

Sustainability Briefing

# Sustainability activities at the NRI Group

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# Human Capital Management and ESG Activities

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

## Value Creation Capital

**Human capital management at the NRI Group**  
Advance human capital through growth of diverse professionals



**Accumulate intellectual capital**  
through elevation of individual knowledge into organizational strength

## Management Basis (ESG)



**Contribute to Sustainability activities at the NRI Group**  
through collaboration with business partners



**Fulfill our**  
through strengthening of relationships with stakeholders



**Evolve governance**  
through realization of strategic risk control

Hihara

# Human Capital Management and ESG Activities

Materiality	2030 Goals	Initiatives
 <p><b>Advance human capital</b> Through bold actions and growth of diverse professionals</p>	<p>In collaboration with business partners with Scope 3 vision, <b>create a sustainable environment globally and conserve natural capital</b> while promoting more sophisticated use of renewable energies</p>	<ul style="list-style-type: none"> <li>• Enhance capability to realize the growth story</li> <li>• Promote diversity and inclusion</li> <li>• Improve growth opportunities for each individual, etc.</li> </ul>
 <p><b>Contribute to global environment</b> through collaboration with business partners</p>	<p>In collaboration with business partners with Scope 3 vision, <b>create a sustainable environment globally and conserve natural capital</b> while promoting more sophisticated use of renewable energies</p>	<ul style="list-style-type: none"> <li>• Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)</li> <li>• Take measures to reduce greenhouse gas emissions in Scope 3, etc.</li> </ul>
 <p><b>Fulfill our social responsibilities</b> through strengthening of relationships with stakeholders</p>	<p><b>Fulfill social responsibilities in the entire supply chain</b>, such as good relationships with stakeholders, creating a healthy workplace, and commitment to human rights</p>	<ul style="list-style-type: none"> <li>• Employee well-being</li> <li>• Initiatives concerning human rights and labor practices (including AI ethics, etc.)</li> <li>• Build and strengthen partnerships with business partners, stakeholders and communities, etc.</li> </ul>
 <p><b>Evolve governance</b> through realization of strategic risk control</p>	<p>Strive for balanced governance, including strategic risk-taking, to <b>control risks with long-term perspective</b></p>	<ul style="list-style-type: none"> <li>• Maintain/operate group-wide governance and internal control</li> <li>• Enterprise risk management</li> <li>• Strengthen quality control and information security management</li> <li>• Promote disclosure and improve transparency</li> <li>• Enhance compliance, etc.</li> </ul>



## Sustainability activities at the NRI Group : Human Capital



# Human capital management that respects the NRI Group's corporate philosophy and values

## ■ The NRI Group's vision of human capital management:

A place where people with a **high level of expertise and diverse values** can gather and continue to **challenge and self-grow** professionally, leading to the creation of value.

### Corporate Philosophy (Our Values)

**Foresight and thoroughness**  
to exceed expectations

**Mutual respect** to unite  
diverse individuals

**Passion and pride** to  
pursue new challenges

### 3 Pillars in Human Capital Management

#### [1] Strengthen Capability

Employee Professionalism, responsiveness to change  
Company Investment in training, challenging assignments

#### [2] Promote Diversity and Inclusion

Employee Fusion of different talents, value co-creation  
Company Hiring a diverse workforce, promoting 7 policies

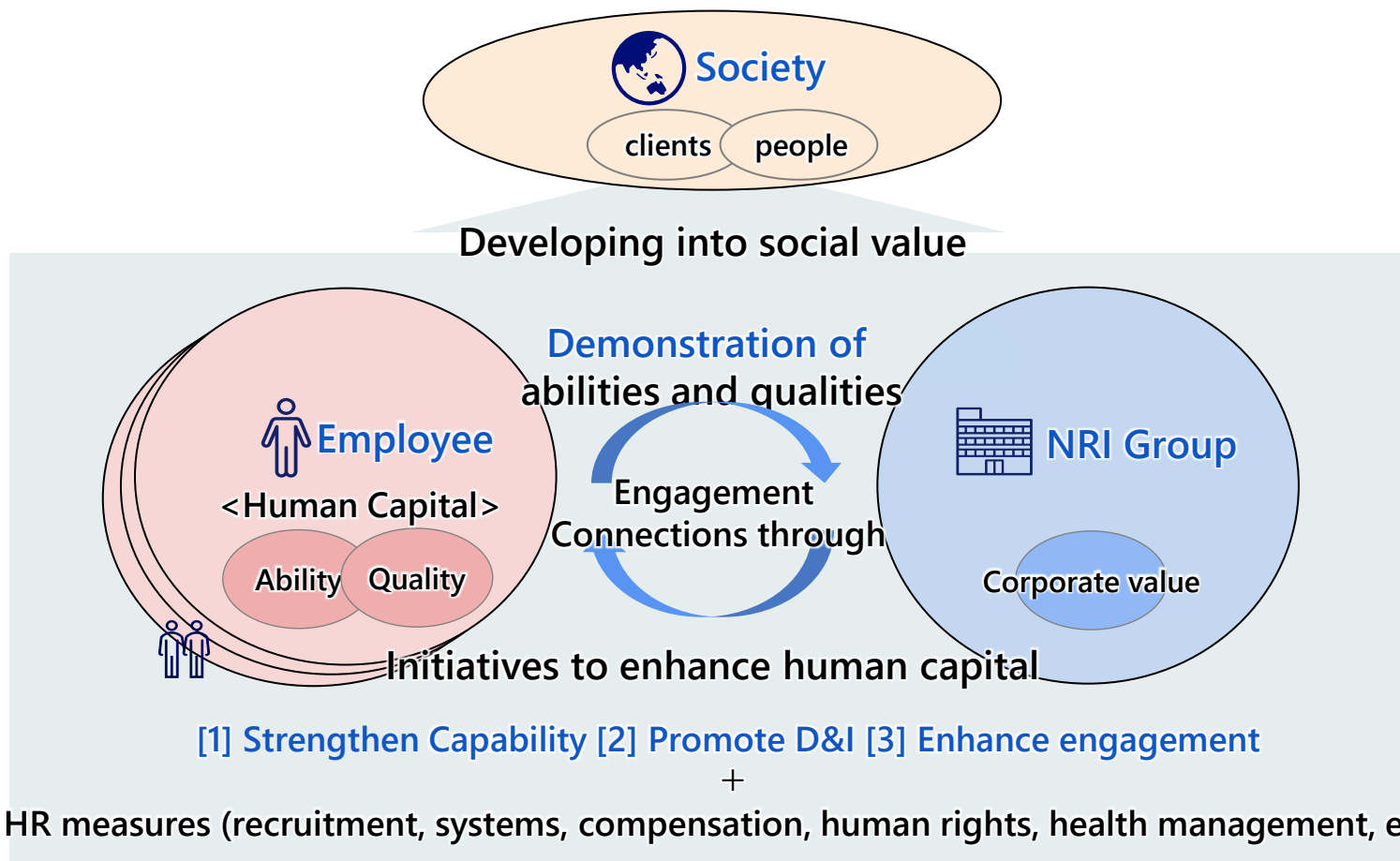
#### [3] Enhance Engagement

Employee Pride in work, Self-growth  
Company MVV, Value co-creation activities

# Efforts to enhance human capital lead to the creation of social value for the NRI Group

- Create social value for the NRI Group through human capital management that encourages the self-challenge and growth of every employee.

## Human Capital in Sustainability Management



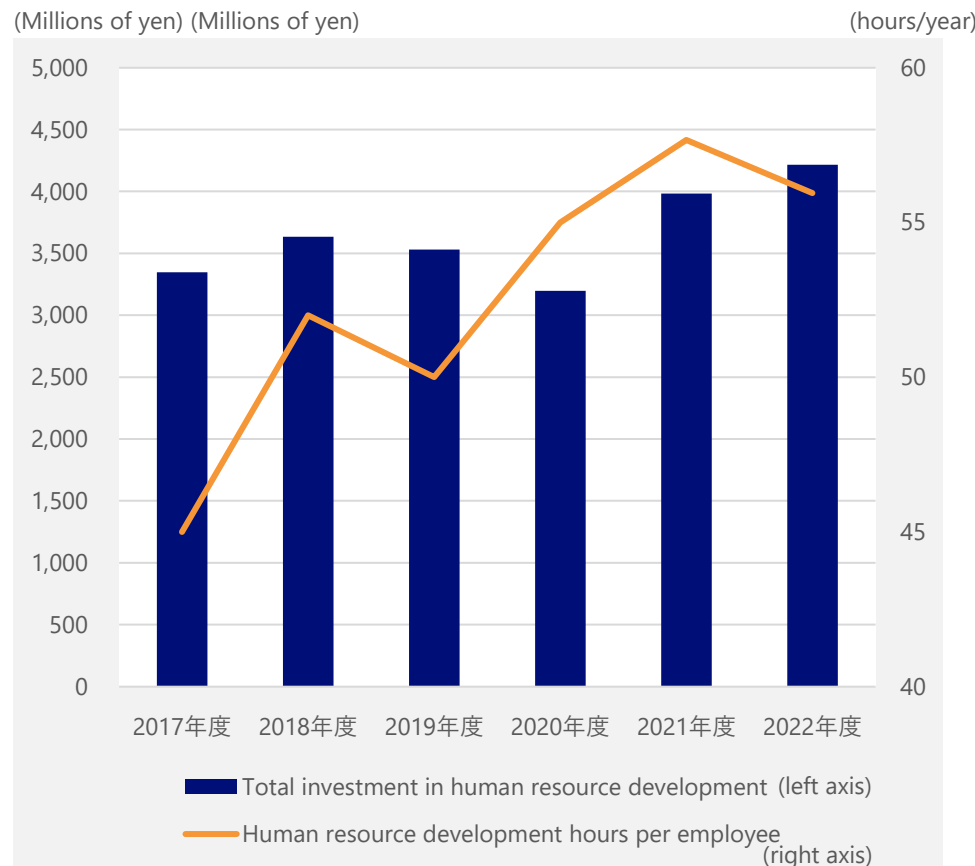
# Promoting capability enhancement consistent with our growth strategy

- We are investing in various systems, education and training programs to develop professionals who will support the growth of the NRI Group.

## Main Initiatives

1. Training Efforts	<ul style="list-style-type: none"> <li>● DX human resource</li> <li>● Business Creation Human Resource</li> <li>● Global human resources</li> <li>● Challenge &amp; Act system</li> <li>● Strengthening the next generation of management</li> </ul>
2. Training Program	<ul style="list-style-type: none"> <li>● Over 400 courses</li> <li>● Develop an infrastructure for human resource development for entire NRI Group</li> </ul>
3. Pursuit of expertise	<ul style="list-style-type: none"> <li>● Choice of career field</li> <li>● Certification system</li> <li>● Training on latest technology and business trends (e.g., generative AI)</li> </ul>
4. Challenging assignment	<ul style="list-style-type: none"> <li>● Assign young employees as project leaders</li> <li>● Granting opportunities to candidate personnel</li> </ul>

## Human resource development investment & Human resource development hours per employee



Investment in human resource development: Education and training, overseas study and trainee expenses, etc. (NRI Group as a whole)  
 Human resource development hours per employee: total hours of training / number of professional employees (NRI non-consolidated)



# Human capital management at the NRI Group [2] Promote D&I

## Emphasis on inclusion to enhance organizational strength and creativity through collaboration among diverse human resources

- D&I for "developing change-resistant organizations and people" and "D&I for enhancing creativity"
- We emphasize not only diversity but also inclusion, implementing multilayered measures in seven areas.

### Collaboration and mobilization of diverse human resources



Gender

#### Workplace that "keeps people active" regardless of gender

- Expansion of **opportunities** for women (assignment to PJ leaders, etc.)
- **Training** and mentoring of **female leaders** by female executives, etc.
- Reflecting D&I Initiatives in **Headquarters Evaluation**

Carrier expertise

#### Employees with diverse careers & expertise

- **Holding** lectures by the president, dialogue **events, etc.**, for employees who have joined the company as career employees
- **Seminar for department heads** to accept diverse employees, including career hires

Generation

#### Different generations recognize each other's strengths

- **New personnel system** (2022~): early promotion, wider banding of evaluations
- Active use of **veteran** personnel (Meister System, career design training)

Life style

#### Each individual with a variety of lifestyles

- Support for balancing **childcare** and work (training, booklet for working parents)
- Conduct seminars for employees on **health** issues (cancer, women's diseases, etc.)

Disability

#### Barrier-free mind

- NRI Mirai (special subsidiary) **also supports business activities**
- Regularly hold NRI Mirai Activity Report Meetings (exchange with NRI Group employees)

Cross culture

#### Mutual respect for cultural backgrounds and values

- Training for Global Business and Strategy Leader Trainees
- **NRI Global Forum,**" communication between NRI and executives of overseas offices

SOGI

#### Basic understanding and enhancement of systems on sexual minorities.

- E-learning on basic knowledge, etc.
- Implementation of same-sex employee **benefits**



# Each and every employee realizes that all operations are linked to the creation of social value.

## MVV



## Value co-creation activities

Dialogue among executives and employees



## Best practice

Dream Up the Future Award

Value Co-Creation Award

Award for employees and teams that have created NRI-like social value through collaboration with clients and among divisions

Special award

Award for employees and teams that have contributed to activities for the creation of a future society

<Deam up the Future Award 2023>

Promote collaboration between NRI Mirai (special subsidiary) and business divisions

Proposals on social issues (annual income barrier, logistics driver shortage), etc.

### 社会価値と経済価値の両立は、設立時より継承してきたDNA

設立趣意書 (遺贈・寄付) より

ねらい

- 日本でこれまでにない、あたらしいタイプの研究所となること
- 研究調査を通ずる産業経済の振興と一般社会への奉仕

皆さんの日々の取り組みすべてが、『価値共創』につながっています

■ CSVとは・・・

社会課題に目を向け、それを本業で解決することで事業機会を生み出し、自社の成長につながることを

NRIグループの事業を通じた社会価値創出 (CSV)

デジタル社会資本の充実を通じた  
活ある未来社会の共創

社会資源の有効活用を通じた  
最適社会の共創

社会インフラの高度化を通じた  
安全安心社会の共創

## Value Co-Creation Leaders

-Training began in FY2019

-Total of 109 people to date (about 8 mentor board members lean on the leaders each year)

-Focus on themes that will enable participants to see things from a higher perspective

-Develop a sense of mission and leadership by tackling themes that will enable them to see things from the perspective of the entire company.



# Target values to expand human capital

Policy Pillars	Main Target Values for FY2025 <sup>※1</sup>	FY2023 <sup>※1</sup> (As of December)
[1] Strengthen capability	DX active personnel: 3,200	2,997 persons
	Business creation personnel: 200	162 people
	Global human resources: approx. 320	267 people
[2] Promote D&I	% of women in management positions: 13%	9.3% (9.3%)
	% of opportunities granted to women: 17%	14%
	% of managers from career hires: 26% (Fair appointment from among the population)	26%
[3] Enhance engagement	Employee Engagement: More than 70 <sup>※2</sup> (Overall score of NRI-registered employees)	71 <sup>※2</sup>
	Growth realization ratio: 75% (Employee survey)	74%
	People management skills: 97% (360-degree evaluation of management palms)	93%

1 Figures are for NRI on a non-consolidated basis \*2 Targets are NRI itself and major domestic group companies (excluding new hires in the survey year)



## Sustainability activities at the NRI Group : Environment



# Environment (E) initiatives and key future measures

## Past activities

High evaluation result due to progressive initiatives

- Deployment of NRI-EMS (Environmental Management System) [FY 2015-].
  - Publication of TCFD Scenario Analysis Results [Feb. 2019-]
  - 1.5°C target accredited by SBTi, an international accreditation body [Feb. 2021]
  - Issuance of Sustainability Linked Bonds [Mar. 2021]
  - Support activities for business partner<sup>※</sup> to set environmental goals Net-Zero Journey Expansion [FY2022-]  
\*Business partners: NRI's procurement partners such as system development contractors, real estate, equipment suppliers, etc.
- 
- Set 2050 net-zero target (SBTi level) [Feb. 2023]
  - 100% renewable electricity at all data centers owned [Mar. 2023]
  - Detailing a plan for **transition to** decarbonization [FY2023-]
  - **TCFD/TNFD** Scenario Analysis Advancement (TNFD Early Adopter "TNFD Adopter" registration) [FY2023-]
  - Calculation of **Avoided Emission in** accordance with WBCSD guidelines [FY2023-]

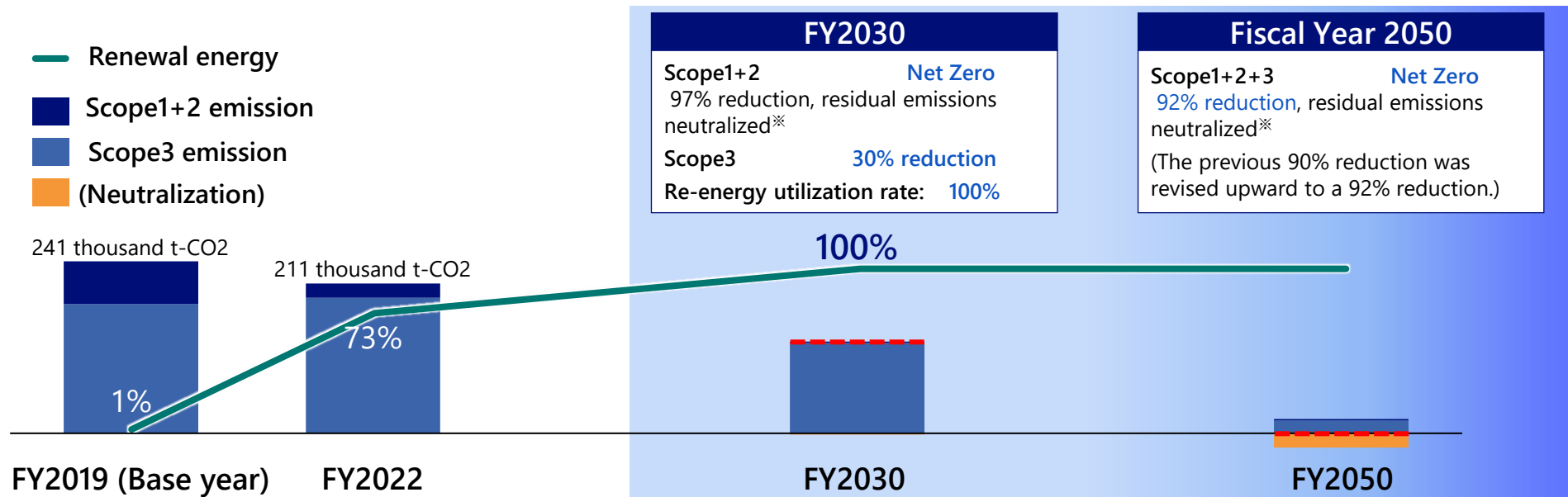
## Future priority

Disclosure focused on climate change risks, etc., with Scope 3 activities

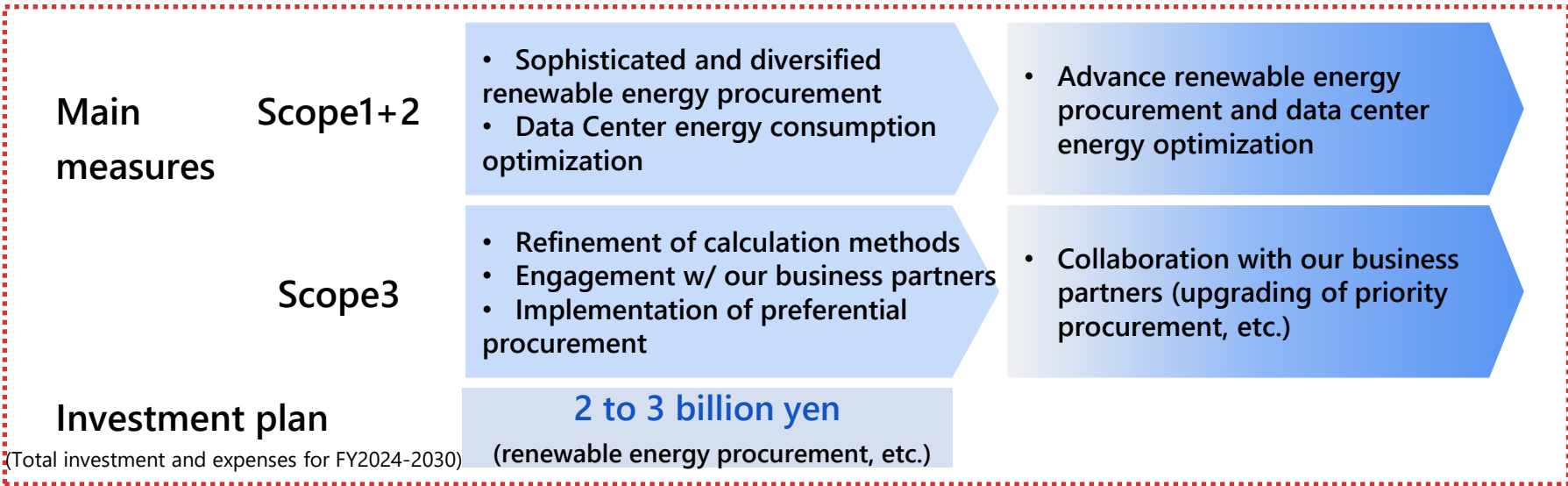
- **Scope 3** reduction measures (e.g., Cooperation with business partners)
- Implementation of more advanced **renewable energy** procurement instruments
- Further engagement with WBCSD, GX League, etc.
- Preparation for disclosure in accordance with IFRS S2



# The NRI Group has defined a low-carbon transition plan for achieving net zero in 2050



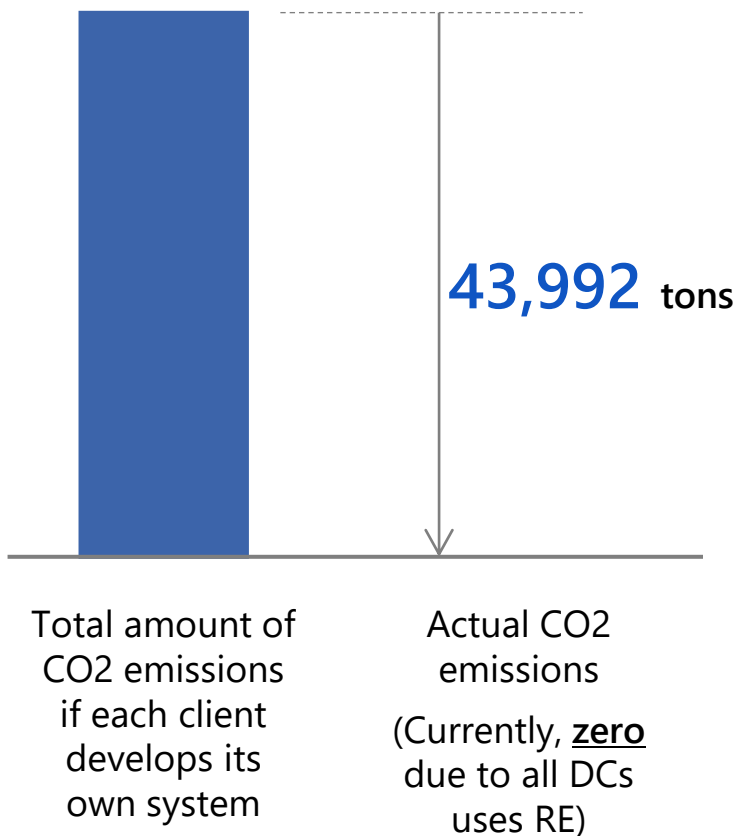
Transition plan





# NRI's Avoided Emission : CO2 reductions by shared online system

## Estimated NRI's Avoided Emission (FY2022)



- **Logic restructured** based on "CO2 reductions by clients through shared online system"
  - Aligned with WBCSD guidelines
  - Reviewed logic and updated figures

Avoided Emission (AE)	=	GHG emissions that would have occurred without a solution.	-	Actually occurred OR GHG emissions that would occur
Clients' CO2 reduction by shared online system		Total CO2 emissions when each client develops systems individually		O2 emissions by shared online system (at NRI's DC) occur. (= zero)

- Register this case with **WBCSD and the GX League in Japan.**



# TCFD: Conduct company-wide scenario analysis and calculate financial impact

- Phased TCFD scenario analysis to identify risks and opportunities since FY2018. Report annually in sustainability briefings and integrated reports to investors.
- In FY2023, identify risk opportunity on a company-wide basis and estimate the financial impact.

FY2018

## Company-wide scenario analysis (Identify risks and opportunities)

- ✓ Identify risks and opportunities under 2°C and 4°C scenarios



FY2019 - FY2021

## Scenario Analysis by Business (Identify risks and opportunities, Calculation of financial impact)

- ✓ Scenario analysis for data center business, asset management solution business, consulting business, and securities solution business
- ✓ Review to 1.5°C scenario



FY2022 - FY2023

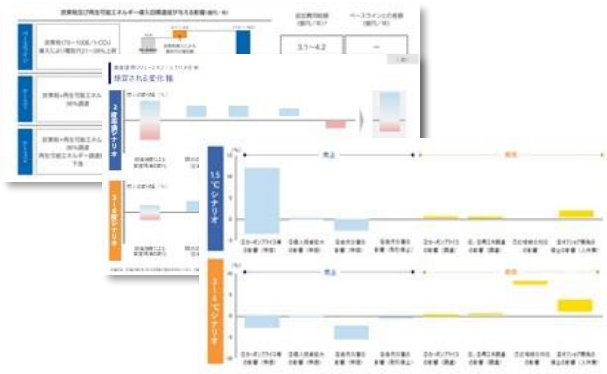
## Company-wide scenario analysis (Re-identify risks and opportunities, financial impact)

- ✓ Detailed company-wide scenarios
- ✓ Calculate the financial impact
- ✓ Study more evolved disclosure framework



想定される事業への影響

事業分野	2°C未満シナリオ	4°Cシナリオ
コンサルティン	+	-
金融ITソリューション	+	-
産業ITソリューション	+	+
データセンター	+	+



In FY2024  
Looking ahead to IFRS S2  
Preparation for Enhanced Disclosure



## Sustainability activities at the NRI Group : Social





# Social (S) initiatives and key future measures

## Past activities

Policies & guidelines in line with international principles and promote disclosure

- Initiatives to realize health management [FY 2015-].
  - Human rights risks survey (expanded to the entire NRI Group) [FY 2019-]
  - WBCSD CEO Guide to Human Rights [Jan. 2020]
  - Obtained agreement to the NRI Group Business Partner Code of Conduct [FY2021-]
  - Social data disclosure & external assurance [FY2022-]
- 
- Study enhanced disclosure of Grievance Mechanism, [FY2023]
  - **Social impact visualization** (logic tree, quantification of case studies) [FY2023]
  - Established "NRI Group **Occupational Health and Safety Policy**" & revised "NRI Group Human Rights Policy" [July. 2023]
  - Dialogue with **WBCSD** Top Management [Oct. 2023]
  - Establishment of "NRI Group **AI Policy**" (revised from AI Ethics Guidelines) [Feb. 2024]

## Future priority

Promote initiatives (human rights, etc.) throughout the supply chain group globally.

- Conduct and upgrade **human rights due diligence for** group and global
- Implement and expand **self-assessment for** business partners
- Sustainability development and penetration into **overseas group** companies
- Consider adding sustainability-related items to procurement requirements

# Promote various efforts to develop and implement human rights measures throughout the NRI Group

## Activities required of companies by UNGP\*1

## Status of Efforts in FY2023

Activities	Examples of Activities	
Policy commitment	Human rights policy	<ul style="list-style-type: none"> <li>• Partial revision of the <b>NRI Group Human Rights Policy</b></li> <li>• Human rights policy implementation through compliance brochures</li> <li>• Promoting understanding of human rights policies through e-learning</li> </ul>
Practicing human rights due diligence	Impact on human rights	<ul style="list-style-type: none"> <li>• <b>Comprehensive human rights risks analysis</b> (2nd time since 2019, Target: entire NRI Group and some business partners)</li> </ul>
	Prevention / Mitigation process	<ul style="list-style-type: none"> <li>• <b>Business and human rights</b> lecture by ESG e-learning (NRI non-consolidated basis and major domestic group companies)</li> </ul>
	Monitoring	<ul style="list-style-type: none"> <li>• Survey on <b>potential and actual human rights risks</b>. (Entire NRI Group, survey to be completed in 1H of FY2024)</li> </ul>
	Disclosure	<ul style="list-style-type: none"> <li>• Study <b>enhancing the content of disclosures</b> (Comprehensive human rights risk survey results, grievance mechanisms, etc.)</li> </ul>
Remediation processes	Grievance Mechanism	<ul style="list-style-type: none"> <li>• Identify the current status / issues of stakeholder <b>reporting channels</b></li> </ul>



Further expansion of **NRI Group-wide efforts** in FY2024 and beyond

UNGP: United Nations Guiding Principles on Business and Human Rights



# Modeling the "social impact" created by NRI's business activities and its path

## Logic model

- NRI visualizes the path to create "social impact" that will lead to solutions to social issues through its business activities. Integrated efforts to realize growth strategies and create a sustainable society of the future
- To be used for communication with stakeholders in the future

\*Scheduled to be disclosed in FY2024.

## Impact Visualization

- Select three symbolic themes from NRI's diverse business activities and quantify the impact created by NRI's business activities

Logic Model (Image)



Impact Visualization (Image)

インパクト創出ロジック			創出するインパクト	創発する社会
NRIのアウトプット	アウトカム (ステークホルダー)	アウトカム (社会全体)		
<b>Case1 「年収の壁」解消に関する政策提言</b> ■ 「年収の壁」による働き損の解消について、情報発信・政策提言	■ 政府による「年収の壁」支援強化パッケージ」の策定	■ 「年収の壁」問題解消により、対象者の報酬増等経済効果が創出される	政策が実現した場合の経済効果 (パートタイム労働者を中心とした所得向上)  (約6.6兆円) <small>経産省発表の日本全体の経済効果</small>	夢と可能性に満ち、豊かさを実感する、活力ある社会
<b>Case2 共同利用型サービスの拡大</b> ■ 全熟機関等への共同利用型サービスの提供	■ 電力使用量減少により、CO2排出量が減少する	■ 共同利用型サービスが利用されることにより、社会全体のCO2排出量が減少する	共同利用型サービスの利用により削減された顧客のCO2排出量 (削減貢献量)  43,992トン	人々の未知がなくなり、環境にやさしい持続可能な社会
<b>Case3 セキュリティリスク診断サービスの提供</b> ■ SecureSketCH事業にて、企業のセキュリティ状況を確実確認	■ 企業は自社のセキュリティ課題を把握し、対策を打つことができる ■ インシデントの発生を未然に防ぐ	■ (参考：インシデント発生時の被害額は1社あたり最大31億円と見積もられる)	セキュリティリスクの把握により、インシデントの発生を防ぐことができるようになった企業数  約7,000社	強くてしなやかな、安全で安心に満ちた社会



## Sustainability activities at the NRI Group : Governance

# Governance (G) initiatives and key future measures

## Past activities

Enhance corporate governance and develop various systems

- Nominating Committee, with independent external directors as members [FY 2017]
- "Restricted Stock Compensation Plan," a mid-long term incentive for directors [FY 2018].
- Value co-creation efforts are evaluated by a division basis and added to bonuses [FY2020-]
- Introducing the Clawback Mars Clause ※ [FY2020]
- Revision of the NRI Corporate Governance Guidelines [Dec. 2021]
- Review and upgrade group and global governance structure [FY2021-]
- Enhance governance-related disclosures in IR [FY2022-]

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- A governance structure to increase **board** involvement (Sustainability Board) [FY2023-]
- **Link of executive compensation to** evaluation of sustainability initiatives [FY2023-]
- PDCA for **Materiality** Indicators (**DJSI World** for 6 consecutive years) [FY2023-]

\*Clawback Mars Clause: a system that allows directors to request the return of compensation paid to them in the past.

## Future priority

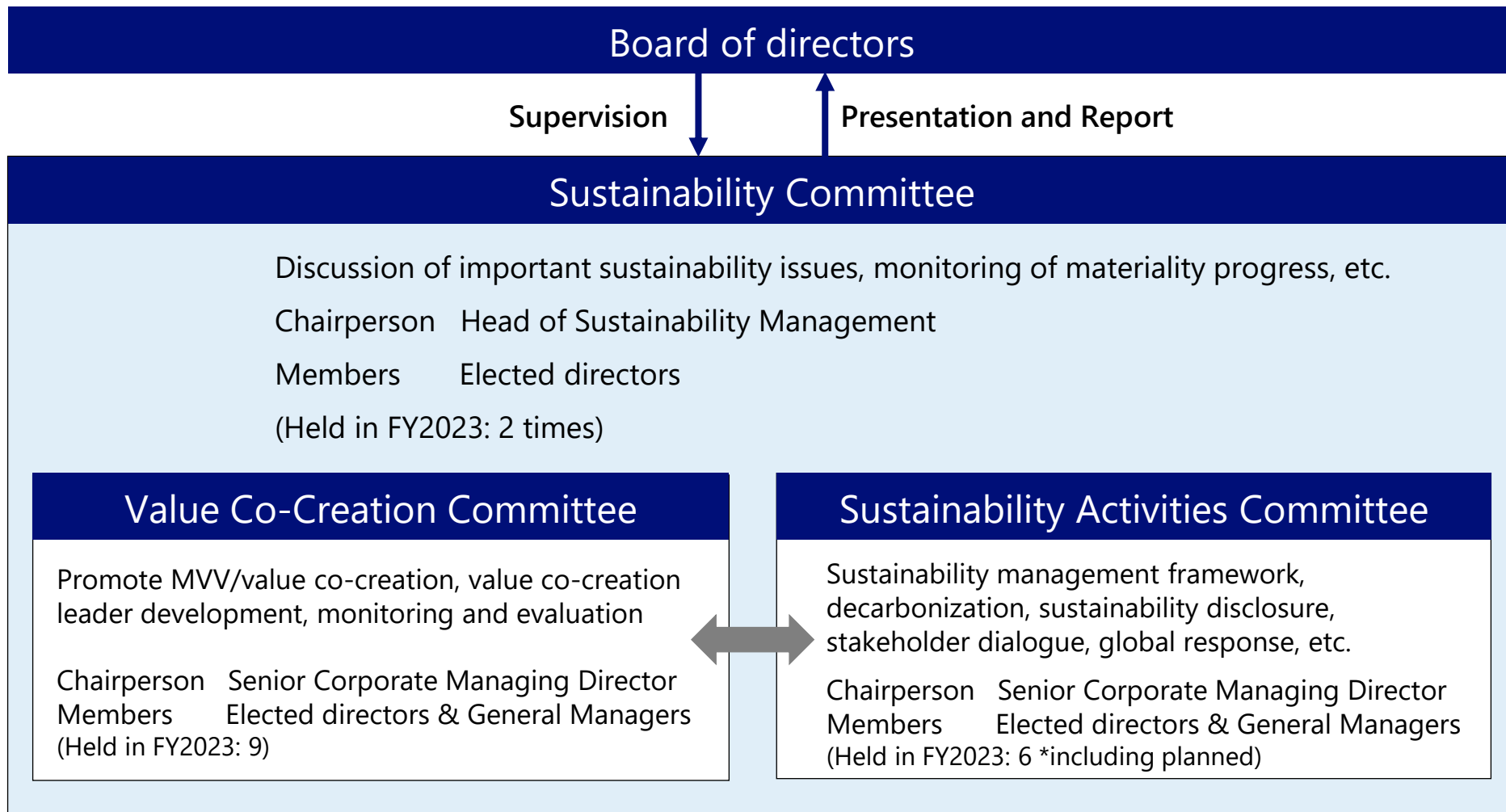
More effective governance for our vision aligned with external trends

- **Independent Assessment of** Board Effectiveness
- Preparation for disclosure based on **IFRS S1** (mandatory disclosure in financial reports, etc.)
- Evaluate FY2023 performance of sustainability initiatives (linked to executive compensation in FY2024)
- Continue to strengthen global governance (e.g., upgrading management control)



# Establish a sustainability governance structure for V2030

- Under the Sustainability Committee, the Value Co-Creation Committee and the Sustainability Activities Committee share roles and collaborate with each other.



## Next Step



# Accelerating NRI's Sustainability Management to the Group, Global, and Supply Chain



## Contribute to global environment

through collaboration with business partners

Promoting response and information disclosure of climate change risks, etc., with Scope 3 initiatives

- Implement and strengthen **Scope 3** reduction
- Implement of more advanced **renewable energy** procurement instruments
- Further strengthen engagement with WBCSD, GX League, etc.
- Preparation for disclosure in accordance with IFRS S2



## Fulfill our social responsibilities

through strengthening of relationships with stakeholders

Promote initiatives (human rights, etc.) both on own sites and supply chain

- Conduct and upgrade **human rights due diligence for** group and global
- Implement and expand **self-assessment for** business partners
- Sustainability development and penetration into **overseas group** companies
- Study sustainability-related items to procurement requirements



## Evolve governance

through realization of strategic risk control

More effective governance for our vision aligned with external trends

- **Independent Assessment of** Board Effectiveness
- Preparation for disclosure based on **IFRS S1** (mandatory disclosure in financial reports, etc.)
- Evaluate FY2023 performance of sustainability initiatives (linked to executive compensation in FY2024)
- Continue to strengthen global governance (e.g., upgrading management control)



# Appendix

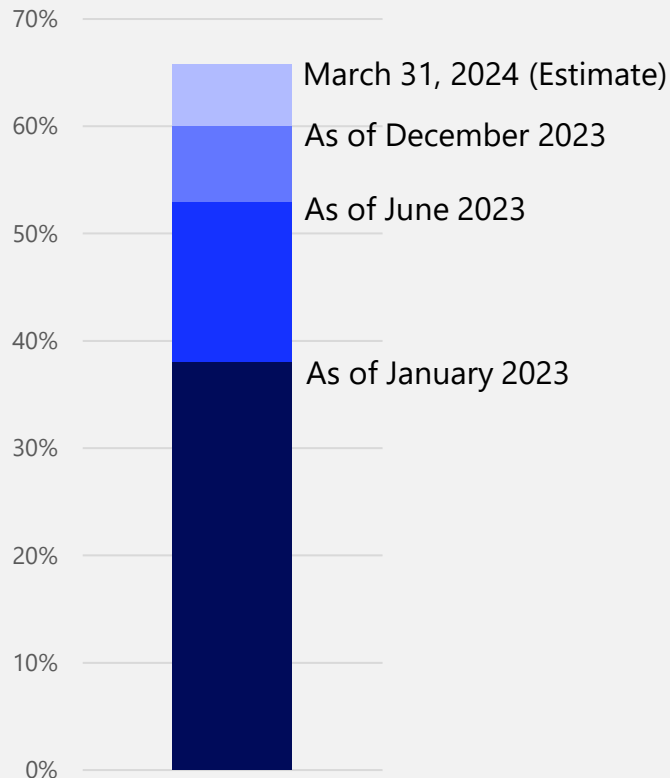




# Achieve Net-Zero collaborating with our business partners vis the "Net-Zero Journey"

- Support our business partners in setting their own environmental goals, tailored to their specific circumstances.

- Percentage of business partners setting environmental targets (based on procurement amount)



- How to

- Individual follow-up



Individual meetings (face-to-face/online) to help business partners set goals

- Conducted for 4 companies
- Follow-up according to individual situations

- Interactive event



Dialogue between NRIs and business partners to increase engagement

- September-October Dialogue Events
- December Workshop on CO2 emission calculation

- Seminar



Sharing the latest trends in sustainability and other topics with business partners from management to staff.

- July Management Seminar
- January Dialogue on Sustainability



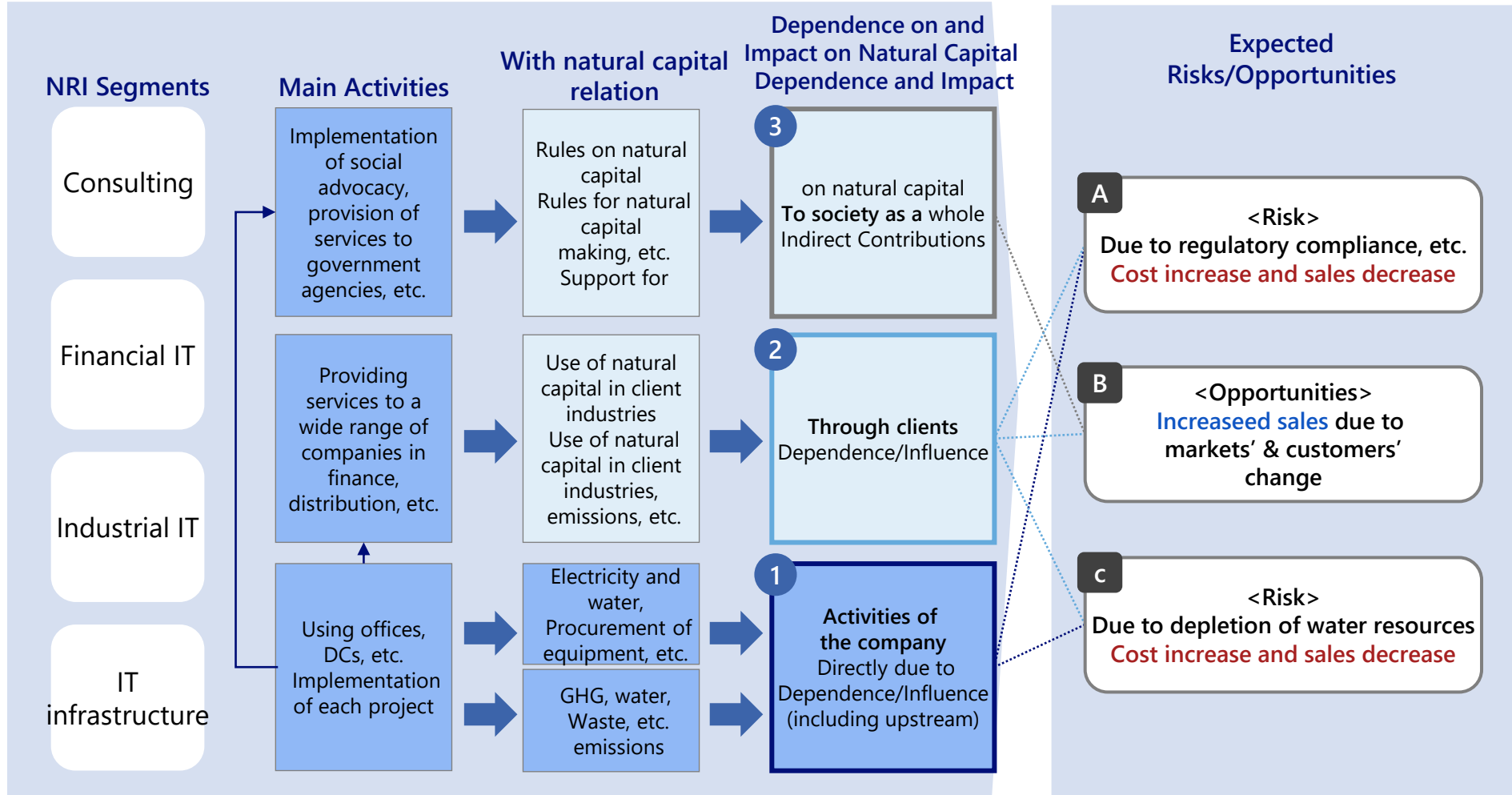
# TNFD: Relationship with natural capital, analysis of main risks and opportunities

- In FY2023, NRI's risks, opportunities, etc. will be analyzed according to the TNFD framework. Details to be disclosed in FY2024.

## Relationship between NRIs and natural capital (image)

Directly related to NRI

Indirectly related to NRIs





# Strengthen involvement in WBCSD (World Business Council for Sustainable Development)

WBCSD: World Business Council For Sustainable Development A coalition of 200 CEOs of companies committed to sustainable development; NRI is a member since 2019

- Strengthen involvement in WBCSD through project participation, top management dialogues, etc.



## (1) Projects participation

- Participated in two projects under the WBCSD, aiming to formulate **business sector-led rules**.

NRI's Participating Projects

Climate Bundle

CFO Network

Results for FY2023

- PACT\* project under the "Climate bundle" Collaborating with **Hitachi, Ltd. and EIZO Corporation**, calculated carbon footprint based on actual measurements
- Collaborating with **Avoided Emission Project** under "Climate bundle" and **the GX League**, participate in the formation of domestic rules in line with global standards.

## (2) Strengthen engagement

- Reinforcing top-to-bottom engagement
- WBCSD CEO Peter Bakker in Dialogue with NRI Management**

Dialogue Themes

DX3.0 business approach

Efforts to solve social issues based on a four-tier model



From left, Takeshi Hibara, Senior MD, Head of Sustainability, NRI  
Peter Bakker, CEO, WBCSD  
Tomohiko Noguchi, Senior MD, In charge of DX, NRI

\* PACT Partnership for Carbon Transparency

Cross-industry project to establish a calculation method/infrastructure for Scope 3 emissions visibility

# Maintained high external evaluation due to various initiatives

Sustainability stock indices	2019	2020	2021	2022	2023	Remarks
DJSI World	✓	✓	✓	✓	✓	Selected for 6 consecutive years since 2018
DJSI Asia Pacific	✓	✓	✓	✓	✓	8 consecutive years since 2016
MSCI ESG Leaders Indexes	✓	✓	✓	✓	✓	8 consecutive years since 2016
FTSE 4 Good Developed Indexes	✓	✓	✓	✓	✓	18 consecutive years since 2006
MSCI Japan ESG Select Leaders Index	✓	✓	✓	✓	✓	GPIF Selected ESG Indices
MSCI Japan Empowering Women Index (WIN)	✓	✓	✓	✓	✓	GPIF Selected ESG Indices
FTSE Blossom Japan Index	✓	✓	✓	✓	✓	GPIF Selected ESG Indices
FTSE Blossom Japan Sector Relative Index	Launched March, 2022			✓	✓	GPIF Selected ESG Indices
S&P/JPX Carbon Efficient Index	✓	✓	✓	✓	✓	GPIF Selected ESG Indices
Morningstar Japan ex-REIT Gender Diversity Tilt Index	Launched April, 2023				✓	GPIF Selected ESG Indices
SOMPO sustainability index	✓	✓	✓	✓	✓	12 consecutive years since 2012

Evaluation score	2019	2020	2021	2022	2023	Remarks
DJSI	78	82	83	85	86	
S&P Sustainability Award	Bronze	Silver	Silver	Top 10%	Top 5%	
MSCI	AA	AA	AAA	AAA	AAA	
FTSE	4.0	3.9	3.5	3.7	4.5	
CDP	A	A	A	A	A	
CDP Supplier Engagement Ratings (SER)	Leaderboard	Leaderboard	Leaderboard	Leaderboard	Leaderboard	
Sustainalytics	Change from overall score to risk rating score		14.6	15.7	16.6	Smaller values are rated higher due to risk values



**Envision the value,  
Empower the change**