

ESG Briefing

Corporate Philosophy (Dream up the future) and Sustainability Management

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Feb. 25, 2021



1

Solving social issues through value co-creation

2

Efforts in FY2020

3

Building Sustainable Futures

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	<p>To society: Discerning new social paradigms and assuming the role of implementing such paradigms.</p> <p>To clients: Building customer trust and prospering together with customers.</p>
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

Building Sustainable Futures

Corporate Philosophy "Dream Up the Future"

NRI Group Sustainability Management (Medium-Term Management Plan 2019 to 2022)



Share the Next Values!

[Vision 2022 Numerical Targets]

Consolidated operating profit (JPY billion)	100
Consolidated operating profit margin	14% or more
Overseas sales (JPY billion)	100
ROE	14% ^{*1}

^{*1} Continuously aiming for higher capital efficiency

Solving social issues through value co-creation (CSV^{*2})



^{*2} CSV: Creating Shared Value

Materiality for sustainable growth

- Reduction of environmental impact for preserving global environment
- Provision of opportunities for all kinds of professionals to take on challenge
- Compliance with laws, regulations and risk management to increase trust from society
- Management of the information systems that form social infrastructure

An age where the co-creation of 3 social values will be required more and more

NRI Group's 3 Social Values

Key NRI Initiatives for the Post-COVID-19 World



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** and structural reform)
 - Digital finance, **non-face-to-face services**, **remote support**
- Policy proposals for society & systems, information & knowledge sharing
 - **NRI's Proposals regarding COVID-19 Measures**



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 platform migration
 - **Expand STAR adoption**
- Business process transformation
 - **Delivery route optimization**, **AI ordering at stores**



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

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

- IT infrastructure transformation
 - Secure infrastructure supporting **telecommuting**
 - Achieve **zero trust networks**
- Social infrastructure
 - **Individual numbers**, promotion of cashless payments

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Continuously monitoring the status of efforts for value co-creation

Social value	Measures	Status (Apr. to Dec. 2020)	
 Co-creating a thriving future society	Promote DX	Promote various DX projects such as non-face-to-face services, remote support, and EC . Lead the digital transformation of companies. KPI) DX related sales: 241.2 billion yen	
	Create new business models	Collaborate with external companies to create AI analysis systems and new DX consulting services, etc. KPI) Number of business partnerships (joint ventures, local government agencies supported, etc.): 3	
	Provide social recommendations and system proposals	Release NRI's Proposals regarding COVID-19 Measures. Give proposals/recommendations for the post-COVID-19 society. KPI) 99 NRI articles in the 5 major newspapers	
 Co-create an ideal society	Business platform service expansion	Development of shared online services such as the adoption of STAR at major clients KPI) Business platform sales of 76.2 billion yen	
	Generate environmental benefits for clients through business platforms	Selected for " DJSI World " for three consecutive years and the " CDP A List " for two consecutive years KPI) Client CO ₂ emission reductions through shared online services: 61,648 tons	
	Help build IT infrastructure to create an ideal society	Collaborate with Oracle to support further advancement of IT infrastructure by expanding the use of the public cloud KPI) Scale of cloud and data center services business: +4% year-on-year	
	Contribute to reforms for the greater good	Promote operational reform projects such as distribution/delivery optimization utilizing data science KPI) Scale of operational reform services (DX1.0ab) business: +3% year-on-year	
 Co-creation of a safe and secure society	Help upgrade the social infrastructure	Digitalization of end-of-year adjustment via the utilization of the individual number portal and the e-NINSHO public personal authentication system KPI) Scale of public services business: +21% year-on-year	
	Contribute to information security	Enhance our zero-trust business to contribute to security in the age of the cloud KPI) Investment in security and safety: 5.3 billion yen	
	Maintain the quality of systems in operation	Implement/continue training for large-scale failure response at data centers in remote environments KPI) Number of information system incidents with severe financial/social impact: 0	

Provided proposals related to measures against COVID-19 and recommendations for the post-COVID-19 society.

- 💡 Co-create a thriving future society
- Co-create an ideal society
- Co-create a safe and secure society

- **“Proposals regarding COVID-19 Measures”** were posted to the top of our website to share 67 proposals for society

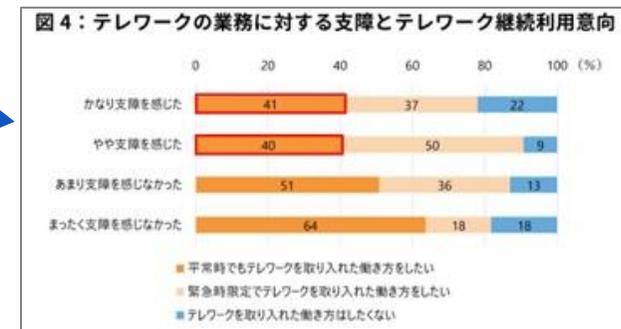
(Mar. to Sep. 2020)

NRI website

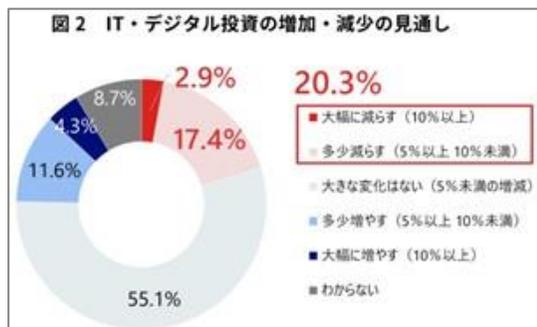


“We are having problems with telecommuting but also seeing how it can be effective”

(Survey on the lifestyle impact of the spread of COVID-19 infections)

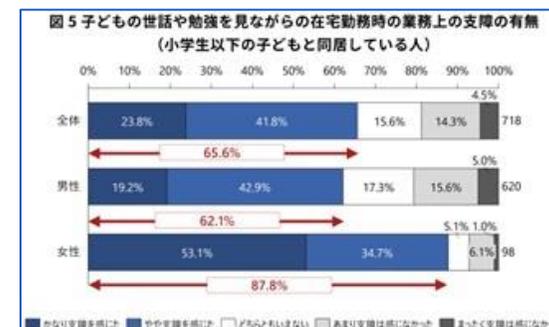


“Take this opportunity to accelerate the utilization of IT and digital technologies”
(CIO survey regarding the impact of COVID-19)



“Remote work is declining, but don't give up on it because of your experience during the state of emergency”

(Survey on work from home due to the spread of COVID-19 infections)

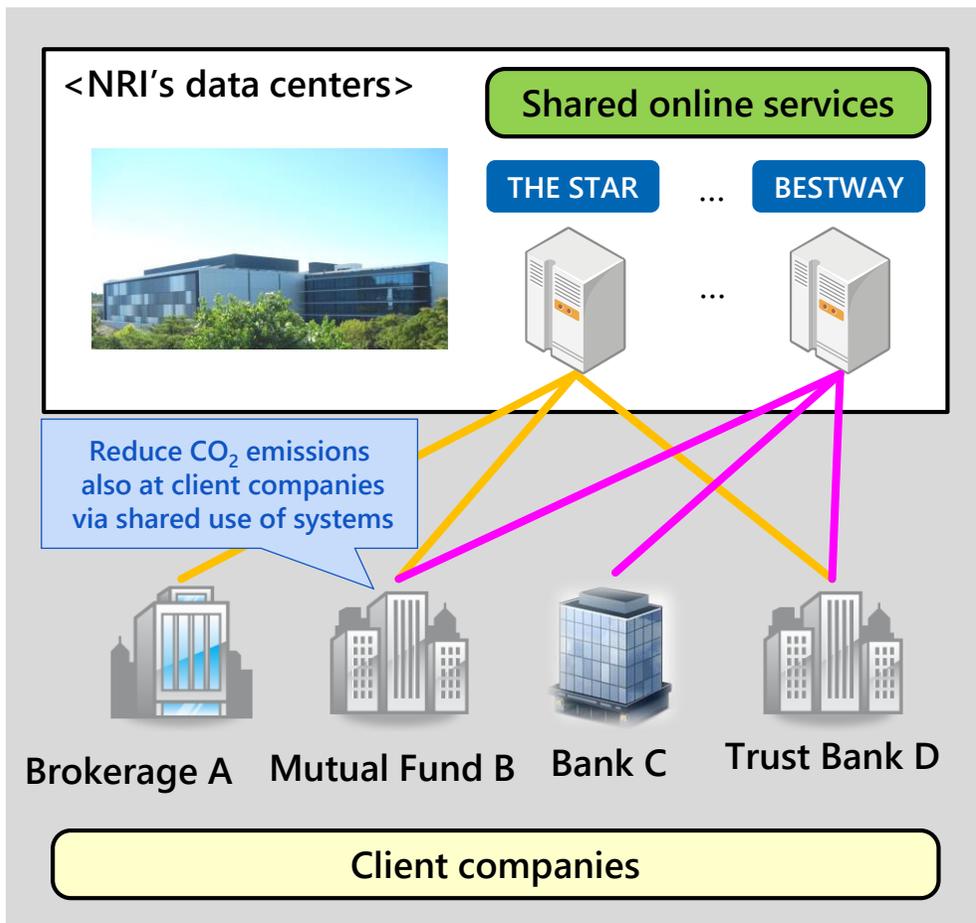


Contributing to the reduction of client CO₂ emissions with shared online services

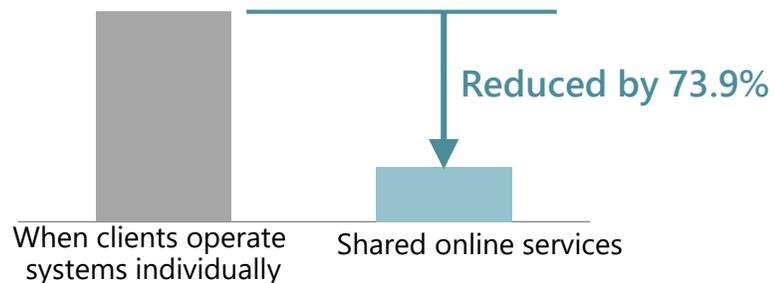
- Co-create a thriving future society
- Co-create an ideal society**
- Co-create a safe and secure society

- CO₂ emissions can be reduced by 73.9% compared to when clients build and operate optimal systems by themselves
- Further strive for a 100% reduction by 2050 via the use of renewable energy to power our data center

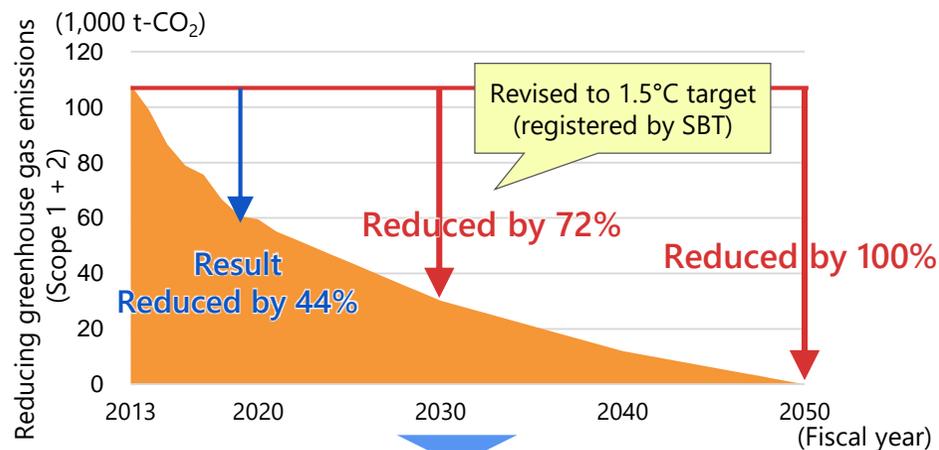
NRI business platform services



CO₂ reduction effects via shared online services



NRI environmental targets (compared to FY2013)



Contribute to government pledge for zero greenhouse gas emissions by 2050

These materials were prepared for the solo purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

Promote the individual number cards essential for a digital society

Co-create a thriving future society

Co-create an ideal society

Co-create a safe and secure society

Share policy advice to promote social infrastructure

Promote infrastructure via the culmination of private sector knowledge



Utilize individual number cards as economic infrastructure (Financial information technology focus April 2020)

- In Taiwan, the real names of face mask purchasers are recorded with health insurance cards. **Prevent social disorder**
- Being able to identify individuals with individual number cards will bring **dramatic changes** to Japan in the future



Payment infrastructure for post-COVID-19 Japan (Knowledge creation and integration September 2020)

- The main reason for delays in delivering face masks and payments was **problems with individual authentication and identification**
- Two things are essential for effectively utilizing the individual number system as payment infrastructure: **(1) Loosening of regulations** and **(2) Collaboration with private services such as financial institutions**



Promote cashless payments and the popularization of individual number cards via assistance of outsourcing regarding the government's **individual number point business**.



Achieve **digitalization of life insurance expense deduction certificates** for end of year adjustment/income tax returns by utilizing the individual number portal in collaboration with life insurance companies



Individual authentication services utilizing individual number cards
Provide "e-NINSHO" as a **personal authentication method** for the LINE/LINE Pay service

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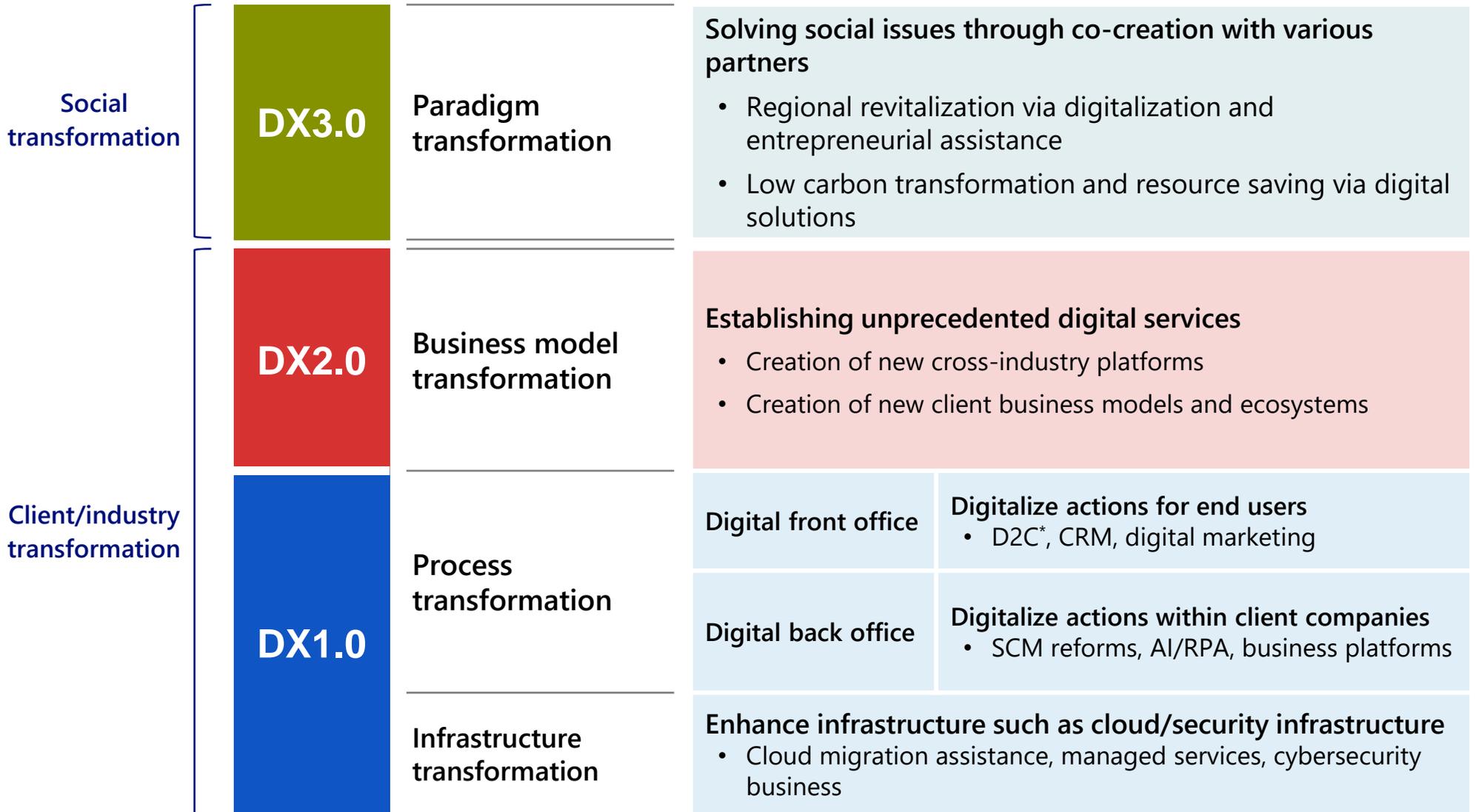
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Building Sustainable Futures

Transform society via DX, in addition to clients and industries

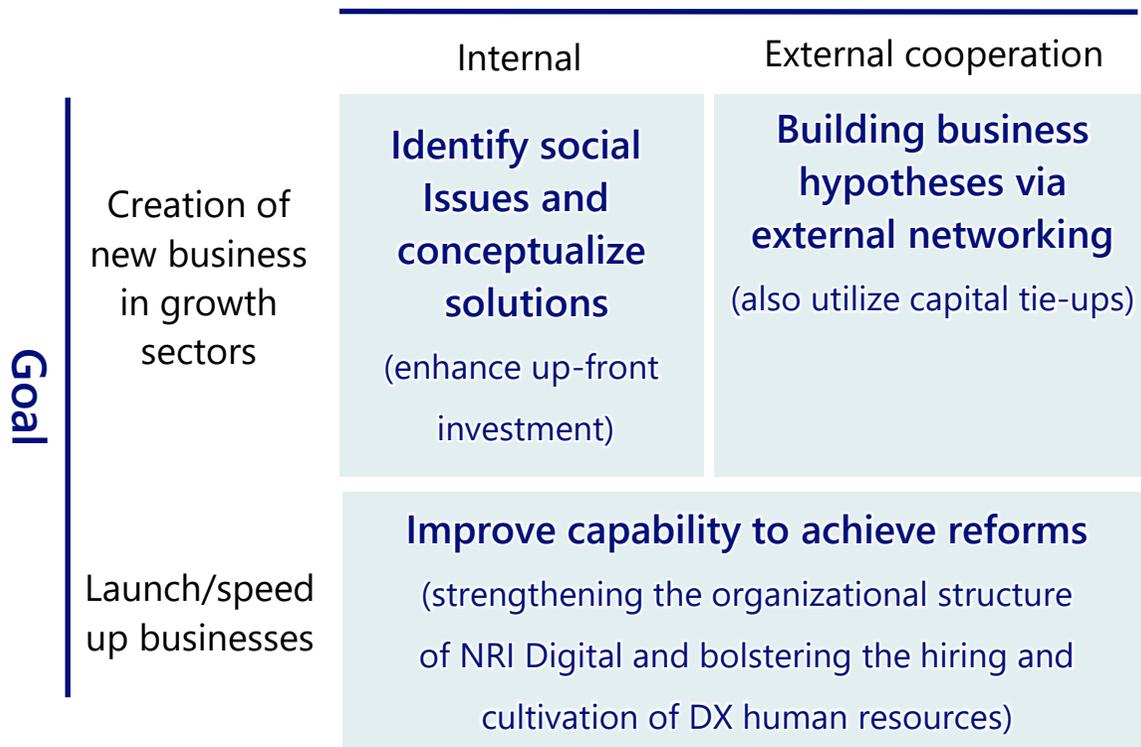


*D2C stands for Direct to Consumer , or direct sales through e-commerce, etc.

Enhance/speed up Con-Solution to promote DX3.0

*Con-Solution means the continuous co-creation of value via the collaboration between consulting and IT solutions

Approach



Example of initiative themes

Carbon neutrality

- Visualization/central management, etc. of CO₂ emissions in business activities and products/services

Circular economy

- Save resources by tracing product usage information and resource utilization after product use, etc.

Food value chain

- Digital infrastructure for producers and common platforms for ordering and distribution, etc.

Promote **DX3.0** to create a sustainable future society



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

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Solving social issues through value co-creation (CSV*2)

Activities of the Value Co-Creation Committee

by Matsumoto/Aizawa

*2 CSV: Creating Shared Value

Key issues for sustainable growth

ESG activities at the NRI Group

by Yokoyama/Honda

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Share the Next Values!