ESG Briefing

ESG activities at the NRI Group

Kenji Yokoyama, Senior Corporate Managing Director
Kenji Honda, Manager of Sustainability & Responsibility Group

Nomura Research Institute, Ltd.

Feb. 25, 2021
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)

Solving social issues through value co-creation (CSV)
by driving new value.

NRI Value Co-Creation Committee
by effectively utilizing its resources.
by advancing its infrastructure.

Co-create a thriving future society
Co-create an ideal society
Co-create a safe and secure society

[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

Materiality for sustainable growth

ESG activities at the NRI Group

by Yokoyama/Honda

- Reduction of environmental impact for a sustainable global community
- Provision of opportunities for all kinds of professionals to take on challenge
- Compliance with laws, regulations and risk management to increase trust from society
- Management of the information infrastructure

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.
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

#### 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

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.
1. Concept of ESG activities at the NRI Group

2. ESG activities of the NRI Group

3. Report on TCFD scenario analysis results
2. **ESG activities of the NRI Group**

**Environmental (E) initiatives and key future measures**

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

- 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.)

**Past activities**

- Blue: Main activities in the second half of this fiscal year

**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\(_2\).

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

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2030 targets(^2)</th>
<th>FY 2050 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1+2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NRI Group</td>
<td>SBT 2°C targets (current)</td>
<td>NRI Group greenhouse gas emissions reduced by 55% (compared to FY2013)</td>
</tr>
<tr>
<td>Data center</td>
<td>Data center renewable energy use of 36%</td>
<td>Data center renewable energy use of 70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2023 targets</th>
<th>FY 2030 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ 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)</td>
<td>✓ Reduce emissions of employee business trips and commuting by 25% (target: categories 6 and 7 of Scope 3)</td>
</tr>
</tbody>
</table>

\(^{*1}\) SBT accreditation: International accreditation for environment targets

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

![Graph showing trend of greenhouse gas emissions and annual targets by 2050](image)

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.
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

- 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 CO₂ 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 CO₂ emissions (Scope 1, 2, and 3) over the entire supply chain
  - For client companies, the CO₂ emissions of shared online services correspond to Scope 3

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

Procurement of renewable energy

- 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

Benefits for client companies

- Shift Scope 2 (internal development) CO₂ emissions to Scope 3 (shared online services) to reduce CO₂ emissions by 74%
- Adopt renewable energy for NRI shared online services to achieve zero CO₂ emissions via service usage

Contribute to government pledge for zero greenhouse gas emissions by 2050

- 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
## 2. ESG activities of the NRI Group

### Social (S) initiatives and key future measures

#### Past activities

- 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 the 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.

<table>
<thead>
<tr>
<th>Next Action</th>
<th>Major initiatives scheduled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetration of policies, etc.</td>
<td>• Deployment to group companies in Japan and overseas</td>
</tr>
<tr>
<td>• Deploying a group human rights policy and AI ethical guidelines to group companies in Japan and overseas</td>
<td>• Starting the debate about improving the effectiveness of ethical guidelines for AI</td>
</tr>
<tr>
<td></td>
<td>• Education efforts linked with DX training and diversity &amp; inclusion</td>
</tr>
<tr>
<td>Human rights Due Diligence</td>
<td>• Responding to risks identified in the simple human rights risk assessment (conducted in FY2020)</td>
</tr>
<tr>
<td>• Periodically checking the status of human rights at group companies</td>
<td>• Expanding the scope of the simple human rights risk assessment (Japanese group companies not yet conducted, worldwide offices established by NRI, etc.)</td>
</tr>
<tr>
<td>• Continuous efforts for business partner assessments and issue solving</td>
<td>• Assessment of regions with high latent risks (partners in China, the Philippines, India, and Thailand), etc.</td>
</tr>
<tr>
<td>Grievance mechanism</td>
<td>• Establish harassment hotline for business partners (scheduled for April 2021)</td>
</tr>
<tr>
<td>• Establish NRI-like grievance mechanism</td>
<td>• Identify best practices at IT companies</td>
</tr>
<tr>
<td>• Continued evolution of grievance processing that takes trends around the world and at other companies into account</td>
<td></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.
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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Positioning</th>
<th>Description (overview)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRI Group Procurement policy</td>
<td>A policy stating that NRI Group conducts responsible procurement</td>
<td>• Contribute to the creation of a sustainable future together via procurement activities with our business partners&lt;br&gt;• Building partnerships&lt;br&gt;• Transparent and fair selection&lt;br&gt;• Sustainable procurement</td>
</tr>
<tr>
<td>NRI Group Business conduct standards (for business partners)</td>
<td>Code of conduct that NRI Group employees must follow for procurement</td>
<td>• Striving for mutual understanding with business partners and trust building&lt;br&gt;• Performing transparent and fair selection that considers sustainability&lt;br&gt;• Also confirm the business situation and efforts for sustainability at business partners while work is assigned&lt;br&gt;• 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</td>
</tr>
<tr>
<td>NRI Group Business partner code of conduct</td>
<td>Code of conduct that we want our business partners to follow</td>
<td>• A. Labor&lt;br&gt;  ✓ Forced labor, young labor, labor hours, fair wages, prohibiting discrimination, etc.&lt;br&gt;• B. Health and safety&lt;br&gt;  ✓ Workplace safety, emergency preparations, occupational accidents, sanitary work environments, etc.&lt;br&gt;• C. Environment&lt;br&gt;  ✓ Energy/greenhouse gases, water, atmospheric emissions, etc.&lt;br&gt;• D. Corporate ethics&lt;br&gt;  ✓ Eliminating inappropriate profit, information disclosure, intellectual property, privacy, etc.&lt;br&gt;• E. Management system&lt;br&gt;  ✓ Efforts as a company, responsibility to business partners</td>
</tr>
</tbody>
</table>
Governance (G) initiatives and key future measures

Holding dialog with overseas experts from FY2017 in recognition of globalization

Past activities
- 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 |

Dialogue with ESG experts in FY2020

WBCSD online meetings
2. ESG activities of the NRI Group

Status of response to issues identified in past dialog

<table>
<thead>
<tr>
<th>Identified issues</th>
<th>NRI response</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Management overall] Business opportunities can be obtained by incorporating ESG in NRI's products and services as part of the promotion of globalization.</td>
<td>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.</td>
</tr>
<tr>
<td>[Disclosure] It is important for ESG information to be audited and able to be easily accessed.</td>
<td>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.</td>
</tr>
<tr>
<td>[Human rights] It is necessary to manage the development of new technology appropriately so that it does not adversely affect the economy or society.</td>
<td>We have formulated NRI Group AI ethics guidelines that define guidelines for 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.</td>
</tr>
</tbody>
</table>
2. ESG activities of the NRI Group

External evaluation

Dow Jones Sustainability Indices

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*

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.

ESG indexes related to GPIF

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

SOMPO sustainability index

Adopted for 9 consecutive years from 2012.

*THE INCLUSION OF NRI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NRI BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

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.
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.

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.
1. Concept of ESG activities at the NRI Group

2. ESG activities of the NRI Group

3. 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.

<table>
<thead>
<tr>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Study the scenarios</strong>&lt;br&gt;Identify risks/opportunities</td>
<td><strong>Scenario analysis for highly important businesses</strong>&lt;br&gt;✓ Identifying risks/opportunities for the 2°C and 4°C scenarios</td>
<td><strong>Scenario analysis for profitable divisions</strong>&lt;br&gt;✓ Scenario analysis conducted for the data center business</td>
<td><strong>Expanding the target departments for scenario analysis</strong>&lt;br&gt;✓ Expanding the target for scenario analysis</td>
</tr>
<tr>
<td><img src="image1.png" alt="Image 1" /></td>
<td><img src="image2.png" alt="Image 2" /></td>
<td><img src="image3.png" alt="Image 3" /></td>
<td><img src="image4.png" alt="Image 4" /></td>
</tr>
</tbody>
</table>
### 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

<table>
<thead>
<tr>
<th>Asset management service (T-STAR, etc.)</th>
<th>Variation factors of profit expected to be impacted by climate related events</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Industry standard business platform for the total support of investment trust, investment advisory, and pension operations at asset management firms</td>
<td><img src="https://via.placeholder.com/15" alt="Large impact" /> <img src="https://via.placeholder.com/15" alt="Medium impact" /> <img src="https://via.placeholder.com/15" alt="No. of clients" /> <img src="https://via.placeholder.com/15" alt="Investor information required" /> <img src="https://via.placeholder.com/15" alt="No. of funds" /> <img src="https://via.placeholder.com/15" alt="Other" /></td>
</tr>
<tr>
<td>Investment information service</td>
<td><img src="https://via.placeholder.com/15" alt="Large impact" /> <img src="https://via.placeholder.com/15" alt="No. of clients" /> <img src="https://via.placeholder.com/15" alt="Investor information required" /> <img src="https://via.placeholder.com/15" alt="No. of funds" /> <img src="https://via.placeholder.com/15" alt="Other" /></td>
</tr>
</tbody>
</table>
| • Provision of financial information data regarding economy, finance, corporations, and securities in Japan and overseas  
• Platform for supporting investment analysis, the collection of investment information, and provision of investment information inside and outside the company at financial institutions | ![Large impact](https://via.placeholder.com/15) ![No. of clients](https://via.placeholder.com/15) ![Investor information required](https://via.placeholder.com/15) ![No. of funds](https://via.placeholder.com/15) ![Other](https://via.placeholder.com/15) |
| BPO service | ![Large impact](https://via.placeholder.com/15) ![No. of clients](https://via.placeholder.com/15) |
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

<table>
<thead>
<tr>
<th>Climate related event</th>
<th>Anticipated changes</th>
<th>Risks/Opportunities</th>
<th>Related businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of carbon pricing (carbon tax, etc.) and subsidizes for new technology</td>
<td>Changes to corporate competitiveness and corporate value impacts the asset balance.</td>
<td>△</td>
<td>Asset management service (T-STAR)</td>
</tr>
<tr>
<td>Promoting standardization and requesting improved disclosure of ESG/climate related information to companies</td>
<td>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.</td>
<td></td>
<td>Investment information service BPO service (consulting)</td>
</tr>
<tr>
<td>Improve disclosure of information to asset management companies</td>
<td>Increased need for assistance due to improved disclosure of ESG investment and sustainable finance in operation at regulatory authorities and asset owners.</td>
<td></td>
<td>Asset management service Investment information service BPO service</td>
</tr>
<tr>
<td>Improve disclosure of ESG information for financial products</td>
<td>There is demand for explanation of ESG related items, etc., in financial products for individuals developed by asset management firms.</td>
<td></td>
<td>Investment information service BPO service</td>
</tr>
<tr>
<td>Increased interest in personal ESG and climate change</td>
<td>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.</td>
<td></td>
<td>Asset management service (T-STAR)</td>
</tr>
<tr>
<td>Intensifying natural disasters</td>
<td>Loss due to natural disasters will cause a slowdown in economic activity and a temporary drop in the asset balance.</td>
<td>X</td>
<td>Asset management service (T-STAR)</td>
</tr>
</tbody>
</table>
3. Report on TCFD scenario analysis results (1) Asset management solution business

**Anticipated scenario**

**2°C or lower scenario, 3 to 4°C scenario**

<table>
<thead>
<tr>
<th>2°C or lower scenario</th>
<th>3 to 4°C scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy (1) + technology</strong></td>
<td><strong>Policy (1) + technology</strong></td>
</tr>
<tr>
<td>Adoption of carbon tax</td>
<td>Adoption of carbon tax</td>
</tr>
<tr>
<td>$100 to $140/t-CO₂</td>
<td>$30 to $50/t-CO₂</td>
</tr>
<tr>
<td>Subsidies for new technology, etc.</td>
<td>Subsidies for new technology, etc.</td>
</tr>
<tr>
<td>Large impact on business profit structure and corporate value, etc.</td>
<td>Certain amount of subsidies for environmental technologies</td>
</tr>
<tr>
<td><strong>Policy (2)</strong></td>
<td><strong>Policy (2)</strong></td>
</tr>
<tr>
<td>Improve disclosure regarding ESG and climate</td>
<td>Improve disclosures regarding ESG and climate</td>
</tr>
<tr>
<td>Requests/obligations for improved ESG disclosure increase the information disclosed by companies Disclosure frameworks, etc. will also be standardized</td>
<td>Requests for improved disclosure regarding ESG increase the information disclosed by companies But disclosure frameworks, etc. will not be standardized</td>
</tr>
<tr>
<td><strong>Economy/society</strong></td>
<td><strong>Economy/society</strong></td>
</tr>
<tr>
<td>Increased interest in environment/society</td>
<td>Increased interest in environment/society</td>
</tr>
<tr>
<td>Asset owners and individuals will increase interest in the impact of their asset management on the environment/society</td>
<td>Asset owners and individuals will not have much increased interest in the impact of their asset management on the environment/society</td>
</tr>
<tr>
<td><strong>Natural environment</strong></td>
<td><strong>Natural environment</strong></td>
</tr>
<tr>
<td>Intensifying natural disasters</td>
<td>Intensifying natural disasters</td>
</tr>
<tr>
<td>Intensifying natural disasters will not change significantly from the current situation</td>
<td>Intensifying natural disasters become apparent and changes in climate patterns become clear</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.
### Method for calculating financial impact

#### Calculation method
- Calculate the financial impact of each of six climate related event

<table>
<thead>
<tr>
<th>Climate related events</th>
<th>Method for calculating financial impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of carbon tax (carbon tax, etc.) and subsidizes for new technology</td>
<td>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.</td>
</tr>
<tr>
<td>Promoting standardization and requesting improved disclosure of ESG/climate related information to companies</td>
<td>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).</td>
</tr>
<tr>
<td>Improve disclosure of information to asset management companies</td>
<td>Calculated by multiplying the service usage rate by the budget of client companies (financial institutions).</td>
</tr>
<tr>
<td>Improve disclosure of ESG information for financial products</td>
<td>Calculated by multiplying the service usage fee of client companies (financial institutions) by the unit price for providing information on financial products.</td>
</tr>
<tr>
<td>Increased interest in personal ESG and climate change</td>
<td>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.</td>
</tr>
<tr>
<td>Intensifying natural disasters</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.

- **Change in sales (%)**
  - **2°C or lower scenario**
    - Adoption of carbon tax
    - Improve disclosures
    - Increased interest in ESG investments
    - Intensifying natural diseases

  - **3 to 4°C scenario**
    - Adoption of carbon tax
    - Improve disclosures
    - Increased interest in ESG investments
    - Intensifying natural diseases

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.
### 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**

<table>
<thead>
<tr>
<th>Impact on business</th>
<th>Certainty of changes occurring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation of business scope dependent on factors (such as asset balance) impacted by risks and opportunities</td>
<td>Evaluation of climate related events that could cause risks and opportunities and the certainty of changes to the economic society</td>
</tr>
</tbody>
</table>

#### Impact on business vs. Certainty of changes occurring matrix

- **Large impact**
  - Impact of natural disasters on asset balance
  - Impact of carbon tax, etc. on asset balance
  - Improve disclosures (corporate)
  - Improve disclosures (financial institutions)
  - Expand impact investment /ESG investment by personal
  - Expand disclosure information for financial products

- **Small impact**
  - Issues that will require more focused countermeasures in the future

- **Low**
  - Opportunity

- **High**
  - Risk

---

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.
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)

- Business as Usual (3 to 4°C scenario)
- Impact by 2°C or lower scenario
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

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>FY2009</th>
<th>Rate of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual production</td>
<td>18.12 billion yen</td>
<td>17.27 billion yen</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Status of orders</td>
<td>32.25 billion yen</td>
<td>28.23 billion yen</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Sales results</td>
<td>32.87 billion yen</td>
<td>28.88 billion yen</td>
<td>-12.1%</td>
</tr>
</tbody>
</table>

*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**

<table>
<thead>
<tr>
<th>Business model categories</th>
<th>For private companies</th>
<th>For government and local municipalities (including industry groups)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information communication/Proposals*</td>
<td>• Information communication/proposals related to sustainability&lt;br&gt;• Information communication to consumers/individual investors</td>
<td>• Information communication/recommendation related to sustainability related policy&lt;br&gt;• Assistance for formulating sustainability strategy/policy for industry groups</td>
</tr>
<tr>
<td>Strategy formulation/work support</td>
<td>• Formulating corporate presence/sustainability strategy/policy&lt;br&gt;• Business/work assistance and disclosure/dialog outside the company&lt;br&gt;• Assisting the demonstration of sustainability related services&lt;br&gt;• Assisting the design of investment and loan models (for finance)</td>
<td>• Assisting the planning of policy related to decarbonization&lt;br&gt;• Assisting the planning of sustainable finance policy&lt;br&gt;• Assisting the administration of sustainability related business</td>
</tr>
<tr>
<td>SI/package adoption</td>
<td>• Provide non-financial information disclosure PF system (for operating companies)&lt;br&gt;• Provide information gathering tool for investment and loans (for finance)&lt;br&gt;• Provide sustainability visualization package</td>
<td>• Provide sustainability visualization package (for municipal governments)</td>
</tr>
<tr>
<td>NRI itself Develop/provide solutions</td>
<td>• Non-financial information visualization service (for business)&lt;br&gt;• Investment and loan decision assistance information provision service (for finance)&lt;br&gt;• Sustainability information distribution/mediation platform system</td>
<td>• Non-financial information visualization service (for municipal governments)</td>
</tr>
<tr>
<td>Entering business</td>
<td>• Green energy mediation/support&lt;br&gt;• Sales of green data centers&lt;br&gt;• Green product co-purchasing assistance&lt;br&gt;• Sustainability related consumer demand data service</td>
<td>• Industry consortium formation/sharing</td>
</tr>
</tbody>
</table>

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

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.
Share the Next Values!