

ESG Briefing

Corporate Philosophy (Dream up the future) and Sustainability Management

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Solving social issues through value co-creation

2

Efforts in FY2019

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

NRI Group Corporate Philosophy

Corporate statement

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Dream up the future.

Mission	To society: Discerning new social paradigms and assuming the role of implementing such paradigms. To clients: 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

NRI Group Sustainability Management and Future Vision

Sustained growth of the NRI Group

Realize a Sustainable Future

Corporate philosophy "Dream Up the Future"

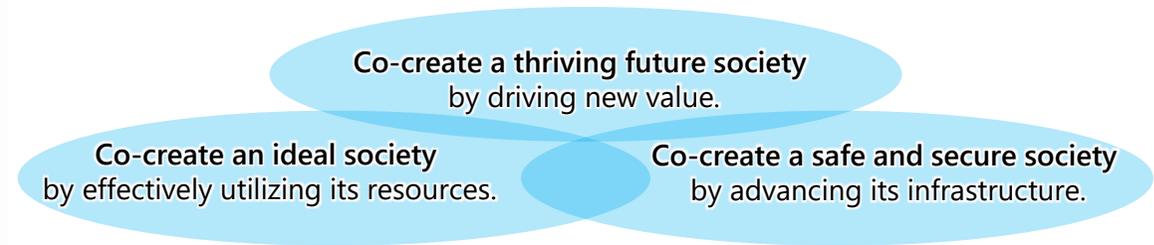
NRI Group Sustainability Management



【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

Continuing to be an “indispensable existence” by co-creating 3 social values

NRI Group’s 3 Social Values

Key NRI Group Initiatives



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

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

- **Business Model Transformation**
 - DX consulting & analytics
 - D2C, DX for financial services
 - Cross-sector cooperation, new market entry support
- **Policy proposals for society & systems**, information & knowledge sharing to promote global discussion & action in all sectors



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

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

- **Business Process Transformation**
 - Strategy/Operations/System Consulting
- **Resource Optimization with ASP**
 - “STAR”, “BESTWAY” and other proprietary business platform solutions



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

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

- **IT Infrastructure Transformation**
 - Cybersecurity business
 - Cloud & Data Center managed services
- **Stable Service Operation**
- **Disaster Prevention & Reduction Policy & Disaster Recovery Support**, etc.

1

Solving social issues through value co-creation

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Efforts in FY2019

Questions from ESG information session last year

Q. How does this link to non-financial KPIs and personnel assessment systems?

A. We will look into this matter.

Q. What weight is given to sustainability in directors' compensations?

A. We will look into examples set by progressive companies.

Q. What initiatives/measures are being implemented regarding human resource cultivation?

A. We will look into whether we can add ESG activities to assessments.

Q. You say you approve of TCFD, but what action are you taking regarding the environment?

A. We hold meetings on issues that society is predicted to face, where we conduct debate

Q. How far will you check the business/financial impact in TCFD?

A. We will improve the information disclosed at our annual ESG information session

Relationship with this report

Evaluate executive efforts for value co-creation
at the division level, and add it to their bonuses

Report and monitor the status of efforts for value co-creation at Board of Directors meetings

Promote activities for building awareness on value co-creation to our employees **Renew internal award system**

Establish the **"NRI Dream Up the Future Fund"** to promote CSV

We disclose the financial impact of TCFD scenario analysis in the data center business

Incorporate information related to data center disaster prevention in the information disclosed for TCFD

Main efforts in FY2019

Report [the status of efforts for value co-creation](#) at Board of Directors meetings in both qualitative and quantitative (KPI) terms (from October 2019).
Promote continuous monitoring over the entire company.

▶ P.8

[Add value co-creation \(CSV\) to the evaluation axes for each division](#)

To evaluate executive efforts for value co-creation at the division level, and add it to their bonuses in FY2020

Renew the ["The NRI Dream up the Future Awards" internal award system](#) to highly esteem efforts for value co-creation

▶ P.9

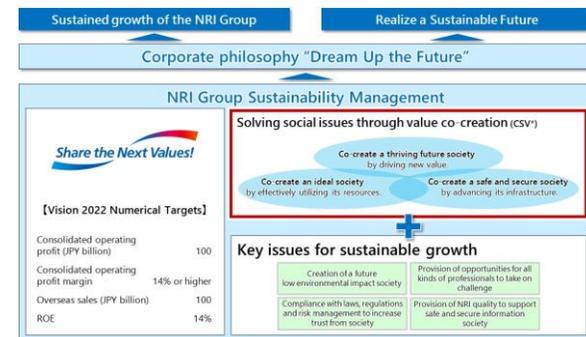
Establish the ["NRI Dream up the Future Fund" to promote CSV activities at the NRI Group.](#)
Start operating a system for promoting further CSV activities with a long-term perspective from FY2020

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Monitoring the status of efforts for co-creation



In the Medium-Term Management Plan (2019-22), include an overview of the **sustainability management** at the NRI Group and advocate **three types of social value**



Entire company: Clearly indicate the promotion of value co-creation via business together with an action policy (from 2019)

By segment: Define strategic targets, measures, and KPIs associated with three types of social value (from 2019)

By division: Incorporate monitoring in the growth strategies of each business according to the action policy of each segment (from 2020)

Adopt a balanced score card (BSC) management method to **perform monitoring in both qualitative and quantitative (KPI) terms** of social value in addition to performance and business activities

Example monitoring

(Apr. to Dec. 2019)

	Result	KPI
<p>Co-creating a dynamic future society</p>	<ul style="list-style-type: none"> Promoted DX at client companies Started service for JAL Digital Experience Transmitted the results of research such as the new "GDP+i" economic index 	<ul style="list-style-type: none"> DX related sales of 227.5 billion yen 101 articles in the 5 major newspapers
<p>Co-create an ideal society</p>	<ul style="list-style-type: none"> Started adopting STAR at Mizuho Securities Provision of multi-cloud service expanded 	<ul style="list-style-type: none"> Business platform sales of 78.1 billion yen Reduced CO2 emissions by 60,697 tons via joint use of data center
<p>Co-creation of a safe and secure society</p>	<ul style="list-style-type: none"> Continued supporting reconstruction in Fukushima Prefecture Awarded by ISO certification body for safe data center operation 	<ul style="list-style-type: none"> Invested 2.9 billion yen in security and safety

Internal award system to highly esteem efforts for value co-creation

"The NRI Dream up the Future Awards" internal award system

- Awarding initiatives that contribute to the sustainable growth of the NRI Group via co-creation with customers and the resolution of social issues, etc.

The NRI Dream up the Future Awards

Co-Creation Category

Special Recognition

Awarded themes in FY2019



Future society



Optimal society



Safe and secure society

- **Co-creation of experience-based services utilizing AI and data analytics**



"CLASS EXPLORER" development team (NRI digital, Ltd. Service & Industrial Solution Division)

- **Building a highly functional data center as social infrastructure with stable operation**

Data center establishment team for manufacturing company A (Data Center Service Division)



- **"Digital, Creating the Near Future" digitalization proposal at the Dream Up the Future Forum**



Dream Up the Future Forum Content Production Team (Dream Up the Future Center, Consulting Division)

Establish the "NRI Dream up the Future Fund" to support long-term CSV activities at the NRI Group.

NRI Dream Up the Future Fund starting operation from FY2020

- CSV activities continued by the NRI Group up until now (totaling 690 million yen in FY2018) will also be positioned as part of this framework, and we will further promote **long-term efforts** for three types of social value

Category	Overview	Example activity	Estimate for initial FY
Future society creation	Discerning the ideal state of future society and transmitting information to achieve its realization	<ul style="list-style-type: none"> • Transmitting information for future society 	100 to 200 million yen
Regional development	Creating diverse value via regional revitalization and contributing to the development of Japanese industry	<ul style="list-style-type: none"> • Regional development (regional DX assistance) • Assisting reconstruction in disaster-affected areas 	100 to 200 million yen
Human resource creation	Cultivating human resources for future society and contributing to the resolution of social problems	<ul style="list-style-type: none"> • Career education program for students • Cultivating managers and digital human resources 	500 to 600 million yen

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!

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Activities of the Social Value Creation Committee at the NRI Group

by Akira Matsumoto & Ayumi Fukasawa



Key issues for sustainable growth

ESG activities at the NRI Group

by Kenji Yokoyama & Noriko Sato

* CSV: Creating Shared Value

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Share the Next Values!