

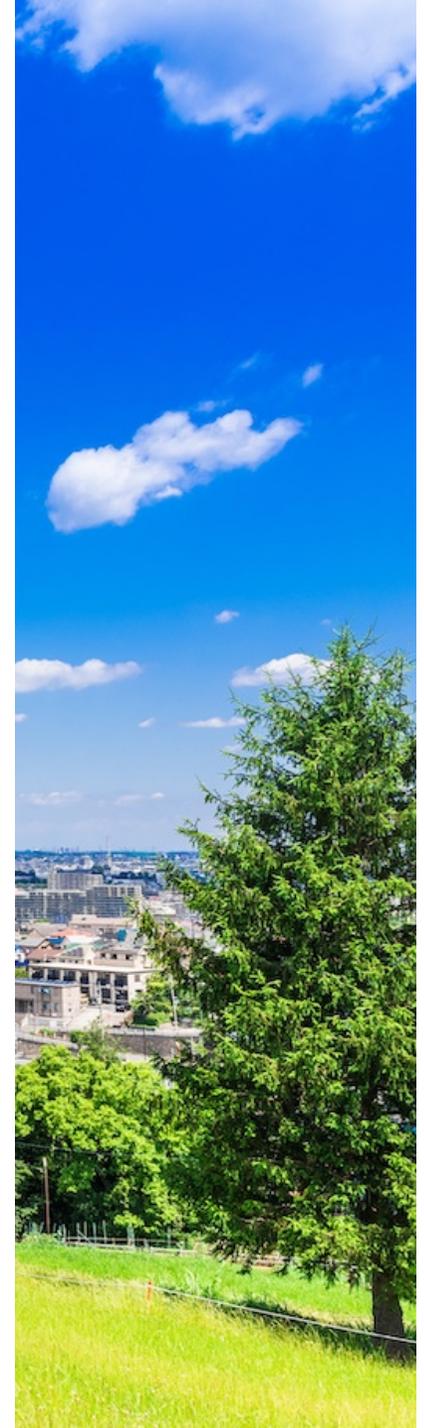
ESG Briefing

Corporate Philosophy (Dream up the future) and Sustainability Management

Shingo Konomoto
Chairman, President & CEO,
Representative Director, Member of the Board

Nomura Research Institute, Ltd.

Feb. 25, 2022



1 Solving social issues through value co-creation

2 Efforts in FY2021

3 Building Sustainable Futures

The corporate philosophy of the NRI Group is “Dream Up the Future” and “Co-creation” with clients

NRI Group Corporate Philosophy

Corporate Statement

未来創発
Dream up the future.

Mission	<p>To society: Discerning new social paradigms and assuming the role of implementing such paradigms.</p> <p>To clients: Building customer trust and prospering together with customers.</p>
Business domain	Company creating future society
Management goals	Pursuing the maximization of corporate value through "Navigation & Solution"
Action guidelines	Continuing never-ending challenges with pride of true professionals

NRI Group Sustainability Management and Future Vision

Sustained Growth of the NRI Group

Building Sustainable Futures

Corporate Philosophy "Dream Up the Future"

NRI Group Sustainability Management (Medium-Term Management Plan 2019 - 2022)



Share the Next Values!

[Vision 2022 Numerical Targets]

Consolidated operating profit (JPY billion)	100
Consolidated operating profit margin	14% or more
Overseas sales (JPY billion)	100
ROE	14%*1

*1 Continuously aiming for higher capital efficiency

Solving social issues through value co-creation (CSV*2)

Co-create a thriving future society
by driving new value.

Co-create an ideal society
by effectively utilizing its resources.

Co-create a safe and secure society
by advancing its infrastructure.



*2 CSV: Creating Shared Value

Materiality for sustainable growth

Reduction of environmental impact for preserving global environment

Provision of opportunities for all kinds of professionals to take on challenge

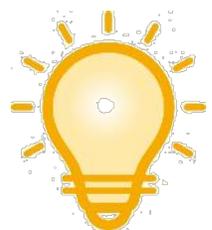
Compliance with laws, regulations and risk management to increase trust from society

Management of the information systems that form social infrastructure

An age where the co-creation of 3 social values will be required more and more

NRI Group's 3 Social Values

Recent Activities of the NRI Group



Co-create a thriving future society by driving new value.

Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.

- Business Model Transformation
 - DX consulting (**analytics** and structural reform)
 - Creation of **new business models** through alliances
- Policy proposals for society & systems, information & knowledge sharing
 - Proposals regarding Covid-19 measures and vaccination



Co-create an ideal society by effectively utilizing its resources.

Strive to build a more livable society for all people by efficiently utilizing society's main resources of manpower, goods, capital and intellectual property to develop dynamic, strong industry.

- Business platform migration
 - Expand STAR adoption
- Business process transformation
 - **Decarbonization and resource conservation**
 - Delivery route optimization, AI ordering at stores



Co-create a safe and secure society by advancing its infrastructure.

Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.

- IT infrastructure transformation
 - Achieve **zero trust networks**
 - Support for privacy governance
- Social infrastructure
 - **Individual numbers**, promotion of cashless payments

1

Solving social issues through value co-creation

2

Efforts in FY2021

3

Building Sustainable Futures

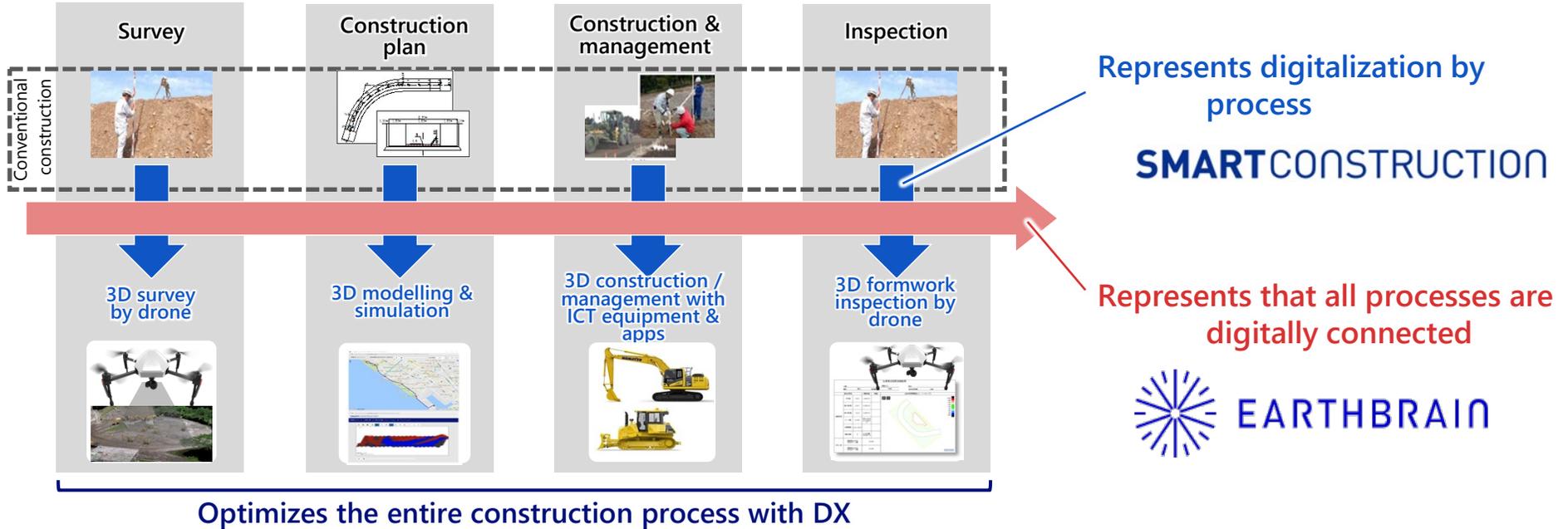
Continuously monitoring the status of value co-creation efforts

Social value	Measures	Status (Apr. to Dec. 2021)	
 Co-create a thriving future society	Promote DX	Lead social transformation through numerous DX projects. CoreBTS becomes a subsidiary; DX expansion into North America KPI) DX-related sales: 286.8 billion JPY	
	Create new business models	Established Earthbrain in collaboration with Komatsu, to significantly improve productivity in the construction industry KPI) Number of business partnerships (joint ventures, local government agencies supported, etc.): 1	
	Provide social recommendations and system proposals	Disseminated information on the economic impact of vaccination, trends in revenue consumption, etc., to solve social issues KPI) 99 NRI articles in five major newspapers	
 Co-create an ideal society	Business platform service expansion	Development of shared online services through the adoption and expansion of STAR clientele with major clients, etc. KPI) Business platform sales of 81.9 billion JPY	
	Generate environmental benefits for clients through business platforms	Completed energy conversion of three data centers. CDP A-list accreditation; MSCI rating of AAA awarded KPI) 75,830 tonnes of CO2 emissions reduction by clients through shared use	
	Contributing to reforms towards an optimal society	Development of a prototype carbon tracing system to help companies identify their CO2 emissions KPI) Scale of operational reform services (DX1.0ab) business: +39% year-on-year	
 Co-create safe and secure society	Help build IT infrastructure to create an ideal society	Progress in optimizing IT infrastructure, with financial ASP services gradually moving to a public cloud environment KPI) Scale of cloud and DC services business: +10% year-on-year	
	Help upgrade the social infrastructure	Further expansion of the use of e-PO Boxes and e-NINSHO public personal authentication system linked to individual number portal KPI) Scale of public services business: 4 year-on-year	
	Contribute to information security	Expansion of zero trust business. Contributing to improved security of society and infrastructure KPI) Investment in security and safety: 3.2 billion JPY	
	Maintain the quality of systems in operation	Ongoing comprehensive interlocking inspections and major fault operation drills to ensure stable system operation KPI) 0 number of information system failures with significant financial and social consequences	

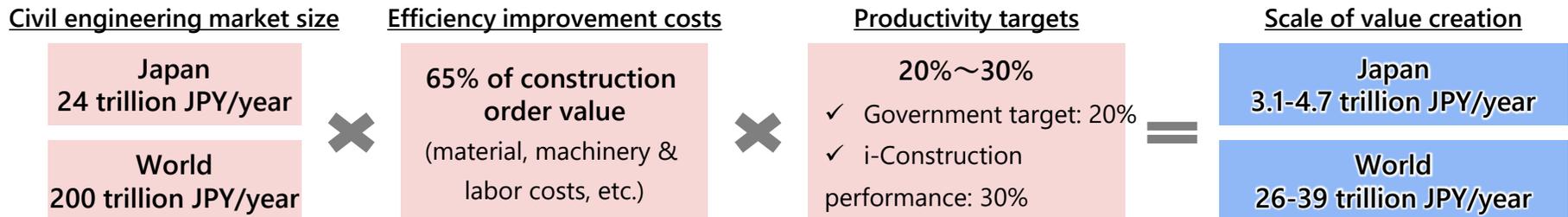
Launched EARTHBRAIN in collaboration with Komatsu to promote DX in the construction industry

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

- Consolidating all on-site data to optimize the entire construction process



- The potential for value creation through productivity improvement in the civil engineering market is enormous.



Source: Compiled by NRI from Komatsu's publicly available data

Developing businesses to facilitate the management of corporate CO₂ emissions

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

■ Enabling management of all CO₂ emissions from business operations to accelerate de-carbonization of society

Analysis engine for financial institutions

Net zero CO₂ emissions support service for lending and investment portfolios

Providing CO₂ emission reduction pathways to financial institutions

- Financial institutions must commit to reducing CO₂ emissions in their lending and investment portfolios as per the **UN and several other initiatives**
- TCFD encourages financial institutions to measure their emissions per the PCAF calculation standards

Financed emissions analysis solution

CO₂ emissions from lending and investment portfolios of each financial institution are calculated taking into account the latest developments in each guidance/domestic circumstances. Analysis by sector/company, etc. is also possible.



Engagement support consulting

Based on calculation results, support financial institutions' with an approach for sectors/companies to reduce CO₂ emissions across the portfolio.



Reduction paths by company characteristics

Sustainability finance



Analysis engine for industrial clients

Carbon Management System



Building the best analysis logic for each industry / PoC

Leverage the in-depth industry knowledge accumulated through NRI's consulting business. Work with clients to build a CO₂ accounting process for an industry for which no standards exist.

Data connectivity platform

NRI-CTS (patent pending)



Connecting information from upstream to downstream in the supply chain

The concept of facilitating Scope 3 calculations by linking Scope 1 information of different companies is unique, and so far, only NRI has come up with a prototype. Plans for multilingual support are also in place.

Using NRI's comprehensive capabilities to help clients/industries in early achievement of carbon neutrality

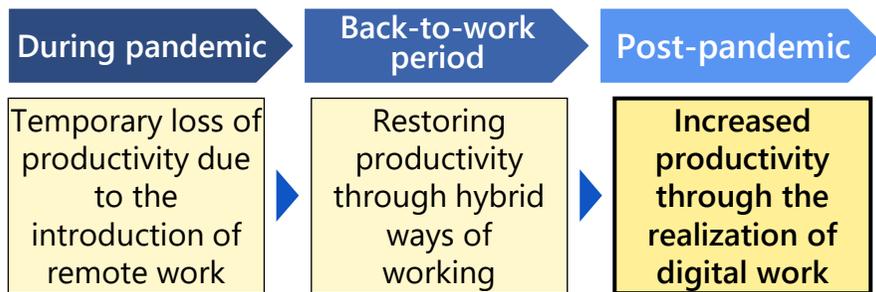
'Zero Trust' provides safety and security in an advanced IT society

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

Realizing a networked society where people can use IT safely and securely with NRI Group's **con-solution**

*Con-solution: Consulting and IT solutions work together to continuously co-create value

Transition to digital work



Workplaces till now

- Increased opportunities to work outside the office
- Strengthened & enhanced network

Security beyond the perimeter is needed

The workplace of the future

- Leveraging innovation in the cloud
- Diversification of collaboration partners

The concept of boundaries itself is ambiguous

Key technology is "Zero Trust"

*Zero Trust: A policy that disregards the concept of 'boundaries' between internal and external networks. Instead, it constantly monitors and verifies all access to information assets that must be protected without trusting anyone.

One-stop service from planning to operation of zero-trust workplaces



Consulting

Conceptualize Zero Trust's overall architecture to meet the needs of the client's business and industry

NSF(NRI Secure Framework)

Framework for visualizing the status of security measures

Security integration

Realize systems by combining the optimal solutions to meet the needs of clients and society



Providing a digital workplace that combines security and increased productivity

Managed services

After release, we continue to operate and monitor complex systems 24/365 to ensure the safety, security, and stability of our clients and society



Advanced security operation and monitoring services

Create an environment where people can work digitally with peace of mind

→ Dramatic improvement in productivity of society as a whole

1

Solving social issues through value co-creation

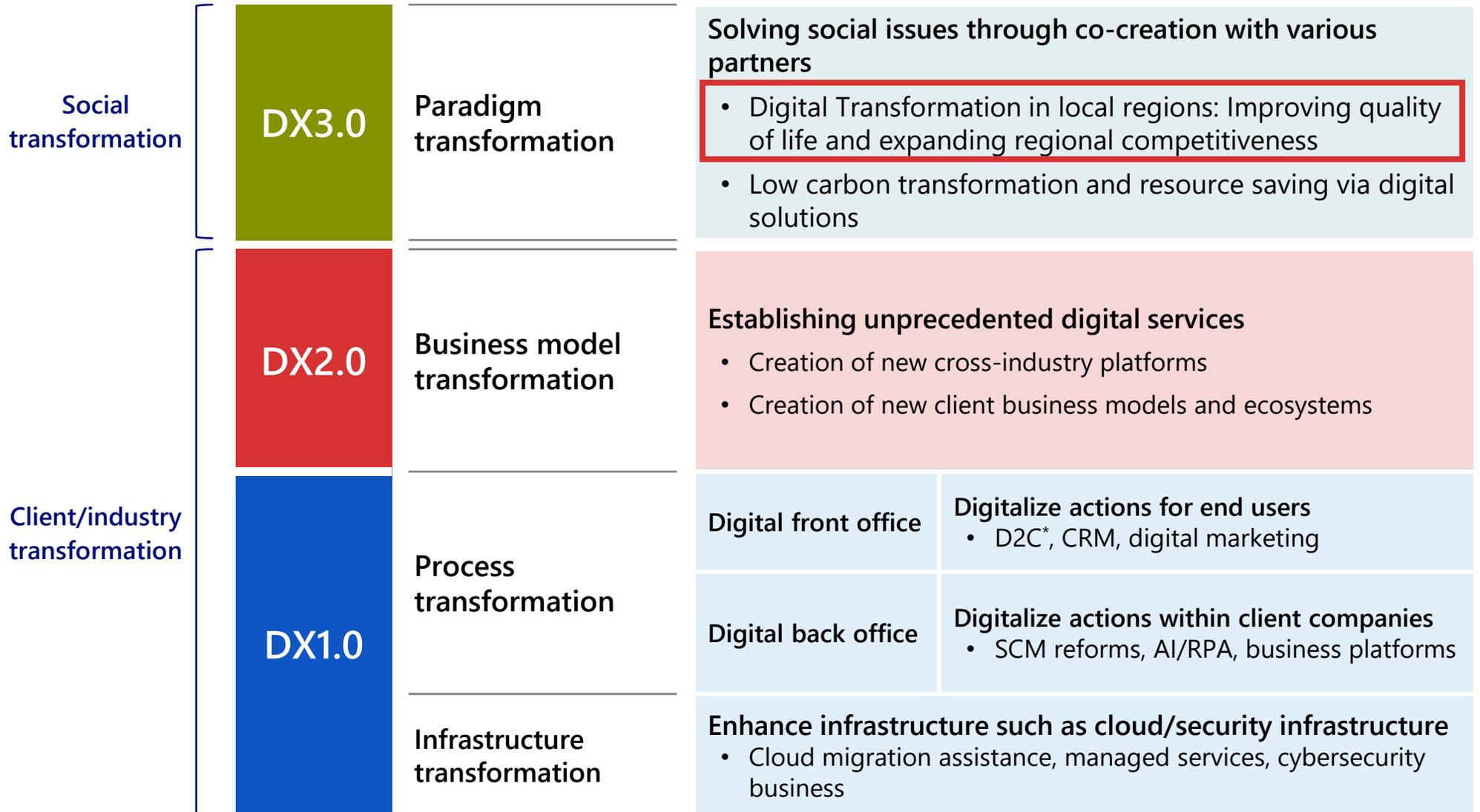
2

Efforts in FY2020

3

Building Sustainable Futures

Transform society via DX, in addition to clients and industries



*D2C stands for Direct to Consumer , or direct sales through e-commerce, etc.

Local Hub and well-being community in Tsuruoka city

- Tsuruoka City has the largest city area in the Tohoku region with many depopulated areas due to population decline and aging. The city is working to **improve the quality of life** and **expand the competitiveness** of the region **while solving the shortage of manpower for administrative services** with digital technology.



Features of Tsuruoka City

- Agglomeration of **higher academic institutions and bio-ventures**
- **Community-based industries**
- **Rich in nature** and the largest area in Tohoku
- Selected as one of the three UNESCO **Creative City of Gastronomy**
- **Green energy** related efforts
- **Zero Carbon City Declaration**
- Selected as **SDGs Future City**

Local hub



Well-being community

Aim of digital strategy promotion

Fostering challenging human resources to play a role in community development

Expanding and connecting appeal with traditional and cutting-edge features

Creating new value in a digitally empowered society

Development of activity space with advanced information technology

NRI's major efforts

- Support for "**local production for local consumption**" of **IT human resources** (Digitalization with local human resources)
- Cooperation in the city's business contest for students
- Educational program support for Tsuruoka National College of Technology
- Building a **citizen engagement platform** (A platform for various citizens to post ideas and opinions online)
- Planning the "**Tsuruoka Innovation Program**" with industry-government-academia funding to foster creative entrepreneurs in Tsuruoka, and the "**Tsuruoka Innovation Forum**" to build momentum
- **Promotion of DX in Asahi Town Hall**, Tsuruoka City (remote consultation system between Asahi Town Hall and South Branch Office, remote conference system between Tsuruoka City Hall and Asahi Town Hall)

Digital City Hall



***Local hub**: A city that, despite its regional location, has the ability to connect to the rest of the world (hub) and is capable of building self-sustaining industries and economies

Well-being: A state in which all citizens are physically, mentally, and socially well and in which individual ideals are realized

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.

NRI 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 - 2022)

Share the Next Values!

[Vision 2022 Numerical Targets]

Consolidated operating profit (JPY billion)	100
Consolidated operating profit margin	14% or more
Overseas sales (JPY billion)	100
ROE	14%*1

*1 Continuously aiming for higher capital efficiency

Solving social issues through value co-creation (CSV*2)

Co-create a thriving future society
Activities of the Value Co-Creation Committee
 Co-create an ideal society
 Co-create a safe and secure society
 by effectively utilizing resources.
by Morisawa / Kimura / Sonoda



*2 CSV: Creating Shared Value

Materiality for sustainable growth

ESG activities at the NRI Group

Reduction of environmental impact for preserving global environment	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

by Hihara / Honda

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!