

**NRI**

**ESG Databook**

**2021**

〈Year ended 31 March 2021〉

Environment

Social

Governance

**Nomura Research Institute**



## ESG Databook 2021 Contents

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■ Symbol legend

Symbols in the table

–	Data not available
n/a	Not applicable

Symbols for the data coverage

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

► Sustainability management policy

NRI sustainability management policy

NRI provides support to clients to solve social challenges in their business and wishes to become a company that co-creates social values together with the customers. This wish has resulted in NRI to approve and participate in the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD) and others.

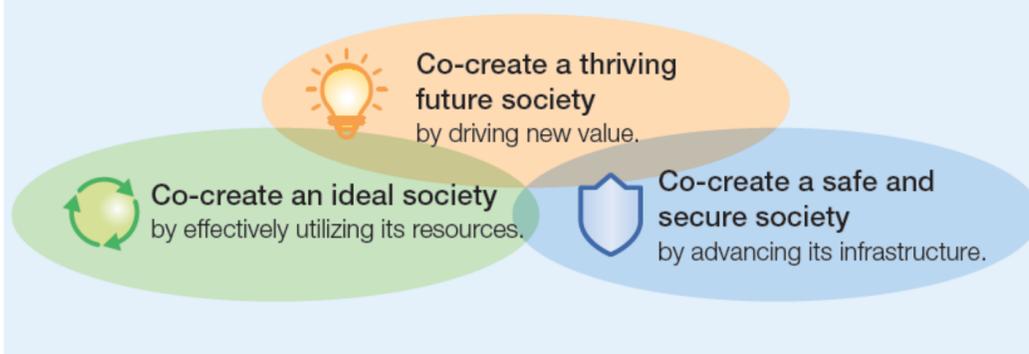
“NRI Group Medium-Term Management Plan (2019 – 2022)” states the “solving of social challenges through co-creation of values” and has set to promote the co-creation of three social values, “Co-create a thriving future society by driving new value”, “Co-create an ideal society by effectively utilizing its resources”, and “Co-create a safe and secure society by advancing its infrastructure” at its core to promote business.

To be able to be trusted by the society from now on and to respond to such expectations, we must ride the tide of new technology ahead of time while making changes to ourselves, and promote business that will lead to solving the challenges in future society to contribute to creating a sustainable future society, and fulfil our social responsibility.

Furthermore, we will listen sincerely to the voices of diversified stakeholders, both domestic and overseas, and control our own actions.

**NRI Group Sustainability Management**

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



•Materiality for sustainable growth



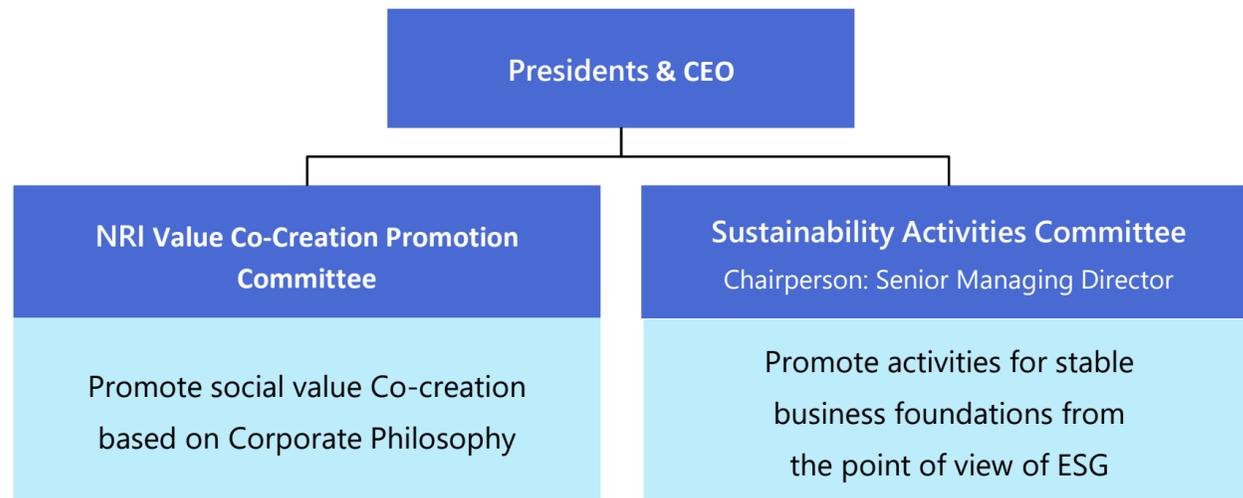
<p>Link Files</p>	<p>Sustainability Management "ESG Briefing"  <a href="https://www.nri.com/en/sustainability/management/esg/2018">https://www.nri.com/en/sustainability/management/esg/2018</a></p> <p>Vision2020 and NRI Sustainability Management Policy  <a href="https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=44">https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=44</a></p>
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▶ Sustainability management structure

Sustainability management structure

NRI has established the "NRI Value Co-Creation Promotion Committee" and "Sustainability Activities Committee" as president's special mission for promoting sustainability, and based on the investigations and discussions in both committees, makes recommendations to the management meeting.

[Organizational chart]



▶ Participation in the initiatives

Participation in the initiatives

- United Nations Global Compact (UNGC)
- Japan Climate Initiative (JCI)
- World Business Council for Sustainable Development (WBCSD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Science Based Targets initiative (SBTi)
- Renewable Electricity 100% (RE100)
- Business Ambition for 1.5°C
- Japan Business Federation (Keidanren) "Charter of Corporate Behavior"
- COOL CHOICE

## ► Our stakeholders

### Our stakeholders

The NRI Group's stakeholders range from a core of "Customers," "Employees/Families," "Shareholders/Investors," and "Business Partners," to also include "Consumers," "Media," "Local Communities," "Industry Organizations / Industry Peers," "Government," "Education and Research Institutes," "Students," and "NGO/NPOs."

We will continue to create a better future society and build stronger relationships of trust with society, all the while maintaining close communication tailored to the peculiarities of each stakeholder.

## ► Stakeholder dialogue

### Stakeholder dialogue

The NRI Group values the opportunities in its daily business activities to listen to the opinions of and communicate with stakeholders in a variety of ways.

Furthermore, in addition to our daily discussions, we engage in dialogue with opinion-maker and rule-maker experts to understand global sustainability trends and reflect them in management strategies and risk management.

In FY2018, we visited the World Business Council for Sustainable Development (WBCSD), an international NPO promoting SDGs in Geneva, Switzerland, and also visited the international ESG evaluation organization RobecoSAM in Zurich, and held a second dialogue.

We exchanged opinions on what ESG investors want from companies and what we should do as companies toward SDGs.

In addition, we have held ESG briefing sessions every year since this year to introduce sustainability management and specific ESG initiatives, and received valuable feedback from stakeholders regarding "NRI-like value co-creation."

In FY2019, NRI held its third overseas stakeholder dialogue in Paris, France.

We visited BNP Paribas Asset Management, the asset management division of BNP Paribas Group, a world-leading financial institution in the field of sustainable finance, and Vigeo Eiris, an international ESG rating agency.

In this dialogue, experts from each company and several NRI employees exchanged opinions on the "tide of international sustainable finance" and "evaluation of the company's efforts toward the SDGs."

In FY2020, we held the fourth round of expert dialogues with the World Benchmarking Alliance, an international NGO promoting the Sustainable Development Goals (SDGs). In the dialogue, we mainly exchanged opinions on corporate evaluations from the perspective of SDGs and how human rights initiatives should be disclosed.

\* The dialogues were conducted on-line due to COVID-19.

Dialogues are attended by the NRI Group's Senior Corporate Managing Director, who is responsible for sustainability, and the system is one that directly reflects dialogue results in strengthening governance and management.

### Link File

Stakeholder Dialogue

<https://www.nri.com/en/sustainability/management/dialogue>

Sustainability Management "ESG Briefing Session"

<https://www.nri.com/en/sustainability/management/esg/2018>

## ▶ Materiality

## Materiality

NRI's 15 material issues (materiality) were identified based on international standards and guideline categories from ISO 26000, GRI\* G4 Guidelines, Dow Jones Sustainability Indices (DJSI), and the SASB (United States Sustainability Accounting Standards Board), and the United Nations Global Compact.

Provision of NRI quality to support safe and secure information society

- Information security / system management
- Access to information society

Provision of opportunities for all kinds of professionals to take on challenges

- Diversity of human resources
- Dialogue with society
- Communication with customers
- Sound hiring practices and labor-management relations
- Respect for human rights

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

- Strengthening corporate governance
- Risk/crisis management
- Prevention of overseas
- Appropriate disclosure of information to customers

Creation of a future, low environmental impact society

- Response on climate change
- Consumption of sustainable energy
- Recognize responsibility and protect the environment
- Show consideration for environments in our supply chain

\* GRI: Global Reporting Initiative

## Identification process of materiality

**Step1 Clarification of issue elements based on international standards**

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

**Step2 Identification of materiality**

Extract and identify highly important elements clarified from management (horizontal axis) and external stakeholders (vertical axis) perspectives.

**Step3 Hearings with experts and management review**

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

## ▶ Key performance indicators of materiality

**Creation of a future, low environmental impact society**

Target material issue

Response on climate change

Long-term target

By FY2030, NRI Group will reduce greenhouse gas by 72% compared to FY2013. (Scope1+2).

Target year

FY2030

progress

FY2020: Greenhouse gas emissions reduction rate 48.7% (compared to FY2013)

**Provision of opportunities for all kinds of professionals to take on challenges**

Target material issue

Diversity of human resources

Long-term target

1. Increase the female manager ratio to at least 8.5% by the end of FY2022 (add more than 100 female managers)
2. Make women's recruitment rate over 30%
3. Conduct awareness raising regarding diversity management for managers

Target year

FY2022

progress

FY2020: Female managerial ratio 7.6%, female recruitment ratio 27.2%

**Provision of NRI quality to support safe and secure information society**

Target material issue

Information security / system management

Long-term target

NRI manages the result of the security review of the client system and corrective situation, and the audit result and corrective situation for each business base and business partner as indicator.

Target year

Continue to work toward the yearly goals set each fiscal year.

progress

FY2019: There were no information system incidents that had serious financial and social impacts.

KPI

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of IT infrastructure incidents that had serious financial and social impacts	0	0	0	0	0
Coverage	c	c	c	c	c

## ▶ Structure of disclosure of information

### Information disclosure system

Integrated report (booklet and PDF)	An overall picture of NRI's corporate value creation activities is explained in concise and clear manner.
ESG Databook (PDF)	We disclose in detail non-financial information relating to the Environmental (E), Society (S), and Governance (G).
Sustainability Book (booklet and PDF)	An overview of the year's sustainability promotion activities is explained in an easily understood manner.
Website	Information about the NRI Group, shareholder and investor information, CSR information, and other information are disclosed in detail.

Link Files	Approach to Disclosure <a href="https://www.nri.com/en/ir/policy">https://www.nri.com/en/ir/policy</a>
	Integrated Report (Annual Report) <a href="https://ir.nri.com/en/ir/library/report.html">https://ir.nri.com/en/ir/library/report.html</a>
	Sustainability <a href="https://www.nri.com/en/sustainability">https://www.nri.com/en/sustainability</a>
	Sustainability Report <a href="https://www.nri.com/en/sustainability/library/report">https://www.nri.com/en/sustainability/library/report</a>

## ▶ Scope of reporting / Reporting period / Independent assurance

### Scope of reporting

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

### Reporting period

Content is mainly focused on initiatives from FY2020 (from April 1, 2020 to March 31, 2021), but may also include some background information, activities after April 1, 2021, or planned future activities.

### Independent assurance

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

Link File	<a href="#">Independent Assurance Report (p.134)</a>
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## ▶ Guidelines referenced for the disclosure of information

### Guidelines referenced for disclosure

- The International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan
- UN Guiding Principles Reporting Framework
- Corporate Human Rights Benchmark

Link File [GRI Standards Content Index \(p.135\)](#)

## ▶ External evaluation

### External evaluation

- Inclusion in ESG stock indices
- Dow Jones Sustainability World Index (2018 –)
  - Dow Jones Sustainability Asia/Pacific Index (2016 –)
  - MSCI ESG Leaders Index (2016 –)
  - FTSE4Good Developed Index (2006 –)
  - MSCI Japan ESG Select Leaders Index (2017 –)
  - MSCI Japan Empowering Woman Index (2017 –)
  - FTSE Blossom Japan Index (2017 –)
  - SOMPO Sustainability Index (2012 –)
  - S&P/JPX Carbon Efficient Index (2018 –)
- Sustainability related evaluation
- Silver Class of the Sustainability Award 2021 by S&P Global (2021)
- Climate change related evaluation
- CDP climate change A list company (FY2019 –)
  - CDP Supplier Engagement Leaderboard (FY2019 –)
- Diversity related evaluation
- Selected as “Nadeshiko Brand” (The Ministry of Economy and the Tokyo Stock Exchange) (2017 –)
  - Received the highest level of “Eruboshi” (The Ministry of Health, Labor and Welfare) (2017 –)
  - Kurumin Mark (The Ministry of Health, Labor and Welfare) (2007 –)
  - Platinum Kurumin Certification (The Ministry of Health, Labor and Welfare) (2018 –)
- Health and productivity management related evaluation\*
- Certified as “Excellent Enterprise of Health and Productivity Management\* (White 500)” (2017 –)
  - Japan Productivity Center “Work-Life Balance Awards” (2016)

### Material issues of NRI related to this management approach

"Strengthening of corporate governance" and "Dialogue with civil society"

### NRI's approach to material issues

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

#### 1. Cooperation with stakeholders

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

#### 2. Information disclosure and communication

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

#### 3. Corporate governance system

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

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

### Priority activities / Medium- to long-term targets

In the domestic market, the NRI Group has grown through establishing a customer base in the financial and retail industries and providing a business platform in the financial field. In the global market, we have grown through the response to Japanese companies' globalization and M&A mainly in Australia. Furthermore, client companies are taking COVID-19 as an opportunity for IT investment related to digital transformation (hereinafter referred to as "DX"), and are rapidly progressing from the stage of transforming business processes to the stage of transforming business models themselves. In order to realize further growth in the future, the NRI Group needs to enhance its competitive advantage in existing business areas both at home and abroad, establish its position as a trusted partner in the DX area, and enlarge transactions with customers. To that end, it is necessary to secure personnel who will promote the DX business and the global business, and it is important to strengthen recruitment and development. Although the percentage of consolidated overseas sales is 8.8%, NRI's foreign ownership ratio is about 30%, and the NRI Group's overseas workforce ratio is 26.2%. In light of the above, we are promoting the enhancement of corporate governance from the following perspectives.

### Progress / Achievements / Challenges

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

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

In terms of sustainability, we established a Sustainability Activities Committee in 2017 to create a system to incorporate a sustainability perspective in management decision making and supervision.

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

#### Link Files

Corporate Governance

<https://www.nri.com/en/company/governance>

NRI's Corporate Governance

[https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=74](https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=74)

Financial Results (In Japanese only)

<https://ir.nri.com/jp/ir/library/securities.html>

## ▶ Corporate governance policy

## Policy and objectives concerning the independence of the Board of Directors

Reference

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

The Board of Directors has a well-balanced composition of non-executive directors, executive directors, and Outside Directors, which is intended to facilitate the realization of appropriate decision-making and oversight of the Board of Directors that take into consideration multiple perspectives, including the viewpoints of business execution, supervision, and outside parties.

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

The independence of the Board of Directors is stipulated in Articles 11, 13, 17, 19, and 23 of the NRI Corporate Governance Guidelines.

NRI Corporate Governance Guidelines

<https://www.nri.com/en/company/governance>

## ▶ Members of the Board

## Number of Members of the Board and Audit &amp; Supervisory Board Members (Beginning of July)

	unit	2017	2018	2019	2020	2021
Total number of Members of the Board	no. of person	9	7	9	9	9
Female directors	no. of person	1	1	1	1	1
Non-Japanese directors	no. of person	0	0	0	0	0
Executive internal directors	no. of person	3	3	3	3	3
Non-executive internal directors	no. of person	3	1	3	3	3
Outside directors	no. of person	3	3	3	3	3
Total number of Audit & Supervisory Board Members	no. of person	5	5	5	5	5
Female directors	no. of person	0	0	0	0	0
Non-Japanese members	no. of person	0	0	0	0	0
Outside Audit & Supervisory Board Members	no. of person	3	3	3	3	3
Coverage		c	c	c	c	c

Chairperson of the Board of Directors

The Chairperson of the Board of Directors serves as a non-executive director, thereby achieving the separation of business execution and oversight.

(Ref. NRI Corporate Governance Guidelines Article 13. Chairperson of the Board of Directors)

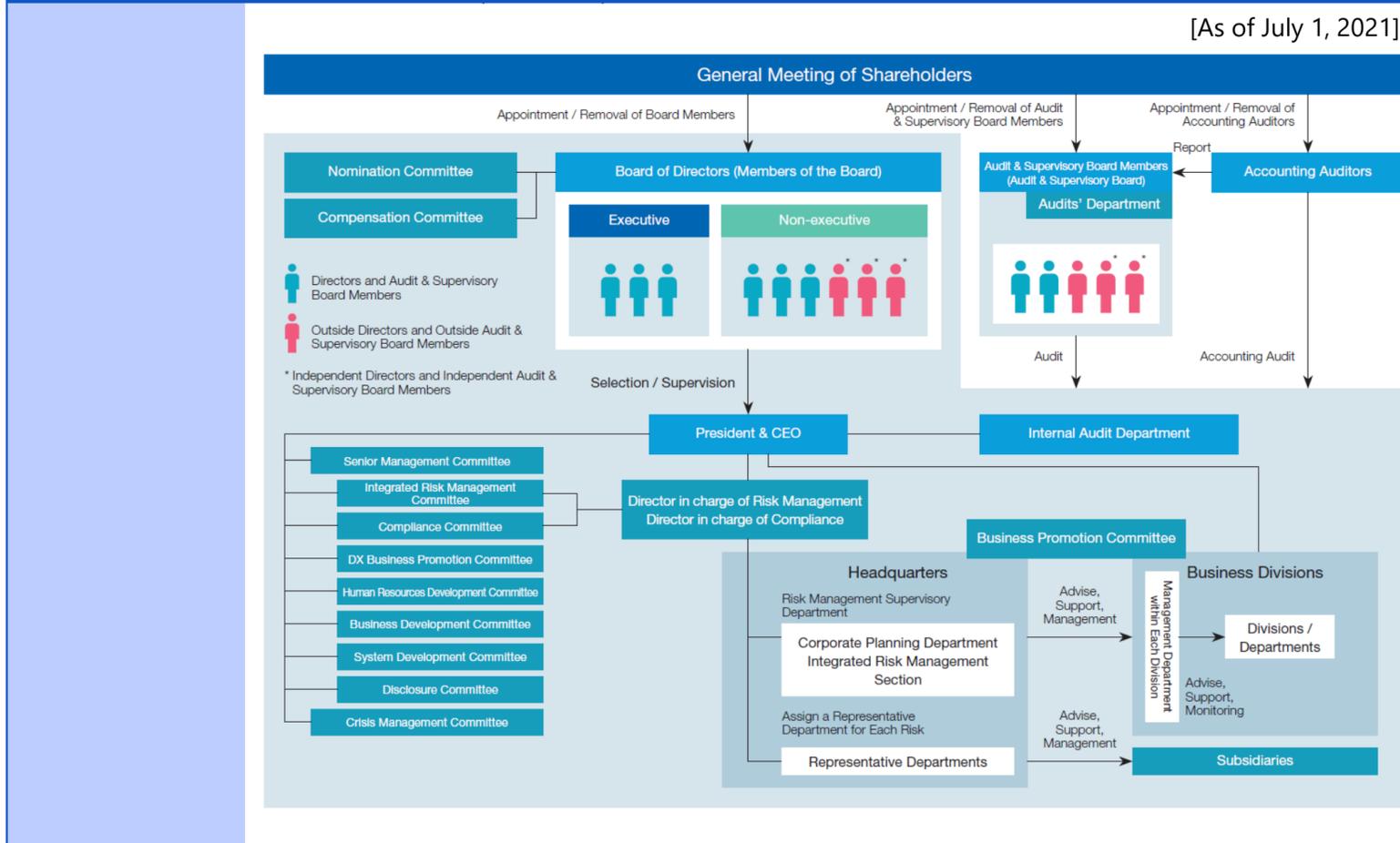
## Number of Senior Management Directors, etc. (Beginning of July)

	unit	2017	2018	2019	2020	2021
Senior Management Directors*	no. of person	38	40	38	41	40
Female	no. of person	0	0	1	1	2
Management Directors	no. of person	12	10	10	9	8
Female	no. of person	1	1	1	1	0
Research Directors	no. of person	1	2	2	2	3
Female	no. of person	0	0	0	0	0
Coverage		c	c	c	c	c

\* Including members who also serve as executive internal directors

Corporate governance structure

Corporate governance structure



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

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

The Board of Directors includes no more than 15 Members of the Board, taking into consideration of the balance and diversity of various factors, including experience in and knowledge of the Company's businesses, corporate management, IT technology, and corporate finances. This composition promotes the realization of supervision and appropriate decision-making from multiple perspectives by the Board of Directors.

To ensure the independence of the Audit & Supervisory Board, at least half of the Board members are composed of Outside Audit & Supervisory Board Members.

NRI elects at least two Independent Audit & Supervisory Board Members.

And at least one of the appointed Audit & Supervisory Board Members must have considerable knowledge of finance and accounting.

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

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

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

► Functions and committees

The highest governing body

Overview	<p>Board of Directors</p> <p>NRI has delegated to considerable authority and responsibility for business execution to Senior Managing Directors and other Directors.</p> <p>The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Shingo Komoto (Chairman and President & CEO, Representative Director, Member of the Board), Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Ken Ebato (same as above), Hironori Momose (Non-Executive Director), Hiroshi Funakura (same as above), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata (same as above), Tetsuji Ohashi (same as above)

Function for compensation

Overview	<p>Compensation Committee</p> <p>Mainly comprised of Independent Directors, the Committee deliberates on the system and standards of executive compensation from the standpoint of fairness and transparency. (Ref. NRI Corporate Governance Guidelines Article22, Compensation Committee)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata ("), Tetsuji Ohashi (same as above)

Function for nomination

Overview	<p>Nomination Committee</p> <p>The Committee is mainly composed of independent directors. The appointment of directors and corporate auditors is deliberated from the perspective of fairness and transparency in light of the basic management policy and selection criteria for each officer.</p> <p>In addition, if any doubt arises in the activity results of the board member, the appropriateness of dismissal will be discussed. (Article 21 Nomination Advisory Committee of NRI Corporate Governance Guidelines)</p>
Committee Chair	Yasuo Fukami, Vice Chairman of the Board (Non-Executive Director)
Members	Shingo Kinomoto (Chairman and President & CEO, Representative Director, Member of the Board), Hideki Omiya (Non-Executive, Outside and Independent Director), Shinoi Sakata (same as above), Tetsuji Ohashi (same as above)

**Function for audit**

	Audit & Supervisory Board
Overview	The Audit & Supervisory Board oversee the execution of duties by Members of the Board. And discusses and decides auditing policies and other important matters related to auditing and formulate and expresses audit opinions. (Ref. NRI Corporate Governance Guidelines Article 11, System of Board of Directors and Others)
Committee Chair	Takuhito Sakata, Audit & Supervisory Board Member
Members	Kohei Sato (Outside Audit & Supervisory Board Member), Motoya Nishimura (Audit & Supervisory Board Member), Kiyotaka Yamazaki (Outside and Independent Audit & Supervisory Board Member), Kenkichi Kosakai (same as above)

**Function for strategy**

	Senior Management Committee
Overview	The Committee deliberates on important matters of company management in order to centralize the intention of business execution.
Committee Chair	Shingo Konomoto, Chairman and President & CEO, Representative Director, Member of the Board
Members	Hidenori Anzai (Senior Executive Managing Director, Member of the Board), Ken Ebato (same as above), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Directors), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Director), Kaga Yanagisawa (same as above)

**Function for risk management**

	Integrated Risk Management Committee
Overview	The Committee deliberates on important issues related to risk management of the Group, such as system failures and information security and business continuity, based on the instructions of the President & CEO.
Committee Chair	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Director), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Directors), Kaga Yanagisawa (same as above)

**Function for compliance**

	Compliance Committee
Overview	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.
Committee Chair	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above), Susumu Nishimoto (Senior Corporate Managing Directors), Yoshihiko Sunaga (same as above), Takeshi Hihara (Senior Managing Director), Kaga Yanagisawa (same as above), Takao Yamaguchi (Managing Director)

**Function for sustainability**

	NRI Value Co-Creation Promotion Committee / Sustainability Activities Committee	
Overview	NRI established the NRI Value Co-Creation Promotion Committee that promotes social value creation based on corporate philosophy and the Sustainability Activities Committee that promotes activities for stable business foundations from the point of view of ESG, as a special appointment at the direction of the President & CEO to promote overall sustainability management.	
Committee Chair		
	NRI Value Co-Creation Promotion Committee	Ichiro Morisawa, Senior Managing Director
	Sustainability Activities Committee	Takeshi Hihara, Senior Managing Director

**Function for DX business promotion**

	DX Business Promotion Committee
Overview	Based on the instructions given by the President & CEO, the Committee deliberates on important issues concerning promotion of the digital transformation (DX) business.
Committee Chair	Hiroshi Masutani, Senior Executive Managing Director
Members	Shigeki Hayashi (Senior Executive Managing Director), Fumihiko Sagano (same as above), Takeshi Hihara (Senior Managing Director), Kotaro Gunji (same as above), Hideki Saito (same as above), Shohei Ishiwata (General Manager), Masakazu Amamiya (President & COO of NRI Digital, Ltd.)

**Function for human resources**

Overview	Human Resources Development Committee
	The Committee deliberates on important issues concerning ability development and training of employees, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	
	Kaga Yanagisawa (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (same as above), Hiroshi Masutani (same as above), Tomoshiro Takemoto (same as above), Hirofumi Tatematsu (same as above), Shuji Tateno (same as above)

**Function for business development**

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

**Function for systems development**

Overview	Systems Development Committee
	The Committee deliberates on important issues concerning proposals and quotations to clients, as well as on their development and release of IT solution-related systems, based on instructions given by the President & CEO.
Committee Chair	
	Susumu Nishimoto, Senior Corporate Managing Director

**Function for disclosure**

Overview	Disclosure Committee
	The Committee deliberates on important issues concerning the disclosure of Annual Securities Report and other documents, based on instructions given by the President & CEO.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director

**Function for crisis management**

	Crisis Management Committee
Overview	The Committee will develop and support a prompt system in the event of a crisis such as natural disasters and infectious diseases, system failures, and information security failures, based on instructions given by the President & CEO.
Committee Chair	
	Hironori Anzai, Senior Executive Managing Director, Member of the Board
Members	Susumu Nishimoto (Senior Corporate Managing Director), Takeshi Hihara (Senior Managing Director), Ken Ebato (Senior Executive Managing Director, Member of the Board), Hajime Ueda (Senior Executive Managing Director), Shigeki Hayashi (Senior Corporate Managing Director), Hiroshi Masutani (Senior Managing Director), Tomoshiro Takemoto(same as above), Hiroshi Tatematsu(same as above), Shuji Tateno(same as above), Tohru Yasumaru (Senior Corporate Managing Director), Yoshihiko Sunaga (same as above), Tetsuro Watanabe (Senior Managing Director), Kaga Yanagisawa (same as above)

**Function for promotion of internal control**

	Business Promotiion Committee
Overview	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.
Committee Chair	
	Yoshihiko Sunaga, Senior Corporate Managing Director

**▶ Effectiveness of the Board of Directors**

Status of the Board of Directors	unit	FY2020
Number of board meetings held*	times	14
Attendance rate of Board of Directors	%	100
Term of office of directors	years	1
Average tenure of directors	years	4.3

\* Duration from the 55th Ordinary General Meeting of Shareholders, 18, June, 2020, to 56th Ordinary General Meeting of Shareholders, 18, June, 2021.

**Evaluations of the Board of Director's effectiveness**

	<p>1. Evaluation methods:</p> <ul style="list-style-type: none"> <li>• Questionnaire targeting all Directors and Audit &amp; Supervisory Board Members</li> <li>• Exchange of views with Independent Directors</li> <li>• Deliberations at a Board of Directors meeting based on the above results</li> </ul> <p>2. Results</p> <p>From the following points, it is evaluated that the effectiveness of the Board of Directors is generally secured.</p>
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## a. Structure/status of Board of Directors

- Open and constructive discussions and exchanges of views are carried out by the entire Board of Directors, including active opinions and recommendations from Outside Directors. We expect a further improvement in the quality of discussion due to increased opportunities for providing information to Outside Directors and efforts made to improve such methods.
- A good balance of inside executive/non-executive directors and Independent Directors with diverse experience is maintained, and a system for ensuring appropriate decision making and supervision is provided. We recognized the necessity of continuously debating the composition and diversity of the Board of Directors based on the future business situation and management strategy.

## b. Management strategy

- Although discussions and exchanges of views regarding DX and global business, which are part of our business strategy based on the Medium-Term Management Plan, are carried out continuously and appropriately, further discussion is required.
- We appropriately debated the strengthening of human resource management that supports strategic action, as well as sustainability.

## c. Internal control, risk management, and group governance

- With the increase in Group Companies in Japan and overseas, information was shared on the current situation and issues regarding group governance, and discussions and exchanges of views were carried out appropriately regarding the future direction. We recognized the importance of enhancing discussion about governance upon organizing its positioning and function in each company group, in line with the perspective of Group management for future business expansion.
- In regard to internal control and risk management, there was progress in reports and discussion on the construction and operation of internal control by individual risk. In the future, it will be desirable to also enhance discussion on the future risks stemming from strategy promotion and changes to the business environment, from a medium to long-term perspective.

## d. Committees

- In regard to the Nomination Committee and Compensation Committee, discussions and exchanges of views on the succession plan for the president, Member of the Board candidate selection and cultivation process, and method for determining Member of the Board compensation are carried out appropriately and the committees are functioning effectively despite being voluntary.

## e. Actions based on effectiveness evaluations

- The themes to discuss at Board of Directors meetings were set in advance, in order to further enhance discussions regarding the group governance and strategy promotion touted in the NRI Group Medium-Term Management Plan (2019-2022), which were issues in FY2020, and improvements have been made based on past evaluation results, such as systematic discussion regarding human resources strategies, sustainability, value co-creation promotion activities, and group governance.

## 3. Challenges for further effectiveness

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

## ▶ Executive compensation

Executive compensation amounts	No. of eligible individuals (person)	unit	Total compensation	Basic compensation	Performance-linked compensation			
					Bonus	Stock options	Restricted stock-based compensation	Other
Members of the Board	11	millions of yen	663	271	164	5	219	1
Outside Members of the Board	4	millions of yen	43	43	–	–	–	–
Audit & Supervisory Board Member	6	millions of yen	174	111	40	0	20	2
Outside Audit & Supervisory Board Member	3	millions of yen	67	53	13	–	–	0

## Notes:

1. The above includes two auditor who retired at the end of the 55th Ordinary General Meeting of Shareholders held on 18 June 2020.
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. For stock options granted prior to FY2017, the amount of costs calculated in FY2019 is listed. Furthermore, the stock options for Audit & Supervisory Board Members are those granted before they assumed their post.
3. For restricted stock option 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 FY2020 is shown. Furthermore, the restricted stock option compensations for Audit & Supervisory Board Members are those granted before they assumed their post.
4. Because the amounts of the "stock option" and "restricted stock option 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 compensations shown in ""(1) b. Composition of compensation for directors"" above."
5. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

Compensation amounts for each executive						Performance-linked compensation			
Name	Official position	unit	Total compensation	Basic compensation	Bonus	Stock options	Restricted stock-based compensation	Other	
Shingo Konomoto	Chairman and President & CEO, Representative Director, Member	millions of yen	149	53	41	1	52	0	
Ayumu Ueno	Members of the Board	millions of yen	124	47	32	1	43	0	
Yasuo Fukami	Vice Chairman, Member of the Board	millions of yen	103	37	28	0	35	0	

## Notes:

- Limited to those whose total amount of consolidated compensation is JPY 100 million or more.
- 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. For stock options granted prior to FY2017, the amount of costs calculated in FY2019 is listed.
- For restricted stock option 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 FY2020 is shown.
- Because the amounts of the "stock option" and "restricted stock option 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 compensations shown in ""(1) b. Composition of compensation for directors"" above."
- "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

## Policy for determining the amount of compensation for Members of the Board or the calculation method

The maximum compensation total for Members of the Board: 1,000 millions of yen per annum (Although, this shall not include employee salaries of Members of the Board who concurrently serve as employees). Based on the Plan, the compensation provided for granting restricted stock to Eligible Members of the Board shall take the form of monetary compensation claims, Stock-based compensation as long-term incentives: within the limit of 120 million yen per annum, stock-based compensation as medium-term incentives: within the limit of 280 million yen per annum, and total of not more than 400 million yen per annum.

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.

The compensation system for Members of the Board is based on executive position, but in the interest of enhancing business results, the system emphasizes connections to business performance. The standards employed by the 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.

a. Director compensation policy

- i. We will secure incentives that will motivate the achievement of mid- to long-term management goals in order to achieve a sustainable increase in corporate value with a highly performance-based compensation system.
- ii. Meet the standards required for a leading company in the information service industry.

b. Composition of compensation for directors

Compensation for directors (excluding outside directors) is a system based on job title, and consists of basic compensation, bonuses, and stock-related compensation (hereinafter referred to as "compensation elements"). Considering the role of supervision and advice for the management of the Group based on an objective standpoint, only basic compensation will be paid to outside directors. In order to establish a highly performance-based compensation system, emphasis is placed on bonuses<sup>\*1</sup> and stock-related compensation<sup>\*2</sup>. The composition ratio of compensation elements will be linked to the consolidated performance of bonuses for a single year and stock-related compensation depending on the stock price at the time of grant. The approximate ratio of the components of compensation to directors, etc. in FY2020 is 2.2 for performance-linked compensation because the bonus is 0.7 and the stock-linked compensation is 1.5 when the fixed compensation (basic compensation) is 1.

(Fixed compensation) Basic compensation 【1】	(Performance-based compensation) 【2.2】	
	(Short-term performance-based compensation) Bonus 【0.7】	(Medium- to long-term performance-based compensation) Stock-related compensation 【1.5】

\* 1. Calculated as the average value of directors (excluding outside directors, retired directors, and incumbent directors) for the FY2020.

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

( I ) Basic compensation (Fixed compensation)

It is composed of a salary as a compensation according to the career and work history of each director, and a role-based salary based on the position and duties of each director during the term of office, and is paid as a fixed compensation for the performance of duties.

The basic compensation for each Member of the Board is decided by the Board of Directors according to the results of the Compensation Committee inquiries, based on the policy for determining compensation, etc. for Members of the Board.

(II) Bonus

Members of the Board bonuses are positioned as short-term incentive compensation for achieving medium- to long-term management goals, and operating profit, which is the performance indicator that we place the most importance on, is linked to performance index increase/decrease rate while taking into account ordinary income and profit attributable to owners of parent based on non-operating profit/loss and extraordinary profit/loss, to decide the rate of change in Member of the Board bonuses from the previous year. The specific calculation method is indicated below.

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

$$\begin{array}{c}
 \boxed{\text{Amount of bonus payment for each director}} = \boxed{\text{Base year bonus } (\alpha)} \times \left[ 1 + \boxed{\text{Change rate of performance indicators } (\beta)} \right] \times \boxed{\text{Position points } (\gamma)} \\
 \leftarrow \text{Varies from 0\% to 200\%} \rightarrow
 \end{array}$$

(α) Base year bonus

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

(β) Change rate of performance indicators

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

The values of performance indicators for this fiscal year used to calculate the change rate of performance indicators are as follows, and led to a +3.0% in Member of the Board bonuses this fiscal year when calculated with each performance indicator given a fixed evaluation weight.

Performance indicator (Japanese standard)	FY2019	FY2020	YoY change
Operating Profit	83.1 billion yen	86.5 billion yen	4.00%
Ordinary Profit	84.5 billion yen	86.0 billion yen	1.80%
Profit attributable to owners of parent	69.2 billion yen	68.1 billion yen	△1.7%

(γ) Position points

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

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

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

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

## c. Clawback system, etc.

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

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

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

The amount of compensation paid to Members of the Board that is basic compensation is checked by the Compensation Committee according to the table for each position defined in the policy for determining Member of the Board compensation, and a final decision is made by Shingo Konomoto, Chairman and President & CEO of Nomura Research Institute. The reason for delegating these privileges to Mr. Konomoto was because it was determined that the President & CEO is in a suitable position for evaluating the work of each Member of the Board, as he commands an overview of the performance of the entire company.

The NRI policy for determining Member of the Board compensation, etc. was decided at the Board of Directors meeting held on February 18, 2021, and states that from FY2021, decisions on the amount of compensation paid to individual Members of the Board will not be left to one specific Member of the Board, but instead decided by the Board of Directors.

CEO to employees pay ratio	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Compensation of the President & CEO	millions of yen	104	113	115	131	149
Ratio of compensation	ratio	9.0	9.7	9.4	10.6	12.2

**▶ Executive stock ownership requirements****Guidelines of Executive stock ownership**

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 shares, in accordance with their respective positions.

When based on based salary, the number of shares executives must hold fluctuates significantly due stock price fluctuations. Therefore, we define the number of shares an executive must hold in our guidelines.

It is stipulated that executives must hold at least three times the number of remuneration shares granted in a single year.

In FY 2020, shares equivalent to 1.5 times basic remuneration were granted to each executive. Therefore, executives hold shares equivalent to approximately 4.5 times or more of their basic remuneration.

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■ Risk Management - Management Approach

G02M

Material issues of NRI related to this management approach

It is related to all materiality of 15, but in particular "Risk / crisis management"

NRI's approach to material issues

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

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

In recent years, we recognize that the response to risks of social issues such as climate change or human rights will have a major impact on the sustainable growth of the company over the medium to long term. The NRI Group will also respond to these ESG risks within the integrated risk management framework. The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls.

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

Priority activities / Medium- to long-term targets

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

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

[Priority themes for FY2020]

- (1) Continue proper management quality risks
- (2) Further strengthen the management of project risks
- (3) Improve the management preparedness of information security
- (4) Improve the effectiveness of governance over the entire NRI Group
- (5) Create comfortable working environment
- (6) Implement appropriate preparation for fulfilling our business continuity responsibilities

Progress / Achievements / Challenges

The items and results of the priority themes of the Integrated Risk Management Council for the FY2020.

- (1) Continue proper management quality risks  
In addition to continuous activities for reducing system trouble, improved our businesses that would have a wide impact in the event of system failure, built a system for responding to trouble while working from home, and conducted failure response drill.
- (2) Further strengthen the management of project risks.  
Improved CSIRT system, investigated new security measures required for the DX business, and re-inspected the status of information access management.
- (3) Improve the management preparedness of information security  
Upgrading of CSIRT as response against cyber-attacks in the event of critical security failure occurrence.
- (4) Develop governance systems suitable to increasing globalization  
Improved governance functions centered on regional supervisory organizations overseas, and investigated and improved measures regarding internal control at the NRI Group.
- (5) Appropriate preparations for fulfilling our business continuity responsibility  
Built a system for responding to COVID-19, investigated and implemented countermeasures, built a crisis handling system compatible with working from home, and conducted training for responding to natural disasters and system trouble
- (6) Providing an environment that makes it easy-to-work  
Monitored the labor situation based on labor management standards and provided a work environment that supports diverse workstyles due to COVID-19

<b>Link Files</b>	Basic policy for building an internal control system (In Japanese only) <a href="https://www.nri.com/jp/company/internal">https://www.nri.com/jp/company/internal</a>
	Business and Other Risks <a href="https://www.nri.com/en/company/risk">https://www.nri.com/en/company/risk</a>

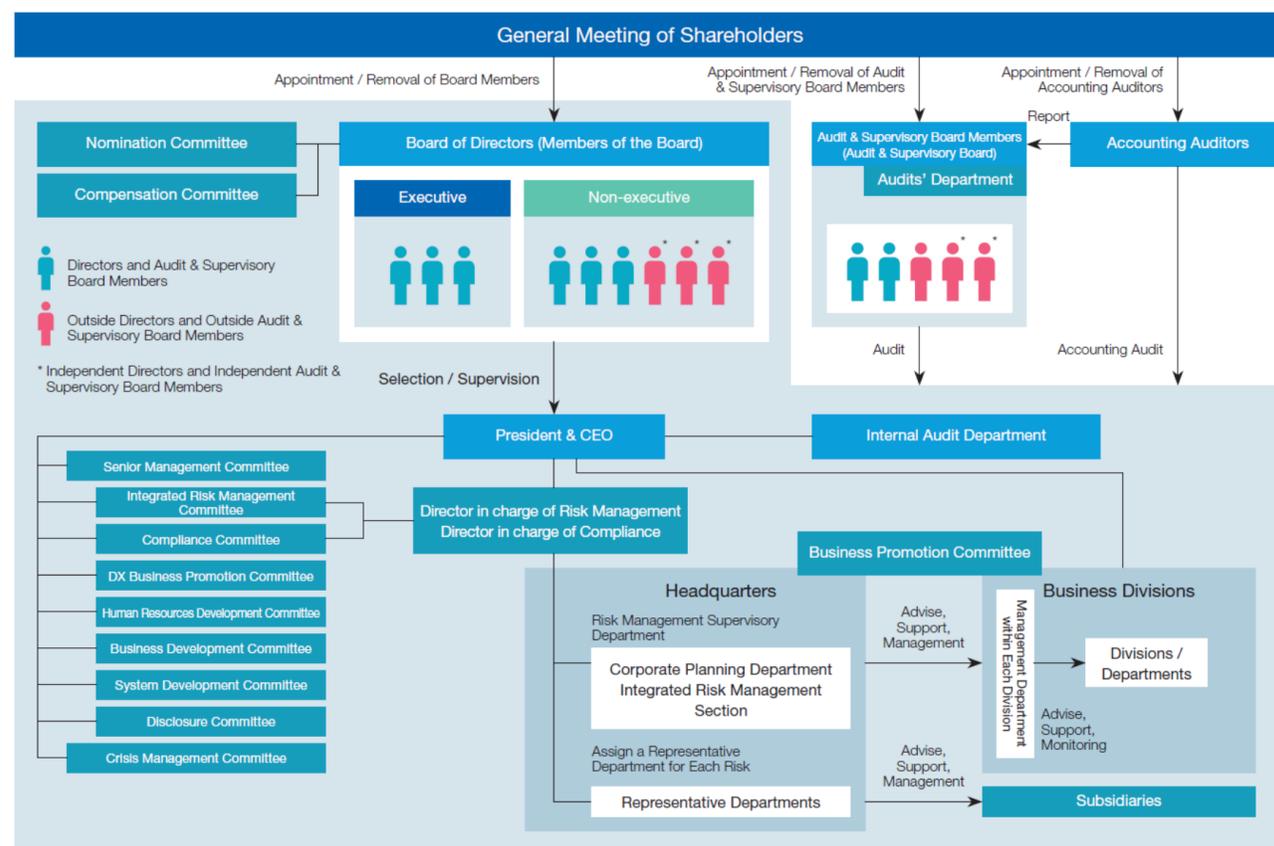
▶ Risk management system

Risk management system

NRI has established a basic policy for building an internal control system, while appointing a director in charge of risk management and setting up a department for supervising risk management. Furthermore, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. With regard to the main risks associated with business activities, we have established departments in charge of each risk, deliberate as necessary at expert meetings, and take appropriate measures in cooperation with the departments in charge. An internal audit department (23 employees) under the direct control of the president audits the effectiveness of the risk management system, the compliance system, and the system for streamlining the efficiency of directors' execution of duties. The audit results are reported to the president and other directors, and when corrections or improvements are needed, the Risk Management Division, the representative department, and the business divisions work together to make improvements. In addition, the internal audit department cooperates with the accounting auditor to regularly exchange opinions on the implementation plans and results of internal audits.

[Corporate governance structure]

[As of July 1, 2021]



Officer in charge

Responsibility for risk management

Hidenori Anzai

Representative Director, Member of the Board,

Senior Executive Managing Director in charge of Supervising of Corporate Administration\*

\* Including risk management and compliance.

Responsibility for monitoring and auditing risk management performance

Norihiro Suzuki

General Manager of the Internal Audit Department

Responsible committee

Integrated Risk Management Committee

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

In order to achieve overall optimization of risk management, a resolution of the board of directors established rules for risk management for the entire NRI Group, and has appointed a director in charge of risk management and setting up a department for supervising risk management. In addition, an Integrated Risk Management Committee has been established in order to deliberate on important matters related to risk management in the NRI Group based on the instructions of the President & CEO.

► Risk assessment

Risk assessment measures

The NRI Group has established, based on the instructions of the President & CEO, an Integrated Risk Management Committee to deliberate important matters related to risk management. The Integrated Risk Management Committee monitors the major risks at the NRI Group, and after comprehensive analysis, classifies them as either medium to long-term risks or short-term risks. The risks are then managed by comprehensively taking into account the importance of each risk and setting priority risk topics every year. The risk assessments and monitoring details are reported and presented to the board of directors several times a year. Furthermore, we regularly provide trainings about the risk management including the industry specific risks to directors.

Risk items subject to risk management

- Strategy risk
- Business continuity risk
- Compliance risk
- Information security risk
- Systems impairment risk
- Project management risk
- External outsourcing / procurement risk
- Subsidiaries / affiliate company risk
- Business resource risk
- Information disclosure risk
- Reputational risk

Link Files	Internal Controls, Corporate Ethics and Compliance <a href="https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82">https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=82</a>  Business and Other Risks <a href="https://www.nri.com/en/company/risk">https://www.nri.com/en/company/risk</a>
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▶ Long-term risk

Long-term risk 1

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

Long-term risk 2

	The climate change risks associated with CO2 emission by electricity use of the Data Centers
Business impacts	<p>Greenhouse gas emissions from electricity usage at NRI's five data centers account for 72% of the NRI Group's total emissions.</p> <p>Along with rapidly proceeding international consensus on climate change, there is a risk of increase in operation costs of data centers that emit large amounts of green house gases due to introduction of new regulations and tax systems such as the carbon tax.</p>
Mitigating actions	<p>We are working to reduce power consumption and greenhouse gas emissions by raising the environmental performance of data centers to the top level in the world.</p> <p>All data centers have acquired ISO14001 certification and improve environmental management level continuously by using a PDCA cycle.</p> <p>We also have set environmental targets to reduce greenhouse gas emissions by 72% compared to FY2013 by FY2030. This target has been certified by SBTi as a 1.5°C targets, which is in line with international efforts to combat climate change. In addition, in order to achieve the environmental targets we have set a target of increasing renewable energy utilization rate in the data centers to 70% by FY2030. By increasing the utilization rate of renewable energy to achieve these goals, we will respond to the transition risk of climate change.</p>

## ▶ Response to risk

**Integrated risk management structure**

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

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

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

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

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

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

Their work also includes examining preventive action plans.

On the intranet, we post an emergency action guideline and a contact system to ensure thorough internal awareness.

In addition, we carry out drills every year for quick response by utilizing the "Emergency Safety Confirmation System" that allows us to confirm the safety and attendance status in case of a disaster by e-mail or telephone.

In order to decrease the ratio of work at the office due to COVID-19 and ensure that work can continue in the event of a large-scale natural disaster where it is not possible to go to the office, we have built a crisis handling system compatible with working from home and are continuously reviewing our business continuity plan.

**Crisis management**

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

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

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

▶ Emerging risks

Emerging Risks 1	
Content of risk	<p>Human rights risks in system development using artificial intelligence(AI)</p> <p>In the future, NRI will increase contract development of system using AI. Our clients include financial institutions or retail companies, and it is expected that AI will be used for credit scoring, targeting advertising, and direct marketing by profiling. There will be concerns about the negative impacts on personal information protection or right to privacy, and the occurrence of discrimination or social exclusion by using AI.</p>
Business impact	<p>Advances in AI technology will increase the demand for building business strategic systems which will possibly increase our sales.</p> <p>On the other hand,these advances in AI technology and related strategic systems demand will cause social issues related personal information protection, right to privacy, discrimination, social exclusion, etc. which may damage our reputation and reduce our sales.</p>
Measures	<p>We need to establish processes and regimes that enable the development of reliable and high quality AI systems.</p> <p>We aim to develop technology for high-quality AI that secures reliability, privacy, security, and dependability by ensuring fairness, ccountability, transparency, etc., and establish operation standards and systems.</p> <p>NRI formulated the "AI Ethics Guideline" in FY2019, which summarizes the ideas and guidelines for developing and utilizing AI while referring to international principles such as The OECD AI Principles and Ethics guidelines for trustworthy AI.</p> <p>Going forward, we will continue to study and develop a system within the company so that the ideas expressed in these guidelines can be appropriately reflected in NRI Group activities.</p>

Emerging Risks 2

	Risk of unauthorized access from inside and outside the company
Content of risk	<p>In the age of the new normal created by COVID-19, the new working style of remote work has spread at an unexpected rate. This gives rise to new threats such as information leaks and cyber-attacks due to increasing numbers of people working remotely. Remote work leads to more people accessing the company network from outside locations such as the home, and this leads to the possibility of attackers abusing the vulnerabilities of VPN connections to infiltrate the company. With conventional network security, infiltrators that have gained access to the inside of the company are trusted no matter what and can easily spread malware infections or leak confidential information.</p>
Business impact	<p>Due to the novel workstyles of the new normal, the IT environment is changing day by day, and the boundary between the inside and outside of the company is becoming ambiguous due to networks. Because a company such as NRI handles the confidential information and personal information of client companies due to the system development and operation work we are involved in, we are required to implement all possible security measures based on the latest trends.</p> <p>Even one information leak caused by unauthorized access can damage the reputation of a system development company, regardless of whether it occurred inside or outside the company.</p>
Measures	<p>We have collaborated with NRI Secure Technologies, the NRI Group company who specializes in security, to implement security measures based on a "zero trust policy" for both the inside and outside of the company.</p> <p>This involves abandoning the preconceived notion that the internal network is safe, and constantly verifying all access, regardless of whether it comes from inside or outside the company.</p> <p>More specifically, this means verifying the user identity and state of device security each time an access request is made, and adding a system for authorizing access to information assets based on conditions defined in advance, so that suspicious access that was not caught by a firewall alone can be detected and stopped.</p>

Link Files	<p>Zero trust security to support remote work (In Japanese only)  <a href="https://www.nri.com/jp/journal/2021/0323">https://www.nri.com/jp/journal/2021/0323</a></p> <p>Essential Security Strategies for Digital Transformation  <a href="https://www.nri.com/en/journal/2019/1211">https://www.nri.com/en/journal/2019/1211</a></p>
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## ▶ Risk culture

**Training and awareness on risk management**

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

**Evaluation and financial incentives**

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

Furthermore, in regard to human rights and labor risks\*<sup>2</sup> for employees supervised by those in management positions, the same is directly reflected in performance evaluations as the results of managerial risk management.

\*1 Compliance risks, human rights and labor risks related to employees, etc.

\*2 Health and safety, extended work periods, discrimination and harassment, etc.

**Finding and reporting of potential risk by employees**

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

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

**Feedback process on potential risk**

Ability to respond to risk is raised by a business promotion committee's by holding in twice for each of every quarter of the year developing a risk case promptly for all fields also sharing information during a section. Eight business promotion committee meetings were held in FY2020.

## ■ Compliance - Management Approach

G03M

### Material issues of NRI related to this management approach

It is the basis of all materiality of 15, but in particular "Prevention of overseas corruption"

### NRI's approach to material issues

With the expansion of the global economy, societal demands for companies to engage in fair and transparent business activities are becoming more and more relentless. In particular, laws and regulations are being strengthened worldwide for issues that transcend borders and have a large social impact, such as anti-corruption, unfair competition, and tax compliance. The NRI Group aims to expand its global-related business in its "Vision2022" medium-term management plan, and will strengthen its global compliance system, prioritizing thorough compliance with laws and regulations above all else. Furthermore, we recognize that it is the premise of sustainable business activities to not only comply with laws and regulations, but also act in accordance with international social norms.

### Priority activities / Medium- to long-term targets

NRI respects and practices the spirit of the Charter of Corporate Behavior as a member of the Keidanren (Japan Business Federation). The NRI Group has established the "NRI Group's Code of Business Principles" and the "NRI Group Employees' Code of Business Conduct" as standards for all directors and employees to comply with. Furthermore we established "NRI Group Policy on Human Rights," "NRI Group AI Ethics Guidelines," "NRI Group Anti-Bribery Policy," "NRI Group Competition Law Compliance Policy," and "NRI Group Global Tax Policy" to strengthen global compliance.

► Compliance policy

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

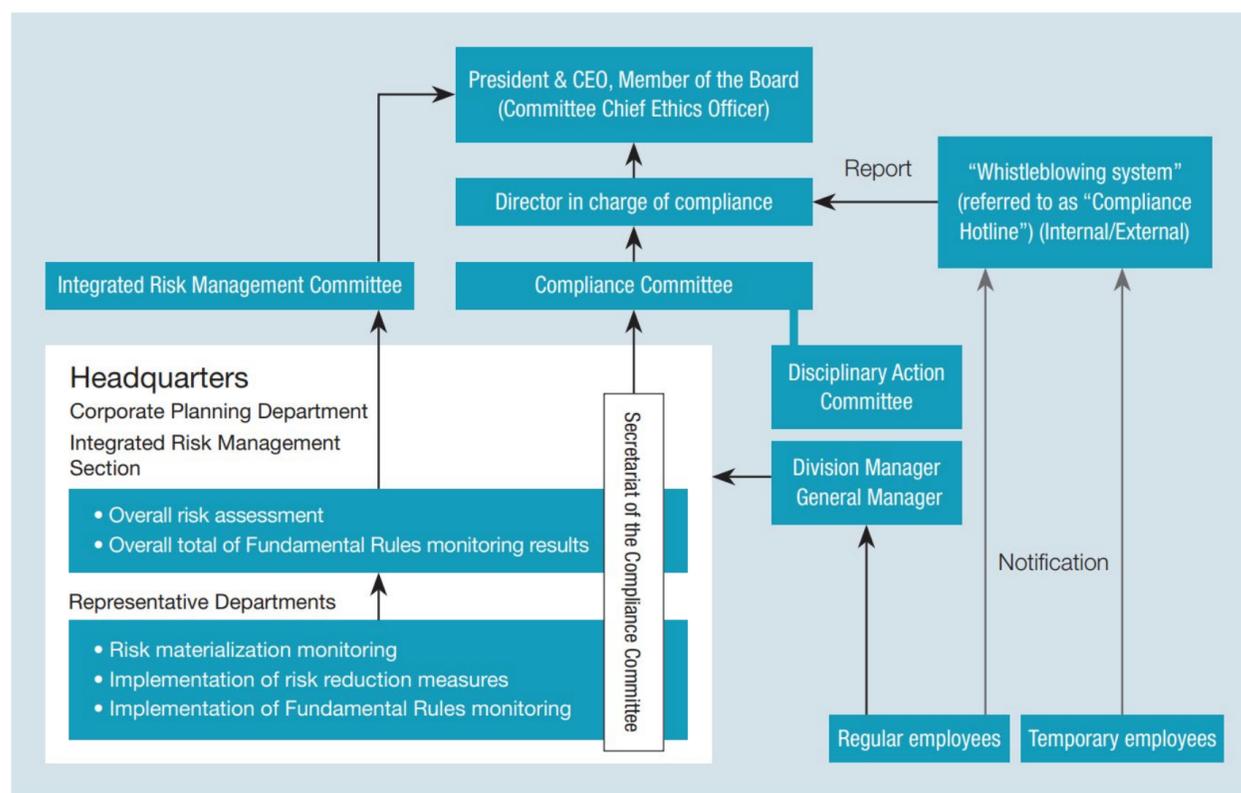
► Compliance system

Compliance system of the NRI Group

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

In addition, a basic policy has been established for anti-social forces, not to have any relations, including business transactions, with them, with the representative department undertaking information gathering as well as management and response to prevent any transactions.

[Compliance system]



Officer in charge

Chief Ethics Officer : Shingo Konomoto  
Chairman and President & CEO, Representative Director, Member of the Board

Director in charge of Compliance : Hidenori Anzai  
Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration

Responsible committee

Compliance Committee

Compliance hotlines

We have set up a number of reporting desks, including an external reporting desk (attorney's office), to provide for anonymous reporting and consultation relating to violations of laws and regulations. In addition, protections for whistleblowers are in place, including the prohibition of disadvantageous treatment such as dismissal or termination of contract based on said whistleblowing. Measures are taken in the event of such reports, including those for prompt handling after investigating the facts, and also those preventing any recurrence of the situation.

Third-party audit of compliance system

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

## ▶ Compliance situation

## System of thorough compliance

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

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

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

Compliance awareness surveys for all NRI Group employees are conducted in principle every other year. In addition to training for each hierarchy level and executive training, confirmation testing relating to the "The NRI Group Rule Book: Fundamental Rules for Executive Officers and General Staff" is also carried out (in an e-learning format).

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Completion Rate for Compliance Confirmation Testing *	%	–	–	–	97.9	–
Coverage					b-	
Collection Rate for Compliance Awareness Surveys *	%	81.5	–	–	–	82.5
Coverage		b-				b-
Numbers of Internal Reports/Consultations		8	2	4	3	4
Coverage		b-	b-	b-	b-	b-

\* Compliance confirmation testing was conducted in FY2019. Compliance Awareness Surveys was conducted in FY2016 and FY2020.

## Breaches of laws and regulations

In FY2020, there were no compliance breaches that had a significant impact on the management of the NRI Group.

If a violation of compliance or our regulations is found, we take disciplinary measures including pay cuts and/or suspension of employment based on rules established by each Group company.

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

▶ Anti-corruption

**Anti-bribery policy**

	<p>In order to pursue business fairly and in compliance with the laws and social norms, NRI Group will comply with the Japanese Unfair Competition Prevention Law, the US Foreign Corrupt Practices Act, the UK Bribery Act 2010, the Chinese Criminal laws on anti-bribery, and other applicable anti-bribery laws and regulations (hereinafter collectively called "anti-bribery laws and regulations").</p> <p>By preventing any acts of bribery and any acts that may be considered as bribery, NRI Group will maintain its reputation as a company that is trusted by the customers and the society.</p> <p>NRI Group has established the following code of conduct "NRI Group Anti-Bribery Policy", applicable to all directors, officers and employees of NRI Group.</p> <p>NRI Group requires its agents and partners to comply with such standards.</p>
Applicable scope	All directors, officers and employees of NRI Group, and business partners.
Reference	<p>NRI Group Anti-Bribery Policy</p> <p><a href="https://www.nri.com/en/sustainability/social/policies#anticorruption">https://www.nri.com/en/sustainability/social/policies#anticorruption</a></p>

**Breaches of anti-corruption**

	No cases of corruption and bribery or disputes were identified in FY 2020.
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▶ Political contribution

**Political contribution policy**

	<p>In the NRI Group Employees' Code of Business Conduct stated that "Employees shall not give political contributions and election campaign support to politicians, candidates and political body directly through their corporate activities".</p>
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Employees' Code of Business Conduct</p> <p><a href="https://www.nri.com/en/company/business_code">https://www.nri.com/en/company/business_code</a></p>

**Political contribution amount**

	NRI group does not make political contributions.
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► Fair competition

**Fair competition policy**

	<p>In order to pursue fair competition, NRI Group will comply with the Japanese Anti-Monopoly Law, the Subcontract Proceeds Law and other Japanese Laws, the US Antitrust Law, the EU Competition Law, the Chinese Anti-Monopoly Law and other applicable competition laws and regulations.</p> <p>NRI Group has established the following code of conduct "NRI Group Competition Law Compliance Policy", applicable to all directors, officers and employees of NRI Group.</p> <p>NRI Group requires its agents and partners to comply with such standards.</p>
Applicable scope	All directors, officers and employees of NRI Group
Reference	<p>NRI Group Competition Law Compliance Policy</p> <p><a href="https://www.nri.com/en/sustainability/social/policies#antitrust">https://www.nri.com/en/sustainability/social/policies#antitrust</a></p>

**Breaches of fair competition**

	Nothing applicable.
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► Tax risk and compliance

**Tax policy**

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

**Tax governance**

	<p>The NRI Group is working to enhance tax governance in order to properly manage tax risks and costs in the entire group.</p> <p>NRI's CFO is responsible for NRI Group tax governance. The results of tax audits are reported to the management and corporate auditors, and important matters are reported to the Board of Directors.</p> <p>We have established and operate the "NRI Group Transfer Pricing Policy" regarding transactions between NRI Group companies.</p> <p>The transaction price between NRI group companies is set according to the arm's length price in accordance with the OECD Transfer Pricing Guidelines and the relevant transfer pricing policy.</p>
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Taxes paid by region		unit	FY2019	FY2020
Japan		100 millions of yen	163	332
	(Ratio)	%	95.5	97.7
Rest of the world		100 millions of yen	7	7
	(Ratio)	%	4.5	2.3
Total		100 millions of yen	170	339
	Coverage		a	a

Notes: Tax paid are classified according to the amount of tax paid by each company in NRI Group.

■ Supply Chain Management - Management Approach

G04M

Material issues of NRI related to this management approach

"Dialogue with civil society" and "Show consideration for environments in our supply chain"

NRI's approach to material issues

The NRI Group believes that its business is built on collaboration with its business partners such as its external contractors and suppliers. For that reason, the NRI Group's basic policy is to build business relationships that comply with both the law and sound business practices, to the benefit of both parties.

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

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

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

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

Priority activities / Medium- to long-term targets

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

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

In regard to human rights initiatives, we defined requirements regarding human rights in the new NRI Group Business Partner Code of Conduct formulated in April 2021 and are spreading awareness regarding the matter.

We will ask our major business partners to agree to the NRI Group Business Partner Code of Conduct and implement sustainable procurement throughout the entire supply chain.

Progress / Achievements / Challenges

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

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

In FY2020, 53 business partners participated.

In FY2021, we plan to encourage active participation in "Sustainability study sessions" in order to continue dialogue and awareness-raising with business partners in order to achieve our supply chain goals.

Supply chain management policy

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

Supply chain situation

Supplier overview																																				
	<p>The below are the NRI Group's two main kinds of business partners:</p> <p>(1) Partner companies (outside contractors)</p> <p>(2) Vendors (hardware suppliers)</p> <p>Speaking from the perspective of systems integration, the NRI Group accepts a not insignificant amount of orders from clients (customer corporations) seeking the construction and operation of information systems. In such cases, the NRI Group takes charge of the upstream processes such as design, while the downstream processes are subcontracted to partner companies.</p> <p>There is no difference between the NRI Group and its partner companies, in the sense that they form a group of systems engineers.</p>																																			
	<table border="1"> <thead> <tr> <th></th> <th>unit</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Number of Chinese partner companies</td> <td></td> <td>18</td> <td>18</td> <td>18</td> <td>20</td> <td>19</td> </tr> <tr> <td>Approx. no. of partner employee in Japan</td> <td>no. of person</td> <td>7,000</td> <td>7,000</td> <td>7,000</td> <td>7,500</td> <td>7,000</td> </tr> <tr> <td>Approx. no. of partner employee in China</td> <td>no. of person</td> <td>3,500</td> <td>3,500</td> <td>4,000</td> <td>5,000</td> <td>5,000</td> </tr> <tr> <td>Coverage</td> <td></td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> <td>c</td> </tr> </tbody> </table>		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Number of Chinese partner companies		18	18	18	20	19	Approx. no. of partner employee in Japan	no. of person	7,000	7,000	7,000	7,500	7,000	Approx. no. of partner employee in China	no. of person	3,500	3,500	4,000	5,000	5,000	Coverage		c	c	c	c	c
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Coverage		a	a	a	a	a																														

**Critical supplier**

We also sign “e-partnership” agreements with companies that possess particularly sophisticated operational knowhow and IT capabilities.  
 We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development.  
 As of March 31, 2021, we had 7 such e-partners in Japan and 7 in China.  
 In FY2008, we set up a system for certifying “extended e-partners” (“e-e partners”) in recognition of their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2021, we have 2 e-e partners in Japan.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of e-partners	Number of companies	8	13	13	15	14
Japan	Number of companies	7	8	8	8	7
China	Number of companies	1	5	5	7	7
Number of e-e partners	Number of companies	3	3	3	3	2
Japan	Number of companies	3	3	3	3	2
	Coverage	c	c	c	c	c

**Utilization of offshore development**

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems.  
 The NRI Group is proceeding to diversify its outsourcing destinations.  
 We are promoting nearshore development\*1 in Japan and offshore\*2 development in Southeast Asia as China Plus One.

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

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

**Supply chain risk assessment**

**Supply chain risk assessment measures**

Before consigning the development of any NRI system to a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its measures on compliance and information security management.  
 With a potential overseas partner in addition we conduct such investigations as are required by law, for example under the Foreign Exchange and Foreign Trade Act.  
 Regarding information security, to ensure that our partner companies provide the same level of security as NRI do, NRI requires them to sign confidentiality agreements and memoranda on the handling of personal information.  
 In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.  
 We have also provided hands-on training in dealing with phishing emails for those of their employees who are engaged full-time on security issues.

### Supply chain risk assessment results

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

#### 1. Good business relationships with subcontractors

In the fiscal year ended 31st March, 2020, our subcontractors were responsible for 40% of NRI's actual production. It is essential to secure top-level subcontractors and maintain a good business relationship with them in order to carry out the NRI group's operation.

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

Furthermore, we are conducting activities to raise productivity and quality, including activities with subcontracting partners, through such measures as sharing of project risks with e-Partner Contracts, a contracted business partner with high levels of specialized business expertise, and demands for greater security and thorough information management on the part of subcontracting partners.

Our subcontracting partners are not only in Japan, but also in various overseas locations, including China. Currently, Chinese companies account for 17% of subcontracting costs.

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

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

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

#### 2. Contract work

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

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

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

## ► Fair trade

### Fair business relationship with business partners

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

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

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

Supply Chain Management - Data

G04D

**Voluntary inspection for appropriate subcontracted operations**

The partner companies engaged in business with NRI employ just over 12,000 employees between them, and around 40% are full-time at NRI's facilities.  
 Appropriate measures in accordance with labor-related laws are required for outsourcing under a contract contract.  
 Work with these subcontracted employees to maintain proper contract work, separate the subcontracted employee's workplace from the NRI employee's workplace, and conduct annual voluntary inspections of the contract work guidelines to prevent spoofed contracts.

Voluntary inspection results	FY2016	FY2017	FY2018	FY2019	FY2020
Number of inspected projects	922	939	926	1,206	1,186
Coverage	c	c	c	c	c

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

**Information security of supply chain**

**Strengthening management of information security at our business partners**

To ensure that our partner companies provide the same level of security as we do, NRI requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also conducts regular checks on these companies by performing assessments of all aspects of their management of security and privacy.

Assessments of business partners	FY2016	FY2017	FY2018	FY2019	FY2020
Number of assessed projects	87	81	76	95	780
Coverage	c	c	c	c	c

**Supplier screening criteria**

**Supplier screening criteria**

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

## ▶ Capacity building and incentives for suppliers

### Efforts toward mutual development with partner companies

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

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

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

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

The management seminar for fiscal 2020 has been cancelled.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of partner companies participating in the training		15	14	15	16	12
Number of participants from partner companies (cumulative number of people)	no. of person	300	390	306	511	402
Number of partner companies participating in management seminars		109	103	110	113	—
Number of participants in management seminars from partner companies	no. of person	238	231	226	223	—
Coverage		c	c	c	c	c

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

■ Client Relationship Management - Management Approach

G05M

Material issues of NRI related to this management approach

"Communication with customers" and "Appropriate disclosure of information to customers"

NRI's approach to material issues

Throughout the entire value chain, companies are responsible for continuing to provide products and services that meet the needs of customers and users in a safe and reassuring way. The NRI Group provides information systems to various industries and government agencies, and has a responsibility to not only direct customers, but also to think about the impact on general consumers and users who benefit from information systems and the impact information systems have on society. The NRI Group will provide the highest standard of information-systems services through advanced technologies and organizational systems relating to information system quality and information security, and through consulting and IT solutions will create the foundation for industry and technology innovation in the future and connect the same to economic and societal development.

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

Priority activities / Medium- to long-term targets

NRI Group has set “Discerning new social paradigms and assuming the role of implementing such paradigms” and “Building client’s trust and prospering together with clients” in its corporate philosophy as its mission, indicating its intent to “co-create future society” together with the customers. We shall aim for sustained growth of NRI Group and the creation of a sustainable future society through “value co-creation” with our customers.

Long Term Management Vision “Vision 2022”

Under the abovementioned corporate philosophy, we have established “Vision 2022”, the long-term management vision till the end of FY2022. “Share the Next Values!”, the vision statement for Vision2022 expresses the intent of NRI Group to continuously make challenges for the realization of new values together with our customers.

Thoughts Concentrated in “Share the Next Values!”

- Share: The diverse variety of personnel within and outside the NRI Group join 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.

Medium-Term Management Plan (2019 – 2022)

“Medium-Term Management Plan (2019 – 2022)” has been established as a plan for the four year period for the latter half of Vision2022.

This plan not only refers to growth strategy and numerical targets, but also on the three social values to be “co-created” with clients, indicating our intent to promote “sustainability management”.

Growth Strategies (Priority Themes)

- DX strategy: Use technology to transform customer business models and processes
- Business platform strategy: Evolve business platforms (BPFs) in finance
- Cloud strategy: Modernize legacy systems by using cloud
- Global strategy: Achieve more global business growth, seeking sales of 100 billion yen
- Human resources strategy: Strategic recruiting, talent development and collaboration with partners to bolster NRI’s competitiveness.

Numerical Targets

	FY 2019 Record	FY 2022 Target
• Sales	528.8 bn. yen	670 bn. yen or more
• Operating profit	83.1 bn. yen	100 bn. yen
• Operating profit margin	15.7 %	14 % or more
• Overseas sales	46.7 bn. yen	100.0 bn. yen
• EBITDA margin	22.2 %	20 %
• ROE	20.3 %	14 % *

\* Aiming for higher capital efficiency continuously

3 Social Values

- Co-create a thriving future society by driving new value s
- Co-create an ideal society by effectively utilizing its resources
- Co-create a safe and secure society by advancing its infrastructure” at its core to promote business

## ■ Client Relationship Management - Management Approach

G05M

Key performance indicator	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Operating profit	billions of yen	58.5	65.1	71.4	83.1	86.5
Operating profit margin	%	13.8	13.8	14.3	15.7	15.7
Overseas sales	billions of yen	18.9	43.5	53.0	46.7	43.6
ROE	%	10.7	12.9	12.3	20.3	21.8
	Coverage	a	a	a	a	a
Client satisfaction (percentage of "satisfied client")	%	82.8	84.6	86.9	83.8	86.4
	Coverage	c	c	c	c	c

Link Files	
	NRI Group Corporate Philosophy <a href="https://www.nri.com/en/company/c_philosophy">https://www.nri.com/en/company/c_philosophy</a>
	NRI Group's Code of Business Principles <a href="https://www.nri.com/en/company/company_code">https://www.nri.com/en/company/company_code</a>
	NRI Group Employees' Code of Business Conduct <a href="https://www.nri.com/en/company/business_code">https://www.nri.com/en/company/business_code</a>
	Management Vision Driving toward Further Growth."Vision 2022" <a href="https://www.nri.com/en/company/vision">https://www.nri.com/en/company/vision</a>

► Fiduciary duty

Comprehensive deliberation on new contracts

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

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

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

► Client satisfaction

Client satisfaction surveys

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

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

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

Areas receiving a favorable assessment

- Enthusiasm and strength of commitment
- Flexible response to demands
- Specialized knowledge and skills relating to systems
- System reliability
- Incident prevention countermeasures

Areas of expectations for improvements

- Greater intelligibility of manuals
- Clarity of the basis for estimates

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Client satisfaction* <sup>1</sup> (percentage of "satisfied client")	%	82.8	84.6	86.9	83.8	86.4
Percentage of clients surveyed* <sup>2</sup> (percentage of business units)	%	100.0	100.0	100.0	100.0	100.0
Coverage		c	c	c	c	c

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

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

## ▶ Innovation management policy

## Approach to research and development

To create a sustainable society, companies are greatly expected to create innovation and contribute to solving social issues.

The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development.

In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules.

We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.

As R&D focus areas, NRI conducts R&D for different segments. Our Consulting R&D looks at next-generation business and strategies.

Finance & Industry R&D looks at promotion of DX and promotion of de facto standard business platform-ization.

IT Platform Services R&D involves continually monitoring cutting-edge technologies, and strengthening IT's power to provide solutions that apply those technologies to people's lives and to society at large.

## ▶ Research and development system

## Research and development system

The NRI Group promotes research and development in the three fields of "digital society infrastructure," "development and acquisition of leading technologies," and "business development".

The NRI organizations responsible for the various areas of our R&D are as follows, but as needed they engage in collaboration with different organizations both within and outside our Group.

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

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

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

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

## ▶ Research and development situations

Research and development expense		unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total amount		millions of yen	5,674	5,170	3,665	4,310	4,468
Breakdown by segments	Consulting	millions of yen	1,247	921	796	824	1,109
	Financial IT Solutions	millions of yen	2,947	2,844	1,694	1,984	1,947
	Industrial IT Solutions	millions of yen	622	622	583	714	757
	IT Platform Services	millions of yen	857	781	590	781	654
Sales ratio		%	1.3	1.1	0.7	0.8	0.8
	Coverage		a	a	a	a	a

## ▶ Open innovation

## Open innovation case 1

NRI and Nomura Holdings, Inc. established BOOSTRY in September 2019 as a joint venture to develop and provide a platform for exchanging rights to securities using blockchain technology. BOOSTRY brings together personnel from both NRI and Nomura Holdings with expertise in areas including finance, law, blockchain technology, and IT solutions to pioneer the business of building a new platform for businesses and other entities to issue and distribute securities and other rights. Using the blockchain technology of BOOSTRY, NRI issued digital asset bonds and digital bonds in Japan in March 2020. The bonds use blockchain technology to manage the bond register, which makes it possible for the issuer to continuously identify bondholders, something that is difficult to do with conventional bonds.

## Reference

News Release (September 2, 2019) :

Nomura and Nomura Research Institute Establish Joint Venture Company

[https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902\\_1](https://www.nri.com/en/news/newsrelease/lst/2019/cc/0902_1)

News Release (March 30, 2020) (In Japanese only) :

NRI issued the first "digital asset bonds" and "digital bonds" in Japan that utilize blockchain technology.

[https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330\\_1](https://www.nri.com/jp/news/newsrelease/lst/2020/cc/0330_1)

## Open innovation case 2

"Dokokani Mairu" is a mileage service for domestic flights in Japan that was developed in 2018, jointly between Japan Airlines Co., Ltd. (hereinafter, "JAL") and NRI. It enables users to go to one of four randomly displayed destinations ("dokoka" i.e., "somewhere") for less miles than usual. An algorithm that was developed on the basis of a patent held by NRI is used in this service. NRI and JAL established a joint venture, JAL Digital Experience, in 2019 to further advance these new service co-creation initiatives. The company is engaged in experience-based services that propose enriching experiences and new lifestyles tailored to the latent needs of each customer, with travel as the foundation, while leveraging the NRI Group's digital technologies including data analytics and AI. As well as expanding customer travel opportunities and offering new experiences, it is also a service that will help people rediscover the appeal of various regions in Japan and lead to regional revitalization - an innovation in which NRI's capabilities in analytics contributes to solving social issues.

## Reference

NRI JOURNAL : Why is JAL's "Go Somewhere Miles" successful? (In Japanese only)

<https://www.nri.com/jp/journal/2017/0526>

Co-creating new value with clients

<https://www.nri.com/->

[/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/Sustainability\\_Book2019\\_e.pdf#page=14](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2019_e.pdf#page=14)

Joint news release (February 4, 2019) (In Japanese only) :

Japan Airlines and Nomura Research Institute Joint Venture "JAL Digital Experience" established

[https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2019/190204\\_1.pdf](https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2019/190204_1.pdf)

Open innovation case 3

TORANOTEC Asset Management Ltd., TORANOTEC’s wholly-owned subsidiary, offers a service called "TORANOCO" for investing using change. This is a service that allows anyone to invest with a small amount of money.

NRI has supported smooth service provision for "TORANOCO" by providing its investment account management system service and its back-office operations support service for asset management companies.

Going forward, through this investment, NRI will work on the further evolution of "TORANOCO" and the development of new investment services.

Specifically, by adapting "TORANOCO" to existing banks where NRI provides an account management system, it enables new approaches to young and inexperienced people who have not had investment experience so far.

We will also promote the development of new asset management services for smallscale investment for financial institutions.

Creation and acquisition of new market: By bringing young people and investmentexperienced people into the financial market, it can lead to the development of new financial system and service markets.

Reference

Integrated Report 2018:Investment in TORANOTEC that is involved in asset management and applivation development

[https://ir.nri.com/en/ir/library/report/main/02/teaserItems1/00/linkList/016/link/AR2018\\_e.pdf#page=41](https://ir.nri.com/en/ir/library/report/main/02/teaserItems1/00/linkList/016/link/AR2018_e.pdf#page=41)

▶ Process innovation

Process innovation	
Overview	<p>Introduction of development tools of information systems</p> <p>We have built a tool for integrated management of both product quality improvement and operational efficiency in large-scale information system development. This tool is a "collaboration solution" that integrates the functions of project management such as quality management, progress management, and issue management to improve teamwork and productivity by accumulating and sharing knowledge and activating communication. It is composed of multiple solution packages such as "DevOps solution" that realizes continuous integration/delivery required for advanced software development. By introducing this tool, it has become possible to achieve both system management project sophistication and project member operational efficiency, as well as modernization and efficiency of the system development process. We have been selling this tool as a service called "aslead", and as of May 2021, we are providing four solutions, and we plan to continue providing new solution packages. It is expected that the results of NRI's process innovation will spread widely to the entire IT industry through "aslead".</p>
Efficiency gains	<p>Improvement in efficiency by introduction of this tool is expected to create about 50 minutes surplus time per person, which will result in a cost saving effect of about 9.3% as a whole.</p>
Reference	<p>News Release (October 19, 2017) (In Japanese only) Started marketing of development tools of information systems "aslead" <a href="https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019">https://www.nri.com/jp/news/newsrelease/lst/2017/cc/1019</a></p> <p>What's New (February 26, 2021) (In Japanese only) : We have entered a partner agreement with GitLab to start selling the first leading DevOps solutions focused on GitLab as an official distributor in Japan.☒ <a href="https://www.nri.com/jp/news/info/cc/lst/2021/0226_1">https://www.nri.com/jp/news/info/cc/lst/2021/0226_1</a></p> <p>What's New (March 16, 2021) (In Japanese only) : Received the "2020 Best Solution Partner" award from Elastic <a href="https://www.nri.com/jp/news/info/ips/lst_ips/2021/0316_1">https://www.nri.com/jp/news/info/ips/lst_ips/2021/0316_1</a></p> <p>aslead (official site, In Japanese only) <a href="https://aslead.nri.co.jp/">https://aslead.nri.co.jp/</a></p>

▶ Environmental innovation

Environmental innovation																			
Overview	<p>Significant Reduction in CO<sub>2</sub> Emissions Due to Shared Online Services</p> <p>The usage of Shared Online Services leads to drastically reduced environmental impact. When multiple companies use a single system jointly, they can markedly reduce power consumption, CO<sub>2</sub> emissions and costs, more so than when each company independently developed their own system. Estimates show that THE STAR, a back-office system for retail brokerage firms, enables the user to lower its CO<sub>2</sub> emissions by 73.9%.</p>																		
Effects of environmental innovation	<table border="1"> <thead> <tr> <th>unit</th> <th>FY2016</th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Sales ratio of Shared Online Services</td> <td>23</td> <td>21</td> <td>20</td> <td>19</td> <td>19</td> </tr> <tr> <td>Coverage</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> <td>a</td> </tr> </tbody> </table>	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Sales ratio of Shared Online Services	23	21	20	19	19	Coverage	a	a	a	a	a
unit	FY2016	FY2017	FY2018	FY2019	FY2020														
Sales ratio of Shared Online Services	23	21	20	19	19														
Coverage	a	a	a	a	a														

▶ Social innovation

Social innovation

Overview

Community development through consulting

There are about 700 researchers in our consulting division, which is one of the top consulting institutions in Japan in terms of the number of researchers as well as quality.  
NRI's diverse consulting services, such as companies, local governments, and governments of emerging countries, are all directly related to the resolution of important social issues and can be said to be social innovation.

Effects of social innovation	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Sales ratio of consulting	%	7.2	7.7	8.2	7.3	6.8
Coverage		a	a	a	a	a

■ Quality of Information Systems - Management Approach

G07M

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

Information systems are widely and deeply ingrained in modern society in a variety of ways, and have become indispensable infrastructure for our convenient and comfortable lives. They are also cornerstones in the realization of new systems and services, and contribute greatly to societal innovation.

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

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

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

Priority activities / Medium- to long-term targets

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

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

From this perspective, in order to increase the reliability of our information systems, we at the NRI Group are directing our efforts towards the following priorities:

- Quality management in the development of information systems
- Quality management in the maintenance and operation of information systems
- Increasing the reliability of the data centers that support the systems' operation

Progress / Achievements / Challenges

NRI acquired certification for ISO9001 Quality Management System Standards in January 2002, which apply to information systems construction projects of a certain size or greater. In addition, in order to successfully guide projects building large and complex information systems to completion, we have established a project supervision system that systematically carries out risk management and project support.

Data center results

NRI is certified to ISO20000 and ISO27001, the international standards for IT service management, for all five data centers it owns and manages. In addition, three data centers (Tokyo Data Center I, Yokohama Data Center II, Osaka Data Center II) have acquired M&O certification, which is a global standard for data center operation established by the US non-profit organization Uptime Institute. "Tokyo data center I" was the first data center in Japan to acquire the certification (acquired December 2014).

KPI

	FY2016	FY2017	FY2018	FY2019	FY2020
ISO9001 Certification Status	Acquired	Acquired	Acquired	Acquired	Acquired
ISO/IEC 20000 , ISO/IEC 27001 Certified Data Centers	5	5	5	5	5
ISO/IEC 27017 Certification Status	-	-	Acquired	Acquired	Acquired
Data Centers with M&O Stamp of Approval	2	3	3	3	3
Failure Response Drills in Data Centers	approx. 2,900	approx. 3,400	approx. 4,600	approx. 4,100	approx. 4,000
Overall Operational Drills with Staff Involved in Data Center Operations	5	5	5	5	5
Coverage	c	c	c	c	c

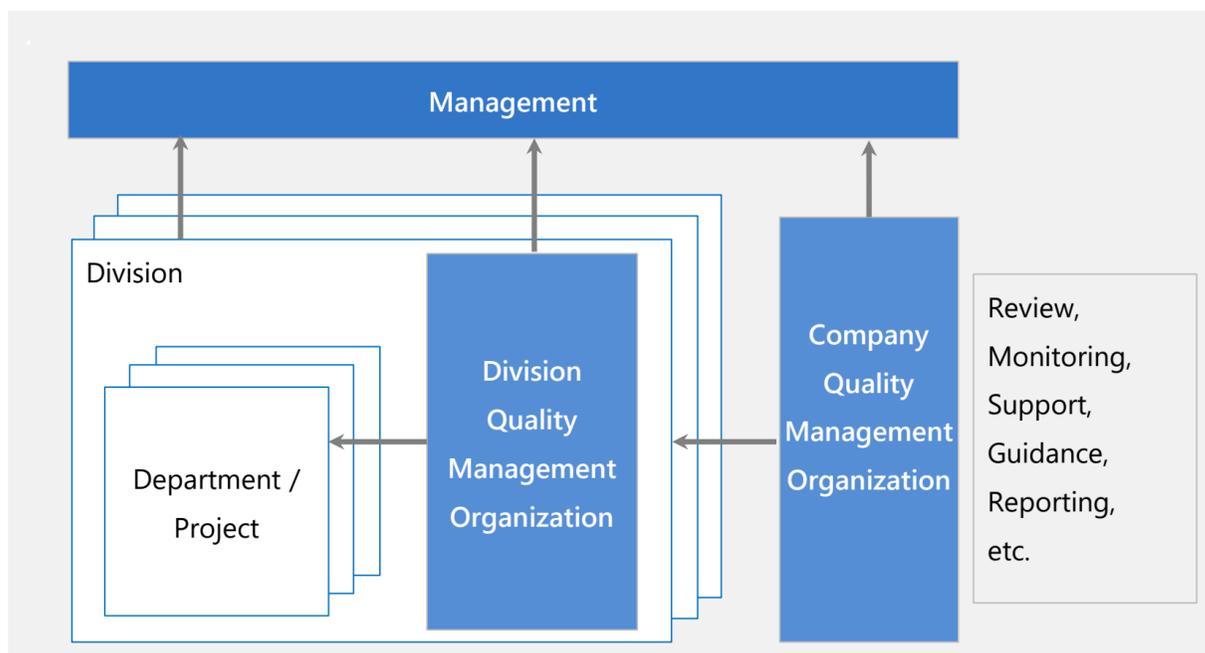
Link Files

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

► Management structure for improving the quality of information systems

Management structure for improving the quality of information systems

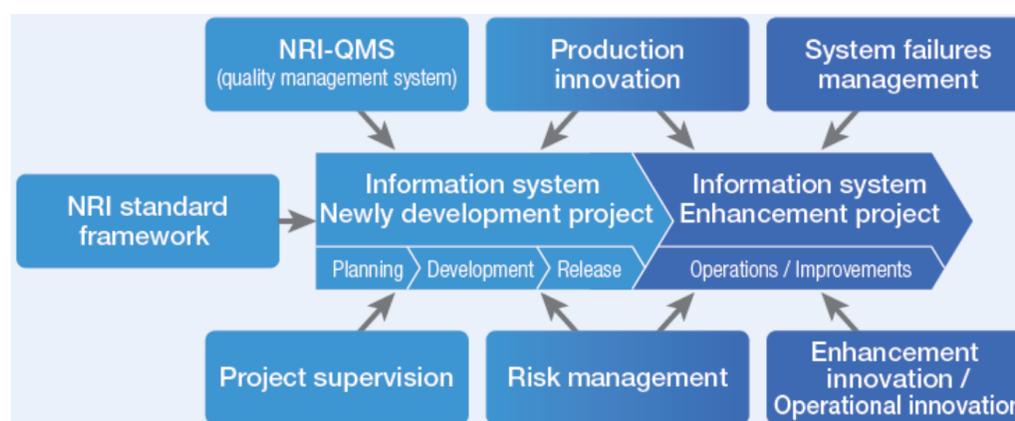
Each business division is responsible for quality control when implementing projects. Moreover, in addition to supervising and promoting such activities company-wide, as organizations providing separate support, the Quality Management Division and the Digital Transformation Systems Development Innovation Division set objectives and formulate plans relating to quality, and also build quality management systems, provide standard guidelines and advise on projects. We are also actively engaged in resolving issues concerning the improvement of productivity, based on the idea that "improvements in quality improve productivity, which leads to further improvements in quality."



► Initiatives for improving the quality of information systems

Project support system for improving the quality of information systems

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



NRI-QMS\* (Quality management system)

This is a quality management system built on the basis of know-how cultivated over many years of quality improvement activity. It involves the company having established internal rules, guidelines and models for business processes to ensure quality for individual projects, and is also a mechanism that seeks continuous improvement in quality through periodical reviews of the NRI-QMS itself based on customer satisfaction surveys and audit results. NRI has obtained ISO 9001 certification for quality management systems for applicable information system construction projects that require a minimum prescribed amount of labor.

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

NRI Standard Framework

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

These guidelines are shared with all employees through the intranet.

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

Project supervision

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

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

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

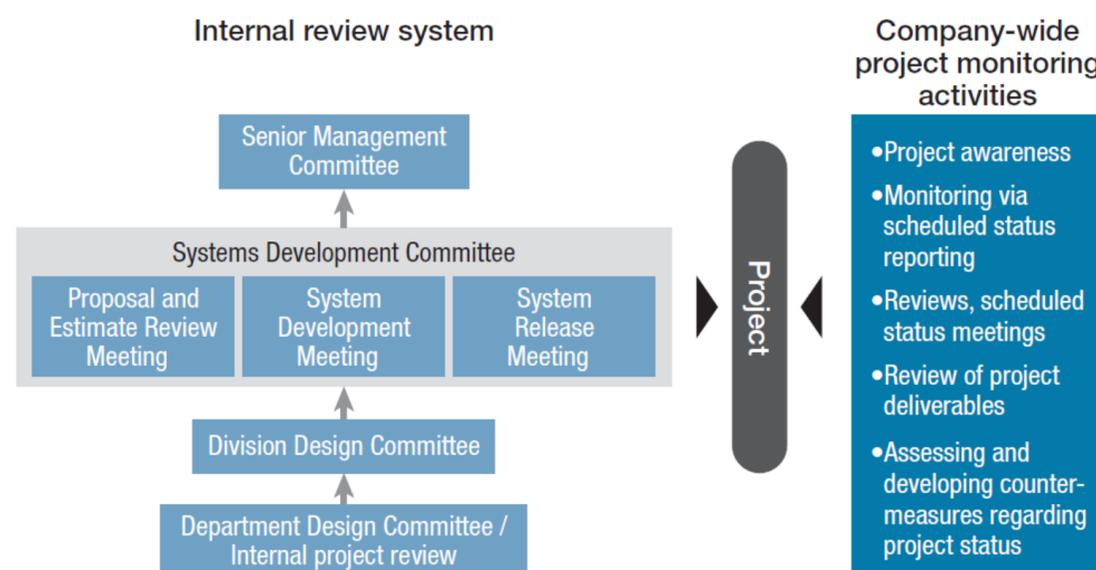
Furthermore, in order to understand and evaluate the risks relating to the quality, delivery, and income/expenditure for each project and respond appropriately, we conduct various review meetings in accordance with our internal rules at each critical juncture for the projects, including the proposal,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

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

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

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

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



#### Production innovation

NRI has been building and maintaining systems by selecting the appropriate combination of technologies from the variety of technologies available to meet the needs of our customers. Based on that experience, we are endeavoring to improve productivity from the following perspectives. One is not only utilizing new functions when adopting new technologies, but also forming a group of experts for each technology to quickly acquire the expertise to ensure the quality and productivity of development using new technologies.

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

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

#### Information system failure management

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

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

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

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

#### Enhancement service reforms

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

NRI believes that it is important to continue to improve functionality while maintaining stable operation of information systems, and refers to the postoperation process commonly called maintenance as "Enhancement."

Enhancement is a task that continues for a long period of time, and is characterized in that the losses from any unaddressed problems and benefits from improvements are both large.

Therefore, in order to promote improvement activities throughout the company, we have established the slogan of "Enhancement Service Reforms," and we are continuing activities to create and realize a improvement plan for each system every fiscal year.

## ▶ Quality management in the maintenance and operation of information systems

### Overview of quality control

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

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

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

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

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

### Policy

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

### ISO/IEC 20000 Scope

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

#### Relevant Locations

- Yokohama Center
- Tokyo Data Center I
- Yokohama Data Center I
- Yokohama Data Center II
- Osaka Data Center
- Osaka Data Center II
- Otemachi Cloud Control Center
- Operating Office (The Landmark Tower)
- Nakanoshima Cloud Control Center

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

#### Relevant Locations

- Sapporo ITSM Center
- Yokohama Nomura Building

### Efforts to improve operations quality and reduce system failures

In operation services for information systems, obstacles such as equipment failure, processing delays from sudden increases in data amounts, or malfunctions due to improper operation cannot be completely avoided.

The system operation department is working on a variety of initiatives aimed at reducing these obstacles to increase productivity, including the strengthening of collaboration with the information system construction department, promoting standardization, automation, and labor-saving of operational tasks, and improving operator skills.

#### Strengthening Collaboration with the information systems construction department

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

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

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

Furthermore, we have also started training employees in the system construction department to carry out systems design with consideration on operational quality.

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

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

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

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

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

#### Promotion of Kaizen Improvement Proposal

NRI gathers more than 1,000 cases of proposals each year aimed at improving the quality of systems operations from employees of NRI and partner companies engaged in the operations of information systems.

We have an award system for outstanding proposals.

These proposals are reflected onto improvement activities, incorporating opinion from employees with thorough knowledge of the system operations.

#### Operational Skill Improvements aimed at Automation and Labor-Saving

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

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

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

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

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

## Increasing the reliability of the data centers

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

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

Furthermore, global-standard Management and Operation certification (M&O Stamp of Approval) relating to data center equipment and facility operation prescribed by Uptime Institute\* has been obtained for three data centers, ("Tokyo Data Center I", "Yokohama Data Center II", and "Osaka Data Center II"), providing an objective appraisal of global standard in terms of high reliability.

The "Tokyo Data Center I" in December 2014 was the first example in Japan, and as of March 2021, only 6 data centers including 3 NRI data centers have been certified in Japan.

\* Uptime Institute: A United States private organization that provides research, education, and consulting services for data center design, construction, and operation with the aim of supporting improved data center performance and efficiency.

As one of the world's leading independent organizations, it operates globally through locations worldwide (United States, Mexico, Costa Rica, Brazil, UK, Spain, UAE, Russia, China, Taiwan, Singapore, and Malaysia), creating tier standards for data center equipment and overseeing M&O certification.

## M&amp;O Stamp of Approval

Tokyo Data Center I (first obtained in December 2014, updated in December 2018, and updates reviewed every three years)

Yokohama Data Center II (first obtained in February 2016, updated in January 2021, and updates reviewed every three years)

Osaka Data Center II (first obtained in December 2017, updated in December 2019, and updates reviewed every three years)



## References

Global quality standards for data center operation - meaning of M&O Stamp of Approval and efforts of NRI - (In Japanese only)

[https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it\\_solution/2016/09/ITSF160903.pdf](https://www.nri.com/-/media/Corporate/jp/Files/PDF/knowledge/publication/it_solution/2016/09/ITSF160903.pdf)

Tokyo Data Center I acquires M&O Stamp of Approval for the first time in Japan (In Japanese only)

<https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2014/141225.pdf>

Yokohama Data Center II acquired M&O Stamp of Approval

[https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425\\_1.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/news/info/cc/2016/160425_1.pdf)

Uptime Institute LLC

<https://uptimeinstitute.com/>

► Issuance of SOC2 report

**Issuance of SOC2 report**

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

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

NRI was also the first in Japan to issue SOC2 reports on FISC safety measure standards in 2012.

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

► Risk management on information systems

**Risk management on information systems**

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

**Risk Management in Information Systems in the Maintenance and Operation Phase**

In the event of a large-scale system failure, we will promptly set up an emergency response headquarters to coordinate with the relevant divisions and customers.

Based on the circumstances of the failure, we will implement measures such as disaster recovery, investigation of point of origin, disclosure of information, and analysis of preventive measures.

**Risk Management in Data Centers**

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

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

ISO9001	Company	Acquisition date	Acquisition object
	NRI	January 2002	Systems design and development planning and subcontracting for projects with anticipated workloads above a certain size
	NRI System Techno	September 2001	System maintenance, operation and development for subcontracted projects
	DSB Co.	November 2016	Back office operations
	DSB Information System Co.	TBC	TBC
	Nippon Securities Technology Co.	December 2003	TBC

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

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

Book of lectures	Book name	Publisher	Issued date
	IT ROADMAP 2021 <a href="https://www.nri.com/jp/knowledge/book/1st/2021/o_book229">https://www.nri.com/jp/knowledge/book/1st/2021/o_book229</a>	Toyo Keizai	March 2021
	Enterprise Guide for Practical Oracle Cloud Infrastructure Construction <a href="https://www.nri.com/jp/knowledge/book/1st/2021/o_book227">https://www.nri.com/jp/knowledge/book/1st/2021/o_book227</a>	Gijutsu-Hyohron	January 2021
	IT Navigator 2021 Edition☒ <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book225">https://www.nri.com/jp/knowledge/book/1st/2020/o_book225</a>	Toyo Keizai	December 2020
	Digital Capability: Organizational Ability to Lead DX to Success <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book223">https://www.nri.com/jp/knowledge/book/1st/2020/o_book223</a>	Nikkei Business Publications	November 2020
	Digital Architecture Design/Construction Guide from DX Promotion to Core System Regeneration <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book223">https://www.nri.com/jp/knowledge/book/1st/2020/o_book223</a>	Nikkei Business Publications	November 2020
	Tackling AWS Certification/Professional Security Knowledge from Key Points <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book220">https://www.nri.com/jp/knowledge/book/1st/2020/o_book220</a>	Mynavi Publishing	July 2020
	Textbook for dealing with system failures <a href="https://www.nri.com/jp/knowledge/book/1st/2020/o_book217">https://www.nri.com/jp/knowledge/book/1st/2020/o_book217</a>	Gijutsu-Hyohron	April 2020

Information Security - Management Approach

G08M

Material issues of NRI related to this management approach

"Information security / system management"

NRI's approach to material issues

As information systems penetrate into every corner of economic activity and civic society, the risks associated with information security, such as cyber-attacks targeting social infrastructure, companies or government offices, or large-scale data-breaches, are growing all over the world. The NRI Group operates important information infrastructure that supports society, such as that for finance and logistics. In order to maintain service continuity and protect this valuable information, we are engaged in a variety of efforts to prevent information security failures in advance. In addition, in the unlikely event an information security failure does occur, we have implemented measures to minimize any impact.

Priority activities / Medium- to long-term targets

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

- Advance prevention of information security failures
- Creation of a solid governance system for information security

Progress / Achievements / Challenges

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

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

KPI	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of information security failures (year-on-year)		About 11% decrease	About 11% decrease	About 27% increase	About 40% decrease	About 17% decrease
Number of major information security failures		0	0	0	0	0
Costs incurred due to major information security failures	millions of yen	0	0	0	0	0
Number of complaints regarding breaches of customer privacy or loss of customer data, from outside parties including regulatory authorities		0	0	0	0	0
Coverage		c	c	c	c	c

**Link File** Declaration of Information Security Measures  
[https://www.nri.com/en/site/security\\_declare](https://www.nri.com/en/site/security_declare)

Information security policy

Information security policy	
	Nomura Research Institute, Ltd., and its group companies declare that the NRI Group shall observe all applicable laws and ordinances and shall fully recognize the roles that companies offering information services should play. The NRI Group has established a framework of advanced information security management that can serve as a social model to enable its companies to continue to be worthy of customer and public trust.
Applicable scope	NRI Group
Reference	Declaration of Information Security Measures <a href="https://www.nri.com/en/site/security_declare">https://www.nri.com/en/site/security_declare</a>

Information security management

Governance system for the information security

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

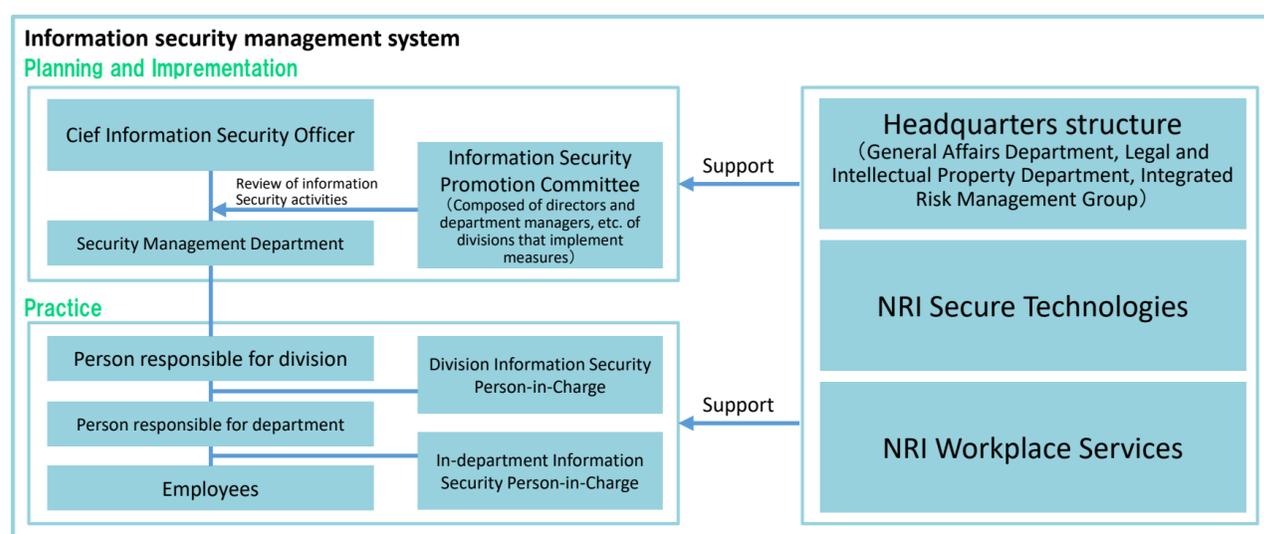
All business divisions and Group companies have appointed an information security manager and information security person-in-charge (PIC), who have developed a mesh structure that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our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

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

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

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

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



Officer in charge	Chief Information Security Officer : Susumu Nishimoto, Senior Corporate Managing Directors
Responsible committee	Information Security Promotion Committee

**Maintenance of rules for the information security**

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

**Training and awareness on information security**

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

Number of information security training participants	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Training for new employees	no. of person	355	392	515	557	450
Training on response to cyber-attacks	no. of person	129	78	83	56	–
Training for information security	no. of person	–	–	–	–	6,387
Personal information management training	no. of person	5,807	5,997	6,116	6,252	6,387
Security training for temporary employees	no. of person	1,535	1,641	1,695	1,686	1,795
Coverage		b	b	b-	b-	b-
Security training for overseas offices	no. of person	2,438	2,597	2,739	2,417	2,705
Coverage		d	d	d	d	d

Measures to prevent occurrence of information security failures

Information security in client's information system

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

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

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

Audits undertaken to ensure the security of clients' systems	Object	FY2016	FY2017	FY2018	FY2019	FY2020
Verification assessments conducted of project security rules	no. of audits	269	230	165	141	110
Audits of public Web system	no. of audits	37	84	77	83	67
Audits of responses to cyber-attacks, and corrections	no. of audits	128	145	148	149	158
Audits of live productions and development management, and corrections	no. of audits	155	10	11	147	12
Surveys of the use of AWS <sup>*1</sup> and making any corrections	no. of audits	14	30	48	169	193
Surveys of the use of BPO <sup>*2</sup> operations and making any corrections	no. of audits	3	1	3	4	1
Coverage		c	c	c	c	c

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

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

Strengthening management of information security at our business partners

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

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

Assessments of business partners	FY2016	FY2017	FY2018	FY2019	FY2020
Number of projects conducting audits	87	81	76	95	780
Coverage	c	c	c	c	c

Information Security - Data

Measures for domestic group companies

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

	Object	FY2016	FY2017	FY2018	FY2019	FY2020
Audits of public Web system	no. of audits	4	28	24	22	12
Audits of responses to cyber-attacks, and corrections	no. of audits	99	107	19	154	167
Audits of live productions and development management, and corrections	no. of audits	7	4	6	7	7
Surveys of the use of AWS* <sup>1</sup> and making any corrections	no. of audits	5	58	22	34	45
Surveys of the use of BPO* <sup>2</sup> operations and making any corrections	no. of audits	6	3	2	1	1

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

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

Measures for overseas group companies

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

	FY2015	FY2016	FY2017	FY2018	FY2019
No. of rollouts of information security packages for overseas offices	15	16	17	17	16
Audits of public Web system	4	7	3	1	4
Audits of responses to cyber-attacks, and corrections	16	14	4	3	0

Company-wide responses to cyber-attacks

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

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

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 information on vulnerabilities and attacks, and takes action that is organized, swift, and appropriate.

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

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

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

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

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

■ Information Security - Data

G08D

Managing human error

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

▶ Penetration Test

Penetration Test

NRI conducts a penetration test on our website every month in cooperation with NRI SecureTechnologies, a group company, as part of measures against cyber attacks.

▶ Policies for minimizing the impact of information security failures

Policies for minimizing the impact of information security failures

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

▶ Certification on Information Security Management System (ISMS<sup>\*1</sup>)

ISMS certification acquired Name of company, office, or division

- Yokohama Center
- Tokyo Data Center I
- Yokohama Data Center I
- Yokohama Data Center II
- Osaka Data Center
- Osaka Data Center II
  
- Operation office (Yokohama Landmark Tower)
- Nakanoshima Cloud Control Center
  
- Systems Consulting Division (partial business)
- Data Center Service Division (partial business)
- Cloud Service Division (partial business)<sup>\*2</sup>
- Insurance Solution Division (partial business)
  
- NRI SecureTechnologies, Ltd.
- NRI System Techno, Ltd. (partial business)
- DSB Co., Ltd. (partial business)

\*1 Certification based on JIS Q 27001 (ISO/IEC 27001)

\*2 Certification based on ISO/IEC 27017 Cloud Service Security Management System

► Personal data protection

Policy for personal data protection

	<p>NRI has a Personal Data Protection Statement, and it has made its Privacy Policy available to the public. In accordance with the Statement and Policy, our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (the "My Number Act"); and other relevant laws and regulations. NRI demonstrates flexibility in its responses to changes demanded by the public, such as keeping abreast of rules and guidelines on the protection of personal information issued by regulatory authorities by the Personal Information Protection Commission. We have established personal information management regulations, and if executives and employees violate these regulations, we take disciplinary actions in accordance with our internal rules.</p>
Applicable scope	NRI
References	<p>Personal Data Protection Statement (Applicable scope: NRI)  <a href="https://www.nri.com/en/site/security">https://www.nri.com/en/site/security</a></p> <p>Privacy Policy (Applicable scope: NRI Group)  <a href="https://www.nri.com/en/site/privacy">https://www.nri.com/en/site/privacy</a></p>

► Management on protection of personal information

**Governance System for the Protection of Personal Information**

	<p>We entrust a "Personal Information Protection Manager" with the responsibility and authority to implement and operate the personal information protection management system.</p> <p>The "Personal Information Protection Auditor" is appointed by the President &amp; CEO, and is in an impartial and objective position independent of the Personal Information Protection Manager with the responsibility and authority to conduct audits and make reports.</p> <p>The "Personal Information Protection Education Manager" assists the Personal Information Protection Manager, and has the responsibility and authority to implement education initiatives for employees and report on the same.</p>
<p>Officer in charge</p>	<p>This role is assumed by Chief Information Security Officer.</p>

**Maintenance of rules for the Protection of Personal Information**

	<p>Included in the "Maintenance of rules" section of "Information security management".</p>
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**Training and awareness on protection of personal information**

	<p>Included in the "Training and awareness on information security" section of "Information Security Management."</p>
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**Personal information held by NRI**

	<p>We have introduced a "Personal Information Management Register System," and are aware of the status of personal information with respect to its registration, use, or disposal. In addition, the oversight departments conduct yearly checks regarding whether personal information is being handled properly or not.</p> <p>The personal information in our possession includes information concerning company directors, employees, and temporary staff, persons in charge of our corporate clients, persons in charge of our business partners (outside contractors and suppliers), and participants in NRI Group events. Personal information held by clients may also be handled in system processing.</p>
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**Point of contact for external inquiries**

	<p>General inquiries from the outside are handled by the public relations department.</p>
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**Strengthened Personal Information Protection Management for Partner Companies**

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

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

Not applicable.  
While the NRI Group may handle personal information held by a corporate client, the NRI Group does not directly possess or use said information.

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

Not applicable.  
In FY2020 NRI has not received any requests for customer information from the government and legal authorities. If such requests were to be made, it would be handled in accordance with current regulations and in accordance with the principles set forth in the company's Privacy Policy.

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

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

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

None have occurred.

▶ Acquisition of Privacy Mark\*

Acquisition of Privacy Mark

NRI  
NRI Netcom, Ltd.  
NRI Data iTech, Ltd.  
DSB Co, Ltd.  
DSB Information System Co., Ltd.

\* Certification based on JIS Q 15001

■ Environmental Management - Management Approach

E01M

Material issues of NRI related to this management approach

"Response on climate change", "Consumption of sustainable energy", "Recognize responsibility and protect the environment", and "Show consideration for environments in our supply chain"

NRI's approach to material issues

The rapid development and widespread use of information technology has meant that the amount of electricity consumed by information and communications technology (ICT) businesses as a whole, as well as the CO<sub>2</sub> emissions this represents, has become a serious global issue. Taking responsible action to help prevent global warming has therefore become a pressing obligation for the ICT sector. The NRI Group is actively working to solve global environmental problems from both approaches of "Green by NRI" and "Green of NRI".

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

As an example of the great impact of "Green by NRI" activities, by expanding the provision of "Shared Online Services" that utilize one information system in multiple companies, the amount of CO<sub>2</sub> emissions is greatly reduced as measured by society as a whole.

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

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

Priority activities / Medium- to long-term targets

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

In February 2018, we set a target of keeping the average global temperature rise to less than 2°C compared to pre-industrial level, which is in line with international calls for addressing the problem of climate change. The subsequent Special Report on Global Warming of 1.5°C by the IPCC indicated that a temperature increase of just 1.5°C compared to pre-industrial level would cause grave problems such as flooding and drought, and this spurred international recognition of the need to keep the temperature increase to less than 1.5°C. In order to respond to this global movement, we signed the Business Ambition for 1.5°C in May 2020, and obtained certification for the 1.5°C target by SBTi in February 2021.

[Major targets]

- 1) Reducing the greenhouse gas emissions of the NRI Group (total of Scope 1 plus Scope 2) by 72% in FY2030 (compared to FY2013)
- 2) Increasing the ratio of renewable energy use at data centers to 70% by FY2030

■ Environmental Management - Management Approach

E01M

Progress / Achievements / Challenges

The status of achievement of major environmental goals is as follows.

NRI was selected as a "Climate Change A List" company for two consecutive years by CDP, an international non-profit organization that assesses and rates companies on their disclosure of climate change initiative. This recognizes that the greenhouse gas emission reduction and climate risk mitigation efforts of the NRI Group have been highly appraised internationally.

KPI	unit	FY2013	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions (Scope1 + 2)	1,000t-CO <sub>2</sub>	108	78	75	66	60	55
GHG emissions reduction rate (compare to base year FY2013)	%	(Base year)	26.9	30.0	38.2	43.8	48.7
Energy consumption amount in Data Centers	1,000kWh	—	108,598	103,815	98,550	95,779	95,523
Renewable energy consumption amount	1,000kWh	—	82	75	72	75	1,570
Renewable energy utilization rate	%	—	0.1	0.1	0.1	0.1	1.6
Coverage		a	a	a	a	a	a

- Link Files
- Green by NRI
    - Significantly reducing CO<sub>2</sub> emissions from the use of shared online services
    - Policy proposal activities to boost data center energy efficiency
    - Contribution to mitigating environmental impact through consulting activities  
[https://www.nri.com/en/sustainability/environment/Green\\_by\\_NRI](https://www.nri.com/en/sustainability/environment/Green_by_NRI)
  - Green of NRI
    - Data centers that boast advanced environmental performance  
[https://www.nri.com/en/sustainability/environment/Green\\_of\\_NRI/data\\_center](https://www.nri.com/en/sustainability/environment/Green_of_NRI/data_center)
    - Energy conservation and environmental impact reduction activities in offices  
[https://www.nri.com/en/sustainability/environment/Green\\_of\\_NRI/saving](https://www.nri.com/en/sustainability/environment/Green_of_NRI/saving)
    - Environmental training for executives and employees  
[https://www.nri.com/en/sustainability/environment/Green\\_of\\_NRI/education](https://www.nri.com/en/sustainability/environment/Green_of_NRI/education)
    - Environmental activities by executives and employees (In Japanese only)  
[https://www.nri.com/jp/sustainability/environment/Green\\_of\\_NRI/activities](https://www.nri.com/jp/sustainability/environment/Green_of_NRI/activities)
  - NRI Green Bond  
<https://www.nri.com/en/sustainability/environment/greenbond>
  - Participation in a Program to Protect Asian Elephants  
<https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=51>

■ Environmental Management - Data

E01D

▶ Environmental policy

Environmental policy	
	<p>NRI has formulated the NRI Group Environmental Policy based on a recognition that tackling environment problems such as climate change and pollution is a common challenge facing the entire world.</p> <p>We have also formulated a Biodiversity Action Agenda, which defines our actions to take to promote the conservation and sustainable use of biodiversity.</p> <p>To ask its business partners, such as external contractors and suppliers, to engage in activities that take into consideration the environment, social and governance (ESG), NRI has a procurement policy containing the clause "Respecting Sustainable procurement." We will conduct procurement in a manner that considers the environment while also complying with the law and social norms.</p>
Applicable scope	All directors, officers and employees of NRI Group
References	<p>NRI Group Environmental Policy  <a href="https://www.nri.com/en/sustainability/environment/policy">https://www.nri.com/en/sustainability/environment/policy</a></p> <p>Biodiversity action agenda  <a href="https://www.nri.com/en/sustainability/environment/biodiversity">https://www.nri.com/en/sustainability/environment/biodiversity</a></p> <p>NRI Group Procurement Policy  <a href="https://www.nri.com/en/company/partner">https://www.nri.com/en/company/partner</a></p>

▶ Environmental management system

Environmental management structure	
	<p>At the direction of the President &amp; CEO, the NRI Group has formed the Sustainability Activities Committee as organizations responsible for sustainable operation, including climate change issues, and presents sustainability initiatives and management proposals to the Senior Management Committee and the Board of Directors several times during the fiscal year.</p>
Officer in charge	Takeshi Hihara, Senior Managing Director
Responsible committee	Sustainability Activities Committee

Status of introduction of environmental management system (EMS)			
	<p>NRI has acquired ISO 14001 certification, an international standard on environmental management systems, for its data centers which are considered to be main sources of CO2.</p> <p>As for NRI offices, we are introducing NRI-EMS, an environmental management system unique to NRI, starting from FY2015.</p> <p>In FY2018, China's Zhiming Group was added to the scope of NRI-EMS, and four new bases were added. We will continue to consider introducing it to other overseas bases.</p>		
	EMS Coverage (based on energy consumption)	unit	FY2020
		%	94.4
	Data centers	(ISO 14001 introduction rate 100%)	70.5
	Office	(NRI-EMS introduction rate 85.1%)	23.4
	Overseas bases	(NRI-EMS introduction rate 26.2%)	0.5
	Coverage		a

## ■ Environmental Management - Data

E01D

### Environmental audit

NRI conducts internal audits several times a year with respect to ISO14001 for its data centers and NRI-EMS for its offices, and is continuously improving by PDCA cycle.

### Environmental disclosure

NRI discloses environmental efforts via our website, Integrated Reports, and Annual Securities Report. Our environmental data refers to international standards such as the GHG protocol when conducting calculations. From FY2014, our environmental information has been certified by a third-party organization, and our items for certification increase each year. Our TCFD scenario analysis results are announced to investors and the media in the ESG briefing held in February each year, and also disclosed on our website and in our Integrated Report.

### Environmental training

NRI has been pursuing NRI Green Style activities in order to raise environmental awareness of each director and employee, as well as engage in business operations that are environmentally friendly. In FY2019, we produced an ESG learning video for an ESG (environmental, social, governance) e-learning test and deployed it internally, and activities to participate in forest improvement activities\* in Tadami Town, Fukushima Prefecture, which have been continuously implemented since FY2016, and in Takao Forest, Hachioji City, Tokyo.

We carried out family participatory environmental experience activities at the Natural School. Moreover, we designated ESG as an important assessment target in an internal incentive scheme titled "Dream up the Future Award", a scheme intended to spotlight activities that contributed to establishing and developing the NRI Group as the "Company Creating Future Society".

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

### Breaches of environmental laws and regulations

Not applicable.

### ► Environmental mass balance

Environmental mass balance of NRI Group							Assur- ance	
INPUT		unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Energy consumption	Total	1,000GJ	1,529	1,492	1,390	1,328	1,290	✓
	Electricity* <sup>1</sup>	1,000kWh	143,253	136,518	127,773	121,926	119,574	✓
	Gas, kerosene, cooling, steam, heat* <sup>2</sup>	1,000GJ	138	167	150	144	130	✓
	Renewable energy consumption* <sup>1</sup> * <sup>a</sup>	1,000kWh	82	621	743	886	3,926	✓
Water consumption	Water works* <sup>2</sup>	1,000m <sup>3</sup>	200	201	212	185	154	✓
Paper rehuses use	Business paper* <sup>2</sup>	t	217	213	190	174	80	✓
OUTPUT		unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Greenhouse gas	Total	1,000t-CO <sub>2</sub>	78	75	66	60	55	✓
	Electricity* <sup>1</sup> * <sup>b</sup>	1,000t-CO <sub>2</sub>	72	68	60	54	49	✓
	Gas, kerosene, cooling, steam, heat* <sup>2</sup>	1,000t-CO <sub>2</sub>	6	6	6	6	5	✓
Drainage for business* <sup>3</sup>	Volume of wastewater	1,000m <sup>3</sup>	40	35	37	34	32	✓
Waste paper* <sup>2</sup>	Whole waste	t	284	269	193	173	95	✓
	Final disposed volume	t	0	0	0	0	0	✓
	Recycling rate	%	100	100	100	100	100	✓
Industrial wastes* <sup>4</sup>	Whole waste	t	666	2,365	1,414	539	418	✓
	Final disposal volume	t	22	75	40	25	33	✓
	Recycle rate	%	96.6	96.8	97.2	95.4	92.1	✓
Coverage			(notes-2)	(notes-2)	(notes-2)	(notes-2)	(notes-2)	

Notes:

- 1) Past figures are shown as figures for which impacts due to important acquisitions, etc. have been recalculated according to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Chapter 5. Tracking Emissions Over Time."
- 2) Data coverage is as follows.
  - \*1 NRI Group
  - \*2 NRI Group companies with a Head Office in Japan
  - \*3 NRI Group's Data Centers
  - \*4 NRI Group Data Centers and Buildings
- 3) Renewable energy
  - \*a Total amount of electricity generated from self-consumption (solar power), Green Power Certificates, J-credit certificates, and overseas renewable energy certificates.
- 4) Greenhouse gases (electricity)
  - \*b Results of calculation based on the location standard: 53 [1,000 t-CO<sub>2</sub>]

## ► Governance for climate change

### Governance system

#### Officer in charge

Takeshi Hihara, Senior Managing Director

#### Responsible committee

Sustainability Activities Committee

#### Incentives for management on climate change

To ensure certain operation of the NRI Group environment management system, NRI encourages employees to obtain various external qualifications related to climate change such as ISO14001 internal auditor and energy manager qualifications. For employees who obtain such qualifications, the NRI Group provides examination fees and also recognizes their achievement in employee performance assessments. In addition, NRI annually conducts a quantitative and qualitative integrated evaluation of the business performance and CSV performance of each division including respond to climate change, and select several divisions with excellent results. The evaluation of these divisions is reflected as additional bonus payments for division heads (Senior managing directors) and employees of the divisions. To realize the NRI Group corporate statement "Dream up the future," NRI has a program for commending employees who contribute to enhancing the prestige of the NRI Group and achieving its vision every year. This program recognizes not only employees who are involved in activities to disseminate information for social recommendations and the development of new business and technologies but also employees who contribute to improving corporate value through ESG (environmental, social, governance) and sustainability activities.

#### Risk management on climate change

The NRI Group defines the possibility of detriment to the Group's capital due to an unforeseen circumstance that occurs in business operations, or something that prevents the preservation or improvement of enterprise value due to a phenomenon that hinders business operations as business operational risk. The NRI Group has appointed a Risk Management Director and established a Risk Management Supervisory Bureau in order to establish an internal controls system and aim for continual improvement. Furthermore, at the direction of the President & CEO, the Integrated Risk Management Committee has been established and conducts appropriate inspections of the status of the entire company's internal controls. The Integrated Risk Management Committee reports several times a year to the Board of Directors. Supervisory bureaus have been established for each of the main risks that accompany business activities, and when necessary, deliberations take place at specialist meetings, with the supervisory bureaus taking measures for appropriate responses in collaboration with business departments. With respect to responding to ESG issues, including climate change risk, in addition to the Integrated Risk Management Committee and at the direction of the President & CEO, the Sustainability Activities Committee, which mainly promotes sustainable management, and the NRI Value Co-Creation Committee, which promotes CSV (Creating Shared Value) operation, have also been established. These three bodies work in a triangle-structure to promote and engage in management strategies for not only ESG risks, but also ESG opportunities. With respect to climate-related risks (including business continuity risk due to a natural disaster or similar), the Sustainability Activities Committee, which has responsibility for business-foundational ESG, undertakes management to control the impact of the burden on society. The NRI Group has identified the materialities on which it should engage, and one of the 4 materialities is "the creation of a future society with a low environmental burden." In alignment with the relevant materialities, climate change risk is managed by setting and publishing external environmental targets for each of the themes of "response to climate change," "sustainable energy consumption," "environmental responsibility and preservation," and "supply-chain environmental consideration." Furthermore, as foundational climate change management, PDCA has been implemented, with ISO14001 introduced in all 5 data centers and NRI's original environment management system (NRI-EMS) introduced in major offices.

► Climate-related targets

Climate-related targets							
Category							
Scope1+2	Target for FY2030						
	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions at the NRI Group by 72% (compared to FY2013)</li> <li>Achieve a renewable energy usage rate of 70% at data centers</li> </ul>						
Scope3	Target for FY2050						
	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions at the NRI Group to zero</li> <li>Achieve a renewable energy usage rate of 100% at the NRI Group</li> </ul>						
Progress	Target for FY2023						
	70% or more of NRI Group supplier and vendors(Category 1 and 2 and 11) will set science-based target for reducing greenhouse gas emissions by FY2023						
Progress	Target for FY2030						
	Reduce greenhouse gas emissions related to employee travel and commuting (Category 6 and 7) by 25% by2030 (compared to FY2013)						
	unit	FY2013	FY2016	FY2017	FY2018	FY2019	FY2020
CO <sub>2</sub> emissions (Scope1 + 2)	1,000t-CO <sub>2</sub>	108	78	75	66	60	55
Reduction rate (compared to base year)	%	(Base year)	26.9	30.0	38.2	43.8	48.7
Energy consumption amount at Data Center	1,000kWh	–	108,598	103,815	98,550	95,779	95,523
Renewable energy consumption amount	1,000kWh	–	82	75	72	75	1,570
Renewable energy utilization rate	%	–	0.1	0.1	0.1	0.1	1.6
Supplier's environmental target setting rate	%	–	n/a	4.6	18.1	21.6	30.5
Emissions related to business travel and commuting	1,000t-CO <sub>2</sub>	7	9	9	11	28	5
Reduction rate (compared to base year)	%	(Base year)	–	–	–	–	28.2
Coverage		a	a	a	a	a	a

► Climate-related risks

Risks due to changes in regulations	
	<p>The world has accelerated towards decarbonization. The amount of renewable energy generation in Japan is currently in the 10% range. Even with 22-24% which is the government's target of energy mix of power sources in 2030, the amount of renewable energy generation is not as high as what other countries generate. It is predicted that Japan will be relying on fossil fuels to some extent. Therefore, if a high carbon tax, as expected by the IEA, is introduced to realize long-term targets for emission reduction, Japan's electricity prices are expected to rise, and the NRI Group, which owns data centers, also costs risk of increasing. In addition, IT companies in the United States and Europe are turning to zero-emission, which we believe to be a competitive risk. Therefore, the NRI group joined RE 100 and is working on securing all electricity with renewable energy in 2050. In addition, together with Japanese RE100 member companies, we are making policy proposals to the Japanese government to increase the supply of renewable energy.</p>

■ Climate Change - Data

E02D

Risks due to physical impacts

The NRI Group's business (consulting and system developments) is labor-intensive business, and labor costs are the largest cost item. Therefore, if climate change occurs and the number of working days decreases due to heavy rain or intensifying typhoons, new personnel will be needed. Increasing of the labor costs would be a risk for the NRI Group. Currently, about 70% of our 13,000 employees work in Japan, and the rest in Australia, China, and India, and we assume that almost all of these regions will be affected by natural disasters.

In response to the above, NRI is working to reduce risks by actively relocating offices and introducing telework as measures to strengthen BCP.

► Climate-related opportunities

Climate-related opportunities

The NRI Group owns five data centers in Japan to provide out sourcing services of IT solutions and Shared Online Services. In particular, Shared Online Services allow multiple companies to use the same system jointly, so that they can reduce power consumption and CO<sub>2</sub> emissions. As a green revenue, it accounts for about 20% of sales.

In addition, as the NRI Group joined RE100, it has set a goal of achieving a 70% data center renewable energy utilization rate by FY2030 and 100% for the entire NRI Group by FY2050.

Such low and decarbonized services are expected to increase demand for these services as society moves toward decarbonization, and we believe that they represent a business opportunity for the NRI Group.

► Action to mitigate climate change

Mitigating climate change through products and services

Shared Online Services:

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 CO<sub>2</sub> emissions by around 70%, compared to if they build and operate their own systems independently.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Green revenues (revenues from shared online services)	billions of yen	97.8	100.1	98.7	103.6	102.9
Sales ratio	%	23.1	21.2	19.7	19.6	18.7
Coverage		a	a	a	a	a

Contribution of climate change mitigation to industry associations and regulations

NRI is actively participating in the RE100 member meeting and endorsing its recommendations, and is engaged in policy engagement to improve the procurement environment for renewable energy. Specifically, on January 18, 2021, together with the member companies of the Japan Climate Initiative (JCI), we published a message in the next Basic Energy Plan calling for an increase in the renewable energy power target for FY2030 from the current 22-24% to 40-50%. In addition, on March 22, 2021, RE100 (The Climate Group), RE100 member companies, and Japan Climate Leaders' Partnership (JCLP: RE100 regional partner) jointly sent a letter to COP26 to set the 2030 renewable energy target at 50%, and called on the Japanese government to JCLP (Japan Climate Leaders Partnership) and requested the Japanese government to expand the introduction of renewable energy.

## Greenhouse Gas Emissions - Data

E03D

## Greenhouse gas emissions

GHG emissions (Scope1, Scope2)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Direct GHG emissions (Scope1)		1,000t-CO <sub>2</sub>	1	1	1	1	1	✓
Japan		1,000t-CO <sub>2</sub>	1	1	1	1	1	✓
Overseas		1,000t-CO <sub>2</sub>	0	0	0	0	0	✓
Indirect GHG emissions (Scope2) <sup>*1 *2</sup>		1,000t-CO <sub>2</sub>	77	73	65	58	53	✓
Japan		1,000t-CO <sub>2</sub>	74	70	62	56	53	✓
Overseas		1,000t-CO <sub>2</sub>	3	3	2	2	0	✓
Total emissions (Scope1+2) <sup>*3</sup>		1,000t-CO <sub>2</sub>	78	75	66	60	55	✓
Japan		1,000t-CO <sub>2</sub>	75	72	63	58	55	✓
Overseas		1,000t-CO <sub>2</sub>	3	3	2	2	0	✓
Coverage <sup>*1</sup>			a-	a-	a-	a-	a-	

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

Note 1: Indirect GHG emissions (Scope 2)

\*2 Calculation results based on the location standard: Japan 56 [1,000t-CO<sub>2</sub>], overseas 1 [1,000t-CO<sub>2</sub>], total 57 [1,000t-CO<sub>2</sub>]

Note 2: Total of Scope 1 + Scope 2 emissions

\*3 Results of calculation based on location standard: Japan 57 [1,000t-CO<sub>2</sub>], Overseas 1 [1,000t-CO<sub>2</sub>], Total 59 [1,000t-CO<sub>2</sub>]

GHG emissions (Scope3)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Indirect GHG emissions (Scope3)		1,000t-CO <sub>2</sub>	112	137	120	180	133	✓
Category1	Purchased goods and services	1,000t-CO <sub>2</sub>	64	69	84	91	97	✓
Category2	Capital goods	1,000t-CO <sub>2</sub>	23	44	12	15	16	✓
Category3	Fuel-and-energy-related activities	1,000t-CO <sub>2</sub>	6	6	5	10	10	✓
Category6	Business travel	1,000t-CO <sub>2</sub>	6	7	8	24	1	✓
Category7	Employee commuting	1,000t-CO <sub>2</sub>	2	2	2	4	3	✓
Category11	Use of sold products	1,000t-CO <sub>2</sub>	9	7	6	34	4	✓
Category12	End of life treatment of sold products	1,000t-CO <sub>2</sub>	0	0	0	0	0	✓
Coverage			a-	a-	a-	a-	a-	

Notes: 1. Among the scope of the coverage of category 3 fuel-and-energy-related activities, the electricity usage is a (NRI Group), cooling, steam · heat is b (NRI Group companies with a head office in Japan)

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

GHG emissions per net sales (Scope 1+2)		unit	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions per net sales		t-CO <sub>2</sub> /Millions of Yen	0.185	0.160	0.133	0.114	0.100

## Energy Consumption - Data

E04D

### Energy consumption amount

Energy consumption amount	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Energy consumption amount	1,000kWh	172,912	172,906	160,866	154,125	148,604	✓
Electricity	(A) 1,000kWh	143,253	136,518	127,773	121,926	119,574	✓
Kerosene	kl	35	32	0	52	0	✓
Diesel	kl	103	112	128	113	137	✓
Gas	1,000m <sup>3</sup>	311	569	628	644	587	✓
Cooling, steam, heat	1,000GJ	87	100	85	80	72	✓
Renewable energy consumption amount*	(B) 1,000kWh	82	621	743	886	3,926	✓
Renewable energy utilization rate	(B/A) %	0.1	0.5	0.6	0.7	3.3	✓
Coverage		a	a	a	a	a	

\* Total amount of electricity generated from in-house solar power generation (solar power), Green Energy Certificates, J-credits, and Energy Attribute certificates.

### Data center energy consumption

Data center energy consumption	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Data center energy consumption	(A) 1,000kWh	108,598	103,815	98,550	95,779	95,523	✓
Renewable energy consumption amount*	(B) 1,000kWh	82	75	72	75	1,570	✓
Renewable energy utilization rate	(B/A) %	0.1	0.1	0.1	0.1	1.6	✓
Scope of data center coverage	%	100	100	100	100	100	

\* Figures include solar power generation (all for in-house consumption), Green Energy Certificates, and J-credits at the Tokyo Data Center I.

## Resource Use, Waste - Data

E05D

### Water resources

Water use	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Water use (total)	1,000m <sup>3</sup>	200	201	212	185	154	
Water works	1,000m <sup>3</sup>	200	201	212	185	154	✓
Recycled water	1,000m <sup>3</sup>	–	–	–	–	–	
Coverage*		b-	b-	b-	b-	b-	

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

Waste water	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste water (total)	1,000m <sup>3</sup>	40	35	37	34	32	✓
Coverage*		c-	c-	c-	c-	c-	

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

### Paper resources

Paper use	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Paper use (Business paper)	t	217	213	190	174	80	✓
Coverage*		b-	b-	b-	b-	b-	

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

Waste paper	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste paper (total)	t	284	269	193	173	95	✓
Recycle rate	%	100	100	100	100	100	✓
Coverage*		b-	b-	b-	b-	b-	

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

### Waste

Waste disposed	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Waste disposed (total)	t	666	2,365	1,414	539	418	✓
Recycle rate	%	96.6	96.8	97.2	95.4	92.1	✓
Coverage*		b-	b-	b-	b-	b-	

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

## ■ NRI Green Bond (3rd Unsecured) Data

## Project status

NRI acquired the trust beneficiary right of the Yokohama Comprehensive Center (Yokohama Nomura Building), which will use NRI Green Bond funds in April 2017, and has started using it as a lessee.

KPI	Field	Item	unit	FY2020
Environment	Environment	Industrial waste volume	t	3.5
		Recycling rate	%	27.0
Social	Social	Occupational safety and health: Number of serious accidents (including subcontractors)		0
Governance	Governance	ESG related disputes (including subcontractors)		0
Local community contribution	Local community contribution	Actions taken for dialogue and interaction with the local community		

•The winter illumination was held from November 12, 2020 to February 14, 2021.

## Environmental evaluation of target facilities

Assurance

Yokohama Center (Yokohama Nomura Building)				unit	FY2016	FY2017	FY2018	FY2019	FY2020	
INPUT	Energy resources use	Total heat	1,000GJ	–	62	77	83	74	✓	
		Electricity	1,000kWh	–	3,086	3,912	4,261	3,887	✓	
		Gas, Cooling, heat	1,000GJ	–	32	39	42	37	✓	
OUTPUT	GHG emissions	Total emissions	t-CO <sub>2</sub>	–	2,953	3,604	3,909	3,450	✓	
		Electricity	t-CO <sub>2</sub>	–	1,500	1,858	1,994	1,776	✓	
		Gas, cooling, heat	t-CO <sub>2</sub>	–	1,453	1,745	1,915	1,674	✓	
		Emissions per floor area	t-CO <sub>2</sub> /m <sup>2</sup>	–	0.05	0.07	0.07	0.06		
	Emissions per employee (A)	t-CO <sub>2</sub> /person	–	0.45	0.54	0.59	0.52			
Yokohama Minato Center (Dia Building)				unit	FY2016	FY2017				
OUTPUT	Total heat from energy resources		1,000GJ	77	51					
		GHG emissions	t-CO <sub>2</sub>	3,963	2,537					
		Emissions per floor area	t-CO <sub>2</sub> /m <sup>2</sup>	0.12	0.14					
		Emissions per employee (FY2017 : B)	t-CO <sub>2</sub> /person	1.02	1.13					
Comparison between Yokohama Nomura Building and Dia Building				unit	FY2016	FY2017	FY2018	FY2019	FY2020	
OUTPUT	Improvements in emissions per employee ((A-B)/B)		%	–	-60.6	-51.9	-47.8	-53.9		

Notes 1. When conducting the environmental assessment on the Yokohama Nomura Building, a comparison was conducted with the Yokohama Dia Building that was the main transfer source.

Notes 2. Emissions per employee is calculated based on the standard use area per person of 2.5 tsubo (8.3m<sup>2</sup>) that is prescribed as the office standard for NRI.

Notes 3. Because the energy resources for the Yokohama Nomura Building are electricity, gas, and cold water and heat, "total heat", "greenhouse gas emissions", "emissions per floor area", and "emissions per employee" are calculated based on these resources.

■ NRI Sustainability-Linked Bonds (8th series unsecured straight corporate bonds) Data

E07D

Assur-  
ance

Status of KPIs

NRI has issued "the NRI Sustainability-Linked Bond(SLB)" to implement the code of conduct in "The NRI Group's Environmental Policy". Sustainability-Linked Bonds are financial instruments based on assessments of future performance according to Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) determined beforehand by the issuer. The conditions of the bonds change depending on whether the SPTs set as numerical targets to be achieved for the KPIs are achieved.

The bonds set out 2KPIs as follows.

KPI1 : NRI Group GUG emissions (Scope1 + 2)

KPI2 : Renewable energy utilization rate by NRI Group data centers

KPI	Unit	Base year	Target year	Progress	
		FY2013	FY2030	FY2020	
NRI Group GHG emissions (Scope 1 + 2)	1,000t-CO <sub>2</sub>	108	30	55	✓
Renewable energy utilization rate in data centers	%	—	70	1.6	✓

Status of SPTs achievement

The bonds set out 2SPTs as follows.

• SPT1 : 72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year (Scope1 + 2)

• SPT2 : Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%

SPT	Unit	Target year	Progress
		FY2030	FY2020
72% reduction in NRI Group GHG emissions by FY2030 from a FY2013 base-year (Scope 1+2)	%	72	48.7
Renewable energy utilization rate by NRI Group data centers by FY2030 : 70%	%	70	1.6

## ■ Labor Practices, Diversity - Management Approach

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### Material issues of NRI related to this management approach

"Diversity of human resources" and "Sound hiring practices and labor-management relations"

### NRI's approach to material issues

The NRI Group believes that employees respecting each other's diverse values is the cornerstone of a workplace environment where employees can continue to work happily, sound in both mind and body, and that this is indispensable to the company's sustained growth, as it brings about improvements in the productivity and creativity of individual employees and the organization as a whole. In addition, the NRI Group has expanded its overseas business, and one in every four employees now works overseas.

Therefore, we promote diversity management in line with international social norms so that our value-diverse employees can become established and active in the NRI Group irrespective of their race, ethnicity, nationality, birthplace, social status, social origin (place of birth), gender, marital status, age, language, disability status, health status, religion, thought, belief, property, sexual orientation. Regardless of gender identity and differences in job types and employment types.

In addition, in order to transform this into growth potential for the company, we are working to create an environment in which employees can demonstrate their abilities fully while also valuing their own health and family life by reducing long working hours and improving work-life balance so that employees can demonstrate their creativity.

In terms of recruitment, too, each individual's various abilities, expertise, and skills are appropriately assessed and decisions made without discrimination based on gender or similar.

In addition to the regular yearly recruitment of new graduates, recruitment is ongoing throughout the year for midcareer hires and opportunities for persons with disabilities. When giving an explanation about the company during hiring, we disclose factual information based on the concept of "RJP" \*.

\* RJP: an abbreviation of "Realistic Job Preview." Recruitment activity carried out using the idea of communicating to job applicants the truth about both the good and bad aspects of the work, its environment, and the corporate culture.

## ■ Labor Practices, Diversity - Management Approach

### Priority activities / Medium- to long-term targets

The NRI Group has established the following objectives and is promoting initiatives related to diversity and inclusion.

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

(Target: NRI) Term: April 2019 to March 2023

- |             |  |
|-------------|--|
| Goals       | <ol style="list-style-type: none"> <li>1. Increase the percentage of female managers to at least 8.5% of all NRI managers by the end of FY2022 (appoint no less than 100 additional women to managerial positions).</li> <li>2. Increase NRI's female employee hiring rate to at least 30% of its total recruitment.</li> <li>3. Further heighten management's awareness of diversity management.</li> </ol>   |
| Initiatives | <ol style="list-style-type: none"> <li>1. Continue the Leader Development Program for female employees with the goal of developing them into managers.</li> <li>2. Persist with measures to attract more female student job applicants.</li> <li>3. Heighten management's awareness of their responsibilities from managerial and employee development perspectives with respect to diversity of employee characteristics and values.</li> <li>4. Carry out system reforms aimed to allow all NRI employees to select diverse work style options.</li> </ol> |

In addition, we have also established the following objectives and are promoting initiatives related to supporting work-life balance.

[5th Term Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children]

(Target: NRI)

- |             |  |
|-------------|--|
| Goals       | <ol style="list-style-type: none"> <li>1. Promote use of childcare-related systems while facilitating improvements that make them easier to use.</li> <li>2. Develop a workplace culture that enables diverse talents to flourish, and strive to make improvements in that regard.</li> <li>3. Further improve the working environment to bring about more satisfactory work-life balance.</li> </ol>  |
| Initiatives | <ol style="list-style-type: none"> <li>1-1. Support employees returning to work by promoting operations of the in-office nursery school that opened in June 2017. Also, hold regularly scheduled explanatory sessions regarding the nursery school.</li> <li>1-2. Encourage use of childcare-related systems for male employees through ongoing efforts to publicize and provide information on such systems (partner childbirth leave and childcare leave for male employees).</li> <li>1-3. Gain a quantitative and qualitative understanding of circumstances surrounding use of the childcare-related systems and employee preferences in that regard, through questionnaires, interviews and other such means to consider improvement measures.</li> <li>2-1. Prevent harassment related to matters such as childcare and nursing care by regularly implementing employment hierarchy-specific training programs and continue efforts to heighten awareness in that regard.</li> <li>2-2. Support employees taking care of children and those who have returned to work by providing them with greater opportunity to plan their careers. To such ends, continue to engage in initiatives to support work-life balance, encompassing elements such as training and interviews enlisting supervisors together with employees who are expecting and those who have returned to work after having taken childcare leave.</li> <li>2-3. Develop a workplace culture conducive to employees who are expecting and those who have returned to work after having taken childcare leave by instilling manager awareness in that regard through training and other such initiatives.</li> <li>2-4. Promote greater understanding of diversity by carrying out initiatives that include training sessions and round-table discussions transcending generational divides and job titles.</li> <li>3-1. Promote flexible working styles such that include telecommuting and utilizing various IT tools.</li> <li>3-2. Encourage employees to take paid leave through campaigns and other such initiatives.</li> </ol> |

\* Since we received "Platinum Kurumin Special Exception" from August 2018, instead of formulating an action plan, we announced the implementation status of next-generation upbringing support measures to the Ministry of Health, Labor and Welfare "Holding place for supporting work-life balance".

## ■ Labor Practices, Diversity - Management Approach

### Progress / Achievements / Challenges

NRI has been selected as a "Nadeshiko Brand" for the third consecutive year since 2016 as a listed company excellent for promoting female career.

The "Nadeshiko Brand" is a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and introduces listed corporations that excel in encouraging the empowerment of women as an attractive brand for investors who focus on "enhancing corporate value in the medium- to long-term," and promotes investment alongside initiatives by the companies.

In addition, NRI was recognized by the Minister of Health, Labour and Welfare as a company that showed excellence in implementing initiatives encouraging the empowerment of women, receiving Top-Rank Eruboshi Certification (Stage 3). This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace that came into effect in April 2016, and evaluated NRI's achievements in each of the categories of: 1. Recruitment; 2. Continued employment; 3. Work-style, including hours, etc.; 4. Ratio of women in managerial positions; and 5. Career-path variety.

KPI	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Female managers rate <sup>*1</sup>	%	6.1	6.4	6.8	7.1	7.6
Employment continuation ratio of female / that of male <sup>*2</sup>	%	81.9	78.8	72.4	77.7	86.3
Ratio of average service years of female / that of male <sup>*3</sup>	%	80.1	79.8	78.8	79.7	78.8
Female employee hiring rate <sup>*4</sup>	%	25.6	26.7	27.6	28.2	27.2
Coverage		c	c	c	c	c

\*1 As of the beginning of each fiscal year (April 1)

\*2 As of the beginning of each fiscal year and cover employees hired in the three years preceding the 9-11 fiscal year.

\*3 As of the end of each fiscal year (March 31)

\*4 Calculated based on total value for each year

Link Files	
	Relating the Act on Promotion of Women's Participation and Advancement in the Workplace (In Japanese only) <a href="https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag2">https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag2</a>
	Improving productivity through new working styles <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2018_e.pdf#page=14">https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/Sustainability_Book2018_e.pdf#page=14</a>
	Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children Main schemes of NRI for childbirth and parenting support (In Japanese only) <a href="https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag3">https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag3</a>
	Main schemes of NRI for nursing care support (In Japanese only) <a href="https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag4">https://www.nri.com/jp/sustainability/social/diversity_mgmt#flag4</a>

## ■ Labor Practices, Diversity - Data

### ► Employee data

Number of employees (Consolidated)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Overall	Total number of employees	no. of person	11,605	12,708	12,578	13,278	13,430	
	(breakdown) male	no. of person	8,375	9,285	n/a	n/a	n/a	
		%	72.2	73.1	–	–	–	
	female	no. of person	3,230	3,423	n/a	n/a	n/a	
		%	27.8	26.9	–	–	–	
	Non-Japanese	no. of person	2,837	3,799	3,493	3,705	3,457	
	%	24.4	29.9	27.8	27.9	25.7		
By region	Japan	no. of person	8,676	8,821	9,004	9,495	9,912	
		%	74.8	69.4	71.6	71.5	73.8	
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a	
	female	no. of person	n/a	n/a	n/a	n/a	n/a	
	Europe	no. of person	12	14	15	16	12	
		%	0.1	0.1	0.1	0.1	0.1	
		(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
	Americas	no. of person	383	392	345	328	218	
		%	3.3	3.1	2.7	2.5	1.6	
		(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
	Asia	no. of person	1,995	2,052	1,761	1,860	1,903	
		%	17.2	16.1	14.0	14.0	14.2	
		(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
		of which China	no. of person	1,473	1,465	1,168	1,244	1,289
		%	12.7	11.5	9.3	9.4	9.6	
		(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
	Australia	no. of person	539	1,429	1,453	1,579	1,385	
		%	4.6	11.2	11.6	11.9	10.3	
		(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a
		female	no. of person	n/a	n/a	n/a	n/a	n/a
Overseas total	no. of person	2,929	3,887	3,574	3,783	3,518		
	%	25.2	30.6	28.4	28.5	26.2		
	(breakdown) male	no. of person	n/a	n/a	n/a	n/a	n/a	
	female	no. of person	n/a	n/a	n/a	n/a	n/a	
	Coverage		a	a	a	a	a	

Note: As of the end of each fiscal year

## ■ Labor Practices, Diversity - Data

Number of employees (Non-consolidated)		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
Overall	Total number of employees	no. of person	6,003	6,130	6,297	6,353	6,507	
	(breakdown) male	no. of person	4,861	4,947	5,049	5,058	5,152	
		%	81.0	80.7	80.2	79.6	79.2	
	female	no. of person	1,142	1,183	1,248	1,295	1,355	
		%	19.0	19.3	19.8	20.4	20.8	
	Average age of employees	age	39.9	40.2	40.3	40.4	40.5	
	(breakdown) male	age	40.5	40.8	41.0	41.2	41.2	
	female	age	37.5	37.7	37.6	37.6	37.6	
	Average yeas of worked	years	14.3	14.6	14.6	14.7	14.7	
	(breakdown) male (a)	years	14.8	15.2	15.3	15.4	15.4	
	female (b)	years	11.9	12.1	12.1	12.3	12.1	
	(b)/(a)	%	80.1	79.8	78.8	79.7	78.8	✓
	Non-Japanese		no. of person	92	106	112	110	122
		%	1.5	1.7	1.8	1.7	1.9	
By age	Below 30 years	no. of person	1,172	1,158	1,223	1,258	1,359	
		%	19.5	18.9	19.4	19.8	20.9	
	(breakdown) male	no. of person	847	820	858	889	957	
		female	no. of person	325	338	365	369	402
	30-39 years	no. of person	2,031	2,023	2,044	2,047	2,064	
		%	33.8	33.0	32.5	32.2	31.7	
	(breakdown) male	no. of person	1,650	1,640	1,640	1,615	1,624	
		female	no. of person	355	381	383	404	440
	40 - 49 years	no. of person	1,583	1,624	1,575	1,527	1,497	
		%	26.4	26.5	25.0	24.0	23.0	
	(breakdown) male	no. of person	1,285	1,315	1,268	1,230	1,215	
		female	no. of person	287	298	309	307	282
	50-59 years	no. of person	1,116	1,221	1,338	1,404	1,432	
		%	18.6	19.9	21.2	22.1	22.0	
	(breakdown) male	no. of person	1,000	1,092	1,190	1,231	1,225	
		female	no. of person	116	129	148	173	207
	Over 60 years	no. of person	101	104	117	117	155	
		%	1.7	1.7	1.9	1.8	2.4	
(breakdown) male	no. of person	79	80	93	93	131		
	female	no. of person	22	24	24	24	24	

Note: As of the end of each fiscal year

## ■ Labor Practices, Diversity - Data

Number of employees (Non-consolidated)	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
By managers posi Total number of managers	no. of person	2,501	2,607	2,733	2,844	2,861	
(breakdown) male	no. of person	2,348	2,441	2,547	2,642	2,643	
	%	93.9	93.6	93.2	92.9	92.4	
female	no. of person	153	166	186	202	218	
	%	6.1	6.4	6.8	7.1	7.6	✓
of which general manager or higher positions	no. of person	201	211	205	224	225	
(breakdown) male	no. of person	195	204	197	214	215	
	%	97.0	96.7	96.1	95.5	95.6	
female	no. of person	6	7	8	10	10	
	%	3.0	3.3	3.9	4.5	4.4	
of which junior management positions	no. of person	2,300	2,396	2,528	2,620	2,636	
(breakdown) male	no. of person	2,153	2,237	2,350	2,428	2,428	
	%	93.6	93.4	93.0	92.7	92.1	
female	no. of person	147	159	178	192	208	
	%	6.4	6.6	7.0	7.3	7.9	
of which management positions in revenue-generating functions	no. of person	n/a	2,416	2,537	2,594	2,596	
(breakdown) male	no. of person	n/a	2,272	2,373	2,416	2,407	
	%	n/a	94.0	93.5	93.1	92.7	
female	no. of person	n/a	144	164	178	189	
	%	n/a	6.0	6.5	6.9	7.3	
Coverage		c	c	c	c	c	

Note: As of the end of each fiscal year, but "By managers position level" is as of the beginning of each fiscal year

## ► Employment of persons with disabilities

### Promoting employment of persons with disabilities

NRI has been actively working to recruit persons with disabilities. At NRI Mirai, Ltd., a special subsidiary of NRI, Health Keepers (visually-impaired corporate physiotherapists) fulfill their duties by providing relaxation services to NRI Group employees at massage rooms in place at principal offices. Office Supporters, comprising of mentally impaired persons, work actively to provide training assistance, digitize documents, deliver internal mail, keep office space in order and look after equipment and fixtures, among other diverse activities. We will continue to promote workplace participation of persons with disabilities by discovering further employment opportunities for them.

	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assur- ance
Number of employees with disabilities	no. of person	121	134	142	166	170	✓
Rate of employees with disabilities*	%	2.22	2.19	2.26	2.45	2.35	✓
Coverage		d	d	d	d	d	

Notes: 1. As of June 1 of each year.

2. d: The scope of coverage is based on NRI and its group company to which the special subsidiary system is applied.

\* Actual employment rate based on "Act on Promotion of Employment of Persons with Disabilities"

## ■ Labor Practices, Diversity - Data

### ▶ Remuneration

Average annual salary	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employee as a whole	1,000 yen	11,514	11,660	12,217	12,352	12,251
	Coverage	c	c	c	c	c

Note: Including bonus and non-specified salary

New graduates starting monthly salary	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Master's degree	yen	251,500	251,500	251,500	251,500	251,500
Bachelor's degree	yen	221,500	221,500	221,500	221,500	221,500
	Coverage	c	c	c	c	c

Note: New graduate recruitment employee who joined the first business day of April of that year

### ▶ Promoting diversity and inclusion

#### Promoting diversity and inclusion

NRI's Diversity & Inclusion promotion activities began with the "NRI Women's Network (NWN)", an activity for promoting women's advancement that started in FY2008.

Currently, we are engaged in various types of diversity such as differences in careers / specialties, generations, lifestyles such as childcare / nursing / health, and understanding of disabilities / SOGI / cultural differences.

From FY2018, we hold a Diversity & Inclusion Seminar once a year for department managers to explain the necessity of diversity management directly from top management and the importance of communication to promote inclusion.

#### Promotion of Women's Participation and Advancement

Since FY2008, NRI has been expanding the activities of the NRI Women's Network (NWN), which are based on the three pillars of "support for female employees in developing their careers," "support for balancing work and parenting," and "fostering a better corporate culture."

Rising ratios of female employees and women continuing to work have become the norm, and in recent years NWN activities have focused on "a more professional approach broadening one's career and continuing to play an active role."

We formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and in FY2016 we started a Leader Development Program and Career Design Seminars to support women's career development.

We are also continuously working on childbirth and childcare initiatives, and are proactively encouraging not only the employee undergoing the life-event, but also their supervisor, including through three-party interviews aimed at pregnant employees and their supervisors, training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair, and our "Support for Balancing Work and Childcare Guide Book for Supervisors."

Thanks to these initiatives, NRI has continued to be selected for the "Nadeshiko Brand" since 2016 as a listed corporation that excels in encouraging the empowerment of women. The "Nadeshiko Brand" is a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and introduces listed corporations that excel in encouraging the empowerment of women as an attractive brand for investors who focus on "enhancing corporate value in the medium- to long-term," and promotes investment alongside initiatives by the companies. In addition, NRI was recognized by the Minister of Health, Labour and Welfare as a company that showed excellence in implementing initiatives encouraging the empowerment of women, receiving Top-Rank Eruboshi Certification (Stage 3). This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace that came into effect in April 2016, and evaluated NRI's achievements in each of the categories of: 1. Recruitment; 2. Continued employment; 3. Work-style, including hours, etc.; 4. Ratio of women in managerial positions; and 5. Career-path variety.

In addition, NRI was included in the "MSCI Japan Empowering Women Index" in July 2017. This index is one of the three ESG indices selected for passive operation by the Government Pension Investment Fund (GPIF).



2020 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

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### Labor-management consultation on diversity & inclusion

Through informal gatherings and group negotiations with the Nomura Research Institute Labor Union, NRI continues to engage in dialogue both regularly and irregularly on topics related to its compensation and treatment, personnel system, and work environment. These dialogues also include discussions on important matters concerning diversity management.

## ▶ Long-term incentives

### Long-term incentives for employees

In order to avoid a bias toward improvement of short-term performance, NRI has introduced an incentive system to improve long-term motivation, which includes an NRI Group employee stock ownership system, our Employee Share Holding Incentive Plan, and our retirement allowances (defined-benefit corporate pension and defined-contribution pension).

#### NRI Group employee stock ownership plan

This is an employee benefits system in which employees of the NRI Group (NRI and its consolidated subsidiaries) use a self-determined amount of their salary and bonus to regularly purchase shares in NRI, supporting the creation of medium to long-term assets. Employees are awarded an incentive in the form of NRI shares amounting to 10% of their contribution.

In addition, the holding of NRI shares also serves as an incentive system to increase motivation to improve the performance of the NRI Group.

In addition, dividends are re-invested in purchases of NRI shares after tax is subtracted.

Ratio of the number of shares held by the Shareholding Association to the total number of NRI issued shares excluding treasury stock:  
4.74% (as of March 31, 2021)

#### Trust-type employee holding incentive plan

In order to provide incentives for raising NRI's corporate value over the medium and long terms, and further expand employee benefit packages, NRI adopts the Trust-type Employee Stock Ownership Incentive Plan.

The Plan is an incentive plan for all of NRI Group's employees participating in NRI Group Employee Stock Ownership Group. For the Plan, NRI has set up the specific trust (the Trust) for the Stock Ownership Group with a trust bank.

The trust will take out loans to purchase in advance in amount of NRI's stock that is expected to be purchased by the Stock Ownership Group over the following 4 years. After that, the Trust will continuously sell the NRI stock to the Stock Ownership Group.

IF a substantial amount of funds from the sale of NRI stock remains in the Trust at the time it is terminated, the funds will be distributed to qualified beneficiaries as residual assets.

As a result, employees will benefit from the rise in NRI's stock price over the four-year period that is a trust period, which is an incentive for medium- to long-term performance improvement.

## ■ Labor Practices, Diversity - Data

### ► Hire and turnover

Hire and turnover			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires	Total		no. of person	289	339	452	496	543
	(breakdown) male		no. of person	212	256	328	374	406
			%	73.4	75.5	72.6	75.4	74.8
	female		no. of person	77	83	124	122	137
			%	26.6	24.5	27.4	24.6	25.2
	New graduate hires		no. of person	223	266	319	308	393
	Mid-career hires		no. of person	66	73	133	188	150
Number of Turnover*	Total		no. of person	237	266	284	322	297
Turnover rate*			%	3.5	3.8	3.9	4.3	3.8
	Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

\* Including mandatory retirees

New graduate recruitment			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires			no. of person	223	266	319	308	393
	(breakdown) male		no. of person	166	195	231	221	286
			%	74.4	73.3	72.4	71.8	72.8
	female		no. of person	57	71	88	87	107
			%	25.6	26.7	27.6	28.2	27.2
	of which, Bachelor's degree or above		no. of person	223	266	319	308	393
	(breakdown) male		no. of person	166	195	231	221	286
	female		no. of person	57	71	88	87	107
	of which, Junior college, Vocational school		no. of person	0	0	0	0	0
	of which, High school, Others		no. of person	0	0	0	0	0
	Coverage			c	c	c	c	c

Note: Fiscal year aggregate value

New graduates employees assigned to STEM related departn			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires			no. of person	n/a	n/a	n/a	n/a	393
	of which employees assigned to STEM* related departments		no. of person	n/a	n/a	n/a	n/a	336
	(breakdown) male		no. of person	n/a	n/a	n/a	n/a	247
			%	n/a	n/a	n/a	n/a	73.5
	female		no. of person	n/a	n/a	n/a	n/a	89
			%	n/a	n/a	n/a	n/a	26.5
	Coverage							b-

\* Science, Technology, Engineering and Mathematics

## ■ Labor Practices, Diversity - Data

Mid-career recruitment	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of hires		66	73	133	188	150
(breakdown) male	no. of person	46	61	97	153	120
	%	69.7	83.6	72.9	81.4	80.0
female	no. of person	20	12	36	35	30
	%	30.3	16.4	27.1	18.6	20.0
Coverage		c	c	c	c	c

Note: Fiscal year aggregate value

Continued employment 10 years after hiring	unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Employment continuation ratio of female / that of male *1	%	81.9	78.8	72.4	77.7	86.3	✓
Coverage		c	c	c	c	c	

\*1 As of the beginning of each fiscal year and cover employees hired in the three years preceding the 9-11 fiscal year.

New graduate hires retention rate after 3 years	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of new graduates hired before 2 business years*	no. of person	242	240	218	265	315
(breakdown) male	no. of person	185	174	164	194	230
female	no. of person	57	66	54	71	85
Number of continuing employees in the following fiscal year among new graduates hired before 2 business years	no. of person	220	224	209	246	291
(breakdown) male	no. of person	168	164	161	183	212
female	no. of person	52	60	48	63	79
New graduate hires retention rate after 3 years	%	90.9	93.3	95.9	92.8	92.4
(breakdown) male	%	90.8	94.3	98.2	94.3	92.2
female	%	91.2	90.9	88.9	88.7	92.9
Coverage		c	c	c	c	c

\* Only those who joined on April 1

## ► Employee satisfaction

### Employee survey

NRI takes a multifaceted approach to assessing employee awareness, such that mainly involves gauging employee satisfaction using three methods. Such initiatives target all NRI employees working in Japan and overseas, and the method with the shortest cycle is conducted on a semi-annual basis. Internet surveys are the primary means of assessment. The items surveyed include job content, remuneration, work-life balance, career support, employee benefits, work environment, work flexibility, and overall satisfaction. The survey results act as a basis for planning human resource policies and are posted on the company intranet to serve as feedback to employees.

## ■ Labor Practices, Diversity - Data

Employee survey results* <sup>1</sup>	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employee satisfaction* <sup>2</sup>	%	–	80.5	–	81.8	–
(breakdown) male	%	–	80.3	–	81.7	–
female	%	–	81.1	–	82.4	–
Percentage of employees surveyed* <sup>3</sup>	%	–	51.4	–	51.9	–
(breakdown) male	%	–	81.3	–	80.6	–
female	%	–	18.7	–	19.4	–
Coverage* <sup>3</sup>			d		d	

(note) d: NRI's employee working in Japan

\*1 The 4 points-scale of the survey is "satisfied", "rather satisfied", "rather dissatisfied", "dissatisfied". (It was 5 points-scale until last survey in FY2015.)

\*2 The percentage of the survey results above is the proportion of answers of "satisfied" and "rather satisfied".

\*3 Data coverage shows the percentage of subjects surveyed (=NRI employees working in Japan) to the total number of NRI group's employees on a consolidated basis.

### Overview of employee satisfaction survey (from FY2021)

NRI has been measuring employee engagement\*<sup>1</sup> from FY2021 in order to gauge job satisfaction and create an environment where employees want to work.

The survey uses the "wevox"\*<sup>2</sup> engagement survey tool once a year (in June) and targets employees from NRI itself and the five group companies\*<sup>3</sup> with the highest ratio of employees dispatched from NRI, except those new employees who entered the company in the April of that year (April 2021 this time).

The survey results are used for planning human resource policy and disclosed to employees on the company Intranet for feedback purposes.

Employee survey results* <sup>4</sup>	Unit	FY2021
Employee satisfaction* <sup>5</sup>	%	82.9%
Breakdown by gender		
Male	%	83.8%
Female	%	79.4%
Breakdown by age group		
20's	%	83.2%
30's	%	84.2%
40's	%	84.1%
50's	%	79.9%
60's	%	77.9%
Percentage of employees surveyed	%	49.0%
Coverage		d

\*1 An index indicating the intent to voluntarily contribute to the organization and the mental state of working autonomously.

\*2 An engagement analysis tool provided by Atrac, Inc. The survey is designed based on nine key drivers including role, health, human relations, organizational culture, and environment.

\*3 NRI Secure Technologies, NRI Workplace Services, NRI Social Information System Services, NRI Digital, and Nomura Management School.

\*4 The 7-points-scale of the survey is "Very satisfied"(7), "Rather satisfied"(6), "Satisfied"(5), "Neutral"(4), "Rather unsatisfied"(3), "Unsatisfied"(2) and "Very unsatisfied"(1).

\*5 "Employee satisfaction" is the ratio of levels (5) to (7) to the total responses.

## ■ Labor Practices, Diversity - Data

### ▶ Work-life balance

#### Work-life balance supports

NRI has established a system covering durations of pregnancy and childcare that is more comprehensive than that prescribed by the Child Care and Family Care Leave Act. Shorter working hours and exemptions/limits on overtime because of childcare are available up until the end of the academic year for a child's third year of elementary school. Meanwhile, these options can be combined with other independent systems, such as shift work or work with selectable start/finish times. We have been working on initiatives to establish an environment for achieving continued balance, including introducing a "Partner Childbirth Leave System" in FY2016 for employees with partners about to give birth, and opening nurseries in our offices in FY2017. In addition to establishing systems, we are also focusing on providing information and examples to help employees select relevant systems in accordance with individual circumstances. We are also proactively encouraging a balance between work and childcare for employees, through initiatives such as three-party interviews geared to pregnant employees and their supervisors, and training to support balancing work and childcare attended by employees who have returned from childcare leave and their supervisors as a pair. In addition, we provide information through regularly held nursing seminars and our nursing-care concierge desk. NRI has been recognized as a corporation that supports child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children, having received the certification mark (nicknamed "Kurumin") since 2007. In addition to having gained the certification for five consecutive terms, in 2018 we also received the "Platinum Kurumin" special certification granted to companies that carry out initiatives which meet even higher standards.



Utilization of work-life balance support system	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees acquiring Paid maternity leave	no. of person	13	9	13	8	4
Number of employees acquiring Pre- and post-childbirth leave	no. of person	76	56	72	78	61
Number of employees acquiring Childcare leave	no. of person	130	252	261	260	273
male	no. of person	60	189	194	190	208
of which acquired partner childbirth leave only	no. of person	36	167	156	137	124
of which acquired childcare leave	no. of person	24	22	38	53	84
female	no. of person	70	63	67	70	65
Number of employees utilizing shorter work hour system for childcare	no. of person	107	107	112	103	108
Childcare leave acquiring rate						
male (including partner childbirth leave)	%	18.7	59.6	61.0	65.1	68.6
male (childcare leave)	%	7.5	10.1	11.9	18.2	27.7
female	%	100.0	100.0	100.0	100.0	100.0
Employees returning to work after childcare leave (female)	%	97.3	97.0	96.7	98.1	100.0
Employees remaining in work after childcare leave (female)	%	91.7	93.3	92.8	96.8	96.5

## ■ Labor Practices, Diversity - Data

Utilization of work-life balance support system	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees acquiring Nursing care leave	no. of person	2	3	3	0	1
Number of total days of acquiring nursing care leave	days	43.0	34.0	16.0	21.5	3.0
Number of employees utilizing shorter work hour system for nursing care	no. of person	0	0	0	2	1
Coverage		c	c	c	c	c

## ▶ Support for diverse and flexible working styles

### Measures to support diverse and flexible working styles

For specialist professions, NRI employs a discretionary labor system in which work formats and hours are to be self-managed at the discretion of the person in question. We furthermore aim for further efficiency and productivity improvements with respect to work accomplishments in specialist professions.

In addition to discretion in terms of time, this has involved putting in place a system to also allow a certain amount of discretion in terms of location, making it possible to schedule work from home or a satellite office.

Moreover, in Sapporo and Fukuoka we recruit for local positions that are based on the premise of working in those locations.

In FY2018, we introduced educational opportunities on a company-wide basis through the Coursera online learning platform, thereby enabling our employees with diverse and flexible working styles to work toward self-study at their own pace regardless of time or location.

#### Establishment of in-office nurseries

In order to support our employees returning to work at their desired timing and the development of their career plans, in June 2017, we opened the Yumeminato Hoikuen as NRI's first in-office nursery, in the Yokohama Center (Yokohama Nomura Building).

#### Creation of a system to encourage men's participation in housework and childcare

In January 2017, we introduced partner childbirth leave and established a system that makes it easier for our male employees to proactively participate in childcare.

In addition to making the "Support for Balancing Work and Childcare Guide Book for Men" available to all of our employees, we have otherwise been promoting greater understanding of the company's systems relating to childcare by conducting briefing sessions introducing our in-house systems and also providing information containing child-rearing advice of our male and female employees currently raising children. We also hold round-table discussions carried out by our male employees who have taken childcare leave.

#### Enhancement of measures to support employees returning to work

Three-party interviews aimed at pregnant employees and their supervisors have been taking place throughout pregnancy periods since FY2011.

We support a smooth return to the workplace by deepening understanding of the internal systems and discussing post-return working styles.

Since FY2010, we have continued to provide training to support balancing work and childcare after an employee returns from childcare leave, which includes guidance for both female employees and their supervisors.

In FY2016, we further strengthened our support, commencing "Follow-up Seminars on Balancing Work and Childcare" for employees who had undergone training to support balancing work and childcare 1-2 years earlier.

#### Encouragement of the taking of paid leave

We have been encouraging employees to schedule consecutive days off, including hot-weather leave and revitalization leave.

Since FY2016, we have been achieving a rate of paid vacation days taken of not less than 70%.

## ■ Labor Practices, Diversity - Data

## Telecommuting system

NRI has had a system in place for some time whereby an employee can work at an NRI office that is different from their usual place of work.

In March 2016, we introduced a telecommuting system to further improve the efficiency of our operations and increase productivity, and in FY2017 and FY2018, NRI was a special participant in the "Telework Days" event implemented by six ministries including the Ministry of Internal Affairs and Communications, in collaboration with the Tokyo Metropolitan Government and the business community, where a total of approximately 6,000 employees engaged in telecommuting during the five days of the event.

During COVID-19, we have utilized our past experience to enable approximately 90% of our employees to work from home, with 50% working at the office during normal times and 30% working at the office in regions subject to a state of emergency or quasi-state of emergency declaration.

## Satellite offices

NRI's main offices have "liaison centers" which are made available as satellite offices for workers with no desks at those locations.

We also have contractual agreements with satellite offices of outside entities in order to provide our employees with efficient and flexible work arrangements.

## Casual wear

With the objective of increasing productivity by encouraging flexible ideas from relaxed attire, the NRI Group has permitted employees to work in casual wear since 1996, under guidelines such as "wearing a business suit if you are likely to meet clients."

In addition, since 2011, in the interests of power conservation we have relaxed the guidelines for casual wear during the Cool-Biz period from May to September, including not requiring ties to be worn in front of clients, but from FY2021 it applies throughout the year as an activity that contributes to preventing global warming, based on the discretion of individual employees and the situation at the time.

## Occupational Health and Safety - Management Approach

### Material issues of NRI related to this management approach

"Sound hiring practices and labor-management relations" and "Dialogue with civil society"

### NRI's approach to material issues

At the NRI Group, highly specialized personnel are major operational resources.

If a situation in which employees are unable to fully demonstrate their ability in a sound environment due to substandard occupational health and safety occurs, there is a risk that business services, such as the information systems that are important foundations for supporting society, and the provision of consulting services that are deeply involved in client operations and businesses, will be impacted due to the lower productivity and quality of deliverables.

Accordingly, since FY2015, NRI has been aiming to realize "Health and Productivity Management<sup>※</sup>," which contributes to improving the Quality of Life (QOL) of employees and is striving towards achieving its goals based on the NRI Health Declaration 2022.

Healthy Operations considers the management of employee health in terms of managerial perspective and strategic implementation.

The health of our employees also occupies an important position from the standpoint of the company's risk management, and we will try to proactively engage in health management as a company instead of entrusting it to individual employees.

It is extremely important for both the individuals concerned and the company that employees are healthy, and Healthy Operations will bring an injection of energy into the organization in the form of active employees and improved productivity by actively pushing employees to become healthy based on that philosophy, which as a result is expected to lead to improved business performance and corporate value.

[NRI Health Declaration 2022]

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

NRI is leveraging employee feedback gathered through surveys and from employee unions and is proactively working to improve employee working hours, health conditions, and the workplace environment.

### Priority activities / Medium- to long-term targets

NRI prioritizes the following issues in its management of occupational health and safety issues:

1. Complying with laws and regulations on overtime work and holidays.
2. Eliminating long hours worked consecutively.
3. Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
4. Reducing the amount of night work that employees perform.
5. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a summer break, and "recharge leave").

In addition, we set goals for the following four items on health management.

#### 1 Reduce lifestyle-related diseases

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

#### 2 Lower stress

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

#### 3 Lower smoking rate

- Introduce support to help stop smoking
- Remove smoking spaces inside the office

#### 4 Promote work-life balance

- Reduce overtime and holiday work hours
- Encourage employees to take paid leave
- Implement the frontline-driven Smart Work-Style Campaign (SWC) including: streamlining operations and meetings, as well as promoting early morning work

## Occupational Health and Safety - Management Approach

### Progress / Achievements / Challenges

Nippon Kenko Kaigi\* certified NRI as an Excellent Enterprise of Health and Productivity Management (White) acknowledging the Company as a large corporation participating superior health and productivity management.

Started in FY2016, this certification scheme reviews companies for their business philosophy, organizational structure, system and initiative execution, assessment and improvement, compliance and risk management.

NRI acquired this certification for the second consecutive year in FY2016-2020 as it met certification requirements in the Large Corporation category, which applies to large-sized corporation and medical corporations.

\* An entity that aimed to bring about specific action plans in the workplace and local communities, with the goal of realizing excellence on health and productivity management. This is a collaboration between municipalities and private organizations such as business groups, medical associations and the insured.

KPI	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total working hours per employee per year*	hours/year	2,085.8	2,034.3	2,017.2	2,050.1	2,160.3
Average overtime hours per employees per month*	hours/month	27.2	22.0	21.5	26.6	33.5
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	45.4	70.1	67.9	70.0	72.4
Smoking rate	%	17.0	15.9	15.2	14.6	13.0
Exercise habit rate	%	15.9	19.0	20.7	20.5	23.3
Coverage		c	c	c	c	c

\* All employees including managers, discretionary labor employees

Link Files	Health and Productivity Management (In Japanese only) <a href="https://www.nri.com/jp/sustainability/social/health_and_productivity_mgmt">https://www.nri.com/jp/sustainability/social/health_and_productivity_mgmt</a>
	A trial run to assist health and productivity management for workers in the Marunouchi area <a href="https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=49">https://www.nri.com/-/media/Corporate/en/Files/PDF/ir/library/AR2017e.pdf#page=49</a>

## Occupational Health and Safety - Data

### Occupational health and safety

#### Occupational health and safety policy

One of the NRI Group's core policies is to provide its employees with safe, sound workplace environments.  
We spare no effort in initiatives to manage our employees' working hours, for putting in place proper workplace environments, and for managing our employees' individual health.

#### Occupational health and safety structure

##### Officer in charge

NRI has established a health and safety committee and has established a sanitation management system in each business division with the aim of achieving an appropriate working environment.  
With these arrangements we are properly maintain the working environment according to the business and characteristics of each business division.

Chief Occupational Health and Safety Officer  
Kaga Yanagisawa, Senior Managing Director (In charge of Human Resources and Human Capital Development)

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

##### Responsible committee

Health and Safety Committee

#### Status of labor-management consultations on occupational safety and health

Through informal gatherings and group negotiations with the Nomura Research Institute Labor Union, NRI continues to engage in dialogue both regularly and irregularly on topics related to work environment and so on.

#### Risk management on occupational health and safety

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group.

Should it happen that owing to an occupational health and safety issue an employee cannot exploit the full potential of their abilities in a sound workplace, the resulting drop in productivity and/or poorer quality of outcomes may impact on our delivery of the information systems that are important foundations underpinning the society, or of the consulting services that play an important part in our clients' management and businesses.

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

1. Complying with laws and regulations on overtime work and holidays.
2. Eliminating long hours worked consecutively.
3. Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
4. Reducing the amount of night work that employees Perform.
5. Pressing employees to take their paid leave, including ensuring that they are organized and disciplined about taking extended consecutive periods of leave (such as a summer break, and "recharge leave").

We have mechanisms in place to accurately monitor our employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened.

Furthermore, we are grasping the risks by thoroughly conducting industrial physician interviews with long-time workers.

## Occupational Health and Safety - Data

Occupational health and safety situation	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employee work-related deaths	-	0	0	0	0	0
Number of work accidents* <sup>1</sup>	-	2	0	2	1	0
Occupational accident frequency rate* <sup>2</sup>	-	0.16	0.00	0.16	0.08	0.00
Average overtime hours per employees per month* <sup>3</sup>	hours	27.2	22.0	21.5	26.6	33.5
Coverage		c	c	c	c	c

\*1 Number represents the number of either fatal accidents or incidents necessitating 4 or more days' leave due to a casualty accident

\*2 Number of lost worker injuries / number of total working hours × 1 million hours

\*3 All employees including managers, discretionary labor employees

## Health and productivity management

### Overview of health management

The NRI Group is comprehensively engaged in the maintenance and improvement of employee health, including the promotion of regular checkups and follow-ups on the results, engagement by industrial physicians, the establishment of consultation desks, and the reduction of overtime work.

#### Promotion of medical checkups / comprehensive physical examinations

The NRI Group regularly instructs all employees to undergo a medical examination (for those under 30 years old) or a comprehensive physical examination (for those 30 years of age or older) every year, and checks whether they have or not.

In addition, We also instruct employees who work late into the night to have a health examination every six months and check the status of the medical examination.

#### Establishment of office health-care rooms and engagement by industrial physicians

NRI has established health-care rooms in its main offices, and has in place a proper system for industrial physicians to engage with cases.

Industrial physicians check the results of employee medical examinations and comprehensive physical examinations, as well as responding to health consultations from employees.

#### Stress checks based on the Health and Safety Act

From FY2016, based on the Industrial Health and Safety Act, the NRI Group introduced a web questionnaire-type stress-check to prevent employees from becoming unwell in terms of their mental health.

This has encouraged employees to notice their own stress situations and talk to an industrial physician if they need to.

In addition, we collate and analyze stress-check results for each organization and use the information to improve the working environments.

Moving forward, we will continue to implement the program every year in accordance with laws and regulations.

#### Consultation desk for work problems

The NRI Group has established various PraNet (Professional Assist Network) consultation desks for employees, and is equipped with a system that can respond to all kinds of issues employees may have. In addition to the consultation desks within the company, we have several company-external consultation desks available to handle a diverse range of counselling, including consultations about work and the workplace overall, consultations on career-development and skill-development, counseling on workplace stress and health, counseling on family health and care, consultations about ethics and compliance, consultations concerning harassment.

## Occupational Health and Safety - Data

### Reduction of overtime and holiday work

NRI has established internal management standards for working hours, late-night work, and holiday work based on labor laws, etc., and engages in proper labor management.

We have established a system that enables a correct understanding of employee work status, including a system that enables supervisors to check online at any time the working hours of their subordinates and how much vacation time they have taken, and the distribution of a list of employees who engaged in late-night or holiday work to management positions on the following day.

In addition, we regularly check the status of each department using indicators such as a "Health Management Index," which is an index of risks such as long working hours that should be eliminated.

### Reduced smoking rate

From November 2015, NRI introduced its "Quit-Smoking Support," in which the company pays 70% of the costs for treatment to quit smoking (borne by the individual).

Furthermore, NRI halved the amount of office smoking spaces in October 2015, and closed all smoking areas in its major offices around the World No Tobacco Day (May 31) in FY2016.

KPI of health management	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Examination rate of regular medical examination	%	100.0	100.0	100.0	100.0	100.0
Regular medical examination presence of findings rate	%	45.4	70.1	67.9	70.0	72.4
Smoking rate	%	17.0	15.9	15.2	14.6	13.0
Exercise habit rate	%	15.9	19.0	20.7	20.5	23.3
Coverage		c	c	c	c	c

### ► Status of working hours and acquisition of annual paid leave

Total working hours per employee per year	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total working hours per employee per year	hours/year	2,085.8	2,034.3	2,017.2	2,050.1	2,160.3
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Average overtime hours per employees per month	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Average overtime hours per employees per month	hours	27.2	22.0	21.5	26.6	33.5
Coverage		c	c	c	c	c

Note: All employees including managers, discretionary labor employees

Annual paid leave*1	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of granted days*2	days	21.6	21.5	21.4	21.4	21.3
Number of days acquired	days	15.3	15.4	15.3	15.2	13.7
Annual paid leave acquisition rate	%	70.6	71.4	71.3	71.1	64.1
Coverage		c	c	c	c	c

\*1 Average base for all employees.

\*2 Excluding carryforward

## Occupational Health and Safety - Data

### ► Mental health measures

#### Mental health measures

As measures to safeguard mental health, in addition to reducing late-night work, eliminating continuous long working hours, a thorough system of interviews with industrial physicians for workers who work long working hours, and stress checks based on the Industrial Health and Safety Act, the following initiatives are being implemented.

#### Establishment of consultation desks for workplace stress

Employees can bring consultations about workplace stress to the health-care rooms (staffed by Industrial physicians and counselors).

In addition, under the health insurance association system, employees can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances).

#### Obligatory interviews with industrial physicians for workers who work long working hours

At NRI, out of consideration of the impact on the mind and body of employees whose overtime working hours exceed internal standards, any such employees are required to have an interview with an industrial physician.

#### Stress checks

Since 2016, NRI has implemented a stress check system under the provisions of Article 66, Item 10 of the Industrial Health and Safety Act for the following purposes:

- For employees to deal with stress by knowing their stress status, before too much accumulates
- For employees to get advice from a doctor if they have too much stress
- For the company to take any work-related measures as a result of the interviews
- To make improvements in workplace environments that cause stress

#### Return to work support program

When employees have been absent due to illness, etc., they are only allowed to return to work after a diagnosis by their doctor and a consultation with an industrial physician.

In the case of employees who have been absent more than a set amount of time, NRI is making efforts to have them undergo re-work training that incorporates training conducted by an external professional organization to prevent any relapse, so as to avoid any further time absent from work.

### ► Various systems provided by Nomura Securities Health Insurance Association

#### Nomura Health Dial 24

For health, medical care, nursing care, childcare, or mental health issues, experienced physicians, public health nurses, and nurses are available for free phone consultations at any time of the year, 24 hours a day.

Employees can also avail themselves of a search system that finds nearby medical institutions and medical institutions that provide advanced medical care.

#### Special medical dial

When an employee or member of their family is diagnosed with a serious illness such as cancer, they are eligible for a service that provides them with a referral for a second opinion or to a specialist medical institution (free of charge in certain circumstances).

#### Mental health counseling service

They can receive counseling via telephone, website, or in person, from a professional psychological counselor (free of charge in certain circumstances). From November 2020 we also started an online interview service. These are both free of charge in certain circumstances.

## ■ Human Resources Development - Management Approach

### Material issues of NRI related to this management approach

"Diversity of human resources"

### NRI's approach to material issues

The NRI Group's corporate philosophy states that "continuing endless challenges with the pride of being a true professional" is our action guideline.

The cornerstone of the NRI Group is its "human assets". In other words, this refers to employees who are professionals possessing advanced expertise, who independently strive to pursue their own goals and are unafraid to innovate and take on difficult challenges.

To achieve objectives of both NRI's long-term management vision "Vision 2022" and the Medium-Term Management Plan, we must have human assets who not only aim to achieve further growth and improve productivity in our existing specialty areas, but who also take on challenges of venturing into unknown areas of business in anticipation of future trends.

To develop such human assets, the NRI Group has been strengthening systems and the business environment for developing hidden talents of highly motivated people and allowing them to produce results on the job.

The Medium-Term Management Plan 2022 approaches human resource management development as a strategic issue under five conceptual themes of the growth strategy encompassing the plan's 1) DX (digital transformation), 2) business platform, 3) cloud, 4) global, and 5) human resources strategies.

We also focus on cultivating core human resources that can achieve the NRI Group's 3 Social Values to aim for management that can contribute to building sustainable futures.

### Priority activities / Medium- to long-term targets

NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

The personnel assessment and human resources development system is premised on the notion of encouraging employees to pursue expertise and diversify their fields of specialization.

This is based on the belief that by honing their skills in multiple areas of expertise employees become capable of flexibly responding to changes in the business environment in a manner that involves taking a broad-based perspective in collaborating across division lines.

Furthermore, with respect to human resources development, NRI places importance on an organic fusion of three approaches to development: training programs, self-study, and on-the-job training which plays the central role.

NRI believes that providing OJT through work experience is the optimal development tool.

As such, its training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding.

The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Moreover, NRI has also established a system to support self-study for employees seeking to gain qualifications and improve their foreign language skills.

NRI's priority activities entail realizing objectives of its long-term management vision "Vision 2022" and its Medium-Term Management Plan, while furthermore engaging in initiatives which place a focus on "developing core human resources" geared to the next generation along with "developing DX (Digital Transformation) human resources" and "developing global human resources" underpinning the growth strategy of the Medium-Term Management Plan 2022.

## ■ Human Resources Development - Management Approach

### Progress / Achievements / Challenges

Since its establishment as Japan's first private think tank, we have grown into Japan's largest think tank by investing in top-class human resource development of Japanese companies and continuing to develop challenging professionals.

The overwhelming number of official qualifications can be said to be one of the indicators for objectively determining that highly specialized personnel are being developed.

Regarding the training of core human resources, we will strengthen the training of successors, conduct four types of selective training for mid-level employees, managers, section managers, and department managers, as well as strengthen candidates for the next successor.

So far, about 200 managers (with the two programs conducted since 2002 and 2020) and about 110 section managers (since 2015 revision) have completed the selective training program

In "DX human resource development," in addition to conventional training tailored to the career fields and career stages, we are developing and implementing new training systems such as AI, analytics, blockchain, UX design, agile development, and microservices, and are promoting measures for increasing human resources working in important priority fields.

In "Global human resource development," we carry out practical training programs that incorporate actual experience of global operations in order to develop global business leaders who are active in establishing overseas business foundations.

We will enhance our ability to carry out our work through overseas work experience, such as dispatching to a client company or NRI's overseas base for about one year.

Under the overseas trainee system, more than 300 employees have been dispatched to 30 cities in 18 countries and regions so far, and we plan to further enhance and expand these priority activities.

#### Link Files

"Education system" for nurturing human resources (In Japanese only)

[https://working.nri.co.jp/2019/contents/institution/institution\\_a.html](https://working.nri.co.jp/2019/contents/institution/institution_a.html)

"Evaluation system" making full use of human resources (In Japanese only)

[https://working.nri.co.jp/2019/contents/institution/institution\\_b.html](https://working.nri.co.jp/2019/contents/institution/institution_b.html)

NRI's Human Resources Strategy

[https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=56](https://ir.nri.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=56)

## ▶ Human resources development management

## Human resources development policy (Focus areas)

We regard our people as an essential management resource of the NRI Group and a wellspring of its added value across the board.

The NRI Group's approach to human resources development entails drawing out talents of ambitious employees and cultivating human assets that are capable of producing results on the job.

Meanwhile, professional initiatives of NRI Group employees are backed by the Group's human resources development framework.

NRI's personnel system is designed to ensure mechanisms and an environment in which diverse professionals are able to play active roles based on the three core pillars of its performance-based salary system, discretionary work system, and personnel assessment and human resources development system.

Of particular importance with respect to human resources development is the notion of organically fusing various aspects of the three elements: 1) on-the-job training, 2) training programs, and 3) self-study, and those three elements combined form the cornerstone of professional development.

OJT provided through work experience is the optimal development tool, and NRI's training programs act as a means of organizing knowledge acquired through such OJT and for deepening understanding. The training programs are also positioned as means of obtaining knowledge and skills which cannot be acquired through OJT.

Our C&A (Challenge & Act) System acts as a mechanism that effectively facilitates OJT.

Through the system employees are able to confirm and evaluate the extent to which they have achieved their individual targets which are precisely set at half-year intervals through interviews with their supervisors, thereby enabling employees to develop their skills and appropriately gain access to performance evaluations carried out by their supervisors.

This system supports the growth of employees according to their respective characters and levels of independence by having them work toward achieving their goals under a supervisor's guidance, while also facilitating communication between supervisors and their subordinates at the regularly scheduled meetings.

The management challenge of developing human resources who are capable of rapidly addressing changes is crucial in the VUCA (volatility, uncertainty, complexity, ambiguity) and DX (Digital Transformation) eras.

As such, we encourage employees to pursue expertise and diversify their fields of specialization in order to ensure that our personnel assessment and human resources development system functions effectively. This is based on the belief that by honing their skills in multiple areas of expertise employees achieve a broad-based perspective and become capable of flexibly responding to changes in the business environment.

We have a career field system and an in-house certification system which both constitute crucial aspects of our efforts to promote human resources development, as guidelines for employee careers and the specialties they should pursue.

## ■ Human Resources Development - Data

### Human resource development program

many options that include e-learning, support for gaining qualifications and foreign language study, opportunities to study abroad, researcher dispatch, and trainee arrangements.

To achieve our long-term management vision "Vision 2022," we are particularly focusing our efforts on: (1) developing core human resources, (2) developing DX (Digital Transformation) human resources, and (3) developing global human resources.

(1) As for developing core human resources, we implement programs to develop human resources responsible for contributing to building sustainable futures based on the NRI Group mission of "value co-creation", which mainly involves developing executive candidates, developing capacity of operational management, and developing the ability to create new businesses.

Our selective training for senior management aims to broaden our pipeline of executive candidates with our sights set on the next stage of our long-term management vision "Vision 2022." To such ends, the training enlists a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel. Meanwhile, the curriculum also entails studies departing from a business perspective centered on profit and loss, with respect to maximizing value by coordinating business segments and optimizing company-wide operations, and also enlists a managerial perspective such that includes striking a balance between the balance sheet and profit and loss, and multi-stakeholder engagement.

It also entails performing assessments geared to enabling individuals to develop their abilities.

Our selective training for mid-career employees differs from career development via actual work and encompasses studies of sophisticated managerial knowledge and the business creation process via interaction with diverse human resources both inside and outside the company.

(2) As for developing DX (digital transformation) human resources, we implement programs geared to developing talent that accelerates our DX strategy, which constitutes one of the growth strategies under our long-term management vision "Vision 2022."

This involves establishing venues for studying not only information technology skills but also astute business insights drawing on the latest business use cases with the aim of enhancing capabilities required in the DX era, particularly with respect to AI and analytics, block chain technology, user experience (UX) design, as well as agile software development and microservices.

We lend our support to efforts that include creating forums for our employees conducive to person-to-person networking and activity, which involves establishing venues for sophisticated studies by coordinating with Japanese and overseas universities as well as outside entities such as the Japan Data Scientist Society.

We are also mounting a strategic transition to adopting a human resources portfolio approach, which is an aim of NRI in the DX era. This involves providing training to enable consultants and system engineers who are equipped with conventional abilities to handle the DX realm by drawing on their existing skills.

(3) As for developing our global human resources, we implement programs geared to cultivate human resources that can implement our "Global Strategy", which is one of the growth strategies in the Long-term Management Vision "Vision 2022".

We provide various programs such as an overseas training system and overseas study programs, based on the idea of a "global human resource pool" for cultivating the next generation of business leaders that can play active roles on the global stage, in order to expand the NRI business portfolio. This enables employees with the ambition and suitable skills to play an active role on the global stage to systematically gain experience so that they can flourish in various business domains as global human resources upon returning.

The overseas training system was enhanced in FY2020. In addition to the conventional trainee system called the global business (GB) trainee program, which enables employees to improve their ability to conduct work via actual work experience with highly diverse stakeholders overseas, we have also started the global strategy leader (GSL) trainee program for cultivating management human resources at the worldwide offices and Group companies of NRI.

## ■ Human Resources Development - Data

## Self-study

Self-development is indispensable for career development and is recommended to employees from various aspects including the human resource system.

For special qualifications closely related to NRI's business, such as information processing engineer, project management professional (PMP), and certified securities analyst qualifications, we will provide preparatory courses for employees, subsidize external training expenses, provide reimbursement and financial assistance to help cover registration costs and examination fees with respect to gaining official qualifications that contribute to our business operations, including certified public accountant and small and medium enterprise management consultant qualifications, and in recent years, we have also been enhancing our support for qualifications related to DX (digital transformation), including those in areas such as statistics, data science, artificial intelligence, cloud computing, and agile software development. For language learning, we provide employees with a TOEIC test and support the cost of employees going to a language school.

We are also focusing on efforts in the realm of self-study making use of massive open online courses (MOOCs) such as e-learning services "Cousera" and "Udemy" and the video streaming platform "Gacco" in line with the growing popularity of digital learning.

It is also crucial that we shift to new digital learning approaches in conjunction with progress being made in carrying out work-style reforms.

As such, in addition to making use of MOOCs, we are promoting various reforms with respect to styles of learning in terms of shifting to digital learning environments, shifting to digital communications related to studies, and establishing educational platforms transcending time and space.

The adoption of gacco throughout the company is expanding its opportunities not only for changing training styles, but also for expanding the dissemination of various messages to employees and sharing knowledge and insights accumulated within the company.

## References

"Evaluation system" making full use of human resources (In Japanese only)

[https://working.NRI.co.jp/2021/contents/institution/institution\\_b.html](https://working.NRI.co.jp/2021/contents/institution/institution_b.html)

NRI's Human Resources Strategy

[https://ir.NRI.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020\\_view\\_all\\_e.pdf#page=56](https://ir.NRI.com/en/ir/library/report/main/08/teaserItems1/0/linkList/00/link/AR2020_view_all_e.pdf#page=56)

Human resources development program

Human resources development program 1

NRI has established 22 career fields with the industry-wide Information Technology Skill Standards (ITSS) in mind in order to better make areas and levels of employee expertise clear in-house and outside the company, commensurate with the actual performance of its employees. In so doing, we have defined seven respective levels of employee expertise.

This system acts as a blueprint for employees to better understand their areas and levels of expertise so that they are able to make improvements when pursuing specializations. It also forms the basis for the C&A (Challenge and Act) system for setting goals and confirming results on a semi-annual basis.

Under the system, employees are encouraged to develop their abilities upon having set goals in multiple career fields.

Having multiple specialized fields will not only broaden your horizons and enable you to grow into a cross-organizational human resource that flexibly responds to changes in the business environment, but also lead customers' co-creation.

[Career fields]

1	Corporate Strategy Consultant	12	IT Platform Specialist
2	Business Consultant	13	IT Services Manager
3	Systems Consultant	14	Security Specialist
4	Business Strategist	15	Researcher
5	Sales Representative / Marketing Manager	16	Data Scientist
6	Project Manager (Development)	17	Project Management Specialist
7	Project Manager (Enhancement)	18	Quality Control Specialist
8	Application Architect	19	Business Administration Staff
9	IT Infrastructure Architect	20	Corporate Management / Headquarters Staff
10	Application specialist	21	Systems Engineer
11	Common Application Infrastructure Specialist	22	Consultant

Internal certification system

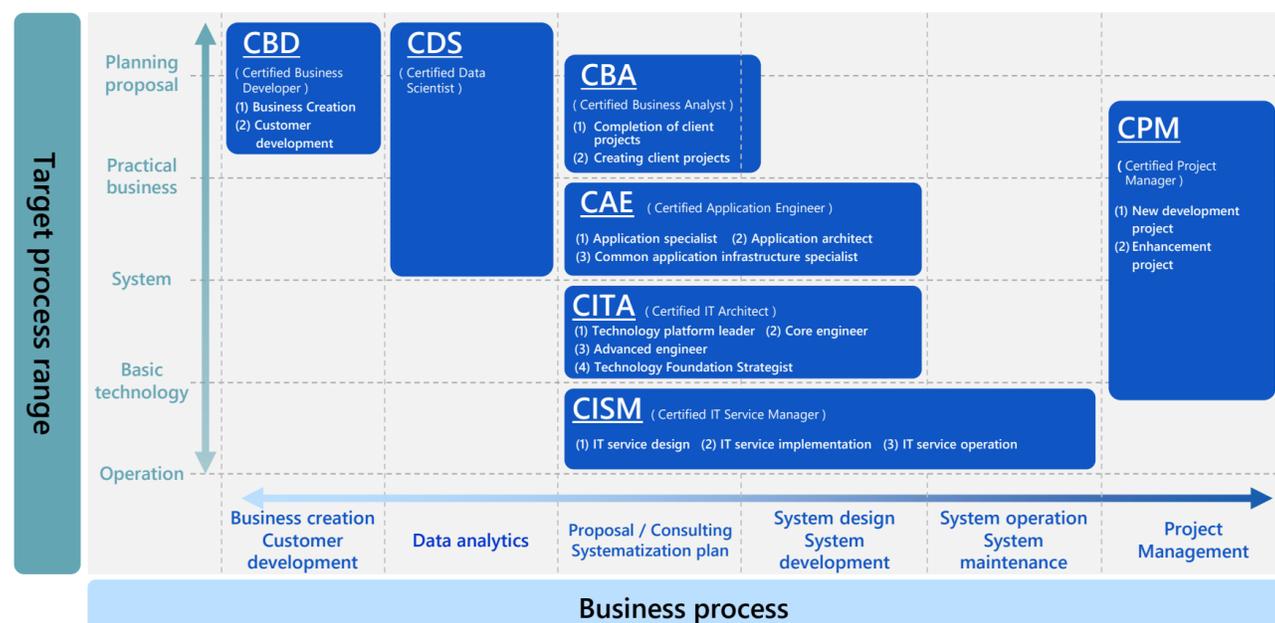
Through the granting of internal certification (NRI Certification) to employees with high levels of expertise who have refined their skills in career fields, NRI offers professional role models while also promoting the development of core NRI human resources in those fields.

NRI has established seven certifications in 16 areas and employees are able to gain multiple certifications. We review twice a year whether it is suitable as a person representing NRI, including not only ability standards but also business performance.

Candidates for NRI Certification receive OJT through appropriate job assignment and curriculum based training matched to the requirements of each certification.

The scope of this system is all NRI employees.

[Internal certification system]



Human Resources Development - Data

Training program

NRI's training programs implemented company-wide are largely divided into two categories—employment hierarchy-specific training programs and career-specific training programs. In "Level-specific programs", in addition to curricula by level and position, we continually implement and improve programs such as selective management human resource development, job type curriculum, support for women's advancement, and autonomous career assistance for each age group. Programs according to career field provide a variety of training programs that fulfill the diverse needs of employees. They are directed to the development of individual capabilities that are in line with career fields, career development that aims for acquisition of internal certifications and other objectives. Based on the long-term management vision "Vision2022", we are also enhancing "Digital Transformation (DX) human resource development" and "Global human resource development".

In addition to its company-wide training programs, NRI's respective business divisions also develop and implement training programs of their own, and we have a detailed training development system established to cover the businesses and operations of each business division.

[NRI Training Program]

		New Talent		Mid-level		Manager			
Class		Comprehensive work	Profession	Deputy Leader	Leader				
Stratified program		New comer	Profession promoted	Deputy Leader promoted	Leader promoted	Manager promoted	New GM	New Manager	
	Core human resources	General staff training				Existing senior professional training		Lecture for Manager	
		Onboarding training for new employees				Career plan workshop			
Career development program	Focus area	Selected Leader Development Program				Selected GM Development Program	Cross-industrial exchange-based human resources development program for management	New Future Creation school	
		Female Leader Development Program		Female Leader training school		Selective training programs for female General Managers & Managers			
	Focus area	Consulting training							
		New comer training	IT solution skills training	Basic career training	Career practice training	Career practice professional training	Certification selection training		
Focus area	Other skill request program								
	Human Resource Development Program for DX (Digital Transformation)								
D&I program	Focus area	Global Human Resource Development Program							
						D&I seminar for GM, Manager			
	E-learning programs on Unconscious Bias, Caregiving and other topics to promote Diversity and Inclusion				Programs to support employees in balancing work and parenting				
Other	Self-study support program								
	Business Division / Programs by Segment								

Business impacts

We are promoting the expansion of human resources who promote strategic fields by showing employees the image of human resources, careers, and training programs in line with the growth strategy of NRI's long-term management vision, Vision 2022. In addition, by visualizing the development status and changes over time, we are able to plan long-term human resources strategies, check our human resources portfolio, and develop highly specialized human resources in a short period of time.

Target employee

All employees

## Human resources development program 2

## Stratified program

The NRI Group implements various training programs according to the career stage.

There are training programs such as promotion of career stage and appointment of positions, and we are implementing a selective training program for each level of employees, from mid-level employees to executives, and are also focusing on the systematic development of management candidates.

In particular, regarding the training for promotion to managerial positions, we are currently considering the content of the training that is unique to our company and suitable for the times, and since FY2019, we have been sequentially revising and implementing each level.

As for new training methods, in addition to the conventional group training, we are also working on blended learning that combines group learning with individual learning utilizing original video content. Furthermore, as a diversity initiative, in addition to a selection program for each layer for female employees, we are also focusing on employee awareness and enlightenment activities through diversity and inclusion seminars.

In recent years, veteran employees, such as those in their mid-40s, can show their abilities that they have cultivated so far, and organize their thoughts at regular intervals in order to support their work while challenging new fields and skills with an autonomous career outlook. We hold a career plan workshop that allows you to take multiple courses during your career so that you can lead to the next action.

Management Human Resource Development Program

We are implementing a program to develop core human resources who are responsible for the growth strategy and business creation of the NRI Group.

The curriculum of these development programs consists mainly of four elements:

- (1) Courses aiming to develop executive candidates,
- (2) Course aiming to develop candidates for organizational head
- (3) Courses aiming to develop proficiency with respect to managing business drawing on a managerial point of view and a company-wide perspective, and
- (4) Courses aiming to develop the ability to create new businesses.

Our (1) courses aiming to develop executive candidates enlist a curriculum that extensively delves into studies of fundamental knowledge necessary for management personnel.

As a manager, it is a curriculum to deepen and learn business perspectives such as business segment coordination, company-wide optimization to maximize value, BS/PL balance, and multi-stakeholders.

In addition, at an external business school (Nomura Management School) supported by the Company, members selected from senior management participate in exchange meetings with executive members dispatched from companies representing Japan to improve management ability.

In the selection training for mid-career, students will leave the career development in business practice and learn advanced management knowledge and business creation process, as well as the leadership in the DX era, which is important for the growth strategy of the long-term management vision "Vision2022". We provide programs such as cross-industry exchanges with the awareness of "people who can lead customer co-creation".

Participants are selected from each level, including managers and mid-career employees, and through programs such as group training, individual work and workshops, we aim to discover problems related to NRI's management and business, and propose and implement solutions.

[Stratified program]

Target	General	Professional occupation			Senior occupation		
	Job comprehensive New comer training	Profession Promotion training	Deputy Leader Promotion training	Leader Promotion training	Senior occupation Promotion training	[ Programs for newly promoted employees and by position ] New GM section manager training	New manager training
Feature	Gear change from students to working people	Determination to profession	Think about your own growth and career	Think from a higher perspective	Attitude as a manager	Fostering awareness as a line manager	Grow your organization as a company executive
Occupation	Training upon joining the company 	Promotion training 	Promotion training 	Promotion training 	Promotion training 	Training by position Lecture for department managers Tokyo University of the Arts Art Workshop New manager training New GM section manager training Advanced Senior Chief 	

Human resource development program for Digital Transformation

NRI implements programs geared to developing talent that accelerates its DX (Digital Transformation) strategy, which is one of the growth strategies under its long-term management vision "Vision 2022". With the aim of strengthening the capabilities required in the DX era, such as AI, Analytics, Blockchain, user experience (UX) design, Agile, and Microservices, in addition to the conventional skill training for the year of joining the company, there is a DX skill acquisition training for each year.

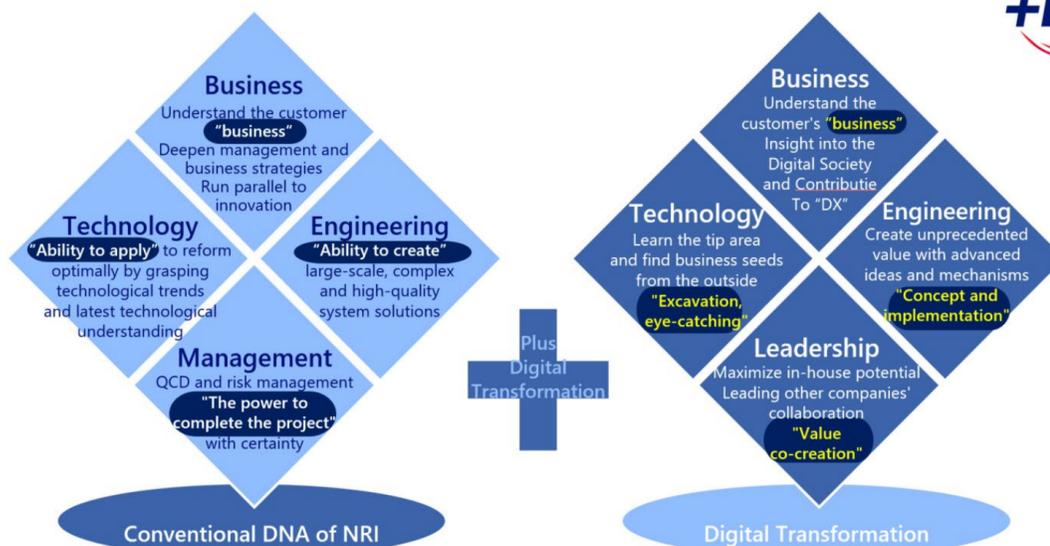
These programs have a variety of business curricula that share basic knowledge and IT skills as well as hands-on know-how, modern business use cases, deep NRI-like insights, and cutting-edge business insights.

By actively collaborating with external institutions and companies such as domestic and overseas research institutions (graduate schools) and Data Scientist (DS) associations, we will incorporate a lot of academic knowledge and advanced cases and provide a more advanced learning space. We also help establish employee networks and create opportunities for success.

These programs are structured so that curriculums are planned and planned around "Learning Opportunities", "Developmental Opportunities", "Connection Opportunities", and "Opportunities for Success", so that you can get more effective skill acquisition opportunities.

[New human resource image for Digital Transformation]

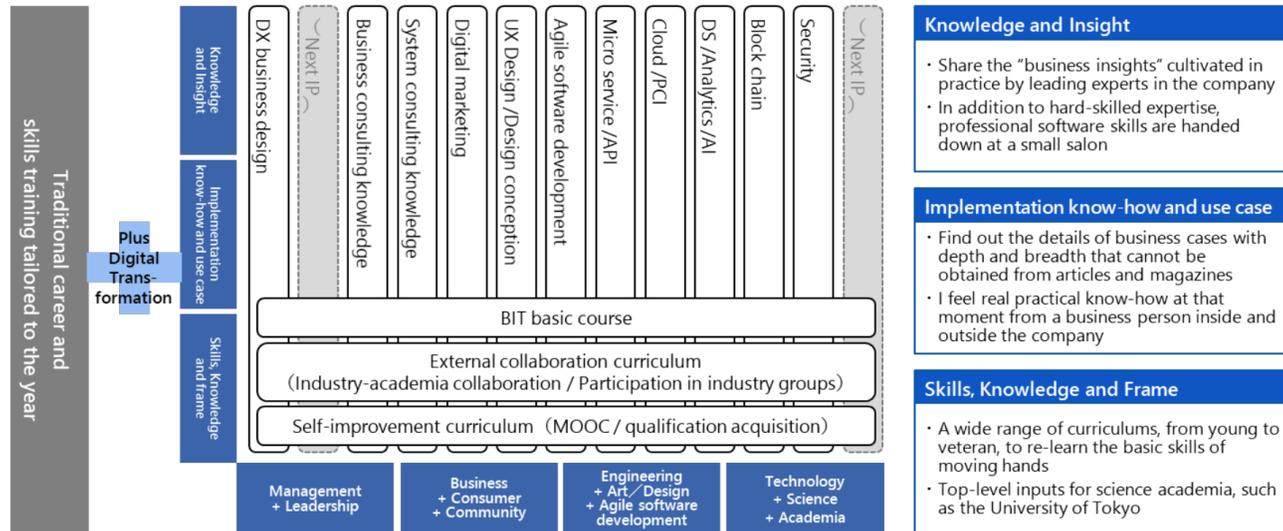
 Leverage our experiences and put them to work in driving "DX"



Human Resources Development - Data

[Human resource development program for Digital Transformation]

Add "DX" skills according to individual's career and intention



[Providing four opportunities for Digital Transformation human resource growth]

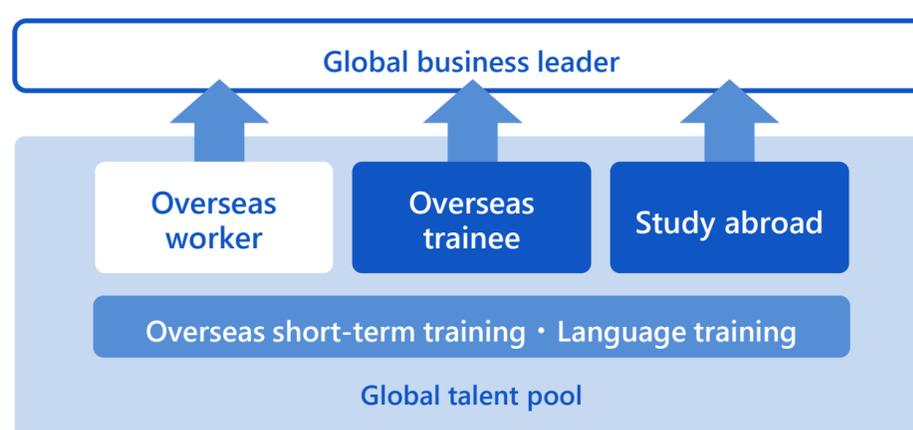
Add the essence of surviving the DX age in the learning field. Maximize opportunities for "Self-learning"



- |   |   |  |   |
|---|---|--|---|
| <p><b>1. Opportunities for Learning</b></p> <ul style="list-style-type: none"> <li>In addition to simple skills and case studies, NRI will offer advanced knowledge sharing and training to learn unique insights</li> <li>We also offer courses that give the degree of freedom so that you can learn at your own pace depending on the situation of each person, and basics so that even inexperienced people and veterans can easily tackle</li> <li>Coursera, University course, Promote self-studying by acquiring qualifications</li> </ul> | <p><b>2. Opportunity to Participate</b></p> <ul style="list-style-type: none"> <li>Opportunities for in-house and external training, as a professor / lecturer / lecturer to industry-academia collaborative universities, and for intern students</li> <li>From the NRI number one, build the industry's number one knowledge, develop high-quality content, and lead the development that is really necessary with the on-site skin sensation</li> <li>Get more learning through opportunities to teach others</li> </ul> | <p><b>3. Opportunity for Connect</b></p> <ul style="list-style-type: none"> <li>Participated in the planning of employee training as a member of an expert meeting, and linked with the in-house Center-of-Excellence</li> <li>Understand what kind of human resources and projects are there and use them as the basis for collaboration</li> <li>It will be a place to find talented personnel, and it will be possible to search for candidates for certification and job assignments.</li> </ul> | <p><b>4. Opportunities for Achievement</b></p> <ul style="list-style-type: none"> <li>External activities through active information dissemination such as external lectures, newspaper articles / Web articles</li> <li>Active as a board member or member of an industry association to build a connection to the industry</li> <li>Aiming to improve NRI's presence through external activities, increase own name value, and self-growth</li> </ul> |
|---|---|--|---|

Global Human Resources Development Program

NRI implements many training programs geared to developing business leaders who are capable of playing active roles on the global stage. In that regard, we are particularly focusing our efforts on our overseas training system whereby we send our employees to overseas locations of our corporate customers who operate globally for periods of about one year, thereby enabling such employees to gain first-hand experience of global business. In FY2020, we started a new global strategy leader (GSL) trainee program for cultivating human resources that can manage the overseas offices of NRI. Meanwhile, we also offer overseas study programs in order to expose employees to a wide range of teachings and insights, while enabling them to gain sophisticated professional skills. Under such programs, employees learn about international standards of corporate management by acquiring MBA degrees at overseas business schools. Opportunities to earn degrees are also popular, particularly those in computer science (MSE and MCS) and legal affairs (LLM).



Business impacts

With regard to the three core issues of core human resource development, about 200 managers (with the two programs conducted since 2002 and 2020) and about 110 section managers (since 2015 revision) have completed the selective training program, and there are now more cases where those that have completed the manager program also join the general manager program, which has strengthened the pipeline of successor candidates. In "DX Human Resources Development," we are strengthening strategic capabilities such as AI, analytics, blockchain and agile, and promoting the realization of growth strategies by shifting personnel to strategic priority areas. In "Global Human Resources Development," we are promoting the expansion of NRI's global businesses by fostering global business leaders.

Target employee

Senior and middle management

## Human Resources Development - Data

### Inputs for human resources development

Human resources development investment cost			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total human resources investment cost			millions of yen	3,365	3,448	3,632	3,531	3,196
Coverage				a	a	a	a	a
Human resource development capacity development investment cost per employee			1,000 yen	475	466	477	446	366
Coverage				c	c	c	c	c
Total human resource development hours			hour	267,688	269,826	315,630	310,350	348,539
Human resource development days per person			day/ person	6.3	6.0	6.9	6.7	7.3
Human resource development hours per person			hour / person	47	45	52	50	55
(Breakdown)	By age group	Below 30	hour / person	—	118	145	158	174
		30 to 50	hour / person	—	18	20	24	21
		50 or over	hour / person	—	7	7	11	9
(Breakdown)	By gender	Male	hour / person	—	36	42	48	51
		Female	hour / person	—	57	69	80	84
Coverage*					c'	c'	c'	c'

\* c': NRI employees engaged in Japan and overseas

### Effect of human resources development

#### Measures of the effect of human resources development

NRI places importance on the number of employees with professional qualifications as an index for objectively assessing investment efficiency in development of individuals with highly advanced professional skills.

## Human Resources Development - Data

Number of employees who acquired the professional qualifications		unit	FY2016	FY2017	FY2018	FY2019	FY2020* <sup>4</sup>
Information processing engineer (IT strategist)	no. of person		305	328	354	374	369
Information processing engineer (System architect)	no. of person		903	949	974	990	973
Information processing engineer (Project manager)	no. of person		814	869	909	943	934
Information processing engineer (Network specialist)	no. of person		939	955	975	1,000	996
Information processing engineer (Database specialist)	no. of person		789	843	879	924	912
Information processing engineer (Embedded system specialist)	no. of person		40	48	50	55	56
Information processing engineer (Information security specialist)	no. of person		1,218	1,202	1,185	1,163	1,160
Information processing engineer (IT service manager)	no. of person		388	409	413	433	427
Information processing engineer (System audit engineer)	no. of person		342	354	360	363	350
Registered Information Security Specialist* <sup>1</sup> (Successful candidates)	no. of person		–	108	242	375	377
Project Management Professional	no. of person		255	292	299	320	336
ITIL Manager / Expert / Intermediate	no. of person		70	70	70	68	77
Chartered Member of the Securities Analysts Association of Japan	no. of person		242	245	245	246	246
Certified Public Accountant Small and Medium sized	no. of person		9	9	16	15	12
Enterprise Consultant	no. of person		45	46	46	48	46
First-class Registered Architect	no. of person		11	10	10	10	10
Chief Telecommunications Engineer	no. of person		110	107	107	108	86
Number of employees who acquired NRI certification system		unit	FY2016	FY2017	FY2018	FY2019	FY2020
Certified Business Developer	no. of person		24	18	15	23	27
Certified Business Analyst	no. of person		26	23	22	25	29
Certified Data Scientist* <sup>2</sup>	no. of person		–	7	14	17	21
Certified Application Engineer* <sup>3</sup>	no. of person		16	19	23	24	28
Certified IT architect	no. of person		67	65	69	66	69
Certified IT Service Manager	no. of person		28	30	33	39	43
Certified Project Manager	no. of person		96	94	93	107	117
Coverage			c	c	c	c	c

Note: As of the end of each fiscal year.

\*1 Examination started in April 2017.

\*2 Certification started in October 2017

\*3 Certification started in October 2015

\*4 Some of the FY2020 information processing engineer tests were delayed until the next fiscal year.

## ■ Business and Human Rights - Management Approach

S04M

### Material issues of NRI related to this management approach

"Respect for human rights" and "Dialogue with civil society"

### NRI's approach to material issues

We support and respect the International Code of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights, as set out in the NRI Group Policy on Human Rights.

The policy reiterates and clearly states the respect for basic labor rights and the prohibition of forced labor, child labor, discrimination, and harassment.

In addition, as a company involved in the development and utilization of AI, we have established the "NRI Group AI Ethics Guidelines" intended to promote the development and utilization of AI while reducing the negative impact of AI.

The NRI Group's "Procurement Policy of the NRI Group" declares that human rights are taken into consideration when dealing with business partners such as outsourcers and suppliers. In order to further accelerate sustainable procurement in the NRI Group, we have established the "NRI Group Business Partner Code of Conduct" and are seeking the understanding of business partners such as outsourcers and suppliers.

NRI participated in the "UN Global Compact" in May 2017 in support of four principles and ten principles of "human rights," "labor," "environment," and "anticorruption."

Under the commitment of top management, NRI is committed to acting as a good member of society and striving to achieve sustainable growth by observing and practicing the ten principles and demonstrating responsible creative leadership.

### Priority activities / Medium- to long-term targets

As one of the growth strategies in the long-term management vision 'Vision 2022', NRI upholds 'Dramatic expansion of globalization', and positioned the overseas human rights issue as critical business challenge.

In FY2020, we plan to further promote the human rights due diligence we started in FY2019 and respond to identified issues.

### Progress / Achievements / Challenges

In FY2018, We started to conduct human rights due diligence in Sustainability Activities Committee.

In FY2019, we promoted human rights due diligence and identified the current human rights risks of the Group.

In FY2020, we conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis.

#### Link Files

NRI Group Policy on Human Rights

<https://www.nri.com/en/sustainability/social/policies#human-rights>

NRI Group Procurement Policy

<https://www.nri.com/en/company/partner>

NRI Group AI Ethics Guidelines

[https://www.nri.com/en/sustainability/social/policies#AI\\_Ethics\\_Guidelines](https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines)

Human rights report

[https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/human\\_rights\\_report\\_e.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf)

► Business and human rights management

Chief officer in charge of human rights

Senior Managing Director

Responsible committee

Human Rights Education Committee

Involvement of the Board of Directors with respect to human rights (reporting, deliberation, director evaluation, reflection in remuneration)

Any cases that require the approval of the Board of Directors will be appropriately deliberated and judged by the Board of Directors.

Education and awareness

With respect to NRI Group employees, The NRI Group Employee's Code of Conduct stipulates that we respect each other's personality and individuality and do not infringe on human rights in order to create a comfortable workplace.

These rules are communicated through the guidance of the Rules Book: "Fundamental Rules for Executive Officers and General Staff", which is reviewed annually.

In addition, we are working to raise awareness by focusing on rank-based training and management training.

In the event of a statement or action that violates human rights, the facts of the situation will be investigated and then the relevant employee will be subject to disciplinary action for non-compliance if necessary.

We explain to our temporary employees that we regularly provide the "Basic rules for working in the NRI Group (for temporary employees)" to respect human rights and prohibit discriminatory behavior.

All division heads in NRI Group companies are appointed as promotion members of the Human Rights Education Committee.

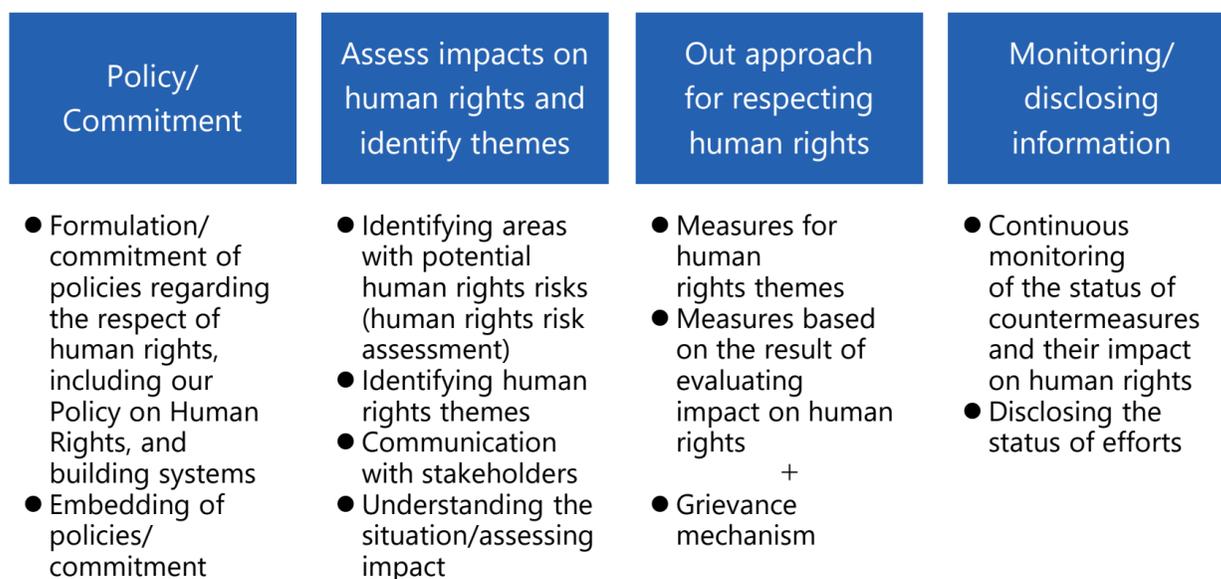
In addition, department managers are given and recognized the responsibility of creating a comfortable workplace where the human rights of all are respected.

► Efforts to respect human rights

Identification process of human rights risks

The NRI Group is promoting efforts to respect human rights based on international norms such as the International Code of Human Rights, the ILO Core Labor Standards, and the Guiding Principles on Business and Human Rights.

We will proceed with our efforts to respect human rights by following the process of "policy/commitment", "human rights impact assessment/theme identification", "approach for respecting human rights", and "monitoring/information disclosure".



## ► Business and human rights policy

### Human rights policy

The NRI Group has established the NRI Group Policy on Human Rights and supports international human rights norms such as the "International Human Rights Bill", "The Declaration of the International Labor Organization on Fundamental Principles and Rights at Work", and "10 Principles of the United Nations Global Compact".

In addition, as a company involved in the development and utilization of AI, we have established the "NRI Group AI Ethics Guidelines" intended to promote the development and utilization of AI while reducing the negative impact of AI.

In FY 2020, in order to further promote sustainable procurement, we reviewed the terms and expressions of the "NRI Group Procurement Policy" and "NRI Group Employee's Code of Business Conduct" and newly established the "NRI Group Business Partner Code of Conduct" .

#### Applicable scope

NRI Group and business partners such as outside contractors and suppliers

#### References

NRI Group Policy on Human Rights

<https://www.nri.com/en/sustainability/social/policies#human-rights>

NRI Group Procurement Policy

<https://www.nri.com/en/company/partner>

NRI Group Business Partner Code of Conduct

[https://www.nri.com/en/company/partner\\_code](https://www.nri.com/en/company/partner_code)

NRI Group AI Ethics Guidelines

[https://www.nri.com/en/sustainability/social/policies#AI\\_Ethics\\_Guidelines](https://www.nri.com/en/sustainability/social/policies#AI_Ethics_Guidelines)

## ► Human rights due diligence

### Implementation of human rights due diligence based on the UN Guiding Principles

NRI Group has established a framework for conducting human rights due diligence, in accordance with the procedures outlined in the UN Guiding Principles for Business and Human Rights.

#### 1. Human Rights Risk Assessment

NRI Group conducted Human Rights Risk Assessment in collaboration with Verisk Maplecroft\*<sup>1</sup> and Caux Round Table Japan\*<sup>2</sup>, which provide globally generally accepted human rights risk assessment methods, and identified the potential human rights risks that NRI Group's business activities may have on human rights.

In accordance with the industry classification of Verisk Maplecroft, this human rights risk assessment covers the software & IT services industry to which the IT service business, the main business of the NRI group, belongs, and the professional services industry to which the consulting business belongs.

The report also covers all 37 countries where NRI, consolidated subsidiaries and Tier 1 suppliers are located, and has identified potential human rights risks that these industries could cause in the covered areas.

With regard to 10 human rights risk indices which selected based on their alignment to the International Labour Organisation (ILO) core labour conventions and relevance to the industries analysed, human rights risks are evaluated with a score of 0 to 10 points and are classified into four risk levels (extreme risk, high risk, medium risk, low risk).

\*1 Verisk Maplecroft is a leading global risk analytics, research and strategic forecasting company.

It provides databased solutions and advice on political, human rights, economic and environmental risks to organizational resilience and sustainable procurement.

\*2 Caux Round Table is a global network of business leaders aimed at ensuring business contributes to a more free, fair and transparent society. Caux Round Table Japan assists companies to promote their human rights activities.

<Scope of the assessment>

Business activities	Software & IT Services Industry: IT service business (Financial IT Solutions, Industrial IT Solutions, IT Platform Services) Professional Services Industry: Consulting business
Countries and areas	Australia, Brazil, Canada, China, Denmark, Dominican Republic, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Micronesia, Mongolia, Netherland, New Zealand, Norway, Panama, Philippines, Romania, Russia, Singapore, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, USE, UK, USA, Vietnam
Human Rights Indices	Child labour, Decent wages, Decent working time, Discrimination in the workplace, Modern slavery, Occupational health and safety, Right to privacy, Freedom association and collective bargaining, Indigenous Peoples rights, Land property and housing rights

<Identified Human Rights Risks>

- Right to privacy
- It was identified as "extreme risk" in 8 countries/regions and "high risk" in 8 countries/regions as human rights risk related to Software & IT Services Industries.
  - It was identified as "high risk" in 4 countries/regions as human rights risk related to Professional Services Industry. (Major stakeholder groups related: customers, communities)
- Decent wages
- It was identified as "high risk" in 14 countries/regions as human rights risk related to Software & IT Services Industries. (Major stakeholder groups related: Employees, Suppliers' employees)
- Decent working time
- It was identified as "high risk" in 5 countries/regions as human rights risk related to Professional Services Industry. (Major stakeholder groups related: Employees, Suppliers' employees)

## ■ Business and Human Rights - Data

### 2. Human rights impact assessment

In response to the potential risk assessment results, we have begun to grasp the actual situation for NRI and its group companies and business partners in FY2019.

In order to understand the actual situation, various types such as the ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights of the European Commission and the CSR Procurement Self-Assessment Tool Set of the Supply Chain Subcommittee of global Compact Network Japan The survey contents and methods are formulated with reference to the guidelines.

We are also reviewing the survey contents and methods by promoting an understanding of the laws and regulations of each country and region and the internal and external environment.

In the future, we will continue to conduct surveys to understand the actual situation, review human rights themes, and address the risks discovered.

#### <Contents of understanding the actual situation>

- Status of each country/region: Laws applicable in each country/region, human rights issues and topics in each country/region, etc.
- Human rights/labor: Respect for human rights, discrimination, child labor, forced labor, wages, working hours, inhumane behavior, dialogue/consultation with employees, hotline status, worker privacy, etc.
- Safety and health: workplace safety and health, emergency response, occupational accident status, etc.
- Human rights in business: Relationship with contractors, possibility of human rights violations through business (possibility of privacy infringement, etc.)
- Others: Awareness of issues related to business and human rights, opinions on our company, etc.

#### <Identification of human rights themes>

We believe that the NRI Group's priority human rights themes are "Decent Work," "Privacy and Data Security," and "diversity".

The basis is the NRI Group's corporate philosophy, vision, potential human rights risk assessment results, and communication with group companies and business partners.

Looking to the future, we will continue to study and act on ways to respect human rights regarding these human rights themes, not only for the NRI Group but also for the business impact of our business partners and other supply chains.

On the other hand, in the midst of changes in the business and human rights environment, it is envisaged that we will make appropriate reviews based on the results of our understanding of the actual situation of human rights risk, dialogue with stakeholders both inside and outside the company, the environment, stakeholders and rights holders.

#### Decent Work

- Realization of work styles that are healthy and rewarding
- Realization of proper working hours and wages

#### Privacy and Data Security

- Realization of privacy protection that properly handles privacy information and protects personal dignity
- Realization of respect for human rights in line with technological evolution representing AI

#### Diversity

- Realization of an environment in which human resources of diverse backgrounds can play active roles without any discrimination or harassment

Conduct a simple human rights risk assessment

1. Overview

The spread of COVID 19 has impacted corporate business activities and raised new risks of negative impacts on human rights. To correspond this changes, we have conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis.

We utilized the " Humanr Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business" that specialized on the COVID-19 crisis created by the United Nations Development Programme (UNDP).

<Scope of the assessment>

Scope	NRI and domestic group companies
Summary of assessment	<ul style="list-style-type: none"> <li>• Health and safety in the workplace</li> <li>• Worker rights</li> <li>• Impact on the environment and community</li> <li>• Protecting privacy</li> <li>• Preventing prejudice and discrimination</li> <li>• Items for investigation in company policy and management</li> </ul>

The 2020 human rights risk assessment found issues particularly in the following matters.

- Raising awareness of policies that relates to occupational health and safety in COVID-19 crisis among all employees, including those who undertake work on a one-off basis
- Thoroughly inform employees about how to dispose of masks and personal protective equipment
- Consideration for discrimination and prejudice against people who are affected by COVID-19

As a response to discrimination and prejudice against employees who have contracted COVID-19, we provided information on matters that all employees should be aware of and consider regarding those who have contracted COVID-19 on our in-house portal site.

The portal site is accessible by all employees of NRI and 34\* group companies including international subsidiaries. \*As of March 2021

We will take appropriate measures against risks other than the above.

► Engagement on human rights

System for responding to consultations and reports for employees, temporary employees and partner company employees

We publish our human rights initiatives on our website and in our reports.  
 We published the "Human Rights Report" in FY2019, which summarizes our policies and efforts concerning human rights.  
 This report was prepared with reference to the UN Guiding Principles Reporting Framework, which is a comprehensive guideline for reporting on the response of companies to human rights issues.

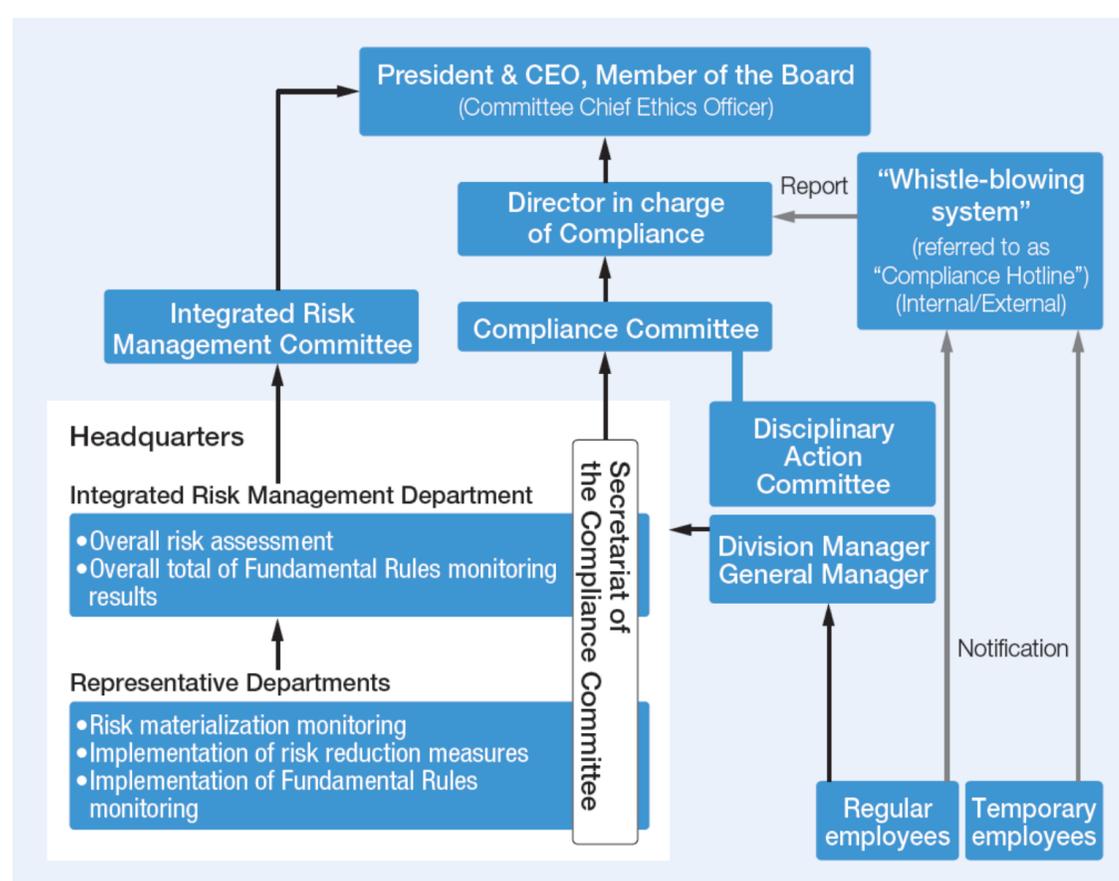
Reference

Human rights report  
[https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back\\_number/human\\_rights\\_report\\_e.pdf](https://www.nri.com/-/media/Corporate/en/Files/PDF/sustainability/library/back_number/human_rights_report_e.pdf)

► Response to consultation and report on human rights

System for responding to consultations and reports for employees, temporary employees and partner company employees

For NRI Group employees, temporary employees, and business partners, in the unlikely event that their own human rights or those of someone else have been compromised, or if they notice there may be the risk of the same, there are both internal and external reporting desks available, the contact details for which can be checked on the intranet at any time.  
 In addition, we strive to keep employees informed by including training when joining the company and in the "NRI Group Rulebook Basic Rules for Executive Officers and General Employees" distributed annually. Furthermore, temporary employees and employees from partner companies who work at NRI Group offices (outside contractors) are provided with an explanation and materials indicating that there is a reporting desk when they first start work.  
 Regarding consultations and reports, we will promptly investigate the facts and respond to them to prevent the recurrence of the situation.



Applicable scope

NRI Group employees, temporary staff, business partners such as outsourcers and suppliers

System for responding to external consultations and reports (suppliers, local communities, other)

	<p>We have not set up a contact point specializing in human rights complaints against the NRI Group. However, the representative telephone numbers and e-mail addresses that accept general inquiries are open to the public, and the relevant departments will respond through the public relations department of each company.</p> <p>From April 2021, we established the harassment hotline for business partners.</p>
Applicable scope	<p>All stakeholders except NRI Group employees, temporary staff, business partners such as outsourcers and suppliers</p>

Freedom of association and the right to collective bargaining

Dialogue with labor union

	<p>NRI has a union shop contract with the Nomura Research Institute Labor Union. Through collective bargaining and social gatherings, NRI frequently discusses various issues with unions, such as the economic benefits of union members, personnel systems, and working environment. The results of the "Employee Attitude Survey" conducted by the labor union every year and the problems revealed during the discussions at the labor union branch meetings and seminars will be reported to the NRI management and will be utilized in the formulation of measures.</p>					
	unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of labor union members*1	no. of person	3,773	3,656	3,579	3,667	3,965
Rate of unionization*2	%	100	100	100	100	100
	Coverage*2	d	d	d	d	d

\*1 As of the beginning of following fiscal year.

\*2 Rate of unionization is the ratio to the target employee. (NRI adopts the union shop system)

Engagement on human rights

Stakeholder dialogue

	<p>Every year NRI holds dialogues with experts and strives to grasp ESG risks including human rights risk related to the business activities of the NRI Group.</p> <p>In FY2020, we held dialogues with the World Benchmarking Alliance (WBA), an international NGO promoting the sustainable development goals (SDGs). During the dialog, we exchanged opinions regarding themes such as corporate assessment from the view of SDGs and the disclosure of activities related to human rights.</p> <p>In this dialogue so far, experts pointed out digital rights, workers' rights, discrimination on gender or nationality, supply chain human rights, and community impacts as the human rights risks to consider especially.</p> <p>NRI plan to identify our specific human rights risks, evaluate and respond to them.</p>
Reference	<p>Stakeholder Dialogues  <a href="https://www.nri.com/en/sustainability/management/dialogue">https://www.nri.com/en/sustainability/management/dialogue</a></p>

## Multi stakeholder engagement

	<p>Since FY2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan.</p> <p>We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies, NGOs and NPOs, and industry and academic experts.</p>
Issues raised	<p>Key human rights issues for the ICT sector (extract)</p> <ul style="list-style-type: none"> <li>• The potential for employees to work long hours and / or unpaid overtime when working on developing information systems</li> <li>• The potential threat from service shutdowns to users' activities and daily lives</li> <li>• The potential for damage to people's privacy from personal data breaches</li> <li>• The potential for damage to people's personal rights from malicious websites and / or information and communications technologies (ICT)</li> <li>• The risk of being unable to resist state demands to hand over personal information</li> <li>• The potential risk in overseas business activities of bribery and corruption involving government officials</li> <li>• Environmentally sensitive usage of energy and water</li> <li>• Exerting a positive influence on improving people's lives by bridging the information divide between communities</li> </ul>
References	<p>2018 Stakeholder Engagement Program in Japan (In Japanese only)  <a href="http://crt-japan.jp/portfolio/she-program/">http://crt-japan.jp/portfolio/she-program/</a></p> <p>2018 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme)  <a href="http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf">http://crt-japan.jp/files2018/SHE/Report%20of%20Stakeholder%20Engagement%20Program%20in%20EN.pdf</a></p>

## ▶ Corporate citizenship policy

## Corporate citizenship policy

As a overall stakeholder representatives, companies must utilize resources such as people, technology and finance to contribute to the development of local as well a larger communitites in society. NRI positions business activities and social contribution activities as comprehensive activities to realize the corporate philosophy of "pioneering the future."  
 And we have established "human resource development", "society development" and "information dissemination" as priority areas for social contribution activities, and we are engaged in various activities utilizing human resources and technology.  
 This policy applies to all companies of NRI Group.

## References

- NRI Student Essay Contest (In Japanese only)  
<https://www.nri.com/jp/news/event/lst/cc/sustainability/contest>
- Career education program (In Japanese only)  
<https://www.nri.com/jp/sustainability/edu>
- Efforts of NRI Group toward reconstruction from the Great East Japan Earthquake (In Japanese only)  
<https://www.nri.com/jp/act311>
- Proposals regarding Coronavirus Infection (COVID-19) measures (Excerpt from the Japanese version)  
<https://www.nri.com/en/keyword/proposal>
- Proposals regarding Coronavirus Infection (COVID-19) measures (the Japanese version)  
<https://www.nri.com/jp/keyword/proposal>

## ▶ Focus areas of corporate citizenship activities

## Focus areas of corporate citizenship activities 1

Human resources development for the next generation

## Relevance to business

Human resource development for the next generation is an activity that can utilize the internal resources of NRI's professional human resources, and at the same time, is an essential activity to realize NRI's corporate philosophy, "Dream up the future".  
 In order to realize the NRI Group's corporate philosophy, "Developing Dreams," we believe that it is important to develop young human resources who will lead the next generation and have a ripple effect on future communities.  
 The NRI Group develops various activities utilizing our know-how in providing a wide range of people such as elementary school students, university students, and international students with a place to think about the future through educational programs, dialogues, and essay contests.  
 In addition, we are working to collaborate with educational institutions, including accepting lectures and lectures by employees at universities and training of teachers at private companies.

## Business benefits

Increase brand power and reputation: By maximizing the strengths of our Personal Development, we will improve our brand power as a think tank, which will lead to high praise from students and recruitment of excellent human resources.  
 We hold a dialogue with students every year as a KPI to measure the evaluation of NRI by students.

## Social benefits

We have set the transition in the number of student program participants as KPIs for evaluating the social effects of human resource development.

The NRI Student Essay Contest has been held since 2006 as one of the major student programs.

This program was started with the aim of giving the younger generation, who will be responsible for the future of society, an opportunity to focus on the future of Japan and the world.

By widely disclosing the proposals won in this contest to the public, a wide range of generations, including young people, are provided with an opportunity to think about the future of Japan and the world.

The number of paper submissions in 2020 was 1,925 (16% decrease from the previous year), and the cumulative number of submissions since 2006 was 19,807.

In addition, another student program, "Career Education Support," which provides students with opportunities for ICT education, reached 41 participants in 2020.

## Focus areas of corporate citizenship activities 2

Social development

## Relevance to business

Supporting economic and social development in emerging and developing countries and reconstruction support for local communities aiming at recovery from natural disasters such as earthquakes are important elements for realizing a sustainable society.

The consulting function, which is one of the NRI Group's powerful resources, supports the development of emerging countries and the reconstruction of the earthquake.

We are also supporting the development of local communities by utilizing the IT solution function, which is another powerful resource.

Furthermore, contributing to the local community through social contribution activities is also an important activity.

## Business benefits

Social contribution activities related to social development lead to consulting and IT solutions businesses related to local community reconstruction support and development support in emerging and developing countries, and generate revenue.

The results of that activity can be measured on an individual project basis.

## Social benefits

One of the results of social development is the donations to victims of natural disasters.

A total of 10,316 NRI Group employees will contribute to the recovery efforts for the Great East Japan Earthquake in March 2011, for a total of 264 million yen, including matching gifts from NRI.

A total of 2,350 NRI Group employees contributed to the 2016 Kumamoto Earthquake recovery efforts, for a cumulative total of 35 million of yen including matching gifts from NRI.

For the victims of the heavy rain disaster in July 2018, 626 group employees donated a total of 5,617 thousand yen.

For the victims of the heavy rain disaster in July 2020, 355 group employees donated a total of 3,050 thousand yen.

## Corporate Citizenship - Data

### Focus areas of corporate citizenship activities 3

	Information communication
Relevance to business	<p>Publication of investigation and research activities outcome is indispensable, for disseminating the social innovation that NRI promotes and receiving recognition widely from the society.</p> <p>Since our foundation, we have undertaken investigation and research activities in diverse fields.</p> <p>We use the results of these activities in our business and continue to disseminate them through regular publications, reports, books, forums and other events.</p>
Business benefits	<p>By continuing to disseminate information through forums and events, NRI's reputation as a think tank will increase, leading to cutting-edge innovation-related projects.</p> <p>The result can be measured by research and development expenses as innovation investment.</p>
Social benefits	<p>As a KPI to evaluate the social effect of information transmission, we have set the transmission transition for each information transmission medium.</p> <p>In FY2020, the information dissemination record was 18 books, 353 newspaper and magazine articles, 666 lectures, 227 television and radio appearances, and 86 news releases.</p>

### Inputs for corporate citizenship activities

Social contribution expense		unit	FY2016	FY2017	FY2018	FY2019	FY2020	Assurance
Total		millions of yen	591	717	841	683	780	
By expense item	Cash contribution	millions of yen	360	272	395	314	343	✓
	In-kind giving	millions of yen	1	0	0	3	0	
	Facility offering	millions of yen	4	4	4	4	0	
	Provision of human resources to management school* <sup>1</sup>	millions of yen	122	126	127	58	71	✓
	R&D expenses* <sup>2</sup>	millions of yen	–	156	152	174	259	
	Others	millions of yen	213	209	162	132	107	
Ratio to ordinary income (Non-consolidated)		%	1.06	1.23	1.08	0.90	1.03	
Coverage			c	c	c	c	c	

\*1 Due to a change in calculation methodology from 2019, there is a discrepancy with the previous year

\*2 Linked to future society and regional development

## ■ Corporate Citizenship - Data

Social contribution expense by category		FY2020
Total	millions of yen	780
Community investments	millions of yen	562
	%	72.0
Charitable donations	millions of yen	15
	%	2.0
Commercial Initiatives	millions of yen	203
	%	26.0
Social contribution expense by type of contribution		FY2020
Total	millions of yen	780
Cash Contributions	millions of yen	343
Time: employee volunteering during paid hours	millions of yen	308
In-kind giving	millions of yen	0
Management costs	millions of yen	128

## Corporate Citizenship - Data

### Impacts of corporate citizenship activities

KPI of corporate citizenship activities			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Human resources development for next generation	No. of entries for NRI Student Essay Contest			3,103	1,767	1,444	2,300	1,925
	Career education support	No. of schools conducted		34	24	31	29	2
		No. of participants	no. of person	1,277	733	850	704	41
Coverage				c	c	c	c	c
Social development	Donation support for disaster-stricken areas	Total	1,000 yen	39,904	13,214	16,577	12,000	16,050
		Great East Japan Earthquake disaster <sup>*1</sup>	1,000 yen	12,010	9,000	8,000	12,000	11,000
		2016 Kumamoto Earthquake	1,000 yen	27,894	4,214	2,960	-	-
		July, 2018 heavy rain disaster	1,000 yen	-	-	5,617	-	-
		July, 2020 heavy rain disaster	1,000 yen	-	-	-	-	5,050
		Coverage		a	a	a	a	a
	TABLE FOR TWO <sup>*2 *3</sup>	number of meals provided locally		16,628	24,041	34,982	31,431	10,576
Coverage				d	d	d	d	d
Transmission of information	No. of books issued			13	15	20	21	18
	No. of articles in newspapers and magazines			273	298	306	290	353
	No. of lectures given			937	962	922	911	666
	No. of appearances on television and radio			102	158	267	155	227
	No. of news releases <sup>*4</sup>			97	104	69	80	86
Coverage				c	c	c	c	c

\*1 Total value of donation from NRI group employees and matching gift by NRI.

\*2 Total value of donation from eating and drinking person and matching gift of same amount by NRI.

\*3 Including the amount of CUP FOR TWO started from FY2017.

\*4 The publication standard for "News Release" has been revised from FY2018.

### Payments Such as to Various Associations

Payments Such as to Various Associations			unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total			1,000 yen	5,400	5,400	5,000	5,000	5,000
	Trade associations/specified public interest promotion cooperations		1,000 yen	5,400	5,400	5,000	5,000	5,000
	Regional organizations/Arbitrary associations		1,000 yen	-	-	-	-	-
	Lobby activities		1,000 yen	-	-	-	-	-
	Others, political contributions		1,000 yen	-	-	-	-	-
Coverage				c	c	c	c	c

(note) Payments to industry associations in FY2020 were to only one such association, listed as "Trade associations / specified public interest promotion corporations".



### Translation

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

## Independent Assurance Report

June 30, 2021

TO:

Mr. Shingo Konomoto  
Chairman and President & CEO  
Nomura Research Institute, Ltd.

Kenji Sawami  
Engagement Partner  
Ernst & Young ShinNihon LLC  
Tokyo, Japan

We, Ernst & Young ShinNihon LLC., have been commissioned by Nomura Research Institute, Ltd. (hereafter the "Company") and has carried out a limited assurance engagement on the environment and society data and indices (hereafter the "Indicators") of the Company and its major subsidiaries and Yokohama Center (Yokohama Nomura Building) for the year ended March 31, 2021 as included in "Disclosure of Sustainability Information" on the Company's ESG Databook 2021 (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol " ✓ " in the Report.

#### 1. The Company's Responsibilities

The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, that it determined with consideration of Japanese environmental regulations as presented in the Data in III. Method of Calculation on Scope of Data Collection and Method of Calculation for Key Sustainability Performance Indicators. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

#### 2. Our Independence and Quality Control

We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board.

#### 3. Our responsibilities

Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000") (Revised), and with respect to GHG emissions, the *International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board.

The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, and the following:

- Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
- Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company, Data Centers (2 centers) and Yokohama Center visited,
- Performing analytical procedures concerning the Indicators at the Company, Data Centers (2 centers) and Yokohama Center visited;
- Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company, Data centers (2 centers) and Yokohama Center visited,

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

#### 4. Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company's own criteria that it determined with consideration of Japanese environmental regulations.

NRI's sustainability information disclosure is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

◆ General Disclosures

102 : General Disclosures		Reference	Page no.
<b>1. Organizational profile</b>			
102-1	Name of the organization	Integrated Report 2021 - Corporate Data / Share Information	<a href="#">p.109</a>
102-2	Activities, brands, products, and services	Integrated Report 2021 - Business model and business direction	<a href="#">p.22</a>
		Integrated Report 2021 - NRI's Four Business Segments	<a href="#">p.92</a>
102-3	Location of headquarters	Integrated Report 2021 - Corporate Data / Share Information	<a href="#">p.109</a>
102-4	Location of operations	Integrated Report 2021 - NRI Group Network	<a href="#">p.108</a>
		NRI official website - NRI Group Companies and offices	<a href="#">(Link)</a>
102-5	Ownership and legal form	Integrated Report 2021 - Corporate Data / Share Information	<a href="#">p.109</a>
102-6	Markets served	Integrated Report 2021 - Competitive Advantages	<a href="#">p.23</a>
		Integrated Report 2021 - NRI's Four Business Segments	<a href="#">p.92</a>
		Integrated Report 2021 - NRI Group Network	<a href="#">p.108</a>
		NRI official website - Solutions & Services	<a href="#">(Link)</a>
		NRI official website - NRI Group Companies and offices	<a href="#">(Link)</a>
102-7	Scale of the organization	ESG Databook 2021 - Labor Practices, Diversity - Employee data	p.89
		Integrated Report 2021 - 10-year Summary Consolidated Financial Statements	<a href="#">p.102</a>
		Integrated Report 2021 - Corporate Data / Share Information	<a href="#">p.109</a>
		Annual Securities Report - 2. Business Status - Management discussion and analysis of the financial situation, management results and cash flow situation. (In Japanese only)	<a href="#">p.19</a>
		Annual Securities Report - 5. Accounting Status - Consolidated Balance Sheet. (In Japanese only)	<a href="#">p.73</a>
102-8	Information on employees and other workers	ESG Databook 2021 - Labor Practices, Diversity - Employee data	p.89
102-9	Supply chain	ESG Databook 2021 - Supply Chain Management - Supply chain situation	p.41
		Integrated Report 2021 -Process of Value Co-Creation	<a href="#">p.20</a>
		Integrated Report 2021 - Cooperation with Business Partners	<a href="#">p.65</a>
102-10	Significant changes to the organization and its supply chain	There is no material changes concerning the supply chain during the reporting period.	
102-11	Precautionary Principle or approach	ESG Databook 2021 - Risk Management - Management Approach	p.24
		ESG Databook 2021 - Risk Management - Data	p.26
		ESG Databook 2021 - Client Relationship Management - Fiduciary duty	p.49
		ESG Databook 2021 - Environmental Management - Management Approach	p.73
		Integrated Report 2021 - Internal Controls, Corporate Ethics, and Compliance	<a href="#">p.88</a>
102-12	External initiatives	ESG Databook 2021 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2021 - Participation in initiatives	<a href="#">p.79</a>
		NRI official website - Participation in Initiatives (In Japanese only)	<a href="#">(Link)</a>

102-13	Membership of associations	ESG Databook 2021 - Sustainability Policy - Participation in the initiatives	p.2
		Integrated Report 2021 - Participation in initiatives	<a href="#">p.79</a>
		NRI official website - Participation in Initiatives (In Japanese only)	<a href="#">(Link)</a>
<b>2. Strategy</b>			
102-14	Statement from senior decision-maker	Integrated Report 2021 - Top Message	<a href="#">p.10</a>
102-15	Key impacts, risks, and opportunities	ESG Databook 2021 - Risk Management - Long-term risk	p.28
		ESG Databook 2021 - Climate Change - Climate-related risks	p.79
		ESG Databook 2021 - Climate Change - Climate-related opportunities	p.80
<b>3. Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	ESG Databook 2021 - Compliance - Compliance policy	p.34
102-17	Mechanisms for advice and concerns about ethics	ESG Databook 2021 - Compliance - Compliance system	p.35
<b>102 : General Disclosures</b>		<b>Reference</b>	<b>Page no.</b>
<b>4. Governance</b>			
102-18	Governance structure	ESG Databook 2021 - Corporate Governance - Corporate governance structure	p.11
		ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-19	Delegating authority	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-21	Consulting stakeholders on economic, environmental, and social topics	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
		ESG Databook 2021 - Client Relationship Management - Client satisfaction	p.49
		Integrated Report 2021 - Active dialogues with Shareholders and Investors	<a href="#">p.67</a>
102-22	Composition of the highest governance body and its committees	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2021 - Corporate Governance - Functions and committees	p.12
102-23	Chair of the highest governance body	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
102-24	Nominating and selecting the highest governance body	ESG Databook 2021 - Corporate Governance - Criteria and process for nomination of Members of the Board and Audit & Supervisory Board Members	p.11
102-25	Conflicts of interest	ESG Databook 2021 - Corporate Governance - Corporate governance policy	p.10
102-26	Role of highest governance body in setting purpose, values, and strategy	ESG Databook 2021 - Sustainability Policy - Sustainability management policy	p.1
		ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
		Integrated Report 2021 - System of the Board of Directors and the Audit & Supervisory Board	<a href="#">p.82</a>

102-27	Collective knowledge of highest governance body	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-28	Evaluating the highest governance body's performance	ESG Databook 2021 - Corporate Governance - Effectiveness of the Board of Directors	p.16
102-29	Identifying and managing economic, environmental, and social impacts	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
		ESG Databook 2021 - Materiality	p.4
102-30	Effectiveness of risk management processes	ESG Databook 2021 - Risk Management - Risk management system	p.26
		ESG Databook 2021 - Risk Management - Risk assessment	p.27
102-31	Review of economic, environmental, and social topics	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-32	Highest governance body's role in sustainability reporting	ESG Databook 2021 - Sustainability Policy - Sustainability management structure	p.2
102-33	Communicating critical concerns	ESG Databook 2021 - Compliance - Compliance system	p.35
102-34	Nature and total number of critical concerns	ESG Databook 2021 - Compliance - Compliance situation	p.36
102-35	Remuneration policies	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-36	Process for determining remuneration	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-37	Stakeholders' involvement in remuneration	–	
102-38	Annual total compensation ratio	ESG Databook 2021 - Corporate Governance - Executive compensation	p.18
102-39	Percentage increase in annual total compensation ratio	–	
<b>5. Stakeholder engagement</b>			
102-40	List of stakeholder groups	ESG Databook 2021 - Stakeholders - Our stakeholders	p.3
102-41	Collective bargaining agreements	ESG Databook 2021 - Business and Human Rights - Freedom of association and the right to collective bargaining	p.127
102-42	Identifying and selecting stakeholders	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
102-43	Approach to stakeholder engagement	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
102-44	Key topics and concerns raised	ESG Databook 2021 - Stakeholders - Stakeholder dialogue	p.3
<b>6. Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Integrated Report 2021 - NRI Group Network	<a href="#">p.108</a>
102-46	Defining report content and topic Boundaries	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-47	List of material topics	ESG Databook 2021 - Materiality	p.4
102-48	Restatements of information	Some of the environmental data are shown as figures for which impacts due to important acquisitions, etc. have been recalculated, and note is attached to the relevant part.	–
		ESG Databook 2021 - Environmental Management - Environmental mass balance	p.77
102-49	Changes in reporting	There are no material changes from the past reporting period regarding reporting items and scope.	–
102-50	Reporting period	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-51	Date of most recent report	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
102-52	Reporting cycle	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6

102-53	Contact point for questions regarding the report	ESG Databook 2021 - Contact information	Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards Content Index	This table
102-55	GRI content index	GRI Standards Content Index	This table
102-56	External assurance	ESG Databook 2021 - Information Disclosure - Scope of reporting / Reporting period / Independent assurance	p.6
		ESG Databook 2021 - Independent Assurance	p.134

◆ Topic-specific Standards 200 : Economic / 300 : Environmental / 400 : Social

200 : Economic		Reference	Page no.
<b>201 : Economic performance</b>			
201-1	Direct economic value generated and distributed	Integrated Report 2021 - Process of Value Co-Creation	<a href="#">p.20</a>
201-2	Financial implications and other risks and opportunities due to climate change	ESG Databook 2021 - Climate Change - Climate-related risks	p.79
		ESG Databook 2021 - Climate Change - Climate-related opportunities	p.80
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report - 5. Accounting Status - Retirement benefits (In Japanese only)	<a href="#">p.109</a>
201-4	Financial assistance received from government	—	
<b>202 : Market presence</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—	
202-2	Proportion of senior management hired from the local community	—	
<b>203 : Indirect economic impacts</b>			
203-1	Infrastructure investments and services supported	NRI official website - Sustainability Topics	<a href="#">(Link)</a>
203-2	Significant indirect economic impacts	NRI official website - Sustainability Topics	<a href="#">(Link)</a>
<b>204 : Procurement practice</b>			
204-1	Proportion of spending on local suppliers	ESG Databook 2021 - Supply Chain Management - Supply chain situation	p.41
<b>205 : Anti-corruption</b>			
103	Management Approach	ESG Databook 2021 - Compliance - Management Approach	p.33
205-1	Operations assessed for risks related to corruption	—	
205-2	Communication and training about anti-corruption policies and procedures	ESG Databook 2021 - Compliance - Anti-corruption	p.37
205-3	Confirmed incidents of corruption and actions taken	ESG Databook 2021 - Compliance - Anti-corruption	p.37
<b>206 : Anti-competitive behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Databook 2021 - Compliance - Fair competition	p.38
300 : Environmental		Reference	Page no.
<b>301 : Materials</b>			
301-1	Materials used by weight or volume	ESG Databook 2021 - Resource Use, Waste - Paper resources	p.83
301-2	Recycled input materials used	—	
301-3	Reclaimed products and their packaging materials	—	
<b>302 : Energy</b>			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73

302-1	Energy consumption within the organization	ESG Databook 2021 - Energy Consumption - Energy consumption amount	p.82
302-2	Energy consumption outside of the organization	–	
302-3	Energy intensity	–	
302-4	Reduction of energy consumption	ESG Databook 2021 - Energy Consumption - Energy consumption amount	p.82
302-5	Reductions in energy requirements of products and services	ESG Databook 2021 - Climate Change - Action to mitigate climate change	p.80
<b>303 : Water</b>			
303-1	Water withdrawal by source	ESG Databook 2021 - Resource Use, Waste - Water resources	p.83
303-2	Water sources significantly affected by withdrawal of water	Not applicable	
303-3	Water recycled and reused	Not applicable	
<b>304 : Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
<b>305 : Emissions</b>			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73
305-1	Direct (Scope 1) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-2	Energy indirect (Scope 2) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-3	Other indirect (Scope 3) GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-4	GHG emissions intensity	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-5	Reduction of GHG emissions	ESG Databook 2021 - Greenhouse Gas Emission - Greenhouse gas emissions	p.81
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable	
<b>300 : Environmental</b>		Reference	Page no.
<b>306 : Effluents and waste</b>			
306-1	Water discharge by quality and destination	Not applicable	
306-2	Waste by type and disposal method	ESG Databook 2021 - Resource Use, Waste - Waste	p.83
306-3	Significant spills	ESG Databook 2021 - Environmental Management - Environmental management system	p.75
306-4	Transport of hazardous waste	Not applicable	
306-5	Water bodies affected by water discharges and/or runoff	Not applicable	
<b>307 : Environmental compliance</b>			
103	Management Approach	ESG Databook 2021 - Environmental Management - Management Approach	p.73

307-1	Non-compliance with environmental laws and regulations	ESG Databook 2021 - Environmental Management - Environmental management system	p.75
<b>308 : Supplire environmental assessment</b>			
103	Management Approach	ESG Databook 2021 - Supply Chain Management - Management Approach	p.40
308-1	New suppliers that were screened using environmental criteria	ESG Databook 2021 - Supply Chain Management - Supplier screening criteria	p.44
308-2	Negative environmental impacts in the supply chain and actions taken	–	
<b>400 : Social</b>		Reference	Page no.
<b>401 : Employment</b>			
103	Management Approach	ESG Databook 2021 - Labor Practice, Diversity - Management Approach	p.86
401-1	New employee hires and employee turnover	ESG Databook 2021 - Labor Practice, Diversity - Hire and turnover	p.94
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	
401-3	Parental leave	ESG Databook 2021 - Labor Practice, Diversity - Work-life balance	p.97
<b>402 : Labor/Management relations</b>			
402-1	Minimum notice periods regarding operational changes	–	
<b>403 : Occupational health and safety</b>			
103	Management Approach	ESG Databook 2021 - Occupational Health and Safety - Management Approach	p.100
403-1	Workers representation in formal joint management–worker health and safety committees	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
403-3	Workers with high incidence or high risk of diseases related to their occupation	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
403-4	Health and safety topics covered in formal agreements with trade unions	ESG Databook 2021 - Occupational Health and Safety - Occupational health and safety	p.102
<b>404 : Training and education</b>			
103	Management Approach	ESG Databook 2021 - Human Resources Development - Management Approach	p.106
404-1	Average hours of training per year per employee	ESG Databook 2021 - Human Resources Development - Inputs for human resources development	p.118
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Databook 2021 - Human Resources Development - Human resources development program	p.111
404-3	Percentage of employees receiving regular performance and career development reviews	–	
<b>405 : Diversity and equal opportunity</b>			
103	Management Approach	ESG Databook 2021 - Labor Practice, Diversity - Management Approach	p.86
405-1	Diversity of governance bodies and employees	ESG Databook 2021 - Corporate Governance - Members of the Board	p.10
		ESG Databook 2021 - Labor Practice, Diversity - Employee data	p.89
405-2	Ratio of basic salary and remuneration of women to men	–	

<b>406 : Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	–	
<b>407 : Freedom of association and collective bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	
<b>408 : Child labor</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	–	
<b>409 : Forced or compulsory labor</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	
<b>410 : Security practices</b>			
410-1	Security personnel trained in human rights policies or procedures	–	
<b>411 : Rights of indigenous peoples</b>			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable	
<b>400 : Social</b>		Reference	Page no.
<b>412 : Human rights assessment</b>			
103	Management Approach	ESG Databook 2021 - Business and Human Rights - Management Approach	p.120
		Human Rights Report - Our process for Respecting Human Rights	<a href="#">p.4</a>
412-1	Operations that have been subject to human rights reviews or impact assessments	ESG Databook 2021 - Business and Human Rights - Human rights due diligence	p.122
412-2	Employee training on human rights policies or procedures	ESG Databook 2021 - Business and Human Rights - Business and human rights management	p.121
		Human Rights Report - Education/dissemination	<a href="#">p.7</a>
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	
<b>413 : Local communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	–	
413-2	Operations with significant actual and potential negative impacts on local communities	–	
<b>414 : Supplier social assessment</b>			
414-1	New suppliers that were screened using social criteria	ESG Databook 2021 - Supply Chain Management - Supplier screening criteria	p.44
414-2	Negative social impacts in the supply chain and actions taken	ESG Databook 2021 - Supply Chain Management - Supply chain risk assessment	p.42
		ESG Databook 2021 - Supply Chain Management - Information security of supply chain	p.44
<b>415 : Public policy</b>			
415-1	Political contributions	ESG Databook 2021 - Compliance - Political contribution	p.37

<b>416 : Customer health and safety</b>			
103	Management Approach	ESG Databook 2021 - Quality of Information Systems - Management Approach	p.55
		ESG Databook 2021 - Information Security - Management Approach	p.64
416-1	Assessment of the health and safety impacts of product and service categories	ESG Databook 2021 - Quality of Information Systems - Initiatives for improving the quality of information systems	p.56
		ESG Databook 2021 - Information Security - Information security management	p.65
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Databook 2021 - Information Security - Management Approach	p.64
<b>417 : Marketing and labeling</b>			
417-1	Requirements for product and service information and labeling	Not applicable	
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable	
417-3	Incidents of non-compliance concerning marketing communications	Not applicable	
<b>418 : Customer privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Databook 2021 - Information Security - Risks related to protection of personal information	p.72
<b>419 : Socioeconomic compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	ESG Databook 2021 - Compliance - Compliance situation	p.36



**Organizations covered by this report**

Regarding disclosure of financial and non- financial information, in principle, it covers the NRI Group (Nomura Research Institute, Ltd. and its consolidated subsidiary).

There are some non- financial information that covers a specific range, but in that case, the target scope is clearly stated separately.

**Period covered by this report**

This report primarily covers fiscal 2020 (April 1, 2020 through to March 31, 2021), but also describes some events from the past, some activities after April 1, 2021, and certain plans for future activities.

**Guidelines referenced**

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- Environmental Reporting Guidelines (2018 version) of the Ministry of the Environment of Japan
- Guiding Principles for Business and Human Rights of the United Nations “Protect, Respect and Remedy” Framework
- The Corporate Human Rights Benchmark

**Web version publication date**

June 2021 (the next report is scheduled for publication in June 2022).

**Trademarks**

All proper names, including names of companies and products, found in the web version of the Report are trademarks or registered trademarks of the respective companies.

**Disclaimer**

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of June 2021, the date of publication of the ESG Databook 2021 in Japanese. Changes in assumed conditions may accordingly mean that future outcomes and events for our business activities differ from these plans and forecasts.

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**NRI**

