ESG Briefing

Activities of the Value Co-Creation Committee

Akira Matsumoto, Senior Managing Director
Shoko Aizawa, Manager

Nomura Research Institute, Ltd.

Feb. 25, 2021
1. Positioning of the Value Co-Creation Promotion Committee

2. Awareness Building at All NRI Group Companies

3. Future Efforts

4. Efforts as a Value Co-Creation Leader
Establishing a committee aiming to solve social Issues via value co-creation

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)

Solving social issues through value co-creation (CSV)

by driving new value.

Value Co-Creation Committee

by effectively utilizing its resources.

by advancing its infrastructure.

by Matsumoto/Aizawa

Materiality for sustainable growth

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

* Continuously aiming for higher capital efficiency

Sustainability Activities Committee

Reduction of environmental impact for preserving global environment

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

Compliance with regulations and risk management to increase trust from society

Management of IT infrastructure systems that form social infrastructure

Share the Next Values!

[Vision 2022 Numerical Targets]
Ensuring 70% of employees are putting into practice/establishing the measures by FY2022

Number of employees

2019 2020 2021 2022

Non-recognition

Recognition

Sympathy

Practice

Establishment

70%

30%
1. Positioning of the Value Co-Creation Promotion Committee
2. Awareness Building at All NRI Group Companies
3. Future Efforts
4. Efforts as a Value Co-Creation Leader
Framework for establishing value co-creation at the entire NRI Group

**Create social value together with our clients via business**

**Awareness building process**
- Recognition
- Sympathy
- Practice
- Establishment

**Measures**
- Promoting recognition via transmission
- Cultivating sympathy via dialog
- Assisting efforts across organizations
- Deploying measures according to the level of awareness
- Maintaining systems to achieve establishment

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.
Plans were consolidated until FY2018, and then efforts started in earnest from FY2019

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Awareness building activities for employees**</td>
<td>Investigating awareness building activities for employees</td>
<td>Promoting recognition via transmission</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cultivating sympathy via dialog</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintaining systems to achieve establishment</td>
<td></td>
</tr>
<tr>
<td>** Embedding in business **</td>
<td>Investigating embedding in business</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium-term management plan PDCA</td>
<td>Assisting efforts across organizations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business plan PDCA</td>
<td></td>
</tr>
<tr>
<td>** Deploying to group **</td>
<td></td>
<td></td>
<td>Investigating deployment to group</td>
</tr>
</tbody>
</table>
Promoting recognition via transmission

Promote awareness of value co-creation efforts by sharing information inside and outside the company

Sharing information in special internal website

After opening the website, a total of 53 articles have been shared, which have had 212,727 views (monthly average of 11,818 views).

Transmit information outside the company
Cultivating sympathy via dialog

Promoting awareness over the entire group by cultivating and assisting the efforts of value co-creation leaders

*Creating next-generation leaders* that promote and implement value co-creation and implementing initiatives to *continuously support* their efforts

---

**Ideal human resources for value co-creation leaders**

- Strongly sympathize with NRI’s 3 social values and the mission of NRI
- Have a sense of duty for continuing to reform the NRI Group
- Have a high sense of leadership

---

**Team A**

- Value co-creation leader
- Support
- Executives

**Team B**

- Value co-creation leader
- Support
- Executives

**Team C**

- Value co-creation leader
- Support
- Executives

*These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.*
Cultivating sympathy via dialog

Promoting awareness over the entire group by cultivating and assisting the efforts of value co-creation leaders

- The program is for both first term and second term leaders
- First term leaders learn about implementing and passing down value co-creation and second term leaders investigate the future to create and the social issues that NRI's business will solve in order to create it

<table>
<thead>
<tr>
<th>Value co-creation leader development program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STEP 0</strong> Realization</td>
</tr>
<tr>
<td>Realization as a successor</td>
</tr>
<tr>
<td><strong>STEP 1</strong> Knowing oneself</td>
</tr>
<tr>
<td>Rediscovering and recreating your own value standards</td>
</tr>
<tr>
<td><strong>STEP 2</strong> Knowing NRI</td>
</tr>
<tr>
<td>Rediscovering and recognizing the value standards of NRI</td>
</tr>
<tr>
<td><strong>STEP 3</strong> Taking action</td>
</tr>
<tr>
<td>Designing value co-creation activities</td>
</tr>
<tr>
<td>Presenting value co-creation activities/dialog with the president</td>
</tr>
<tr>
<td><strong>Practical succession</strong></td>
</tr>
<tr>
<td>Implementing value co-creation (1)</td>
</tr>
<tr>
<td>Dialog with young employees/managements</td>
</tr>
<tr>
<td>Implementing value co-creation (2)</td>
</tr>
<tr>
<td>Value co-creation day</td>
</tr>
</tbody>
</table>

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.
Cultivate sympathy via dialog with the president and the value co-creation day

- Dialog between value co-creation leaders and the president
  - An opportunity for value co-creation leaders to directly ask the president any doubts they may have or convey their feelings about value co-creation efforts, etc.

- Value co-creation day
  - Shared with the entire group to enable all the NRI Group executives and employees to think about value co-creation as something they are involved in.

First term value co-creation leaders: Dialog with the president

Second term value co-creation leaders: Dialog with the president

Activity reports by second term value co-creation leaders

Panel discussion

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.
Maintaining systems to achieve establishment

Trace the penetration of value co-creation over the years and share the analysis results

- Goal: Understand the penetration of value co-creation and its transition
  (to be utilized for understanding issues and considering solutions)
- Target: All executives and employees that belong to NRI (5,788 responses received; response rate: 74.1%)
- Period: September 1 to September 15, 2020
- Method: Anonymous Internet survey *Responses made after viewing the value co-creation website

Release results to value co-creation website (Nov. 24, 2020)
Release interview article based on results (Dec. 24, 2020)
Maintaining systems to achieve establishment

Recognition has increased but there are few opportunities for bringing up the topic in dialog with others

Q: Did you know about the value co-creation and NRI’s 3 social value?

- Can say the three types of social value
- Have an idea of what they are
- Have heard about them
- Do not know them

<table>
<thead>
<tr>
<th>Group</th>
<th>Can say</th>
<th>Have an idea</th>
<th>Have heard</th>
<th>Do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors or above</td>
<td>60%</td>
<td>38%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>19%</td>
<td>63%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Mid-level employees</td>
<td>10%</td>
<td>60%</td>
<td>23%</td>
<td>7%</td>
</tr>
<tr>
<td>Young employees</td>
<td>6%</td>
<td>59%</td>
<td>29%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Q: Did you have dialog relating to value co-creation with superiors or colleagues?

- Have had deep dialog
- Have brought them up
- Have not had dialog

<table>
<thead>
<tr>
<th>Group</th>
<th>Have had deep dialog</th>
<th>Have brought them up</th>
<th>Have not had dialog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors or above</td>
<td>20%</td>
<td>61%</td>
<td>19%</td>
</tr>
<tr>
<td>Managers</td>
<td>5%</td>
<td>39%</td>
<td>56%</td>
</tr>
<tr>
<td>Mid-level employees</td>
<td>2%</td>
<td>27%</td>
<td>70%</td>
</tr>
<tr>
<td>Young employees</td>
<td>25%</td>
<td>74%</td>
<td></td>
</tr>
</tbody>
</table>

*Three level evaluation in FY2019

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

Most employees consider value co-creation to be their mission

Q: Do you think that continuing to co-create the following social value is the mission of the NRI Group?

[Co-create a thriving future society]

- Total in FY2020: 60% Yes, 35% More yes than no, 2% More no than yes, 2% No, 2% Unsure
- Total in FY2019: 51% Yes, 41% More yes than no, 3% More no than yes, 4% No, 4% Unsure

[Co-create an ideal society]

- Total in FY2020: 56% Yes, 38% More yes than no, 2% More no than yes, 3% No, 3% Unsure
- Total in FY2019: 47% Yes, 43% More yes than no, 4% More no than yes, 5% No, 5% Unsure

[Co-create a safe and secure society]

- Total in FY2020: 51% Yes, 40% More yes than no, 5% More no than yes, 3% No, 3% Unsure
- Total in FY2019: 42% Yes, 45% More yes than no, 6% More no than yes, 2% No, 5% Unsure
Assisting efforts across organizations

Voluntary on-site value co-creation efforts have been increasing

Company leaders and young NRI members that will play important roles in the future of the securities industry, which is having trouble, had a "next-generation leader exchange session" to investigate ways of solving the social issues related to finance.

1st meeting

1st meeting held on Oct. 9, 2019 on the theme of sustainability
23 people from 14 securities firms participated

2nd meeting

2nd meeting held on Feb. 21, 2020 on the theme of thinking about the future of the face-to-face securities business based on examples in the United States and example solutions
22 people from 14 securities firms, JPX, and the JSDA participated

3rd meeting

3rd Zoom meeting held on Oct. 2 2020 on the theme of "thinking about how the securities business can survive the age of the new normal"
31 people from 14 securities firms, JPX, and the JSDA participated

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

"Value co-creation association" held for the goal of stimulating on-site efforts

Goal

- Share and debate value co-creation efforts between organizations facing the same issues and concerns to start new efforts at one's own organization and improve those efforts in order to expand those efforts into ones which exceed the boundaries of a single organization
- As for the committee, find clues for investigating measures that can be implemented across the organization

Comments from participants (common issues)

- Difficult to find time to focus on efforts while doing current work

  It is important for everybody to make resolutions, accept things, and consider the issue to be something relevant to them

Comments from participants (individual issues)

- Want to have continuous opportunities
- Want an atmosphere that makes it easy to talk and provides opportunities for dialog
- Want to hear about things that cannot be mentioned officially, such as honest opinions and failures
- Want to hear about individual specific examples

2nd "Value co-creation association" held
1. Positioning of the Value Co-Creation Promotion Committee

2. Awareness Building at All NRI Group Companies

3. Future Efforts

4. Efforts as a Value Co-Creation Leader
Expand efforts in order to deepen sympathy inside and outside the company

**Dialog**

- ✔ Further create/cultivate value co-creation leaders
- ✔ Plan and hold events such as the value co-creation day

**Transmission/linking**

- ✔ Provide opportunity to promote activities at the organizational level
- ✔ Share examples of on-site activities inside and outside the NRI Group
- ✔ Deploy activities within group and globally

**Maintaining systems**

- ✔ Fixed point observation of employee awareness
- ✔ Incorporate value co-creation content in employee training
1. Positioning of the Value Co-Creation Promotion Committee

2. Awareness Building at All NRI Group Companies

3. Future Efforts

4. Efforts as a Value Co-Creation Leader
Self introduction

Shoko Aizawa (Systems Consulting Division)

After being in charge of retail system development at the service & industrial division, worked in charge of IT strategy, system conceptualization, and DX reform assistance in industries such as the petroleum/medical device manufacturing and logistics industries at the Systems Consulting Division.

Works hard every day together with clients to narrow the gap between ideals and reality regarding corporate reforms.
I’m a member of first term value co-creation leader.
Understanding of NRI issues behind value co-creation (my understanding)

Have we stopped thinking about things because we are already doing them?

Are we afflicted by the "big company disease?"

Are other organizations far?

Is it difficult to access experts?

Are we holding back from proposals?

Is every employee really looking at society?

Have we been handed the issues by our clients?

Are we busy with the work in front of us?

Are we holding back from proposals?

Have we been handed the issues by our clients?

Are we busy with the work in front of us?

Have we stopped thinking about things because we are already doing them?

Are we afflicted by the "big company disease?"

Are other organizations far?

Is it difficult to access experts?

Are we holding back from proposals?
Value co-creation leader workshop

<table>
<thead>
<tr>
<th>STEP 0</th>
<th>Realization as a successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 1</td>
<td>Rediscovering and recreating your own value standards</td>
</tr>
<tr>
<td>STEP 2</td>
<td>Rediscovering and recognizing the value standards of NRI</td>
</tr>
<tr>
<td>STEP 3</td>
<td>Designing value co-creation activities</td>
</tr>
<tr>
<td></td>
<td>Presenting value co-creation activities/dialog with the president</td>
</tr>
</tbody>
</table>

- Program to make employees realize value co-creation themselves
- No Why, What, and How \( \Rightarrow \) NRI-like method?
Ideal state of NRI and measures for achieving it

Becoming a company that transforms society

**Discern**
Identify issues for the society further in the future from a higher vantage point

**Explain and guide**
Solve social issues for the entire society together

**Change**
Change oneself
Take on risks to achieve goals

**Human resources/human power**
Broader (global) and higher vantage point, sense of ethics, and sense of aesthetics

- Create time
- Create stimulation
- Create challenges
Value co-creation hub

- Connect people with others and people with society across organizational boundaries based on the theme of solving social issues via value co-creation
- During the trial period, online pitches for recruiting members were conducted three times
Looking ahead to the future

- No matter what form it takes, developing an atmosphere conducive to employees tackling social issues of their own volition is a never-ending effort that must not stop.

Seek method for building awareness that does not rely on a huge framework
  - Mechanically making tasks and systems only leads to pain
  - Think about how employees can be made to get excited about doing things of their own volition

Continue dialog with colleagues from a broad perspective
  - Create a safe space that enables people to talk freely without the need to feel ashamed

Encourage clients
  - Bring proposals that focus on social value creation to various clients
Share the Next Values!