the funds will be distributed to qualified employees.
As a result, employees will benefit from the rise in the NRI stock price over the two-year trust period, which is an incentive for the medium to long-term improvement of corporate value.

▶Hire and turnover

Hire and turnover			unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of hires	Total		no. of person	452	496	543	622	748
	(breakdown) male		no. of person	328	374	406	451	571
			%	72.6	75.4	74.8	72.5	76.3
	female		no. of person	124	122	137	171	177
			%	27.4	24.6	25.2	27.5	23.7
	New graduate hires		no. of person	319	308	393	380	399
	Mid-career hires		no. of person	133	188	150	242	349
Number of Turnover[1]	Total		no. of person	284	322	297	407	427
Turnover rate[1]			%	3.9	4.3	3.8	5.1	5.0
Number of voluntary retires[2]	Total		no. of person	196	228	176	251	266
Voluntary employee turnover rate[2]			%	2.7	3.1	2.3	3.1	3.1
		Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

*1 Including mandatory retirees

*2 Not including mandatory retirees

New graduate recruitment		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of hires		no. of person	319	308	393	380	399
	(breakdown) male	no. of person	231	221	286	254	263
		%	72.4	71.8	72.8	66.8	65.9
	female	no. of person	88	87	107	126	136
		%	27.6	28.2	27.2	33.2	34.1
of which, Bachelor's degree or above		no. of person	319	308	393	380	399
	(breakdown) male	no. of person	231	221	286	254	263
	female	no. of person	88	87	107	126	136
of which, Junior college, Vocational school		no. of person	0	0	0	0	0
of which, High school, Others		no. of person	0	0	0	0	0
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

New garaduates employees assigned to STEM related departm		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of hires		no. of person	n/a	n/a	393	380	399
of which employees assigned to STEM* related departments		no. of person	n/a	n/a	336	329	352
	(breakdown) male	no. of person	n/a	n/a	247	219	230
		%	n/a	n/a	73.5	66.6	65.3
	female	no. of person	n/a	n/a	89	110	122
		%	n/a	n/a	26.5	33.4	34.7
	Coverage					b-	b-

* Science,Technology, Engineering and Mathematics

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Mid-career recruitment		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of hires			133	188	150	242	349
(breakdown) male		no. of person	97	153	120	197	308
		%	72.9	81.4	80.0	81.4	88.3
	female	no. of person	36	35	30	45	41
		%	27.1	18.6	20.0	18.6	11.7
	Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assurance
Employment continuation ratio of female / that of male*	%	72.4	77.7	86.3	96.4	99.6	✔
Coverage		c	c	c	c	c	

* As of the beginning of each fiscal year and cover employees hired in the three years preceding the 11-13 fiscal year.

New graduate hires retention rate after 3 years		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of new graduates hired before 2 business years*		no. of person	218	265	315	303	388
(breakdown) male		no. of person	164	194	230	216	282
	female	no. of person	54	71	85	87	106
Number of continuing employees in the following fiscal year among new graduates hired before 2 business years		no. of person	209	246	291	285	354
(breakdown) male		no. of person	161	183	212	204	262
	female	no. of person	48	63	79	81	92
New graduate hires retention rate after 3 years		%	95.9	92.8	92.4	94.1	91.2
(breakdown) male		%	98.2	94.3	92.2	94.4	92.9
	female	%	88.9	88.7	92.9	93.1	86.8
	Coverage		c	c	c	c	c

* Only those who joined on April 1

Average recruiting costs for new full-time employees recruited (new graduates/mid-career employees)		FY2022
Average recruiting costs par person	1,000 yen	1,926
Coverage		c

Note: Total recruiting expenses, including advertising, fees for recruiting companies, and seminar operation expenses, etc.
divided by the number of new graduates and mid-career hires in FY2021.

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▶**Employee satisfaction**

Employee survey

NRI takes a multifaceted approach to assessing employee awareness, such that mainly involves gauging employee satisfaction using three methods.
Such initiatives target all NRI employees working in Japan and overseas, and the method with the shortest cycle is conducted on a semi-annual basis.
Internet surveys are the primary means of assessment. The items surveyed include job content, remuneration, work-life balance, career support,
employee benefits, work environment, work flexibility, and overall satisfaction.
The survey results act as a basis for planning human resource policies and are posted on the company intranet to serve as feedback to employees.

Employee survey results[1]	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employee satisfaction[2]	%	−	80.5	−	81.8	−
(breakdown) male	%	−	80.3	−	81.7	−
female	%	−	81.1	−	82.4	−
Percentage of employees surveyed[3]	%	−	51.4	−	51.9	−
(breakdown) male	%	−	81.3	−	80.6	−
female	%	−	18.7	−	19.4	−
Coverage[3]			d		d	

Note: d: NRI's employee working in Japan

*1 The 4 points-scale of the survey is "satisfied", "rather satisfied", "rather dissatisfied", "dissatisfied". (It was 5 points-scale until last survey in FY2015.)

*2 The percentage of the survey results above is the proportion of answers of "satisfied" and "rather satisfied".

*3 Data coverage shows the percentage of subjects surveyed (=NRI employees working in Japan) to the total number of NRI group's employees on a consolidated basis.

■ Labor Practices, Diversity - Data

Overview of employee satisfaction survey (from FY2021)

NRI has been measuring employee engagement[1] from FY2021 in order to gauge job satisfaction and create an environment where employees want to work.

The survey uses the "wevox"[2] engagement survey tool once a year (in June) and targets employees from NRI itself and the five group companies[3] with the highest ratio of employees dispatched from NRI, except those new employees who entered the company in the April of that year (April 2021 this time).

In addition, we provide feedback on the survey results to employees annually and request that each department consider and implement action plans to realize a more rewarding workplace. Human resources development department regularly monitors progresses of each department's action plans.

Employee survey results[4]		Unit	FY2021	FY2022	FY2023
Employee satisfaction[5]		%	82.9%	84.0%	83.3%
	Breakdown by gender				
	Male	%	83.8%	84.9%	84.2%
	Female	%	79.4%	80.4%	79.6%
	Breakdown by age group				
	20's	%	83.2%	87.3%	85.7%
	30's	%	84.2%	84.1%	84.2%
	40's	%	84.1%	85.1%	84.3%
	50's	%	79.9%	80.0%	78.6%
	60's	%	77.9%	75.9%	78.6%
Percentage of employees surveyed		%	49.0%	42.7%	42.7%
	Coverage		d	d	d

*1 An index indicating the intent to voluntarily contribute to the organization and the mental state of working autonomously.

*2 An engagement analysis tool provided by Atrae, Inc. The survey is designed based on nine key drivers including role, health, human relations, organizational culture, and environment.

*3 NRI Secure Technologies, NRI Workplace Services, NRI Social Information System Services, NRI Digital, Nomura Management School and KDDI digital design.

*4 The 7-points-scale of the survey is "Very satisfied"(7), "Rather satisfied"(6), "Satisfied"(5), "Neutral"(4), "Rather unsatisfied"(3), "Unsatisfied"(2) and "Very unsatisfied"(1).

*5 Employee satisfaction is caluculated by adding "Very satisfied"(7) and "Rather satisfied"(6).

▶Efforts for Improving Employee Engagement

Conduct engagement survey

In our V2030 long-term management vision, maximizing human capital is an important theme for the NRI Group. As one of our efforts for maximizing human capital by improving employee engagement, we have been implementing "job satisfaction co-creation" activities across the entire NRI Group from the fiscal year ending March 2022.

This involves measuring employee engagement in order to gauge job satisfaction and co-create an environment where employees want to work. We conduct a survey using the "wevox[1]" engagement measurement tool once a year. Because the survey results are used not only for planning human resource policy but also for improving workplace engagement, they are disclosed to employees on the company intranet.

<Reference> Average score of companies in the system integration/commissioned development industry that use wevox: 67 (June 2021)

Engagement Survey Results		FY2021	FY2022
Employee engagement score		70	71
	Coverage[2]	d	d

*1 Tool provided by Atrae, Inc.
*2 Survey conducted on NRI itself and five group companies with a high ratio of dispatched employees (NRI Secure Technologies, NRI Workplace Services, NRI Social Information System Services, NRI Digital, and Nomura Management School)

Employee satisfaction surveys at worldwide offices

We also conduct employee satisfaction surveys at our main worldwide offices once a year.
We conduct surveys on organizational culture and job satisfaction to ascertain the current status of engagement and identify points for improvement, such as surveys in Australia that gauge employee pride in the workplace and desire to work in the long-term and surveys in the United States that focus on diversity.

▶Work-life balance

Work-life balance supports

NRI has established a system covering durations of pregnancy and childcare that is more comprehensive than that prescribed by the Child Care and Family Care Leave Act.

During pregnancy, employees can take a maximum of 10 days of maternity leave in addition to annual paid leave. Shorter working hours and exemptions/limits on overtime because of childcare are available up until the end of the academic year for a child's third year of elementary school.

Meanwhile, these options can be combined with other independent systems, such as shift work or work with selectable start/finish times. We have been working on initiatives to establish an environment for achieving continued balance, including introducing a "Partner Childbirth Leave System" in FY2016 for employees with partners about to give birth, and opening nurseries in our offices in FY2017.

In addition to establishing systems, we are also focusing on providing information and examples ("Examples of working parent workstyles") to help employees select relevant systems in accordance with individual circumstances.

In addition, major offices have in-house ladies rooms that are resting rooms for pregnant or lactating women and female-specific health issues.

We are also proactively encouraging a balance between work and childcare for employees, through initiatives such as three-party interviews geared to pregnant employees or employees whose partners are pregnant and their supervisors, and training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair. In FY2021, we expanded our training for female employees to include male employees, as part of our efforts for providing an environment where both sexes can balance work with childcare. In addition, we provide information through regularly held nursing seminars and our nursing-care concierge desk.

NRI has been recognized as a corporation that supports child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children, having received the certification mark (nicknamed "Kurumin") since 2007. In addition to having gained the certification for five consecutive terms, in 2018 we also received the "Platinum Kurumin" special certification granted to companies that carry out initiatives which meet even higher standards.

Establishment of in-office nurseries

In order to support our employees returning to work at their desired timing and to support the development of their career plans, in June 2017, we opened the Yumeminato Hoikuen as NRI's first in-office nursery, where is equipped with the nursing facilities, in the Yokohama Center (Yokohama Nomura Building).

Enhancement of measures to support employees returning to work

During pregnancy, we conduct "three-party interviews" between female employees who are pregnant or employees with a partner who is pregnant, and their supervisor. These interviews promote understanding of company systems that can be utilized during pregnancy and childcare, and provide an opportunity for employees to discuss their workstyle after returning from childcare, in order to assist their smooth transition back to the workplace. We also create a "return to work checklist" that is expected to be used one or two months before employees return to work. This helps employees and their supervisors gain an idea of what their workstyle will be like after returning to the workplace, in accordance with their current status.

We have continued to provide "training to support balancing work and childcare" after an employee returns from childcare leave. This training is for employees that return from childcare leave and their supervisors. It promotes mutual understanding regarding concerns about balancing work and childcare after returning to the workplace, and concerns that supervisors may have about employees who are doing so. We also create opportunities for employees that return to the workplace and their supervisors to discuss medium to long-term career prospects via interviews with and stories told by employees who have previously taken leave and been back at work for several years.

 * Three-party interviews started in FY2011 and training to support balancing work and childcare started in FY2010 for female employees

Creation of a system to encourage men's participation in housework and childcare

In January 2017, we introduced "partner childbirth leave" and in 2021, we expanded "training to support balancing work and childcare" to include male employees who return from childcare leave. From 2022, we have expanded "three-party interviews" to include employees with a partner who is pregnant, and provide a system and environment that makes it easier for male employees to participate in childcare.

In addition to making the "Support for Balancing Work and Childcare Guide Book for Men" available to all of our employees, we have otherwise been promoting greater understanding of the company's systems relating to childcare by conducting briefing sessions introducing our in-house systems and also providing information containing child-rearing advice of our male and female employees currently raising children. We also hold round-table discussions carried out by our male employees who have taken childcare leave.

Utilization of work-life balance support system	unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Number of employees acquiring Paid maternity leave	no. of person	13	8	4	3	4	
Number of employees acquiring Pre- and post-childbirth leave	no. of person	72	78	61	68	67	✔
Number of employees with a newborn child	no. of person	367	358	365	339	354	
male	no. of person	301	284	297	274	293	
female	no. of person	66	74	68	65	61	
Number of employees acquiring childcare leave	no. of person	261	260	273	243	284	✔
male (including partner childbirth leave)	no. of person	188	178	204	175	225	✔
male (childcare leave)	no. of person	38	51	83	96	124	✔
female (childcare leave)	no. of person	67	70	65	68	59	✔
Childcare leave acqui							
male (including partner childbirth leave)	%	62.4	62.6	68.6	63.8	76.7	✔
male (childcare leave)	%	12.6	17.9	27.9	35.0	42.3	✔
female(childcare leave)	%	101.5	94.5	95.5	104.6	96.7	✔
Number of employees utilizing shorter work hour system for childcare	no. of person	112	103	108	94	95	
Employees returning to work after childcare leave	%	96.9	99.1	99.4	98.3	98.1	
male	%	97.2	100.0	98.8	99.1	98.4	
female	%	96.7	98.1	100.0	97.0	97.9	
Employees remaining in work after childcare leave (female)*1	%	92.8	96.8	96.5	94.9	97.0	
Utilization of work-life balance support system							
Number of employees acquiring Nursing care leave	no. of person	3	0	1	2	3	
Number of total days of acquiring nursing care leave	days	16.0	21.5	3.0	11.9	22.5	
Number of employees utilizing shorter work hour system for nursing care	no. of person	0	2	1	2	0	
Coverage		c	c	c	c	c	

*1 Calculation method changed from FY2021

▶Support for diverse and flexible working styles

Measures to support diverse and flexible working styles

For specialist professions, NRI employs a discretionary labor system in which work formats and hours are to be self-managed at the discretion of the person in question. We furthermore aim for further efficiency and productivity improvements with respect to work accomplishments in specialist professions.

In addition to discretion in terms of time, this has involved putting in place a system to also allow a certain amount of discretion in terms of location, making it possible to schedule work from home or a satellite office.

Moreover, in Sapporo and Fukuoka we recruit for local positions that are based on the premise of working in those locations.

In FY2018, we introduced educational opportunities on a company-wide basis through the Coursera online learning platform, thereby enabling our employees with diverse and flexible working styles to work toward self-study at their own pace regardless of time or location.

Encouragement of the taking of paid leave

Employees are granted a maximum of 23 days of annual paid leave and we encourage employees to schedule five consecutive days off twice a year, including hot-weather leave and revitalization leave.

In FY2022, employees took 70% or more of their annual paid leave.

Telecommuting system

NRI has had a system in place for some time whereby an employee can work at an NRI office that is different from their usual place of work.

In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity, and in FY2017 and FY2018, NRI was a special participant in the "Telework Days" event implemented by six ministries including the Ministry of Internal Affairs and Communications, in collaboration with the Tokyo Metropolitan Government and the business community, where a total of approximately 6,000 employees engaged in telecommuting during the five days of the event.

During COVID-19, we utilized our experience to enable approximately 90% of our employees to work from home, with 50% working at the office during normal times and 30% working at the office in regions subject to a state of emergency or quasi-state of emergency declaration. We will continue to utilize both working at the office and working from home to aim to achieve flexible work styles and improve productivity.

Second job

NRI has an approval system for side jobs. In granting approval, NRI considers safety, impact on main job, non-competition, confidentiality, and maintenance of the company's reputation, credibility, and relationships of trust.

Benefits for full-time and part-time employees

Full-time employees and temporary or **part-time employees** are provided the same allowances.
(Life insurance, medical treatment, injury or illness compensation, childcare leave, and stock ownership, etc.)

Satellite offices

NRI's main offices have "liaison centers" which are made available as satellite offices for workers with no desks at those locations.

We also have contractual agreements with satellite offices of outside entities in order to provide our employees with efficient and flexible work arrangements.

Casual wear

With the objective of increasing productivity by encouraging flexible ideas from relaxed attire, the NRI Group has permitted employees to work in casual wear since 1996, under guidelines such as "wearing a business suit if you are likely to meet clients."

■ Occupational Health and Safety - Management Approach

NRI's approach to material issues

At the NRI Group, highly specialized personnel are major operational resources.

If a situation in which employees are unable to fully demonstrate their ability in a sound environment due to substandard occupational health and safety occurs, there is a risk that business services, such as the information systems that are important foundations for supporting society, and the provision of consulting services that are deeply involved in client operations and businesses, will be impacted due to the lower productivity and quality of deliverables.

Accordingly, since FY2015, NRI has been aiming to realize "Health and Productivity Management[※]," which contributes to improving the Quality of Life (QOL) of employees and is striving towards achieving its goals based on the NRI Health Declaration 2022.

Healthy Operations considers the management of employee health in terms of managerial perspective and strategic implementation.

The health of our employees also occupies an important position from the standpoint of the company's risk management, and we will try to proactively engage in health management as a company instead of entrusting it to individual employees.

It is extremely important for both the individuals concerned and the company that employees are healthy, and Healthy Operations will bring an injection of energy into the organization in the form of active employees and improved productivity by actively pushing employees to become healthy based on that philosophy, which as a result is expected to lead to improved business performance and corporate value.

[NRI Health Declaration 2022]

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

NRI is leveraging employee feedback gathered through surveys and from employee unions and is proactively working to improve employee working hours, health conditions, and the workplace environment.

Priority activities / Medium- to long-term targets

NRI prioritizes the following issues in its management of occupational health and safety issues:
1. Complying with laws and regulations on overtime work and holidays.
2. Eliminating long hours worked consecutively.
3. Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
4. Reducing the amount of night work that employees perform.
5. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a summer break, and "recharge leave").

In addition, we set goals for the following four items on health management.
1 Reduce lifestyle-related diseases
   • Manage employees' reservations and receipts for medical check-ups and health examinations, and encourage them to take these examinations
   • Put in place health management rooms at our principal offices and build a framework for industrial doctors to handle cases
2 Lower stress
   • Stress prevention for individual employees and teams
   • Develop a system to enable employees to return to work earlier
3 Lower smoking rate
   • Introduce support to help stop smoking
   • Remove smoking spaces inside the office
4 Promote work-life balance
   • Reduce overtime and holiday work hours
   • Encourage employees to take paid leave
   • Implement the frontline-driven Smart Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work

▪ Occupational Health and Safety - Management Approach

Progress / Achievements / Challenges

Nippon Kenko Kaigi* certified NRI as an Excellent Enterprise of Health and Productivity Management (White acknowledging the Company as a large corporatins participateing superior health and productivity management.
Started in FY2016, this certification scheme reviews companies for their business philosophy, organizational structure, system and initiative execution, assessment and improvement, compliance and risk management.
NRI acquired this certification for the seventh consecutive year since FY2016 as it met certification requirements in the Large Corporation category, which applies to large-sized corporations and medical corporations.

* An entity that aimed to bring about specific action plans in the workplace and local communities, with the goal of realizing excellence on health and productivity management. This is a collaboration between municipalities and private organizations such as business groups, medical associations and the insured.

KPI	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total working hours per employee per year*1	hours/year	2,017.2	2,050.1	2,160.3	2,150.5	2,129.7
Average overtime hours per employees per month*2	hours/month	-	-	8.1	8.3	7.8
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	67.9	70.0	72.4	71.9	70.9
Smoking rate	%	15.2	14.6	13.0	11.7	11.5
Exercise habit rate	%	20.7	20.5	23.3	25.7	26.4
Coverage		c	c	c	c	c

*1 All employees including managers, discretionary labor employees

*2 Calculated as hours that exceed the statutory working hours (40 hours a week)

   "-" indicates that the calculated value does not exceed the statutory working hours

Link Files	Occupational Health and Safety / Health Management
	https://www.nri.com/en/sustainability/social/health_and_productivity_mgmt
	A trial run to assist health and productivity management for workers in the Marunouchi area
	https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=49

Occupational Health and Safety - Data

▶Occupational health and safety

Occupational health and safety policy

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group. In order to provide employees with a safe and healthy workplace environment, the NRI Group actively promotes work time management, work environment maintenance, and individual health management based on the NRI Group Health and Safety Policy.

Scope of this policy

All directors and employees of the NRI Group
Items regarding health and safety are included in the NRI Group Business Partner Code of Conduct, and we request our business partners to comply.

Reference

NRI Group Occupational Health and Safety Policy

https://www.nri.com/en/sustainability/social/health_and_productivity_mgmt

NRI Group Business Partner Code of Conduct

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

Occupational health and safety structure

NRI has established a Health and Safety Committee with the aim of achieving an appropriate working environment based on the Industrial Health and Safety Act. In addition to maintaining an appropriate working environment at all of our offices, we have established a sanitation management system at each business division.
With these arrangements we are properly maintain the working environment according to the business and characteristics of each business division.

Officer in charge

Chief Occupational Health and Safety Officer
Hideki Saito, Senior Managing Director

Chief Health Officer
Shingo Konomoto, President & CEO, Chairman, Member of the Board, Representative Director

Responsible committee

Health and Safety Committee

Status of labor-management consultations on occupational safety and health

We continue to engage in dialog both regularly and irregularly on topics related to the working environment, via information gatherings and group negotiations, in addition to the Nomura Research Institute Labor Union and Health and Safety Committee.

■ Occupational Health and Safety - Data

Risk management on occupational health and safety

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group.

Should it happen that owing to an occupational health and safety issue an employee cannot exploit the full potential of their abilities in a sound workplace, the resulting drop in productivity and/or poorer quality of outcomes may impact on our delivery of the information systems that are important foundations underpinning the society, or of the consulting services that play an important part in our clients' management and businesses.

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

1. Complying with laws and regulations, including those related to overtime work and holidays.
2. Eliminating long hours worked consecutively.
3. Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
4. Reducing the amount of night work that employees Perform.
5. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a summer break, and "recharge leave").

We have mechanisms in place to accurately monitor our employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened.

Furthermore, we are grasping the risks by thoroughly conducting industrial physician interviews with long-time workers.

Occupational health and safety situation	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employee work-related deaths	-	0	0	0	0	0
Number of work accidents*[1]	-	2	1	0	1	0
Occupational accident frequency rate*[2]	-	0.16	0.08	0.00	0.08	0.00
Average overtime hours per employees per month*[3]	hours	-	-	8.1	8.3	7.8
Coverage		c	c	c	c	c

*1 Number represents the number of either fatal accidents or incidents necessitating 4 or more days' leave due to a casualty accident

*2 Number of lost worker injuries / number of total working hours × 1 million hours

*3 All employees including managers, discretionary labor employees.
   Calculated as hours that exceed the statutory working hours (40 hours a week).

Internal audits regarding health and safety

The NRI Group conducts yearly internal audits on health and safety, including labor management audits. Internal audits are conducted for each division at NRI on a non-consolidated basis and for each separate company of our group companies in Japan and overseas.

▶Health and productivity management

Overview of health management

The NRI Group is comprehensively engaged in the maintenance and improvement of employee health, including the promotion of regular checkups and follow-ups on the results, engagement by industrial physicians, the establishment of consultation desks, and the reduction of overtime work.

Promotion of medical checkups / comprehensive physical examinations

The NRI Group regularly instructs all employees to undergo a medical examination (for those under 30 years old) or a comprehensive physical examination (for those 30 years of age or older) every year, and checks whether they have or not.
We also instruct employees who work late into the night to have a health examination every six months and check the status of the medical examination.
In addition, for employees that require extra testing and further support, we recommend extra checkups and for those that have yet to do so, we request their line manager to help, depending on the risks involved. This enables us to focus on effectively utilizing the results of health checkups.

Establishment of office health-care rooms and engagement by industrial physicians

NRI has established health-care rooms in its main offices, and has in place a proper system for industrial physicians to engage with cases. Industrial physicians check the results of employee medical examinations and comprehensive physical examinations, as well as responding to health consultations from employees.
We also utilize opportunities such as training for promotion and training for newly-appointed managers to provide "health talks" by industrial physicians, which contributes to improving the health literacy of a wide range of employees.

Stress checks based on the Health and Safety Act

From FY2016, based on the Industrial Health and Safety Act, the NRI Group introduced a web questionnaire-type stress-check to prevent employees from becoming unwell in terms of their mental health.
This has encouraged employees to notice their own stress situations and talk to an industrial physician if they need to.
In addition, we collate and analyze stress-check results for each organization and use the information to improve the working environments.
Moving forward, we will continue to implement the program every year in accordance with laws and regulations.

Consultation desk for work problems

The NRI Group has established various PraNet (Professional Assist Network) consultation desks for employees, and is equipped with a system that can respond to all kinds of issues employees may have.
In addition to the consultation desks within the company, we have several company-external consultation desks available to handle a diverse range of counselling, including consultations about work and the workplace overall, consultations on career-development and skill-development, counseling on workplace stress and health, counseling on family health and care, consultations about ethics and compliance. We have established an external "harassment hotline" that is available 24 hours a day, 365 days a year for reporting harassment.

Efforts for reducing stress in the workplace

We provide NRI Group employees with various lessons for maintaining mental and physical health and increasing concentration at work. This has included stretching programs to alleviate stiff shoulders and lower back pain, sports events including yoga, and lessons for experiencing "mindfulness."

Occupational Health and Safety - Data

Reduction of overtime and holiday work

NRI has established internal management standards for working hours, late-night work, and holiday work based on labor laws, etc., and engages in proper labor management.

We have established a system that enables a correct understanding of employee work status, including a system that enables supervisors to check online at any time the working hours of their subordinates and how much vacation time they have taken, and the distribution of a list of employees who engaged in late-night or holiday work to management positions on the following day.

In addition, we regularly check the status of each department using indicators such as a "Health Management Index," which is an index of risks such as long working hours that should be eliminated.

Reduced smoking rate

From November 2015, NRI introduced its "Quit-Smoking Support," in which the company pays 70% of the costs for treatment to quit smoking (borne by the individual).

Furthermore, NRI halved the amount of office smoking spaces in October 2015, and closed all smoking areas in its major offices around the World No Tobacco Day (May 31) in FY2016.

KPI of health management	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	67.9	70.0	72.4	71.9	70.9
Smoking rate	%	15.2	14.6	13.0	11.7	11.5
Exercise habit rate	%	20.7	20.5	23.3	25.7	26.4
Coverage		c	c	c	c	c

▶Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total working hours per employee per year	hours/year	2,017.2	2,050.1	2,160.3	2,150.5	2,129.7
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average overtime hours per employees per month	hours	-	-	8.1	8.3	7.8
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees
Calculated as hours that exceed the statutory working hours (40 hours a week)
"-" indicates that the calculated value does not exceed the statutory working hours

Annual paid leave*1	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of granted days*2	days	21.4	21.4	21.3	21.2	21.0
Number of days acquired	days	15.3	15.2	13.7	14.2	14.8
Annual paid leave acquisition rate	%	71.3	71.1	64.1	67.1	70.5
Coverage		c	c	c	c	c

*1 Average base for all employees.

*2 Excluding carryforward

▶ Mental health measures

Mental health measures

As measures to safeguard mental health, in addition to reducing late-night work, eliminating continuous long working hours, a thorough system of interviews with industrial physicians for workers who work long working hours, and stress checks based on the Industrial Health and Safety Act, the following initiatives are being implemented.

Establishment of consultation desks for workplace stress

Employees can bring consultations about workplace stress to the health-care rooms (staffed by Industrial physicians and counselors).
In addition, under the health insurance association system, employees can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).

Obligatory interviews with industrial physicians for workers who work long working hours

At NRI, out of consideration of the impact on the mind and body of employees whose overtime working hours exceed internal standards, any such employees are required to have an interview with an industrial physician.

Stress checks

Since 2016, NRI has implemented a stress check system under the provisions of Article 66, Item 10 of the Industrial Health and Safety Act for the following purposes:
• For employees to deal with stress by knowing their stress status, before too much accumulates
• For employees to get advice from a doctor if they have too much stress
• For the company to take any work-related measures as a result of the interviews
• To make improvements in workplace environments that cause stress

Return to work support program

When employees have been absent due to illness, etc., they are only allowed to return to work after a diagnosis by their doctor and a consultation with an industrial physician.
In the case of employees who have been absent more than a set amount of time, NRI is making efforts to have them undergo re-work training that incorporates training conducted by an external professional organization to prevent any relapse, so as to avoid any further time absent from work.

Absentee Rate		unit	FY2019	FY2020	FY2021	FY2022
		%	0.44	0.32	0.50	0.54
	Coverage		c	c	c	c

note : Ratio of work days missed to total work days scheduled
Days off allowed by the company, such as childcare leave and nursing leave, are not included in the total work days scheduled

▶Various systems provided by Nomura Securities Health Insurance Association

Nomura Health Dial 24

For health, medical care, nursing care, childcare, or mental health issues, experienced physicians, public health nurses, and nurses are available for free phone consultations at any time of the year, 24 hours a day.
Employees can also avail themselves of a search system that finds nearby medical institutions and medical institutions that provide advanced medical care.

Special medical dial

When an employee or member of their family is diagnosed with a serious illness such as cancer, they are eligible for a service that provides them with a referral for a second opinion or to a specialist medical institution (free of charge in certain circumstances).

Mental health counseling service

They can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances). From November 2020 we also started an online interview service. These are both free of charge in certain circumstances.

Support for membership-based fitness clubs

We provides support for using membership-based fitness clubs to employees and their families.

■ Human Resources Development - Management Approach

NRI's approach to material issues

The NRI Group's corporate philosophy states that "continuing endless challenges with the pride of being a true professional" is our action guideline.The cornerstone of the NRI Group is its "human assets". In other words, this refers to employees who are professionals possessing advanced expertise, who independently strive to pursue their own goals and are unafraid to innovate and take on difficult challenges. To achieve objectives of both NRI's long-term management vision "Vision 2030" and the Medium-Term Management Plan, we must have human assets who not only aim to achieve further growth and improve productivity in our existing specialty areas, but who also take on challenges of venturing into unknown areas of business in anticipation of future trends.

To develop such human assets, the NRI Group has been strengthening systems and the business environment for developing hidden talents of highly motivated people and allowing them to produce results on the job.

In our Medium-Term Management Plan (2023 - 2025), our growth strategies are defined as (1) Customer acquisition via consolidation, (2) Radical production innovation, (3) Next-generation think tank implementation, (4) Global business expansion, and (5) Human capital expansion. Human resource development management to achieve these five strategies is an important issue for management to tackle. In particular, the quality and quantity of the human resources responsible for the realization of the DX and global strategies are key issues.

We also focus on cultivating core human resources that can achieve the "Value Creation" in Materiality to aim for management that can contribute to building sustainable futures.

Priority activities / Medium- to long-term targets

NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

The personnel assessment and human resources development system is premised on the notion of encouraging employees to pursue expertise and diversify their fields of specialization.

This is based on the belief that by honing their skills in multiple areas of expertise employees become capable of flexibly responding to changes in the business environment in a manner that involves taking a broad-based perspective in collaborating across division lines.

Furthermore, with respect to human resources development, NRI places importance on an organic fusion of three approaches to development: training programs, self-study, and on-the-job training which plays the central role.

NRI believes that providing OJT through work experience is the optimal development tool.

As such, its training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding.

The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Moreover, NRI has also established a system to support self-study for employees seeking to gain qualifications and improve their foreign language skills.

The three priority activities for our Vision 2030 long-term management vision are (1) Building the capability to achieve our growth story, (2) Establishing diversity and inclusion, and (3) Expanding opportunities for individual growth. To support the growth strategy in our Medium-Term Management Plan (2023 - 2025), we will focus on (A) Cultivating human resources to create new businesses, global human resources, and human resources for core businesses, (B) Improving employee engagement, (C) Cultivating management for the age of diversity, and (D) Promoting career autonomy.

■ Human Resources Development - Management Approach

Progress / Achievements / Challenges

Since its establishment as Japan's first private think tank, we have grown by investing in top-class human resource development of Japanese companies and continuing to develop challenging professionals.

The overwhelming number of official qualifications can be said to be one of the indicators for objectively determining that highly specialized personnel are being developed.

Regarding the training of core human resources, we will strengthen the training of successors, conduct four types of selective training for mid-level employees, managers, section managers, and department managers, as well as strengthen candidates for the next successor.

In "DX human resource development," in addition to conventional training tailored to the career fields and career stages, we are developing and implementing new training systems such as AI, analytics, blockchain, UX design, agile development, and microservices, and are promoting measures for increasing human resources working in important priority fields.

In "Global human resource development," we carry out practical training programs that incorporate actual experience of global operations in order to develop global business leaders who are active in establishing overseas business foundations.

We will enhance our ability to carry out our work through overseas work experience, such as dispatching to a client company or NRI's overseas base for about one year.

Under the overseas trainee system, more than 300 employees have been dispatched to 30 cities in 18 countries and regions so far, and we plan to further enhance and expand these priority activities.

Link File	NRI's Human Resources Strategy https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=70

▶Human resources development management

Human resources development policy (Focus areas)

We regard our people as an essential management resource of the NRI Group and a wellspring of its added value across the board.

Meanwhile, professional initiatives of NRI Group employees are backed by the Group's human resources development framework.

NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

Of particular importance with respect to human resources development is the notion of organically fusing various aspects of the three elements: 1) on-the-job training, 2) training programs, and 3) self-study, and those three elements combined form the cornerstone of professional development.

OJT provided through work experience is the optimal development tool, and NRI's training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding. The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Our C&A (Challenge & Act) System acts as a mechanism that effectively facilitates OJT.

Through the system employees are able to confirm and evaluate the extent to which they have achieved their individual targets which are precisely set at half-year intervals through interviews with their supervisors, thereby enabling employees to develop their skills and appropriately gain access to performance evaluations carried out by their supervisors.

This system supports the growth of employees according to their respective characters and levels of independence by having them work toward achieving their goals under a supervisor's guidance, while also facilitating communication between supervisors and their subordinates at the regularly scheduled meetings.

The management challenge of developing human resources who are capable of rapidly addressing changes is crucial in the VUCA (volatility, uncertainty, complexity, ambiguity) and DX (Digital Transformation) eras.

As such, we encourage employees to pursue expertise and diversify their fields of specialization in order to ensure that our personnel assessment and human resources development system functions effectively. This is based on the belief that by honing their skills in multiple areas of expertise employees achieve a broad-based perspective and become capable of flexibly responding to changes in the business environment.

We have a career field system and an in-house certification system which both constitute crucial aspects of our efforts to promote human resources development, as guidelines for employee careers and the specialties they should pursue.

Human resource development program

Human resource development programs include various options, such as group training, e-learning, support for gaining qualifications and foreign language study, opportunities to study abroad, and trainee arrangements.

We place particular focus on (1) Cultivating human resources to create new businesses, (2) Cultivating global human resources, and (3) Cultivating human resources for core businesses.

(1) Cultivating human resources to create new businesses

In addition to the core businesses that have supported our growth in the past, expansion in new businesses is essential for the further growth of NRI. We are rolling out various training programs, such as a course for those aiming for an NRI-certified BA, in order to develop human resources that will create businesses based on co-creation with a large number of stakeholders.

(2) Developing global human resources

We implement programs geared to cultivate human resources that can implement our "Global Strategy", which is one of the growth strategies in the Long-term Management Vision ⬜ision2030⬜

We provide various programs such as an overseas training system and overseas study programs, based on the idea of a "global human resource pool" for cultivating the next generation of business leaders that can play active roles on the global stage, in order to expand the NRI business portfolio. This enables employees with the ambition and suitable skills to play an active role on the global stage to systematically gain experience so that they can flourish in various business domains as global human resources upon returning.

The overseas training system was enhanced in FY2020. In addition to the conventional trainee system called the global business (GB) trainee program, which enables employees to improve their ability to conduct work via actual work experience with highly diverse stakeholders overseas, we have also started the global strategy leader (GSL) trainee program for cultivating management human resources at the worldwide offices and Group companies of NRI.

(3) Cultivating human resources for core businesses

We define levels for young employees, mid-career employees, and expert employees, and systematically cultivate tangible and intangible skills.

For new employees, we provide up to half a year of training so they can play an active role in the workplace one year after entering the company. This training for new employees fosters the fundamental knowledge, skills, and important values (autonomy, challenge, and co-creation) required of professionals working at the NRI Group. We also provide diverse training on IT skills, consulting, personal skills, and leadership development to young employees and mid-career employees at each phase of growth, and the NRI environment enables employees to autonomously take lessons based on their own knowledge and experience.

When employees have reached the mid-career phase, they are provided with opportunities to learn cutting-edge business insight based on the latest in real world examples. This allows employees to enhance their capabilities required for the age of DX, such as AI and analytics, blockchain, UX design, agile development and micro service capabilities. In addition to fostering base literacy, this will enable NRI to cultivate human resources that will lead to the creation and expansion of DX businesses that will be the pillar of our growth strategy. We lend our support to efforts that include creating forums for our employees conducive to person-to-person networking and activity, which involves establishing venues for sophisticated studies by coordinating with Japanese and overseas universities as well as outside entities such as the Japan Data Scientist Society.

Based on the concept of "+DX", we provide training for consultants and system engineers with conventional abilities to apply their existing skills to the field of DX, rather than simple skill switching. This enables NRI to strategically transition to the human resources portfolio we require for the age of DX.

Self-study

Self-development is indispensable for career development and is recommended to employees from various aspects including the human resource system.

For special qualifications closely related to NRI's business, such as information processing engineer, project management professional (PMP), and certified securities analyst qualifications, we will provide preparatory courses for employees, subsidize external training expenses, provide reimbursement and financial assistance to help cover registration costs and examination fees with respect to gaining official qualifications that contribute to our business operations, including certified public accountant and small and medium enterprise management consultant qualifications, and in recent years, we have also been enhancing our support for qualifications related to DX (digital transformation), including those in areas such as statistics, data science, artificial intelligence, cloud computing, and agile software development.

For language learning, we provide employees with a TOEIC test and support the cost of employees going to a language school.

With the recent spread of digital learning, we are also focusing on self-study using MOOCs (Massive Open Online Courses) such as Cousera and Udemy, which are external online learning services, and video streaming platform "gacco for Biz".

It is also crucial that we shift to new digital learning approaches in conjunction with progress being made in carrying out work-style reforms.

As such, in addition to making use of MOOCs, we are promoting various reforms with respect to styles of learning in terms of shifting to digital learning environments, shifting to digital communications related to studies, and establishing educational platforms transcending time and space.

The adoption of gacco throughout the company is expanding its opportunities not only for changing training styles, but also for expanding the dissemination of various messages to employees and sharing knowledge and insights accumulated within the company.

References

NRI's Human Resources Strategy

https://ir.nri.com/en/ir/library/report/main/013/teaserItems1/01/link/ar2022_e_print.pdf#page=70

▶Human resources development program

Human resources development program 1

NRI has established 20 career fields with the industry-wide Information Technology Skill Standards (ITSS) in mind in order to better make areas and levels of employee expertise clear in-house and outside the company, commensurate with the actual performance of its employees. In so doing, we have defined seven respective levels of employee expertise.

This system acts as a blueprint for employees to better understand their areas and levels of expertise so that they are able to make improvements when pursuing specializations. It also forms the basis for the C&A (Challenge and Act) system for setting goals and confirming results on a semi-annual basis.

Under the system, employees are encouraged to develop their abilities upon having set goals in multiple career fields.

Having multiple specialized fields will not only broaden your horizons and enable you to grow into a cross-organizational human resource that flexibly responds to changes in the business environment, but also lead customers' co-creation.

[Career fields]

| 1	Corporate Strategy Consultant	12	IT Platform Specialist
2	Business Consultant	13	IT Services Manager
3	Systems Consultant	14	Security Specialist
4	Business Strategist	15	Researcher
5	Sales Representative / Marketing Manager	16	Data Scientist
6	Project Manager (Development)	17	Project Management Specialist
7	Project Manager (Enhancement)	18	Quality Control Specialist
8	Application Architect	19	Business Administration Staff
9	IT Infrastructure Architect	20	Corporate Management / Headquarters Staff
10	Application specialist		
11	Common Application Infrastructure Specialist		

Internal certification system

Through the granting of internal certification (NRI Certification) to employees with high levels of expertise who have refined their skills in career fields, NRI offers professional role models while also promoting the development of core NRI human resources in those fields.

NRI has established seven certifications in 18 areas and employees are able to gain multiple certifications. Candidates are nominated by their general managers for all NRI employees, and we review their suitability to represent NRI twice a year, including not only skill standards but also business performance.

Candidates for NRI Certification receive OJT through appropriate job assignment and curriculum based training matched to the requirements of each certification.

The scope of this system is all NRI employees.

[Internal certification system]
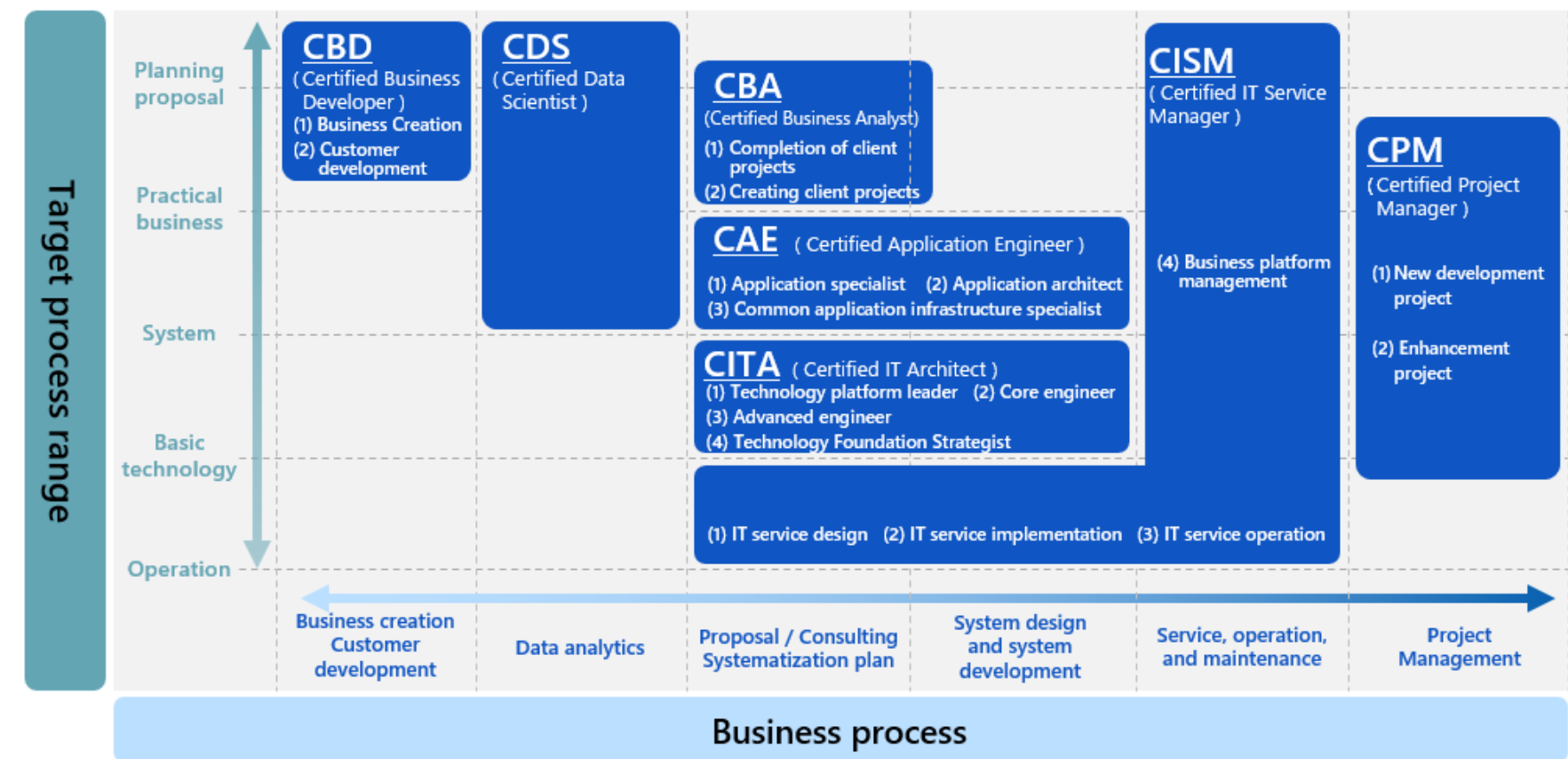
Training program

NRI's training programs implemented company-wide are largely divided into two categories—employment hierarchy-specific training programs and career-specific training programs.
In "Level-specific programs", in addition to curricula by level and position, we continually implement and improve programs such as selective management human resource development, job type curriculum, support for women's advancement, and autonomous career assistance for each age group.
Programs according to career field provide a variety of training programs that fulfill the diverse needs of employees. They are directed to the development of individual capabilities that are in line with career fields, career development that aims for acquisition of internal certifications and other objectives.
Based on the long-term management vision "Vision2030", we are also enhancing "Digital Transformation (DX) human resource development" and "Global human resource development".

In addition to its company-wide training programs, NRI's respective business divisions also develop and implement training programs of their own, and we have a detailed training development system established to cover the businesses and operations of each business division.
Aside from programs developed in-house, NRI provides a variety of learning opportunities by collaborating with Nomura Management School and other external business schools for management, and Fujitsu Learning Media and other external educational institutions for young employees to strengthen IT skills and improve skill levels.

[NRI Training Program]

Business impacts

We are promoting the expansion of human resources who promote strategic fields by showing employees the image of human resources, careers, and training programs in line with the growth strategy of NRI's long-term management vision, Vision 2030.
In addition, by visualizing the development status and changes over time, we are able to plan long-term human resources strategies, check our human resources portfolio, and develop highly specialized human resources in a short period of time.

Target employee

All employees

Human resources development program 2

Stratified program

The NRI Group implements various training programs according to the career stage. There are training programs such as promotion of career stage and appointment of positions, and we are implementing a selective training program for each level of employees, from mid-level employees to executives, and are also focusing on the systematic development of management candidates. In particular, regarding the training for promotion to managerial positions, we are currently considering the content of the training that is unique to our company and suitable for the times, and since FY2019, we have been sequentially revising and implementing each level.

As for new training methods, in addition to the conventional group training, we are also working on blended learning that combines group learning with individual learning utilizing original video content. Furthermore, as a diversity initiative, in addition to a selection program for each layer for female employees, we are also focusing on employee awareness and enlightenment activities through diversity and inclusion seminars. In recent years, veteran employees, such as those in their mid-40s, can show their abilities that they have cultivated so far, and organize their thoughts at regular intervals in order to support their work while challenging new fields and skills with an autonomous career outlook. We hold a career design program "my career design" that allows you to take multiple courses during your career so that you can lead to the next action.

Management Human Resource Development Program

We are implementing a program to develop core human resources who are responsible for the growth strategy and business creation of the NRI Group.
The curriculum of these development programs consists mainly of four elements:
(1) Courses aiming to develop executive candidates,
(2) Course aiming to develop candidates for organizational head,
(3) Courses aiming to develop proficiency with respect to managing business drawing on a
     managerial point of view and a company-wide perspective, and
(4) Courses aiming to develop the ability to create new businesses.

Our (1) courses aiming to develop executive candidates enlist a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel.
As a manager, it is a curriculum to deepen and learn business perspectives such as business segment coordination, company-wide optimization to maximize value, BS/PL balance, and multi-stakeholders.

In addition, at an external business school (Nomura Management School, etc.) members selected from senior management participate in exchange meetings with executive members dispatched from companies representing Japan to improve management ability.
In the selection training for mid-career, students will leave the career development in business practice and learn advanced management knowledge and business creation process, as well as the leadership in the DX era, which is important for the growth strategy of the long-term management vision "Vision2030". We provide programs such as cross-industry exchanges with the awareness of "people who can lead customer co-creation".
Participants are selected from each level, including managers and mid-career employees, and through programs such as group training, individual work and workshops, we aim to discover problems related to NRI's management and business, and propose and implement solutions.

Human Resources Development - Data

Human resource development program for Digital Transformation

NRI implements programs geared to developing talent that accelerates its DX (Digital Ttransformation) strategy, which is one of the growth strategies under its long-term management vision "Vision 2030". With the aim of strengthening the capabilities required in the DX era, such as AI, Analytics, Blockchain, user experience (UX) design, Agile, and Microservices, in addition to the conventional skill training for the year of joining the company, there is a DX skill acquisition training for each year.

These programs have a variety of business curricula that share basic knowledge and IT skills as well as hands-on know-how, modern business use cases, deep NRI-like insights, and cutting-edge business insights.

By actively collaborating with external institutions and companies such as domestic and overseas research institutions (graduate schools) and Data Scientist (DS) associations, we will incorporate a lot of academic knowledge and advanced cases and provide a more advanced learning space. We also help establish employee networks and create opportunities for success.

These programs are structured so that curriculums are planned and planned around "Learning Opportunities", "Developmental Opportunities", "Connection Opportunities", and "Opportunities for Success", so that you can get more effective skill acquisition opportunities.

[New human resource image for Digital Transformation]

[Human resource development program for Digital Transformation]

Add "DX" skills according to individual's career and intention

plus +DX

Traditional career and skills training tailored to the year

Plus Digital Trans-formation

Columns (vertical): Knowledge and Insight / Implementation know-how and use case / Skills, Knowledge and frame

— DX business design — Next IP — Business consulting knowledge — System consulting knowledge — Digital marketing — UX Design /Design conception — Agile software development — Micro service /API — Cloud /PCI — DS /Analytics /AI — Block chain — Security — Next IP —
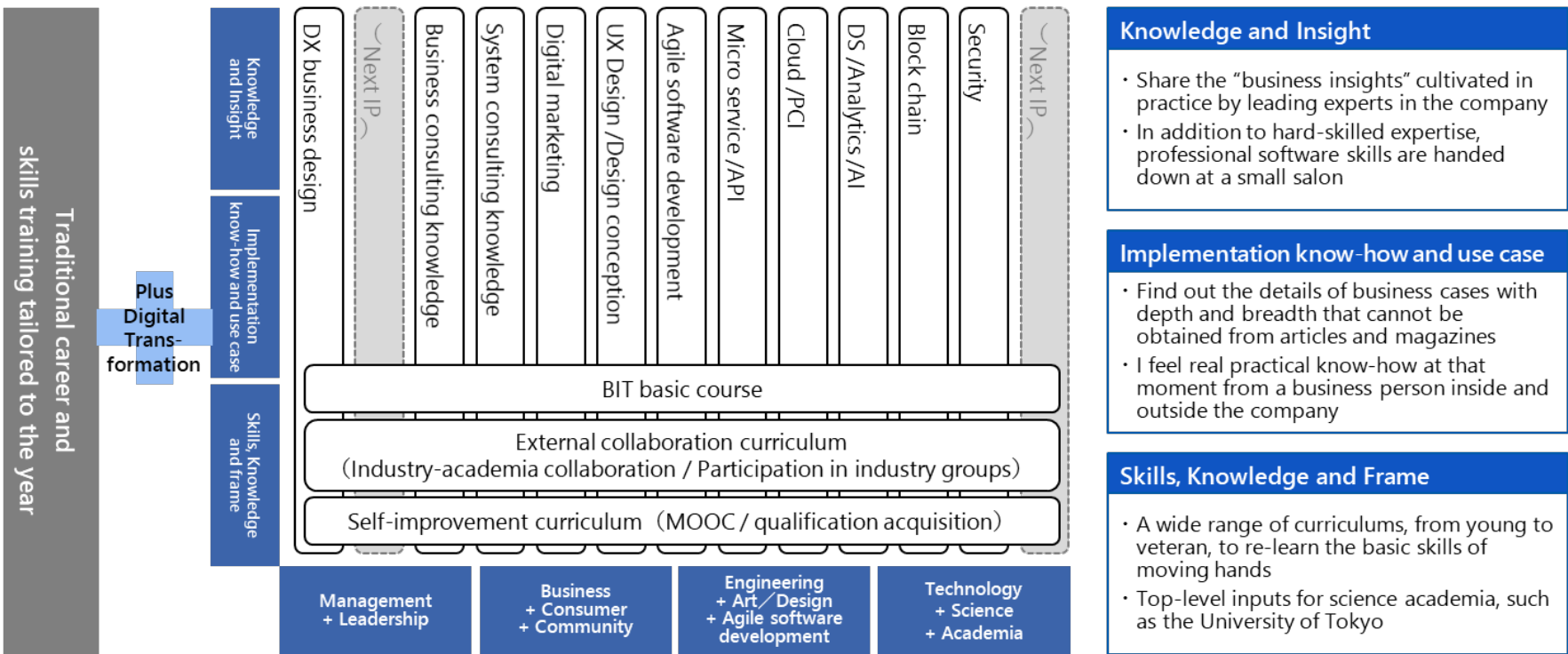
BIT basic course

External collaboration curriculum
(Industry-academia collaboration / Participation in industry groups)

Self-improvement curriculum（MOOC / qualification acquisition）

| Management + Leadership | Business + Consumer + Community | Engineering + Art／Design + Agile software development | Technology + Science + Academia |

Knowledge and Insight
・Share the "business insights" cultivated in practice by leading experts in the company
・In addition to hard-skilled expertise, professional software skills are handed down at a small salon

Implementation know-how and use case
・Find out the details of business cases with depth and breadth that cannot be obtained from articles and magazines
・I feel real practical know-how at that moment from a business person inside and outside the company

Skills, Knowledge and Frame
・A wide range of curriculums, from young to veteran, to re-learn the basic skills of moving hands
・Top-level inputs for science academia, such as the University of Tokyo

[Providing four opportunities for Digital Transformation human resource growth]

Add the essence of surviving the DX age in the learning field.
Maximize opportunities for "Self-learning"

plus +DX

Opportunities for Achievement — Increase NRI's presence while leading to your own growth

Opportunity to Participate — As an expert, contribute to the development of backwards and learn by themselves

Opportunity for Connect — Strengthening individual strength by forming an internal network

Opportunities for Learning — Get a learning opportunity for each person to challenge a new field

1. Opportunities for Learning	2. Opportunity to Participate	3. Opportunity for Connect	4. Opportunities for Achievement
● In addition to simple skills and case studies, NRI will offer advanced knowledge sharing and training to learn unique insights ● We also offer courses that give the degree of freedom so that you can learn at your own pace depending on the situation of each person, and basics so that even inexperienced people and veterans can easily tackle ● Coursera, University course, Promote self-studying by acquiring qualifications	● Opportunities for in-house and external training, as a professor / lecturer / lecturer to industry-academia collaborative universities, and for intern students ● From the NRI number one, build the industry's number one knowledge, develop high-quality content, and lead the development that is really necessary with the on-site skin sensation ● Get more learning through opportunities to teach others	● Participated in the planning of employee training as a member of an expert meeting, and linked with the in-house Center-of-Excellence ● Understand what kind of human resources and projects are there and use them as the basis for collaboration ● It will be a place to find talented personnel, and it will be possible to search for candidates for certification and job assignments.	● External activities through active information dissemination such as external lectures, newspaper articles / Web articles ● Active as a board member or member of an industry association to build a connection to the industry ● Aiming to improve NRI's presence through external activities, increase own name value, and self-growth

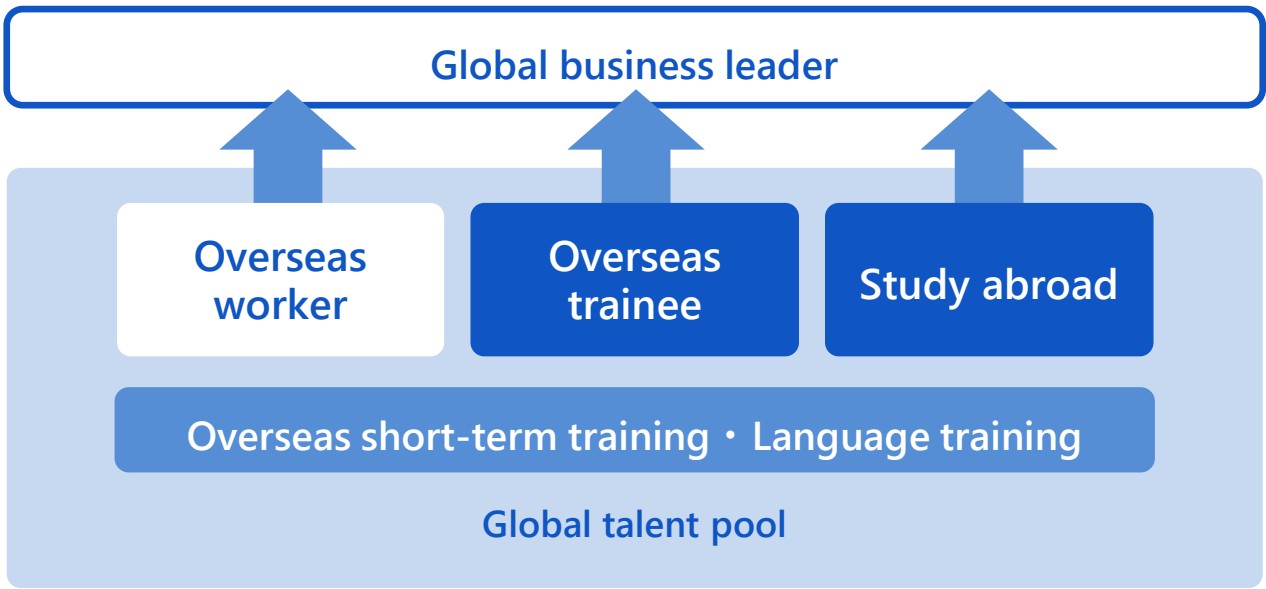## Global Human Resources Development Program

NRI implements many training programs geared to developing business leaders who are capable of playing active roles on the global stage.

In that regard, we are particularly focusing our efforts on our overseas training system whereby we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience of global business.

In FY2020, we started a new global strategy leader (GSL) trainee program for cultivating human resources that can manage the overseas offices of NRI.

Meanwhile, we also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills. Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools.

Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM).

Global business leader

Overseas worker | Overseas trainee | Study abroad

Overseas short-term training・Language training

Global talent pool

Business impacts

With regard to the three core issues of core human resource development, about 220 managers (with the two programs conducted since 2002 and 2020) and about 140 section managers (since 2015 revision) have completed the selective training program, and there are now more cases where those that have completed the manager program also join the general manager program, which has strengthened the pipeline of successor candidates.

In "DX Human Resources Development," we are strengthening strategic capabilities such as AI, analytics, blockchain and agile, and promoting the realization of growth strategies by shifting personnel to strategic priority areas.

In "Global Human Resources Development," we are promoting the expansion of NRI's global businesses by fostering global business leaders.

Target employee

Senior and middle management

■ Human Resources Development - Data

▶ Inputs for human resources development

Human resources development investment cost		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total human resources investment cost		millions of yen	3,632	3,531	3,196	3,983	4,216
	Coverage		a	a	a	a	a
Human resource development capacity development investment cost per employee		1,000 yen	477	446	366	405	384
	Coverage		c	c	c	c	c
Total human resource development hours		hour	315,630	310,350	348,539	363,188	360,542
Human resource development days per person		day / person	6.9	6.7	7.3	7.7	7.5
Human resource development hours per person		hour / person	52	50	55	58	56
(Breakdown) By age group	Below 30	hour / person	145	158	174	166	161
	30 to 50	hour / person	20	24	21	26	21
	50 or over	hour / person	7	11	9	13	11
(Breakdown) By gender	Male	hour / person	42	48	51	52	50
	Female	hour / person	69	80	84	95	93
	Coverage*		c'	c'	c'	c'	c'

* c': NRI employees engaged in Japan and overseas

▶ Periodic reviews of performance and career development

Periodic reviews of performance and career developm		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Ratio of employees reviewed	At summer bonus	%	95.0	89.6	93.3	92.7	96.2
	At winter bonus	%	94.7	93.5	94.3	95.4	96.9
	Coverage*		c	c	c	c	c

*Ratio of feedback interviews conducted for summer and winter bonuses via Nomura Research Institute Labor Union survey

▶ Utilization of diverse evaluation methods

Utilization of diverse evaluation methods
We have established the C&A (Challenge & Act) system, where every employee shares a career vision with their superior and has interviews on targets they have set and how much they have achieved. Each employee is evaluated twice a year.

The C&A system evaluates employees based on their qualitative performance, quantitative performance, work innovation, and contribution to the organization (how individual performance affected the performance of the entire team).

We have also adopted a 360 degree evaluation for managers. Managers receive a multifaceted evaluation on their work mindset and attitude from their superiors and subordinates once a year, which enables any issues to be identified and strengths to be further reinforced.

In addition to the above measures, feedback is continuously provided in everyday work via measures including periodic 1 on 1 meetings and interviews conducted when work is assigned. We assist individual growth by talking with employees about not only the final product, but the process for getting there, and any issues that may currently be occurring.

This is how NRI utilizes diverse evaluation methods to enable each of our employees to recognize their own strengths and weaknesses and thereby achieve higher performance.

▶Effect of human resources development

Measures of the effect of human resources development

NRI places importance on the number of employees with professional qualifications as an index for objectively assessing investment efficiency in development of individuals with highly advanced professional skills.

Number of employees who acquired the professional qualifications	unit	FY2018	FY2019	FY2020年度	FY2020	FY2022
Information processing engineer (IT strategist)	no. of person	354	374	369	399	413
Information processing engineer (System architect)	no. of person	974	990	973	1,009	1,006
Information processing engineer (Project manager)	no. of person	909	943	934	1,015	1,043
Information processing engineer (Network specialist)	no. of person	975	1,000	996	1,044	1,045
Information processing engineer (Database specialist)	no. of person	879	924	912	1,016	1,043
Information processing engineer (Embedded system specialist)	no. of person	50	55	56	80	85
Information processing engineer (IT service manager)	no. of person	413	433	427	449	449
Information processing engineer (System audit engineer)	no. of person	360	363	350	372	373
Registered Information Security Specialist[1] (Successful candidates)	no. of person	242	375	377	578	729
Project Management Professional	no. of person	299	320	336	379	405
ITIL Manager / Expert / Intermediate	no. of person	70	68	77	86	86
Chartered Member of the Securities Analysts Association of Japan	no. of person	245	246	246	251	248
Certified Public Accountant Small and Medium sized	no. of person	16	15	12	17	20
Enterprise Consultant	no. of person	46	48	46	47	47
First-class Registered Architect	no. of person	10	10	10	10	11
Chief Telecommunications Engineer	no. of person	107	108	86	108	107

Number of employees who acquired NRI certification system	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Certified Business Developer	no. of person	15	23	27	29	29
Certified Business Analyst	no. of person	22	25	29	39	35
Certified Data Scientist	no. of person	14	17	21	24	26
Certified Application Engineer	no. of person	23	24	28	33	36
Certified IT architect	no. of person	69	66	69	77	83
Certified IT Service Manager	no. of person	33	39	43	45	54
Certified Project Manager	no. of person	93	107	117	130	143
Coverage		c	c	c	c	c

Note: As of the end of each fiscal year

Human Resources Development - Data

Ratio of empty positions filled via internal human reso	unit	FY2019	FY2020	FY2021	FY2022
	%	94.6	95.7	94.2	89.1
Coverage		c	c	c	c

note : The ratio of positions filled via interdepartmental transfers to the total number of positions filled via either mid-career recruiting or interdepartmental transfers

▶In-house education on ESG

In-house education on ESG					
Since FY 2017, NRI Group has been conducting e-learning training on sustainability and ESG for employees of NRI and domestic group companies. From FY 2019, we produced and deployed the animated videos related to climate change and human rights and global ESG trends, and strive to promote understanding of ESG and sustainability.					

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Completion Rate for ESG Testing	%	98.1	98.2	98.2	98.1	98.0
Coverage		b-	b-	b-	b-	b-

■ Business and Human Rights - Management Approach

NRI's approach to material issues

We support and respect the International Code of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights, as set out in the NRI Group Policy on Human Rights.

The policy clearly states the respect for basic labor rights and the prohibition of forced labor, child labor, discrimination, and harassment.

In addition, as a company involved in the development and utilization of AI, we have established the "NRI Group AI Ethics Guidelines" intended to promote the development and utilization of AI while reducing the negative impact of AI.

The NRI Group's "Procurement Policy of the NRI Group" declares that human rights are taken into consideration when dealing with business partners such as outsourcers and suppliers. In order to further accelerate sustainable procurement in the NRI Group, we have established the "NRI Group Business Partner Code of Conduct" and are seeking the understanding of business partners such as outsourcers and suppliers.

NRI endorses the United Nations Global Compact and in May 2017 we announced our participation in the 10 principles and four domains of human rights, labor, the environment, and anti-corruption.

Under the commitment of top management, NRI is committed to acting as a good member of society and striving to achieve sustainable growth by observing and practicing the ten principles and demonstrating responsible creative leadership.

Priority activities / Medium- to long-term targets

In our "NRI Group Vision 2030 (V2030)" long-term management vision, we position global business expansion as one of the growth policies, and we aim to expand our ESG initiatives to our group globally, and also to our supply chain.

We believe that human rights issues in our supply chain and both in Japan and overseas will become even more important in the future.

Progress / Achievements / Challenges

In FY2018, We started to conduct human rights due diligence in Sustainability Activities Committee.

In FY2019, we promoted human rights due diligence and identified the current human rights risks of the Group.

In FY2020, we conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our respose to them during the COVID-19 crisis.

In FY2021, we surveyed issues and risks related to human rights to identify actual and potential risks at each NRI Group company in Japan.

In FY2022, we continued our efforts from the previous year and surveyed issues and risks related to human rights to identify actual and potential risks at each NRI group company in Japan. In addition to these efforts, we conduct similar surveys on human rights issues and risks at the various business divisions of NRI.

Link Files	
	NRI Group Policy on Human Rights
	https://www.nri.com/en/sustainability/social/policies#human-rights
	NRI Group Procurement Policy
	https://www.nri.com/en/company/partner
	NRI Group AI Ethics Guidelines
	https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines
	Human rights report
	https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf

■ Business and Human Rights - Data

▶Business and human rights management

Chief officer in charge of human rights

Hideki Saito, Senior Managing Director

Responsible committee

Human Rights Education Committee

Involvement of the Board of Directors with respect to human rights (reporting, deliberation, director evaluation, reflection in remuneration)

Any cases that require the approval of the Board of Directors will be appropriately deliberated and judged by the Board of Directors.

Education and awareness

The Human Rights Education Committee was established by the President & CEO of the NRI to promote human rights awareness building across the NRI Group. This committee is comprised of "members" including NRI division managers and NRI group company presidents (or representatives) and "promoters" who are all the general managers at NRI group companies. Once a year, a "promoter representative" nominated by the members joins a meeting of the Human Rights Education Committee and reports on the topics discussed to the various division and group companies.

One of the duties of the NRI Group company department heads that work as promoters is defined as "creating a comfortable workplace environment with mutual respect for human rights" and we ensure that this duty is recognized.

In the "NRI Group Employees' Code of Business Conduct", we promote understanding of internationally-recognized human rights and define actions for respecting human rights based on a recognition that the business activities of the NRI Group may impact human rights.

The content of the NRI Group Employees' Code of Business Conduct is disseminated to all employees including those who work at group companies in Japan and overseas via the "Rules Book:Fundamental Rules for Executive Officers and General Staff" that is reviewed annually. The "NRI Group Employees' Code of Business Conduct" and the "Rules Book:Fundamental Rules for Executive Officers and General Staff" are also communicated via the training for each hierarchy level and position.

In the event of a statement or action that violates human rights, the facts of the situation will be investigated and then the relevant employee will be subject to disciplinary action for non-compliance if necessary.

We regularly provide the "Basic rules for working in the NRI Group (for temporary employees)" to our temporary employees and explain that we respect human rights and prohibit discriminatory behavior.

■ Business and Human Rights - Data

▶ Efforts to respect human rights

Identification process of human rights risks

The NRI Group is promoting efforts to respect human rights based on international norms such as the International Code of Human Rights, the ILO Core Labor Standards, and the Guiding Principles on Business and Human Rights. We will proceed with our efforts to respect human rights by following the process of "policy/commitment", "human rights impact assessment/theme identification", "approach for respecting human rights", and "monitoring/information disclosure".

Policy/ Commitment	Assess impacts on human rights and identify themes	Out approach for respecting human rights	Monitoring/ disclosing information
● Formulation/ commitment of policies regarding the respect of human rights, including our Policy on Human Rights, and building systems ● Embedding of policies/	● Identifying areas with potential human rights risks (human rights risk assessment) ● Identifying human rights themes ● Communication with stakeholders ● Understanding the situation/assessing	● Measures for human rights themes ● Measures based on the result of evaluating impact on human rights + ● Grievance mechanism	● Continuous monitoring of the status of countermeasures and their impact on human rights ● Disclosing the status of efforts

▶ Business and human rights policy

Human rights policy

The NRI Group has established the NRI Group Policy on Human Rights and supports international human rights norms such as the "International Human Rights Bill", "The Declaration of the International Labor Organization on Fundamental Principles and Rights at Work", and "10 Principles of the United Nations Global Compact".

In addition, as a company involved in the development and utilization of AI, we have established the "NRI Group AI Ethics Guidelines" intended to promote the development and utilization of AI while reducing the negative impact of AI.

In FY 2020, in order to further promote sustainable procurement, we reviewed the terms and expressions of the "NRI Group Procurement Policy" and "NRI Group Employee's Code of Business Conduct" and newly established the "NRI Group Business Partner Code of Conduct" .

Applicable scope

NRI Group and business partners such as outside contractors and suppliers

References

NRI Group Policy on Human Rights

https://www.nri.com/en/sustainability/social/policies#human-rights

NRI Group Procurement Policy

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

NRI Group Business Partner Code of Conduct

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

NRI Group AI Ethics Guidelines

https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines

▶Human rights due diligence

Implementation of human rights due diligence based on the UN Guiding Principles

NRI Group has established a framework for conducting human rights due diligence, in accordance with the procedures outlined in the UN Guiding Principles for Business and Human Rights.

1. Human Rights Risk Assessment

NRI Group conducted Human Rights Risk Assessment in collaboration with Verisk Maplecroft[1] and Caux Round Table Japan[2], which provide globally generally accepted human rights risk assessment methods, and identified the potential human rights risks that NRI Group's business activities may have on human rights.

In accordance with the industry classification of Verisk Maplecroft, this human rights risk assessment covers the software & IT services industry to which the IT service business, the main business of the NRI group, belongs, and the professional services industry to which the consulting business belongs.

The report also covers all 37 countries where NRI, consolidated subsidiaries and Tier 1 suppliers are located, and has identified potential human rights risks that these industries could cause in the covered areas.

With regard to 10 human rights risk indices which selected based on their alignment to the International Labour Organisation (ILO) core labour conventions and relevance to the industries analysed, human rights risks are evaluated with a score of 0 to 10 points and are classified into four risk levels (extreme risk, high risk, medium risk, low risk).

[1] Verisk Maplecroft is a leading global risk analytics, research and strategic forecasting company. It provides databased solutions and advice on political, human rights, economic and environmental risks to organizational resilience and sustainable procurement.

[2] Caux Round Table is a global network of business leaders aimed at ensuring business contributes to a more free, fair and transparent society. Caux Round Table Japan assists companies to promote their human rights activities.

<Scope of the assessment>

Business activities	Software & IT Services Industry: IT service business (Financial IT Solutions, Industrial IT Solutions, IT Platform Services) Professional Services Industry: Consulting business
Countries and areas	Australia, Brazil, Canada, China, Denmark, Dominican Republic, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Micronesia, Mongolia, Netherland, New Zealand, Norway, Panama, Philippines, Romania, Russia, Singapore, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, USE, UK, USA, Vietnam
Human Rights Indices	Child labour, Decent wages, Decent working time, Discrimination in the workplace, Modern slavery, Occupational health and safety, Right to privacy, Freedom association and collective bargaining, Indigenous Peoples rights, Land property and housing rights

<Identified Human Rights Risks>

Right to privacy
・It was identified as "extreme risk" in 8 countries/regions and "high risk" in 8
  countries/regions as human rights risk related to Software & IT Services Industries.
・It was identified as "high risk" in 4 countries/regions as human rights risk related to
  Professional Services Industry. (Major stakeholder groups related: customers, communities)

Decent wages
・It was identified as "high risk" in 14 countries/regions as human rights risk related to
  Software & IT Services Industries. (Major stakeholder groups related: Employees, Suppliers'
  employees)

Decent working time
・It was identified as "high risk" in 5 countries/regions as human rights risk related to
  Professional Services Industry. (Major stakeholder groups related: Employees, Suppliers'
  employees)

2. Human rights impact assessment

In response to the potential risk assessment results, we have begun to grasp the actual situation for NRI
and its group companies and business partners in FY2019.
In order to understand the actual situation, various types such as the ICT Sector Guide on Implementing
the UN Guiding Principles on Business and Human Rights of the European Commission and the CSR
Procurement Self-Assessment Tool Set of the Supply Chain Subcommittee of global Compact Network
Japan The survey contents and methods are formulated with reference to the guidelines.
We are also reviewing the survey contents and methods by promoting an understanding of the laws and
regulations of each country and region and the internal and external environment.
In the future, we will continue to conduct surveys to understand the actual situation, review human rights
themes, and address the risks discovered.

<Contents of understanding the actual situation>

・Status of each country/region: Laws applicable in each country/region, human rights
  issues and topics in each country/region, etc.
・Human rights/labor: Respect for human rights, discrimination, child labor, forced labor,
  wages, working hours, inhumane behavior, dialogue/consultation with employees, hotline
  status, worker privacy, etc.
・Safety and health: workplace safety and health, emergency response, occupational accident
  status, etc.
・Human rights in business: Relationship with contractors, possibility of human rights
  violations through business (possibility of privacy infringement, etc.)
・Others: Awareness of issues related to business and human rights, opinions on our
  company, etc.

<Identification of human rights themes>

We believe that the NRI Group's priority human rights themes are "Decent Work," "Privacy and Data Security," and "diversity".

The basis is the NRI Group's corporate philosophy, vision, potential human rights risk assessment results, and communication with group companies and business partners.

Looking to the future, we will continue to study and act on ways to respect human rights regarding these human rights themes, not only for the NRI Group but also for the business impact of our business partners and other supply chains.

On the other hand, in the midst of changes in the business and human rights environment, it is envisaged that we will make appropriate reviews based on the results of our understanding of the actual situation of human rights risk, dialogue with stakeholders both inside and outside the company, the environment, stakeholders and rights holders.

Decent Work

・Realization of work styles that are healthy and rewarding

・Realization of proper working hours and wages

Privacy and Data Security

・Realization of privacy protection that properly handles privacy information and protects personal dignity

・Realization of respect for human rights in line with technological evolution representing AI

Diversity

・Realization of an environment in which human resources of diverse backgrounds can play active roles without any discrimination or harassment

FY2020 : Conduct a simple human rights risk assessment

1. Overview

The spread of COVID 19 has impacted corporate business activties and raised new risks of negative impacts on human rights. To correspond this changes, we have conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis.

We utilized the " Humanr Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business" that specialized on the COVID-19 cirsis created by the United Nations Development Programme (UNDP).

\<Scope of the assessment\>

Scope	NRI and domestic group companies
Summary of assessment	・Health and safety in the workplace ・Worker rights ・Impact on the environment and community ・Protecting privacy ・Preventing prejudice and discrimination ・Items for investigation in company policy and management

In the assessment conducted in FY2020, no critical risks were discovered, but we implemented improvements with the relevant departments for the items indicated below.

・ Raising awareness of policies that relates to occupational health and safety in COVID-19 crisis among all employees, including those who undertake work on a one-off basis
・Thoroughly inform employees about how to dispose of masks and personal protective equipment
・Consideration for discrimination and prejudice against people who are affected by COVID-19

As a response to discrimination and prejudice against employees who have contracted COVID-19, we provided information on matters that all employees should be aware of and consider regarding those who have contracted COVID-19 on our in-house portal site.

The portal site is accessible by all employees of NRI and 34 group companies including international subsidiaries.

We will take appropriate measures against risks other than the above.

FY2021 : Understanding human rights risk status

1. Overview

In order to comprehensively identify human rights risks at NRI group companies in Japan and list the expected risks facing the NRI Group, we conducted a risk survey at our group companies based on the human rights that companies must respect described in the "Business and Human Rights" document released by the Ministry of Justice.

<Scope of the survey>

Scope	NRI and domestic group companies
Summary of survey	・Human rights issues related to technology or AI ・Right to privacy ・Harassment ・Freedom of expression ・Human rights issues in the supply chain ・Right to access remedies, etc.

In the human rights assessment conducted in FY2021, although we discovered actual risks regarding employee work hours, health, and harassment (power harassment/sexual harassment), other risks were categorized as potential risks.
In regard to employee work hours, health, and harassment, we have been implementing countermeasures across the entire company in recent years, with a focus on the human resources department. In addition to training provided to general managers, such as the Diversity & Inclusion Seminar and Anti-Harassment Seminar, we provide "anti-harassment classes" to all our employees in Japan.

In regard to potential risks such as privacy problems or human rights problems related to technology and AI, we plan on investigating company-wide countermeasures while cooperating with the various departments.

FY2022 : Understanding human rights risk status

1. Overview

In order to comprehensively identify human rights risks at NRI group companies in Japan and list the expected risks facing the NRI Group, we conducted a risk survey at our group companies based on the human rights that companies must respect described in the "Business and Human Rights" document released by the Ministry of Justice. We conduct similar surveys on human rights issues and risks at the various business divisions of NRI.

<Scope of the survey>

Scope	NRI and domestic group companies
Summary of survey	・Human rights issues related to technology or AI ・Right to privacy ・Harassment ・Freedom of expression ・Human rights issues in the supply chain ・Right to access remedies, etc.

The human rights assessment conducted in FY2022 saw similar trends to FY2021, and although we discovered actual risks regarding employee work hours, health, and harassment (power harassment/sexual harassment), other risks were categorized as potential risks.
In regard to employee work hours, health, and harassment, we have been continuing to implement countermeasures across the entire company, with a focus on the human resources department.
In regard to employee work hours and health, NRI has been aiming to realize "health and productivity management" to contribute to employee QOL (Quality of Life) since FY2015 by reducing lifestyle diseases and promoting work-life balance.
In regard to harassment, unconscious bias training is mandatory for directors, department heads, general managers (section managers), and managers in expert positions (required for all employees from FY2023), and we also provide department heads and general managers (section managers) with information on how to report and respond to bullying and harassment cases. We also provide "anti-harassment classes" to all our employees in Japan (all employees are required to take the course from FY2023).

In regard to potential risks such as privacy problems or human rights problems related to technology and AI, we are implementing measures to build awareness on AI ethics in our actual work, such as deploying a checklist to be referred to when developing and using AI. We also plan on investigating company-wide countermeasures while cooperating with the various departments.

Business and Human Rights - Data

▶Engagement on human rights

System for responding to consultations and reports for employees, temporary employees and partner company employees	
Reference	We publish our human rights initiatives on our website and in our reports. We published the "Human Rights Report" in FY2019, which summarizes our policies and efforts concerning human rights. This report was prepared with reference to the UN Guiding Principles Reporting Framework, which is a comprehensive guideline for reporting on the response of companies to human rights issues. Human rights report https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf

▶In-house education on human rights

Internal education	
	At the NRI Group, we aim for each and every one of our employees to think about respect for human rights as defined in the "NRI Group Employees' Code of Business Conduct" and be involved in initiatives for promoting understanding. As part of these efforts, we provide e-learning on basic ESG knowledge to all employees at group companies once a year, which include explanations on "business and human rights" to promote understanding. We also widely explain the importance of respecting human rights via opportunities such as training for each hierarchy level, including executive training and compliance training. During new employee on-boarding training, we explain "Human Rights Awareness" and "AI Ethics Guidelines". Unconscious bias training is mandatory for directors, department heads, Group Managers (section managers), and managers in expert positions, and we always inform them of this requirement at the training for promotion to expert positions (required for all employees from FY2023). By making managers aware of "unconscious bias," we are striving to reduce human rights risks in the workplace. In addition, we provide department heads and Group Managers (section managers) with opportunities to think about human rights by sharing how to report and respond to bullying & harassment cases, as well as seminars on diversity & inclusion and anti-harassment measures.

▶Response to consultation and report on human rights

System for responding to consultations and reports for employees, temporary employees and partner company employees	
	For NRI Group employees, temporary employees, and business partners, in the unlikely event that their own human rights or those of someone else have been compromised, or if they notice there may be the risk of the same, there are both internal and external reporting desks available, the contact details for which can be checked on the intranet at any time. In addition, we strive to keep employees informed by providing explanations during training when joining the company and in the "Rules Book:Fundamental Rules for Executive Officers and General Staff" distributed annually. Temporary employees are provided with the "Basic rules for working in the NRI Group (for temporary employees)" booklet distributed each year and when they first start work. Employees from business partners who work at NRI Group offices (outside contractors) are provided with materials indicating that there is a reporting desk when they first start work. When queries or reports are received, the committee swiftly responds upon investigating the facts of the matter, and implements measures to prevent reoccurrence.
Applicable scope	NRI Group employees, temporary staff, business partners such as outsourcers and suppliers

System for responding to external consultations and reports (suppliers, local communities, other)

We have not set up a contact point specializing in human rights complaints against the NRI Group.
However, the representative telephone numbers and e-mail addresses that accept general inquiries are open to the public, and the relevant departments will respond through the public relations department of each company.
From April 2021, we established the harassment hotline for business partners.

Applicable scope	
	All stakeholders except NRI Group employees, temporary staff, business partners such as outsourcers and suppliers

▶ Freedom of association and the right to collective bargaining

Dialogue with labor union

NRI protects the right to freedom of association and collective bargaining of group employees including those working overseas[1] and in Japan, NRI has a union shop contract with the Nomura Research Institute Labor Union.
Through collective bargaining and social gatherings, NRI frequently discusses various issues with unions, such as the economic benefits of union members, personnel systems, and working environment.
The results of the "Employee Attitude Survey" conducted by the labor union every year and the problems revealed during the discussions at the labor union branch meetings and seminars will be reported to the NRI management and will be utilized in the formulation of measures.

	unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of labor union members[2]	no. of person	3,579	3,667	3,965	4,402	4,701
Rate of unionization[3]	%	100	100	100	100	100
Coverage[2]		d	d	d	d	d

*1 Except when prohibited by local laws and regulations

*2 As of the beginning of following fiscal year.

*3 The rate of unionization is the ratio of target employees (NRI adopts the union shop system)

▶Engagement on human rights

Stakeholder dialogue

Reference	Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group. In previous dialogs, we discussed topics such as respect for human rights through business, human rights issues in the supply chain, and complaint handling mechanisms. The experts identified human rights risks that NRI should consider, including digital rights, worker rights, discrimination based on sexuality and nationality, human rights in the supply chain, and impact on the community. We plan to identify our specific human rights risks, evaluate and respond to them. In FY2022, we held dialog with WBCSD* on human rights policy to reaffirm our stronger commitment to human rights and revise our human rights policy.
	Stakeholder Dialogue https://www.nri.com/en/sustainability/management/dialogue

* A CEO association of approximately 200 companies aiming for sustainable development.

Multi stakeholder engagement

Issues raised	We are committed to keeping ourselves informed on human rights issues through dialog with multi-stakeholders including companies, NGOs and NPOs, and experts, and we participate in the following programs. ・Subcommittee activities on supply chains and human rights due diligence organized by Global Compact Network Japan ・Subcommittee activities on human rights and sustainability strategy work groups organized by Business for Social Responsibility ・Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan.
	Key human rights issues for the ICT sector (extract) • The potential for employees to work long hours and / or unpaid overtime when working on developing information systems • The potential threat from service shutdowns to users' activities and daily lives • The potential for damage to people's privacy from personal data breaches • The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT) • The risk of being unable to resist state demands to hand over personal information • The potential risk in overseas business activities of bribery and corruption involving government officials • Environmentally sensitive usage of energy and water • Exerting a positive influence on improving people's lives by bridging the information divide between communities
References	Global Compact Network Japan: Subcommittee Activities (In Japanese only) https://www.ungcjn.org/objective/member/connect/action.html#supplychain Business for Social Responsibility：Membership https://www.bsr.org/en/membership Caux Round Table Japan : Stakeholder Engagement Program in Japan (In Japanese only) http://crt-japan.jp/portfolio/stakeholder_engagement_program/ Caux Round Table Japan : Human Rights Due Diligence Workshop http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf

■ Corporate Citizenship - Data

▶Corporate citizenship policy

Corporate citizenship policy

As a overall stakeholder representatives, companies must utilize resources such as people, technology and finance to contribute to the development of local as well a larger communitites in society.
NRI positions business activities and social contribution activities as comprehensive activities to realize the corporate philosophy of "Dream up the future."
We have established "human resource development", "society development" and "information dissemination" as priority areas for social contribution activities, and we are engaged in various activities utilizing human resources and technology in the group and globally..
This policy applies to all companies of NRI Group.

Examples of corporate citizenship activities (including social initiatives)

Human resource development	**Japan : Career education program** We conduct career training for students, in order to help develop the next generation, who will become human capital for the future society. By providing practical learning opportunities that capture the essence of business, which is hard to receive in school classes, these programs based on NRI knowledge enable students to find their own answers to given problems while hearing diverse opinions, so that they can grow into adults with the ability to think and solve problems.

Japan : "SANS NetWars" CTF contest for students to compete with security technologies
NRI Secure Technologies holds an annual CTF (Capture the Flag*) content for students, as part of its security education and awareness building activities. Although there are many CTF contests on information security skills, our contest includes various hidden hints that enable beginners to participate, and is geared toward showing the participants the key points of learning after the contest.
*Capture the Flag is a hacking contest where contestants in the field of information security utilize their specialized knowledge and technologies to discover hidden flags (answers) and compete to see who can find the most within the given time limit.

Japan : Pavilion exhibit at KidZania Fukuoka
Based on the desire to get children to think on their own and get interested and excited about solving social issues while moving their hands, we exhibited the Business Innovation Center pavilion at children's career and social experience facility KidZania Fukuoka (city of Fukuoka, Fukuoka Prefecture) in July 2022. We also donated KidZania Fukuoka admission tickets to orphanages and other children's facilities as well as foster homes in the city of Fukuoka.

Japan : NRI Student Essay Contest
Based on our hope for students who represent the future to have opportunities to think about the future of Japan and the world, we organized the NRI Student Essay Contest. In 2022, Journalist Akira Ikegami and non-fiction writer Hazuki Saisho were welcomed as special members of the judging panel, and prize winners in the high school and university categories were chosen from among 2,215 essay entries.

Australia : Talent Beyond Boundaries
Planit partners with Talent Beyond Boundaries to provide skilled refugees with work and sponsorship of their visa to enable them to move and settle in one of the countries in which we operate. Planit hires an employee as a Consultant - Automation through this initiative and seek continuous engagement with them.

Australia : HerTechPath
Planit partners with HerTechPath to deliver free interactive workshops for female high school students which showcase amazing women making an impact in the tech sector and inspire girls to look at a career in tech, cyber and STEM.

Australia：Techgirls Movement
Planit partners with Techgirls to encourage Australian school girls into tech careers through hands-on learning, to transform their future.

Australia : Curtin University's AASQA
Planit partners with the Autism Academy for Software Quality Assurance (AASQA) at Curin University in Western Australia to provide free training, education, and mentoring programmes for autistic children.

Australia：Neurodiversity in Business
Planit partners with Neurodiversity in Business to supporting neurodivergent individuals, and help them find worthwhile and fulfilling careers in tech.

New Zealand：Māori and Pasifika Training Scholarships
Planit partners with Unitec (Te Pūkenga – The New Zealand Institute of Skills and Technology) in New Zealand to provide free training and internship opportunities for those of Māori and/or Pasifika descent.

New Zealand：NxtSTEP
Planit partners with NxtStep in New Zealand to inspire and empower newer generations to kick-start their tech careers.

United Kingdom：Women in Tech UK
Planit partners with Women in Tech UK to highlight the many opportunities we have for women looking to enter or progress in the technology sector.

Society development

Japan : Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake
After the Great East Japan Earthquake, NRI launched the Earthquake Recovery Support Project directly under the President, on March 15, 2011. We assist the areas affected by the earthquake in various ways, including the provision of recommendations, surveys, and solutions, and disaster recovery support and donations.

Japan : Center for Strategic Management & Innovation, Life DX & Data Science Department
In order to promote NRI data science across the organization, we conduct activities to transform society and business from three perspectives: Gathering/sharing know-how, developing/utilizing human resources, and fundamental research on data utilization.
https://datascience.nri.com/archive/category/English

Japan : Opening the World Café with university students
NRI's Capital Markets & Wealth Management Solutions Division has launched Social Good Actions, an initiative for more in-depth insight into social issues and to generate innovative business ideas that leverage DX to solve those issues. As part of these activities, they held discussions with guest university students belonging to Project Anchor which engages in activities to address social issues.

Australia : Sponsorship agreement with Australian rugby team NSW Waratahs
NRI Australia has signed a sponsorship agreement to be Principal Partner of popular Australian rugby team the New South Wales Waratahs. In addition to further expanding its brand recognition in the Oceania region, NRI also aims to make greater contributions toward economic vitality in the region through this partnership.
https://www.nri.com/en/news/info/cc/lst/2022/1019_1

Australia : STEPtember
Each September, Planit participates in a virtual challenge that encourages employees to walk 10,000 steps a day while raising funds for people living with cerebral palsy. Planit dollar matches the fundraising efforts of their employees.

◼ Corporate Citizenship - Data

Information dissemination	
	Japan : Social advocacy activities as a think tank As Japan's first comprehensive private-sector think tank, NRI provides recommendations on creating social value and solving social issues. These activities transmit information to society via reports, forums, books, and publications such as "Knowledge creation and integration." https://www.nri.com/en/knowledge **Japan : Proposals regarding Coronavirus Infection (COVID-19) measures** We provide advice on COVID-19 countermeasures from various perspectives. https://www.nri.com/en/keyword/proposal **Japan : NRI Dream Up the Future Forum** NRI organize the NRI Dream Up the Future Forum to consider the future of Japan and the world together with experts and specialists from inside and outside the company based on NRI's Corporate Statement "Dream up the future." The theme for 2022 was "Japan's Future Beyond Digital.

note : Some of the examples presented here do not include social contribution activity expenses.

Link Files	Planit Partnership
	https://www.planittesting.com/au/about/diversity

▶Inputs for corporate citizenship activities

Social contribution expense*¹		unit	FY2018	FY2019	FY2020	FY2021	FY2022	Assur-ance
Total		millions of yen	841	683	780	1,292	1,637	
By expense item	Cash contribution	millions of yen	395	314	343	310	352	✔
	In-kind giving	millions of yen	0	3	0	0	2	
	Facility offering	millions of yen	4	4	0	0	3	
	Provision of human resources to management school*²	millions of yen	127	58	71	72	65	✔
	Research and study to solve social issues*³	millions of yen	152	174	259	864	1,181	
	Others	millions of yen	162	132	107	46	34	
Ratio to ordinary income (Non-consolidated)		%	1.08	0.90	1.03	1.71	2.16	
Coverage			c	c	c'	c'	c'	

*1 The amount of the "NRI Dream up the future fund" operated from FY2020 to FY2022 is equal to the "Social Contribution Activities Expenses" for the relevant fiscal year.

*2 Due to a change in calculation methodology from 2019, there is a discrepancy with the previous year

*3 Due to a change in calculation methodology from 2022, there is a discrepancy with the previous year

■ Corporate Citizenship - Data

▶ Output of corporate citizenship activities

KPI of corporate citizenship activities			unit	FY2018	FY2019	FY2020	FY2021	FY2022
Human resources development for next generation	No. of entries for NRI Student Essay Contest			1,444	2,300	1,925	3,043	2,215
	Career education support	No. of schools conducted		31	29	2	4	20
		No. of participants	no. of person	850	704	41	131	647
		Coverage		c	c	c	c	c
Social development	Donation support for disaster-stricken areas	Total	1,000 yen	16,577	12,000	14,050	7,500	50,000
		Great East Japan Earthquake disaster[1]	1,000 yen	8,000	12,000	11,000	7,500	-
		2016 Kumamoto Earthquake	1,000 yen	2,960	-	-	-	-
		July, 2018 heavy rain disaster	1,000 yen	5,617	-	-	-	-
		July, 2020 heavy rain disaster	1,000 yen	-	-	3,050	-	-
		Related to the situation in Ukraine Humanitarian	1,000 yen	-	-	-	-	50,000
		Coverage		a	a	a	a	a
	TABLE FOR TWO[2][3]	number of meals provided locally		34,982	31,431	10,576	5,538	6,816
		Coverage		d	d	d	d	d
Transmission of information	No. of books issued			20	21	18	21	22
	No. of articles in newspapers and magazines			306	290	353	309	336
	No. of lectures given			922	911	666	765	860
	No. of appearances on television and radio			267	155	227	244	262
	No. of news releases[4]			69	80	86	98	71
		Coverage		c	c	c	c	c

*1 Total value of donation from NRI group employees and matching gift by NRI.

*2 Total value of donation from eating and drinking person and matching gift of same amount by NRI.

*3 Including the amount of CUP FOR TWO started from FY2017.

*4 The publication standard for "News Release" has been revised from FY2018.

▶ Payments Such as to Various Associations

Payments Such as to Various Associations		unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total		1,000 yen	14,746	17,503	21,076	25,737	33,460
	Trade associations/specified public interest promotion cooperations	1,000 yen	14,746	17,503	21,076	25,737	33,460
	Regional organizations/Arbitary associations	1,000 yen	-	-	-	-	-
	Lobby activities	1,000 yen	-	-	-	-	-
	Others, political contributions	1,000 yen	-	-	-	-	-
	Coverage		c	c	c	c	c

Note: Largest Contributions and Expenditures of FY 2022 were as follows.
    WBCSD：13,392 thousand-yen, CDP ：4,500 thousand-yen, BSR：3,185 thousand-yen

EY

Building a better
working world

Translation
The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

Independent Assurance Report

June 23, 2023

TO:

Mr. Shingo Konomoto
Chairman and President & CEO
Nomura Research Institute, Ltd

Kenji Sawami
Ken Komatsuzaki
Engagement Partner
Ernst & Young ShinNihon LLC
Tokyo, Japan

We, Ernst & Young ShinNihon LLC., have been commissioned by Nomura Research Institute ,Ltd (hereafter the "Company") and has carried out a limited assurance engagement on the environment and society data and indices (hereafter the "Indicators") of the Company and its major subsidiaries for the year ended March 31, 2023 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2023 (hereafter the "Report").. The scope of our assurance procedures was limited to the Indicators marked with the symbol "✔" in the Report .

1. **The Company's Responsibilities**
   The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, that it determined with consideration of Japanese environmental regulations as presented in the Data in III. Method of Calculation on Scope of Data Collection and Method of Calculation for Key Sustainability Performance Indicators. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. **Our Independence and Quality Control**
   We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior.
   In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Management (ISQM) 1 issued by the International Auditing and Assurance Standards Board.

3. **Our responsibilities**
   Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.
   We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000")* (Revised), and with respect to GHG emissions, the International Standard on Assurance Engagements : *Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410")*, issued by the International Auditing and Assurance Standards Board.
   The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, and the following:
   - Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
   - Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company and Data Centers (2 centers) visited;
   - Performing analytical procedures concerning the Indicators at the Company and Data Centers (2 centers) visited;
   - Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company and Data Centers (2 centers) visited,

   The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. **Conclusion**
   Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company's own criteria that it determined with consideration of Japanese environmental regulations.

Statement of use	NRI Group has reported the information cited in this GRI content index for the period April 1, 2022 through to March 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	None applicable

◆ **General Disclosures**

GRI 2: General Disclosures 2021		Reference	Page no.
1. The organization and its reporting practices			
2-1	Organizational details	Integrated Report 2023 - Corporate Data / Share Information	p.134
		NRI official website - NRI Group Companies and offices	Link
2-2	Entities included in the organization's sustainability reporting	ESG Databook 2023 - Scope of reporting	p.22
2-3	Reporting period, frequency and contact point	ESG Databook 2023 - Colophon	Colophon
2-4	Restatements of information	ESG Databook 2023 - Correction of previously reported information	p.23
2-5	External assurance	ESG Databook 2023 - Independent Assurance	p.172
2. Activities and workers			
2-6	Activities, value chain and other business relationships	Integrated Report 2023 - Business Model	p.24
		Integrated Report 2023 - NRI's Four Business Segments	p.17
		ESG Databook 2023 - Supply chain situation	p.63
2-7	Employees	ESG Databook 2023 - Employee data	p.118
2-8	Workers who are not employees	ESG Databook 2023 - Supplier overview	p.63
3. Governance			
2-9	Governance structure and composition	ESG Databook 2023 - Members of the Board	p.27
		ESG Databook 2023 - Corporate governance structure	p.28
		ESG Databook 2023 - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	p.28
		Integrated Report 2023 - System of the Board of Directors and the Audit & Supervisory Board	p.112
		Integrated Report 2023 - NRI Executives	p.120
2-10	Nomination and selection of the highest governance body	ESG Databook 2023 - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	p.28
2-11	Chair of the highest governance body	ESG Databook 2023 - Members of the Board	p.27
		NRI Corporate Governance Guidelines - Article 4 (5)	p.4

2-12	Role of the highest governance body in overseeing the management of impacts	ESG Databook 2023 - Sustainability governance structure	p.4
		ESG Databook 2023 - Materiality Management	p.10
		ESG Databook 2023 - Function for sustainability	p.31
		Sustainability book 2023 - Sustainability Management	p.4
2-13	Delegation of responsibility for managing impacts	ESG Databook 2023 - Sustainability governance structure	p.4
		ESG Databook 2023 - Materiality Management	p.10
		ESG Databook 2023 - Function for sustainability	p.31
2-14	Role of the highest governance body in sustainability reporting	ESG Databook 2023 - Materiality Management	p.10
		ESG Databook 2023 - Function for sustainability	p.31
2-15	Conflicts of interest	Annual Securities Report - Major Shareholders (In Japanese only)	p.55
		NRI Corporate Governance Guidelines - Article 4 (5)	p.3
		ESG Databook 2023 - Conflict of interest	p.29
2-16	Communication of critical concerns	ESG Databook 2023 - Compliance system	p.56
2-17	Collective knowledge of the highest governance body	ESG Databook 2023 - Stakeholder dialogue	p.6
		NRI official website - Stakeholder Dialogues	Link
2-18	Evaluation of the performance of the highest governance body	ESG Databook 2023 - Effectiveness of the Board of Directors	p.33
2-19	Remuneration policies	ESG Databook 2023 - Executive compensation	p.36
2-20	Process to determine remuneration	ESG Databook 2023 - Executive compensation	p.36
2-21	Annual total compensation ratio	ESG Databook 2023 - CEO to employees pay ratio	p.40

4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	NRI official website - Message from the President	Link
		Integrated Report 2023 - Message from the CEO	p.4
2-23	Policy commitments	NRI official website - NRI Group's Code of Business Principles	Link
		NRI official website - NRI Group Employees' Code of Business Conduct	Link
		NRI official website - NRI Group Policy on Human Rights	Link
		Sustainability book 2023 - Initiatives that NRI participates	p.29
2-24	Embedding policy commitments	ESG Databook 2023 - Materiality Management	p.10
		ESG Databook 2023 - Compliance policy	p.55
		ESG Databook 2023 - Supply chain management policy	p.63
		ESG Databook 2023 - Human resources development program	p.147
		ESG Databook 2023 - In-house education on ESG	p.155
2-25	Processes to remediate negative impacts	ESG Databook 2023 - Environmental Management	p.92
		ESG Databook 2023 - Efforts to respect human rights	p.158
		ESG Databook 2023 - Human rights due diligence	p.159
2-26	Mechanisms for seeking advice and raising concerns	ESG Databook 2023 - Compliance system - Compliance hotlines	p.56
2-27	Compliance with laws and regulations	ESG Databook 2023 - Key performance indicators of materiality - Number of cases in which severe riskmaterializes	p.17
2-28	Membership associations	Sustainability book 2023 - Initiatives that NRI participates	p.29
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	ESG Databook 2023 - Our stakeholders	p.6
		ESG Databook 2023 - Stakeholder dialogue	p.6
2-30	Collective bargaining agreements	ESG Databook 2023 - Freedom of association and the right to collective bargaining	p.166

◆ Material Topics

GRI 3: Material Topics 2021		Reference	Page no.
3-1	Process to determine material topics	ESG Databook 2023 - Identification process of materiality	p.9
3-2	List of material topics	ESG Databook 2023 - Materiality Details	p.11
3-3	Management of material topics	ESG Databook 2023 - Materiality Management	p.10
		ESG Databook 2023 - Materiality Details	p.11
		ESG Databook 2023 - Key performance indicators of materiality	p.15

◆ Topic-specific Standards　200：Economic　/　300：Environmental　/　400：Social

200：Economic		Reference	Page no.
201：Economic performance			
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Organizations covered by this report

Regarding disclosure of financial and non- financial information, in principle, it covers the NRI Group (Nomura Research Institute, Ltd. and its consolidated subsidiary).

There are some non- financial information that covers a specific range, but in that case, the target scope is clearly stated separately.

Period covered by this report

This report primarily covers fiscal 2022 (April 1, 2022 through to March 31, 2023), but also describes some events from the past, some activities after April 1, 2023, and certain plans for future activities.

Guidelines referenced

- International <IR> Framework of the International Integrated Reporting Council (IIRC)

- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative

- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan

- Guiding Principles for Business and Human Rights of the United Nations " Protect, Respect and Remedy " Framework

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NRI