Nomura Research Institute Sustainability Briefing Q&A (Summary)

(Wednesday, February 21, 2024, online)

Inquirer #1.

Q1: On page 5 of the "Corporate Philosophy (Dream up the future) and Sustainability Management", you indicate DX2.0/3.0 total investment for "Co-create a thriving future society", business platform sales for "Co-create an optimal society" and safety and security related sales (Apr to Dec 2023) for "Co-create a safe and secure Society". In addition to the actual figures, I would like to know the business model for these.

A1: The DX2.0/3.0 total investment (11.0 billion yen) for "Co-create a thriving future society" includes consulting and outsourced system development as well as "My Number" services. Business platform sales (101.5 billion yen) for "Co-create an optimal society" represents the scale of the business, including shared online services mainly for the financial sector. The sales related to safety and security (137.3 billion yen) in the "Co-create a safe and secure society" segment represents the scale of business mainly related to information security and data centers.

Q2: Regarding sustainability outreach to business partners, please tell us specifically what kind of outreach you are conducting or plan to conduct.

A2: As part of the "NRI Net-Zero Journey," NRI provides ongoing support to business partners in setting environmental goals while sharing "Sustainability activities at the NRI Group". We are also actively developing programs such as individual consultations, dialogues, and seminars.
On page 25 of "Sustainability activities at the NRI Group" shows the percentage of business partners that have set environmental targets for 2023-2024. Although less than half of the business partners had previously done so, currently nearly 70% of business partners have now started sustainability initiatives, including setting environmental targets on a procurement value basis.
The setting of environmental targets by business partners is linked to the reduction of NRI's Scope3 emissions. In the future, we would like to receive actual results from our business partners through these efforts to visualize NRI's Scope 3 and link them to emissions reductions.

Inquirer #2.

Q3: What is the involvement of external directors in sustainability management?

A3: The concept of "sustainability management" was incorporated into the management plan in the mid-term management plan (2019-2022), and the Board of Directors receive regular reports on sustainability. The new mid-term management plan, which started in April 2023, further upgrades sustainability management and establishes a new "Sustainability Committee". The director in charge of sustainability management chaired the committee and further strengthened its relationship with the Board of Directors.

In addition, the company is further upgrading its sustainability management by receiving active opinions, suggestions, and advice from external directors.

Inquirer #3.

Q4: NRI is also the coordinator of the GX League. What are the expected business competitors in a decarbonized society and what are the long-term advantages for NRI?

A4: From February 2022 to the present, NRI has also been providing secretariat support for the GX League, and the strength of the NRI Group is that, in addition to the integration of consulting and IT solutions, it can also make various proposals including code reform and institutional design, as shown in the presentation, "NRI's Approach to DX3.0".

While there may be competitors in each of these areas in the decarbonization business, we believe that the NRI Group's strength lies in its ability to provide total, integrated support by combining consulting and IT solutions and leveraging the strengths of its think tank function.

Q5: What are the key points and aims of the revision of AI ethics guidelines and the potential risks of AI expansion?

A5: The advent of generative AI has increased the number of previously unanticipated risks.

One is the risk related to accountability and transparency. For users, efforts are required to explain whether a particular service uses AI or background of the results AI generates.

The second is "hallucination"; the possibility that the information generated by AI may contain incorrect answers must also be considered.

Finally, the possibility of rights infringement. There is a possible risk of output that infringes on copyrights.

"The NRI Group AI Policy" was formulated covering the contents of these new risks and adding issues related to governance mechanisms. The operation of governance on AI is being prepared to begin in FY2024.

End