

Risks, opportunities, and financial impact related to natural capitals for the NRI Group

Related natural capitals	Category		Scope of dependence/impact	NRI Group's risks/opportunities						Main risks/opportunities by segment		
				Classification	Impact	Rate of occurrence *1	Degree of impact *2			Measures (in the case of risk)	Segment	Impact
							Short term	Medium term	Long term			
Water	Transition	Legal restrictions	(1) Dependence/impact through the company's activities *(1) includes upstream; same hereinafter)	Risk	Increase in NRI's costs due to measures to comply with regulations related to water resources	Medium	1	1	1	Use of rain water, cyclical use of waste water, use of recycled water from outside the company	Financial IT Solutions	Increase of Data Center usage fees due to increases in the cost of measures related to water resources
											Industrial IT Solutions	
	Transition	Technology	(1) Dependence/impact through the company's activities	Risk	Increase in NRI's costs due to the introduction of new technologies to reduce the burden on water resources	Medium	1	1	1	Careful review at the time new technology is introduced	Financial IT Solutions	Increase of Data Center usage fees due to increases in the cost of implementation of new technology related to water resources
											Industrial IT Solutions	
	Physical	Acute	(1) Dependence/impact through the company's activities (2) Dependence/impact through customers	Risk	Impact of floods (damage to NRI, business partners, and customers) * This risk has been recognized in the previously indicated TCFD scenario analysis							
Physical											Chronic	(1) Dependence/impact through the company's activities
	Industrial IT Solutions											
		(2) Dependence/impact through customers	Risk	Increase in customer costs and decrease in NRI orders due to water resource usage restrictions and depletion	Small	1	1	1	Increased consulting related to water resources	IT Platform Services	Increase of water procurement costs in operation of the Data Center	
Waste	Transition	Legal restrictions	(1) Dependence/impact through the company's activities	Risk	Increase in NRI's costs due to measures to comply with regulations related to waste	Medium	1	1	1	Selection of recyclable materials, increase of the recycling rate	Financial IT Solutions	Increase of Data Center usage fees due to increases in the cost of measures related to waste materials
											Industrial IT Solutions	
			(1) Dependence/impact through the company's activities	Risk	Increase in NRI's costs due to the introduction of new technologies to reduce waste	Medium	1	1	1	Careful review at the time new technology is introduced	IT Platform Services	Increase of the cost of measures in operation of the Data Center
Natural resources (overall)	Transition	Market	(1) Dependence/impact through the company's activities	Risk	Decline in NRI's reputation and loss of talented personnel due to insufficient consideration and approach to nature	Medium	1	2	2	Setting goals, conducting more sophisticated analysis, and strengthening transmission of information regarding natural resources	All Segments	Loss of customers, lowered reputation, loss of excellent personnel, in the event that measures related to natural resources are not being implemented proactively
			(2) Dependence/impact through customers	Risk	Changes in the terms and conditions for transactions from customers related to measures to address natural resources (increase in NRI's response costs, decrease in orders if not addressed)	Large	1	1	1	Dialogue with customers aimed at early and appropriate measures	Consulting	Increase in the cost of response for NRI due to a decrease in orders caused by changes to the terms and conditions of transactions from the customer, if not addressed
											Financial IT Solutions	
	(3) Indirect contribution to society overall	Opportunity	Contribution to societal transformation through dissemination of information and recommendations for society related to nature positivity	Medium	2	2	3	-	Consulting	Increase of costs for efforts related to the Data Center that consider nature		
									Financial IT Solutions			
									Industrial IT Solutions			
								IT Platform Services	Increase of consulting needs aimed at nature positivity (DX3.0 themes such as circular economy)			
									Increase of revenue due to expansion of sustainable finance			
									Increase of needs related to the reduction of food loss and the streamlining of distribution			
									Increase of needs related to the Data Center that consider nature			
									Contribution to societal transformation through dissemination of information and recommendations for society (mainly a think tank function) related to nature positivity			

*1 May occur by FY2030. Large: Anticipated to be high (roughly 50% or more); Medium: Anticipated to be low (less than roughly 50%); Small: Anticipated to be extremely small (less than roughly 5%).

*2 The year's maximum impact on finances if things remain the same and risks are not addressed. 3: 10 billion yen or more; 2: 1 billion yen to 10 billion yen; 1: less than 1 billion yen.

Further, it is assumed that the degree of impact will fluctuate over time depending on policy trends and business scale. Short-term: Until FY2025, Medium-term: Until FY2030, Long-term: Beyond that.