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NRI

Nomura Research Institute, Ltd.

Integrated Report 2020

未来創発
Dream up the future.

Nomura Research Institute

Integrated Report 2020

(Year ended March 31, 2020)

Creating the Future

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

Corporate Philosophy

“Dream up the future.”

Mission

To society

“Discern new social paradigms and implement them.”

Co-creation



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

Mission

To clients:

“Build client’s trust and establish relationships for mutual growth.”

Realization

The rapid progression of the digitization of society will accelerate the shift to digital capitalism in which all phenomena can be grasped on the basis of data, and the wealth of data becomes the source of added value.

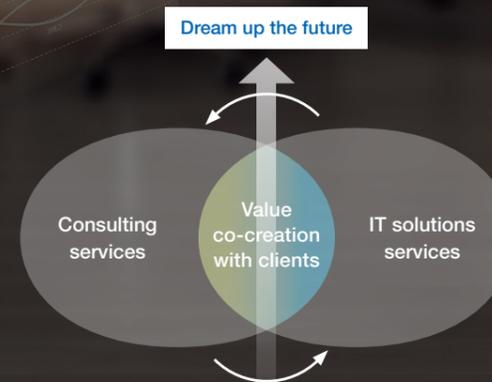
A company's competitive edge will be directly linked to how and what kind of data it utilizes. NRI has a solution for such management issues.

Con-Solution*

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

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

Con-Solution Model
Consulting and IT solutions run side by side with clients

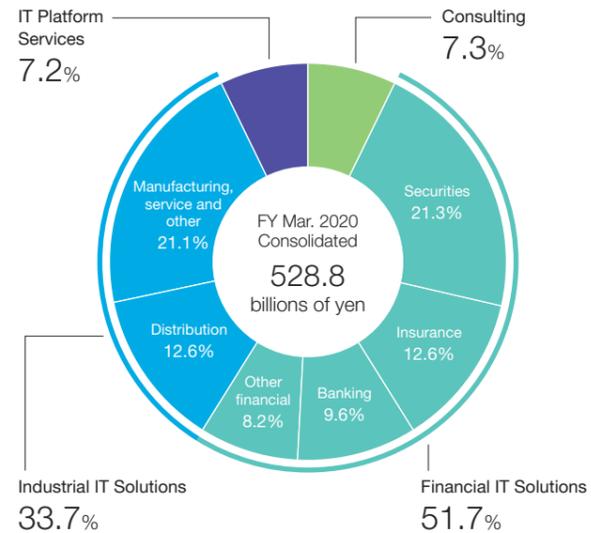


Many companies are promoting the transformation of their business models through digital transformation (DX). NRI offers proposals that anticipate future changes, and supports clients' transformations from the planning and concept stages. Consulting and IT solutions run side by side with clients toward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

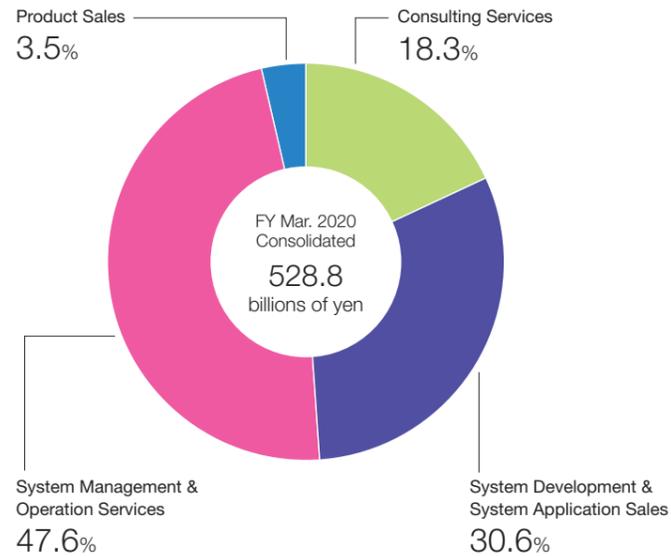
The NRI Group Business

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

External sales by segment

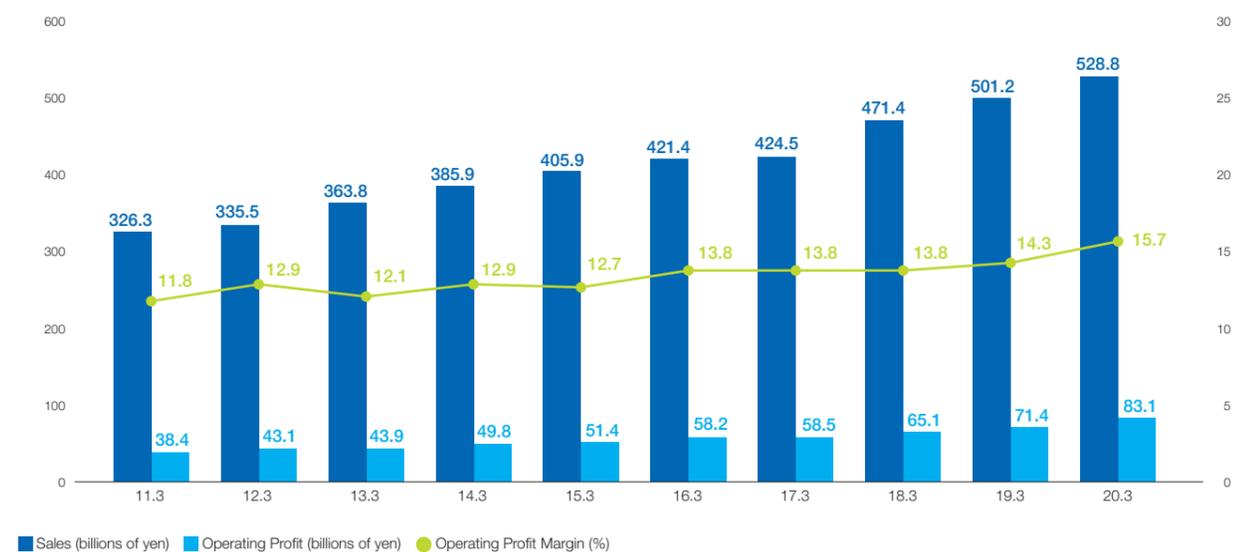


External sales by service



Note: Ratios are for consolidated sales in FY March 2020.

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



NRI's Four Business Segments P.84-93

Consulting

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



Financial IT Solutions

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

Major affiliated companies

NRI Process Innovation, DSB, Nippon Securities Technology, Cutter Associates



Industrial IT Solutions

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

Major affiliated companies

NRI Netcom, NRI System Techno, Brierley+Partners, ASG Group

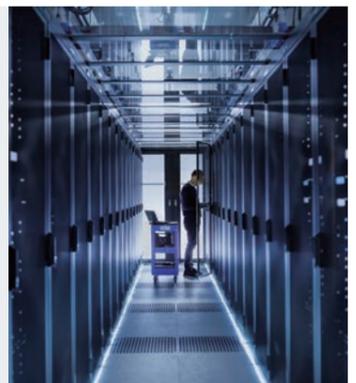


IT Platform Services

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

Major affiliated companies

NRI SecureTechnologies, NRI Data i Tech, NRI digital



With the provision of Con-Solutions as our strength, we will continually raise our corporate worth by providing society with value that is distinctive of NRI.

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

July 2020



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



I am sensing signs of a paradigm shift – a major change in digitalization that will take place all at once.

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

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

With the spread of COVID-19 infections, NRI made telecommuting the general rule from April. In fact, even I spent several days a week working from home. During that time, I received various requests from corporate managers as I communicated with them through a web conferencing

system. Many of the requests were related to infrastructure adoption with an eye to business continuity. The complete digitization of operations, for example, in anticipation of full telecommuting, or the bolstering of an intranet infrastructure. At the same time, I could see that companies were exploring the various possibilities of digital transformation (DX) – such as the strengthening of their e-commerce business or conversion to a subscription-type service model – and leverage digital technologies to transform their business models. By providing proposals that anticipate changes, I have a heightened desire to have NRI contribute to the realization of the business model transformation being conceived by each company.

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

The speed of the shift to “digital capitalism,” in which data becomes the source of added value, will accelerate.

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

Labor input amounts and labor productivity are the premise of growth under traditional industrial capitalism. I believe that it has reached its limit as population declines and an emphasis on achieving a work-life balance further progresses in developed countries. Meanwhile, the rapid digitization of society has made it possible to obtain a grasp of

all phenomena, including consumer behavior, on the basis of data. I believe that we will be entering the age of digital capitalism going forward, with the wealth of such data becoming the source of added value. With the changes in working styles and shift to non-face-to-face services that have been triggered by the COVID-19 pandemic, what kind of data a company possesses and how well it can utilize such data become important management issues that are linked directly to the company’s competitive edge. That is why I feel that the speed of the shift to digital capitalism will accelerate. NRI has the strength to play a principal role in that kind of a new age.

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

NRI was born through the 1988 merger of two companies: the former Nomura Research Institute, Ltd. (Japan’s first full-fledged private-sector think tank established in 1965) and Nomura Computer Systems Co., Ltd. (established in 1966 and the first in Japan to make use of a commercial computer in business). The management team that led the merger said, “When forecasting the advanced information

society to come, there can be no think tank without a systems function, and there can be no systems company without a think tank function.”

It was more than 10 years ago that I had an opportunity to learn firsthand the implied meaning behind those words. At the time, I was assisting a client in the development of a new business model. Today, online to offline (O2O) is a



common business model. However, at the time, it was still a pioneering challenge. That was why we, the consulting segment, spent time with the client’s CEO and business division to fully discuss what the aimed-for business model would be. It was on that basis that the IT solutions segment brought the project to completion. At the time, the consulting segment and IT solutions segment typically worked separately, and it was therefore an extremely unusual approach. It was then that I felt sure that like the case of this project, the transformation of business models through the utilization of IT would increase in the future. It was also around this time that I also started handling the systems-related business as an officer. That was why I felt strong potential toward the future in the NRI business model. It is a unique business model known as Con-Solutions in which consulting and IT solutions run side by side with clients from the planning and concept stages, creating and promoting business, while repeating the process of hypothesis testing. I came to the conclusion that we could powerfully assist the DX of clients through Con-Solutions.

It was with that belief that I was involved in the formulation of “Vision2022 (V2022)” – the long-term management

vision that was announced in April 2015. Two years later, from around 2017, which I refer to as the first year of DX, moves to use IT to transform business models (DX) shifted into high gear. Having both consulting services and IT solutions as a set became a condition for project structuring. Roughly 30 years after the merger of the two companies, we now have increasing opportunities to fully exhibit the strength of Con-Solutions for the promotion of DX, with consulting and IT solutions running side by side with our clients.

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

We will continue to pursue value co-creation under the mission that is clearly stated in our corporate philosophy.

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

Discern new social paradigms and implement them.
Build client’s trust and establish relationships for mutual growth.

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

culture, which revolves around value taking root – of sensing change ahead of others and offering proposals that lead to social value, or daringly taking on the development of a system that is of benefit to society, no matter how difficult it may be. It is because we use value as a yardstick for all corporate activities and mechanisms, including our human resources strategy.

It is the client who brings about innovation to society. The reason for our existence is to leverage our strengths and actualize innovations with our clients. Our thinking regarding such co-creation is contained in the second statement, “Build client’s trust and establish relationships for mutual growth.”

Going forward, society will start facing an age of non-continuous change to which past experience and theories will not apply. That is why we will be required to discern the future issues of society and uphold a stance of co-creation with an expanded scope of agents – that is, all those who constitute society, including consumers, business partners, local communities, the state, and investors. In addition to such offensives, there are social responsibilities that we must continue to fulfill – they include supporting the business continuity of clients who provide functions that are indispensable to society, taking all possible measures in the operation of data centers that store valuable information, and implementing advanced information security management. The path for the continuous enhancement of NRI’s corporate value is precisely to leverage the consulting and IT solutions functions based on the CSV concept contained in our corporate philosophy, and contribute to the resolution of social issues.

I place importance on listening to people, and teamwork.

It goes without saying that it is essential to acquire advanced theories to discern the future and help clients navigate. However, as a management executive, who will discern the future and show the way forward for NRI, I place great importance on not only theories but also on listening to the opinions of those on site.

I had been building my career as a consultant when, in 1994, I was assigned to head the Taiwan office, which had been newly established at the time. I was in my early 30s, and there, I came up against a Chinese-style, no-frills kind of business where theories had no place. The emphasis was on nothing other than how much money could be made. I remember being greatly baffled. I realized the

limitations of making judgments solely on the basis of my own theories, and I started listening to the opinions of not only other executives but also those at the working level. I also started thinking that it was my duty to link the results of the growth of employees to the growth of the company. Even after I took the helm of NRI’s management, I placed emphasis on those on site, and I did my best to always make the time to listen to the opinions of clients as well as our employees on site. I believe that I must continue to learn from those on site and uncover truly valuable information if I am to make correct management decisions. To enable this, I strive to create an open corporate climate that encourages employees to express their opinions freely to me.



I believe that we must learn from those on site and uncover truly valuable information in order to make correct management decisions. To enable this, I strive to create an open corporate climate that encourages employees to express their opinions freely to me.

The same can be said of the management team. A management team that correctly shares on-site information is one that can frankly engage in debates and discussions. What is

more, if the management team is united and exhibits teamwork once a decision is made on the direction to be taken, I believe that employees will unhesitatingly follow the lead.

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

Looking back at history, we see that the economy has gone through difficult periods once every 10 years or so. NRI, too, was hard hit by the collapse of the bubble economy in the 1990s, the Asian currency crisis of 1998, and the bursting of the dot-com bubble in 2001. We were particularly brutally hit by the 2008 global financial crisis. When NRI has encountered such challenging circumstances, the successive NRI management executives have considered them as opportunities to change the Company, tackling structural issues that they were unable to address when the Company was doing well. For example, the fundamental cause of the sizable drop that we experienced during the global financial crisis was a lopsided portfolio that was skewed toward financial institutions and accounted for nearly 70% of the offerings. That was why the management team of that time

came out with the policy of developing the industrial sector as another pillar of NRI’s revenues. Reforms toward the resolution of structural issues were carried out. I succeeded that intent, and today, the non-financial sector accounts for roughly 50% of net sales, supporting the stable growth in our financial performance in recent years. In other words, the things that were implemented during a time of crisis have blossomed 10 years later. Managing the Company from a long-term perspective without becoming excessively focused on short-term performance is an NRI tradition. This also holds true when evaluating our officers and employees. We place emphasis on what has been implemented from a long-term perspective.

Although we assume that the COVID-19 pandemic will have some impact on NRI’s financial performance, I am

considering the current economic downturn as a major opportunity for us to shape the next 10 years for NRI. I would like to address long-term issues that can only be dealt with at times like this. Specifically, I am planning to further promote investments that will lead to long-term growth. They include investment in the development of digital IP* and other intellectual properties that will lead to

the future improvement of productivity, and investment in important research themes that will lead to future businesses. Furthermore, I would like us to securely seize the huge swell of new IT investments that will be made when corporate activities normalize after the pandemic.

* digital IP: Intellectual property that can be used in the digital realm

We will steadily promote the DX Strategy and Global Strategies under the Medium-Term Management Plan (2019–2022).

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

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

In FY March 2020, the first year of the current Medium-Term Management Plan, we were able, as in the previous fiscal year, to continue marking new records in net sales,

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

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

* DX2.0: The DX business of NRI defines “DX2.0” as DX that generates new business models themselves via digital technologies, whereas “DX1.0” as DX that contributes to work process transformations in existing businesses.

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

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

In terms of the way everyone works at NRI, we are searching for a style that is unique to us. Currently, many companies have adopted working from home as their new

working style. While I do not see a return to our old working styles, I do question the thinking that productivity will increase just through the adoption of telecommuting.

The driving force behind the international competitive edge possessed in the past by Japanese companies was tacit knowledge, as represented by “suriawase” (coordination of differing opinions) in the manufacturing sector. Unlike the West, where rationality is pursued, I believe that Japanese companies brought about added value by having its workers share tacit knowledge with each other, even if it resulted in some unproductiveness. Shifting to telecommuting without giving it careful thought would be a denial of such originally Japanese strengths. Telecommuting may bring about the efficiency of working hours, but I feel that it contains a risk – that of making it harder to create added value. Together with its employees, NRI will explore an optimal working style that combines the conventional with the new. As we search for the answer, I believe that NRI will be able to move one step further as an entity that shoulders the new paradigm in the form of digital capitalism.



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Editorial Policy for the Integrated Report 2020

Since FY March 2014, NRI has published integrated reports which provide explanations while associating important financial and non-financial information. These reports aim to give an overall picture of our corporate value creation activities in a concise and clear manner.

The Integrated Report 2020 has improved its content using feedback from stakeholders as reference. In particular, our thoughts related to value co-creation, which is contained in the corporate philosophy, and the path for the continuous enhancement of NRI's corporate value are described in an easy-to-understand manner in the Top Message. We also enhanced the disclosure of non-financial key performance indicators (KPIs) and the description of concrete activities, such as NRI's Recommendations for COVID-19 Emergency Measures.

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

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

Guidelines Referenced for the Disclosure of Information

The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)	Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation by the Ministry of Economy, Trade and the Industry (METI)	GRI Standard by Global Reporting Initiative (GRI)
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Categorization for NRI's Disclosure Information



Cautionary Note on Forward-Looking Statements:

- This Integrated Report is prepared for the purpose of providing information on our performance in FY March 2020 and our strategy for the coming years, not for the purpose of attracting investment in stocks issued by Nomura Research Institute, Ltd. (NRI). In addition, this report contains absolutely no guarantees or pledges.
- The opinions and outlook contained herein reflect the views of management at the time of preparation. We do not offer any guarantees or pledges as to the accuracy or completeness of such information, which, moreover, is subject to alteration without advance notice.
- NRI holds all rights to each and every part of the integrated report, which may not be reproduced, transmitted, or otherwise duplicated by any means, whether electronic or mechanical, whatever the purpose, without our express permission.
- For the purpose of convenience within this report, "NRI" is used to refer to the Company and in certain places the entire NRI Group.

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

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

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

The NRI Founding Spirit Continues to Be Passed Down

1965 Research consulting

(former) Nomura Research Institute established

Japan's First Full-fledged Private-sector Think Tank

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

The founding prospectus, "Nomura Research Institute—its Concept and Policies," describes the following as the aims of establishing the Institute: "To be a new type of research institute that had never existed in Japan before," and "To promote industry and be of service to society through research studies." This has been passed down to

today in NRI's DNA, which makes it an organization with the primary goal of creating new social value and engaging in the resolution of social issues through its main business activities.



The founding prospectus of former Nomura Research Institute (Produced by Nomura Securities in 1962)

Research consulting

1966 IT solutions

Nomura Computer Systems established

Japan's First Commercial Use of Computers

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

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

use for management rationalization and other benefits of more companies. The philosophy indicates an attitude to be of service to society as well as create new value.

* Company name changed to Nomura Computer Systems Co., Ltd., in 1972.



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

IT solutions

Corporate Philosophy

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Dream up the future.

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

Mission	Business engagements	Management goals	Action guidelines
<p>To society: Discern new social paradigms and implement them.</p> <p>To clients: Build client's trust and establish relationships for mutual growth.</p>	<p>Create an innovative society for the future.</p>	<p>Maximize corporate value through "Navigation X Solution."</p>	<p>Challenge tirelessly with true professionalism.</p>

1988



Launch of new NRI



2001

Listed on the First Section of the Tokyo Stock Exchange

2015

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

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

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

The History and Mission of NRI

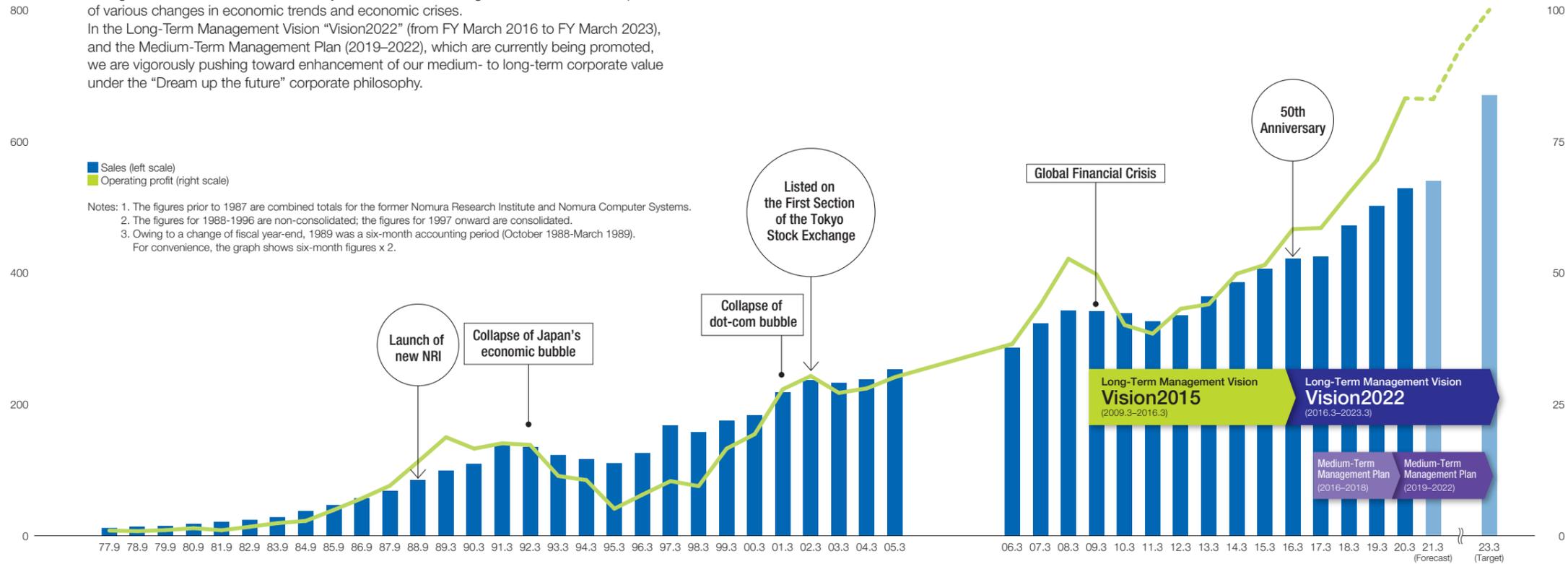
In a move that foresaw an ideal information services company, the former Nomura Research Institute, Ltd., and Nomura Computer Systems Co., Ltd., merged to become the new Nomura Research Institute, Ltd., (NRI) in 1988. The new NRI succeeded the spirit of the two companies from the time of their founding.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

The History of NRI's Value Creation

Sales (billions of yen)

Ever since its founding, NRI has been creating a multitude of new value in accordance with the changes in social issues, and continually achieved sustainable growth even amid the impact of various changes in economic trends and economic crises. In the Long-Term Management Vision "Vision2022" (from FY March 2016 to FY March 2023), and the Medium-Term Management Plan (2019-2022), which are currently being promoted, we are vigorously pushing toward enhancement of our medium- to long-term corporate value under the "Dream up the future" corporate philosophy.

Operating profit (billions of yen)



Notes: 1. The figures prior to 1987 are combined totals for the former Nomura Research Institute and Nomura Computer Systems. 2. The figures for 1988-1996 are non-consolidated; the figures for 1997 onward are consolidated. 3. Owing to a change of fiscal year-end, 1989 was a six-month accounting period (October 1988-March 1989). For convenience, the graph shows six-month figures x 2.

NRI's History

<p>1965 Former Nomura Research Institute, Ltd. founded as Japan's first private-sector think tank</p>  <p>Former Nomura Research Institute founded</p>	<p>1966 Nomura Computing Center Co., Ltd. founded (Name changed to Nomura Computer Systems Co., Ltd. in 1972)</p>  <p>Nomura Computing Center founded</p>	<p>1972 London Office established</p> <p>1976 Hong Kong Office established</p> <p>1984 Singapore Office established</p> <p>1988 Former Nomura Research Institute and Nomura Computer Systems merged</p> <p>1994 NRI Pacific Inc. founded Taipei Representative Office established</p>	<p>1995 Seoul Branch established</p> <p>1997 Manila Branch established</p>  <p>Former Nomura Research Institute and Nomura Computer Systems merged</p>	<p>2000 NRI Secure Technologies, Ltd. founded</p> <p>2001 Listed on the First Section of the Tokyo Stock Exchange NRI Data i Tech, Ltd. founded NRI Cyber Patent, Ltd. founded</p> <p>2002 Nomura Research Institute Shanghai Limited founded Nomura Research Institute (Beijing), Ltd. founded</p> <p>2007 NRI Social Information System Services, Ltd. founded</p> <p>2008 Dallas Office established Moscow Branch established</p>	<p>2009 NRI BPO Services, Ltd. founded (Name changed to NRI Process Innovation, Ltd. in 2010)</p> <p>2010 Nomura Research Institute (Dalian), Ltd. founded</p> <p>2011 Nomura Research Institute Consulting and Solutions India Private Limited founded</p> <p>2012 Nomura Research Institute Financial Technologies India Pvt. Ltd. founded NRI System Techno, Ltd. founded</p>	<p>2013 Nomura Research Institute Thailand founded</p> <p>2014 DSB Co., Ltd. joined NRI Group Nomura Research Institute Holdings America, Inc. founded Nomura Research Institute IT Solutions America, Inc. founded</p> <p>2015 Brierley+Partners, Inc. joined the NRI Group Zhiming Software Beijing, Ltd. joined the NRI Group Zhiming Software Japan, Ltd. joined the NRI Group Nomura Research Institute Singapore Pte. Ltd. and NRI Mirai, Ltd. founded</p>	<p>2016 Cutter Associates, LLC joined the NRI Group ASG Group Limited joined the NRI Group NRI digital, Ltd. and NRI Retail Next, Ltd. founded</p> <p>2017 Nomura Research Institute Australia Pty Ltd founded SMS Management & Technology Limited joined the NRI Group</p> <p>2018 Nvantage India Private Limited founded</p> <p>2019 Nippon Securities Technology Co., Ltd. joined the NRI Group</p>
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Services Created in Response to Societal Demand

<p>Consulting</p> <p>1970 Forecasted the number of visitors to the Japan World Exposition held in Osaka (a pioneer in research & consulting business in Japan)</p> <p>1984 System Clinic Service launched (a pioneer in system consulting business in Japan)</p> <p>1988 Started recommendation activities of the world's five big think tanks including NRI (thereafter annually through 1995)</p> <p>1989 Organized Pension Management Study Group (affected Japan 401K scheme later)</p> <p>1994 Launched corporate website sixth in Japan</p> <p>1995 Center for Cyber Communities Initiative (COCI) established with Keio University Cyber Life Club cybermall launched (a pioneer in online shopping business in Japan)</p> <p>1997 Conducted the first Survey of 10,000 Consumers (thereafter conducted every three years)</p> <p>2000 Advocated the concept of Ubiquitous Networking (a new information technology paradigm)</p> <p>2003 Started sending CIO aides to government organizations, including Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, etc.</p> <p>2007 Established Tsinghua-NRI Chinese Research Center Insight Signal, advertising effectiveness measurement service launched</p> <p>2011 Recommendation activities and others for Great East Japan Earthquake recovery efforts</p> <p>2012 Provided comprehensive support, from designing the service to the system architecture, for Shiseido's integrated online beauty service "watashi+"</p> <p>2014 Assisted the rollout of "NISA" system, from design to system construction</p>	<p>IT Solutions</p> <p>1970 Launched Nomura Securities' "Integrated Online System"</p> <p>1974 STAR, a shared online service for retail brokerage firms launched</p> <p>1979 Launched a new ordering system for SEVEN-ELEVEN JAPAN CO., LTD.</p> <p>1987 I-STAR, a shared online system for wholesale brokerage firms launched</p> <p>1987 Famicom Trade System in Nomura Securities launched (a pioneer in contemporary home trading services)</p> <p>1988 International VAN service between Japan and United States launched</p> <p>1993 T-STAR, a shared online system for asset management firms launched</p> <p>1997 BESTWAY, an over-the-counter sales system for mutual funds launched</p> <p>e-Cash experiment with Japanese commercial banks (Japan's first electronic money trial)</p> <p>1999 Online trading system for an online brokerage firm launched</p> <p>2000 Bizmart, an electronic commerce support system launched (Support for B2B transactions)</p> <p>2001 TRUE TELLER, text-mining solution launched Full-scale offshore development in China</p> <p>2004 e-JIBAL, compulsory automobile liability insurance system launched</p> <p>2012 Launched Value Direct (for online banking)</p> <p>2016 TRAINA, AI solution launched</p>
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Accumulated Assets

Human Capital

- A deep pool of diverse professionals
- Global employees network

Intellectual Capital

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

Social and Relationship Capital

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

Manufacturing Capital

- System development quality (NRI-QMS)
- Data center's operational quality

Financial Capital

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

Natural Capital

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

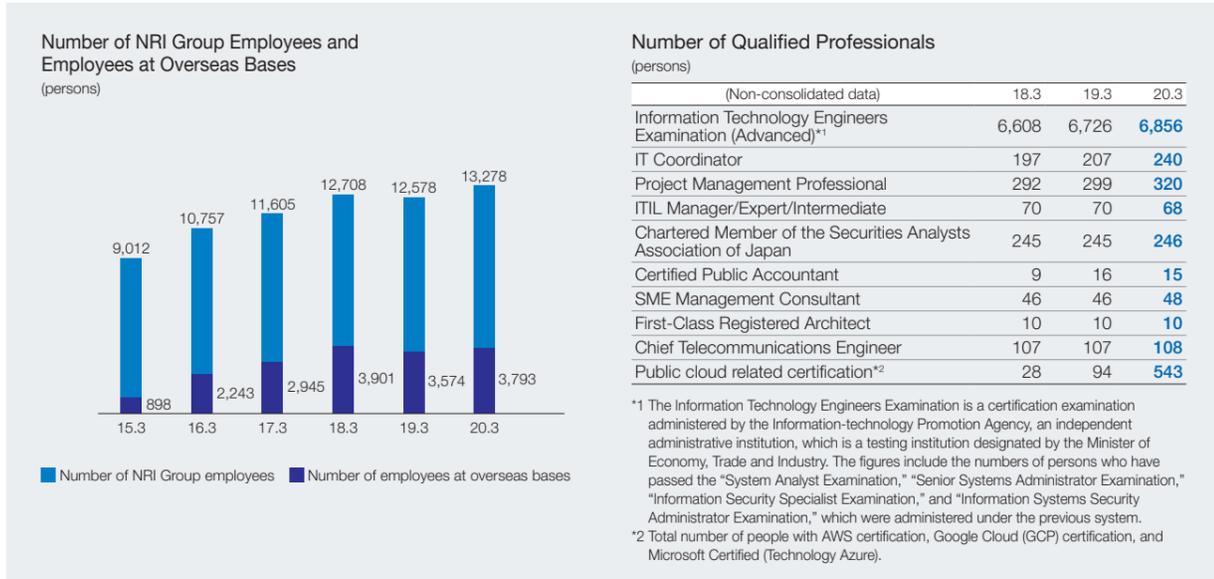
Competitive Advantages of Human Capital

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

Human Capital

Diverse Professionals

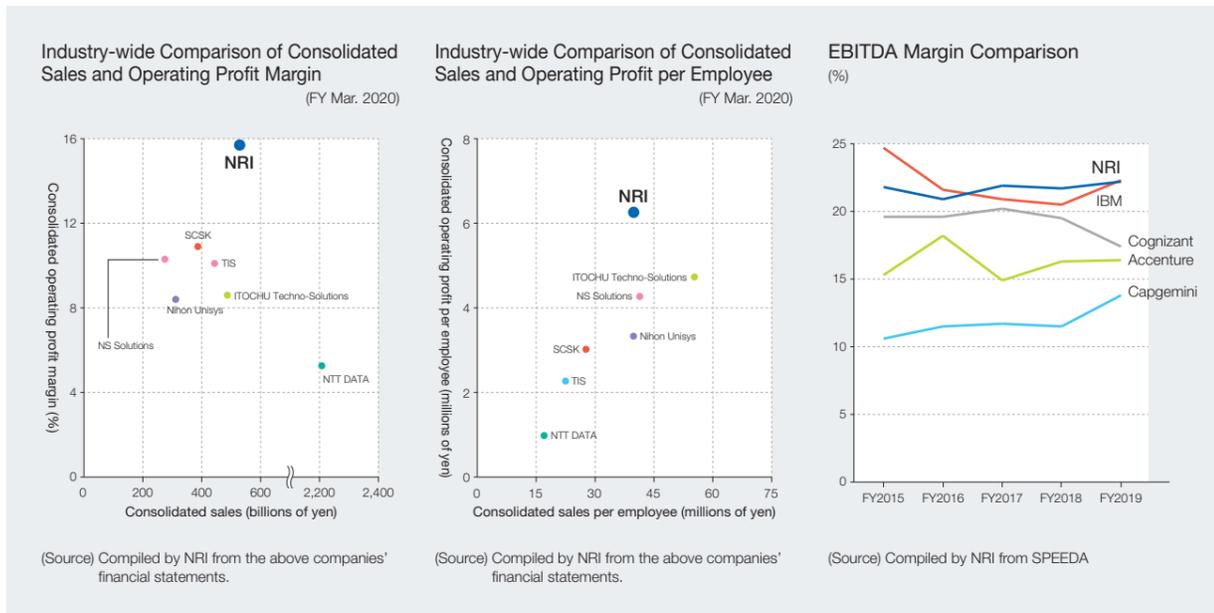
NRI provides services in cooperation with employees at its domestic and overseas bases. NRI also has an abundance of professionals with advanced information technology, skills, etc.



Outcome

High Levels of Profitability and Productivity

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



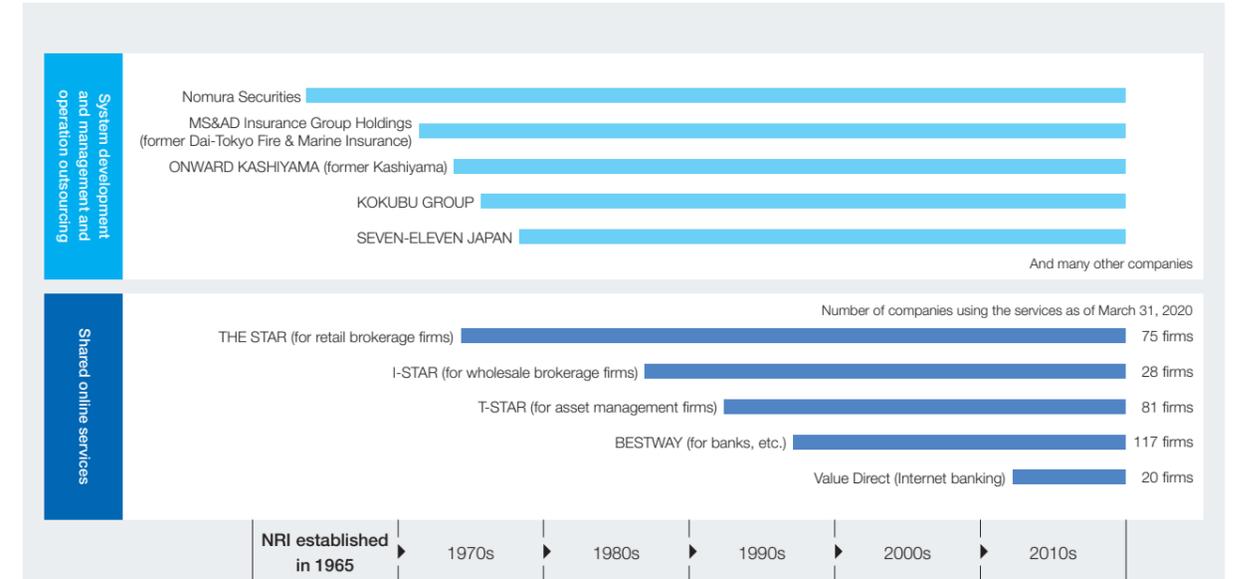
Competitive Advantages of Social and Relationship Capital

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

Social and Relationship Capital

Solid client base and continuous business relationships

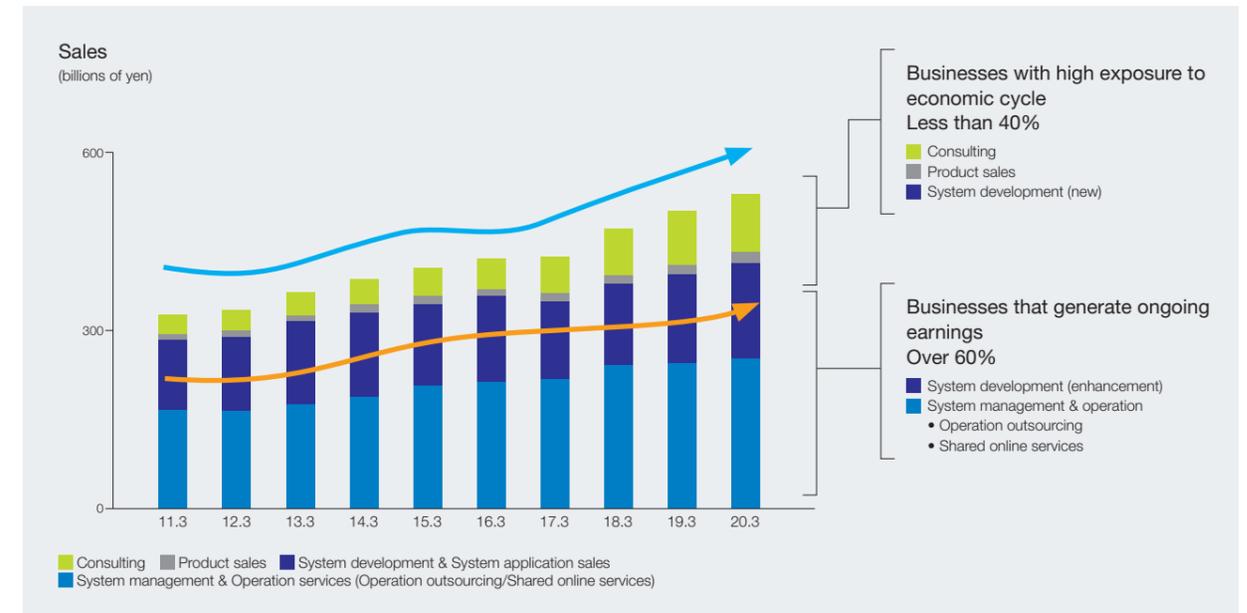
NRI has accumulated its expertise through long-term business relationships with industry leaders. Moreover, by providing shared online services based on that expertise, we have established more sustainable business relationships with more of our clients.



Outcome

Stable Profit Structure

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



Competitive Advantages of Intellectual Capital

We promote research and development (hereinafter, "R&D") with high-quality investigation ability and systems in order to create value unique to NRI with innovations and building sustainable futures by solving social issues. The fruits of R&D are widely communicated to society as future forecasts and recommendations related to society. At the same time, they are integrated with existing expertise that was obtained through business activities and utilized as practical competitive intellectual properties.

R&D Policy

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

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

R&D Themes and Initiative Policies

Theme	Initiative policy
Business development	• R&D regarding new business development in the medium- to long-term (business discovery, incubation, etc.)
	• R&D for digital transformation activities positioned as important themes, such as artificial intelligence (AI), the Internet of Things (IoT), and FinTech
	• Utility evaluation of technologies related to important themes
Investigative research	• Technology trend surveys to contribute to the vitalization of business development and strengthen the technical competitiveness of NRI
	• Recommendations for society that contribute to the NRI business
	• Recommendations that contribute to government institutions and corporate management

R&D System

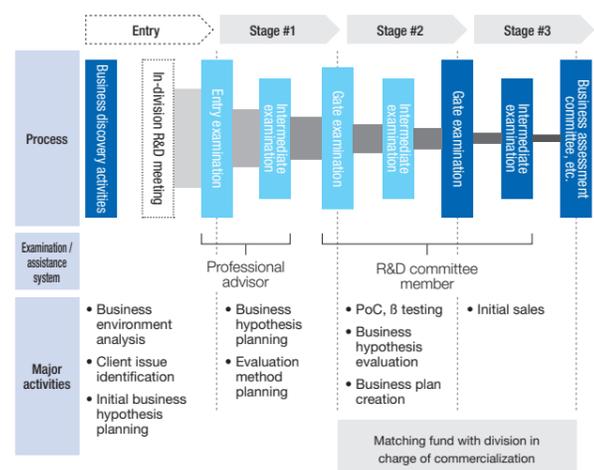
In order to promote R&D across the entire company, we have established the Research & Development Committee and promote research and development while cooperating with society and other parties outside the Company.

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

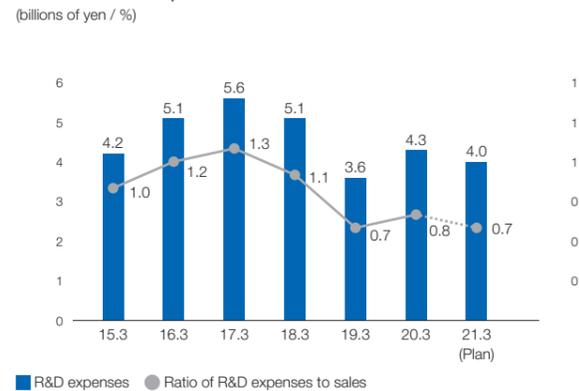
Organizations Promoting R&D

Research & Development Committee	Reviews individual R&D projects from a company-wide perspective, from planning to result utilization, while proposing and deliberating R&D strategies
Center for Strategic Management & Innovation	Conducts surveys and research regarding new systems for society in charge of government policy recommendations and cutting-edge research functions
DX Systems Development Innovation Division	Conducts research into cutting-edge technologies and fundamental technologies in the field of information technology
Business divisions	In charge of medium- to long-term business development and new service development, and conducts feasibility investigations, prototype development, and proof of concepts, etc.

Stage Gate Management



Trends in R&D Expenses



Development of Competitive Intellectual Properties

Based on expertise acquired through transactions with top-class companies in the industry, and knowledge obtained through R&D activities, we are developing competitive intellectual properties that can be used widely in business. In recent years, in particular, we have been focusing our efforts on the development of digital IPs, including cloud infrastructures and algorithms, which can be used for multiple clients and industries in the DX business area. By having a number of digital IPs available, we would be able to provide high quality IT solutions in a shorter amount of time, thereby contributing to the strengthening of NRI's competitive advantage.

Going forward, we will continue making investment in research for the development of digital IPs.

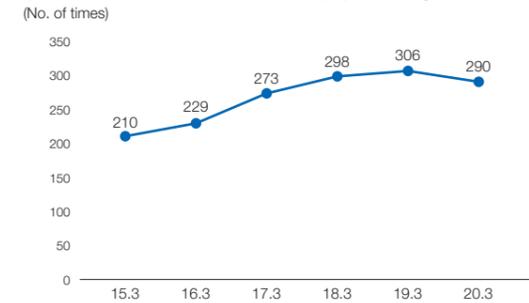
Goal	Digital IP
Higher quality, higher performance, and better productivity through standardization and breakdown into components	Cloud infrastructure such as IoT and AI
	Standardized components for e-commerce
Commercialize high-value-added analysis models	Algorithms based on data analytics

Future Forecasts and Social Recommendations

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

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

Information Dissemination and Recommendation Activities (No. of times contributed to newspapers, magazines, etc.)



Books written by NRI employees



The NRI Dream Up the Future Forum 2019 Held

On October 2, 2019, we held the NRI Dream Up the Future Forum 2019 at the Tokyo International Forum. Based on its "Dream up the future" corporate philosophy, NRI holds the forum every year with the objective of discussing the future vision of Japan and the world.

In the three years since 2017, the common theme has been "Digital, Creating the Near Future." For the third forum held in 2019, NRI Chairman and President & CEO Shingo Konomoto gave the keynote talk. Additionally, a special lecture was given by MIT's Dr. George Westerman, who is a pioneer in DX research. Maoko Kotani, a financial newscaster, served as a moderator for a panel discussion by NRI specialists, who discussed the

desirable future state of society and the direction of corporate management.



The NRI Dream up the Future Forum 2019
Chairman and President & CEO Konomoto giving his keynote talk

Opportunities and Risks due to Changes in the External Environment

Changes to the Business Environment Surrounding NRI

NRI flexibly corrects the value creation process according to environmental changes. We include business policies for continuing sustainable growth in medium- to long-term management plans and fiscal year plans upon understanding changes in the social environment and opportunities and threats for NRI.

See P.70 for an analysis of the opportunities and risks accompanying the impact of climate change.

Changes to the social environment

Japan
<p>Decreasing population / Work-style reform There are concerns that a decreasing labor pool due to a low birthrate and an aging population will shrink Japan's markets and reduce the competitiveness of Japanese companies. Meanwhile, effort toward work-style reform in an aim to rectify long working hours and increase labor productivity in Japanese companies is continuing. In particular, the need to respond to the spread of COVID-19 had accelerated the rethinking of work style due to an increased utilization of telecommuting.</p>
Japan / Overseas
<p>The evolution of IT and its increased use Advances in IT are giving birth to new digital technologies such as artificial intelligence (AI) and IoT, and leading to the rapid digitalization of society. A digital transformation (DX) that transforms business utilizing new IT is currently under way. In particular, it is anticipated that efforts to rethink business models using IT to respond to the spread of COVID-19 will move forward.</p>
Overseas
<p>Relative expansion of the scales of the overseas market Although the average annual real GDP growth rate of the global economy was 3.2% from 2010 to 2019, the average annual rate in Japan during that same period was only 1.2%. It is anticipated that the Japanese economy will see slow growth compared to the overall rate globally in the future as well.</p> <p><small>* Figures have been calculated based on IMF data.</small></p>

Opportunities and threats to NRI

Opportunity	Threat
<ul style="list-style-type: none"> We will see an increased need to streamline business and improve productivity, and opportunities to use NRI's IT services, such as NRI's shared online services and modernization of systems using new technology, will expand. (Social and Relationship Capital) The pursuit of the optimal work style at NRI will lead to an increased possibility of improving productivity. (Human Capital) 	<ul style="list-style-type: none"> A medium- to long-term decrease in Japan's labor pool could make it more difficult than at present to secure the number of human resources needed to support NRI's growth. (Human Capital)
Opportunity	Threat
<ul style="list-style-type: none"> Clients require a partner that can lead business transformations via unified business / IT assistance, which is an opportunity for NRI to demonstrate its competitive advantages to lead to solutions via the integration of consulting and IT solutions. (Social and Relationship Capital) Strengthening of research and development, mainly in cutting-edge fields related to DX, and partnerships with clients will lead to an increase in opportunities to accumulate expertise. (Intellectual Capital) 	<ul style="list-style-type: none"> Although DX-related IT investment for transforming business models continues to increase, there is a risk of the environment surrounding client businesses changing dramatically, including rapid changes in IT technology. (Intellectual Capital)
Opportunity	Threat
<ul style="list-style-type: none"> It is an opportunity for NRI to expand our overseas client base by aiming at the need for IT investment in overseas markets. (Social and Relationship Capital) Opportunities for obtaining competitive IP overseas will increase. (Intellectual Capital) 	<ul style="list-style-type: none"> It is possible that long-term contraction of the Japanese market will limit the expansion of NRI's client base. Furthermore, failing to address the need for IT investment overseas, which is expected to increase in the future, will lead to a loss of opportunities to expand the client base. (Social and Relationship Capital)

NRI's strategy (business policy)

Enhance & enlarge core businesses	<p>We will provide higher added value by expanding our shared online service business, which are our strength, while comprehensively assisting clients regarding work process reforms and system structure reforms by utilizing new IT.</p>
Create & expand DX business	<p>With the integration of consulting and IT solutions, we will commit to the business of our clients via investments and share the risk and reward, while comprehensively assisting the client in everything from building business models in the field of DX to system construction.</p>
Accelerate globalization	<p>By mainly focusing on the Australian and North American markets, we will aim to expand our business base with external growth via M&A, etc. In Australia, we will aim to establish a position as an IT solution vendor, and in North America, we will expand our business for the goal of obtaining competitive IP.</p>
Strengthening of human resources	
<p>We will hire and develop individuals in order to secure the human resources that support business growth. In addition, we will foster an organizational culture that makes it possible for employees to play an active role, and promote diversity, and move forward with NRI-like work-style reform. Further, we will work to accumulate expertise related to new IT and to strengthen our relationships with business partners that have expertise.</p>	

Risks Receiving Many Questions from Investors and NRI's Response Measures

Risks	Response measures	Risks	Response measures
<p>Influence of varying demand for IT investment Possibility of income rapidly decreasing due to economic fluctuations, including the impact of the spread of COVID-19, and the update cycle of IT investment</p>	<ul style="list-style-type: none"> Expanding DX projects directly linked with management issues that are not affected by economic fluctuations Consulting and IT solutions segments work together to expand our business for high-priority themes such as business model transformation in the field of DX Building a stable income structure via the expansion of shared online services More than 60% of sales is stable business with a high rate of retention, such as shared online services, operation outsourcing, and enhancement (maintenance/operation) Promotion of investment in preparation for the future even if the demand for IT investment drops temporarily due to the impact of COVID-19, etc. Solidly ensuring growth opportunities to respond to increased demand for IT investment after the economy recovers 	<p>Intensification of price competition and other aspects of the competitive environment The possibility of revenue being suppressed through the appearance of competing services or price competition in consulting and IT solutions business</p>	<ul style="list-style-type: none"> Focus on providing services with high-value-added instead of price competition Thoroughly understand the business and IT of a specific client and provide assistance that fits the needs of that client comprehensively and in the medium- to long-term in order to achieve differentiation Shared online services build superiority with the largest market share Provide complete and definite operation and cost reduction benefits while maintaining added value such as swift handling of legal system changes
<p>Decreased sales in overseas business Possibility that the recovery of sales in overseas business will be delayed, mainly in Australia and North America, where economic stagnation continues</p>	<ul style="list-style-type: none"> Prioritizing of defensive business operation without forcing business expansion in the midst of economic sluggishness Reduction of costs through restructuring in FY March 2020 Orientation toward expansion of business based on external growth through M&A, etc., without changing medium- to long-term strategy Announcing in April 2020 to begin procedures to acquire stock in AUSIEX Ltd. in preparation for expansion of the business base in Australia's financial sector 	<p>Bottlenecks in development human resources The possibility of bottlenecks to expanding revenue due to insufficient development resources caused by a continuous increase of orders</p>	<ul style="list-style-type: none"> Enhance both new graduate and mid-career recruiting to increase the number of employees (non-consolidated) by 1,000 or more in the four-year period of the Medium-Term Management Plan (2019-2022) Control the turnover rate by providing employees with opportunities for growth and establishing the human resources system and labor environment As a result, also ensure reserve resources to handle increased demand Maintain good trading relationships with excellent cooperating companies in Japan and overseas, and enable production that overcomes the limitations of NRI's resources Conclude "e-partnership agreements" with highly specialized cooperating companies to continue improving quality and productivity together Implement company-wide human resource management that transcends business segments, based on order trends

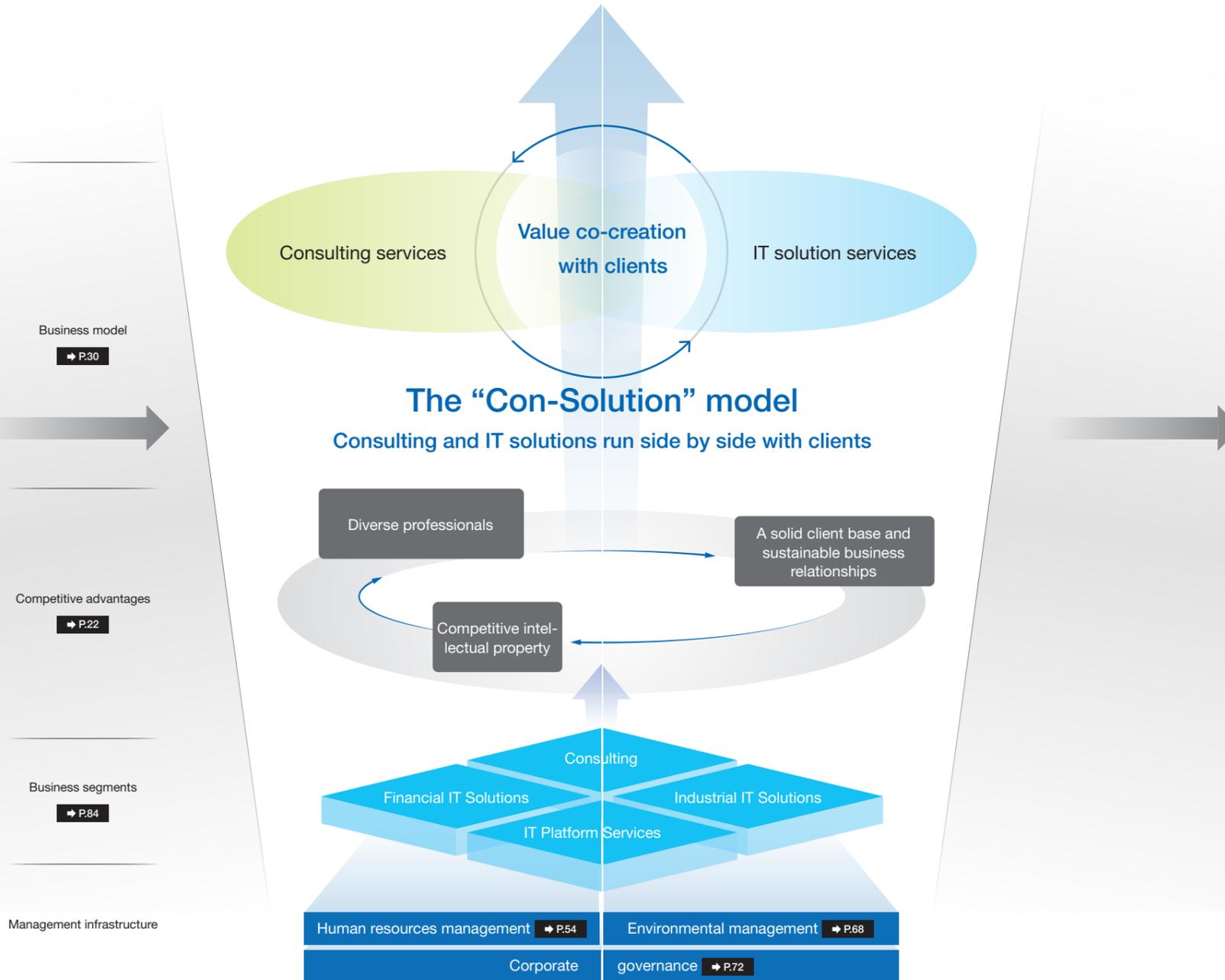
Value Creation Process

NRI will provide the optimal services to resolve clients' issues through its original "Con-Solution" model. This value co-created with our clients will contribute to the creation of the future society, while at the same time leading to achievement of "Vision2022," NRI's long-term management vision. Repeating this series of processes builds robust competitive advantages for NRI and achieves continuous enhancement of corporate value, which in turn further strengthens our capital and leads to attempts to solve new social issues.



Major initiatives (Input) → P.34

Human Capital
<ul style="list-style-type: none"> Implementation of DX human resources development program Promotion of diversity Strengthening of new-graduate / mid-career hiring Formulation of a human rights report NRI Group employees: 13,278 persons
Intellectual Capital
<ul style="list-style-type: none"> Digital IP development Partnership in creating the business model (establishment of BOOSTRY, etc.) Recommendations for society (Dream Up the Future Forum, Proposals regarding Coronavirus Infection (COVID-19) measures, etc.) Research and development expenses: ¥4.3 billion
Social and Relationship Capital
<ul style="list-style-type: none"> Expanded usage of shared online services Strengthening relationships with business partners (Support for establishment of a telecommuting environment, etc.) Strengthening dialogue with investors and other stakeholders
Manufacturing Capital
<ul style="list-style-type: none"> Company-wide project monitoring Hosting of the DX Production Innovation Forum and the Safety and Security Forum Provision of advanced information security services
Financial Capital
<ul style="list-style-type: none"> Share buyback amounting to approximately ¥160 billion Sale of cross-held shares Increase of annual dividends per share Implementation of stock splits
Natural Capital
<ul style="list-style-type: none"> Publication of the results of TCFD scenario analysis Reduction of client CO₂ emissions through expansion of shared online services Revision of the NRI Group Environmental Policy



Results (Outcome) → P.34

Human Capital
<ul style="list-style-type: none"> Ratio of female managers: 7.1% Ratio of female hires: 28.2% New graduate hires: Approx. 300 persons (non-consolidated) Mid-career hires: Approx. 180 persons (non-consolidated)
Intellectual Capital
<ul style="list-style-type: none"> DX related sales: ¥308 billion No. of business partnerships related to creation of new business models: 4 Number of appearances in major media publications: 122 Contributions to newspapers and magazines (times): 290
Social and Relationship Capital
<ul style="list-style-type: none"> Net sales from shared online services: ¥103.6 billion Partners in Japan: Approx. 7,500 persons Partners overseas: Approx. 5,000 persons Interviews with investors/analysts: 568
Manufacturing Capital
<ul style="list-style-type: none"> Invested ¥5.7 billion in security and safety Data Center awarded the ISO Excellence Award No information system failures that have serious financial or societal impact
Financial Capital
<ul style="list-style-type: none"> ROE: 20.3% EBITDA margin: 22.2% Dividend ratio: 27.9% Net Debt-to-Equity ratio: 0.02 times
Natural Capital
<ul style="list-style-type: none"> Greenhouse gas emissions: Down 43.8% (compared to FY March 2014) Environmental management system (EMS) coverage ratio: 93.7% Reduction of client CO₂ emissions through shared online services: 83,299 t

* Data is for FY March 2020 or as of the end of March 2020.

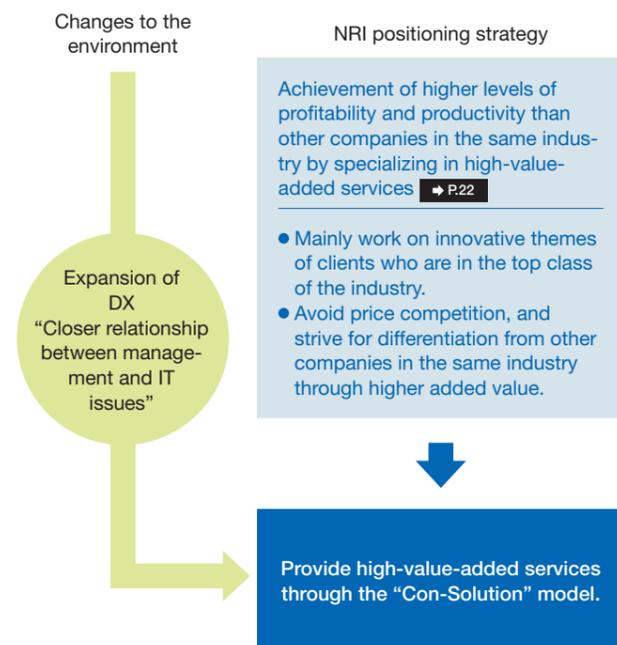
* Data is for FY March 2020 or as of the end of March 2020.

Business Model and Business Direction

NRI positioning and the advantages of the "Con-Solution" model

NRI has achieved higher levels of profitability and productivity than other companies in the same industry. (See P.22.) This is related to NRI's positioning in the IT industry. NRI mainly works on innovative themes of clients who are in the top class of their respective industries, avoiding price competition, and always striving for differentiation through the pursuit of added value. One example of a high-value-added service is shared online services. Strengths such as depth in human resources, a solid client base, and competitive intellectual property support the establishment of this positioning.

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



Business policy

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

1. Enhance & enlarge core businesses

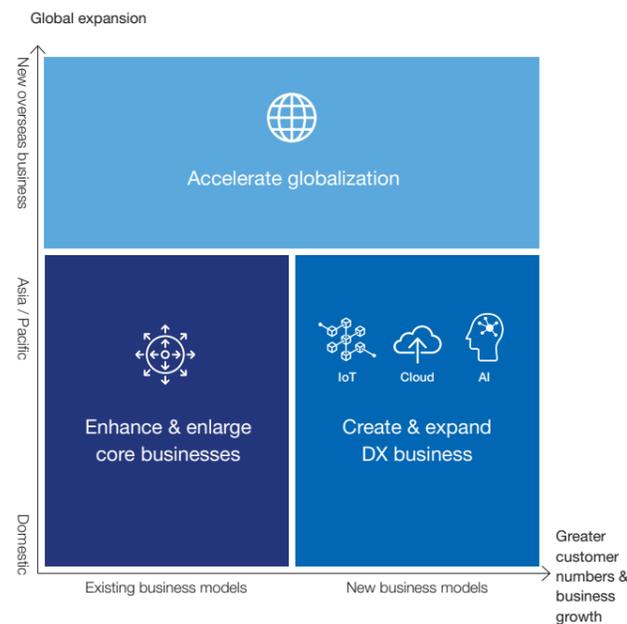
We will strive for further expansion of shared online services, the culmination of long-term accumulation of expertise. In addition, we will continue to provide services that use cutting-edge expertise to resolve the issues of each client, and strive to make existing core businesses more sophisticated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

2. Create & expand DX business

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

3. Accelerate globalization

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



1. Enhance & Enlarge Core Businesses

Shared online services and utility services are representative services that make it possible to give full play to NRI's capabilities in providing consistent support, from navigation to solutions.

Shared Online Services

Shared online services consist of creation of software incorporating the technology and expertise cultivated through building systems for individual clients, with the client's required work standardized, and providing it as SaaS*.

Shared online services allow for greater cost reductions when compared to constructing a system for each company. It also alleviates the burden of adapting to

regulatory revisions. As an industry pioneer, NRI has provided these services since the 1970s, even before the term "cloud" existed, and has been far ahead of its competitors, supporting the "shift from ownership to use" of information systems for over 40 years.

* Software as a Service: a type of service in which software located on a private NRI cloud is provided via the Internet

Utility Services

(IT solutions + BPO services)

Utility services are provided in combination with NRI's IT solutions such as shared online services and BPO services.

NRI provides the entire business process with the personnel who handle related work, not just the system.

Major Shared Online Services

	Launched in 1974 THE STAR Back-office solution for retail brokerage firms	75 firms		Launched in 1997 BESTWAY Back-office solution for mutual fund sales at banks <small>* Including life insurance firms, non-life insurance firms, and investment trust firms, etc.</small>	117 firms*
	Launched in 1987 I-STAR Back-office solution for wholesale brokerage firms	28 firms		Launched in 2012 Value Direct Online banking system	20 firms
	Launched in 1993 T-STAR Back-office solution for asset management firms	81 firms		Launched in 2015 e-BANGO My Number management services No. of My Number stored	Approx. 19 million cases

Note: As of March 31, 2020.

Major Utility Services

For retail brokerage firms

NRI provides the shared online service "THE STAR," and DSB Co., Ltd. provides comprehensive support services. They range from trade execution, clearing, settlement, account management, account transfer, and other financial services carried out on behalf of securities companies, to securities back-office works, printing, envelope insertion, and mailing services.



For asset management firms (investment trust and investment advisory firms)

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



For financial institutions / operating companies

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

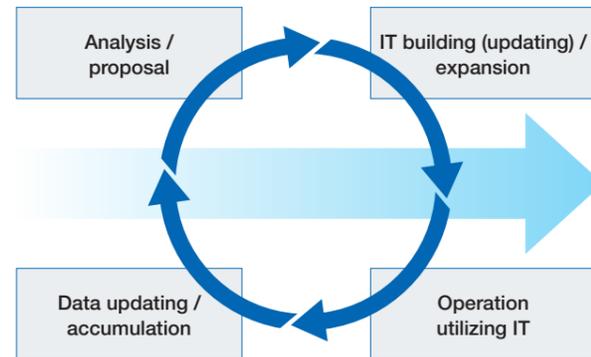


2. Create & Expand DX Business

The need of clients to achieve DX business, which transforms business using new digital technology, is increasing. This requires a strategic partner that provides swift implementation while transforming work processes and business models at the same time as transforming IT infrastructure and discussing things together.

NRI has the human resources and functions required for both consulting and IT solutions and provides "Con-Solution" for creating and promoting DX business via repeated hypothesis testing side-by-side with the client, sharing the results and the risks.

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



DX Strategy

DX2.0	Business model transformation	Build cross-industry platforms that seeks ecosystems • Establishing services and providing functionality in particular fields	
DX1.0	Process transformation	Digital front office	Digitalize actions for end users • Helping customers execute D2C* strategies • CRM, digital marketing, etc.
		Digital back office	Digitalize actions within customer companies • SCM reforms such as inventory optimization • Operational efficiency improvements using AI, RPA, etc. • Industry standard business platforms, etc.
	Infrastructure transformation	Enhance infrastructure such as cloud, security • Supporting migration from on-premises to cloud • Managed services for system platforms • Security business mainly focused on NRI SecureTechnologies, Ltd. (NRI Secure), etc.	

* D2C stands for Direct to Consumer, or direct sales through e-commerce, etc.

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

Major initiatives	Business overview
KDDI KDDI Digital Design	<p>KDDI Digital Design Inc. Established: December 15, 2017 Capital: ¥7 billion (KDDI: 51%; NRI: 49%)</p> <ul style="list-style-type: none"> • With KDDI CORPORATION, established a joint venture for assisting digital transformation at companies • Assistance for everything from planning business strategies and validating their commercialization to building and operating the network infrastructure and developing the required systems
TECHNIUM	<p>Technium CO., LTD. Established: January 9, 2018 Capital: ¥300 million (DMG MORI: 66.6%; NRI: 33.4%)</p> <ul style="list-style-type: none"> • With DMG MORI CO., LTD., established a joint venture for assisting the high level utilization of production facilities in factories, etc. using digital technologies.
Ndias	<p>NDIAS, Ltd. Established: December 3, 2018 Capital: ¥100 million (DENSO: 50%; NRI Secure: 50%)</p> <ul style="list-style-type: none"> • DENSO CORPORATION and NRI Secure established a joint venture in the automobile cybersecurity business • Provides security assessment and consulting services, etc., for vehicles and on-board electronic devices for the automobile industry in the age of connected cars and autonomous driving
JAL DIGITAL EXPERIENCE	<p>JAL Digital Experience Co., Ltd. Established: February 4, 2019 Capital: ¥475 million (JAL: 51%; NRI Group: 49%)</p> <ul style="list-style-type: none"> • With Japan Airlines Co., Ltd. (JAL), established a joint venture for creating services for proposing lifestyle personalization and enrichment in customers' daily lives and at travel destinations, rather than simply while using aircraft
BOOSTRY	<p>BOOSTRY Established September 2, 2019 Capital: ¥1.175 billion (Nomura HD: 66%, NRI: 34%)</p> <ul style="list-style-type: none"> • Joint venture with Nomura Holdings, Inc. Leveraging blockchain technology to develop/provide a new STO* platform where securities and other rights can be exchanged as tokens

* STO: Security Token Offering

3. Accelerate Globalization

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

Business Base Expanding Globally

Region	Company name	Company overview
Australia	ASG AN NRI COMPANY	ASG Group (made a Group company in 2016) Provides end-to-end services to enable clients to achieve digital transformation and innovation, from consulting to application, infrastructure, data, and security. The main clients are governmental agencies and major financial and telecommunications companies, etc.
North America	brierley+partners	Brierley+Partners (made a Group company in 2015) The founder was the person who designed and operated the first mileage program at a U.S. airline. "Brierley LoyaltyWare", an integrated loyalty program solution, including all necessary functions, such as membership registration for customers, recording and tracking customers' action history, acquiring points and mileage as well as redeeming points.
	Cutter ASSOCIATES	Cutter Associates (made a Group company in 2016) Cutter Associates has strength in research and consulting in the U.S. asset management industry and has the largest client base in the country, including over 200 firms such as asset management firms, insurance firms, and pension funds.
Asia	NVANTAGE A Nomura Research Institute and Nomura Asset Service	NVANTAGE (established in 2018) Robustly assists and promotes operational reforms focused on the wholesale departments of global financial institutions, via the integration of the financial expertise of Nomura Holdings, Inc. and the provision of human resources, IT solutions, and BPO services by NRI.

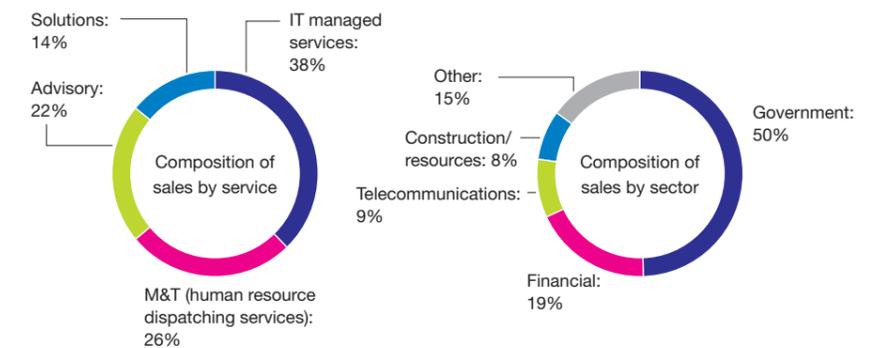
Expanding Our Business Base in Australia

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

ASG's History



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



ASG's Strengths

End-to-end service in DX	<ul style="list-style-type: none"> • Possible to provide one-stop DX services to clients • Integration of diverse software products and cloud services, etc., according to client needs
Exceptional client base and extensive track record	<ul style="list-style-type: none"> • Continued, long-term provision of services to governmental agencies and major financial/telecommunications companies in Australia • Front running track record with Australia's leading companies has garnered high praise
Flexible community-based operating structure	<ul style="list-style-type: none"> • Sales are closely connected to the community and respond to client needs in a flexible and dynamic manner • Operations made efficient across regions (Some offshore)

NRI's Capital and the Creation of Value through its Utilization

	 Human Capital	 Intellectual Capital	 Social and Relationship Capital	 Manufacturing Capital	 Financial Capital	 Natural Capital
Importance of various types of capital in value creation	Diverse professionals from Japan and overseas who have advanced expertise, play an active role and lead the way in all value creation	Creation of new value through accumulation of cutting-edge intellectual capital and innovation, on the foundation of knowledge acquired through high-quality investigation / research activities and business	Creation of stable, sustainable value through a solid client base focused on companies that are at the top of their industries, expansion of shared online services, and strengthening of relationships with business partners and other stakeholders	Contribution to the increased sophistication of social infrastructure and co-creation of safe and secure social infrastructure through high-quality services that have been certified / guaranteed by third-party organizations	Achievement of both growth and shareholder returns through capital reserves and a high level of capital efficiency that enable flexible investment, in addition to creation of a solid financial base	Contribution to maintenance of the global environment by reducing the environmental burden through appropriate management of energy consumption at data centers
Medium- and long-term strengthening policy	Strengthening of hiring (FY2019-FY2022: Increase of more than 1,000 persons; non-consolidated) <ul style="list-style-type: none"> ● Bolster new graduate hiring: Bolster promotions, etc. ● Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc. Promote employee skills transfer and development <ul style="list-style-type: none"> ● Strategic development of specialists in the DX area ● Skills transfer and development for application/platform personnel to support DX strategy Promote employee success <ul style="list-style-type: none"> ● Promote diverse work styles (diversity, participation and advancement of women and senior personnel) ● Initiatives to respect human rights 	Digital IP development <ul style="list-style-type: none"> ● Digital IP development that contributes to improvement of competitiveness in the DX area Investment in business development <ul style="list-style-type: none"> ● R&D regarding new business development in the medium- to long-term (business discovery, incubation, etc.) ● R&D for DX utilization positioned as important themes, such as artificial intelligence (AI), IoT, and FinTech Promotion of recommendations for society <ul style="list-style-type: none"> ● Recommendation activities related to the impact of digitalization and other environmental changes on society 	Business Platform Strategy <ul style="list-style-type: none"> ● Expansion of existing shared online services and other core businesses ● Launch of new platform services in preparation for entry of companies from other industries into financial business Strengthening relationships with business partners in Japan and overseas <ul style="list-style-type: none"> ● Creation of long-term, stable cooperative relationships with domestic and overseas business partners Strengthening of social activities <ul style="list-style-type: none"> ● Enhancement of opportunities to engage in dialogue with stakeholders ● Enhancement of activities to develop human resources and society 	Improvement of information system quality <ul style="list-style-type: none"> ● Continued strengthening of project supervision activities ● Emphasis on quality of systems in operation ● Emphasis on operation quality of data centers Strengthening of quality of information security <ul style="list-style-type: none"> ● Improve the sophistication of security management framework ● Information Security Training ● Response to cyber-attacks 	Achievement of a solid financial base and strong medium- to long-term growth <ul style="list-style-type: none"> ● Ensuring a level of financial soundness that is suitable for a company that supports the social infrastructure ● Ensuring the ability to generate cash flows to support growth investment (EBITDA margin: 20% or higher) ● Maximum Net Debt-to-Equity ratio: 0.3 times Capital efficiency to achieve both growth and return <ul style="list-style-type: none"> ● Target ROE: 14% ● Efforts to improve returns to shareholders (Aim for a payout ratio of 35%) Improvement of financial management / disclosure with an awareness of global standards <ul style="list-style-type: none"> ● Consideration of implementation of IFRS 	Environmental management based on global standards <ul style="list-style-type: none"> ● Reduction of greenhouse gas emissions (Goal for FY March 2031: 55% (compared to FY March 2014)) ● Use of renewable energy at data centers (Goal for FY March 2031: 36%) ● Implementation of Environmental Management System (EMS) ● Innovative approach to TCFD recommendations (Evaluation of the impact of climate change on business) Generation of environmental benefits for clients through expansion of shared online services
Main initiatives of FY March 2020 (Input)	<ul style="list-style-type: none"> ● Strengthening of the implementation of the human resources development program to support DX strategy ● Initiatives to promote diversity ("Supporting training for balancing work and parenting," etc.) ● Developed an office environment which promotes work-style reform and internal/external interactions ● Increase of the number of new graduate and mid-career hires ● Formulation of the NRI Group Human Rights Report ● Formulation of the NRI Group AI Ethics Guidelines ● NRI Group employees: 13,278 persons 	<ul style="list-style-type: none"> ● Digital IP development (cloud infrastructure IP, standardized parts for the EC, algorithm IP) ● Search for and development of priority themes that lead to new businesses in the DX area ● Promotion of partnerships in preparation for the creation of business models (establishment of BOOSTRY, etc.) ● Hosting of the Dream Up the Future Forum and announcement of new economic indicators ● Released NRI's Proposals regarding Coronavirus Infection (COVID-19) measures ● Research and development expenses: ¥4.3 billion 	<ul style="list-style-type: none"> ● Expansion of the number of companies using shared online services aimed at co-creation of the ideal society ● Support for establishment of a telecommuting work environment at business partners ● Dialogue with investors through overseas roadshows, dialogue with stakeholders, etc. ● Hosting of ESG Briefings ● Hosting of the 2019 NRI Student Essay Contest 	<ul style="list-style-type: none"> ● Company-wide project watching through project monitoring activities ● Hosting of the DX Production Innovation Forum ● Hosting of the Safety and Security Forum ● Implementation of information security training ● Provision of advanced information security services 	<ul style="list-style-type: none"> ● Share buyback amounting to approximately ¥160 billion from Nomura Holdings, Inc., a major shareholder ● Partial sale of cross-held shares ● Increase of annual dividends per share ● Stock splits of three shares per one share of common stock 	<ul style="list-style-type: none"> ● Publication of the results of TCFD scenario analysis targeting data center business ● Reduction of client CO₂ emissions through expansion of shared online services ● Revision of the NRI Group Environmental Policy ● Launch of provision of NOMURA-BPI SDGs
Results of FY March 2020 (Outcomes)	<ul style="list-style-type: none"> ● Ratio of female managers: 7.1% ● Ratio of female hires: 28.2% ● Selected as a Nadeshiko Brand listed company for four consecutive years with outstanding promotion of female performance and advancement ● Certified as a Health and Productivity Management 500 Organization 2020 (White 500) for four consecutive years ● No. of hires New graduate: Approx. 300 persons; mid-career: Approx. 180 persons 	<ul style="list-style-type: none"> ● DX related sales of ¥308 billion (Ratio of sales from consolidated: 58%) ● No. of business partnerships related to creation of new business models: 4 ● Number of appearances in major media publications: 122 ● Contributions to newspapers and magazines (times): 290 	<ul style="list-style-type: none"> ● Net sales from shared online services: ¥103.6 billion ● No. of companies using the shared online service THE STAR: 75 companies ● Partners in Japan: Approx. 7,500 persons ● Partners in China: Approx. 5,000 persons ● Results of the Client Satisfaction Survey (non-consolidated): 83.8%* ● Individual interviews with investors / analysts: total of 568 <p>* Percentage that responded "Satisfied" or "Moderately satisfied" (Total for top two items on five-grade scale)</p>	<ul style="list-style-type: none"> ● Invested ¥5.7 billion in security and safety ● Data Center awarded the ISO Excellence Award ● NRI SecureTechnologies, Ltd. received the Japan Managed Security Service Provider of the Year award for three consecutive years ● No information system failures that have serious financial or societal impact 	<ul style="list-style-type: none"> ● ROE: 20.3% ● EBITDA margin: 22.2% ● Dividend ratio: 27.9% ● Net Debt-to-Equity ratio: 0.02 times ● S&P Global Rating: A (Maintained since September 2018) 	<ul style="list-style-type: none"> ● Greenhouse gas emissions: Down 43.8% (compared to FY March 2014) ● Environmental management system (EMS) coverage ratio: 93.7% ● Reduction of client CO₂ emissions through shared online services: 83,299 t ● Selection by CDP to be on the "Climate Change A List" based on NRI's innovative efforts related to climate change ● Placement on the "Leaderboard" of CDP's "Supplier Engagement Rating" based on NRI's efforts regarding climate change in the supply chain

Utilization of Capital

Proposals regarding Coronavirus Infection (COVID-19) Measures

On March 24, 2020, NRI began posting emergency proposals related to measures against COVID-19 on the NRI website.

At NRI, diverse professionals with high-level expertise are constantly analyzing changes in the environment, and conducting activities to predict future changes and provide social recommendations, thereby building up intellectual property in a variety of areas. In addition, NRI has co-created social value with its clients by proposing solutions to corporate management issues and social issues that will arise in the future, and providing support for their achievement.

The recent spread of COVID-19 is anticipated to be an environmental change that could significantly change the future society due to the speed and size of its impact. Accordingly, the NRI Group has enlisted all of its strength to provide emergency proposals. We are publishing press releases in a wide range of areas, including macro, public (policy), consumers, management, industry, and global.

Examples of emergency proposals from various perspectives

Proposals regarding Coronavirus Infection (COVID-19) measures
<https://www.nri.com/en/keyword/proposal>

Macro	Public (policy)
<ul style="list-style-type: none"> • Macro positioning of the economic shock of COVID-19 • Moving forward with "digital social capital" that considers the "new normal" • Prediction of the impact of COVID-19 on industry, using the Bayesian structure time series model 	<ul style="list-style-type: none"> • Expectations for cash payments using a My Number card • The necessity to address the maintenance of employment along with the continued existence of companies in anticipation of the impact becoming long-term • Rebuilding of a sustainable socio-economic system through risk management in which there is public-private / internal-external partnership • Medical cybersecurity in conjunction with the spread of COVID-19
Consumers	Management
<ul style="list-style-type: none"> • The possibility of "learning-style reform" and "work-style / lifestyle reform" from the perspective of changes in people's behavior and awareness accompanying the spread of COVID-19 • The impact of the spread of COVID-19 on the behavior of Japanese consumers • Sharp progress in the utilization of digital in daily life due to the spread of COVID-19 	<ul style="list-style-type: none"> • Utilization of office IT in preparation for BCP Ready • Measures that should be implemented by the CIO in the midst of COVID-19 • The required post-corona offensive stance learned from past experiences with economic crisis
Industry	Global
<ul style="list-style-type: none"> • Increase of cashless payment: What each person should do to prevent the spread of infection and promote economic recovery • Status of response and issues related to the supply chain of companies affected by COVID-19 • Utilization of the new normal of consumer behavior, namely, "nest-dweller consumption," "distraction consumption," and "no-contact," as an opportunity for reform by retailers 	<ul style="list-style-type: none"> • The UK's challenges with the "new normal" • The digital reform of Chinese companies to change the crisis into an opportunity • The COVID-19 crisis and Thailand's automotive industry that must go through a conversion: Reorganization of the production / supply structure and development of new business • The post-corona Chinese online treatment market

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

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

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

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

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

The possibility of business opportunities due to a paradigm shift

Client needs directed to NRI

Business continuity

- Make operations fully digital and bolstering customers' intranet infrastructure in preparation for full telecommuting
- Launch non-contact services such as unmanned registers on sales floors
- Fully rebuild global supply chains (drive further decentralization, or, conversely, bring supply chains back to Japan)



Digital transformation of business models (DX)

- Bolster e-commerce business (consolidating inventory, more sophisticated call centers, optimal deliveries, etc.)
- Shift to the As a Service model (subscription-based, etc.)
- Strengthen non-face-to-face channels at financial institutions (new services in the front office domain, etc.)



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

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

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

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



Install thermal cameras at entry / exit gates. Check the temperature of visitors.



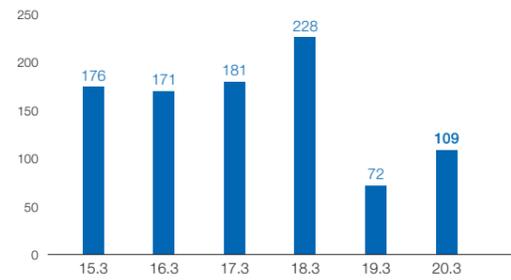
AI cameras in meeting rooms and identification of mask wearing.

See the news release listed below for details.
https://www.nri.com/jp/news/newsrelease/1st/2020/cc/0611_1

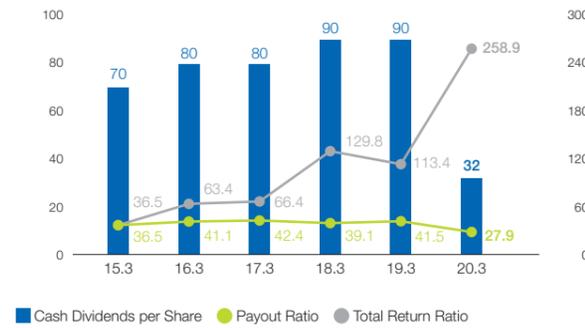
Financial Highlights

Shareholder Value / Returns to Shareholders

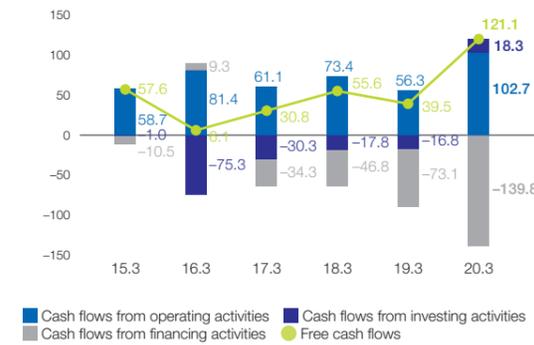
Earnings per Share (EPS)**^{2,3}
(yen)



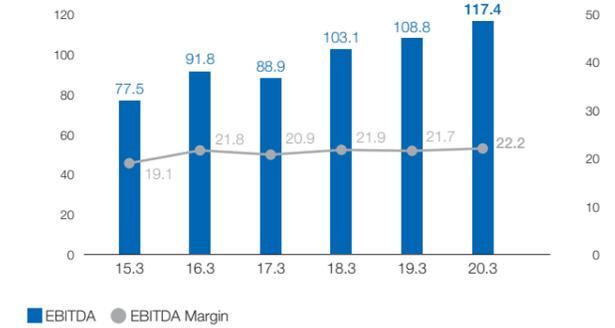
Cash Dividends per Share (DPS)³ / Dividend Payout Ratio⁴ / Total Return Ratio
(yen/%)



Cash Flows (CF)
(billions of yen)

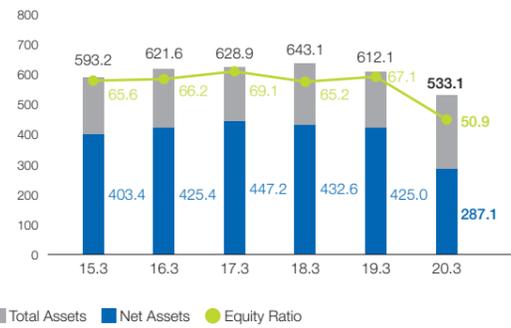


EBITDA*¹ / EBITDA Margin
(billions of yen / %)

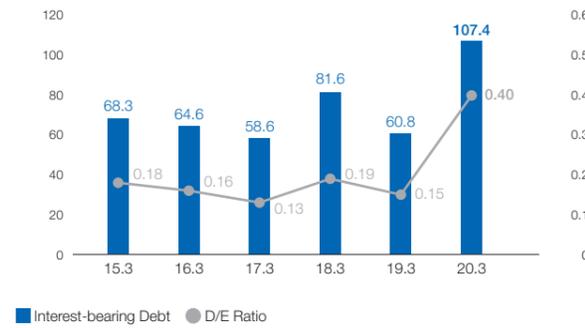


Financial Condition

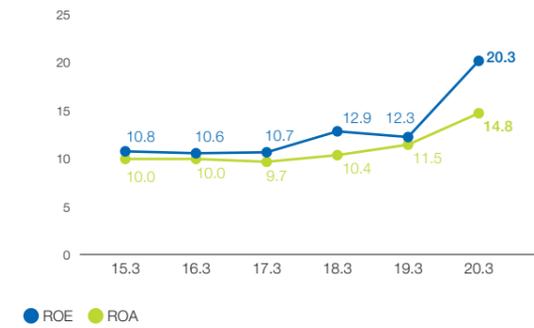
Total Assets / Net Assets / Equity Ratio
(billions of yen / %)



Interest-bearing Debt / D/E Ratio
(billions of yen / times)

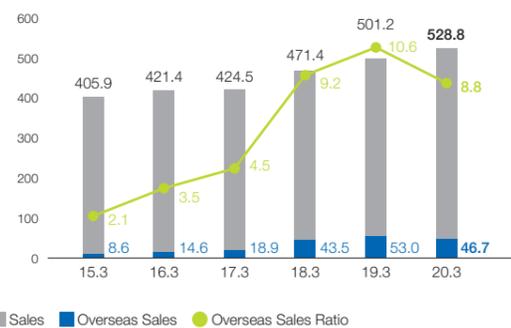


ROE / ROA*²
(%)



Financial Results and Cash Flow Situation

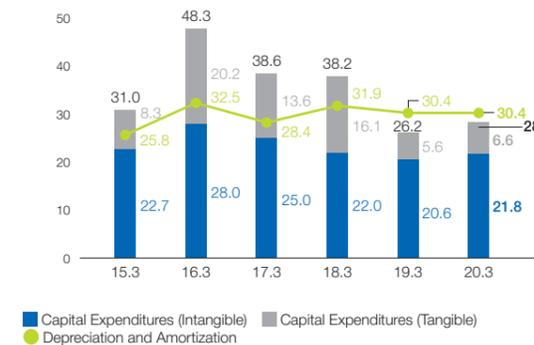
Sales / Overseas Sales*⁵ / Overseas Sales Ratio
(billions of yen / %)



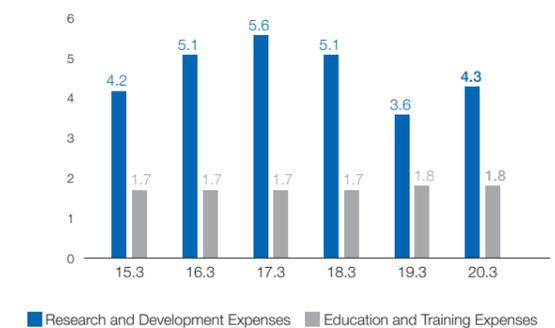
Operating Profit / Operating Profit Margin
(billions of yen / %)



Capital Expenditures / Depreciation and Amortization
(billions of yen)



Research and Development Expenses / Education and Training Expenses
(billions of yen)



*1 Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
 *2 NRI implemented 1:1.1 common stock splits on October 1, 2015, and January 1, 2017. Earnings per share (EPS) is calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2015, and the fiscal year ended March 2016.
 *3 NRI implemented a 1:3 common stock split on July 1, 2019. Earnings per share (EPS) is calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2019. Dividend per share for the fiscal year ended March 2019 is based on the number of shares prior to the stock split.
 *4 The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by net income.
 *5 The method for calculating overseas sales has been changed since the fiscal year ended March 2017.

*1 EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.
 *2 ROE was calculated as Profit attributable to owners of parent / Beginning and ending balance average net assets.
 *3 ROA was calculated as Ordinary profit / Beginning and ending balance average total assets.

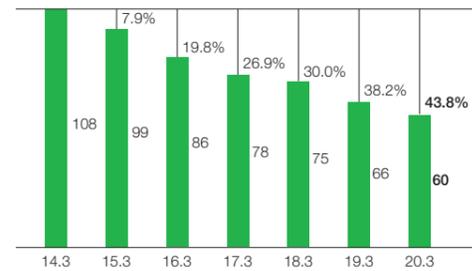
Non-Financial Highlights

See P.98-99 for more details

E: Environment-related Data

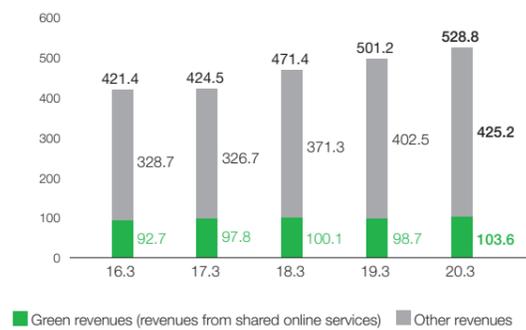
Greenhouse Gas Emissions (NRI Group data)
(1,000t-CO₂)

The NRI Group reduced its greenhouse gas emissions significantly by migrating to new, environmental friendly data centers and other means.
 • FY March 2020: Reduced greenhouse gas emissions by 43.8% compared to FY March 2014.

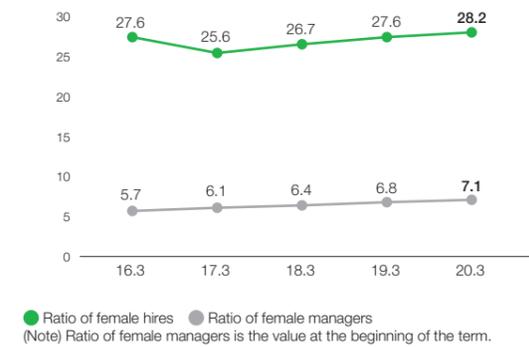


Green Revenues (Revenues from Shared Online Services)
(NRI Group data)
(billions of yen)

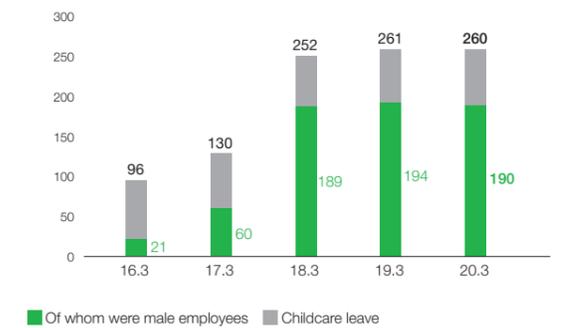
Amid concerns over rising power usage by the IT services industry as a whole, NRI has formulated a business plan intended to reduce power usage by the IT activities of the entire value chain, including client companies. Specifically, growing NRI's shared online service revenues will likely serve to curb the carbon dioxide emissions of society as a whole.
 Data indicates that using NRI's shared online service can allow our clients to cut their CO₂ emissions by around 70%, compared to if they build and operate their own systems independently.



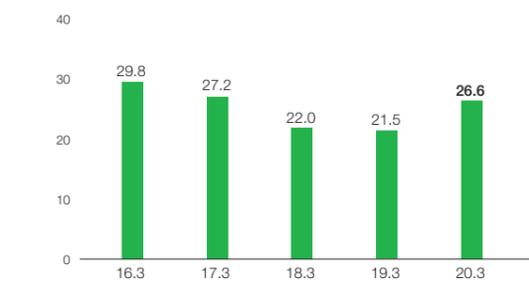
Ratio of Female Hires and Ratio of Female Managers
(Non-consolidated data)
(%)



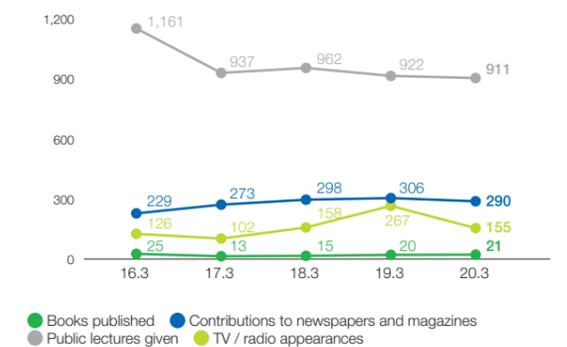
Childcare Leave / Nursing Leave (Non-consolidated data)
(persons)



Monthly Average Overtime Hours per Employee
(Non-consolidated data)
(hours)

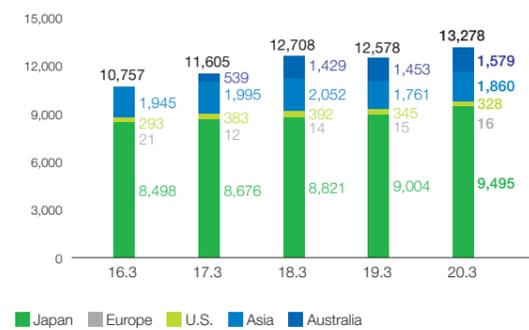


Information Communication / Recommendation Projects
(Non-consolidated data)
(Copies / times)

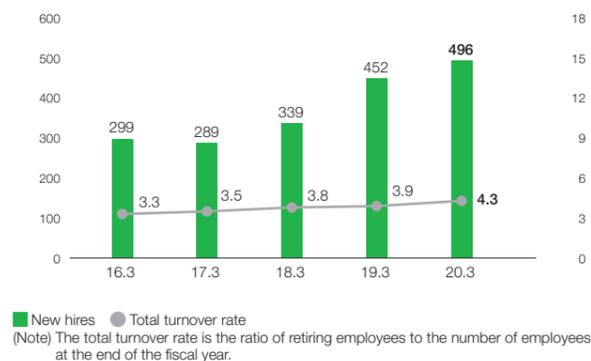


S: Social-related Data

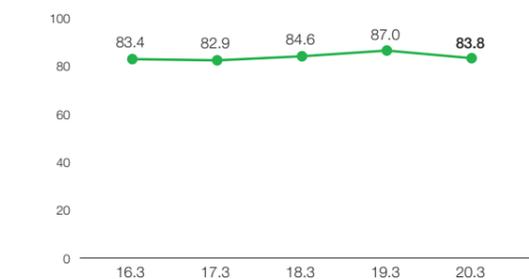
Number of Employees (NRI Group data)
(persons)



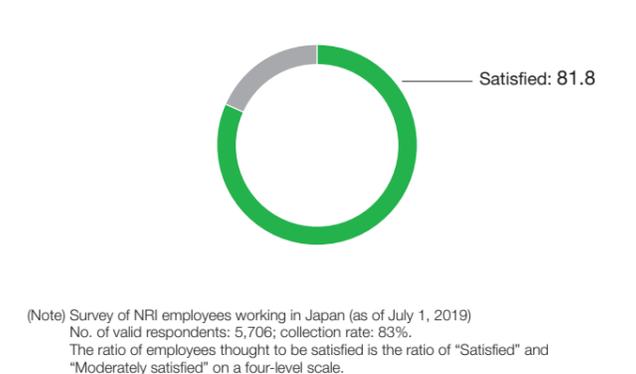
Number of Hires / Turnover Rate (Non-consolidated data)
(persons / %)



Client Satisfaction (Non-consolidated data)
(%)



Employee Satisfaction (Non-consolidated data)
(%)



(Note) Number of questionnaire response by project unit that NRI received an order for. Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale)

Vision2022 and NRI Sustainability Management Policy

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

The "Dream Up the Future" Corporate Philosophy and CSV

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

NRI Sustainability Management

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

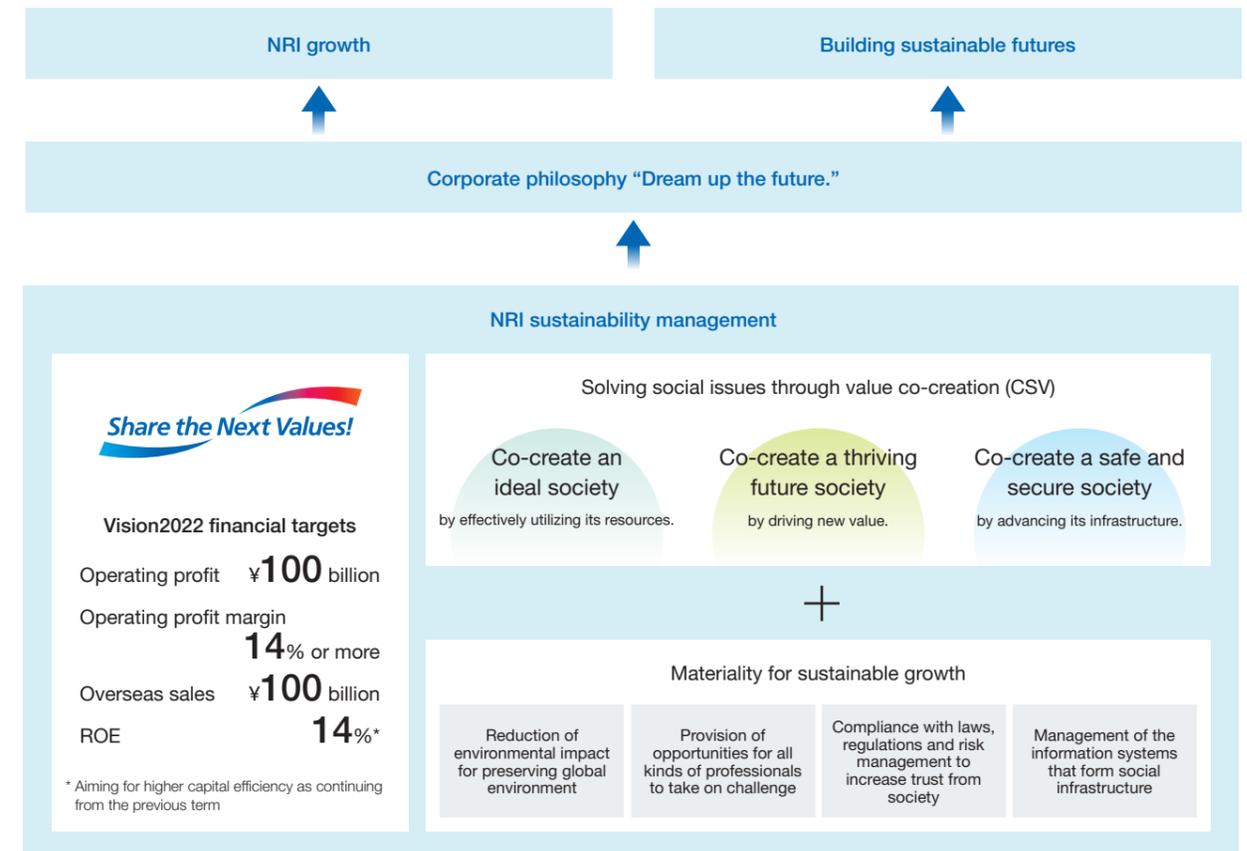
Further, under V2022, in addition to the key issues for sustainable growth, which are financial targets and non-financial targets linked to growth strategy, we are advocating "solving social issues through value co-creation" that clearly indicates efforts toward CSV. Among them, social value created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

Long-Term Management Vision "Vision2022" Vision Statement



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

NRI Sustainability Management Policy



Solving Social Issues through Value Co-creation

NRI's 3 Social Values		Key NRI Initiatives
Co-create a thriving future society by driving new value.	Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.	<ul style="list-style-type: none"> ● Business Model Transformation <ul style="list-style-type: none"> • DX consulting & analytics • D2C, DX for financial services • Cross-sector cooperation, new market entry support ● Policy proposals for society & systems, information & knowledge sharing to promote global discussion & action in all sectors
Co-create an ideal society by effectively utilizing its resources.	Strive to build a more livable society for all people by efficiently utilizing society's main resources of manpower, goods, capital and intellectual property to develop dynamic, strong industry.	<ul style="list-style-type: none"> ● Business Process Transformation <ul style="list-style-type: none"> • Strategy / Operations / System Consulting ● Resource Optimization with ASP <ul style="list-style-type: none"> • "STAR", "BESTWAY" and other proprietary business platform solutions
Co-create a safe and secure society by advancing its infrastructure.	Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.	<ul style="list-style-type: none"> ● IT Infrastructure Transformation <ul style="list-style-type: none"> • Cybersecurity business • Cloud & Data Center managed services ● Stable Service Operation ● Disaster Prevention & Reduction Policy & Disaster Recovery Support

Vision2022 and Medium-Term Management Plan Overview and Progress Status

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

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

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

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

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

5 Pillars of Vision2022 Growth Strategy

- 1 Dramatic expansion of **globalization**
(From Asia to the world)
- 2 Enhancement of **IP Portfolio**
(Industry knowledge, shared online service)
- 3 Promotion of **business value creation**
(Business IT*1 and Con-Solution)
- 4 Further pursuit of **innovation in production**
(Improve productivity in specialty areas in Japan)
- 5 Cooperation and collaboration of **diverse talents**
(Business creation and global management)

Vision2022 Numerical Targets

Operating profit	¥100 billion
Operating profit margin	14% or more
Sales from global business	¥100 billion
ROE	14%*2

*1 IT directly contributes to the expansion of clients' businesses
*2 Aiming for higher capital efficiency as continuing from the previous term

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

Main strategies	
DX	Use technology to transform customer business models and processes <ul style="list-style-type: none"> Offer comprehensive support through DX from front-office to core systems to develop large-scale customers
	Evolve business platforms (BPFs) in finance <ul style="list-style-type: none"> Additional expansion of BPFs that cater to IT structure reform and new entry
	Modernize legacy systems by using cloud <ul style="list-style-type: none"> Comprehensive support from diversifying system platforms to application development
Global	Achieve more global business growth, seeking sales of ¥100 billion <ul style="list-style-type: none"> Expand business base, centered on external growth in Australia and North America
Human resources	Strategic recruiting, talent development and collaboration with partners to bolster NRI's competitiveness <ul style="list-style-type: none"> Increase mid-career recruiting, offer diverse work styles, etc.

The Three Growth Strategies and Progress Status of the Medium-Term Management Plan

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

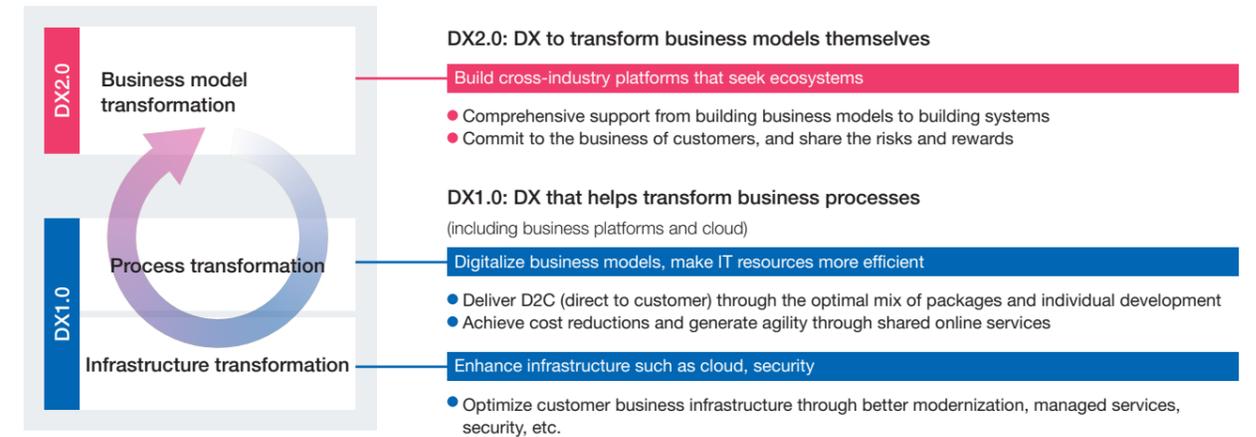
1. DX Strategy

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

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

In the field of "DX2.0", we establish joint ventures with clients and companies that have advanced technologies and promote the creation of new businesses utilizing digital technologies via collaboration. In September 2019, NRI established BOOSTRY, a joint venture with Nomura Holdings, Inc., and has started business to develop transaction platforms for securities, etc., using blockchain technology.

Business Expansion in DX Strategy



Business Platform Strategy

We will aim to expand the clients and services by providing new services such as those for handling back-office work, while expanding the users of shared online services such as "THE STAR," a back-office solution for retail brokerage firms. (See P.31.) In addition, NRI aims to provide new business platforms to our clients who are entering the financial services sector from other industries. In FY March 2020, shared online services expanded significantly, including the decision by Mizuho Securities Co., Ltd., a major securities company, to adopt "THE STAR."

Cloud Strategy

Demand for overall system optimization is increasing due to diversification and sophistication of customer system platforms, such as on-premise usage and utilization of multiple cloud platforms. In order to meet this demand, NRI provides multi-cloud services that enable the centralized management of multiple cloud platforms and managed services that comprehensively assist and optimize entire systems in lieu of customer IT departments. In March 2020, NRI announced that, as part of strengthening this service, it would be the first company in the world to adopt Oracle Corporation's "Oracle Cloud" dedicated region, and use it as NRI's exclusive public cloud.

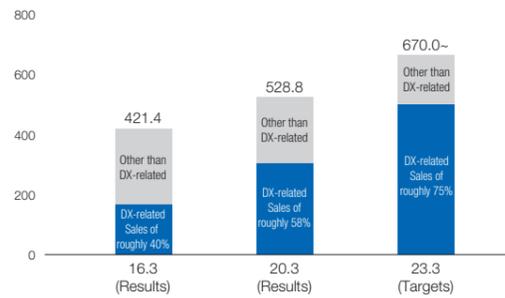
DX-related Sales

In order to communicate the degree of achievement of the DX strategy described previously, NRI started detailed disclosure of the ratio of net sales consisting of DX-related sales, beginning in FY

March 2020. The ratio was approximately 58% as of the end of March 2020, and we have set a goal of expanding it to approximately 75% by the end of March 2023.

Numerical Targets for DX-related Sales

(billions of yen)



Category	Business Activities
Other than DX-related	<ul style="list-style-type: none"> Conventional consulting other than DX On-premises + scratch system development BPO services, etc.
DX-related	<ul style="list-style-type: none"> Business platforms such as THE STAR, BESTWAY, T-STAR, etc. DX consulting & analytics, D2C assistance, CRM, digital marketing Improved work efficiency via RPA, AI, and SCM transformation Cloud, security, managed services, etc.

2. Global Strategy

In order to achieve our target of ¥100 billion in overseas sales as indicated in V2022 and our Medium-Term Management Plan (2019-2022), we are executing growth strategies for the three regions of Australia, North America, and Asia / Europe, and moving forward with the expansion of our global business base with external growth via M&A, etc. In April 2020, NRI announced that it had begun procedures** to acquire stock in AUSIEX Ltd., a member of the CBA Group*. In addition to aiming for participation in back-office operations services in Australia's wealth management market, which is expected to grow, NRI will take large strides in establishing an infrastructure for expansion of business into the financial sector in the future.

Though sluggishness in Australia's macro environment and intensification of competition in the North American IT industry, along with the impact of the spread of COVID-19, have increased the severity of the environment surrounding the immediate overseas business, we will continue to move forward with the expansion of our global business base with appropriately controlling business risks.

*1: Stock acquisition to be executed by the end of June 2021 (tentative), pending the fulfillment of all terms specified in the SPA (stock purchase agreement)
 *2: Commonwealth Bank of Australia Limited: One of the four largest banks in Australia, and listed on the Australian stock exchange

Global Strategy

Australia

- Seek to be a top-10 Australian IT services company by around FY March 2021
- Achieve additional external growth in fields where synergies can be anticipated

North America

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

Asia, Europe

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

Functions of Global Headquarters

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

Efforts to build a business base in Australia

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

Overview of AUSIEX

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

* AUD \$1 = ¥66.21

3. Human Resources Strategy

Because there is an urgent need to secure human resources that can solidly move forward in DX strategy, global business, and other growth areas, NRI is strengthening new graduate and mid-career hiring, and developing employees. Hiring activities are proceeding smoothly, and we are securing both new graduate and mid-career hires according to plan. Further, we have enhanced training programs for human resources who want to acquire skills needed for DX projects or convert their skills.

In addition, we are fostering an organizational culture that makes it possible for employees to play an active role and take on challenges, promoting diversity, and moving forward with NRI-like work-style reform. Furthermore, we have collaborated with, and strengthened our relationships with, business partners that have expertise and are well-versed in digital technologies.

Human Resources Strategies

Bolster hiring	<ul style="list-style-type: none"> • Increase of 1,000 employees or more (non-consolidated) over four years • Bolster new graduate hiring: Bolster promotions, etc. • Bolster mid-career hiring: Further improve systems of working conditions for the hiring of more specialists, etc. 								
	<table border="1"> <thead> <tr> <th></th> <th>FY Mar. 2019</th> <th>FY Mar. 2023 (Plan)*</th> </tr> </thead> <tbody> <tr> <td>New graduate hires</td> <td>About 300 persons</td> <td>Stable expansion</td> </tr> <tr> <td>Mid-career hires</td> <td>About 100 persons</td> <td>Double</td> </tr> </tbody> </table> <p>* Non-consolidated</p>		FY Mar. 2019	FY Mar. 2023 (Plan)*	New graduate hires	About 300 persons	Stable expansion	Mid-career hires	About 100 persons
	FY Mar. 2019	FY Mar. 2023 (Plan)*							
New graduate hires	About 300 persons	Stable expansion							
Mid-career hires	About 100 persons	Double							
Promote employee skills transfer and development	<ul style="list-style-type: none"> • Strategically develop business designers, data scientists, and other such personnel • Skills transfer and development for application / platform personnel to support DX strategy 								
Promote employee success	<ul style="list-style-type: none"> • Promote diverse work styles (diversity, participation and advancement of women and senior personnel, etc.) 								
More development partners	<ul style="list-style-type: none"> • Get more development partners which have technologies and expertise in areas such as DX 								

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

As a result of solid implementation of the aforementioned Three Growth Strategies, net sales for FY March 2020 reached ¥528.8 billion (up 5.5% year on year), operating profit reached ¥83.1 billion (up 16.4% year on year), and profit attributable to owners of parent was ¥69.2 billion (up 36.0% year on year), with each hitting the highest level ever.

Since the spread of COVID-19 began, there have been lively debates regarding the digitalization of economic activities, and it is believed that the digital strategy of companies will accelerate sharply in the future. The NRI Group is working to stay ahead of social changes, discern the ideal nature of future society, and achieve that goal.

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

Medium-Term Management Plan (2019-2022) Financial Targets

(billions of yen)



	FY Mar. 2020 (Results)	FY Mar. 2023.3 (Targets)
EBITDA margin	22.2%	20% or more
ROE	20.3%	14%*

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

CFO Message

Balancing high capital efficiency with financial discipline, while seeking to further boost our corporate value

Kenji Yokoyama

Senior Corporate Managing Director
Head of Finance



High Capital Efficiency and Greater Shareholder Returns

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

In August 2019, NRI conducted a share buyback of roughly ¥160 billion in treasury stock from main shareholder Nomura Holdings, Inc. Along with steady profit growth, this initiative helped push NRI's ROE above 20% in FY March 2020. This is already well above our target of 14% for the final year of Vision2022 in FY March 2023. Our ROE is already at a sufficiently high level compared to industry peers in Europe and the United States, but going forward we will seek high capital efficiency with global standards in mind, aiming to consistently keep ROE around 18% to 20%. With earnings per share up significantly to ¥109.35 from ¥72.11 the previous fiscal year, we believe we have significantly enhanced shareholder value.

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

Balance Sheet Management during the COVID-19 Pandemic

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

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

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

Financial Management with Consciousness of Global Standards

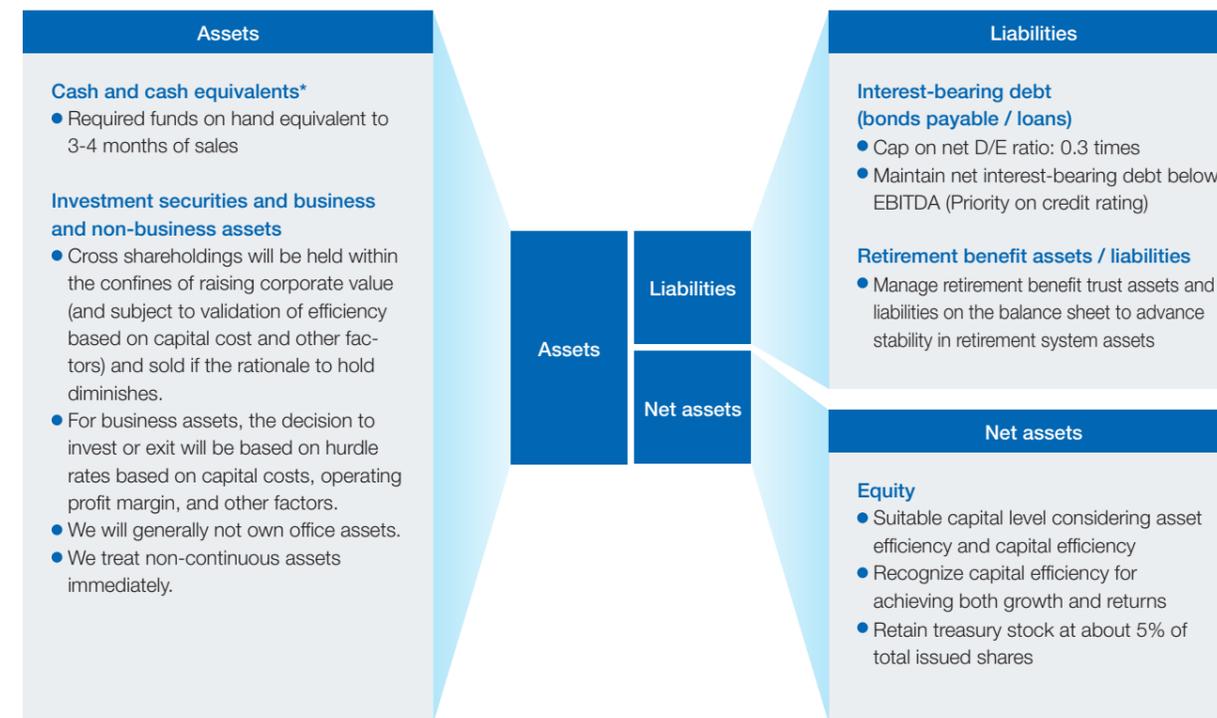
We are pursuing a variety of initiatives in financial management with consciousness of global standards. For example, regarding how our outlook on growth, as emphasizing stable ability to generate cash in addition to expanding sales, we have published a target of 20% EBITDA margin in our Medium-Term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

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

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

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

Financial Management Policy



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

Message from the Head of Corporate Headquarters

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

Yasuo Fukami

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



The Importance of Value Co-creation Reaffirmed in the COVID-19 Pandemic

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

Since NRI was founded, our executives and employees have shared the DNA of NRI's unique way of thinking to help create social value through the Company's business in consulting and IT solutions. We have defined the NRI Group's 3 Social Values for what type of social value to co-create with clients, and we conduct our business accordingly. In the COVID-19 pandemic, I want us to work diligently toward NRI becoming a company that society truly cannot live without, while reaffirming the importance of the value co-creation activities that are our duty to perform.

Bolstering Efforts for Value Co-creation

To take our value co-creation efforts to the next level, we are implementing value co-creation measures aligned with our company-wide strategy and are defining key performance indexes (KPIs) to measure their progress. The status of value

co-creation efforts is reported in both quantitative and qualitative measurements to the Board of Directors on a quarterly basis and monitored regularly throughout the Company. We also evaluate the value co-creation efforts of executives and employees at the division level, and add to their bonuses based on the results. Taking it a step further, we instill co-creation efforts internally by appointing "Value Co-creation Leaders" to oversee the prevalence and practice of co-creation efforts on-site, while promoting internal dialogue pertaining to these efforts. We believe that this on-site dialog spreads employee buy-in for our value co-creation activities and helps further expand their practical application in our business.

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

Exploring the Optimal Work Styles

The COVID-19 pandemic foreshadowed a major change in work styles as many different companies implemented telecommuting. As NRI employees have been able to telecommute for some time, many employees ended up using this system for a large number of hours as a result of the COVID-19 pandemic.

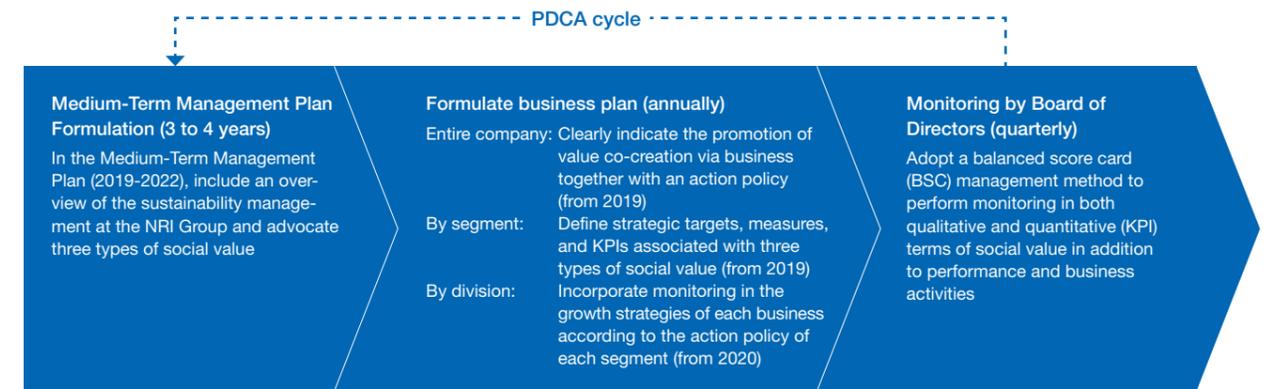
For employees, the natural benefit of telecommuting is better work-life balance. This is something that we absolutely must pursue. On the other hand, telecommuting has also presented some challenges. In some cases, the quality of communication with clients, supervisors, and colleagues has suffered. Restrictions in the environments of clients' systems have also required us to be physically present at work in other cases. Depending on the nature of the work to be performed and the position of the employees involved, the challenges are various. Going forward, we will be implementing NRI's own brand of work-style reforms that establish the optimal combinations of telecommuting with conventional work styles.

NRI Sustainability Policy

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

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

Monitoring the Status of Efforts for Co-creation



Co-creation Efforts and Key Performance Indexes (KPIs)

"—" means undisclosed

Social value	Medium- to long-term measures	Key indexes	Results in FY March 2020
Co-create a thriving future society by driving new value.	Provide social recommendations and system proposals	Number of appearances in major media publications*1	122
	Promote DX	DX-related sales	308 billion yen
	Create new business models	Overall scale of DX2.0 business	—
Co-create an ideal society by effectively utilizing its resources.	Contribute to reforms for the greater good	Number of business partnerships (joint ventures, local government agencies supported, etc.)	4
	Expand services in business platforms	Size of orders received for operational reform consulting	—
	Generate environmental benefits for clients through business platforms	Business platform sales	103.6 billion yen
Co-create a safe and secure society by advancing its infrastructure.	Help build IT infrastructure to create an ideal society	Client CO ₂ emission reductions through shared online services*2	83,299 tons
	Help upgrade the social infrastructure	Scale of cloud and data center services business	—
	Contribute to information security	Scale of business for the public sector	—
(Overall)	Contribute to information security	Amount invested in security, safety, and peace of mind	5.7 billion yen
	Maintain the quality of systems in operation	Number of systems failures	—
(Overall)	Facilitate long-term CSV activities	Amount of contributions to the NRI Dream Up the Future Fund	(Launches in FY March 2021)*3

*1 Articles that contain photos of or at least two paragraphs about NRI

*2 CO₂ emissions reduction: Difference between the estimated amount of CO₂ emissions if the client were not to use the business platform and their actual emissions (assuming use of the platform)

*3 Amount of contribution in the first year (FY March 2021) is predicted to be 830 million yen

Results of Main Sustainability Activities

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

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

Initiatives for Materiality for Sustainable Growth

Materiality for sustainable growth	Main policies / Related SDGs / KPIs (Results from FY Mar. 2020)	Examples of main sustainability activities	Page No.
Reduction of environmental impact for preserving global environment	<ul style="list-style-type: none"> Response on climate change Sustainable energy consumption Responsibility and conservation to the environment Environment-conscious supply chain  <p>Reduction of greenhouse gas emissions (43.8%, compared to FY March 2014)</p>	<ul style="list-style-type: none"> Set a New Environmental Target (reduce greenhouse gas emissions by 55% by FY March 2031 (compared to FY March 2014)) 	P.68
		<ul style="list-style-type: none"> Implemented and expanded the scope of NRI-EMS, a unique environmental management system for offices at NRI 	P.69
		<ul style="list-style-type: none"> Relocated to office buildings with superior environmental performance; used renewable energy 	P.68
		<ul style="list-style-type: none"> Acquired SBT Initiative certification for greenhouse gas reduction targets formulated by NRI 	P.68
		<ul style="list-style-type: none"> Joined RE100, an initiative by corporations seeking to transition to 100% renewable energy for power used in business activities 	P.68
		<ul style="list-style-type: none"> Initiatives pertaining to Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 	P.70
		<ul style="list-style-type: none"> Selected for the CDP's highest rating, the Climate Change 'A List' Providing ESG training for employees 	P.69
Provision of opportunities for all kinds of professionals to take on challenge	<ul style="list-style-type: none"> Human resource diversity Healthy employment and labor-management relationship Respect on human rights  <p>Ratio of female managers (7.1%) Ratio of female hires (28.2%)</p>	<ul style="list-style-type: none"> Human resources development initiatives including DX human resources development programs 	P.54
		<ul style="list-style-type: none"> Formulating the NRI Group Human Rights Policy and NRI Group AI Ethics Guidelines, Publishing the NRI Group Human Rights Report 	P.58
		<ul style="list-style-type: none"> Expanded actions to support the balance of work and child-rearing by male employees 	P.58
		<ul style="list-style-type: none"> In June 2017, opened the in-office nursery Yumeminato Hoikuen 	P.58
		<ul style="list-style-type: none"> Based on the "Act on Employment Promotion, etc. of Persons with Disabilities," promoted the hiring of persons with disabilities by our special subsidiary NRI Mirai 	P.58
		<ul style="list-style-type: none"> Developed a new office environment which promotes work-style reform and internal/external interactions 	P.59
Compliance with laws, regulations and risk management to increase trust from society	<ul style="list-style-type: none"> Enhancement of corporate governance Risk management Action against corrupt practices abroad Appropriate information disclosure to the customers 	<ul style="list-style-type: none"> Established the Nomination Committee, which is mainly composed of independent directors 	P.72
		<ul style="list-style-type: none"> Changed the main members composing the Compensation Committee from external experts to independent Members of the Board 	P.72
		<ul style="list-style-type: none"> Implemented the restricted stock compensation plan as a medium- to long-term incentive compensation plan for Members of the Board 	P.76
		<ul style="list-style-type: none"> Held the Sustainability Dialogue in order to discuss CSR with business partners 	P.62
		<ul style="list-style-type: none"> Held the ESG briefing 	P.63
		<ul style="list-style-type: none"> Evaluating efforts for value co-creation at the division level, and adding it to their bonuses 	P.77
		<ul style="list-style-type: none"> Established the Global Headquarters for global governance 	P.81
Management of the information systems that form social infrastructure	<ul style="list-style-type: none"> Management of information security and system Access to information society  <p>Information systems failures that have serious financial or societal impact (no occurrences)</p>	<ul style="list-style-type: none"> Enhanced project monitoring functions and held other activities to improve the quality of information systems 	P.64
		<ul style="list-style-type: none"> Held the DX Production Innovation Forum and took other activities to improve company-wide quality and productivity 	P.65
		<ul style="list-style-type: none"> Held the Safety and Security Forum and acquired certification / guarantees from third-party organizations 	P.65
		<ul style="list-style-type: none"> Increased the level of information security measures both inside and outside Japan 	P.66
		<ul style="list-style-type: none"> Increased the sophistication of our Computer Security Incident Response Team (CSIRT) in order to respond to cyber attacks 	P.67



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

Participation in Initiatives



May 2017
United Nations Global Compact (UNGC)
NRI is active both in Japan and on a global scale. To continue to gain trust from society and meet expectations, NRI endorsed the United Nations Global Compact (UNGC) and announced its participation in May 2017.

June 2018
Japan Climate Initiative



July 2018
Task Force on Climate-related Financial Disclosures



September 2018
Science Based Targets initiative



January 2019
World Business Council for Sustainable Development (WBCSD)



February 2019
Renewable Energy 100%



May 2020
Business Ambition for 1.5°C



Status of Inclusion at Equities in ESG Stock Indices

NRI is included in the equities used for the main ESG stock indexes.

Dow Jones Sustainability World Index
Included for two consecutive years from 2018

Dow Jones Sustainability Asia Pacific Index
Included for four consecutive years from 2016



MSCI ESG Leaders Indexes*
Name of indexes changed from MSCI Global Sustainability Indexes
Included for four consecutive years from 2016



FTSE4Good Index Series
Included for fourteen consecutive years from 2006



NRI is included in all four ESG stock indices selected by the GPIF.

MSCI Japan ESG Select Leaders Index*



MSCI Japan Empowering Women Index*



FTSE Blossom Japan Index



S&P /JPX Carbon Efficient Index



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Development of DX Human Resources

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

DX Human Resources Development Program

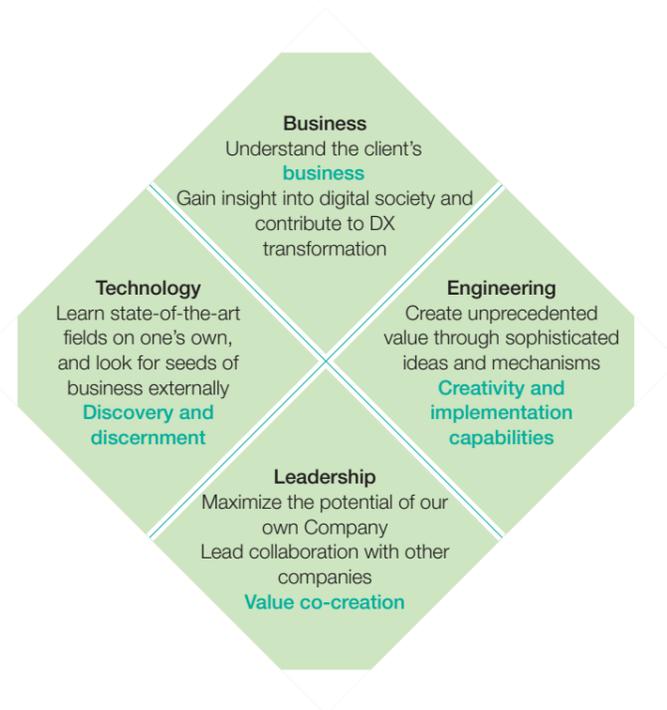
With the aim of strengthening capabilities – such as those in artificial intelligence (AI), analytics, blockchain, UX design, agile software development, and microservice architecture – that are required in the DX age, NRI offers training for the acquisition of DX skills. The training is available across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

Furthermore, proactive collaboration is carried out with research bodies (graduate schools, etc.) in Japan and abroad, external organizations, such as data scientist (DS) associations, and companies. A multitude of academic knowledge and progressive cases are incorporated to establish places of learning of a higher level as well as support employees in their development of human networks and stages for achieving success. Going forward, curriculums will be planned and designed around creating opportunities for learning, opportunities for development, opportunities for becoming connected, and opportunities for playing an active role. They will be adapted to providing chances for acquiring high skills of greater efficiency (Figure 2).

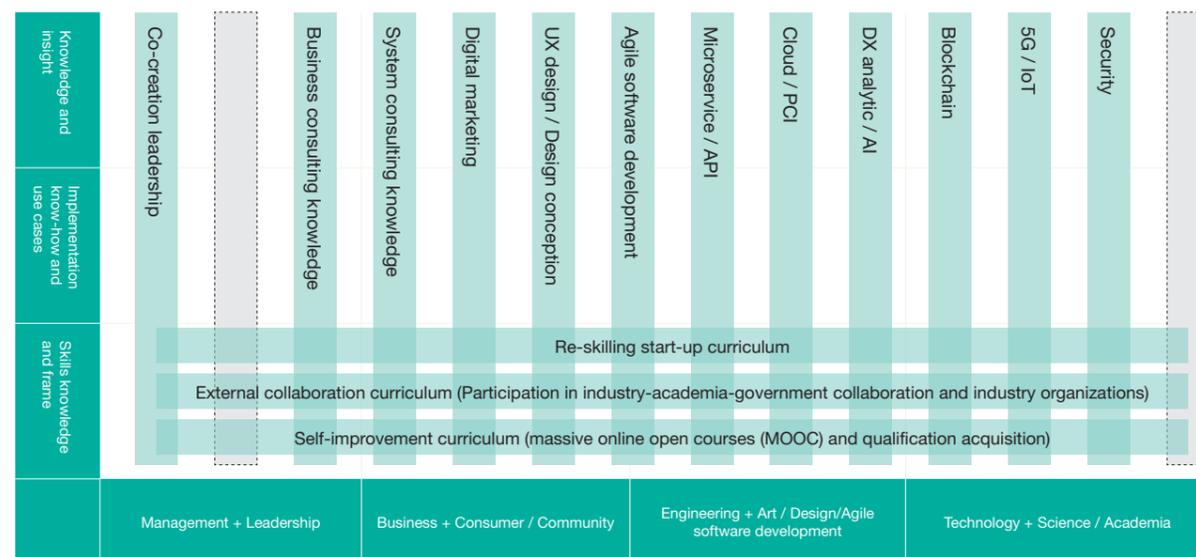
We are focusing on cultivating data scientists, such as by establishing "data scientist" as a career field in 2012, and institutionalizing "certified data scientist" in 2017.

Ranks have been established in accordance with skill levels for each capability to develop the human resources required for execution of the DX Strategy. Programs are planned and operated after establishing numerical targets in regard to the number of people to be cultivated.

DX Human Resources Development Policy (Aimed-for Ideal)
Each employee will add on the following essences for surviving the DX age while leveraging the skills they have already nurtured through their careers, and they will aim to become human resources who will lead the DX age.



DX Human Resources Development Program (Figure 1)



The Four Places of Learning (Figure 2)

1	Opportunities for learning	Each individual obtains opportunities to learn for making challenges into new fields	2	Opportunities for development	Individuals learn while contributing to the development of the next generation as an expert
<ul style="list-style-type: none"> Training to share advanced knowledge distinctive of NRI and learn original insight, in addition to simple skills and case studies Establishment of courses in which each individual can learn in accordance with their personal circumstances at their own pace as well as courses in which persons at any level, whether a beginner or veteran, can learn the basics Self-improvement through Coursera*, university lectures, qualification acquisition, etc. <small>* Coursera: Providing e-learning courses through partnerships with roughly 200 universities and companies throughout the world</small>			<ul style="list-style-type: none"> Plan internal training and development measures at DX Expert Panel meetings, and lead measures that promote the advanced integration of on-the-job and off-the-job training Opportunities to develop the next generation by serving as lecturers of internal and external training sessions, and as university professors in industry-academia partnerships, taking the podium at events, and providing guidance to interns Lead opportunities to teach others to even deeper learning through systematization and introspection 		
3	Opportunities for becoming connected	The enhancement of individual strengths by forming internal networks	4	Opportunities for playing an active role	Increase NRI's presence while also linking it to self-growth
<ul style="list-style-type: none"> Participate in DX Expert Panel meetings and, based on human resources information and project information, lead measures for interaction between internal advanced human resources, sharing of insights and the reinforcement of organizational strengths Reinforce the functions of internal DX-related CoE* organizations, strengthen collaboration between consulting and solutions, invigorate job assignment through the discovery of candidates for advanced human resources, and promote the spread and popularization of advanced knowledge <small>* CoE (Center of Excellence) Organization: An cross-departmental organization within a company that brings together scattered people and knowledge</small> <ul style="list-style-type: none"> Promote the integration of internal resources and information through these measures, and strengthen the display of capabilities by individuals 			<ul style="list-style-type: none"> Make strategic assignment of human resources for information communication, such as through external lectures and newspaper and web-based articles, and to external collaborations, such as by dispatching individuals to industry organizations or having persons serve as executive board members of such organizations Trigger self growth through opportunities to strengthen NRI's branding 		

Holding DX Seminars

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



President Konomoto giving a lecture



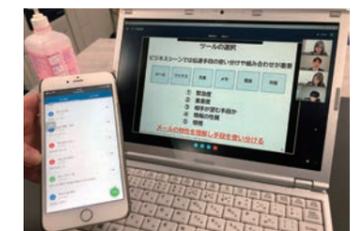
The venue where trainees were located

Training New Employees Online

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



Directors streamed their lectures



Computer screen and question app for the training

Diversity Management

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

Efforts for Respecting Human Rights

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

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

Promoting Diversity and Inclusion

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

To promote women's participation and advancement in the workplace, we are continuously engaged in activities for the NRI Women's Network (NWN) project under the direct supervision of our president which began in 2008. Now that it is commonplace for female employees to continue working even after marriage or childbirth, NRI is prioritizing their continued active participation as professionals with its Leader Development Program and by holding Leader Development Academy courses in which female directors serve as instructors.

Childbirth, Parenting, and Nursing Care Support

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

Furthermore, NRI helps our employee balance work and nursing care for the elderly by enhancing systems such as nursing care leave and shorter working hours for nursing care.

Promoting Workplace Participation by Persons with Disabilities

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

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

NRI Group Policy on Human Rights
<https://www.nri.com/en/sustainability/social/policies#jinken>
NRI Group AI Ethics Guidelines
https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines
Human Rights Report
https://www.nri.com/en/sustainability/library/back_number

Action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace

Term	From April 2019 to March 2023
Goals	<ol style="list-style-type: none"> 1. Raise the ratio of female managers to at least 8.5% by FY March 2023 (Newly promote more than 100 women to management-level positions) 2. Raise NRI's female employee hiring rate to at least 30% of its total hires 3. Carry out, toward management-level employees, further awareness-raising activities related to diversity management
Initiatives	<ol style="list-style-type: none"> 1. Continue the Female Leader Development Program with the goal of developing female employees into managers 2. Continue measures to increase the number of female students recruited as employees 3. Implement awareness-raising measures related to management and development responsibilities of managers toward employees with diverse individualities and values 4. Carry out system reforms aimed at allowing employees to select diverse work-style choices



Scene from a diversity and inclusion seminar for management-level employees



In-office nursery Yumeminato Hoikuen



NRI Mirai employees working at the magazines and books corner

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

Work-style Reform Issues and Health and Productivity Management

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

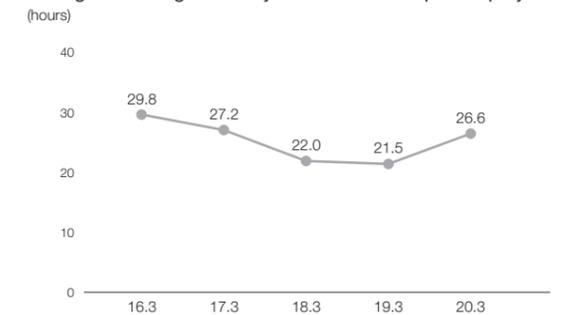
Initiatives for Work-style Reform

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

From 2016 to 2017, we relocated our Tokyo, Yokohama, and Osaka offices to new buildings. Based on the concept of "creating new value by connecting people, goods, events, information, and objectives," we developed office spaces which achieve a working style that is uninhibited by location. The use of telecommuting and satellite offices is also increasing. Led by the Work-style Reform Committee which we started in FY March 2018, we are supporting the achievement of flexible working styles with even higher productivity. A total of about 20,000 NRI employees participated in Telework Days held in July and August 2018. Through advanced efforts such as these, roughly 90% of NRI employees worked from home while the April 2020 COVID-19 state of emergency declaration was in effect. After the emergency declaration is lifted, NRI employees are telecommuting for roughly half the work week.

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

Change in Average Monthly Overtime Hours per Employee (hours)



New office which achieves an innovative working style

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).

1	Reduce lifestyle-related diseases <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Stress prevention for individual employees and teams • Develop a system to enable employees to return to work earlier
3	Lower smoking rate <ul style="list-style-type: none"> • Introduce support to help stop smoking • Remove smoking spaces inside the office
4	Promote work-life balance <ul style="list-style-type: none"> • 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

Health and Productivity Management

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

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

External Evaluation of NRI

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



Social and Relationship Capital

Cooperation with Stakeholders

Stakeholder Dialogue

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

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



Vigeo Eiris

 <p>Emile Beral Chief Operating Officer</p>	 <p>Elise Attal Institutional Affairs Manager</p>	 <p>Nicolas Moriceau-Gomez Head of Sustainability Rating</p>
 <p>Paul Courtoisier Head of Sustainability Bonds and Loans</p>	 <p>Julie Quiedeville ESG Analyst, VE Connect Manager</p>	<p>(Affiliation and position as of September 2019)</p>

What an ESG Assessment Organization Looks For

Vigeo Eiris assesses companies in six domains of social responsibility. These are human rights, human resources, business behavior, corporate governance, environment, and community involvement. They also use a number of sustainability criteria within each domain, and manage them from the following three perspectives.

1. Leadership: How does company management engage in the specific issue?
2. Implementation: How extensive is the scope of the measures and initiatives?
3. Results: Their feedback to stakeholders

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

Approach to Assessing the CSV of Companies

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

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

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



BNP Paribas Asset Management



Sheila ter Laag
Head of ESG Specialists, Sustainability Centre
(Affiliation and position as of September 2019)

Sustainable Investment by Financial Institutions

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

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



Kenji Yokoyama
Senior Corporate Managing Director, NRI

We Are Building Sustainable Future, Tomorrow

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

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

Announcing Acceptance of the Japan Stewardship Code, a First for Contract-type Corporate Pension

NRI announced its acceptance of the Japan Stewardship Code (the "Code") principles for responsible institutional investors on February 14, 2020. It was the first time the principles had been accepted for contract-type corporate pension in Japan.

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

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

Refer to the website for the policy on fulfilling its stewardship responsibility.
https://www.nri.com/jp/sustainability/governance/stewardship_code

Social and Relationship Capital

Cooperation with Clients and Business Partners

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

Cooperation with Clients

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

Comprehensive deliberation on new contracts

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

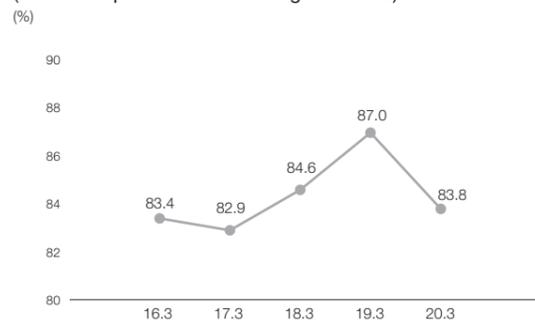
Client satisfaction surveys

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

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

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

Results of the Client Satisfaction Survey (non-consolidated)
Percentage that responded "Satisfied" or "Moderately satisfied" (Total for top two items on five-grade scale)



The investigation targets all business units. Clients and projects services that will be the target of the investigation are selected for each business unit based on set criteria.

Cooperation with Business Partners

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

NRI Group Procurement Policy
<https://www.nri.com/en/company/partner>

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

The number of employees involved in business at NRI's business partners stands at approximately 12,000, about half of which are permanently stationed in NRI offices.

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

Hosting of Partner Sustainability Dialogues

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



Lively discussions with business partners regarding the ideal nature of cooperation in sustainability activities

Information Disclosure and Communication

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

Measures Aimed at Ensuring a Meaningful General Meeting of Shareholders

To energize the General Meeting of Shareholders and ensure that voting rights are exercised, we perform the following procedures:

- Set the date of the General Meeting of Shareholders on a day where such meetings are not concentrated
- In addition to sending out individual notices of convocation of a General Meeting of Shareholders earlier, post the notice on the NRI and Tokyo Stock Exchange websites prior to sending the individual notices. This effort allows shareholders to have sufficient time to consider the proposed resolutions for the meeting

The 55th Ordinary General Meeting of Shareholders: Notice released on May 23 → Meeting held on June 18 (Notice about one month before)

- Send out a notice of convocation of a General Meeting of Shareholders electronically to shareholders consenting to such procedure
- Deliver a notice of convocation of a General Meeting of Shareholders in English (summary)
- Provide an opportunity to exercise voting rights by using the Internet system run by a trust bank (a shareholder register administrator)
- Provide an opportunity to exercise voting rights by using the Voting Rights Electronic Exercise Platform, run by ICJ, Inc.
- Hold a Management Reporting Session for shareholders after the conclusion of the General Meeting of Shareholders

* The Management Briefing for June 2020 was canceled for COVID-19.

Active Dialogues with Shareholders and Investors

With the aim of expanding our shareholder and investor base, we are promoting better understanding of our business activities and strategies for growth through direct and indirect communication. The following principal activities were implemented during FY March 2020:

For shareholders	<ul style="list-style-type: none"> • Shareholder questionnaire: Number of respondents is 3,003 (Number of sent: 12,464 shareholders / Collection rate: 24.1%)
For institutional investors and analysts	<ul style="list-style-type: none"> • Number of investors met: 568 persons • Domestic: In addition to results briefing sessions for each quarter and individual interviews, held small meetings with management, etc. • Overseas: Visited 15 cities in overseas roadshows/overseas conferences
For individual investors	<ul style="list-style-type: none"> • Individual investor information meeting: Four were held (two in Tokyo and one each in Osaka and Fukuoka) • Number of attendees: 1,272 persons

Hosting of ESG Briefings

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



See the website for details on ESG briefings.
<https://www.nri.com/en/sustainability/management/esg/2018>

Providing Appropriate Information Disclosure

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

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

External Evaluation of NRI

2019 Award for Excellence in Corporate Disclosure (Computer Software Sector) (The Securities Analysts Association of Japan)

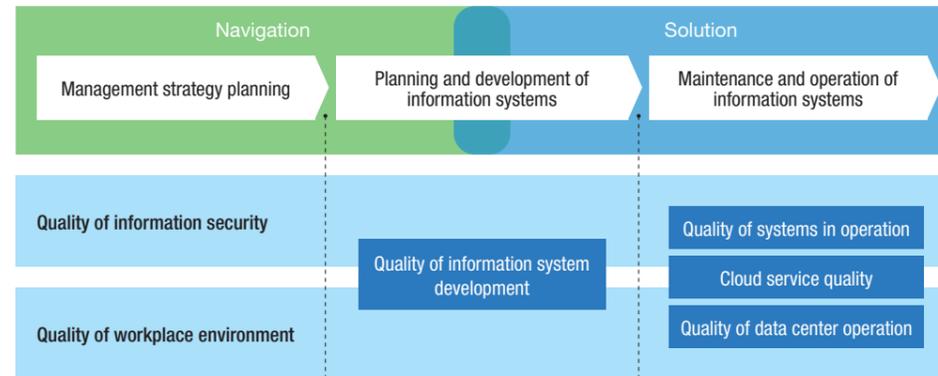


Manufacturing Capital

NRI's Quality Management

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

NRI's Quality Management Framework



Initiatives for Improving the Quality of Information Systems

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

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

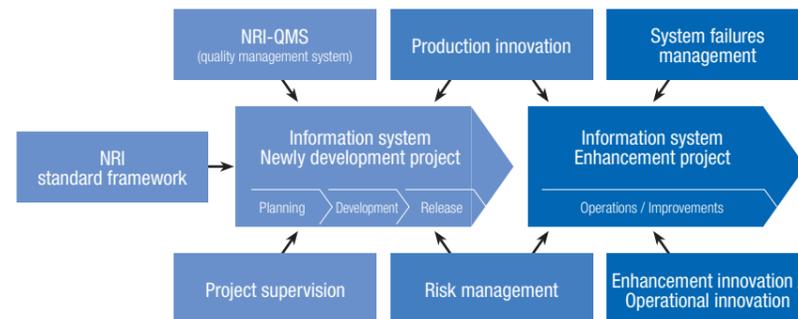
Project supervision activities to support the quality of information system development

The Quality Management Division provides both supervisory and Project Management Office functions for each individual division, when they develop a new information system.

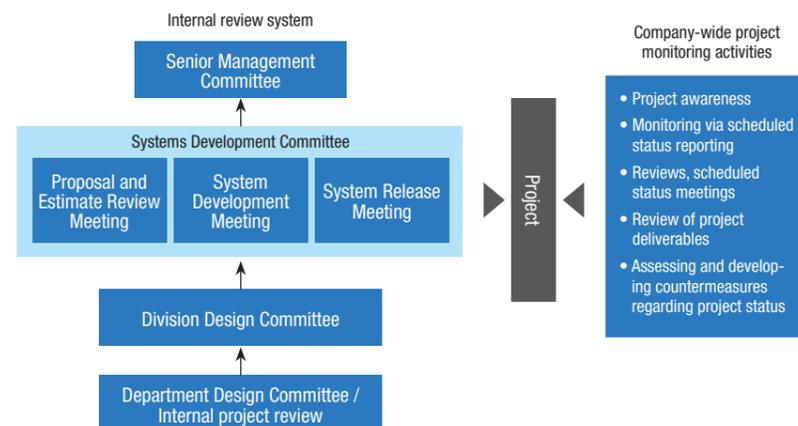
In addition to "project management" for project implementation and success, NRI has a "project supervision" function to propose quality improvements, and to identify and resolve issues early on.

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

Project Support System for Improving the Quality of Information Systems



Project Supervision Activities



Emphasis on quality of systems in operation

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

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

Production Innovation Initiatives

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

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



The Production Innovation Forum venue and enhancement service reforms award ceremony

Cloud service quality that supports social infrastructure

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

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

Quality of data center management that supports stable operations

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

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

Safety and Security Forum

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



Safety and Security Forum and safety and security slogan grand prize award ceremony

Examples of Certifications and Assurances Acquired by NRI

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



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

Manufacturing Capital

Quality of Information Security

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

Policies relating to information security

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

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

Related rules concerning information security

In response to laws and regulations related to information security and the advance of information technologies, we establish or revise management rules as appropriate, including the Information Security Management Rules, Confidential Information Management Rules, Personal Information Management Rules, Specific Personal Information Management Rules, and Information Asset Management Rules.

In addition, we have prepared operating procedures, guidelines, manuals, etc. for each of these management rules to ensure that consistent and effective information security management is conducted.

Information security management structure

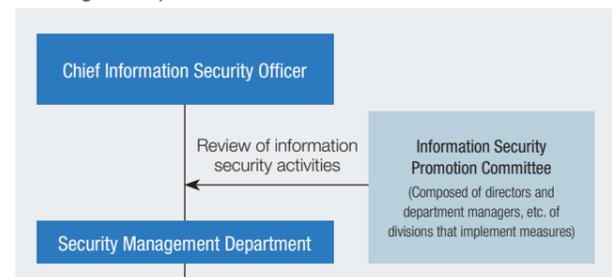
NRI has appointed a Chief Information Security Officer, who has developed a system of information security management for our organization as a whole. All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed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

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

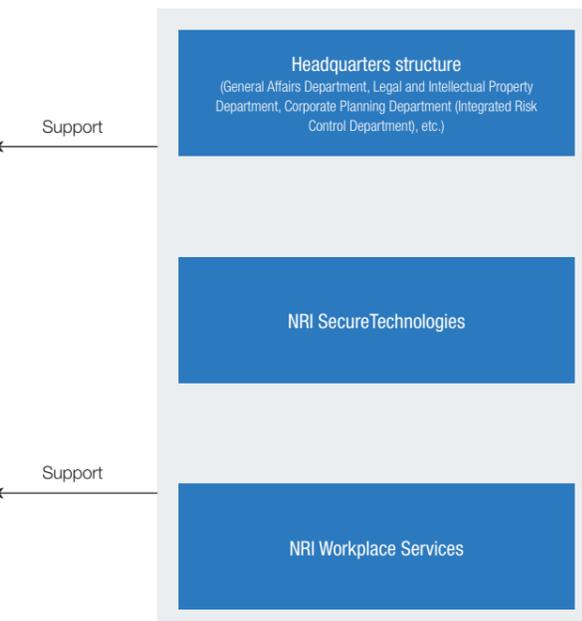
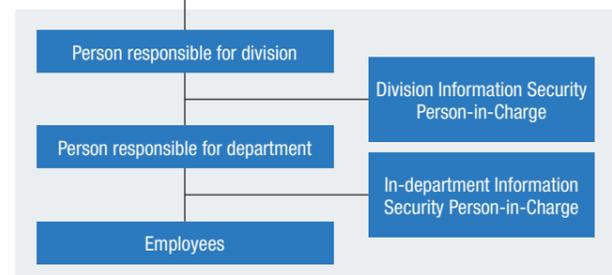
We have appointed an information security manager and an information security PIC at each of our overseas and domestic group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company. In addition,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

Information Security Management Structure

Planning and implementation



Practice



Education 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.

NRI's handling of personal data (including individual numbers)

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

NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission.



 **Personal Data Protection Statement**
<https://www.nri.com/en/site/security>
Privacy Policy
<https://www.nri.com/en/site/privacy>

Response to cyber-attacks

NRI uses system-based defenses against cyber-attacks, such as installing anti-virus (anti-malware^{*1}) software, hard drive encryption, and installing different security measures (such as firewalls, IDS^{*2}, and network behavior analysis technology^{*3}). However, NRI is well aware that just system responses alone are not enough for defense, and to that end it is putting in place a Computer Security Incident Response Team (CSIRT^{*4}).

A CSIRT acts like a fire extinguisher, denying further success to any attack that does in fact strike a system. It collects, evaluates, and shares 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} Intrusion Detection System: A system for detecting unauthorized access to a computer or system.
^{*3} Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it. 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} Computer Security Incident Response Team: This is the entity (a team) that takes the appropriate response when it receives notice of a computer security incident. Alternatively, CSIRT refers to the functions of that entity.

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

As part of the "2019 Best Practice Award" released by the major U.S. research and consulting firm Frost & Sullivan Inc., NRI Secure was named the "Japan Managed Security Service Provider of the Year," the top award in the Managed Security Services category, for the third year in a row. In addition, the company was introduced as a representative global vendor by Gartner, Inc. (U.S.)^{*1}, in their Market Guide for Digital Forensics and Incident Response Services^{*2}.

^{*1} Listing of specific vendors, products, or services in Gartner Research publications does not imply recommendation or promotion by Gartner. In addition, it does not constitute advice to technology users to select only vendors that have received the highest ratings or other assessments. Publications by Gartner Research represent the opinions of Gartner Research, and are not necessarily statements of fact. Gartner assumes no liability for the merchantability or suitability for specific purposes of this research, etc., whether explicit or implied.
^{*2} Gartner "Market Guide for Digital Forensics and Incident Response Services", by Brian Reed and Toby Bussa (December 11, 2019)



Received the 2019 Japan Managed Security Service Provider of the Year award from Frost & Sullivan

Quality of Workplace Environment

NRI promotes a multitude of initiatives to foster a workplace environment where employees can keep on working positively in good mental and physical health. The buildings for Headquarters, Yokohama Center, and Osaka Center have open layouts with no assigned seating, and common spaces such as meeting rooms. NRI is working to create better places to work through innovation in work styles and by reconceptualizing the organizational atmosphere. Such efforts include the introduction of a framework for allowing project managers, and those in project supervisor

departments, to grasp the overtime hours of project members. NRI is also continuously working on advancements in our work environments themselves. This includes digital solutions implemented starting in June 2020 that use in-house technologies to protect the health of visiting clients as well as employees of NRI and its partners by detecting body temperatures of visitors and avoiding the "Three C's" — closed spaces, crowded places, and close contact with people, in the office.

Natural Capital

Creation of a Future, Low Environmental Impact Society

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

Environmental Targets

Targets related to energy usage

On February 18, 2019, NRI joined RE100*, an international initiative by corporations seeking to transition to 100% renewable energy for power used in business activities. By FY March 2051, we seek to procure renewable energy for all electric power used in business activities. Electric power accounts for more than 90% of energy used in NRI's business activities. Therefore, we are also working to reduce greenhouse gas emissions from our business activities to zero by FY March 2051. NRI is the 165th company to join RE100 globally, and the 17th in Japan.

* An international initiative operated through a partnership between the CDP and The Climate Group (an international NGO). Member corporations have publicly declared that they will transition to 100% renewable energy for electric power consumed in business activities by 2050.

RE100 website
<http://there100.org/>

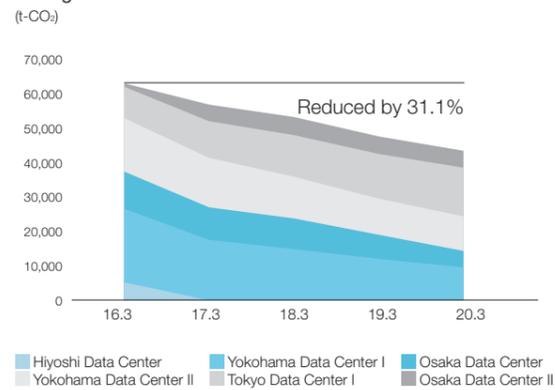
Targets related to energy usage

In September 2018, NRI's target for reducing greenhouse gas emissions was certified by the Science Based Targets (SBT) Initiative*, an international environmental initiative, as a science-based reduction target for keeping the increase in global mean temperature below 2°C from pre-industrial revolution levels. NRI is the 132nd company to receive certification globally, and the 29th in Japan. In FY March 2021, we are planning to set a target for emissions reductions to keep the increase in global mean temperature below 1.5°C from pre-industrial revolution levels.

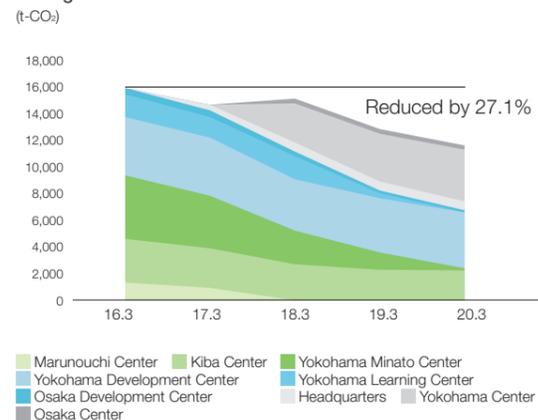
* An initiative to promote the setting of science-based targets for reducing greenhouse gas emissions by companies in order to control the increase in global temperature below 2°C from pre-industrial revolution levels. The initiative was established by four organizations: CDP, which is a federation of institutional investors promoting disclosure on climate-change countermeasures, the UN Global Compact (UNGC), the World Resources Institute (WRI), and the World Wildlife Fund (WWF).

Science Based Targets website
<https://sciencebasedtargets.org/>

Changes in Greenhouse Gas Emissions at Data Centers



Changes in Greenhouse Gas Emissions at Offices



	Target for FY Mar. 2031	Target for FY Mar. 2051
Scope 1+2	Reduce greenhouse gas emissions at the NRI Group by 55% (compared to FY March 2014)	Reduce greenhouse gas emissions at the NRI Group to zero
	Achieve a renewable energy usage rate of 36% at data centers	Achieve a renewable energy usage rate of 100% at the NRI Group
Scope 3	70% or more of NRI group suppliers and vendors will set science-based target for reducing greenhouse gas emissions (by FY March 2024)	

Scope: Target scope of calculation/reporting for greenhouse gas emissions by corporations
 Scope 1: Direct emissions through combustion of fuel, etc.
 Scope 2: Indirect emissions through use of electricity, heat, steam, etc.
 Scope 3: Indirect greenhouse gas emissions other than Scopes 1 and 2
 Manufacturing in the supply chain, commuting by employees, business travel, etc.

Greenhouse Gas Emissions by Year

From FY March 2016, NRI has been relocating and consolidating operations into data centers and offices with high environmental performance.

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

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

Implementation of Environmental Management System

NRI has acquired ISO14001 certification, an international standard on environmental management systems, for its data centers which are the main source of CO₂ emissions.

As for NRI offices, we began to introduce NRI-EMS, an environmental management system unique to NRI, starting from FY March 2016. Starting with implementations of NRI-EMS at offices in China in FY March 2019, we will be implementing the system at more worldwide offices going forward.

ESG Training for Employees

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

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

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

External Recognition

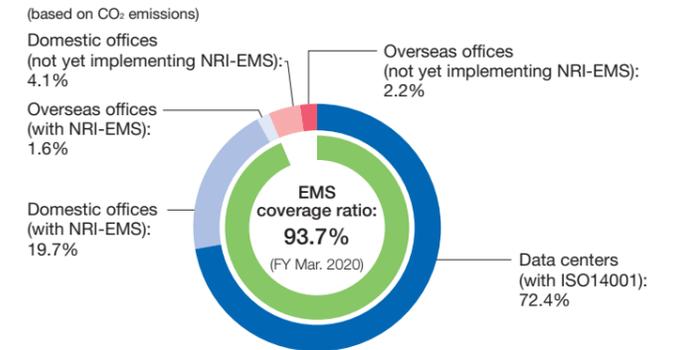
In January 2020, NRI was selected by the international non-profit organization CDP* as a Climate Change 'A List' company, the CDP's highest level of recognition. We believe that NRI was recognized for its strategy, initiatives, and information disclosure pertaining to climate change.

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

* CDP: A non-profit mainly involved in compelling companies and local governments to disclose information at the request of highly environmentally-aware institutional investors and major purchasing companies about their climate change measures and measures for environmental problems such as safeguarding water resources and protecting forests, and subsequently encouraging them in following through on these measures. CDP is an information disclosure platform that currently provides the world's most useful information pertaining to environmental problems.

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

Target Scope for Environmental Management System



ESG instructional video via Simpleshow



Environmental conservation activities by employees at Tadami Experience and Observation Forest of Heavy Snow Forestry



Natural Capital

Initiatives at NRI for TCFD Final Recommendations

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

NRI mainly consumes a large amount of energy during use of our data centers. Therefore, we place particular focus on initiatives to stop climate change. Moreover, since we possess numerous clients

in the financial industry, we declared our support for the TCFD^{*1} Final Recommendations (hereinafter, "TCFD") in July 2018, making us one of the first non-financial business firms to do so. A total of nine meetings regarding response to TCFD were held by experts from the Consulting Division and the Sustainability Activities Committee. We announced our progress status at the ESG Briefing^{*2} held in February 2019.

Envisioned Impact on Business (Opportunities and Risks)

During FY March 2019, the first fiscal year after declaring our support for the Final Recommendations of the TCFD, we defined the scope of review and defined scenarios^{*3}. We set a 2°C Scenario for limiting temperature increases to less than 2°C per the Paris Agreement, and also a 4°C Scenario in which no measures

are taken against climate change other than those that are currently envisioned. Then we identified the impact of each of these scenarios on the business fields of consulting, financial IT solutions, industrial IT solutions, and data centers.

+ Opportunity – Risk

Business Field	World View in 2°C Scenario	World View in 4°C Scenario
Consulting	+	-
Financial IT Solutions	+	-
Industrial IT Solutions	+	+
Data centers	+	+

Scenario Analysis for Data Centers Business

In FY March 2020, we performed a scenario analysis on our data centers business, which is the business area most greatly impacted by climate change among the risks and opportunities identified in FY March 2019.

To define and identify the scenarios, we set the 2°C Scenario and 4°C Scenario for the year 2030 onward as the medium- to long-term applicable period, and chose the subjects of the scenario analysis in order to assess the business impact in each scenario. Finally, we assessed the impact on our data centers business in each scenario.

[Definition of Scenarios]

2°C Scenario	4°C Scenario
The Special Report on Global Warming of 1.5°C was used as supplementary information while referring to the IEA's Sustainable Development Scenario (SDS) and the IPCC's RCP 2.6 scenario.	Mainly referred to the IPCC's RCP 8.5 scenario
Main anticipated events Renewable energy expansion Carbon tax implementation Spread of energy conservation Growth of low-carbon products and services	Main anticipated events Greater number of extremely hot days Greater frequency of heavy rains Extreme rises in tide levels and average sea levels

[Assessment of Impact in 2°C Scenario]

In the 2°C Scenario, we studied the impact of carbon taxes and renewable energy implementation by anticipating baseline, Case 1, and Case 2 circumstances, and assessing the financial impact of each one. For the baseline, we anticipated what would happen if NRI did not procure renewable energy in a world where electricity costs increased 21-28% compared to FY March 2019 due to implementation of a carbon tax (\$75 to \$100/ton of CO₂). In comparison, for case 1 we anticipated achieving our medium-term target of 36% rate of renewable energy procurement by FY March

2031. For case 2 we anticipated the same conditions as case 1, but in a world where the renewable energy procurement prices^{*4} have fallen.

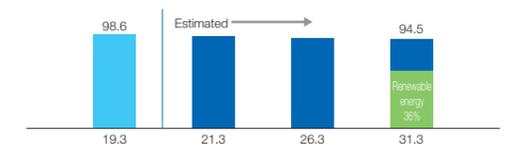
From the results, we learned that it is possible that the impact of the carbon tax can be mitigated by achieving our renewable energy procurement goal (see Difference from baseline in Case 1 and Case 2 in the graph below).

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

Selecting Subjects of Scenario Analysis in 2°C Scenario

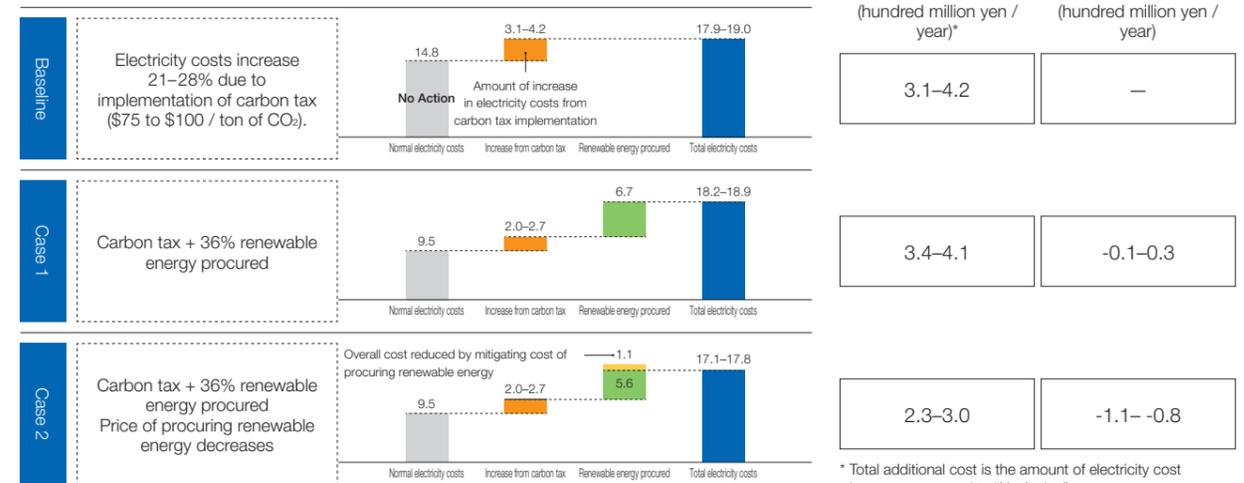
- 2°C Scenario
- The cost borne to achieve the renewable energy implementation target (36% in FY March 2031) set when joining the RE100
- The cost borne if the carbon tax anticipated in the 2°C Scenario is implemented

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



Assessment of Impact in 2°C Scenario

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



[Assessment of Impact in 4°C Scenario]

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

Selecting Subjects of Scenario Analysis in 4°C Scenario

- 4°C Scenario
- The impact of natural disasters on data center facilities

Assessment of Impact in 4°C Scenario

Anticipated risk	Overview of response measures
Water intake restrictions / water stoppage	· Stockpile water for water-cooled type air conditioning in case of water intake restrictions / water stoppage · Prioritize use of air-cooled type air conditioning to minimize water usage
Water damage (heavy rains, etc.)	· Design sufficiently capable drainage, taking rainfall amounts into account · Designate sites least vulnerable to natural disasters as construction sites
Wind damage	· Consider the height and local characteristics of the building based on the Building Standards Act · Set the wind load according to the position of the applicable part of the building, and design the firmness of outer materials
Power failures	· Maintain power by automatically switching to power transmitted from batteries when failures occur · Switch from batteries to power supply from in-house generators

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

^{*1} TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), which is composed of financial ministries, financial regulatory bureaus, and governors of central banks from 25 main countries throughout the world.
^{*2} ESG briefings are held in order to create understanding among shareholders, analysts, and members of the media regarding NRI's Sustainability Management and specific ESG initiatives. For details, please refer to page 63 and our website (https://www.nri.com/en/sustainability/management/esg/2018)
^{*3} Refers to scenario analysis (analysis for possible future impact of climate change on the Company) as defined by TCFD. For our 2°C scenario, NRI uses the Sustainable Development Scenario listed in the World Energy Outlook 2018 published by the International Energy Agency (IEA). For our 4°C Scenario, we use the RCP (Representative Concentration Pathways) 8.5 (high level reference scenario) published by the Intergovernmental Panel on Climate Change (IPCC).
^{*4} Renewable energy procurement prices: Two types of renewable energy procurement prices were used in this scenario analysis, the case of prices remaining at the same level as now (Case 1) and the case of prices falling between now and the year 2030 (Case 2). For prices at the same level as now, an amount 4 yen higher than electricity fees up to now was used. The case of prices falling uses procurement prices that fall by 2% each year based on the assumption that electricity costs in the 2030s will be at the same level as they have been up to now according to reports announced by governments, etc.

Governance

NRI's Corporate Governance

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

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

 [NRI Corporate Governance Guidelines](https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf)
https://www.nri.com/-/media/Corporate/en/Files/PDF/company/governance/guideline_e_02.pdf

The Basic Approach to Corporate Governance

(1) Cooperation with stakeholders

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

(2) Information disclosure and communication

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

(3) Corporate governance system

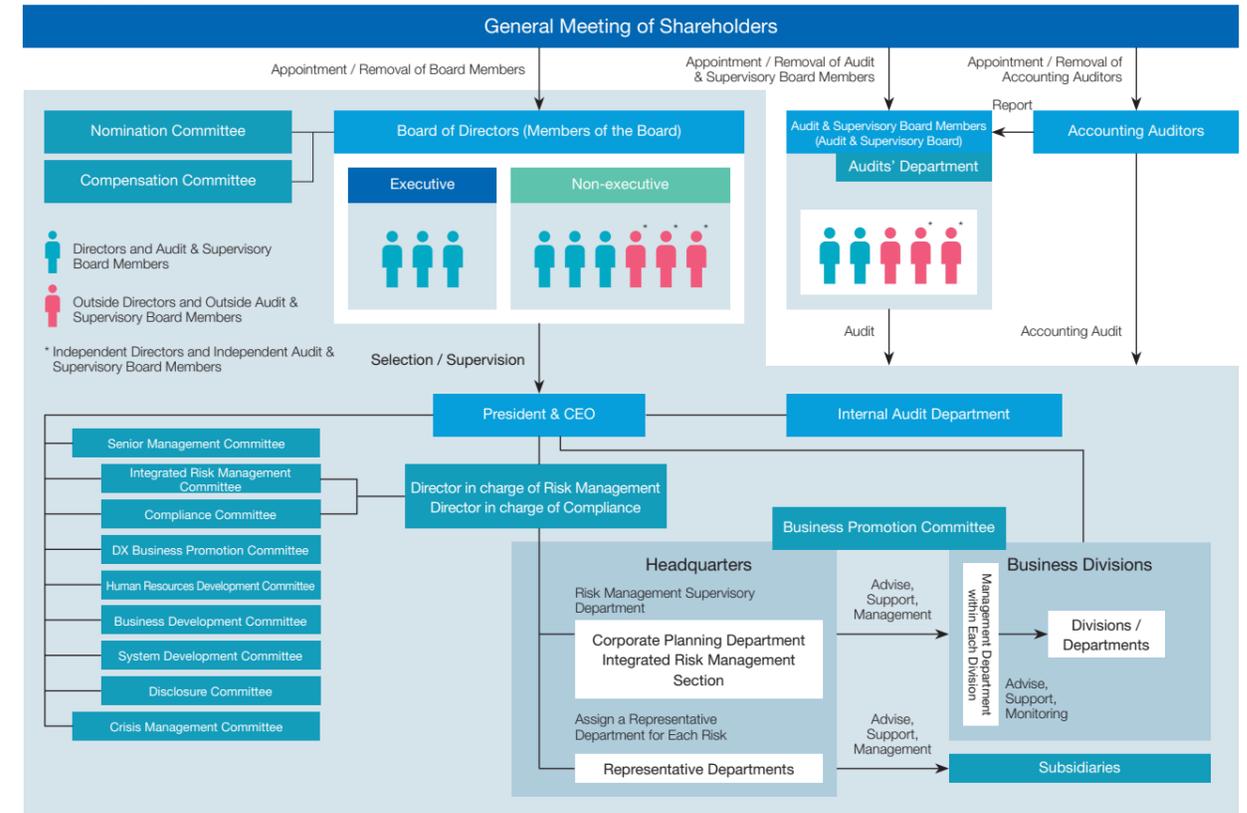
NRI is strengthening its management monitoring functions based on the Audit & Supervisory Board System through the appointment of Independent Directors and Independent Audit & Supervisory Board Members, as well as the establishment of bodies that are mainly composed of Independent Directors appointed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

Main corporate governance efforts since 2001

2001	<ul style="list-style-type: none"> Formulated the NRI Group's corporate philosophy Listed on the Tokyo Stock Exchange (First Section)
2002	<ul style="list-style-type: none"> Introduced an executive officer system to assist in separating management and execution functions Reduced the number of members of the Board of Directors to 20 or less and also appointed Independent Outside Directors Increased the number of Outside Audit & Supervisory Board Members to strengthen their auditing functions
2003	<ul style="list-style-type: none"> Formulated the NRI Group's Ethical Code (revised to the NRI Group's Code of Business Principles on 2010) and the NRI Group Employees' Code of Business Conduct
2005	<ul style="list-style-type: none"> Established the Compensation Committee comprised of outside experts to enhance transparency in regard to executive compensation
2006	<ul style="list-style-type: none"> Reduced the number of members of the Board to 15 or less
2008	<ul style="list-style-type: none"> Initial release of the Long-Term Management Vision: Vision2015 Took part in an electronic voting platform for institutional investors as part of efforts to maximize opportunities for shareholders to exercise their voting rights
2010	<ul style="list-style-type: none"> Appointed non-executive director to chair the Board of Directors in order to separate supervisory and execution functions
2012	<ul style="list-style-type: none"> Newly established the Integrated Risk Management Supervisory Department to appropriately manage any risk that may arise in the course of business execution
2015	<ul style="list-style-type: none"> Increased the number of Independent Outside Directors from two to three Established the Independent Executives Meeting consisting of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members Formulated the NRI Corporate Governance Guidelines Revised the NRI Group's Code of Business Principles completely
2016	<ul style="list-style-type: none"> Initial release of the Medium-Term Management Plan (From FY March 2017 to FY March 2019) Implemented the evaluations of the Board of Directors' effectiveness
2017	<ul style="list-style-type: none"> Newly establish the Nomination Committee, comprised mainly of Independent Directors Change the main members of the Compensation Committee from outside experts to Independent Directors
2018	<ul style="list-style-type: none"> Introduction of Restricted Stock Compensation Plan as a medium- to long-term incentive for Members of the Board

Corporate governance structure
(As of July 1, 2020)

For the Board of Directors and the Audit & Supervisory Board, see P.74-75
 For the Internal Controls, Corporate Ethics, and Compliance, see P.80-81



Roles and activities of committees

Nomination Committee	Mainly composed of Independent Directors, the Committee deliberates on executive appointment matters related to Directors, Audit & Supervisory Board Members, the CEO, and other Board Members, from the standpoint of fairness and transparency.
Compensation Committee	Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency.
Senior Management Committee	The Committee meets in principle to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.
Integrated Risk Management Committee	Based on instructions given by the President & CEO, the Committee deliberates on important issues concerning risk management, including system failure, information security, and business continuity.
Compliance Committee	The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structures to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on instructions given by the President & CEO.
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.
Human Resources Development Committee	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.
Business Development Committee	The Committee deliberates on important issues concerning investments in research and development, planned businesses and investments, such as the acquisition of securities, based on instructions given by the President & CEO.
System Development Committee	The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.
Disclosure Committee	The Committee deliberates on important issues concerning the disclosure of the Annual Securities Report and other documents, based on instructions given by the President & CEO.
Crisis Management Committee	Based on instructions given by the President & CEO, the Committee will promptly develop and support systems at the time of a crisis, including natural disasters, infectious diseases, system failure, and information security emergencies.
Business Promotion 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.

Governance

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

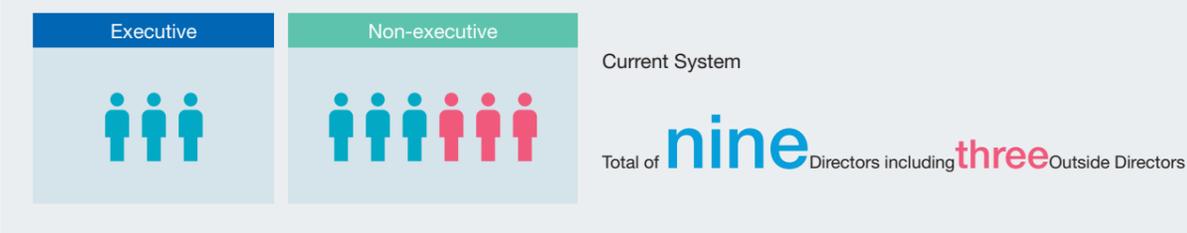
NRI has established a structure to further enhance corporate governance while effectively using the functions of Audit & Supervisory Board Members and the Audit & Supervisory Board as a company with an Audit & Supervisory Board.

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

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

Structure of the Board of Directors

Has a well-balanced composition of executive directors, non-executive directors, and Outside Directors.



The Company elects three Independent Directors in principle, or no less than two Independent Directors.

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

Advisory committees for the Board of Directors

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

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

Structure of the Audit & Supervisory Board

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

Two or more Independent, Outside Audit & Supervisory Board Members are appointed.

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

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

Name (Date of birth)	Current positions	Executive / Outside / Independent	Terms of office	Attendance (Year ended March 2020)	Reason for Appointment
Shingo Konomoto (February 11, 1960)	Chairman and President & CEO, Representative Director, Member of the Board	Executive	5 years	Board of Directors Attended 14 of 14 meetings	He has been responsible for the management of the NRI Group since 2016 as President & CEO, Representative Director, Member of the Board and possesses abundant experience and achievements related to NRI's management. Furthermore, he formulated and is promoting the Long-Term Management Vision "Vision2022" and the Medium-Term Management Plan for achieving Vision2022. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
Hironori Momose (September 15, 1961)	Vice Chairman, Member of the Board	Non-executive	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings	He served as Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd. He possesses long-standing experience in the securities industry, which is one of NRI's major business areas. He was appointed with the expectation that he will utilize his experience and understanding gained through his career, in the supervision of the management of NRI.
Ayumu Ueno (March 15, 1960)	Senior Executive Vice President, Representative Director, Member of the Board	Executive	5 years	Board of Directors Attended 14 of 14 meetings	He possesses long-standing experience in the business execution and achievements in the area of industrial IT solutions. He has also led business growth in such areas as overseas M&A as Head of Business. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
Yasuo Fukami (August 12, 1960)	Representative Director, Member of the Board, Senior Executive Managing Director	Executive	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings	He possesses a wide range of experience in the business execution and achievements in the areas of financial IT solutions and industrial IT solutions, as well as corporate headquarters. He also has abundant experience and achievements in global business in Asia and Europe gained through being responsible for managing local corporations. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
Tadashi Shimamoto (February 8, 1954)	Member of the Board	Non-executive	12 years	Board of Directors Attended 14 of 14 meetings	He possesses abundant experience and achievements in the management of NRI, having served for six years as President & CEO, Representative Director, Member of the Board. Furthermore, as Chairperson of the Board, he is working for the appropriate operation and vitalization of the Board of Directors. As Chairperson of the Nomination Committee, he is endeavoring to establish and implement a succession plan and to ensure the objectivity and fairness of executive appointments. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the supervision of the management of NRI.
Hiroshi Funakura (July 10, 1963)	Member of the Board	Non-executive	Newly Appointed	—	He possesses long-standing experience in business execution and achievements in the areas of financial IT solutions. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the management of NRI.
Masatoshi Matsuzaki (July 21, 1950)	Member of the Board	Non-executive Outside Independent	4 years	Board of Directors Attended 14 of 14 meetings	He has been involved in the management of KONICA MINOLTA, INC. for many years. NRI requests his reelection as Outside Director to utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.
Hideaki Omiya (July 25, 1946)	Member of the Board	Non-executive Outside Independent	2 years	Board of Directors Attended 13 of 14 meetings	He has been involved in the management of Mitsubishi Heavy Industries, Ltd. for many years. NRI requests his reelection as Outside Director to utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.
Shinoi Sakata (March 31, 1957)	Member of the Board	Non-executive Outside Independent	Newly Appointed	—	She, as a researcher and a person with responsibilities in the area of safety in the chemical industry, has been involved in the activities of evaluating technology strategies of corporations from the perspective of sustainability for many years. NRI requests her election as Outside Director to utilize her abundant experience and excellent understanding gained throughout her career, in the supervision of the management of NRI from an objective standpoint.

Members of the Audit & Supervisory Board (As of July 1, 2020)

Name (Date of birth)	Current positions	Outside / Independent	Terms of office	Attendance (Year ended March 2020)	Reason for Appointment
Takuhiro Sakata (November 20, 1961)	Audit & Supervisory Board Member (full-time)	—	Newly Appointed	—	He possesses a broad range of experience in business execution and achievements in the areas of industrial IT solutions and IT platform services, as well as the human resources development function of NRI. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the auditing of business execution of NRI's Members of the Board.
Kohei Sato (April 18, 1961)	Audit & Supervisory Board Member (full-time)	Outside	2 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 meetings	He has long-standing experience in the securities industry, which is one of NRI's major business areas. NRI requests his election as Outside Audit & Supervisory Board Member to utilize his abundant experience and excellent understanding gained throughout his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Motoya Nishimura (July 23, 1962)	Audit & Supervisory Board Member (full-time)	—	1 year	(after assuming the post on June 20, 2019) Board of Directors Attended 11 of 11 meetings Audit and Supervisory Committee Attended 13 of 13 meetings	He possesses a broad range of experience in business execution and achievements in the areas of consulting and financial IT solutions as well as in corporate administration. NRI has appointed him with the expectation that the experience and understanding gained through his career can be utilized in the audit of the execution of duties by NRI directors.
Kiyotaka Yamazaki (April 4, 1953)	Audit & Supervisory Board Member	Outside Independent	6 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 meetings	He serves as Managing Partner of an audit corporation and has long-standing experience as a certified public accountant. Although he has not been involved in the management of a company in a capacity other than Outside Audit & Supervisory Board Member, NRI requests his reelection as Outside Audit & Supervisory Board Member to utilize his abundant experience and excellent understanding concerning finance and accounting, which he has gained through his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.
Noriaki Okubo (May 22, 1959)	Audit & Supervisory Board Member	Outside Independent	3 years	Board of Directors Attended 14 of 14 meetings Audit and Supervisory Committee Attended 17 of 17 meetings	He has been involved in the management of JAPAN TOBACCO INC. for many years. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the auditing of the execution of NRI's Members of the Board from an objective standpoint.

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

Compensation System for Members of the Board

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

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

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

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

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

The maximum compensation total

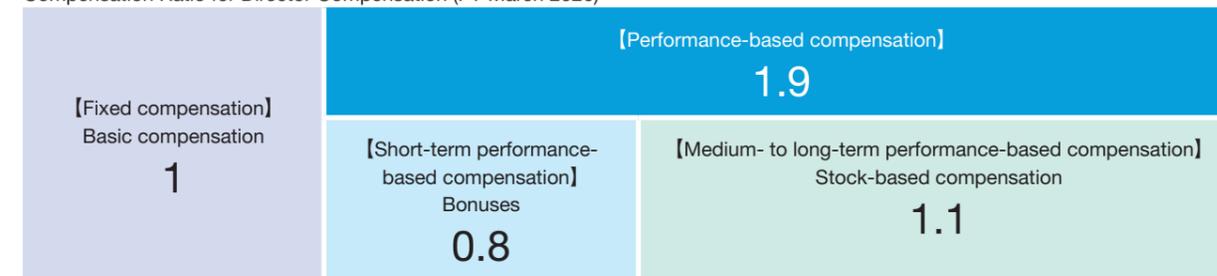
Total Compensation ¥1,000 million*1			
【Fixed compensation】 Basic compensation	【Performance-based compensation】		
	【Short-term performance-based compensation】 Bonuses	【Medium- to long-term performance-based compensation】 Stock-based compensation (restricted stock-based compensation) ¥400 million*2	
Basic compensation consists of fixed pay (basic pay and position pay), which is compensation based on each Member of the Board's post.	Bonuses are positioned as a short-term incentive. They reflect performance in the relevant fiscal year and their determination takes into account differences in posts and positions.	Restricted stock compensation (financial compensation used as investment assets for the acquisition of shares with restriction on transfer compensation) as stock-based compensation is provided in order to give incentives aimed at sustainable improvements in the Company's corporate value and to promote the sharing of value with shareholders through share ownership.	
		The number of shares allocated is determined in accordance with executive positions. Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.	
		Stock-based compensation as long-term incentives ¥120 million*2	Stock-based compensation as medium-term incentives ¥280 million*2
		It is positioned as a long-term incentive aimed at promotion of the sharing of value with shareholders through share ownership and sustainable improvements in the Company's corporate value. The transfer restriction term is from the day of allotment to the day of retirement as an officer, etc., of NRI or its subsidiary.	It is positioned as a medium-term incentive aimed at improvements in the Company's medium-term results and share price as represented in the Medium-Term Management Plan. The transfer restriction term is from the day of allotment and lasts between three and five years thereafter.

*1 This shall not include employee salaries of Members of the Board who concurrently serve as employees.

*2 Monetary compensation claims provided for granting restricted stock to Eligible Members

Emphasis is placed on bonuses and stock-based compensations so as to create a compensation system that is highly linked to performance. The approximate ratio of constituent elements of the compensations of directors, etc., in FY March 2020 is as follows. If basic compensation is equalized to "1", then the bonus is "0.8" and stock-based compensation is "1.1". If fixed compensation is "1", then performance-based compensation is "1.9".

Compensation Ratio for Director Compensation (FY March 2020)



Notes: 1. Calculations are based on the Board of Directors average for FY March 2020 (excluding Outside Directors and Directors who retired or assumed their post during the period)

2. Stock-based compensations herein are the total amount of monetary compensation receivables that would be contributed in kind in exchange for the shares with transfer restrictions.

Compensation for Members of the Audit & Supervisory Board Members

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

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

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

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

Basic compensation	Basic compensation consists of fixed pay based on each Audit & Supervisory Board Member's career, knowledge, and responsibilities.
Bonuses	Bonuses are only paid to the full-time Audit & Supervisory Board Members, and it is based on our business performance during the current fiscal year.

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

Evaluate efforts for value co-creation at the division level

From the fiscal year ended March 31, 2020, value co-creation (CSV) was added to the evaluation criteria for each division.

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

Solving social issues through value co-creation (CSV)



→ Evaluate efforts of executives and employees for value co-creation at the division level, and add it to their bonuses

Executive Compensation Amounts

Executive compensation for the fiscal year ended March 2020 is as follows.

Category	Total compensation (millions of yen)	Compensation by type (millions of yen)					Other	No. of eligible individuals (persons)
		Fixed compensation	Performance-based compensation			Total		
			Basic compensation	Bonuses	Stock options			
Members of the Board (Excluding Outside Members of the Board)	508	205	164	25	110	300	2	6
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	91	57	26	1	4	32	1	3
Outside Members of the Board and Outside Audit & Supervisory Board Members	110	96	13	—	—	13	0	6

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

Clawback System, etc.

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

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

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

Valuation methods	<ul style="list-style-type: none"> Questionnaire targeting all Directors and Audit & Supervisory Board Members Exchange of views with Independent Directors Deliberations at a Board of Directors meeting based on the results of the above questionnaire and view exchanging sessions
Results	<ul style="list-style-type: none"> From the points below, we conclude that the Board of Directors is basically stable in its effectiveness. The Board is composed of members with diverse experience and include three Independent Directors, and a structure for ensuring appropriate decision making and oversight is in place. Individual Directors carry out active deliberations with an understanding of NRI's business philosophy, business plans, etc., and based on their respective knowledge, and their duties as Directors are fulfilled as such. Overall, open and constructive discussions and exchanges of views are carried out as a start to active opinions and recommendations from Outside Directors. Appropriate discussions are also held by the Nomination Committee and the Compensation Committee, which are arbitrarily appointed committees, and the committees function effectively.
Challenges for further effectiveness	<ul style="list-style-type: none"> As agenda items for promoting the strategy defined in the Medium-Term Management Plan (2019-2022), we will work to further improve the form of discussion and devise unique measures for balanced meeting operation, such as further enhancing discussions related to group governance.

Message from the Outside Member of the Board



Hideaki Omiya
Member of the Board

Active Involvement in Management Strategy

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

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

Contributing to Value as a Social Infrastructure Corporation

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

However, when considering the potential of NRI as a corporation, the range of social responsibility fulfilled by NRI is still narrow. Recently, digitalization of the government has been raised as a social issue. One example is the delay in procedures for payment of special cash benefit using My Number Cards. Nevertheless, the importance of information systems as social infrastructure will only increase in the future. I believe that

NRI is one of the few corporations that can fulfill a role in social infrastructure that enhances the convenience and safety of people by utilizing its comprehensive strengths including consulting. I would like to see the range of NRI's social responsibilities be expanded further to become an even more essential corporation for society.

Promoting Diversity and Cultivating Successors

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

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

Governance

Internal Controls, Corporate Ethics, and Compliance

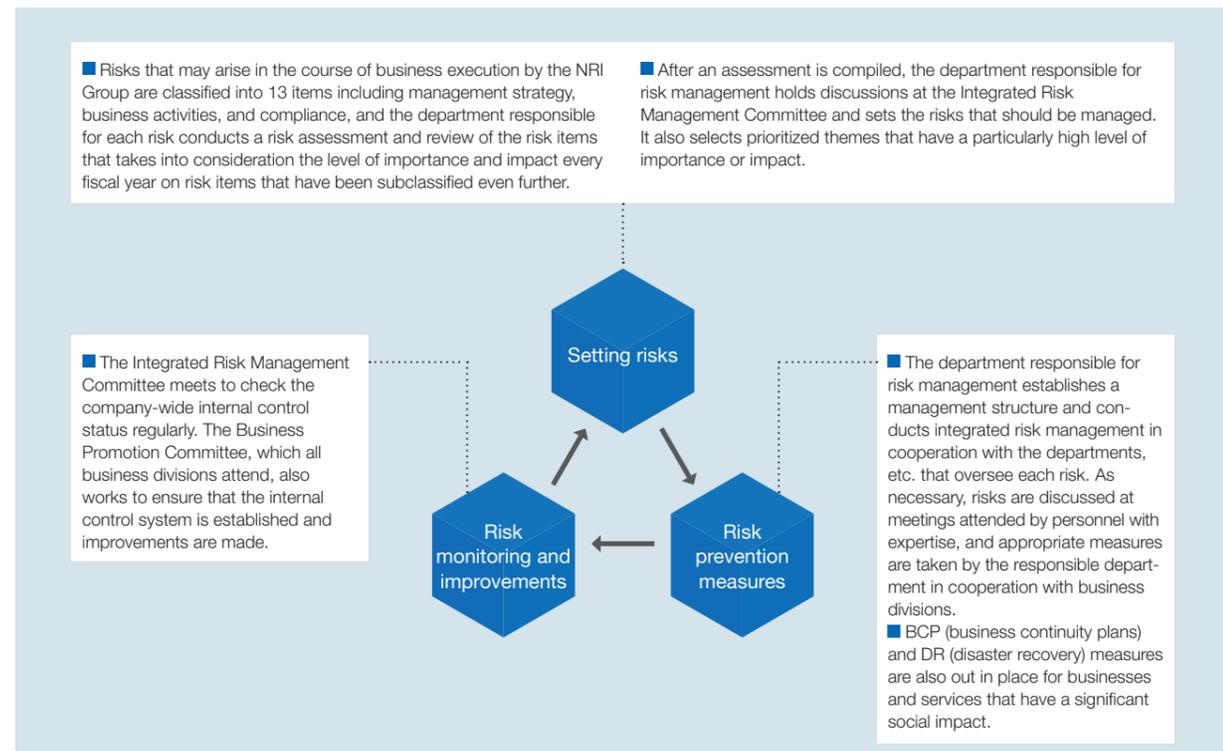
Internal Control System

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

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

Basic policy for building an internal control system
<https://www.nri.com/jp/company/internal>

Risk Management PDCA Cycle



Priority themes for FY March 2021

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

Internal Audits Conducted by the Internal Audit Department

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

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

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

The Strengthen of Global Governance

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

Business Management Through Local Holding Companies, etc.

	Local holding company, etc.	Territory regions
Nomura Research Institute	▶ NRI Australia (Melbourne)	▶ Australia
	▶ NRI Holdings America (New York)	▶ United States
	▶ NRI Asia Pacific (Singapore)	▶ Asia
	▶ NRI Beijing (Beijing)	▶ Mainland China
		▶ Japan and Europe

Corporate Ethics and Compliance System

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

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

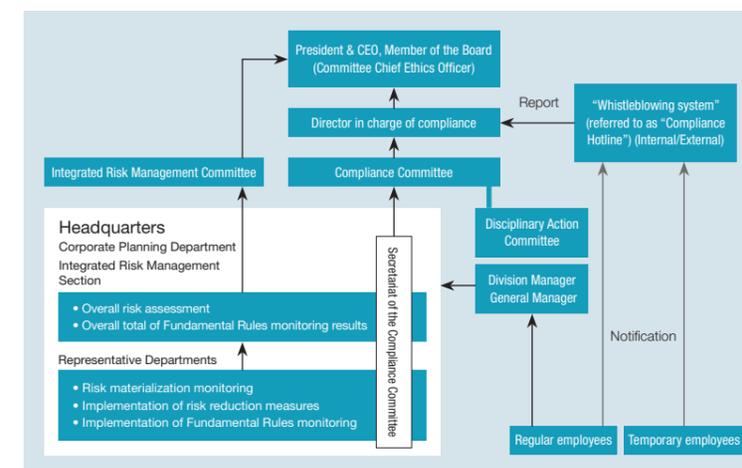
The Fundamental Rules composed of 12 items prepared and monitored to confirm that these principles and policies are complied with and that the Company's management is reliably going in the right direction.

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

NRI Group Policy on Human Rights / NRI Group Anti-Bribery Policy / NRI Group Competition Law Compliance Policy
<https://www.nri.com/en/sustainability/social/policies>

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

Compliance Information Communication Process



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

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

NRI Executives

Independent Outside Non-executive Executive Newly appointed

Members of the Board



Shingo Konomoto Executive
 Date of birth: February 11, 1960
Chairman and President & CEO, Representative Director, Member of the Board (187,154 shares)
 Apr. 1985 Joined the Company
 Apr. 2004 Senior Managing Director
 Division Manager of Consulting Division III
 Apr. 2010 Senior Corporate Managing Director
 Division Manager of Consulting Division
 Apr. 2015 Senior Executive Managing Director
 Head of Business
 Head of Consulting
 Jun. 2015 Representative Director, Member of the Board,
 Senior Executive Managing Director
 Head of Business
 Head of Consulting
 Apr. 2016 President & CEO, Representative Director, Member of the Board
 Jun. 2019 Chairman and President & CEO, Representative Director,
 Member of the Board (present)



Hironori Momose Non-executive
 Date of birth: September 15, 1961
Vice Chairman, Member of the Board (13,500 shares)
 Apr. 1985 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
 Apr. 2008 Executive Managing Director of Nomura Securities Co., Ltd.
 Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
 Apr. 2013 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
 Apr. 2016 Executive Vice President of Nomura Securities Co., Ltd.
 Apr. 2019 Adviser of Nomura Securities Co., Ltd.
 Jun. 2019 Vice Chairman, Member of the Board of the Company (present)



Ayumu Ueno Executive
 Date of birth: March 15, 1960
**Senior Executive Vice President, Representative Director,
 Member of the Board, Head of Business** (87,153 shares)
 Apr. 1983 Joined the Company
 Apr. 2008 Senior Managing Director
 Deputy Division Manager of Center for Innovative Systems Research for
 Management
 Apr. 2013 Senior Corporate Managing Director
 Head of Distribution, Communication & Industrial Solutions
 Division Manager of Distribution & Communication Solution Division
 Apr. 2015 Senior Executive Managing Director
 Head of Distribution, Communication & Industrial Solutions
 Head of China & Asia Region Systems
 Jun. 2015 Division Manager of Industrial Solution Business Development Division
 Member of the Board, Senior Executive Managing Director
 Head of Distribution, Communication & Industrial Solutions
 Head of China & Asia Region Systems
 Apr. 2016 Division Manager of Industrial Solution Business Development Division
 Representative Director, Member of the Board, Senior Executive Managing Director
 Head of Consulting
 Head of Industrial IT Solutions
 Apr. 2018 Senior Executive Vice President, Representative Director, Member of the Board
 Head of Business (present)



Yasuo Fukami Executive
 Date of birth: August 12, 1960
**Representative Director, Member of the Board,
 Senior Executive Managing Director,
 Head of Corporate Headquarters** (75,538 shares)
 Apr. 1983 Joined the Company
 Apr. 2011 Senior Managing Director
 Deputy Division Manager of Distribution & Communication Solution Division
 Apr. 2016 Senior Corporate Managing Director
 Head of Distribution, Communication & Industrial Solutions
 Division Manager of Distribution & Communication Solution Division
 Apr. 2017 Senior Corporate Managing Director
 Head of Corporate Administration
 Apr. 2019 Senior Executive Managing Director
 Head of Corporate Headquarters
 Jun. 2019 Representative Director, Member of the Board,
 Senior Executive Managing Director
 Head of Corporate Headquarters (present)



Tadashi Shimamoto Non-executive
 Date of birth: February 8, 1954
Member of the Board (375,622 shares)
 Apr. 1976 Joined the Company
 Jun. 2001 Member of the Board
 Division Manager of Advanced Information Technology Division
 Apr. 2002 Senior Managing Director
 Division Manager of Advanced Information Technology Division
 Apr. 2004 Senior Corporate Managing Director
 Division Manager of Advanced Information Technology Division
 Apr. 2008 Deputy Division Manager of Center for Knowledge Exchange & Creation
 Senior Executive Managing Director
 Head of Business
 Jun. 2008 Representative Director, Member of the Board, Senior Executive Managing Director
 Head of Business
 Apr. 2010 President & CEO, Representative Director, Member of the Board
 Head of Business
 Apr. 2015 Chairman and President & CEO, Representative Director, Member of the Board
 Apr. 2016 Chairman, Member of the Board
 Jun. 2019 Member of the Board (present)



Hiroshi Funakura Newly appointed Non-executive
 Date of birth: July 10, 1963
Member of the Board (63,921 shares)
 Apr. 1986 Joined the Company
 Apr. 2008 Senior Managing Director
 Deputy Division Manager of Securities Systems Division
 Apr. 2014 Senior Corporate Managing Director
 Division Manager of Financial Solution Division
 Apr. 2018 Senior Executive Managing Director
 Head of Financial IT Solutions
 Apr. 2020 Adviser
 Jun. 2020 Member of the Board (present)



Masatoshi Matsuzaki Independent Outside Non-executive
 Date of birth: July 21, 1950
Member of the Board^{non-1)} (7,643 shares)
 Apr. 1976 Joined Konishiroku Photo Industry Co., Ltd. (currently, KONICA MINOLTA, INC.)
 Oct. 2003 Director of Konica Minolta Business Technologies, Inc. (currently, KONICA MINOLTA, INC.)
 Apr. 2005 Executive Officer of KONICA MINOLTA HOLDINGS, INC. (currently, KONICA MINOLTA, INC.; the same hereinafter)
 Representative Director and President of Konica Minolta Technology Center, Inc. (currently, KONICA MINOLTA, INC.)
 Apr. 2006 Senior Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Jun. 2006 Director and Senior Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Apr. 2009 Director, President and CEO, and Representative Executive Officer of KONICA MINOLTA HOLDINGS, INC.
 Apr. 2013 Director, President and CEO, and Representative Executive Officer of KONICA MINOLTA, INC.
 Apr. 2014 Director and Chairman of the Board of KONICA MINOLTA, INC. (present)
 Apr. 2016 Member of the Board of the Company (present)
 <Important concurrent positions>
 Director and Chairman of the Board of KONICA MINOLTA, INC.
 Outside Director of Ichigo Inc.
 Outside Director, Chairperson of the Board of LXIL Group Corporation



Hideaki Omiya Independent Outside Non-executive
 Date of birth: July 25, 1946
Member of the Board^{non-1)} (2,120 shares)
 Jun. 1969 Joined Mitsubishi Heavy Industries, Ltd.
 Jun. 2002 Member of the Board of Mitsubishi Heavy Industries, Ltd.
 Jun. 2005 Member of the Board (Representative Director),
 Executive Vice President of Mitsubishi Heavy Industries, Ltd.
 Apr. 2007 Member of the Board (Representative Director),
 Senior Executive Vice President of Mitsubishi Heavy Industries, Ltd.
 Apr. 2008 Member of the Board (Representative Director),
 President and CEO of Mitsubishi Heavy Industries, Ltd.
 Apr. 2013 Chairman of the Board (Representative Director) of Mitsubishi Heavy Industries, Ltd.
 Jun. 2014 Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
 Jun. 2018 Member of the Board of the Company (present)
 Apr. 2019 Member of the Board, Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd.
 Jun. 2019 Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd. (present)
 <Important concurrent positions>
 Senior Executive Advisor of Mitsubishi Heavy Industries, Ltd.
 Outside Director of SEIKO EPSON CORPORATION



Shinoi Sakata Newly appointed Independent Outside Non-executive
 Date of birth: March 31, 1957
Member of the Board^{non-1)} (—)
 Apr. 1979 Joined Sumitomo Chemical Co., Ltd. (currently, SUMITOMO CHEMICAL COMPANY, LIMITED)
 Apr. 2011 Associate Officer of SUMITOMO CHEMICAL COMPANY, LIMITED
 Apr. 2013 Executive Officer of SUMITOMO CHEMICAL COMPANY, LIMITED
 Apr. 2016 Adviser of SUMITOMO CHEMICAL COMPANY, LIMITED (present)
 Director & Vice President of Sumika Technical Information Service, Inc.
 Jun. 2017 President of Sumika Technical Information Service, Inc.
 May. 2018 Executive Director of Japan Chemical Industry Association (present)
 Jun. 2020 Member of the Board of the Company (present)
 <Important concurrent positions>
 Adviser of SUMITOMO CHEMICAL COMPANY, LIMITED
 Executive Director of Japan Chemical Industry Association

Audit & Supervisory Board Members



Takuhito Sakata Newly appointed
 Date of birth: November 20, 1961
Audit & Supervisory Board Member (full-time) (148,090 shares)
 Apr. 1984 Joined the Company
 Apr. 2010 Senior Managing Director
 Deputy Division Manager of Distribution & Communication Systems Division
 Apr. 2011 Senior Managing Director
 Deputy Division Manager of Services & Industrial Solution Division I
 General Manager of Kansai Regional Headquarters
 General Manager of Chubu Regional Headquarters
 Apr. 2017 Senior Corporate Managing Director
 Division Manager of Data Center Service Division
 Deputy Division Manager of Cloud Computing Service Division
 Apr. 2020 Counselor of the Company
 Jun. 2020 Audit & Supervisory Board Member of the Company (present)



Kohei Sato Outside
 Date of birth: April 18, 1961
Audit & Supervisory Board Member (full-time) (1,231 shares)
 Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
 Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
 Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
 Apr. 2009 Director of Nomura Securities Co., Ltd.
 Apr. 2011 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
 Apr. 2013 President and Chief Executive Officer, Representative Director of NOMURA BARCOCK & BROWN CO., LTD.
 Apr. 2018 Adviser of Nomura Securities Co., Ltd.
 Jun. 2018 Audit & Supervisory Board Member of the Company (present)



Motoya Nishimura
 Date of birth: July 23, 1962
Audit & Supervisory Board Member (full-time) (57,594 shares)
 Apr. 1987 Joined the Company
 Apr. 2015 Managing Director, Deputy Division Manager of Systems Consulting Division
 Aug. 2015 Managing Director, Deputy Division Manager of the Systems Consulting Division,
 Deputy Division Manager of Insurance Solution Division
 Apr. 2018 Senior Managing Director, Deputy Division Manager of the Systems Consulting Division
 Apr. 2019 Counselor of the Company
 Jun. 2019 Audit & Supervisory Board Member of the Company (present)



Kiyotaka Yamazaki Outside Independent
 Date of birth: April 4, 1953
Audit & Supervisory Board Member^{non-1)} (9,850 shares)
 Oct. 1979 Joined M. Serizawa & CO. (CPA Office)
 Aug. 1983 Registered as a certified public accountant
 Jul. 2005 Partner of M. Serizawa & CO. (currently, GYOSEI & CO.)
 Oct. 2006 Managing Partner of GYOSEI & CO.
 Sep. 2007 Vice Executive Director, Partner of GYOSEI & CO.
 General Manager of Head Office Tokyo of GYOSEI & CO.
 Jun. 2010 Managing Partner (CEO) of GYOSEI & CO.
 Jun. 2014 Audit & Supervisory Board Member of the Company (present)
 Jul. 2014 Managing Partner of GYOSEI & CO.
 Oct. 2017 Partner of GYOSEI & CO. (present)
 Oct. 2018 Adviser of GYOSEI & CO. (present)
 <Important concurrent positions>
 Adviser of GYOSEI & CO.

Notes: 1. Masatoshi Matsuzaki, Hideaki Omiya, and Shinoi Sakata are Outside Directors. Kiyotaka Yamazaki and Noriaki Okubo are Outside Audit & Supervisory Board Members. NRI specifies those members as Independent Directors pursuant to the regulations of the Tokyo Stock Exchange and has notified them to the said stock exchange.
 2. Members of the Board were selected at the Ordinary General Meeting of Shareholders held on June 18, 2020.
 3. For the Audit & Supervisory Board Members, Noriaki Okubo was selected at the Ordinary General Meeting of Shareholders held on June 23, 2017, Kohei Sato and Kiyotaka Yamazaki were selected at the Ordinary General Meeting of Shareholders held on June 22, 2018, Motoya Nishimura was selected at the Ordinary General Meeting of Shareholders held on June 20, 2019, and Takuhito Sakata was selected at the Ordinary General Meeting of Shareholders held on June 18, 2020.
 4. Figures in parentheses are the number of shares of NRI stock owned. This includes holdings in the executive share ownership plan as of June 23, 2020.

Senior Managing Directors, Managing Directors, and Executive Fellows

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

Senior Executive Managing Directors		Senior Managing Directors		Managing Directors	
Tatsuya Watahiki	Hajime Ueda	Katsutoshi Murakami	Hiroyuki Kawanami	Noriyasu Kogure	Katsuya Mori
Senior Corporate Managing Directors		Hisao Nakajima	Sonoko Kitagawa	Kaga Yanagisawa	Noriyuki Takeda
Kenji Yokoyama	Hirofumi Tatematsu	Tohru Yasumaru	Jun Odashima	Kotaro Gunji	Masashi Shimizu
Shigeki Hayashi	Shuji Tateno	Tomohiko Noguchi	Yasuki Nakamaru	Hideki Saito	Noriyuki Kobayashi
Fumihiko Sagano	Hidenori Anzai	Susumu Nishimoto	Takeshi Hihara	Takefumi Ikeya	
Yoichi Inada	Ken Ebato	Yasushi Kobara	Masaaki Yamazaki	Executive Fellows	
Hiroshi Masutani	Minoru Yokote	Shoichi Ohno	Koji Shimizu	Yasuki Okai	Kotaro Kuwazu
Akio Yamamoto	Namiki Kubo	Akira Matsumoto	Hiroshi Koike		
Tomoshiro Takemoto	Yuichi Higo	Yoshihiko Sunaga	Ichiro Morisawa		
Naohiro Sako		Tetsuro Watanabe	Kazuya Kobayashi		
		Shigekazu Ohmoto			

NRI's Four Business Segments

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

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

Consulting → P.86-87

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

Financial IT Solutions → P.88-89

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

Major affiliated companies

NRI Process Innovation, DSB, Nippon Securities Technology, Cutter Associates

Industrial IT Solutions → P.90-91

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

Major affiliated companies

NRI Netcom, NRI System Techno, Brierley + Partners, ASG Group

IT Platform Services → P.92-93

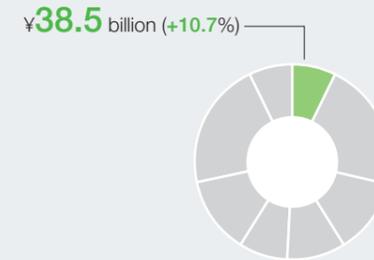
This segment provides data center operations and construction of IT platforms and networks that are provided to the Financial IT and Industrial IT solutions segments. This segment also provides IT platform solutions and information security services to external clients. Furthermore, NRI conducts research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

Major affiliated companies

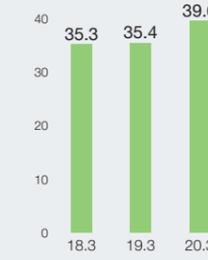
NRI SecureTechnologies, NRI Data i Tech, NRI digital

Clients

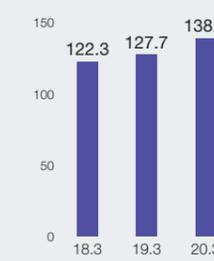
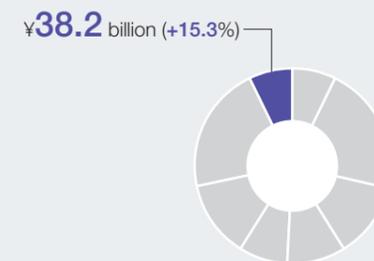
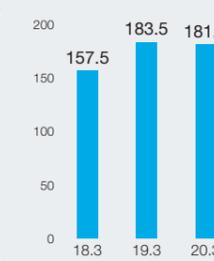
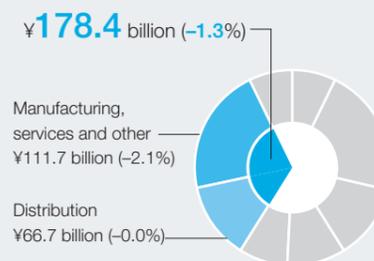
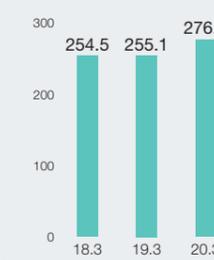
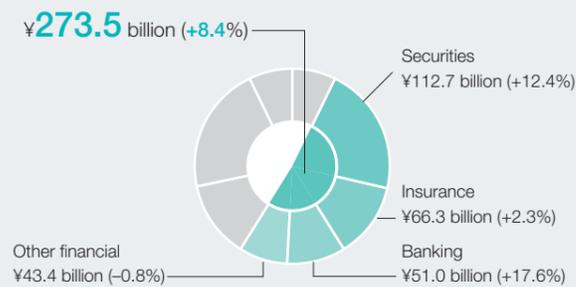
Sales by segments for FY March 2020
(year-on-year changes)



Sales including inter-segment sales
(billions of yen)



Operating profit /
Operating profit margin
(billions of yen / %)



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

Consulting Segment

The Consulting segment provides consulting services for policy planning for government agencies and strategy planning, business operation reforms, and all phases of IT management for companies.

We also have a strong track record in overseas markets including Asia-Pacific, Europe, and the United States, where we have been tapped for numerous consulting projects by Japanese companies as well as local companies and governments.

Service Examples

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



Segment Strengths

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



Digital Wealth of Nations Theory



IT Navigator 2020 Edition

Domestic and International Business Environment (Client Trends)

Acceleration in corporate reform by DX

- Expansion of business transformation themes by DX, further enhancement of transformation needs
- Legacy core system and lack of IT human resources continue to hinder DX (domestic)

Non-transparent business environment and heightened difficulty of management

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



NRI Strategies and Countermeasures

Domestic business

- Enhance DX-related solutions and service menus
 - Expansion of business transformation consulting by DX
 - Strengthen DX execution support such as business consulting and comprehensive support for client IT departments
- Strengthen client responsiveness through increased sophistication of account management
 - Accurate response to client needs through internal collaboration
 - Strengthen ongoing business relationships through large-scale projects and promotion of cross-selling

Overseas business

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

Activity results

Co-create a thriving future society by driving new value

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

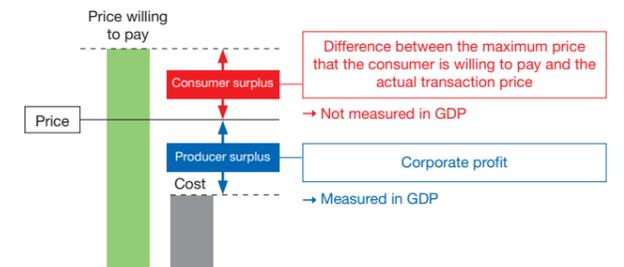
While, in recent years in Japan, key economic indicators such as the real GDP growth rate have been sluggish, NRI's research has revealed that the subjective feelings of consumers toward daily life are improving. NRI believes that the background of this conflicting phenomenon is the abundance obtained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



Scene from the NRI Dream Up the Future Forum 2019 (keynote speech by President Konomoto)

at the NRI Dream Up the Future Forum 2019 held in Tokyo in October 2019.

As shown in the diagram below, the consumer surplus "i" generated by digital is the difference between the maximum price that the consumer is willing to pay and the actual transaction price. "i" is an imaginary value that cannot be represented as an actual monetary amount. We proposed "GDP+i", as a new index for the digital age. We recommended the need for economic activity analysis which includes abundance obtained from digital services.



Explanatory Diagram for GDP+i

Co-create an ideal society by effectively utilizing its resources

ASEAN nations technical assistance for development of the bond market

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

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

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



Scene of workshop at the Ho Chi Minh Stock Exchange

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

Supporting urban development by utilizing the digital technology with Tsuruoka City

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

Through urban development which utilizes digital technology, Tsuruoka City seeks to become a regional city that possesses high productivity and is capable of independent economic growth. Furthermore, by realizing high-quality urban services that support citizens' health, peace of mind, and comfortable living, Tsuruoka City aims to build a local community where individuals can feel "happiness" and "prosperity." In cooperation with Tsuruoka City, NRI supports the achievement of safe, comfortable, and

high-quality city services, and promotes the construction of efficient digital government.

Based on our know-how and experience related to local communities and industrial development, and extensive experience related to digital technology and its utilization, NRI will contribute to the development of local communities and the resolution of social issues on a wide scale.



President Konomoto at the signing ceremony with Mayor Minakawa (right) of Tsuruoka City

Financial IT Solutions Segment

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

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

Service Examples

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



Segment Strengths

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

- Think tank activities that discuss and communicate on financial policy and financial intermediary function issues (Research Forum for Revitalization of Financial Intermediation in Domestic Economy, Japan-China Financial Roundtable)



Ranked 10th in the global ranking of financial IT service companies released by IDC Financial Insights

Domestic and International Business Environment (Client Trends)

Changes to the environment surrounding the financial industry

- Securities industry: Increasing need for reform of profit structure due to a transition to no fees
- Banking industry: Profitability is declining due to low interest rates
- Insurance industry: Profitability is declining due to low interest rates and increased payments due to natural disasters
- Asset management industry: Domestic market which is forecast to grow

Amidst decreasing profitability due to low interest rates, etc., changes in the investment area and expand investment aimed at cost reduction

- Utilize BPO services in addition to IT solutions
- Active IT investment in competitive areas such as front-end services
- Search for new profit opportunities and business models

Search for partnerships and response in conjunction with new entry into the financial business by new industry players and corporations from other industries

- Securities industry: Partnerships with corporations from other industries
- Banking industry: Expansion of new forms of banks
- Insurance industry: Diversification of products and channels

Overseas markets with a higher growth rate than Japan

NRI Strategies and Countermeasures

Acquisition of new clients and expansion of business fields

- Inter-industry business creation that exceeds the conventional financial industry framework and expansion of service lineup
- Response to new entry by corporations from other industries through function modularization and API release
- Expanded BPO services by DSB Co., Ltd.

Creation of new businesses aimed at providing digital financial services

- Developed platform services using My Number
- Established BOOSTRY Co., Ltd., which develops and provides trading platforms utilizing blockchain technology
- Developed and provided a telematics damage service system utilizing telematics* technology
- Policy recommendations for digital government

Acceleration of global business expansion

- Expansion of support for worldwide offices of Japanese financial institutions
- Expanded business in Australia through M&A

* Telematics: A term coined by combining the words "telecommunications" and "informatics." Telematics is a mechanism that provides various information and services by using on-board devices such as car navigation and GPS, and mobile communication systems.

Activity results

Created a thriving future society through new value creation

New transaction platforms such as securities utilizing block-chain technology

In September 2019, Nomura Holdings, Inc. and NRI established BOOSTRY Co., Ltd., which develops and provides new platforms for issuance and distribution of rights for securities, etc., utilizing blockchain technology. BOOSTRY Co., Ltd. developed the shared platform ibet, which enables the creation, transfer, and usage of bonds and stocks, as well as various rights such as ownership rights, memberships, and digital assets. As a result, it is possible to handle products that previously had a low level of liquidity. Therefore, we expect expansion of the capital market. Using this platform developed by BOOSTRY Co., Ltd., NRI issued Japan's first-ever digital asset bond and digital bond in March 2020.

By providing new platforms for society to support the activities of business corporations, etc., NRI will realize new forms of finance and participate in the co-creation of a thriving future society.

BOOSTRY

Trade name	BOOSTRY Co., Ltd.
Established	September 2, 2019
Capital	¥1,175 million
Representative Director	Toshinori Sasaki
Shareholder composition	Nomura Holdings, Inc.: 66% Nomura Research Institute, Ltd.: 34%
Business lines	Develop platform for exchanging securities and other rights using blockchain technology; provision of consulting and IT services

See the BOOSTRY Co., Ltd. website for details.
<https://boostry.co.jp/>

Co-create an ideal society by effectively utilizing its resources

Further expand use of shared online service THE STAR

NRI has developed multiple shared-use platforms that support finance, such as THE STAR and BESTWAY, thus contributing to the transformation of business processes at financial institutions. In addition to leading the shift from ownership to usage at financial institutions, NRI contributes to the creation of CO₂ reduction effects through joint usage of information systems.

THE STAR, a back-office system for securities firms, began operation in 1974. Since then, THE STAR has been introduced by numerous securities firms, banks, and other institutions. THE STAR supports overall management at securities firms through compatibility with various transaction formats of comprehensive securities firms, including face-to-face sales with investors, Internet transactions, and brokerage. Recently, in addition to Mizuho Securities Co., Ltd., THE STAR has been adopted by the online securities company

LINE Securities Corporation, as well as banks that start securities brokerage businesses.

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



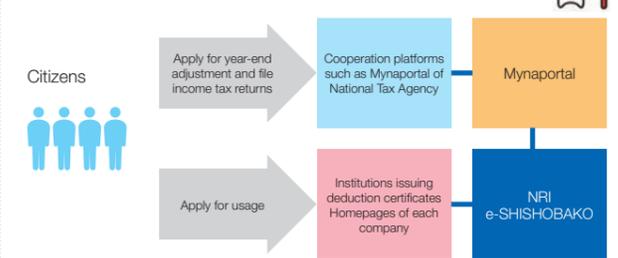
Co-create a safe and secure society by advancing its infrastructure

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

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

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

Promote the digitalization of tax returns



See the websites on services related to My Number for details.
<https://www.nri.com/jp/service/solution/fis/mynumber>

Industrial IT Solutions Segment

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

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

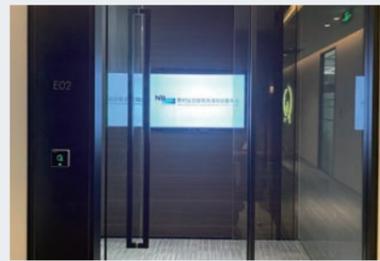
Service Examples

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



Segment Strengths

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



In August 2019, opened the NRI Shenzhen Innovation Center as an R&D base of DX

Domestic and International Business Environment (Client Trends)

Evolution of technologies such as mobile, cloud, and AI

- Utilization of technology to significantly change the business model and players in the industry

Expansion of e-commerce in the retail field

- Response to product proposals based on consumer preferences and to dynamic price changes, etc.
- Optimization of supply chains and logistics capable of responding to the increase in frequent delivery of small lots is an issue not only for corporations, but also for society as a whole

Spread of network-type products in the manufacturing industry

- The quality of network services significantly impacts product value

Renewal of core systems

- Expanded utilization of package solutions and cloud services
- Construction of a secure and stable system infrastructure



NRI Strategies and Countermeasures

B2C e-commerce & digital marketing

- Support for the continued growth of clients' e-commerce businesses such as cosmetics, travel, volume sales of home appliances, information service businesses, etc.
- Utilization of advanced R&D results such as customer fitting, hybrid recommendations, and loyalty point programs*

* Licensed by Brierley+Partners, a Group company

B2B e-commerce

- Construction of a strong e-commerce platform that supports transactions among corporations in the e-marketplace
- Algorithm for high-speed search of an enormous number of products
- Development and modularization of complex business logic

Supply chain and logistics management

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

Enterprise AI

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

Package integration

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

Mission critical systems

- High availability and rapid service expansion 24 hours a day, 365 days a year

Activity results

Co-create a thriving future society by driving new value

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

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

JAL and NRI will strengthen customer engagement in various real-life situations and reflect the results to DX in the aviation business, thus co-creating a thriving future society.



Co-create an ideal society by effectively utilizing its resources

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

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

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

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



Scene from venue of the real estate DX seminar

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

Strengthening the management base of the Ajinomoto Group by rebuilding the core system

Ajinomoto Co., Inc. used SAP S/4HANA® for the core system in conjunction with the start-up of the new company Ajinomoto Food Manufacturing Co., Ltd. Full operation was started in April 2019.

The rebuilding of the core system is conducted based on the policies of "minimizing individual systems by standardization of operations." Moving forward, we plan to implement a core system at Ajinomoto Co., Inc. based on the system that was installed for Ajinomoto Food Manufacturing Co., Ltd.

Ajinomoto System Techno Corporation, the predecessor of NRI System Techno, Ltd. (hereinafter, "NST"), was established in 1990 as a 100% owned subsidiary of Ajinomoto Co., Inc. and handled all information systems of the Ajinomoto Group. NRI acquired 51% of the issued shares of Ajinomoto System Techno Corporation in 2012. Since then, NST promotes the industrial IT solutions business as a member of the NRI Group.

When rebuilding the core system at Ajinomoto Food Manufacturing Co., Ltd., NST collaborated with NRI to handle all phases from

information strategy formulation to system design/development, construction of infrastructure and operating environments, and maintenance after beginning operation.

NRI and NST will support the further expansion of our clients' businesses and contribute to the co-creation of a safe and secure society.



IT Platform Services Segment

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

Service Examples

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



NRI CODO in WeWork Marunouchi Kitaguchi

Segment Strengths

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



The IT solutions infrastructure* NRI Cloud provided by NRI has acquired ISO/IEC 27001 and ISO/IEC 27017 certification from the Japan Quality Assurance Organization (JQA) (as of October 19, 2018).
* General name of NRI solutions for IT infrastructure to achieve stable operation of client systems
<https://www.nri.com/en/service/ips/managed>

Domestic and International Business Environment (Client Trends)

Multi-cloud services business

- Arrival of the cloud-first era for promoting DX
- Heightening public cloud utilization needs
- Intensifying competition of cloud servicers, differentiation utilizing characteristics
- Actualization of risks due to large-scale cloud failure

Digital workplace business

- Heightening expectations for achievement of work-style reform triggered by office relocation
- Increasing need for acceptance of diverse work styles
- Expectations for improving work efficiency by releasing restrictions on work sites

Security business

- Need for advanced security measures in response to increasingly sophisticated cyber-attacks
- Expansion of areas for security countermeasures accompanying the use of digital technologies such as IoT in business

DX production innovation

- Increasing need for DX support consulting to accompany client DX

NRI Strategies and Countermeasures

Multi-cloud services business

- Expansion of multi-cloud services
- Provision of a safe and secure public cloud environment
- Establishment and expansion of infrastructure consulting

Digital workplace business

- Expansion of digitalization of office environments with a focus on work-style reform
- Security business for achievement of an even safer workplace environment

Security business

- Provision of security countermeasures solutions for needs of the times; i.e., IoT and blockchain
- Expansion of global security business

DX production innovation

- Provision of NRI CODO for supporting DX through co-creation of advanced technology
- Implementation of the atlix Service, a multi-cloud managed service
- R&D activities, industry-academia collaboration and open innovation related to advanced technologies

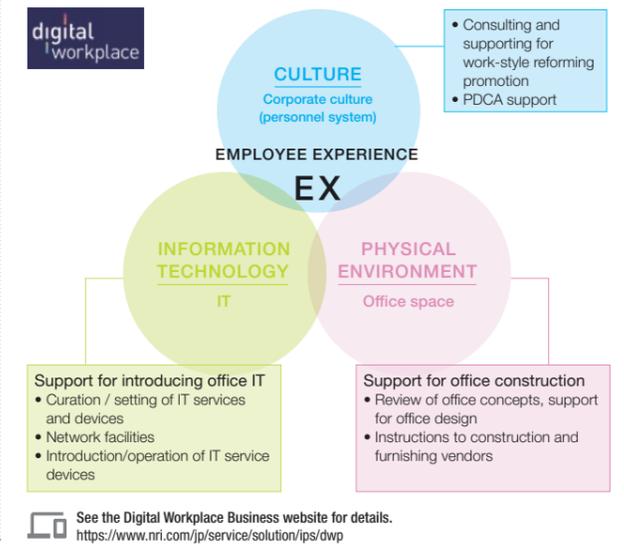
Activity results

Created a thriving future society through new value creation

Digital workplace business for providing solutions for new work styles

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

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



Co-create an ideal society by effectively utilizing its resources

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

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

By utilizing the cloud, NRI will support DX promotion by clients and contribute to the co-creation of an ideal society.



Overall image of IT solution infrastructure

See the websites on services related to Multi-cloud for details. <https://www.nri.com/jp/keyword/cloud>

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

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

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

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

Four businesses	Five service categories	
Consulting Support for customized issue resolution through a high level of expertise	Security consulting	Security measure PDCA support from expert consultants
DX security Security for supporting digital transformation	Development and training of human resources	Support for cultivation of security personnel and acquisition of certification (GIAC, CISSP)
Managed Security Services Offensive and defensive cyber-attacks countermeasures	Security assessment and penetration testing	IT system vulnerability check using technology from the perspective of cyber attackers
Software Independently developed solutions that are high-quality and convenient	MSS and SOC as a Service	24/7 monitoring and managing services for protecting IT systems from cyber attackers
	Solution business	Various security solutions that are high-quality, convenient, and mainly developed independently

Services provided by NRI Secure

See the NRI Secure website for details. <https://www.nri-secure.com/>

11-Year Summary Consolidated Financial Statements

For the fiscal years beginning April 1 and ending March 31 of the following year

This financial summary is prepared solely for convenience.

Readers are recommended to refer to Consolidated Financial Results.

Consolidated Financial Results
<https://ir.nri.com/en/ir/library/financial.html>

	2010.3	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
(millions of yen)											
Consolidated Statement of Income:											
Sales	338,629	326,328	335,554	363,891	385,932	405,984	421,439	424,548	471,488	501,243	528,873
Cost of sales	245,641	233,119	235,515	262,315	276,664	289,210	287,270	280,761	311,868	336,508	348,006
Gross profit	92,988	93,209	100,038	101,575	109,267	116,774	134,168	143,787	159,619	164,735	180,866
Selling, general and administrative expenses	52,911	54,782	56,886	57,608	59,450	65,287	75,873	85,272	94,481	93,293	97,688
Directors' compensations	1,125	1,093	899	878	986	1,316	1,227	1,213	1,101	1,069	1,220
Salaries and allowances	18,261	19,167	20,065	20,080	20,087	22,450	25,395	27,576	29,681	30,506	32,522
Provision for bonuses	3,700	4,283	4,527	4,582	4,715	5,136	5,802	5,993	6,751	6,783	7,032
Retirement benefit expenses	2,111	2,260	2,347	2,492	2,458	2,105	2,155	3,038	2,678	2,533	2,907
Welfare expenses	3,376	3,641	3,651	3,641	3,786	4,362	4,935	5,842	6,348	6,532	6,697
Education and training expenses	1,477	1,451	1,567	1,843	1,853	1,789	1,712	1,768	1,705	1,851	1,840
Operations consignment expenses	7,270	6,831	8,401	8,823	9,640	11,170	14,246	16,722	16,740	17,073	18,366
EBITDA	70,992	69,094	74,027	86,567	84,126	77,528	91,814	88,933	103,177	108,846	117,419
Operating profit	40,077	38,426	43,152	43,967	49,816	51,486	58,295	58,514	65,138	71,442	83,178
Non-operating income and profit	870	1,646	1,533	1,891	2,544	1,455	2,705	1,839	1,023	967	1,349
Ordinary profit	40,947	40,073	44,686	45,858	52,360	52,942	61,001	60,354	66,161	72,409	84,528
Extraordinary income and loss	(3,618)	(219)	11,518	(2,988)	349	6,132	1,304	4,638	16,366	4,340	17,968
Income taxes	15,476	16,663	23,283	14,261	21,175	19,209	19,513	21,042	26,356	25,213	32,288
Profit attributable to owners of parent	21,856	23,188	32,920	28,612	31,527	38,880	42,648	45,064	55,145	50,931	69,276
Consolidated Balance Sheet (year-end):											
Total Assets	363,368	380,032	402,784	432,222	469,010	593,213	621,695	628,944	643,117	612,192	533,151
Current assets	137,744	177,593	176,804	189,206	208,121	298,565	306,943	295,915	298,275	285,788	259,855
Cash and bank deposits	15,055	16,757	8,462	10,273	9,885	26,469	62,138	152,610	159,541	124,773	102,540
Fixed Assets	225,623	202,439	225,980	243,016	260,888	294,647	314,751	333,029	344,842	326,404	273,295
Tangible fixed assets	58,965	58,451	67,569	63,456	62,767	53,915	65,384	63,790	68,528	65,376	63,422
Intangible fixed assets	68,319	57,641	57,861	42,854	42,712	55,582	65,085	99,485	103,747	91,505	85,118
Goodwill	—	—	—	—	—	—	7,864	35,404	36,624	27,572	20,409
Investments and other assets	98,339	86,346	100,549	136,705	155,408	185,148	184,280	169,754	172,566	169,522	124,755
Investment securities	53,699	43,964	61,273	88,378	94,766	116,480	120,397	103,841	88,999	80,203	28,512
Total liabilities	143,131	148,957	144,507	141,404	137,601	189,745	196,286	181,646	210,442	187,160	245,997
Current liabilities	67,195	68,160	69,380	118,207	79,841	113,208	134,304	111,552	162,133	124,264	140,456
Short-term loans payable	—	—	—	—	—	10,645	2,270	2,870	6,074	6,345	6,659
Provision for loss on orders received	—	—	—	579	3,083	3,911	1,345	1,591	50	933	300
Non-current liabilities	75,936	80,797	75,126	23,196	57,759	75,988	61,327	69,500	47,714	62,419	105,076
Bonds	49,997	49,997	49,997	—	30,000	30,000	15,000	25,000	34,082	33,931	73,310
Long-term loans payable	—	9,176	6,677	4,250	22,054	21,333	27,969	24,396	408	13,213	17,876
Net assets	220,237	231,074	258,276	290,818	331,408	403,467	425,409	447,297	432,674	425,032	287,153
Consolidated Statement of Cash Flows:											
Cash flows from operating activities	58,060	48,777	53,067	68,600	33,839	58,710	81,470	61,147	73,493	56,349	102,787
Cash flows from investing activities	(16,175)	(27,723)	(47,731)	(36,019)	(32,234)	(1,093)	(75,344)	(30,341)	(17,882)	(16,826)	18,382
(Investing activities except cash management purpose investment)	(28,184)	(19,292)	(25,299)	(34,055)	(38,086)	(13,800)	(52,725)	(41,348)	(30,162)	(15,025)	(6,985)
Free cash flow	41,885	21,054	5,335	32,580	1,605	57,617	6,126	30,805	55,610	39,523	121,169
(Free cash flow except cash management purpose investment)	29,876	29,485	27,767	34,544	(4,246)	44,910	28,744	19,799	43,330	41,324	95,801
Cash flows from financing activities	(10,348)	1,590	(10,438)	(10,723)	(8,773)	(10,536)	9,326	(34,327)	(46,829)	(73,106)	(139,857)
Effect of exchange rate change on cash and cash equivalents	10	(335)	62	721	337	694	(1,071)	624	(2,529)	(1,519)	(3,734)
Net increase (decrease) in cash and cash equivalents	31,547	22,309	(5,041)	22,579	(6,830)	47,775	14,381	(2,897)	6,251	(35,102)	(22,421)
Cash and cash equivalents at end of period	59,775	82,085	77,043	99,623	92,792	140,567	154,949	152,051	158,303	123,200	100,778
Cash and cash equivalents + Cash management purpose investment	73,837	104,417	121,601	145,974	133,350	169,023	206,031	192,028	185,882	152,743	104,842

Notes: 1. Figures less than the unit indicated have been rounded down for amounts.

2. Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

3. EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.

Consolidated Financial Data

		(millions of yen)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Segment Information:							
External sales	Consulting	27,353	28,370	30,574	34,577	34,839	38,572
(Sales to external clients)	Financial IT Solutions	237,111	252,842	246,979	252,122	252,367	273,571
	Securities	116,534	123,896	119,128	118,397	100,309	112,762
	Insurance	56,414	57,082	51,982	51,836	64,874	66,374
	Banking	34,584	37,541	40,286	42,225	43,404	51,022
	Other financial	29,577	34,321	35,580	39,662	43,780	43,411
	Industrial IT Solutions	97,938	101,538	107,208	154,917	180,882	178,490
	Distribution	46,705	51,882	54,256	61,057	66,814	66,789
	Manufacturing, service and other	51,232	49,656	52,952	93,860	114,068	111,700
	IT Platform Services	34,779	28,720	29,241	29,870	33,153	38,239
	Others	8,803	9,966	10,544	—	—	—
External sales + Sales for each segment	Consulting	27,749	28,823	31,161	35,332	35,481	39,612
	Operating profit	5,959	5,487	5,853	6,561	7,786	9,515
	Operating profit margin (%)	21.5	19.0	18.8	18.6	21.9	24.0
	Financial IT Solutions	237,649	253,802	248,188	254,567	255,162	276,937
	Operating profit	22,621	29,171	26,461	27,673	27,095	35,034
	Operating profit margin (%)	9.5	11.5	10.7	10.9	10.6	12.7
	Industrial IT Solutions	98,974	102,859	107,672	157,585	183,580	181,438
	Operating profit	11,769	9,974	9,076	15,119	18,449	19,719
	Operating profit margin (%)	11.9	9.7	8.4	9.6	10.0	10.9
	IT Platform Services	113,505	110,044	122,107	122,342	127,777	138,833
	Operating profit	8,636	11,575	14,015	14,764	17,130	18,454
	Operating profit margin (%)	7.6	10.5	11.5	12.1	13.4	13.3
External sales by service	Consulting services	47,110	52,131	62,734	78,987	90,816	96,862
	System development & System applications sales	136,710	145,157	131,908	138,111	150,467	161,703
	System management & Operation services	206,698	212,952	217,271	241,198	244,273	251,908
	Product sales	15,465	11,197	12,634	13,191	15,686	18,399
Sales to main clients	Nomura Holdings, Inc.	82,469	68,666	71,600	77,937	60,579	65,049
	Seven & i Holdings Co., Ltd.	40,973	43,254	45,285	47,001	49,109	52,434
Overseas sales	Overseas sales	8,655	14,618	18,925	43,559	53,081	46,752
	Overseas sales ratio (%)	2.1	3.5	4.5	9.2	10.6	8.8

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. Sales to main clients include sales to the client's subsidiary and sales made through leasing companies, etc.
3. There was a partial revision to segment categorization for the fiscal year ended March 2020. Figures for the fiscal year ended March 2019 reflect this change in categorization.

		(millions of yen)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Order volume	Consulting	28,390	27,425	34,609	36,285	34,315	39,352
	Financial IT Solutions	253,830	256,293	246,153	244,794	265,724	284,089
	Industrial IT Solutions	101,380	104,650	116,335	174,260	184,653	176,867
	IT Platform Services	31,215	23,352	31,423	30,154	33,467	40,671
	Others	9,153	10,840	10,463	—	—	—
	Total	423,970	422,561	438,986	485,494	518,161	540,980
Order backlog	Consulting	5,622	4,677	8,711	6,764	3,559	4,339
	Financial IT Solutions	146,268	149,718	148,893	141,574	154,930	165,449
	Industrial IT Solutions	55,412	58,523	67,650	94,120	100,572	98,949
	IT Platform Services	17,205	11,837	14,019	14,295	14,609	17,041
	Others	2,679	3,553	3,472	—	—	—
	Total	227,188	228,310	242,748	256,754	273,672	285,779

Notes: 1. Figures less than the unit indicated have been rounded down for amounts.
2. The amounts are based on sales price.
3. In regard to continuous services and those services for which fees are received according to the number of times used, etc., expected net sales for the following year is booked as the order amount at the end of each fiscal year.

		(millions of yen)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Production and Orders:							
Actual production		280,562	279,405	277,736	304,044	327,324	337,197
Subcontracting costs		141,925	139,303	126,361	135,522	150,635	161,305
Of which are subcontracting costs to Chinese companies		23,482	23,476	18,815	19,532	23,213	28,514
Subcontracting ratio (%)		50.6	49.9	45.5	44.6	46.0	47.8
Subcontracting ratio to Chinese companies (%)		16.5	16.9	14.9	14.4	15.4	17.7

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

		(millions of yen)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Capital Expenditures / Depreciation and Amortization / Research and Development Expenses:							
Capital expenditures		31,080	48,325	38,668	38,201	26,276	28,496
Capital expenditures (tangible)		8,349	20,285	13,640	16,188	5,615	6,684
Capital expenditures (intangible)		22,731	28,040	25,027	22,012	20,661	21,811
Depreciation and amortization		25,800	32,598	28,476	31,941	30,427	30,414
Research and development expenses		4,222	5,110	5,674	5,170	3,665	4,310

		(%)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Ratios:							
Gross profit margin		28.8	31.8	33.9	33.9	32.9	34.2
Operating profit margin		12.7	13.8	13.8	13.8	14.3	15.7
EBITDA margin		19.1	21.8	20.9	21.9	21.7	22.2
ROE (Return on equity)		10.8	10.6	10.7	12.9	12.3	20.3
ROA (Return on assets)		10.0	10.0	9.7	10.4	11.5	14.8
Debt / Equity ratio (times)		0.18	0.16	0.13	0.19	0.15	0.4
Equity ratio		65.6	66.2	69.1	65.2	67.1	50.9
Price earnings ratio (PER) (times)		23.2	20.1	22.6	22.1	23.3	20.9
Dividend payout ratio		36.5	41.1	42.4	39.1	41.5	27.9
Total return ratio		36.5	63.4	66.4	129.8	113.4	258.9

		(yen)					
		2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Per Share Information:							
Earnings per share (EPS)		176	171	181	228	72	109
Diluted earnings per share (EPS)		176	170	181	227	71	109
Book-value per share (BPS)		1,765	1,646	1,750	1,760	587	455
Dividend per share (DPS)		70	80	80	90	90	32

Notes: 1. Amounts have been rounded down to the nearest unit specified. However, percentages have been rounded off to the nearest digit specified.
2. EBITDA is calculated as Operating profit + Depreciation and amortization + Goodwill amortization up to the fiscal year ended March 2017 and as Operating profit + Depreciation and amortization + Goodwill amortization + Loss on retirement of noncurrent assets from the fiscal year ended March 2018.
3. ROE = Profit attributable to owners of parent / Beginning and ending balance average net assets
4. ROA = Ordinary profit / Beginning and ending balance average total assets
5. NRI implemented 1:1.1 common stock splits on October 1, 2015, and January 1, 2017. Earnings per share, diluted earnings per share and net assets per share are calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2015, and the fiscal year ended March 2016.
6. NRI implemented a 1:3 common stock split on July 1, 2019. Earnings per share, diluted earnings per share, and net assets per share are calculated by deeming stock splits to have occurred respectively at the beginning of the fiscal year ended March 2019. Dividend per share for the fiscal year ended March 2019 is based on the number of shares prior to the stock split.
7. The dividend payout ratio is calculated by dividing the total sum of dividends (including dividends to the NRI Group Employee Stock Ownership Group) by net income.

ESG Data

ESG Databook 2020
https://www.nri.com/en/sustainability/library/back_number

E: Environment

Environmental KPI (NRI Group data):	2016.3	2017.3	2018.3	2019.3	2020.3
Greenhouse gas emissions (compared to FY March 2014) (%)	19.8	26.9	30.0	38.2	43.8
Share of renewable energy in data centers (%)	0.1	0.1	0.1	0.1	0.1
Supplier's environmental target setting ratio (%) (Category 1, 2 and 11 of Scope 3)	n/a	n/a	4.6	18.1	21.6

Greenhouse gas emissions (NRI Group data):	2016.3	2017.3	2018.3	2019.3	2020.3
Direct greenhouse gas emissions (Scope 1)	(1,000 t-CO ₂)	1	1	1	1
Japan	(1,000 t-CO ₂)	1	1	1	1
Overseas	(1,000 t-CO ₂)	0	0	0	0
Direct greenhouse gas emissions (Scope 2)	(1,000 t-CO ₂)	84	77	73	58
Japan	(1,000 t-CO ₂)	81	74	70	56
Overseas	(1,000 t-CO ₂)	3	3	3	2
Total emissions (Scopes 1 + 2)	(1,000 t-CO ₂)	86	78	75	60
Japan	(1,000 t-CO ₂)	83	75	72	58
Overseas	(1,000 t-CO ₂)	3	3	3	2

Notes: Scope: Target scope of calculation/reporting for greenhouse gas emissions by corporations

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

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

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

S: Social

Number of employees (NRI Group data):	2016.3		2017.3		2018.3		2019.3		2020.3	
	Persons	Percentage (%)	Persons	Percentage (%)						
Number of employees	10,757	100	11,605	100	12,708	100	12,578	100	13,278	100
By region										
Japan	8,498	79.0	8,676	74.8	8,821	69.4	9,004	71.6	9,495	71.5
Europe	21	0.2	12	0.1	14	0.1	15	0.1	16	0.1
U.S.	293	2.7	383	3.3	392	3.1	345	2.7	328	2.5
Asia	1,945	18.1	1,995	17.2	2,052	16.1	1,761	14.0	1,860	14.0
Of which China	1,398	13.0	1,473	12.7	1,465	11.5	1,168	9.3	1,244	9.4
Australia	—	—	539	4.6	1,429	11.2	1,453	11.6	1,579	11.9

Employment related (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
New hires for the year (persons)	299	294	339	452	496
Total turnover rate (%)*	3.3	3.5	3.8	3.9	4.3
Average length of service (years)	13.8	14.3	14.6	14.6	14.2
New graduates hires retention rate after 3 years (%)	92.5	90.9	93.3	95.9	92.8
Average compensation: all employees (thousands of yen)	11,560	11,514	11,660	12,217	12,352

* The total turnover rate is the percentage of the number of retirees compared to the number of employees at period end.

Promotion of women's participation and advancement in the workplace (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Ratio of female employees (%)	18.8	19.0	19.3	19.8	20.4
Ratio of female managers (%)*	5.7	6.1	6.4	6.8	7.1
Ratio of female hires (%)	27.6	25.6	26.7	27.6	28.2

* The ratio of female managers is the value at the beginning of the term.

Childcare leave / Nursing leave (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Paid maternity leave (persons)	17	13	9	13	8
Pre- and post-childbirth leave (persons)	73	76	56	72	78
Childcare leave (persons)	96	130	252	261	260
Of whom were male employees (persons)	21	60	189	194	190
Number of employees utilizing shorter work hour system for childcare (persons)	96	107	107	113	95
Employees returning to work after childcare leave (female employees) (%) ^{*1}	97.9	97.3	97.0	96.7	98.1
Employees remaining in work after childcare leave (female employees) (%) ^{*2}	92.3	91.7	93.3	92.8	96.8
Nursing care leave (persons)	1	2	3	3	0

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

*1 Number of employees returning to work in the current fiscal year after taking childcare leave / number of employees expected to return to work after taking childcare leave in the fiscal year × 100%

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

Employment of people with disabilities (NRI Group data):	2016.3	2017.3	2018.3	2019.3	2020.3
Employees with disabilities (persons)	111	121	134	142	166
Percentage of employees with disabilities (%)	2.08	2.22	2.19	2.26	2.45

Note: Number of employees with disabilities at NRI and its Group companies

Health and Productivity Management (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Average overtime hours of employees per month (hours)	29.8	27.2	22.0	21.5	26.6
Employees taking annual paid leave (%)	66.5	70.6	71.4	71.3	71.1
Employee work-related deaths (persons)	0	0	0	0	0
Work accidents (cases)*	0	2	0	2	1

* Figure represents the number of either fatal accidents or incidents necessitating four or more days' leave due to a casualty accident.

Client satisfaction survey and employee satisfaction (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Client satisfaction (%) ^{*1}	83.4	82.9	84.6	87.0	83.8
Employee satisfaction (%) ^{*2}	60.3	—	80.5	—	81.8

*1 Percentage that responded "Satisfied" or "Moderately satisfied" (total for top two items on five-grade scale)

*2 A response to a question on overall satisfaction is used for employee satisfaction. For the fiscal years ended March 2016, this is the percentage that responded "Satisfied" or "Moderately satisfied" on a five-grade scale, while for the fiscal year ended March 2018, this is the percentage that responded "Satisfied" or "Moderately satisfied" on four-grade scale that no longer contains "Neither nor."

Information communication / Recommendation projects (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Books published	25	13	15	20	21
Contributions to newspapers and magazines (times)	229	273	298	306	290
Public lectures given (times)	1,161	937	962	922	911
TV / radio appearances (times)	126	102	158	267	155

Development of human resources / Development of society (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Entries to the NRI Student Essay Contest	2,622	3,103	1,767	1,444	2,300
Supporting career education programs:					
No. of schools	38	34	24	31	29
No. of students	Over 1,500	1,277	733	850	704

G: Governance

Member of Directors (Non-consolidated data) (As of July 1):	2016	2017	2018	2019	2020
Total number of Directors	10	9	7	9	9
Outside Directors	3	3	3	3	3
Female Directors	1	1	1	1	1

Status of the Board of Directors (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Number of the Board of Directors held (times)	15	14	15	14	14
Attendance average of all Directors (%)	96	96	98	98	99
Attendance average of Outside Directors (%)	88	90	93	95	98
Attendance average of all Audit & Supervisory Board Members (%)	97	99	99	99	100
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	98	98	100

Status of the Audit & Supervisory Board (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Number of the Audit & Supervisory Board held (times)	19	18	18	17	17
Attendance average of all Audit & Supervisory Board Members (%)	98	99	100	99	100
Attendance average of Outside Audit & Supervisory Board Members (%)	98	98	100	98	100

Number of Notification & Consultation (Non-consolidated data):	2016.3	2017.3	2018.3	2019.3	2020.3
Number of notification & consultation (cases)	3	8	2	4	3

NRI Group Network (As of July 1, 2020)

Headquarters

Nomura Research Institute, Ltd.

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

Domestic Bases

NRI Netcom, Ltd.
NRI SecureTechnologies, Ltd.
NRI Workplace Services, Ltd.
NRI Data i Tech, Ltd.
NRI Social Information System Services, Ltd.
NRI Process Innovation, Ltd.
NRI System Techno, Ltd.
UBsecure, Inc.
DSB Co., Ltd.
NRI Mirai, Ltd.
Zhiming Software Japan, Ltd.
NRI Retail Next, Ltd.
Brierley+Partners Japan, Inc.
NRI digital, Ltd.
NDIAS, Ltd.
Financial Digital Solutions, Ltd.
Nippon Securities Technology Co. Ltd.

Overseas Bases

[U.S.]

Nomura Research Institute Holdings America, Inc.
Nomura Research Institute America, Inc.
Nomura Research Institute IT Solutions America, Inc. Pacific Branch
NRI Secure Technologies, Ltd. North America Branch
Cutter Associates, LLC
Brierley+Partners, Inc.

[Europe / Russia]

Nomura Research Institute Europe Limited Luxembourg Branch
Cutter Associates Europe, Ltd.
Brierley Europe Limited
Nomura Research Institute, Ltd. Moscow Branch

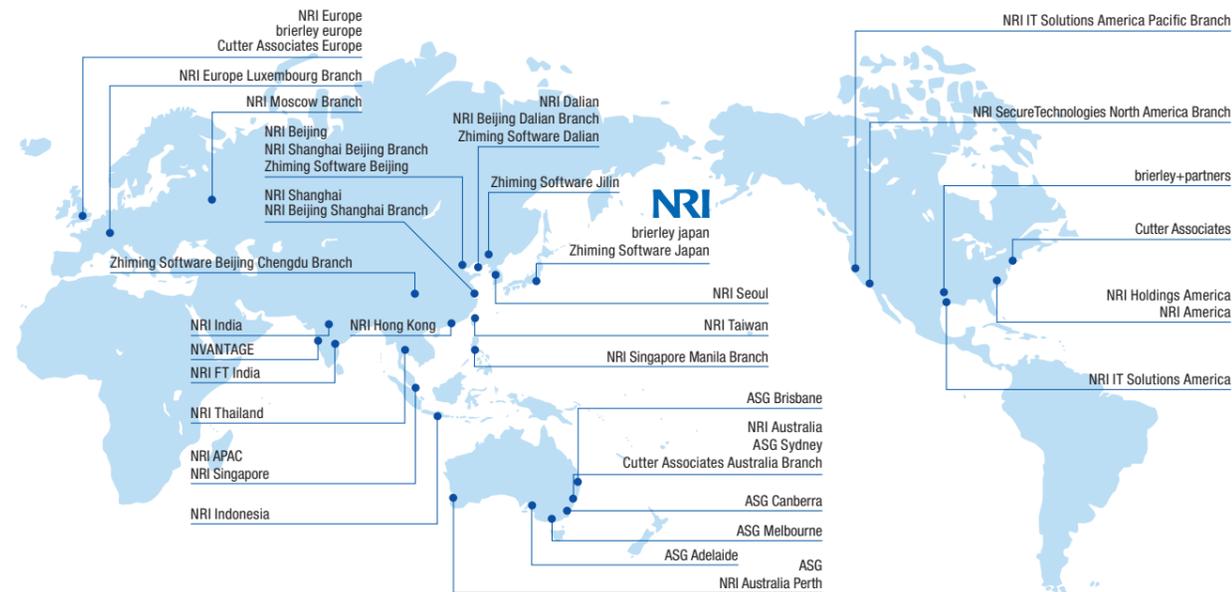
[Asia / Pacific]

Nomura Research Institute Australia Pty Ltd. Perth Office
ASG Group Limited Sydney Office
Canberra Office
Melbourne Office
Brisbane Office
Adelaide Office
Cutter Associates Australia Branch

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

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

NRI Group Worldwide Offices



Corporate Data / Share Information

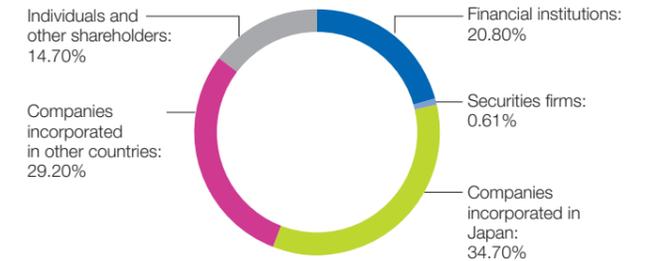
Corporate data (As of March 31, 2020)

Name	Nomura Research Institute, Ltd.
Headquarters address	Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Capital	¥20,000 million
Representative	Chairman and President & CEO, Representative Director Shingo Konomoto (As of July 1, 2020)
Number of employees (Consolidated-base)	13,278 persons

Share information (As of March 31, 2020)

Listed stock exchange	Tokyo Stock Exchange 1st. Section
Code	4307
Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June
A share unit	100 shares
Authorized shares	2,722,500,000 shares
Issued shares	640,000,000 shares
Number of shareholders	15,236 persons
Transfer agent (address for inquiries posts)	Mitsubishi UFJ Trust and Banking Corporation Shin-TOKYO Post Office Post office box No. 29 137-8081, JAPAN Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Tel: 0120-232-711 (toll-free)
Shareholder Fixed Day for Dividend Payment	September 30, March 31

Component ratio of shareholders (As of March 31, 2020)



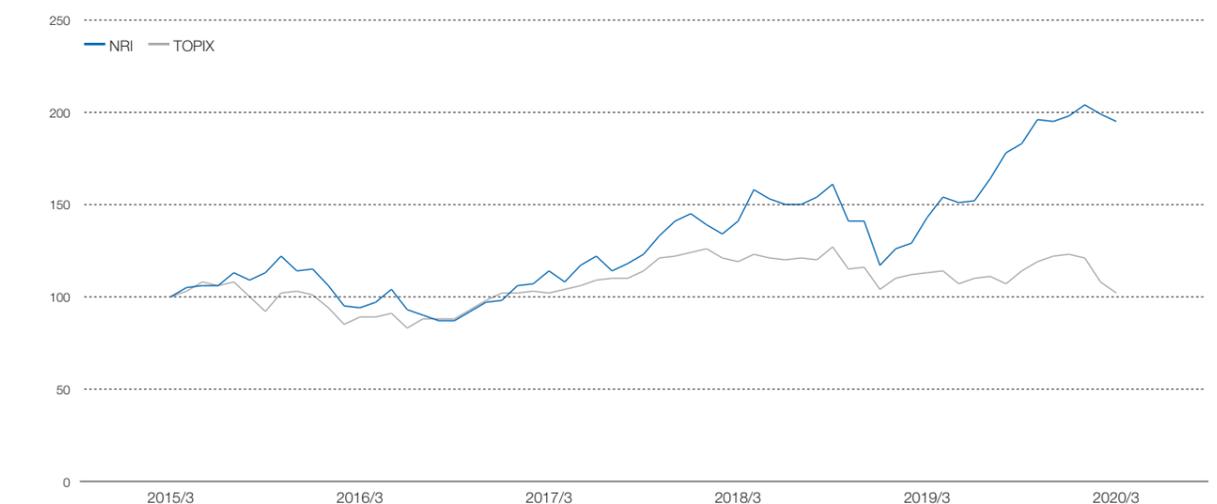
Note: The treasury stock is included in "individual and other shareholders."

Major shareholders (As of March 31, 2020)

Shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Nomura Holdings, Inc.	106,425	17.61
Nomura Facilities, Inc.	67,518	11.17
JAFCO Co., Ltd.	39,468	6.53
NRI Group Employee Stock Ownership Group	29,050	4.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,529	4.22
Nippon Life Insurance Company (Standing Agent: The Master Trust Bank of Japan, Ltd.)	24,727	4.09
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	19,842	3.28
Japan Trustee Services Bank, Ltd. (Trust Account)	19,207	3.18
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd.)	13,434	2.22
JPMorgan Chase Bank 385632	11,969	1.98

Note: NRI has 35,565,000 shares of treasury stock as of March 31, 2020 which are not included in the major shareholders list above. Figures for number of shares held are rounded down to the nearest thousand and figures for percentage of shares held are calculated excluding treasury stock.

Total Shareholder Return (TSR) over the Past 5 Years



Holding Period	1 year	2 years	3 years	4 years	5 years
NRI	94.1%	113.7%	141.2%	143.4%	195.0%
TOPIX	89.2%	102.3%	118.5%	112.5%	101.8%

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