ESG Briefing

Human capital management at the NRI Group

Kaga Yanagisawa
Senior Managing Director
Head of Corporate Planning,
Human Resources, Human Resources Development
Nomura Research Institute, Ltd.

Feb. 22, 2023
1. Positioning of Human Capital in the NRI Group

2. Strengths and Growth Cycle of the NRI Group’s Human Capital

3. Efforts to Accelerate our Growth Cycle Leading Up to 2030
Positioning of Human Capital in the NRI Group

Positioned as most important; the driving force for value creation and growth

Materiality: Priority for 2030 to “Create a sustainable society” and “Achieve the NRI Group’s growth strategy”

Value Creation

Co-create a thriving future society through expansion of digital social capital

Co-create an optimal society through effective utilization of resources

Co-create a safe and secure society through sophistication of infrastructure

Human capital management at the NRI Group

Accumulate intellectual capital through elevation of individual knowledge into organizational strength

Contribute to global environment through collaboration with business partners

Fulfill our social responsibilities through strengthening of relationships with stakeholders

Evolve governance through realization of strategic risk control

Yanagisawa

Value Creation Capital

Management Basis (ESG)
Dialogues on human capital. Growth strategy and human resources development

Date: December 05, 2022
Expert: Ms. Chiharu Takakura, Director and Chief Human Resource Officer (CHRO) of Rohto Pharmaceutical
Overview: Dialogue between Ms. Takakura and NRI Senior Managing Directors Yanagisawa & Hihara

Main discussion topics:
- Positioning of human capital in the materiality of NRI’s long-term management vision
- V2030 growth story and human resources development
- How to communicate to investors about human capital management
Positioning of Human Capital in the NRI Group - Human Capital & Enterprise Value

Our core areas: Drive profit growth at the NRI Group for now

Key to increasing NRI’s enterprise value: Capabilities to support our core areas

NRI Group Vision 2030 Growth Story

- **DX1.0**: Transformation of Core Domains
  - Growth of Japan/Asia business
  - Strengthening of North America business

- **DX2.0**: Expansion of Core Domains
  - Business establishment as a professional services company

- **DX3.0**: Deepening of Core Domains
  - Digital Social Capital creation

**Capabilities of human resources supporting core areas**

- Clearly define potential and complex client needs
  - Superior requirement definition capabilities

- Deliver the optimal technologies and system design
  - Advanced architecture design capability & system development capability

- Commit to delivering high-difficulty projects
  - Elaborate management capabilities

*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.*
Positioning of Human Capital in the NRI Group - Human Capital & Enterprise Value

The NRI Group’s unique growth cycle to maximize these capabilities

Capabilities of human resources supporting core areas

Clearly define potential and complex client needs
Superior requirement definition capabilities

Deliver the optimal technologies and system design
Advanced architecture design capability & system development capability

Commit to delivering high-difficulty projects
Elaborate management capabilities

Growth cycle of human capital
(Bolster capabilities)

Capabilities of human resources supporting core areas

Clearly define potential and complex client needs
Superior requirement definition capabilities

Deliver the optimal technologies and system design
Advanced architecture design capability & system development capability

Commit to delivering high-difficulty projects
Elaborate management capabilities

High-level professionals

Certification BD  Certification BA  Certification PM  Certification AE  Certification ITA  Certification ISM  Certification DS

Active talent in each career field

20 Career Fields

Strategic Consultant  Business Consultant  System Consultant  Strategist  Sales / Account Manager  Project Manager (New)  Project Manager (Enhancement)  Application Architect  IT Platform Architect  Application Specialist  Application Common Platform Specialist  IT Platform Specialist  IT Service Manager  Security Specialist  Researcher  Data Scientist  Project Management Specialist  Quality Management Specialist  Business Management Staff  Business Management / Corporate Staff
1. Positioning of Human Capital in the NRI Group

2. Strengths and Growth Cycle of the NRI Group’s Human Capital

3. Efforts to Accelerate our Growth Cycle Leading Up to 2030
Strengths and Growth Cycle of the NRI Group’s Human Capital

Growth cycle of NRI Group’s human resources

Characteristics (strengths) of NRI’s human capital
- Professionalism
- Ability to deal with change
- Self-directed growth ability
- Integration of varied (unique) talents

Growth cycle of human capital
- Taking pride in the job
- Challenging assignments
- Commitment to the job
- Hiring diverse, outstanding people

HR system to facilitate the growth cycle
- Allocation of roles with “room for discretion”*
- Self-directed careers and serendipity**
- Work conditions and investment in training suitable for professionals

*Encouraging independent thought and actions that go beyond the set role and mission
**Experience and growth gained from unexpected assignments

Appeal to personnel who want to work with outstanding people
Stretch assignments regardless of experience

Growth of individuals & the organization

Taking pride in the job

Commitment to the job

Hiring diverse, outstanding people

Challenging assignments

Growth Cycle
Strengths and Growth Cycle of the NRI Group’s Human Capital

NRI Group personnel’s strengths:
Dealing with change and self-directed growth

- Building awareness as a professional from early on
- Continuously refining high-level expertise

- Extensive knowledge through diverse experiences
- Applying knowledge in the business environment trends and clients’ needs

- Inquisitive
- New technologies and skills learning on their own and continuous self-improvement

- Wide-ranging and diverse expertise and capabilities as a group
- Respect each other and work together

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The NRI Group’s continuous growth cycle from the past to the present

- Appeal to personnel who want to work with outstanding people
- Commitment to the job
- Growth of individuals & the organization
- Hiring diverse, outstanding people
- Stretch assignments regardless of experience
- Taking pride in the job
- Challenging assignments
- Awareness of being entrusted with an important job / High acclaim from clients
Strengths and Growth Cycle of the NRI Group’s Human Capital

Strong presence in the job market: Outstanding personnel attract other outstanding personnel

■ Greater effort to mid-career hiring

**Hiring headcount by year**

<table>
<thead>
<tr>
<th>Year</th>
<th>New graduates hiring</th>
<th>Mid-career hiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>237</td>
<td>21</td>
</tr>
<tr>
<td>2014</td>
<td>247</td>
<td>33</td>
</tr>
<tr>
<td>2015</td>
<td>246</td>
<td>33</td>
</tr>
<tr>
<td>2016</td>
<td>223</td>
<td>53</td>
</tr>
<tr>
<td>2017</td>
<td>266</td>
<td>67</td>
</tr>
<tr>
<td>2018</td>
<td>319</td>
<td>102</td>
</tr>
<tr>
<td>2019</td>
<td>308</td>
<td>175</td>
</tr>
<tr>
<td>2020</td>
<td>393</td>
<td>139</td>
</tr>
<tr>
<td>2021</td>
<td>380</td>
<td>233</td>
</tr>
<tr>
<td>2022</td>
<td>399</td>
<td>334</td>
</tr>
</tbody>
</table>

(Fiscal year)

Note) The figures above represent career positions and specialists employed by NRI.

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Strengths and Growth Cycle of the NRI Group’s Human Capital

Achieving growth: Challenges in unfamiliar areas, roles with responsibility and discretion on younger age

- Characteristic of the NRI Group: Gain experience as project leader (PL) or project manager (PM) from a young age or challenges in unfamiliar fields regardless of age
- Mechanisms and culture to support these stretch assignments is what makes them possible

### Age distribution of consulting PLs

- Age 34: 37.8%
- Age 35 ~ 39: 21.1%
- Age 40 ~ 44: 13.7%
- Age 45 ~: 27.5%

### Age distribution of development PMs and personnel with business responsibility

- Age 34: 27.1%
- Age 35 ~ 39: 38.1%
- Age 40 ~ 44: 22.6%
- Age 45 ~: 12.1%

- Knowledge shared in organization (project proposals, reports, etc.)
- Culture of teaching each other and sharing knowledge, etc.

- Quality control mechanisms such as the Systems Development Committee
- Encouragement and support by experts for newly appointed PMs

Note) The figures above are all from FY2021
High acclaim from clients: Pride in the job, and leads to stronger engagement

Results of clients’ satisfaction survey
(Total of “Satisfied” and “Relatively satisfied”)

Engagement survey results
(Wevox)

- FY2017: 84.6%
- FY2018: 86.9%
- FY2019: 83.8%
- FY2020: 86.4%
- FY2021: 88.0%

Industry Average
- FY2021: 70
- FY2022: 71

NRI
- FY2021: 70 (Up 3 points)
- FY2022: 71 (Up 4 points)
Strengths and Growth Cycle of the NRI Group’s Human Capital

“Co-creating Job Satisfaction” initiative since 2021

Fostering awareness
Importance of engagement and introducing success cases during events held company-wide
Forum participants: approx. 700

Comprehending status
Visualizing organizational status with a common set of measurements
Survey response rate: approx. 90%

Resulting in various efforts designed by each organization

- Improve job satisfaction involving clients’ senior management
- 1-on-1 discussion between subordinates & superiors within division
- Communication between colleagues to restore daily conversation that decreased due to the pandemic etc.

Sharing examples of efforts on the intranet
Strengths and Growth Cycle of the NRI Group’s Human Capital

Growth for individuals and the organization: Engaging in work with high levels of commitment

Ratio of sense of growth felt by year
(from Nomura Research Institute Labor Union survey)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y2016</td>
<td>68.0%</td>
</tr>
<tr>
<td>Y2017</td>
<td>69.0%</td>
</tr>
<tr>
<td>Y2018</td>
<td>69.6%</td>
</tr>
<tr>
<td>Y2019</td>
<td>72.9%</td>
</tr>
<tr>
<td>Y2020</td>
<td>71.6%</td>
</tr>
<tr>
<td>Y2021</td>
<td>73.6%</td>
</tr>
</tbody>
</table>

* Total of “I felt a sense of growth” and “I felt some growth as opposed to none” to the question “Do you feel that you have grown compared to one year ago?”
Strengths and Growth Cycle of the NRI Group’s Human Capital
Professional-grade employment conditions:
High wage increase levels when promoting personnel

Average annual salaries in ICT industry
(in Japan)

Wage increase rate of major companies
(in Japan)

Source) Companies’ securities reports

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Efforts to Accelerate our Growth Cycle Leading Up to 2030

Efforts to further accelerate our growth cycle

(1) Capabilities to achieve our growth story

- New measures to further bolster hiring (Referrals, recent graduates not employed directly after graduation and alumni, etc.)

2 Visualize and systematically offer opportunities to personnel with capabilities in DX, business creation, and global business

1 Success of experienced employees
   - Master System (for re-employment after statutory retirement age)

(2) Normalize diversity and inclusion

- Maintain & improve employee engagement throughout the Group

3 Women’s participation & advancement by promotions to management roles
- Onboarding for mid-career hires (greater involvement from colleagues, etc.)

(3) Growth opportunities for each individual

- Growth opportunities and greater sense of growth through more sophisticated talent management
- More effort to developing the next generation of management and bolster the people management skills of managers through training

1 Mission grade system (role-based job grade system) to young employees
**Efforts to Accelerate our Growth Cycle Leading Up to 2030 - (1) Revamp systems**

**New HR system since FY2022 and the new re-hiring system launching in FY2023**

**Promoting the growth & success of our personnel regardless of age**

### New HR system (for the working generation)

<table>
<thead>
<tr>
<th>Management positions</th>
<th>Management</th>
<th>Chief expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic promotions/demotions according to multi-track career paths, duties &amp; responsibilities</td>
<td>General manager: M+</td>
<td>General manager class: C+</td>
</tr>
<tr>
<td>GM/manager: M</td>
<td>GM/manager class: C</td>
<td></td>
</tr>
</tbody>
</table>

#### Expert

- E+
- E

### Management positions

- General manager: M+
- GM/manager: M

### Non-management positions

- Senior associate: S
- Associate: A
- Member: B

### Considering the mission grade system to younger employees

- Master-level jobs
  - Work style and conditions that enable success working independently
- Support jobs
  - Primarily support-related work

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Visualizing and systematically offering opportunities to personnel: Business creation, Global business, and Core businesses

- Talent management system that can visualize employees’ skills, experience, and career outlooks
- Data utilization to systematically offer opportunities (assignments, transfers, temporary assignments, training, etc.)

NRI Group Vision 2030 Growth Story

- DX1.0: Deepening of Core Domains
  - Growth of Japan/Asia business
  - Strengthening of North America business

- DX2.0: Transformation of Core Domains
  - Expansion of Core Domains
  - Business establishment as a professional services company
  - Business expansion

- DX3.0: Digital Social Capital creation
  - Expansion of Core Domains

Capabilities to achieve our growth story

- Conceptual skills
- Logic skills
- Problem-solving skills
- Ability to identify issues
- Ability to drive business and foster discussions with diverse personnel
- Flexibility, adaptability, communication skills
- Execution capabilities

Client Value Creation

Business Creation

Regional Expansion

Broadening geographic scope
Efforts to Accelerate our Growth Cycle Leading Up to 2030 - (3) Promote women’s participation & advancement

Promoting more females:
Systematically offer opportunities with visualizing the candidates going forward

- Target values for the next medium-term plan

Percentage of female managers by year (general managers/managers)

- Note: Numerical values above are the non-consolidated values for NRI at the start of each fiscal year.
## Efforts to Accelerate our Growth Cycle Leading Up to 2030

### KPIs in the medium-term management plan: PDCA cycles going forward

<table>
<thead>
<tr>
<th>Focus of measures</th>
<th>KPI (proposed)</th>
<th>Current state (FY2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Capabilities to achieve our growth story</td>
<td>Personnel active in DX</td>
<td>2,368 (FY2021)</td>
</tr>
<tr>
<td></td>
<td>Personnel creating business</td>
<td>155</td>
</tr>
<tr>
<td></td>
<td>Global personnel</td>
<td>To be visualized</td>
</tr>
<tr>
<td></td>
<td>Hiring headcount</td>
<td></td>
</tr>
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<td>399</td>
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<tr>
<td></td>
<td>Mid-career hires</td>
<td>334</td>
</tr>
<tr>
<td>(2) Normalize diversity and inclusion</td>
<td>Employee engagement</td>
<td>Wevox total score</td>
</tr>
<tr>
<td></td>
<td>Percentage of female managers</td>
<td>8.5%</td>
</tr>
<tr>
<td></td>
<td>Female opportunity offering rate (Ratio of females among PMs, PLs, etc.)</td>
<td>14% (provisional value)</td>
</tr>
<tr>
<td></td>
<td>Ratio of managers hired mid-career (Fair promotions from among the general population)</td>
<td>Same ratio among experts and among managers (26%)</td>
</tr>
<tr>
<td>(3) Growth opportunities for each individual</td>
<td>Ratio of growth sensed*</td>
<td>72.1%</td>
</tr>
<tr>
<td></td>
<td>Improvement in people management skills</td>
<td>93.5%</td>
</tr>
</tbody>
</table>

*Planning to use metrics other than the aforementioned labor union survey for ratio of growth sensed
Share the Next Values!