ESG Briefing

Corporate Philosophy (Dream up the future) and Sustainability Management

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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

<table>
<thead>
<tr>
<th>NRI Group Corporate Philosophy</th>
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<tr>
<td><strong>Mission</strong></td>
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<tr>
<td>To society: Discerning new social paradigms and assuming the role of implementing such paradigms.</td>
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<tr>
<td>To clients: Building customer trust and prospering together with customers.</td>
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<tr>
<td><strong>Business domain</strong></td>
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<td>Company creating future society</td>
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<td><strong>Management goals</strong></td>
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<tr>
<td>Pursuing the maximization of corporate value through &quot;Navigation &amp; Solution&quot;</td>
</tr>
<tr>
<td><strong>Action guidelines</strong></td>
</tr>
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<td>Continuing never-ending challenges with pride of true professionals</td>
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Corporate Statement

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Dream up the future.

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 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)

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.

[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

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

*1 Continuously aiming for higher capital efficiency

*2 CSV: Creating Shared Value

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

<table>
<thead>
<tr>
<th>NRI Group’s 3 Social Values</th>
<th>Recent Activities of the NRI Group</th>
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</table>
| Co-create a thriving future society by driving new value.                                     | • 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.                            | • 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.                          | • 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

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## Continuously monitoring the status of value co-creation efforts

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

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

<table>
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<tr>
<th>Conventional construction</th>
<th>3D survey by drone</th>
<th>3D modelling &amp; simulation</th>
<th>3D construction / management with ICT equipment &amp; apps</th>
<th>3D formwork inspection by drone</th>
</tr>
</thead>
</table>

Represents digitalization by process

SMARTCONSTRUCTION

Represents that all processes are digitally connected

Optimizes the entire construction process with DX

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

Civil engineering market size

<table>
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<th>Japan 24 trillion JPY/year</th>
<th>World 200 trillion JPY/year</th>
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Efficiency improvement costs

| 65% of construction order value (material, machinery & labor costs, etc.) |

Productivity targets

| 20%～30% |
| Government target: 20% |
| i-Construction performance: 30% |

Scale of value creation

| Japan 3.1-4.7 trillion JPY/year |
| World 26-39 trillion JPY/year |

Source: Compiled by NRI from Komatsu’s publicly available data
Developing businesses to facilitate the management of corporate CO₂ emissions

- 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.

### 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

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

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### Transition to digital work

**During pandemic**
- Temporary loss of productivity due to the introduction of remote work

**Back-to-work period**
- Restoring productivity through hybrid ways of working

**Post-pandemic**
- Increased productivity through the realization of digital work

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### 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.

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### 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

**Security integration**
- Realize systems by combining the optimal solutions to meet the needs of clients and society

**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

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### Create an environment where people can work digitally with peace of mind
- Dramatic improvement in productivity of society as a whole

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Transform society via DX, in addition to clients and industries

Social transformation

DX3.0 Paradigm transformation
- Solving social issues through co-creation with various partners
  - Digital Transformation in local regions: Improving quality of life and expanding regional competitiveness
  - Low carbon transformation and resource saving via digital solutions

DX2.0 Business model transformation
- Establishing unprecedented digital services
  - Creation of new cross-industry platforms
  - Creation of new client business models and ecosystems

DX1.0 Process transformation
- Digital front office
  - Digitalize actions for end users
    - D2C*, CRM, digital marketing

- Digital back office
  - Digitalize actions within client companies
    - SCM reforms, AI/RPA, business platforms

Infrastructure transformation
- Enhance infrastructure such as cloud/security infrastructure
  - Cloud migration assistance, managed services, cybersecurity business

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

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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**

- 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

**Well-being community**

- Promoting 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)

**Aim of digital strategy promotion**

- Supporting "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

**NRI’s major efforts**

- 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

*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.
NRI will attain sustained growth by helping to create a sustainable future society

Sustained Growth of the NRI Group

Building Sustainable Futures

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

Activities of the Value Co-Creation Committee by Morisawa / Kimura / Sonoda

Materiality for sustainable growth

ESG activities at the NRI Group by Hihara / Honda

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