

# ESG Briefing

## ESG activities at the NRI Group

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

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)



[Vision 2022 Numerical Targets]

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

Solving social issues through value co-creation (CSV)

by driving new value.

Co-create a thriving future society

**NRI Value Co-Creation Committee**

by effectively utilizing its resources.

by advancing its infrastructure.

Co-create an ideal society

Co-create a safe and secure society



Materiality for sustainable growth

ESG activities at the NRI Group

by Yokoyama/Honda

**1**

**Concept of ESG activities at the NRI Group**

**2**

**ESG activities of NRI Group**

**3**

**Report on TCFD scenario analysis results**

## 1. Concept of ESG activities at the NRI Group

# Concept of ESG activities at the NRI Group

### 1. External environment

- UN moves to solving international social issues
- Expanding demand for digital social capital
- Penetration of AI and relevant concerns
- Rapid increase in ESG investment
- The rise of stakeholder capitalism
- Requests for responsible supply chains

### 2. Business philosophy and management strategy

- Dream up the future.
- Consulting x IT solutions
- Contributing to the future society via suggestions and system proposals for society
- Co-creating value with clients

未来創発  
Dream up the future.

### 3. Business strategy

- Creating and expanding DX business
- Acceleration of globalization
- Expanding business platforms (social infrastructure systems)
- Modernization of client systems
- Expanding/advancing human resources

Maintaining business infrastructure

E (environment)

S (society)

G (governance)

- ✓ Acting in a way suitable for a company aiming to be a global company
- ✓ Having an **NRI identity**, and implementing effective and successful measures
- ✓ Working together with **executives, employees, and business partners**

**1**

**Concept of ESG activities at the NRI Group**

**2**

**ESG activities of the NRI Group**

**3**

**Report on TCFD scenario analysis results**

# Environmental (E) initiatives and key future measures

### Past activities

Establishing an environmental promotion committee (currently the Sustainability Activities Committee) on May 2014, and promoting activities that recognized international standards

[Blue: Main activities in the second half of this fiscal year](#)

- Revising our environmental policy
- Revising environmental targets and obtaining authorization from international institutions
- Studying the procurement of renewable energy
- Promoting the disclosure of environmental information/assuring environmental data
- **Disclosing TCFD scenario analysis results**
- Deployment of NRI-EMS (environmental management system)
- Issuing green bonds
- Maintaining a procurement policy/framework that considers the supply chain
- Promoting ESG education (producing videos on basic ESG knowledge and e-learning tests, etc.)

### Future Priority measures

There is a concern that the popularization of IoT and AI will further increase power consumption. It is highly likely that restrictions on the greenhouse gas emissions of ICT companies will be tightened internationally. Investors, etc. require business strategies that recognize the risks and opportunities of climate change.

- Deploying TCFD scenario analysis to the financial segment
- Procuring renewable energy utilizing green finance
- Surveying/researching taxonomy and investigating the adoption of carbon pricing

## 2. ESG activities of the NRI Group

# Shifting our environmental target from 2°C to 1.5°C to respond to the growing global sense of crisis about climate change

- In September 2018, we revised our environmental target and obtained the 2°C target SBT accreditation\*1 for limiting global warming to within 2°C.
- The 2°C target will lead to large economic loss, and global consensus is shifting to the 1.5°C target for limiting global warming to within 1.5°C.
- In order to respond to this international consensus, NRI has revised its environmental target from 2°C to 1.5°C and obtained SBT accreditation\*.
- We will also continue to aim to achieve our environmental target ahead of schedule, including ambitiously reducing supply chain CO<sub>2</sub>.

### Changes made to obtain the 1.5°C target SBT accreditation

\*1 SBT accreditation: International accreditation for environment targets

Category	FY 2030 targets*2		FY 2050 targets
	SBT 2°C targets (current)	SBT 1.5°C targets (scheduled)	
Scope1+2	NRI Group greenhouse gas emissions reduced by 55% (compared to FY2013)	NRI Group greenhouse gas emissions reduced by 72% (compared to FY2013)	NRI Group zero greenhouse gas emissions  100% use of renewable energy
	Data center renewable energy use of 36%	Data center renewable energy use of 70%	

Category	FY 2023 targets
Scope 3	<ul style="list-style-type: none"> <li>✓ 70% or more of NRI Group suppliers have set an environmental target at the SBT level (target: categories 1, 2, and 11 of Scope 3)</li> </ul>
	<p>FY 2030 targets</p> <ul style="list-style-type: none"> <li>✓ Reduce emissions of employee business trips and commuting by 25% (target: categories 6 and 7 of Scope 3)</li> </ul>

\*2 SBT rules state that the target year must be within 5 years to 15 years of the submission date.

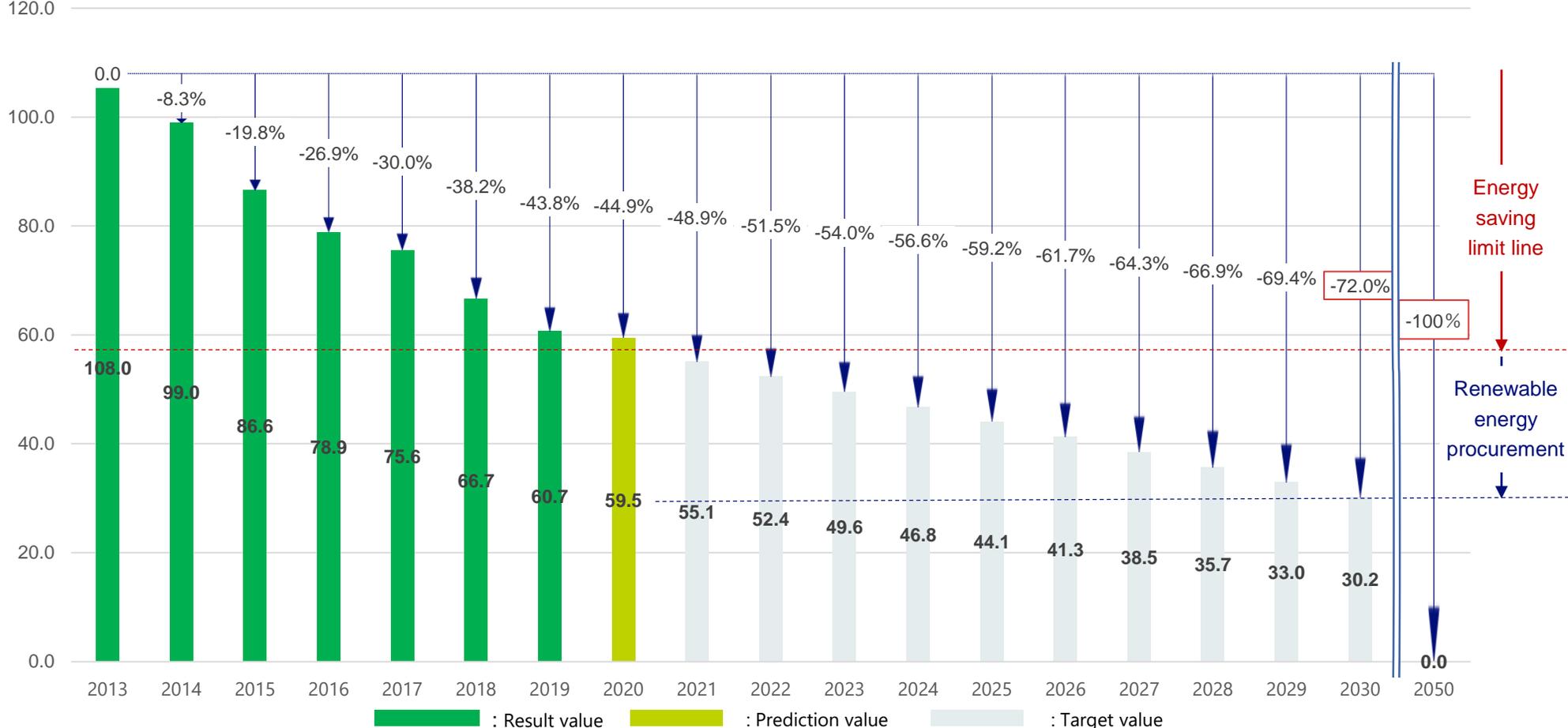
These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

## 2. ESG activities of the NRI Group

# Transition of greenhouse gas emission reduction targets and annual targets for achieving the 1.5°C target

- Current energy saving measures are limited to a reduction of 48%, so in order to achieve a 72% reduction in greenhouse gas emissions by 2030, the remaining **24% required renewable energy procurement**.

(1,000t-CO<sub>2</sub>) **Trend of green house gas emissions (Scope1 and Scope) and annual targets by 2050**



## 2. ESG activities of the NRI Group

# Promoting the procurement of renewable energy

### ■ Progress in the procurement of renewable energy

- The FY2020 movement toward decarbonization is picking up pace in Japan, with Prime Minister Suga announcing a target of zero greenhouse gas emissions by 2050 in his policy speech. NRI is also looking to achieve use of renewable energy ahead of schedule.

#### Encourage the government

Meeting for exchanging opinions with Minister of the Environment Shinjiro Koizumi (Dec. 2020)

- With preparations being made for digital capitalism, NRI has appealed to the government for an acceleration in the supply of power derived from renewable energy.



#### Renewable energy procurement for Japan offices

Renewable energy from FY2021 by encouraging building owners, etc.

- Switching the power of our headquarters to renewable energy (scheduled for August 2021)
- Switching the power of our Yokohama Nomura Building to renewable energy (scheduled for August 2021)
- Switching the power of our YBP Building to renewable energy (scheduled for August 2021)

#### Renewable energy procurement at overseas bases

Investigating the possibility of purchasing renewable energy certificates at the headquarters for the power at our overseas bases

- Purchase I-REC certificates\* for China office
  - Purchase REC certificates\* for US office
  - Purchase LGC certificates\* for Australia office
- \*Renewable energy certificate available for purchase in various regions



Meeting with Minister of the Environment Shinjiro Koizumi (Dec. 11, 2020)

#### Renewable energy procurement for data centers

Starting a company-wide decarbonization project

- Adopting renewable energy for the platform where our shared online services operate
- Giving added value to shared online services via the adoption of renewable energy
- Acquiring businesses related to the disclosure standardization of CO<sub>2</sub> emissions, etc.



## 2. ESG activities of the NRI Group

# Overview of decarbonization (service for clients) project

- Promoting the achievement of RE100 as a company to differentiate our IT services for clients -

### Client companies

- **Green transformation via DX**
  - Using a new SaaS type business model that supports environmental regulations, etc.
  - GX creation via co-creation with clients
- **Using shared online services**
  - Increasing requests for disclosing CO<sub>2</sub> emissions (Scope 1, 2, and 3) over the entire supply chain
  - For client companies, the CO<sub>2</sub> emissions of shared online services correspond to Scope 3

Service provision

### Benefits for client companies

- Shift Scope 2 (internal development) CO<sub>2</sub> emissions to Scope 3 (shared online services) to reduce CO<sub>2</sub> emissions by 74%
- Adopt renewable energy for NRI shared online services to achieve zero CO<sub>2</sub> emissions via service usage

Contribute to government pledge for zero greenhouse gas emissions by 2050

### NRI

- **Adopting renewable energy at data centers**
  - Gradually adopting renewable energy, aiming for 70% data center renewable energy by FY2030
- **Adopting renewable energy for shared online services**
  - Shifting the power used by shared online services and OCI (Oracle Cloud Infrastructure) to renewable energy



#### NRI Data Center

Shared online services

Oracle Cloud Infrastructure

Carbon Zero SaaS

- **Environmental target of NRI \*Planned to be achieved early**
  - FY2030  
Reduce greenhouse gas emissions by 72% (compared to FY2013) and achieve a 70% renewable energy for data centers
  - FY2050  
100% renewable energy

**RE100**

### Procurement of renewable energy

Renewable energy procurement

- **Long-term procurement**
  - Ensuring renewable energy in the long term
  - Avoiding rising costs due to excess demand
  - Procurement that considers local residents
  - Assisting the resolution of problems, etc. by utilizing IT technologies
- **Procurement that recognizes international standards**
  - Procurement that meets international standards such as RE100
  - Awareness of strict environmental standards such as those of the EU
- **Applying green finance**
  - Procurement of funds via green bonds and new sustainable loans, etc.
  - Utilizing carbon tax systems



# Social (S) initiatives and key future measures

### Past activities

Promoting women's participation and advancement in the workplace, system reforms, and health and productivity management, focused on personnel departments and human resource development departments Formulating policies and guidelines according to international norms and disclosing information

[Blue: Main activities in the second half of this fiscal year](#)

- Formulating guidelines for AI ethics and human rights policy
- [Promoting the disclosure of social information/External assurance of social data](#)
- [Publishing reports on human rights](#)
- Promotion of women's participation and advancement in the workplace/childbirth, parenting and nursing care support/promotion workplace participation by persons with disabilities
- [Simple human rights risk assessment of NRI group companies in Japan](#)
- Sign the "CEO Guide to Human Rights" of the WBCSD (produce video message for the president)
- [Maintaining a procurement policy/framework that considers the supply chain](#)
- Providing IT training programs for Indigenous people in Australia (ASG)
- Promoting ESG education (producing videos on basic ESG knowledge and e-learning tests, etc.)

### Future Priority measures

Human rights measures based on international standards are required as the NRI Group globalizes. In particular, the international community has concerns about the negative impact of supply chains on human rights and the negative impact of AI on human rights, and we must respond to them.

- Infiltration of human rights policy and guidelines for AI ethics within the group, etc.
- Improve disclosures of human resource development/personnel related measures
- Implement human rights due diligence to NRI Group business partners and investigate grievance handling mechanisms

## 2. ESG activities of the NRI Group

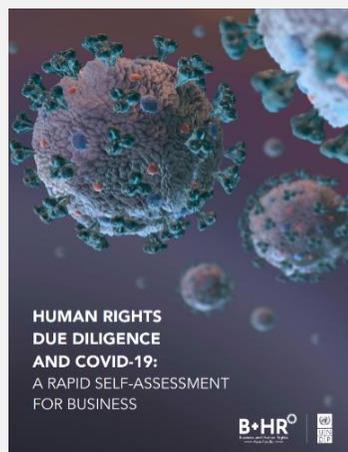
# Simple human rights risk assessment of NRI and group companies in Japan

### ■ Overview

- The spread of COVID-19 has impacted corporate business activities and raised new risks of negative impacts on human rights
- Due to the above changes, we have conducted a simple assessment on NRI and group companies in order to clarify the human rights risks of NRI Group companies and our response to them during the COVID-19 crisis

### ■ Assessment: Human Rights Due Diligence and COVID-19: Rapid Self Assessment for Business by UNDP

- Utilize the "Human Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business" created by the United Nations Development Programme (UNDP).
- Information specialized on the COVID-19 crisis
- Based on human rights treaties adopted by the United Nations, ILO core conventions, and the United Nations Guiding Principles on Business and Human Rights (UNGPs), the assessment covers important actions that companies should take and items they should consider



#### <Summary of assessment>

1. Health and safety in the workplace
2. Worker rights
3. Impact on the environment and community
4. Protecting privacy
5. Preventing prejudice and discrimination
6. Items for investigation in company policy and management

## 2. ESG activities of the NRI Group

# Promoting human rights due diligence and grievance reception/response system for business and human rights

- We plan to proceed with business and human rights via collaboration with related departments in control and business divisions
  - The penetration of policies and human rights due diligence will be promoted in cooperation with human resources department and procurement management department
  - In regard to AI and human rights, consult with divisions actively utilizing AI to investigate the measures that will be required once more

### Next Action

### Major initiatives scheduled

#### Penetration of policies, etc.

- Deploying a group human rights policy and AI ethical guidelines to group companies in Japan and overseas

- Deployment to group companies in Japan and overseas
- Starting the debate about improving the effectiveness of ethical guidelines for AI
- Education efforts linked with DX training and diversity & inclusion

#### Human rights Due Diligence

- Periodically checking the status of human rights at group companies
- Continuous efforts for business partner assessments and issue solving

- Responding to risks identified in the simple human rights risk assessment (conducted in FY2020)
- Expanding the scope of the simple human rights risk assessment  
(Japanese group companies not yet conducted, worldwide offices established by NRI, etc.)
- Assessment of regions with high latent risks  
(partners in China, the Philippines, India, and Thailand), etc.

#### Grievance mechanism

- Establish NRI-like grievance mechanism
- Continued evolution of grievance processing that takes trends around the world and at other companies into account

- Establish harassment hotline for business partners (scheduled for April 2021)
- Identify best practices at IT companies

## 2. ESG activities of the NRI Group

# Renew three policies for enhancing sustainable procurement

- We are required to conduct procurement activities with a strong recognition of sustainability in the entire supply chain, not only our company. That is why we have renewed three policies regarding the strengthening of responsible procurement (sustainable procurement) that considers human rights, the environment, and health & safety.

Name	Positioning	Description (overview)
NRI Group Procurement policy	A policy stating that NRI Group conducts responsible procurement	<ul style="list-style-type: none"> <li>• Contribute to the creation of a sustainable future together via procurement activities with our business partners</li> <li>• Building partnerships</li> <li>• Transparent and fair selection</li> <li>• Sustainable procurement</li> </ul>
NRI Group Business conduct standards (for business partners)	Code of conduct that NRI Group employees must follow for procurement	<ul style="list-style-type: none"> <li>• Striving for mutual understanding with business partners and trust building</li> <li>• Performing transparent and fair selection that considers sustainability</li> <li>• Also confirm the business situation and efforts for sustainability at business partners while work is assigned</li> <li>• Understand and comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, Employment Security Act, and Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers</li> </ul>
NRI Group Business partner code of conduct	Code of conduct that we want our business partners to follow	<ul style="list-style-type: none"> <li>• A. Labor               <ul style="list-style-type: none"> <li>✓ Forced labor, young labor, labor hours, fair wages, prohibiting discrimination, etc.</li> </ul> </li> <li>• B. Health and safety               <ul style="list-style-type: none"> <li>✓ Workplace safety, emergency preparations, occupational accidents, sanitary work environments, etc.</li> </ul> </li> <li>• C. Environment               <ul style="list-style-type: none"> <li>✓ Energy/greenhouse gases, water, atmospheric emissions, etc.</li> </ul> </li> <li>• D. Corporate ethics               <ul style="list-style-type: none"> <li>✓ Eliminating inappropriate profit, information disclosure, intellectual property, privacy, etc.</li> </ul> </li> <li>• E. Management system               <ul style="list-style-type: none"> <li>✓ Efforts as a company, responsibility to business partners</li> </ul> </li> </ul>

## Governance (G) initiatives and key future measures

### Past activities

#### Holding dialog with overseas experts from FY2017 in recognition of globalization

[Blue: Main activities in the second half of this fiscal year](#)

- Establishing independent executive meetings
- Formulated the NRI Corporate Governance Guidelines
- Implementing the evaluations of the Board of Directors' effectiveness
- Evaluating executive efforts for value co-creation at the division level, and adding it to their compensation
- Establishing a Nomination Committee and changing the members composing the Compensation Committee from external experts to independent directors
- [Disclosing taxes paid on a global basis](#)
- Adopting malus provisions and [adopting claw-back provisions](#)
- Joining international initiatives
- [Stakeholder dialog](#)

### Future Priority measures

We have a high level of governance compared to other Japanese companies, but we need an equivalent level of governance as global companies in recognition of overseas ESG investors and global expansion.

- Promoting diverse members of the board
- Enhancing engagement with ESG investors, etc.
- Reviewing systems and policies to meet international standards

## 2. ESG activities of the NRI Group

# Adopting/revising ESG related policies and systems in accordance with global trends

### ■ Revising the NRI Group tax policy and disclosing overseas tax payments

- In 2020, we revised the NRI Group tax policy in order to expand information regarding tax governance, including the development of a tax system to meet the requirements of our global business expansion, and the formulation of a transfer pricing policy
- As part of our efforts for improving disclosure regarding our tax strategy/tax plan, we have disclosed our amount of tax paid overseas from 2020

### ■ Adopting the claw-back system

- In order to strengthen our governance system, we adopted a claw-back system in 2020, which enables requests to be made to return bonuses in full or in part when changes to the figures in a financial statement occur based on the calculation of bonuses paid within the past three years.

In order to promote in-house awareness building, our corporate philosophy and ESG related policy system has been posted on our portal site for employees.

## 2. ESG activities of the NRI Group

# Stakeholder dialog

### Major dialog in FY2020

We held dialog with various stakeholders and reflected the results in our ESG initiatives and risk management

World Benchmarking Alliance  
(international NGO promoting SDGs)

- Corporate assessment from the view of SDGs
- Best practice of disclosure for human rights
- Grievance mechanism requirements

NRI Group business partners

- ESG trends at companies in Japan and overseas
- Setting environmental targets in the supply chain

Institutional investors

- Management incentive system
- Method for achieving greenhouse gas reductions
- TCFD scenario analysis and opinion on analysis results

WBCSD  
(World Business Council for Sustainable Development)

- Impact of COVID-19 on business and NRI initiatives
- Expectations for NRI in stakeholder capitalism



Dialog with ESG experts in FY2020



WBCSD online meetings

## Status of response to issues identified in past dialog

### Identified issues

#### [Management overall]

Business opportunities can be obtained by incorporating ESG in NRI's products and services as part of the promotion of globalization.

#### [Disclosure]

It is important for ESG information to be audited and able to be easily accessed.

#### [Human rights]

It is necessary to manage the development of new technology appropriately so that it does not adversely affect the economy or society.

### NRI response

Three social values for NRI to achieve via its business are defined in the Medium-Term Management Plan (2019 to 2022). KPIs are set for the three social values, which are monitored for progress each quarter and incorporated in the PDCA for management.

In order to ensure the reliability of report values, we obtained third party assurance of some of our environmental/social data via an auditing company. The ESG information is gathered together in an ESG data book for disclosure.

We have formulated NRI Group AI ethics guidelines that define guidelines for the the actions of all executives and employees regarding AI research and the development, operation, and utilization of systems. A checklist to refer to for AI development and utilization has also been deployed inside the company.

## 2. ESG activities of the NRI Group

# External evaluation

### Dow Jones Sustainability Indices

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

Adopted by the World Index for three consecutive years from 2018 and the Asia Pacific Index for five consecutive years from 2016.

### MSCI ESG Leaders Indexes\*

**2020** MSCI ESG Leaders  
Indexes Constituent

Adopted for four consecutive years from 2016.

### FTSE 4 Good Developed Index



Adopted for 14 consecutive years from 2006.

### CDP



In FY2020, we were certified as a CDP climate change A list company for the second consecutive year. We were also selected for the CDP Supplier Engagement Leaderboard for the second consecutive year.

2020 CONSTITUENT MSCIジャパン  
ESGセレクト・リーダーズ指数  
2020 CONSTITUENT MSCI日本株  
女性活躍指数 (WIN)



FTSE Blossom  
Japan



### ESG indexes related to GPIF

NRI is a constituent of all four ESG indices adopted by GPIF from 2017.

### SOMPO sustainability index

2020



Sompo Sustainability Index

Adopted for 9 consecutive years from 2012.

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## 2. ESG activities of the NRI Group

# Initiatives we are a part of



### United Nations Global Compact

May 2017

A voluntary initiative for creating a global framework to achieve sustainable growth via the responsible leadership of companies and other groups.



### Japan Climate Initiative

June 2018

A network for strengthening the exchange of opinions and sharing of information by diverse bodies other than national governments, such as companies and local municipalities that are actively working to tackle climate change.



### Task Force on Climate-related Financial Disclosures

July 2018

We endorse the TCFD Final Report, established by the Financial Stability Board, an international organization for the stabilization of the global economy.



### Science Based Targets Initiative

September 2018

An initiative that requests companies to set reduction targets based on science-based knowledge in order to keep the average global temperature increase below 2°C.



### World Business Council for Sustainable Development

January 2019

A CEO association of approximately 200 companies aiming for sustainable development, which works together to contribute to the shift to a sustainable society.



### Renewable Electricity 100%

February 2019

An initiative established to reduce the environmental impact of business activities. Aims to use 100% renewable energy for the power required for business operation.



### Business Ambition for 1.5°C

May 2020

A commitment that requires companies to reduce their carbon emissions to effectively zero by the year 2050, in order to keep the global temperature increase below 1.5°C.

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**Report on TCFD scenario analysis results**

### 3. Report on TCFD scenario analysis results

# This fiscal year, scenario analysis conducted for asset management solution business and consulting business

- The NRI Group started corresponding to TCFD from FY2018, and has identified risks and opportunities.
- In FY2020, we conduct scenario analysis for profitable departments and evaluate their impacts.



#### FY2018

**Study the scenarios Identify risks/opportunities**

- ✓ Identifying risks/opportunities for the 2°C and 4°C scenarios

#### FY2019

**Scenario analysis for highly important businesses**

- ✓ Scenario analysis conducted for the data center business

#### FY2020

**Scenario analysis for profitable divisions**

- ✓ Scenario analysis conducted for asset management solution division and consulting business division

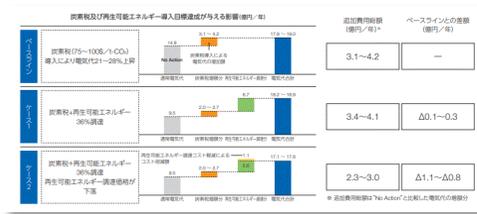
#### FY2021

**Expanding the target departments for scenario analysis**

- ✓ Expanding the target for scenario analysis

\* 単位：1-USD

事業分野	2°Cシナリオ	4°Cシナリオ
コンサルティング	顧客企業に脱炭素への需要が求められるため、NRIの持つ、クラウド/IT/システムに関する知識やソリューションへの強みは強みと見込めます。	4°Cシナリオで想定するより急激な自然災害の発生は、ITの設備の物理的被害のリスクを顕在化させ、事業の売上・利益に悪影響を及ぼす可能性があります。
資産管理ソリューション	NRIの共同出資型サービスは環境意識が強いクライアントに需要される場合より、消費電力がCO2排出量、コストを大幅に削減できることから、2°C、4°Cの両方にわたって再生可能エネルギー利用を促進させることで、需要は増加すると見込めます。	気候変動による電力不足や価格変動は、再生可能エネルギーの需要を押し上げ、NRIの強みである再生可能エネルギーソリューションの需要を押し上げると見込めます。
産業ソリューション	サブスクリプションやデータセンターの標準化は、顧客企業にメリットをもたらすため、今後需要は増加すると見込めます。	サブスクリプションやデータセンターの標準化は、顧客企業にメリットをもたらすため、今後需要は増加すると見込めます。
データセンター	NRIは、2024年3月期までに全ての再生可能エネルギーを100%で賄う、脱炭素型のデータセンターを目指して、再生可能エネルギーの導入を進めています。	自然災害に伴う電力供給や再生可能エネルギーの供給不足は、再生可能エネルギーの導入を促進すると見込めます。



### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Variation factors of profit and business for asset management firms

- Survey into the relationship between variation factors of profit expected to be impacted by climate related events and related NRI work for asset management firms

- ◎ Large impact
- Medium impact

Variation factors of profit expected to be impacted by climate related events

	Asset balance	Transactions	No. of clients	Investor information required	No. of funds	Other
<p>Asset management service (T-STAR, etc.)</p> <ul style="list-style-type: none"> <li>• Industry standard business platform for the total support of investment trust, investment advisory, and pension operations at asset management firms</li> </ul>	◎	○	○	○	○	
<p>Investment information service</p> <ul style="list-style-type: none"> <li>• Provision of financial information data regarding economy, finance, corporations, and securities in Japan and overseas</li> <li>• Platform for supporting investment analysis, the collection of investment information, and provision of investment information inside and outside the company at financial institutions</li> </ul>			○	◎	○	
<p>BPO service</p> <ul style="list-style-type: none"> <li>• Operation services for middle to back-office work regarding all finance, including asset management</li> </ul>	○	○				

### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Risks/opportunities in work for asset management firms

#### Forecast changes anticipated due to climate related events and analyze the impact on business related to NRI

- Discovered increased opportunities for assisting asset management companies, focused on improving disclosures

	Climate related event	Anticipated changes	Risks/Opportunities	Related businesses
(1)	Adoption of carbon pricing (carbon tax, etc.) and subsidizes for new technology	Changes to corporate competitiveness and corporate value impacts the asset balance.		Asset management service (T-STAR)
(2)	Promoting standardization and requesting improved disclosure of ESG/climate related information to companies	Asset management companies will have increased need for organizing corporate information due to increasing amounts of information disclosed from companies and standardization of the information to disclose.		Investment information service BPO service (consulting)
(3)	Improve disclosure of information to asset management companies	Increased need for assistance due to improved disclosure of ESG investment and sustainable finance in operation at regulatory authorities and asset owners.		Asset management service Investment information service BPO service
(4)	Improve disclosure of ESG information for financial products	There is demand for explanation of ESG related items, etc., in financial products for individuals developed by asset management firms.		Investment information service BPO service
(5)	Increased interest in personal ESG and climate change	With increasing demand for ESG investment and impact investment among millennials and generation Z, who have a particularly high interest in environmental and social problems, there is increasing need for visualizing the environmental/social impact of asset management.		Asset management service (T-STAR)
(6)	Intensifying natural disasters	Loss due to natural disasters will cause a slowdown in economic activity and a temporary drop in the asset balance.		Asset management service (T-STAR)

### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Anticipated scenario

### ■ 2°C or lower scenario, 3 to 4°C scenario

**2°C or lower scenario**

- Policy (1) + technology
  - Adoption of carbon tax: \$100 to \$140/t-CO<sub>2</sub>
  - Subsidies for new technology, etc.: Large impact on business profit structure and corporate value, etc.

} Plentiful subsidies for environmental technologies
- Policy (2)
  - Improve disclosure regarding ESG and climate: Requests/obligations for improved ESG disclosure increase the information disclosed by companies. Disclosure frameworks, etc. will also be standardized.
- Economy/society
  - Increased interest in environment/society: Asset owners and individuals will increase interest in the impact of their asset management on the environment/society.
- Natural environment
  - Intensifying natural disasters: Intensifying natural disasters will not change significantly from the current situation.

**3 to 4°C scenario**

- Policy (1) + technology
  - Adoption of carbon tax: \$30 to \$50/t-CO<sub>2</sub>
  - Subsidies for new technology, etc.: Certain amount of subsidies for environmental technologies

} Small impact on business profit structure and corporate value, etc.
- Policy (2)
  - Improve disclosures regarding ESG and climate: Requests for improved disclosure regarding ESG increase the information disclosed by companies. But disclosure frameworks, etc. will not be standardized.
- Economy/society
  - Increased interest in environment/society: Asset owners and individuals will not have much increased interest in the impact of their asset management on the environment/society.
- Natural environment
  - Intensifying natural disasters: Intensifying natural disasters become apparent and changes in climate patterns become clear.

### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Method for calculating financial impact

### ■ Calculation method

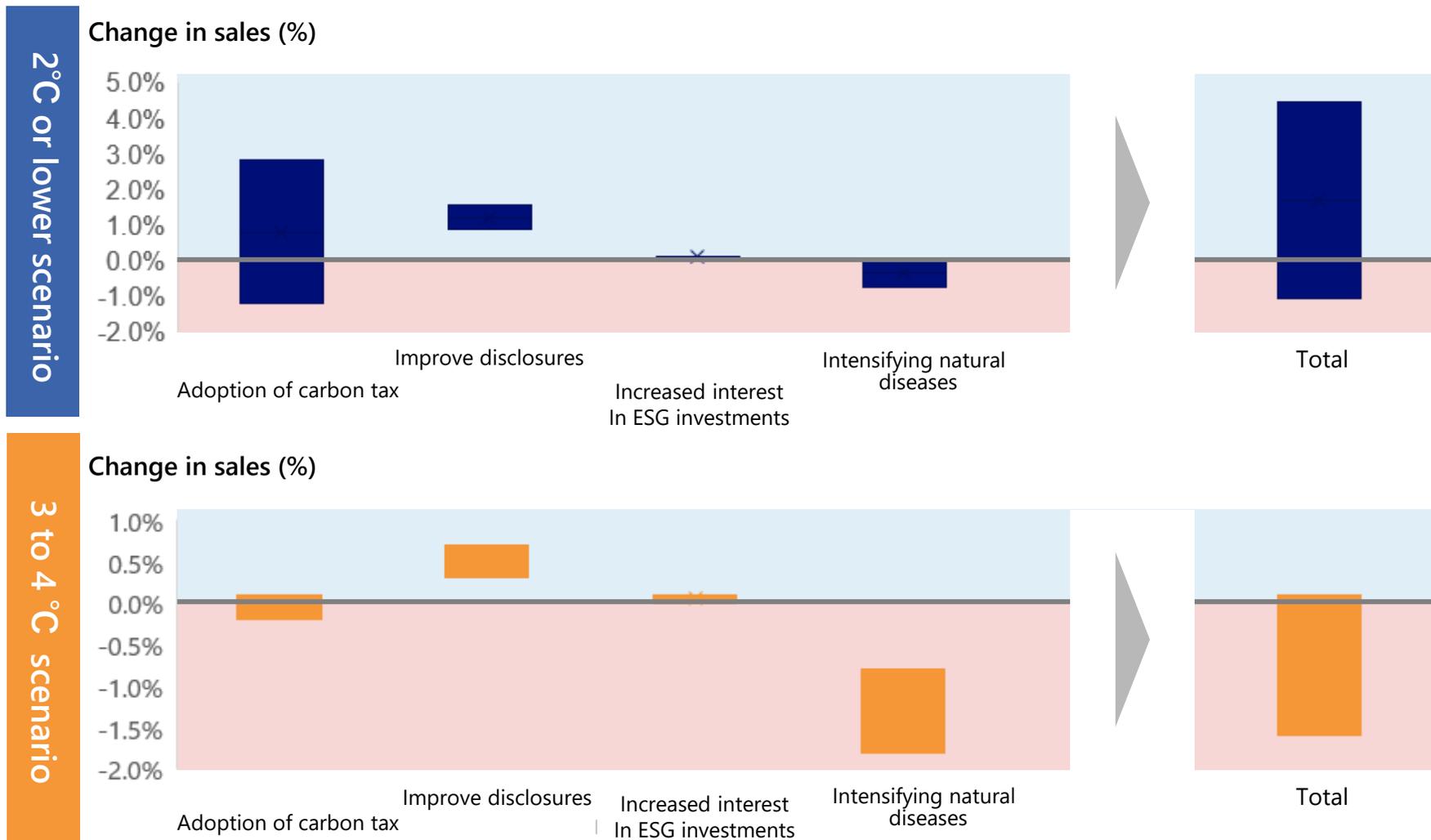
- Calculate the financial impact of each of six climate related event

	Climate related events	Method for calculating financial impact
Adoption of carbon tax	(1) Adoption of carbon pricing (carbon tax, etc.) and subsidizes for new technology	Set share price variation from result of GPIF estimation, etc. We analyzed the relationship between the net total assets of client companies and how much they pay to NRI to calculate the impact of share price variation on NRI.
Improve disclosures	(2) Promoting standardization and requesting improved disclosure of ESG/climate related information to companies	We calculated the financial impact based on the market share forecast by multiplying the service usage rate by the average budget for ESG/integrated report related consulting at companies. Calculated by multiplying the service usage rate by the budget of client companies (financial institutions).
	(3) Improve disclosure of information to asset management companies	Calculated by multiplying the service usage rate by the budget of client companies (financial institutions).
	(4) Improve disclosure of ESG information for financial products	Calculated by multiplying the service usage fee of client companies (financial institutions) by the unit price for providing information on financial products.
Increased interest in ESG investment	(5) Increased interest in personal ESG and climate change	We analyzed the relationship between the number of funds of client companies and how much they pay to NRI to calculate the impact of the related fund composition on NRI.
Intensifying natural disasters	(6) Intensifying natural disasters	Set share price variation from result of GPIF estimation and past examples. We analyzed the relationship between the net total assets of client companies and how much they pay to NRI to calculate the impact of share price variation on NRI.

### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Scenario analysis results (calculating financial impact)

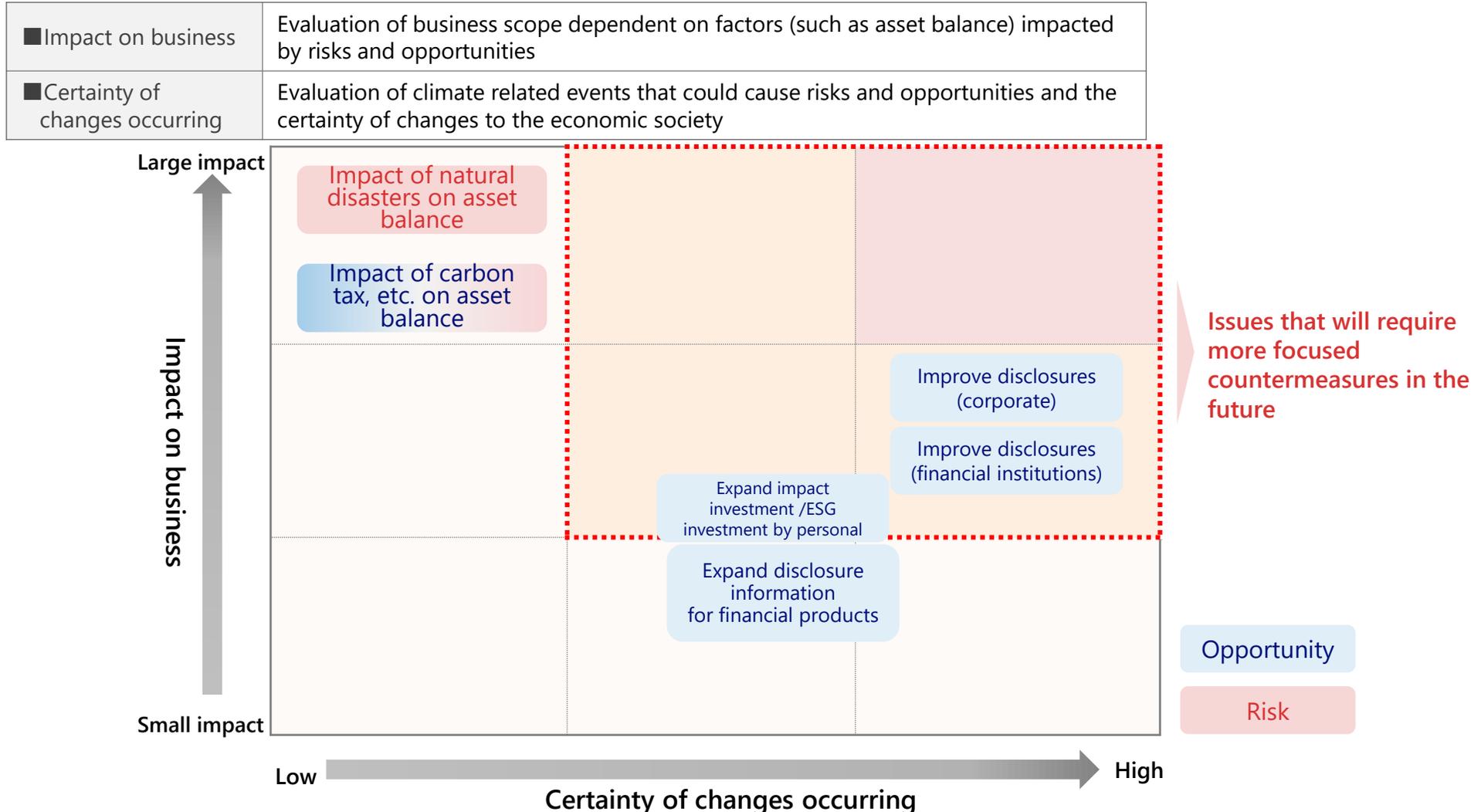
- In a 2°C or lower scenario, positive impact on sales is relatively larger, but in a 3 to 4°C scenario, negative impact on sales is larger.



### 3. Report on TCFD scenario analysis results (1) Asset management solution business

## Priority evaluation of risks/opportunities in work for asset management firms

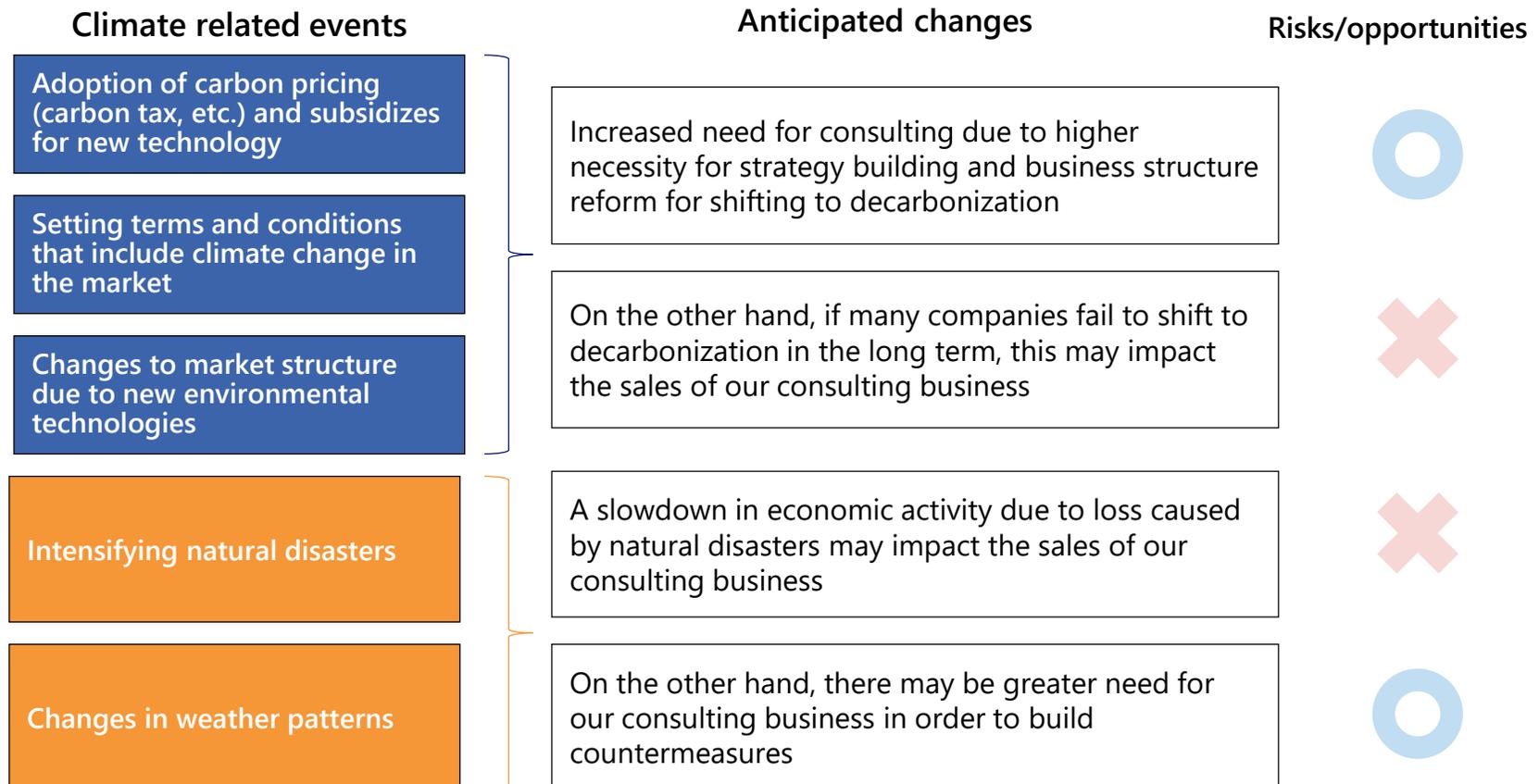
- Identified as fields to focus on based on high chance of improved disclosures



### 3. Report on TCFD scenario analysis results (2) Consulting business

## Risks/opportunities in the consulting business

- Demand for corporate assistance for adapting to climate change and shifting to a decarbonized society is expected to increase, but negative impact due to a slowdown in the macro economy is expected if the shift fails

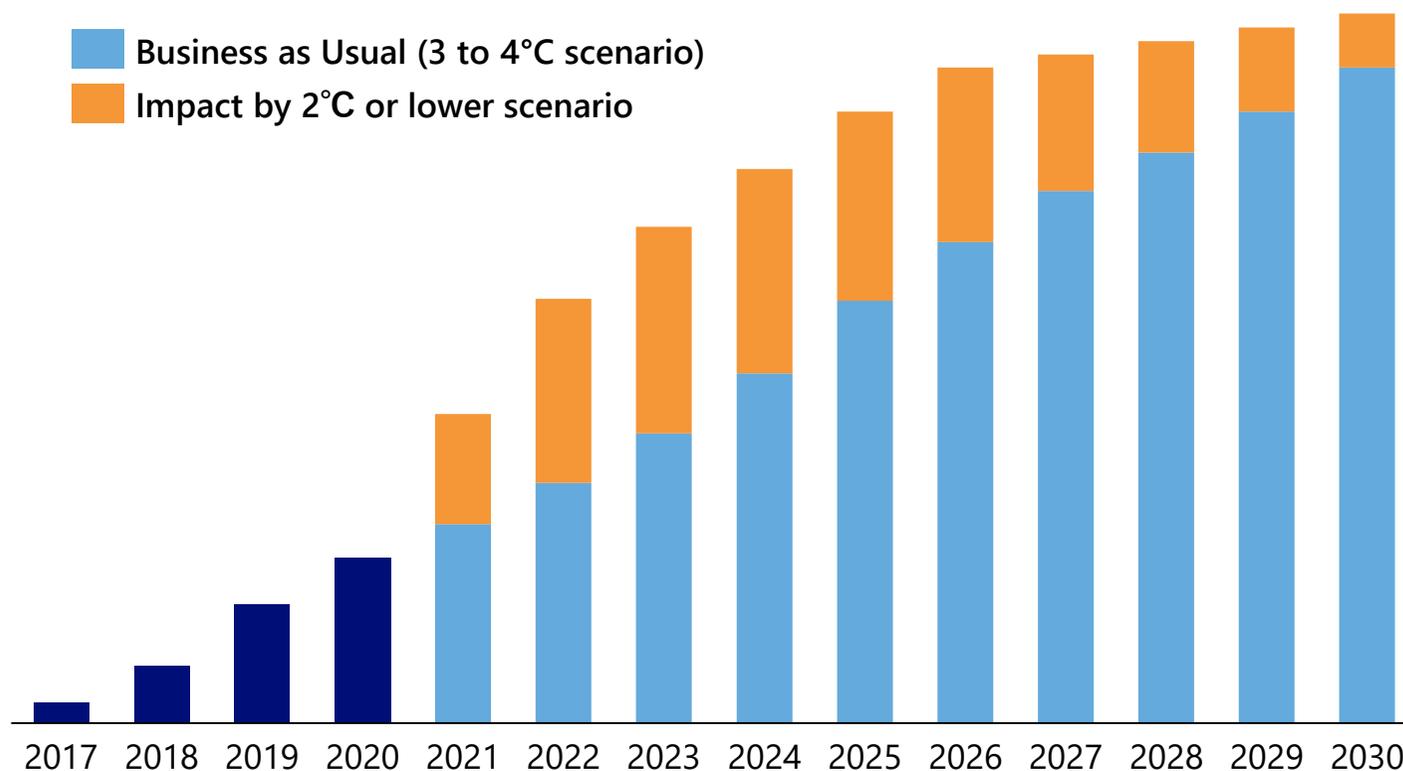


## Opportunities in the consulting business

### ■ Increased consulting work regarding sustainability

- With companies in a period of migrating to decarbonization, demand for related consulting is increasing due to rising interest in the sustainability of the economic community, and is expected to further increase with 2°C or below scenario.

Sustainability related sales in the consulting business (forecast)



### 3. Report on TCFD scenario analysis results (2) Consulting business

## Risks in the consulting business

- We analyzed the impact of the economy worsening due to the crisis that may occur if the shift to decarbonization fails, based on past impacts

- Sales (net sales) decreased by 12.1% in FY2009 due to the financial crisis that year.

#### Past impacts of major crisis in the consulting business

	FY2008	FY2009	Rate of change
Actual production	18.12 billion yen	17.27 billion yen	-4.7%
Status of orders	32.25 billion yen	28.23 billion yen	-12.5%
Sales results	32.87 billion yen	28.88 billion yen	-12.1%

Expected business loss due to the economy worsening because of increased severity of natural disasters if the shift to decarbonization fails

\*The above was based on the Annual Securities Report at the time, therefore the values are to be used as reference values for scenario analysis only, as there have been changes to the segments and business structure.

### 3. Report on TCFD scenario analysis results (2) Consulting - reference materials

## Businesses expected to be derived from consulting due to the impact of climate change

Business model categories	For private companies	For government and local municipalities (including industry groups)	
<div style="border: 2px dashed blue; padding: 5px; text-align: center;"> <b>Information communication/ Proposals*</b> </div>	<ul style="list-style-type: none"> <li>Information communication/proposals related to sustainability</li> <li>Information communication to consumers/individual investors</li> </ul>	<ul style="list-style-type: none"> <li>Information communication/recommendation related to sustainability related policy</li> <li>Assistance for formulating sustainability strategy/policy for industry groups</li> </ul>	 Derivation
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> <b>Strategy formulation/ work support</b> </div>	<ul style="list-style-type: none"> <li>Formulating corporate presence/sustainability strategy/policy</li> <li>Business/work assistance and disclosure/dialog outside the company</li> <li>Assisting the demonstration of sustainability related services</li> <li>Assisting the design of investment and loan models (for finance)</li> </ul>	<ul style="list-style-type: none"> <li>Assisting the planning of policy related to decarbonization</li> <li>Assisting the planning of sustainable finance policy</li> <li>Assisting the administration of sustainability related business</li> </ul>	<div style="border: 2px solid #0070C0; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center;">             Conventional consulting business           </div>
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> <b>SI/package adoption</b> </div>	<ul style="list-style-type: none"> <li>Provide non-financial information disclosure PF system (for operating companies)</li> <li>Provide information gathering tool for investment and loans (for finance)</li> <li>Provide sustainability visualization package</li> </ul>	<ul style="list-style-type: none"> <li>Provide sustainability visualization package (for municipal governments)</li> </ul>	Derivation
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> <b>NRI itself Develop/provide solutions</b> </div>	<ul style="list-style-type: none"> <li>Non-financial information visualization service (for business)</li> <li>Investment and loan decision assistance information provision service (for finance)</li> <li>Sustainability information distribution/mediation platform system</li> </ul>	<ul style="list-style-type: none"> <li>Non-financial information visualization service (for municipal governments)</li> </ul>	
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> <b>Entering business</b> </div>	<ul style="list-style-type: none"> <li>Green energy mediation/support</li> <li>Sales of green data centers</li> <li>Green product co-purchasing assistance</li> <li>Sustainability related consumer demand data service</li> </ul>	<ul style="list-style-type: none"> <li>Industry consortium formation/sharing</li> </ul>	

\*This business model alone will not be profit-making.

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.

The text is framed by two decorative swooshes. The top swoosh is a gradient bar transitioning from blue on the left to red on the right. The bottom swoosh is a solid blue bar.

***Share the Next Values!***