ESG Briefing

**Corporate Philosophy (Dream up the future) and Sustainability Management**

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Representative Director, Member of the Board

Nomura Research Institute, Ltd.

Feb. 22, 2023
1. NRI Group’s Corporate Philosophy and Materiality

2. Value Co-Creation Efforts in the NRI Group
Mission & Values, Vision Structure

Mission & Values
- Permanent
- Corporate Philosophy
  - Mission
  - Society We Innovate
  - Values
- Corporate Statement

Vision
- Towards 2030
- Group Vision 2030 (V2030)
  - NRI Group in 2030
  - Growth Story
  - Sustainability Strategy (Materiality)
- Vision Statement
- Segment Growth Strategy
- Medium-Term Management Plan
Corporate Philosophy

Mission

For Society:
Envision and realize new paradigms

For Customers:
Be a trusted partner for mutual growth

Society We Innovate

Prosperous society that nourishes potential and brings dreams to life

Sustainable society that connects knowledge to treat the planet wisely

Resilient society that promotes safety and security

Values

Foresight and thoroughness to exceed expectations

Mutual respect to unite diverse individuals

Passion and pride to pursue new challenges

Corporate Statement

Dream up the future.

未来創発
Update Materiality since FY2023 new vision

Materiality: Priority for 2030 to “Create a sustainable society” and “Achieve the NRI Group’s growth strategy”

Value Creation

Co-create a thriving future society through expansion of digital social capital
Co-create an optimal society through effective utilization of resources
Co-create a safe and secure society through sophistication of infrastructure

Value Creation Capital

Advance human capital through bold actions and growth of diverse professionals
Accumulate intellectual capital through elevation of individual knowledge into organizational strength

Management Basis (ESG)

Contribute to global environment through collaboration with business partners
Fulfill our social responsibilities through strengthening of relationships with stakeholders
Evolve governance through realization of strategic risk control

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# Sustainability Strategy (Materiality)

## Creating a sustainable future society

<table>
<thead>
<tr>
<th>Value Creation</th>
<th>2030 Goals</th>
<th>Initiatives</th>
</tr>
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</table>
| **Co-create a thriving future society** through expansion of digital social capital | Derive value from excellent human capital and intellectual capital to **expand digital social capital** | • Business model transformation  
- DX consulting, analytics  
- Social DX (e.g. Utilization of Individual Number, regional revitalization, etc.)  
- D2C*, Financial DX  
• Policy proposals, advocation, Information & knowledge sharing, etc. |
| **Co-create an optimal society** through effective utilization of resources | Effectively **utilize resources** (such as human resources, public assets, IP) and **recycle natural resources** through the use of business PF and data analytics | • Business process transformation  
- Strategy/operations/systems consulting  
- Value chain DX (CO$_2$ visualization, circular economy platforms creation)  
• Shared operation through business PF  
- STAR, BESTWAY, etc. |
| **Co-create a safe and secure society** through sophistication of infrastructure | **Provide highly advanced IT infrastructure** to protect social infrastructure and data from disasters and cyber risks | • Sustainable social infrastructure  
• IT infrastructure transformation  
- Security, cloud services  
• Stable service operation  
• Disaster management, disaster recovery support, etc. |

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*Direct to Consumer

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### Sustainability Strategy (Materiality)

**Human and intellectual capital are the source of value creation**

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<th>Value Creation Capital</th>
<th>2030 Goals</th>
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| **Advance human capital** | Create a workplace where highly skilled professionals with diverse values gather to grow | • Improve growth opportunities for each individual  
• Promote diversity and inclusion  
• Enhance capability to realize the growth story, etc. |

* through bold actions and growth of diverse professionals

| Accumulate intellectual capital | Sublimate individual knowledge into organizational strength (such as business model, brand, and capability) | • Evolve business model (e.g., expand software assets)  
• Create a continuously evolving brand (e.g., enhanced content for Information & knowledge sharing)  
• Strengthen organizational capability to support business development (e.g., quality control, productivity innovation) |

* through elevation of individual knowledge into organizational strength

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Reference) The NRI Group’s “intellectual capital” to execute our growth strategy

- Accumulated intellectual in the core business increases competitiveness.

### Intellectual Capital of NRI Group

#### Unparalleled business model

- **Consulting**
  - Knowledge of Industry, business, and technology
  - Understanding of clients’ business issues
  - Proposals, reports, survey data

- **IT solutions**
  - Development and operations documentation
  - Software assets

**Con-solutions**

#### Ever-evolving brand

- **Excellent insights**
  - Policy proposals
  - Market forecasting and research information & knowledge sharing, etc.

- **Conductive capability**
  - Quality, client satisfaction
  - Track record as social infrastructure
  - Track record of providing services to top industry players

**Credibility / Corporate image**

#### Capability to support business expansion

- **Knowledge to enhance organizational capability**
  - Consulting frameworks, industry networks, execution know-how, analytics methodology and tools
  - IT solution know-how (frameworks, project management, etc.)

- **Process to support organizational capability**
  - Quality supervision (NRI-QMS, system development meeting, etc.)
  - Productivity innovation (Enhancing business innovation activities.)
  - Business development (business evaluation committee, R&D, etc.)

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### Sustainability Strategy (Materiality)

#### Extending ESG to the supply chain

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| **Contribute to global environment**                | In collaboration with business partners with Scope 3 vision, **create a sustainable environment globally and conserve natural capital** while promoting more sophisticated use of renewable energies | • Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)  
• Take measures to reduce greenhouse gas emissions in Scope 3, etc. |
| **Fulfill our social responsibilities**             | **Fulfill social responsibilities in the entire supply chain**, such as good relationships with stakeholders, creating a healthy workplace, and commitment to human rights | • Employee well-being  
• Initiatives concerning human rights and labor practices (including AI ethics, etc.)  
• Build and strengthen partnerships with business partners, stakeholders and communities, etc. |
| **Evolve governance**                               | **Strive for balanced governance, including strategic risk-taking, to control risks with long-term perspective** | • Maintain/operate group-wide governance and internal control  
• Enterprise risk management  
• Strengthen quality control and information security management  
• Promote disclosure and improve transparency  
• Enhance compliance, etc. |

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1. NRI Group’s Corporate Philosophy and Materiality

2. Value Co-Creation Efforts in the NRI Group
## Social value

### Co-create a thriving future society

<table>
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<tr>
<th>Measures</th>
<th>Status (Apr. to Dec. 2022)</th>
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</table>
| Promote DX | **DX transformation in society**: DX for core systems, DX consulting for industry-leading companies, etc.  
**KPI** DX-related sales: 328.6 billion yen |
| Create new business models | **New DX services through collaboration ex)** the “Dokokani Byun!” with JR (Japan Rail)  
**KPI** Number of business partnerships (joint ventures, local government agencies supported, etc.): 0 |
| Provide social recommendations and system proposals | **Social recommendations “Japan’s future beyond digital” at the Dream Up the Future Forum**  
**KPI** NRI articles in the 5 major newspapers: 56 |

### Co-create an optimal society

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<th>Measures</th>
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</table>
| Business platform service expansion | **STAR-IV at Mizuho Securities. Decarbonization with shared online services expand**  
**KPI** Business platform sales: 94.9 billion yen |
| Generate environmental benefits for clients through business platforms | **Selected for DJSI World, MCSI AAA, and CDP A List again this fiscal year**  
**KPI** Client CO2 emission reductions through shared online services: 98,517 tons |
| Contributing to reforms towards an optimal society | **GX League** office. “My Number” individual number info  
**KPI** Scale of operational reform services (DX 1.0ab) business: +5% year-on-year |
| Help build IT infrastructure to create an ideal society | Osaka Data Center II, installed **solar power generation equipment**  
**KPI** Scale of cloud and data center services business: -1% year-on-year |

### Co-create a safe and secure society

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</table>
| Help upgrade the social infrastructure | **e-Shishobako (PO Box) service linked to the “Mynaportal” individual number portal, e-NINSHO public personal authentication system**  
**KPI** Scale of public services business: +17% year-on-year |
| Contribute to information security | **Security of Japanese companies with highly dependable digital trust**  
**KPI** Amount of investment in security and safety: 8.3 billion yen |
| Maintain the quality of systems in operation | For stable operation of systems, conduct comprehensive inspections and training for operating under large-scale disruptions  
**KPI** Number of information system incidents with severe financial/social impact: 0 |

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## Challenge to create digital social capital through DX 3.0

### Create a society where people can live with high aspirations

<table>
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<tr>
<th>1. Social DX</th>
<th>Digital government</th>
<th>Improving convenience based on individual number platform</th>
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<tbody>
<tr>
<td></td>
<td>Regional revitalization</td>
<td>Promoting rural area DX, smart cities, and other social infrastructures</td>
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<tr>
<td></td>
<td>New financial services</td>
<td>Expanding the use of new financial assets such as digital assets</td>
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### Create people and planet friendly industry

<table>
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<tr>
<th>2. Value Chain DX</th>
<th>Value chain optimization / Tracing</th>
<th>Coexistence of environmental symbiosis and economic efficiency, visualization of CO₂</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Circular economy platforms</td>
<td>Environmental symbiosis through effective use of natural resources</td>
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### Provide a safe and secure social infrastructure

<table>
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<tr>
<th>3. Infrastructure DX</th>
<th>Infrastructure lifecycle transformation</th>
<th>Realizing a sustainable and resilient social infrastructure</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Financial infrastructure for Carbon Neutrality</td>
<td>Creating and sophisticating markets for decarbonization</td>
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Financial services roadmap with social DX

- **“My Number” individual number-related services**: citizen ID platform and electronic passport services as the number of My Number cardholders approaches 100 million

**2025**

100 million My Number cardholders
- System into use at financial institutions
- Government cloud
- Electronic submission & notification of legal records

**2030**

Optimal policy & services for individuals
- Tailored to individuals
- Shift to agents
- Self control over information (complete comprehension of self-related information)

NRI’s My Number-related services

Recreating ID in digital space (Citizen ID platform, electronic post services, etc.)

- Transaction reports
- Employment contracts
- Deduction certificates
- Healthcare & medication
- Certificates of income and withholding tax
- Health checkups

Offering convenience
Taxation & social security procedures all in one place

- Expand function of agents
- Asset management
- Government filings & payments
- Tax preparation
- Managing medical information
- Employment & social insurance
- Education & learning

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Advanced operations of insurance companies through public personal authentication services

- Many insurance companies use NRI’s e-NINSHO (public personal authentication service for a broad range of applications)
- Gathering My Number info on applicable persons before they pass away ⇒ evolves operations and services of insurance companies

Request information needed

Insurance company

Reply with results (identify individuals, information on whether they are alive, their death, and their addresses)

- Administrative efficiency / better security
  - Use “My Number” cards during procedures
  - Verify identity online
  - Understand status when making pension payments, etc.

- More advanced services
  - Claims for benefits from insurance companies once information about death is known
  - Unable to receive insurance benefits when the insured passes away

Administrative efficiency and advanced services of insurance companies

More convenient for consumers

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Supporting GX League efforts for a decarbonized society

- The GX League: Framework for companies challenging sustainable growth through green transformation (GX) with carbon neutrality and social transformation in 2050 to join forces with groups of companies and with government and academia.

- Independent efforts to put emissions reductions into practice through immediate activities while collaborating toward the creation of new markets.

Three settings provided by the GX League

Phased rollout of GX League

Source) GX League office “Activities During the GX League Preparation Period (FY2022),” May 11, 2022
NRI plays a central role in policy formation for the GX League

NRI’s roles in GX League

・Administrative office and overall coordinator
・Take in diverse GX-oriented needs of Japanese companies and have them reflected in government policy
・Policy formation: NRI’s think tank function and consulting
・Efforts to contribute toward GX implementation in the field of IT services

NRI’s role in operating the GX League

GX company groups
679 companies
(number of companies endorsing the Basic Concept as of January 2023)

Companies implementing GX

Finance to promote GX

Companies generating innovations

Consumers

Changing awareness

Provide value & create markets

Support / Purchase

Instill education

Coordinate all*

Government

Create supply infrastructure

Academia

Technological innovation

We also participate

* : As of FY2022 (to be determined for FY2023)
Ensuring the reliability of digital twins with Digital Trust

- **Business and technology**: Increasingly integrated going forward, and new business models with digital twins
- **Trust Platform** to enable companies to co-create across industry boundaries via digital twins

NRI’s definition of “Digital Trust” is...
 Ensuring the reliability of virtual space by protecting companies (clients), business, and meeting social requirements

Co-create a safe and secure society

Trust Platform

- Social DX, value chain
- DX, circular economy, green DX...

As a service

ID & trust
Data & trust
Services & trust
Supply chains & trust

Three initiatives & visions

- Identity management
- Data protection
- Security management

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New materiality at the NRI Group

Materiality: Priority for 2030 to “Create a sustainable society” and “Achieve the NRI Group’s growth strategy”

Value Creation

Value co-creation efforts / Intellectual properties at the NRI Group (presented)

Konomoto

Value Creation Capital

Human capital management at the NRI Group

Yanagisawa

Management Basis (ESG)

ESG activities at the NRI Group

Hihara

- Contribute to materiality: Value co-creation efforts / Intellectual properties
- Accumulate intellectual capital through elevation of individual knowledge into organizational strength
- Evolve governance through realization of strategic risk control
- Contribute to global environment through collaboration with business partners
- Fulfill our social responsibilities through strengthening of relationships with stakeholders
- Evolve governance through realization of strategic risk control

※KPI will be disclosed in Apr 2023, following new vision and medium-term management plan

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