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# ESG Briefing

## Our Corporate Philosophy “Dream Up the Future” and Sustainability Management

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*Share the Next Values!*

# NRI Group Sustainability Management and Future Vision

Sustained growth of the NRI Group

Realize a Sustainable Future

Corporate philosophy “Dream Up the Future”

## NRI Group Sustainability Management

*Share the Next Values!*

### 【Vision 2022 Numerical Targets】

Consolidated operating profit (JPY billion)	100
Consolidated operating profit margin	14% or higher
Overseas sales (JPY billion)	100
ROE	14%

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



### Key issues for sustainable growth

Creation of a future low environmental impact society

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

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

Provision of NRI quality to support safe and secure information society

\* CSV: Creating Shared Value

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2. Future social issues the NRI Group is targeting

3. Solving social issues through value co-creation

4. Toward future growth

## 1. NRI Group corporate philosophy and growth up to now

The corporate philosophy of the NRI Group is “Dream Up the Future” and “Co-creation” with clients

### NRI Group Corporate Philosophy

#### Corporate statement

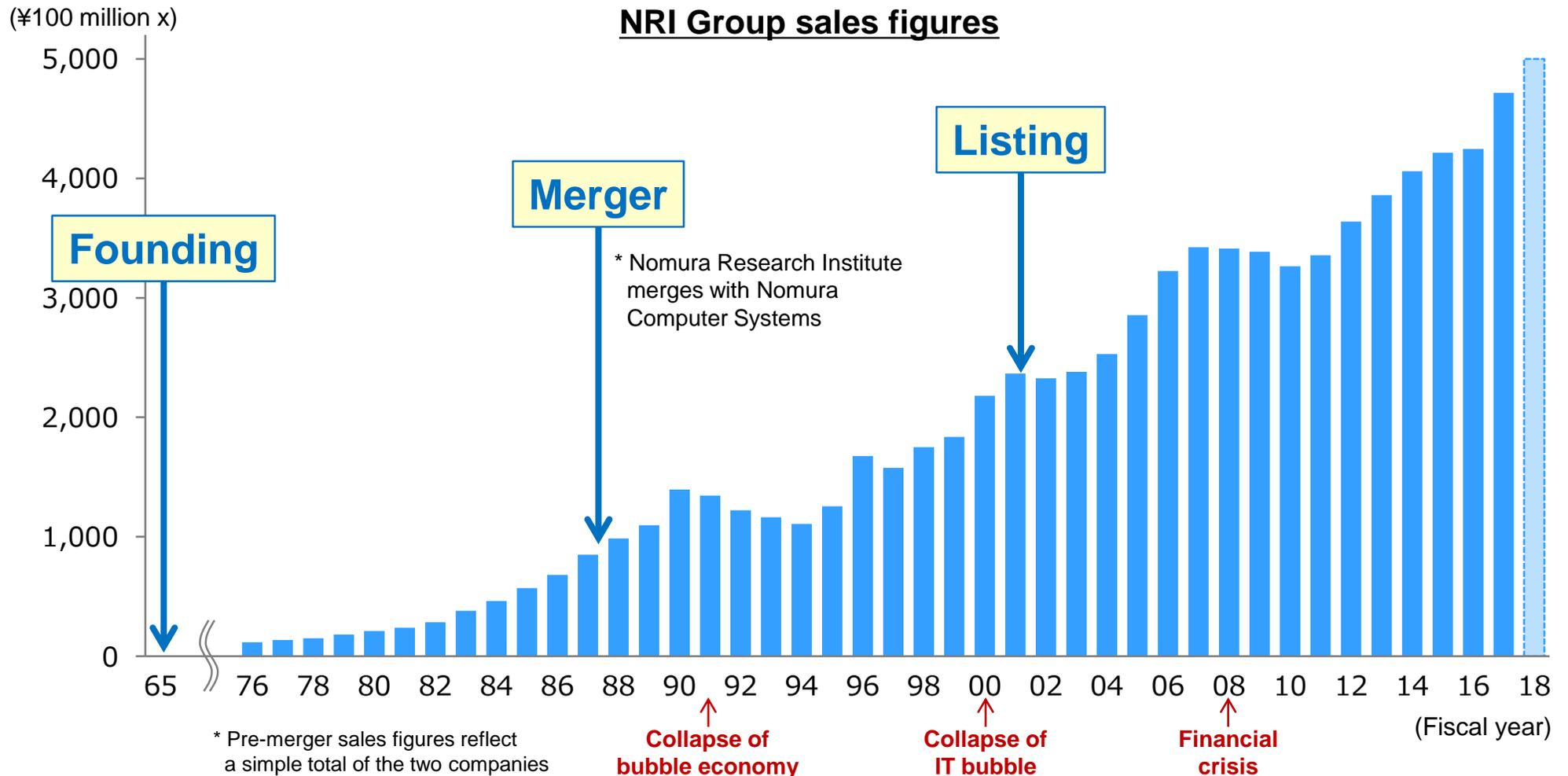
未来創発  
Dream up the future.

Mission	<b>To society:</b> Discerning new social paradigms and assuming the role of implementing such paradigms. <b>To clients:</b> Building customer trust and prospering together with customers.
Business domain	Company creating future society
Management goals	Pursuing the maximization of corporate value through "Navigation & Solution"
Action guidelines	Continuing never-ending challenges with pride of true professionals

# 1. NRI Group corporate philosophy and growth up to now

## With this philosophy, the NRI Group has achieved sustained growth

- In the 50-plus years since our founding we have achieved sustained, stable growth without being severely affected by economic booms and busts over the years



## 1. NRI Group corporate philosophy and growth up to now

# Founding (1965)... Founded as Japan's first private-sector think tank



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

### From the founding prospectus

- Aim**
- To be a new type of research institute that **had never existed in Japan before**
  - To **promote industry and be of service to society** through research studies

### Management policy

- **Contribute to the advancement of society at large** by conducting fair research studies
- Conduct **multidisciplinary, comprehensive research** in both technology and economics
- **Be financially sound**, to facilitate the growth and development of the institute

**There has never been an era in which the business world has needed international perspective, scientific analysis of economic trends, and deep understanding of technological research more than it does now, and in that order.**

- Rather than be a public service corporation, we purposely chose to be a business corporation

Precedence was given to the idea that the **economic rationality and rigorosity of a business corporation** should be chosen over the static nature of a public service corporation in order to turn the **concept of an ambitious research institute** into a reality

## 1. NRI Group corporate philosophy and growth up to now

# Merger (1988)...Foreseeing what an information services company should be, and achieving it

- Nomura Research Institute and Nomura Computer Systems merged to create a systems integrator with a consulting function, which is now considered the norm



### Remarks from Chairman (at the time) of Nomura Securities Setsuya Tabuchi

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

(at the post-signing ceremony press conference)

- This merger will be one plus one equals ten, not two
- The future of Japanese politics and economics requires a **world-class integrated research institute**
- **The company that Japan needs most in order to survive in the world** was just born today

(congratulatory remarks at the ceremony to commemorate the launch of the new NRI)

## 1. NRI Group corporate philosophy and growth up to now

# Listing (2001)... Aspiring to even greater sustainable growth

- Defined a **corporate philosophy** suitable for a listed company

“**Dream up the future**” ahead of initial listing in March 2000

- After two delays due to effects from the collapse of the IT bubble and the series of terrorist incidents in the US at the time, **NRI was listed on the first section of the Tokyo Stock Exchange in December 2001**
- The company took this opportunity to revise its goals, seeking to engineer a recovery for the stagnant Japanese economy, and to expand the NRI Group



## Remarks from President & CEO (at the time) Shozo Hashimoto

- Being listed means we are **self-sufficient and autonomous**
- Self-sufficiency means we are **prepared to do things on our own** without hiding behind others
- Autonomy means **abiding by the rules of society, and taking responsibility for self-discipline**

## 1. NRI Group corporate philosophy and growth up to now

# Expressing a commitment to new challenges, with the philosophy of “co-creating value with clients”

- Long-term management vision statement “Vision 2022” was announced in 2016. The statement reflects the determination of NRI to continue challenging ourselves to deliver new value



## Share

The diverse variety of personnel within the NRI Group joins together to pool their collective effort, and share the achievements and joy of contributing to a vibrant **future society together with our clients.**

## Next

With the mentality of **being ahead of the times** we pioneer globally, digitally, and into **the realm of the future**, to create new business models for the next generation.

## Values

We refine our strengths and **create value** by providing various types of services **to clients and to society**, giving birth to new future-minded business models.

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1. NRI Group corporate philosophy and growth up to now

2. Future social issues the NRI Group is targeting

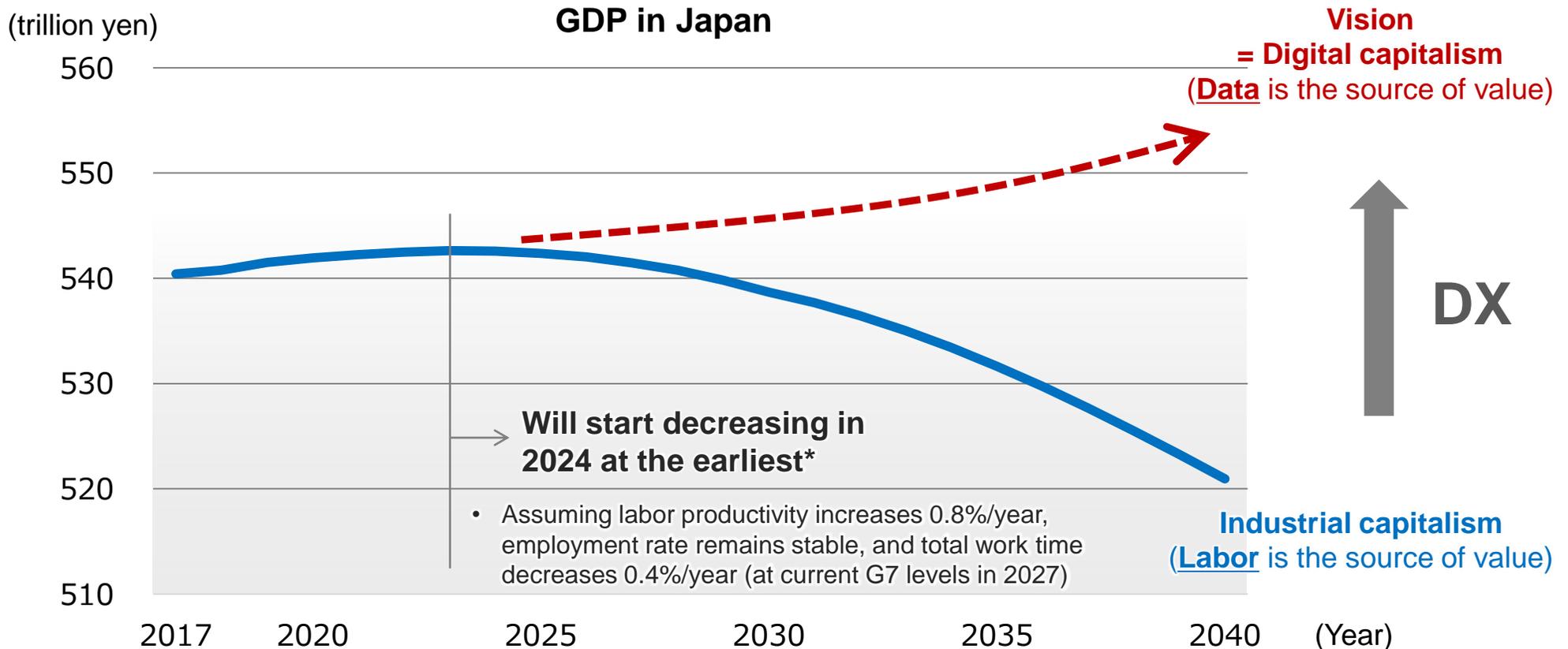
3. Solving social issues through value co-creation

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## 2. Future social issues the NRI Group is targeting

# The structural shift of the economy and society to digital capitalism is a key challenge for Japan

- Japan can expect no future economic growth with **industrial capitalism** in which **labor** is the source of value
- Since no increases in labor are expected in Japan, the structural shift (**DX**: Digital Transformation) to **digital capitalism** which links **data** to value is more important to Japan than to other countries



## 2. Future social issues the NRI Group is targeting

# Contributions to transform countries and companies that could achieve growth through digital capitalism

### Challenges for Japan

#### Structural shift to digital capitalism

- Improve the value chains in domestic industry
- Digitally eliminate shortages of personnel
- Use social resources efficiently, reducing loss
- Apply digital to facilitate regional revitalization
- Digitally address the aging of social infrastructure
- Protect against cyberattacks



### Business challenges for companies

#### (1) Business model transformation

Create new business that helps consumers **live prosperously** and boosts the **competitiveness of Japanese industry** through **innovations** that utilize digital data and new technologies

#### (2) Business process transformation

Build **ecosystems** that make optimal, effective use of important company resources (people, things, money, intellectual property) through the **optimal matching** of digital data

#### (3) IT infrastructure transformation

Establish **secure infrastructure** as a foundation for the use of digital data by enhancing information systems security assuming the use of **5G** and **IoT**

### Creating social value

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Co-create a thriving future society by driving new value.

...

Co-create an ideal society by effectively utilizing its resources

...

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

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### 3. Solving social issues through value co-creation

## Co-creating three social values to help create a sustainable future society

Three NRI-style social values	Examples of NRI Group activities	Contributions to achieving SDGs*
<p><b>Co-create a thriving future society</b> by driving new value</p>	<ul style="list-style-type: none"> <li>• <b>Business Model Transformation</b> <ul style="list-style-type: none"> <li>- DX consulting &amp; analytics</li> <li>- D2C, DX for financial services</li> <li>- Cross-sector cooperation, new market entry support</li> </ul> </li> <li>• <b>Policy proposals for society &amp; systems</b>, information &amp; knowledge sharing to promote global discussion &amp; action in all sectors.</li> </ul>	<p><b>Economic development that inspires feelings of fulfillment</b></p> 
<p><b>Co-create an ideal society</b> by effectively utilizing its resources</p>	<ul style="list-style-type: none"> <li>• <b>Business Process Transformation</b> <ul style="list-style-type: none"> <li>- Strategy/Operations/System Consulting</li> </ul> </li> <li>• <b>Resource Optimization with ASP</b> <ul style="list-style-type: none"> <li>- “STAR”, “BESTWAY” and other proprietary business platform solutions</li> </ul> </li> </ul>	<p><b>Sustainable production and consumption</b></p> 
<p><b>Co-create a safe and secure society</b> by advancing its infrastructure</p>	<ul style="list-style-type: none"> <li>• <b>IT Infrastructure Transformation</b> <ul style="list-style-type: none"> <li>- Cybersecurity business</li> <li>- Cloud &amp; Data Center managed services</li> </ul> </li> <li>• <b>Stable service operation</b></li> <li>• <b>Disaster Prevention &amp; Reduction Policy &amp; Disaster Recovery Support</b></li> </ul>	<p><b>Strong, flexible infrastructure to support social development</b></p> 

\* SDGs: Universal goals for all countries defined by the United Nations for the years 2016 through 2030 to solve problems that the world is facing

# (1) Co-create a thriving future society by driving new value.

- Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.

## Value co-creation in main business (1) Digital transformation (DX) strategy

<b>Business Model Transformation (DX 2.0)</b>	<ul style="list-style-type: none"> <li>• Build ecosystems</li> <li>• Establish services in specific fields</li> </ul>
<b>Process Transformation (DX 1.0)</b>	<ul style="list-style-type: none"> <li>• Digitalize front office operations</li> <li>• Digitalize back office operations</li> <li>• <b>Infrastructure Transformation</b></li> </ul>

- The increasing needs for clients to digitalize their business processes are becoming more and more apparent
- NRI becomes a client's **DX partner**, and vigorously supports both their **DX 1.0** and **DX 2.0**
- We work actively on joint ventures with clients, and co-create **business that makes life fulfilling** for consumers

### Contributing to SDGs



**Economic development that inspires feelings of fulfillment**

## Achieving value co-creation with clients

### Examples of DX 2.0 value co-creation with clients

#### TECHNIUM (Est. Jan 2018)



- Joint venture with **DMG Mori Seiki**
- Offers centralized management of a variety of information pertaining to production equipment, human resources, and processing expertise, and more, while helping to **improve productivity in manufacturing**

#### IoT Skin Care System Optune, Beta Version (currently supporting)



- A new service (beta version) offered by **Shiseido Japan**
- Senses the status of skin, the outside environment, temperature, and humidity, to provide **personalized** skin care service

#### NDIAS (“en-dee-ahs”) (Est. Dec 2018)



- Joint venture between **Denso** and NRI Secure
- Offers security diagnostics and consulting for in-car electronics products, supporting the **digitalization of the automotive industry**

#### JAL Digital Experience (Est. Feb 2019)



- Joint venture with **JAL**
- Offers personalized recommendations for **grand experiences** and lifestyles at travel destinations or in everyday life, and creates new services

### 3. Solving social issues through value co-creation

## (2) Co-create an ideal society by effectively utilizing its resources.

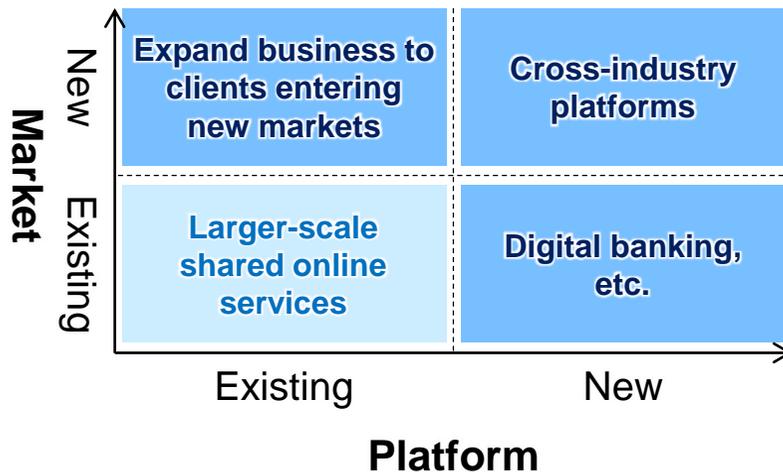
Co-create a thriving future society

Co-create an ideal society

Co-create a safe and secure society

- Strive to build a more livable society for all people by efficiently utilizing society's main resources of manpower, goods, capital and intellectual property to develop dynamic, strong industry.

### Value co-creation in main business (2) Finance business platform strategy



- Continue to provide **shared online services** for non-competitive type business operations such as STAR\* and BESTWAY\*
- Support the financial services of Japan, lead the way **"from ownership to usage"** and create CO2 reduction effects through shared online business
- In the future, also create business platforms that can **effectively utilize the social resources of companies without any waste** across different industries

\*STAR: Integrated back office systems for retail securities brokerage firms  
BESTWAY: Management system for mutual fund sales desks at banks

### Contributing to SDGs



## Sustainable production and consumption

### 3. Solving social issues through value co-creation

## (3) Co-create a safe and secure society by advancing its infrastructure.

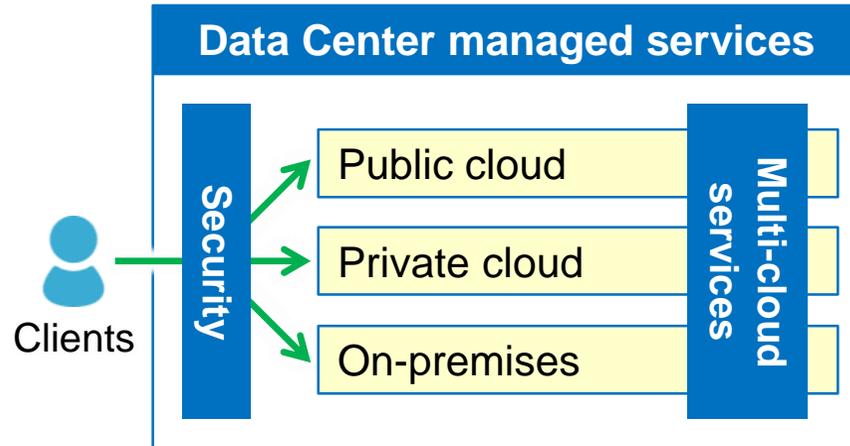
Co-create a thriving future society

Co-create an ideal society

Co-create a safe and secure society

- Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.

### Value co-creation in main business (3) Cloud strategy



- Demand is increasing for the optimization of entire systems as system platforms such as on-premises and multi-cloud become more complex
- NRI centralizes and optimizes the cloud environments of clients while providing advanced **information security** services
- Co-create **safe, secure social infrastructure** which is suitable for the cloud-native era, and can be a platform for all types of business

### Contributing to SDGs



## Strong, flexible infrastructure to support social development

### 3. Solving social issues through value co-creation

# Co-create a safe and secure society together with national and local government agencies

Co-create a thriving future society

Co-create an ideal society

Co-create a safe and secure society

- Efforts to support policy implementation, assist reconstruction in disaster-stricken areas, and more through NRI consulting

## Promoting national and local government policy-related topics

### Main topics

- Conserving energy, the environment, recycling
- Disaster prevention, risk management
- Tourism, MICE
- Logistics, distribution
- Regional revitalization, urban renewal
- Electricity, water and sewers, roads
- Medical, caregiving, social security

## Policy-related assistance for local government agencies stricken by disasters such as earthquakes

### Main reconstruction aid

- Great East Japan Earthquake (2011): Handling Ministry of the Environment Fukushima Prefecture reconstruction projects that are still ongoing
- Kumamoto Earthquake (2016): Built a close-knit network with the prefecture and towns, and currently assisting in the formulation and execution of reconstruction plans



Simulation of anticipated damage from an earthquake directly under the capital city (Cabinet Office, pertaining to Tokyo)



Presenting creative reconstruction proposals to the Kumamoto prefectural government

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## 4. Toward future growth

# The NRI Group co-creates three social values through Con-Solutions

- **Con-Solution:** A model in which **consulting** and **solutions** run parallel with clients from the planning and conceptual stages, creating business while repeatedly verifying assumptions

NRI Group's 3 Social Values	Strategic goals of the NRI Group	Examples of KPIs
<p><b>Co-create a thriving future society</b> by driving new value.</p>	<ul style="list-style-type: none"> <li>• <b>Contribute to future society via social recommendations, system proposals, etc.</b></li> <li>• <b>Create and expand new business models and enterprises via DX</b></li> </ul>	<ul style="list-style-type: none"> <li>• Number of <b>social recommendations and system proposals</b> communicated</li> <li>• Size of contribution to <b>DX</b> (DX-related sales, etc.)</li> <li>• Number of <b>business models</b> created with clients (number of joint ventures, collaborative projects, etc.)</li> </ul>
<p><b>Co-create an ideal society</b> by effectively utilizing its resources.</p>	<ul style="list-style-type: none"> <li>• <b>Build optimal value chains via operational and business model reforms</b></li> <li>• <b>Deliver optimal financial services with business platforms</b></li> </ul>	<ul style="list-style-type: none"> <li>• Size of contribution to <b>ideal society</b> (operational reform and loss reduction consulting, etc.)</li> <li>• Scale of <b>business platform</b> services (ASP sales, etc.)</li> <li>• Amount of societal <b>CO2</b> reduction attributable to business platforms</li> <li>• Size of contribution <b>to safe and secure society</b> (public infrastructure and government service support consulting, etc.)</li> </ul>
<p><b>Co-create a safe and secure society</b> by advancing its infrastructure.</p>	<ul style="list-style-type: none"> <li>• <b>Recommend arrangements for shared services that are resistant to accidents and disasters, and support people's lives</b></li> <li>• <b>Deliver advanced IT infrastructure that is high-quality and secure</b></li> </ul>	<ul style="list-style-type: none"> <li>• Size of contribution to <b>making IT infrastructure more advanced</b> (Sales in managed services, etc.)</li> <li>• Size of contribution to <b>information security</b> (Security-related sales, number of nodes being monitored, etc.)</li> </ul>

#### 4. Toward future growth

# NRI itself will attain sustained growth by helping to create a sustainable future society

Sustained growth of the NRI Group

Realize a Sustainable Future

Corporate philosophy “Dream Up the Future”

## NRI Group Sustainability Management

*Share the Next Values!*

### 【Vision 2022 Numerical Targets】

Consolidated operating profit (JPY billion)	100
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Solving social issues through value co-creation (CSV\*)

**Value co-creation through business**

by driving new value.

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

Co-create a safe and secure society  
by advancing

**Shingo  
Konomoto**



**Key issues for sustainable growth**

**Environmental and social activities**

low environmental impact society

**Governance**

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

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

**Yokoyama**

Provision of NRI quality to support safe and secure information society

**Usumi**

\* CSV: Creating Shared Value

**NRI**

未来創発

**Dream up the future.**