

NRI

Sustainability Book 2024



Nomura Research Institute

Dream up the future.

未来創発

Our corporate statement at the NRI Group is "Dream up the future". In this era of dramatic change and widespread unpredictability, we aim to carve out a solid future and contribute to the world by focusing on society's needs and creating new value. The NRI Group will continue to pursue new challenges.

Icons on pages that introduce NRI Group efforts

The NRI Group's "Action: Examples for Co-Creation of Values" page showcases the Group's efforts to co-create value, and features the icons of the corresponding goals out of the 17 goals outlined in the SDGs.

* SDGs: Shared global goals defined by the United Nations for 2016 to 2030 in order to resolve global issues. Achieving this goal requires participation and cooperation from the national governments of UN member nations, local governments, corporations, NPOs, NGOs, and individual citizens.



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Message from the President

Since its establishment, Nomura Research Institute, Ltd. (NRI) has been contributing to enriching people's lives through its activities, including policy recommendations, business strategy proposals, and the development and management of IT systems. We are promoting "sustainability management" by integrating our growth strategy with efforts to create a sustainable future and social value.

To maintain a better and more beautiful tomorrow, stakeholders must bring solutions to the various intertwined social problems. NRI Group provides Consulting to IT Solutions promoting DX 3.0 and aims to reform society by co-creating with diverse stakeholders across industries and sectors. It also works on social issues like carbon neutrality or region creation, region smartification, and circular economy.

There has been a noticeable proactive attitude towards new challenges using digital technologies, particularly in mature markets and industries, with AI gaining rapid and significant attention. Just as the

Internet revolutionized people's lives and businesses, AI is poised to drive profound societal changes and become integral to all facets of life. We aim to use advanced technologies, including AI, with careful consideration of potential risks to contribute to the development of our clients and society.

The NRI Group has always been driven by the spirit of creating new social values and addressing social challenges. People with this mindset gather at NRI, where they continue to grow and challenge themselves with their expertise. We focus on bringing out the best in each individual and combining their strengths to improve our overall performance. By merging diverse talents, we gain insights into complex social issues and develop businesses that contribute to society. We are also committed to ESG initiatives, which have been evaluated outside the company. We will continue to strengthen these efforts across our entire group and supply chain, domestically and internationally.

NRI Group aims to maintain reliable relationships with the stakeholders, continually refine its strengths, and continue to be an indispensable part of society. We focus on a prosperous and sustainable future with a long-term perspective.



Kaga Yanagisawa

President & CEO,
Member of the Board,
Representative Director





Sustainability Management

Founding Ideals of the NRI Group

Nomura Research Institute, Ltd. (NRI) was born out of the 1988 merger between the former Nomura Research Institute, Ltd., founded in 1965 as Japan's first comprehensive private sector think tank, and Nomura Computer Systems CO., Ltd., which was established in 1966 and achieved the first business applications for commercial computers in Japan. The prospectus of the former Nomura Research Institute, Ltd. included the objective "Promoting

the industrial economy and serving the general community through research." This objective is the starting point for sustainability management in the NRI Group. For us, "achieving social value along with economic value" is not something special. It is the one we have been engaged in since our founding. The 1988 merger was conducted based on the idea that "in the upcoming advanced information society, neither could exist a think-tank without system functions nor a systems company without a think-tank function having foreseen a world like the one

surrounding us today where the power of digital has become a requirement in every field. The spirit of challenging ourselves to resolve social issues and to create new social value through our core business has been passed down until today as the NRI group's DNA.

The founding prospectus of former Nomura Research Institute (Produced by Nomura Securities in 1962)



NRI Group Corporate Philosophy



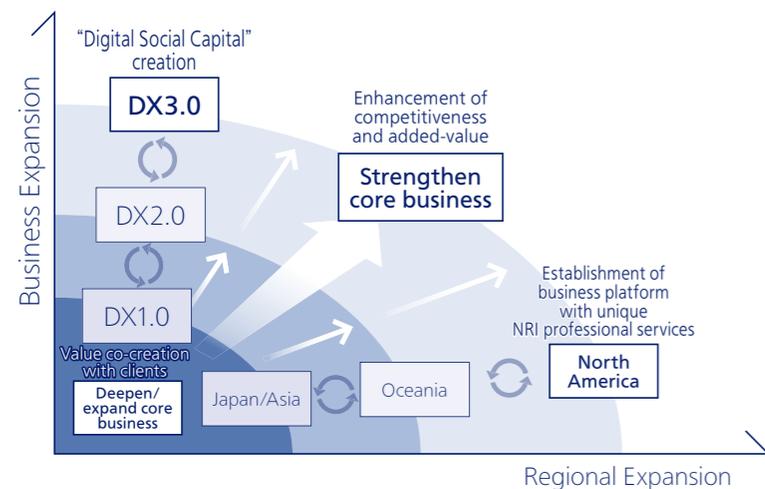
**Long-term management vision
NRI Group Vision 2030 (V2030)**

NRI Group Vision 2030, which we defined to realize our corporate philosophy, describes the NRI Group's growth stories leading up to the year 2030. We aim to

dynamically transform the world by going even more in-depth and evolving in the business we have developed until now, in other words our core business, by taking on DX3.0, and by achieving even more global business growth.



Growth Story



**Sustainability Strategy
(Materiality)**

In V2030, we have incorporated the concept of sustainability into our growth strategy as a materiality. We will work to "Create a sustainable society" and "Achieve the NRI Group's growth strategy" based on eight materialities consisting of three layers: "Value Creation," "Value Creation Capital," and "Management Basis (ESG)."

Taking on DX3.0

In addition to DX1.0 (process transformation and infrastructure transformation) and DX2.0 (business model transformation) which we have worked on thus far, we challenge DX3.0 which focuses on resolving social issues.

Combining our strengths in consulting and IT solutions, we are working on social transformations geared toward achieving a sustainable society.

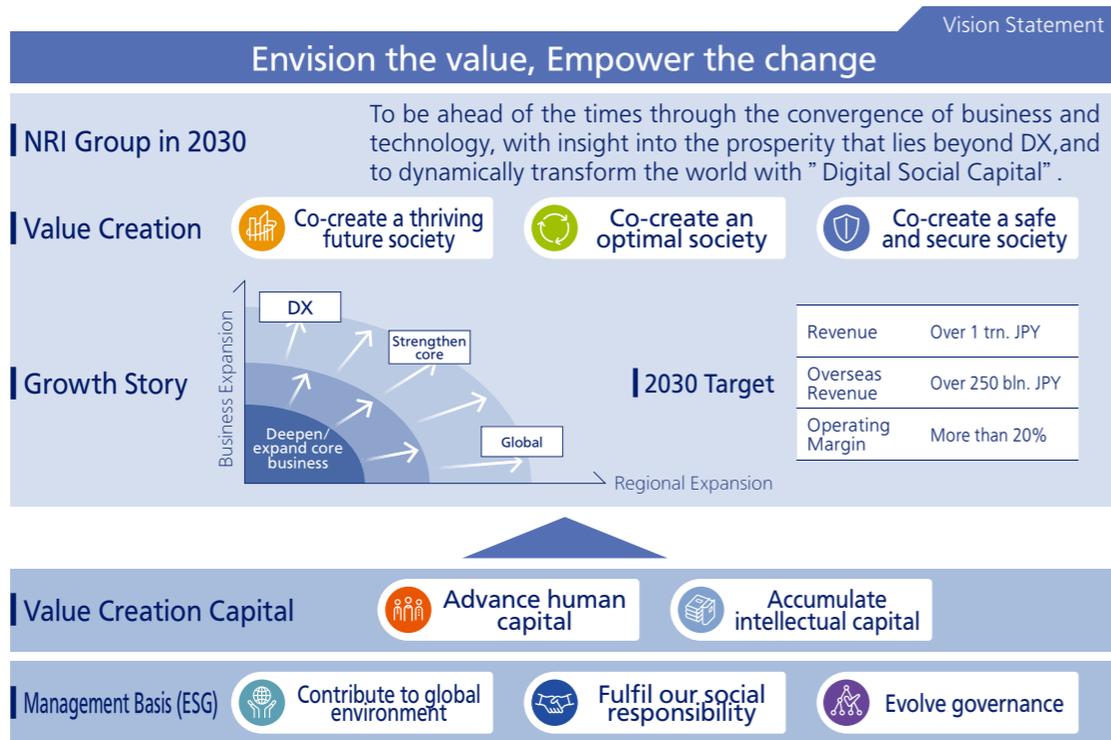
Society transformation	DX3.0	Paradigm shift	Creating "Digital Social Capital" in collaboration with various partners
	DX2.0	Business models	Establishing never before seen digital services
Enterprises and industry transformation	DX1.0	Processes	Strengthening existing businesses for new opportunities
		Infrastructure	

NRI Group's Materiality



V2030 Overview

NRI Group believes that creating a sustainable future society and its growth strategy are interconnected and will continue to evolve its sustainability management.



Action: Examples for Co-Creation of Values

Co-create a thriving future society



Discern Sustainable Society and Innovation through the Latest Technology



Nurture Social Entrepreneurs and fostering innovation in the region



Support Agriculture Management and Comfortable Living in the region through DX

Co-create an optimal future society



Enhance forest value toward the realization of a decarbonized society



Support Japan's securities trading through the Shared-Service Model

Co-create a safe and secure society



Create a digital environment that ensures safe and confident use of AI



Assist in enhancing access to medical services in remote locations

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



Address social challenges with a global perspective



A conversation between Michiaki Matsushima (right), Head of Editorial Content at Wired Japan, and Takeshi Mori (left), Director of the Digital Society Research Department.

Co-create a thriving future society

Discern Sustainable Society and Innovation through the Latest Technology

Held "NRI Dream up the Future Forum:Tech & Society" which aims to Study the new society in the age of generative AI with internal and external experts.

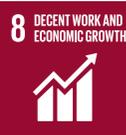
Every year, we organize the NRI Dream Up the Future Forum based on NRI's Corporate Statement, "Dream up the future." In 2023, 5,500 people participated in the forum online.

This year's theme, "New Society in the Era of Generative AI," featured lectures from three NRI experts who have long studied the relationship between AI and society.

They discussed whether: (1) Will generative AI bring about a revolution in human creativity or a path to servitude to AI? (2) Will the social system extended by generative AI technology be mechanical or biological? (3) What will happen to people's work when the generative AI completely replaces human skills?

Additionally, NRI's Mori and Michiaki Matsushima, Head of Editorial Content at WIRED* Japan, engaged in a discussion on the future vision of a society increasingly shaped by AI. Matsushima remarked, "True creativity emerges from what we do not understand. The challenge now is whether we will confine generative AI within the limits of our understanding."

NRI will continue to study the changes in the latest technologies and society and make recommendations for building a better future society.



* "WIRED" was launched as a print magazine in the US in 1993. It is now a multimedia format publication that focuses on how technology impacts society and culture and makes recommendations about how the future should be.



The "Carriage Bar" was born from the Tokachi Innovation Program. Stroll around Obihiro at night in a carriage drawn by a horse that played an active role in the Banei horse race, where horses pull sleds.

Co-create a thriving future society
Nurture Social Entrepreneurs and fostering innovation in the region

We are implementing an "Innovation Program" to create a group of innovators who will attractively transform the region and generate new businesses.

In regional cities, while the startup support systems are advancing with the help of regional banks and foundations, the problem is that there are few new businesses and companies to invest in. Since 2015, the Center for Strategic Management & Innovation in NRI has been implementing the "Innovation Program," which aims to foster local innovators who drive innovation throughout Japan and create regional industries.

In this program, participants from diverse backgrounds, from junior high school students to people in their 80s, will collaborate in teams to develop new business ideas through over ten sessions. The program emphasizes the importance of developing ideas as a team of two or more rather than as individuals, using themes that participants are passionate about as the foundation for their business ideas, which fosters the creation of a community of creative entrepreneurs. NRI accompanies the participants as co-creative advisors who engage in discussions with them. As the program marks its 10th anniversary, it has expanded to five regions nationwide*1, fostering over 750 entrepreneurs, generating more than 160 new business concepts, and creating 27 new companies*2.

NRI will continue to support the creation of local innovations that will contribute to regional revitalization.



*1 Expansion in 5 areas: Tokachi of Hokkaido, Okinawa, San-in, Niigata, and Tsuruoka in Yamagata prefecture (as of October 2023)

*2 As of December 2023



Co-create a thriving future society

Support Agriculture Management and Comfortable Living in the region through DX

We are promoting a 'Smart Agriculture Community' to provide farmers and residents with a comfortable and livable environment.

In recent years, while the population in rural areas has been declining and aging, digitalization is progressing further and is expected to change the lifestyle drastically. As a DX Partner of the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH), NRI provides comprehensive support for the Smart Agriculture Community concept promoted by JA ZEN-NOH, covering everything from service planning to system development and operation.

The "Smart Agri-Community" initiative aims to create a comfortable and livable environment for local farmers and residents by integrating various services and infrastructure operated by the JA Group along with governmental services through IT. With a focus on lifestyle-related businesses as the starting point, NRI developed a smartphone portal application that connects JA Group services and offers reward points, product arrival updates, and member information. A demonstration was conducted in JA Maebashi City, Gunma Prefecture, serving as a model district. Moving forward, we plan to gradually expand our services to include agricultural management and collaboration with the government. NRI will continue leveraging its expertise in digital transformation and smart cities to support the development of self-sufficient and thriving local communities.





Co-create an optimal future society

Enhance forest value toward the realization of a decarbonized society

We are working to generate and promote the circulation of "forest-derived J-Credit*1" to reduce CO₂ emissions and solve regional issues related to forests

Japan's vast forests have the potential to reduce CO₂ emissions by up to 5 million tons annually*2. However, labor shortages and the rise of neglected forests are increasing the number of aging forests, which in turn diminishes CO₂ absorption. The decreasing functionality and value of forests nationwide are leading to reduced interest in forestry, causing a decline in the industry and further exacerbating the degradation of forest functions and values.

NRI aims to break the vicious cycle and advance a decarbonized society by promoting "Forest-Derived J-Credit." This system involves the government certifying CO₂ absorption increases achieved through proper forest management and wood utilization as credits. These credits can then be sold to CO₂-emitting companies, with the revenue supporting various local projects. NRI's platform simplifies procedures and ensures reliable CO₂ absorption records into the blockchain. We are collaborating with the government to increase the creation of forest-derived J-Credit, starting with two forests*3 in Tsuruoka City, Yamagata Prefecture.

NRI is committed to addressing social issues by co-creating value with public and private stakeholders.



*1 The "J-Credit Scheme" is a government-certified program that recognizes CO₂ emission reductions or absorptions from initiatives like energy-efficient equipment, renewable energy use, and forest management as credits. Credits generated from forest management are known as "Forest-Derived J-Credit."

*2 Estimation by NRI

*3 Atsumi Town and Sanze District in Tsuruoka City, Yamagata Prefecture are expected to be certified by the end of fiscal 2024.



Co-create an optimal future society

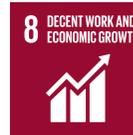
Support Japan's securities trading through the Shared-Service Model

THE STAR, a back-office system for securities companies, has completed 50 years of operation.

In recent years, there has been an increase in SaaS^{*1} and other shared-use services, in which various items and services are shared with others rather than owned by each individual.

NRI offers online shared services based on decades of expertise. A key example is THE STAR, a service that supports the administrative operations of securities firms. This system has been in operation since 1974, long before the term SaaS existed, and has supported securities trading in Japan for 50 years. In securities companies, where transactions require instant decisions, immediacy is essential. Stability, reliability, and robustness are also crucial, as any disruption to securities trading can have a ripple effect on the economy. THE STAR[®], used by 86 securities firms^{*2}, has evolved to meet its social responsibility of ensuring stable operations while supporting our customers' business transformation. It also contributes to business continuity in the event of disasters, rapid response to regulatory changes, promotion of remote working, and work style reform by improving operational efficiency.

NRI will continue to contribute to the development of the Japanese economy by ensuring the stable operation of shared services and continuing to innovate in response to changing times, thereby facilitating safe and smooth securities trading.



*1 Software as a Service:
A type of cloud service that provides software accessible via the Internet. Users do not have to build and operate the system themselves.

*2 As of the end of March 2024



Co-create a safe and secure society

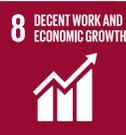
Create a digital environment that ensures safe and confident use of AI

We have launched "AI Red Team," a security diagnosis service, and "AI Blue Team," a monitoring service for generative AI.

The use of generative AI, especially large language models (LLMs*), is increasing in many areas. As expectations for LLMs rise, so do the risks of inherent vulnerabilities, information leaks, and inappropriate content generation. It is crucial for companies utilizing Generative AI to understand these issues and implement appropriate measures.

In December 2023, NRI Secure Technologies launched the "AI Red Team," a security diagnosis service tailored for systems and services that use generative AI. This service diagnoses AI-specific vulnerabilities through automated testing by applications and simulated attacks by experts. One of its features is that it can assess not only the risks of the AI itself but also the risks of the entire system or service that uses AI. In May 2024, we introduced the "AI Blue Team" for continuous security monitoring. Together, these services provide comprehensive security measures.

The NRI Group will continue to promote comprehensive initiatives to realize a convenient, safe, and secure digital society, including study and research, information transfer, solution development, and security construction for better use of AI.



* Large Language Model (LLM) is a type of natural language processing model that achieves advanced language understanding by training on extensive text data.



(Photo by Darrian Traynor)

Co-create a safe and secure society

Assist in enhancing access to medical services in remote locations

Promoting the introduction of telemedicine systems in remote locations in regional Australia

Recently, the concentration of population in urban areas has led to the issue of providing medical care in rural areas around the world. In Dargo, a village at the foot of a mountain in Australia, patients who cannot be treated by nurses in a Nursing Centre have to go to a hospital in Melbourne, a city four hours away by car.

NRI Group company, Velrada Capital Pty Ltd (Velrada) and BRHS*¹ a regional healthcare service provider, worked together to introduce a telemedicine system using Mixed Reality (MR)*² to solve Dargo's medical care issues. Nurses at the nursing center wear Microsoft HoloLens*³ and connect via high-speed satellite internet with specialist doctors in Melbourne allowing patients to be examined while in Dargo. Patients can be seen not only for emergency, but also for follow-up after surgery in Melbourne. This technology has helped alleviate residents' concerns about medical care. Following its success in Dargo, the system has spread to other regions, with 406 telemedicine cases in six months in the BRHS territory. The system is now being rolled out to remote locations throughout the state.

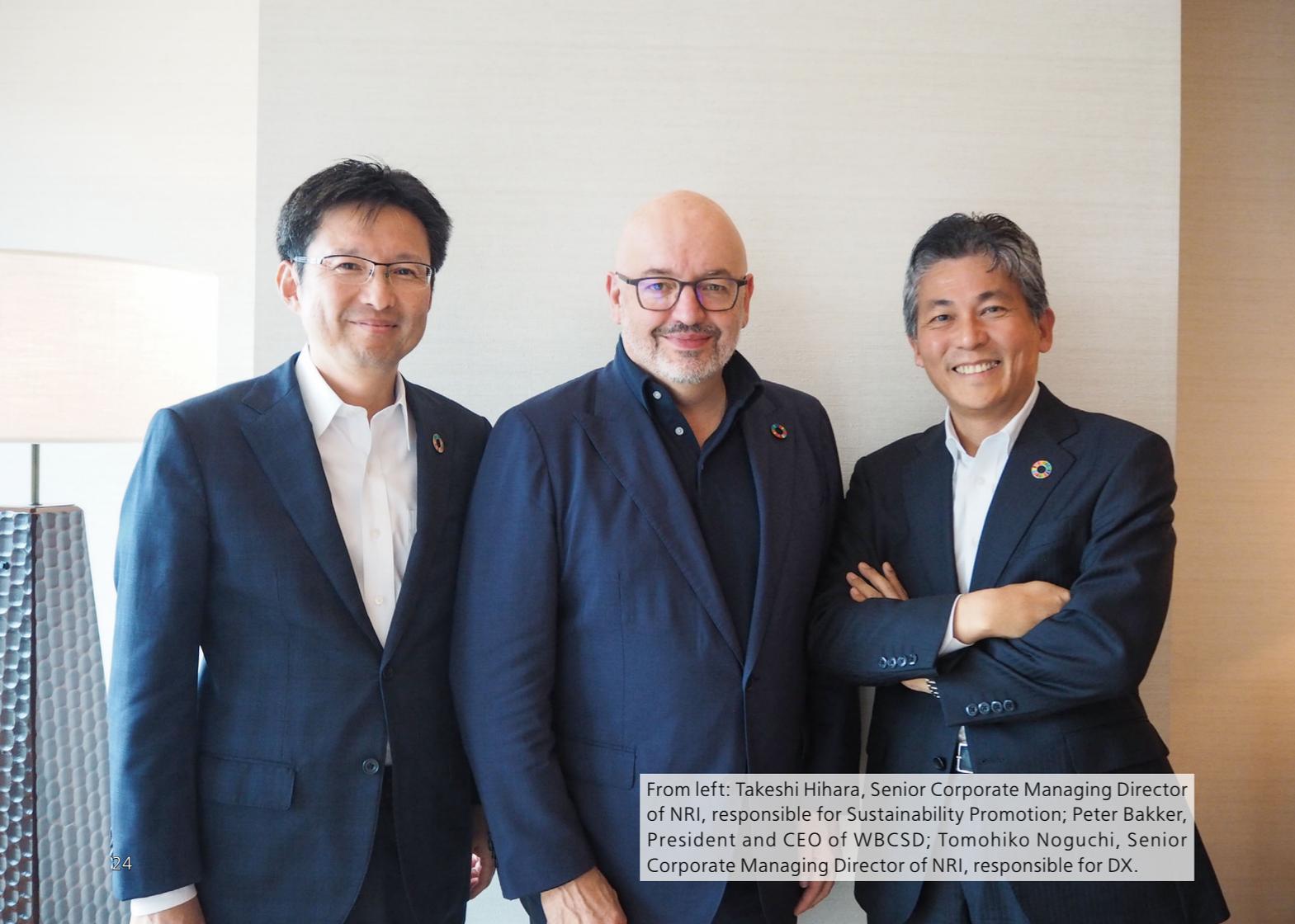
Velrada will continue to innovate medical care in rural areas and contribute to the realization of a society where people can live without medical concerns.



*1 Bairnsdale Regional Health Service: An organization that provides a wide range of medical services to the East Gippsland region, including Dago.

*2 Mixed Reality: The latest technology that merges the real and digital worlds

*3 A headset device developed by Microsoft Corporation that enables MR. It can superimpose computer graphics on real space and visualize remote situations in real time.



From left: Takeshi Hihara, Senior Corporate Managing Director of NRI, responsible for Sustainability Promotion; Peter Bakker, President and CEO of WBCSD; Tomohiko Noguchi, Senior Corporate Managing Director of NRI, responsible for DX.



Address social challenges with a global perspective

Through dialogue with international organizations, we consider solutions to social issues from a global perspective and reflect these insights in the NRI Group's strategy.

At NRI, we engage in annual dialogues with domestic and international experts to understand global sustainability trends and incorporate them into our management strategies. In FY2023, Hihara (in charge of Sustainability Promotion) and Noguchi (in charge of DX) in NRI held a meeting with Peter Bakker, President and CEO of the World Business Council for Sustainable Development (WBCSD)*1.

During the dialogue, NRI introduced its business model, growth strategy, and DX3.0*2 business approach focused on solving social issues, along with real-world examples. Peter Bakker expressed his appreciation and high expectations for NRI's strategy of identifying social challenges that can be addressed through its business and integrating these into its business model. They also discussed the role of digital solutions in addressing critical social issues such as climate change. The dialogue ended on a note of anticipation for the future, with both parties agreeing to continue strengthening the collaborative relationship between the WBCSD and the NRI.

The NRI Group will continue to incorporate insights from experts both in Japan and abroad into its sustainability management and address social issues from a global perspective.



*1 Federation of CEOs of approximately 200 companies pursuing sustainable development

*2 A digital transformation (DX) approach focused on creating new value through digital technologies, with an emphasis on solving social issues and driving societal change beyond the boundaries of companies and industries.

Advance human capital



Human capital strategy of the NRI Group

The NRI Group consists of highly skilled professionals with diverse values who continually embrace challenges and grow independently according to their personal goals. We are committed to fostering an environment that maximizes individual potential and harnesses collective efforts to generate social value and drive collaborative development.

Growth cycle

By implementing a unique growth cycle, we are enhancing our greatest strength: human capital. We facilitate both employee and organizational development by aligning individuals with roles that match their skills and career goals. This includes assigning responsibilities and decision-making authority, as well as expanding experiences through rotations.



Promotion of Diversity and Inclusion

The NRI Group promotes a fair work environment where diverse employees can work energetically and continue to take on challenges.

● Hosting the NRI Global Forum

The NRI Global Forum serves as a communication platform between NRI headquarters and its overseas executive offices. In FY2023, executives from the NRI Group's offices in America and Australia convened to discuss the Group's vision and the synergies generated within the organization.



Initiatives to instill value Co-Creation Activities

We conduct "Value Co-Creation Activities" to help each employee understand how their work connects with societal impact and contributes to creating social value.

● Fostering "Value Co-Creation Leaders"

We instill the concept of "Solving Social Issues through Value Co-Creation" in every employee and appoint Value Co-Creation Leaders from among young and mid-level staff. Executives mentor these leaders, nurturing their sense of purpose and leadership through an annual development program.



**"Dream up the Future Award,"
an internal commendation system
for good practices that have led to the
creation of social value**

Every year, the NRI Group honors exceptional practices and unique initiatives that contribute to social value creation through collaboration with customers and other stakeholders.

The NRI Dream up the Future Award

Co-creation Category

Recognizing employees and teams for exceptional contributions toward achieving a "sustainable future society" through collaboration with companies and other departments.

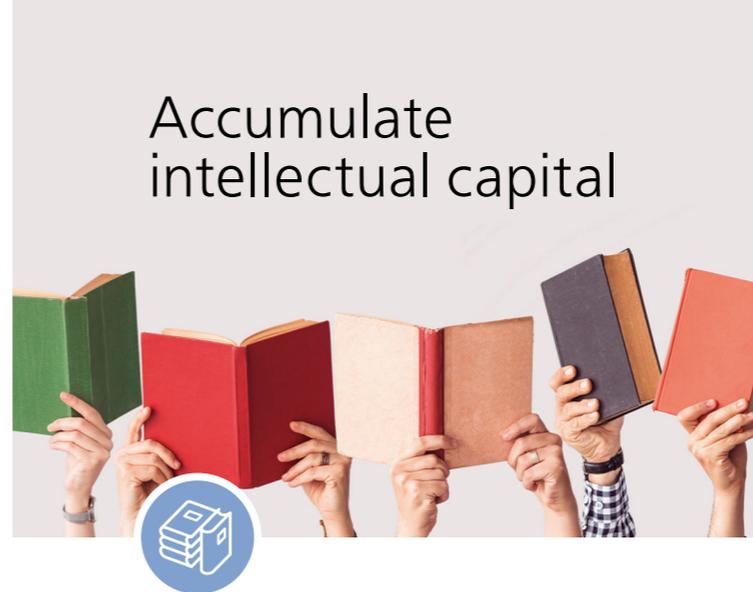
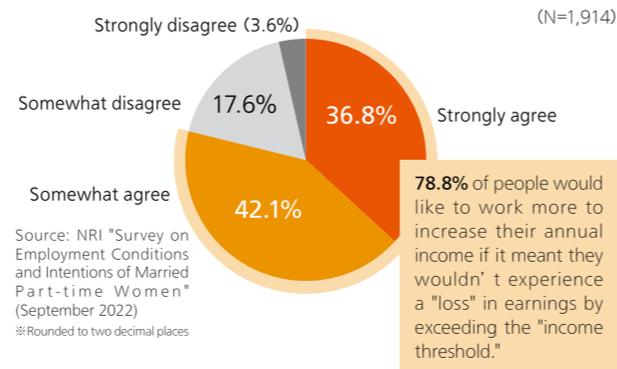
Special Recognition

Recognizing employees and teams who, though not covered in the categories above, have made significant contributions to activities that align with the corporate statement "Dream Up the Future" or to solving social issues.

● Examples of Awarded Themes in the FY 2023
**Addressing the "Income Threshold"
Issue and Policy Recommendations**

The report highlights the effects of the "income threshold" issue, where non-regular workers face higher social insurance costs and reduced take-home pay for themselves and their spouses once they exceed a certain income level. It advocates for enabling individuals to work freely without income penalties, aiming to boost earnings and address labor shortages simultaneously, and has significantly influenced policy.

Q. If new systems or policies are introduced that eliminate the "income threshold," meaning that your take-home pay would not decrease even if you earn beyond a certain income level, would you want to work more to increase your annual income? (N=1,914)



**Accumulate
intellectual capital**

**The source of the NRI Group's
competitive strength**

Intellectual capital is a crucial source of our competitive edge and a key differentiator from other companies. We deliver high-value-added services and transfer our knowledge and expertise to the next generation, thereby building organizational strength through the creation and accumulation of intellectual capital.

Promotion of AI Utilization

● Formulation of the "NRI Group AI Policy"

In February 2024, our Group introduced the "NRI Group AI Policy" to steer the research, development, and application of AI in our business activities. This policy ensures that AI initiatives are conducted within a secure framework, addressing both the benefits and potential risks, including information leaks, rights violations, and accuracy concerns. We aim to foster the development of a future society where AI is utilized effectively and responsibly.

● Promoting AI utilization within the NRI Group

We have established a cross-departmental AI Center of Excellence (CoE)* to advance AI utilization within the company. We conduct seminars and case-sharing sessions for the entire NRI Group. Additionally, we have established an internal portal and consultation services to ensure that employees obtain information, make advanced proposals to customers, and improve their skills.

*Center of Excellence: A centralized organization consisting of experts and aggregation of knowledge that is central to cross-functional efforts.

Efforts toward the environment and society



NRI Group's Environmental Targets

Classification	FY2030 Target	FY2050 Target
Scope 1+2	Reduce Scope1+2 emissions by 97% compared to FY2019 and neutralize residual emissions*2*3	Achieve net-zero emissions throughout the value chain* ※ Reduce Scope1+2+3 emissions by 92% compared to FY 2019 and neutralize residual emissions*2*3
Scope 3	Reduce NRI Group's Greenhouse gas emissions by 30% compared to FY2019	※ Scope 1+2: 97% or more reduction + neutralization Scope 3: 90% reduction + neutralization

Environmental Targets

The NRI Group has positioned “contribute to the global environment through collaboration with business partners” as part of its materiality, and operates with consideration for natural capital while also engaging in efforts to help create a sustainable global environment. In February 2023, we set a new target of net zero greenhouse gas emissions throughout the NRI Group's value chain by fiscal 2050. This target was certified in compliance with the net-zero standard of the SBT Initiative*1 as of February 2024.

*1 SBT Initiative: An initiative whose purpose is to limit the global temperature rise to less than 2°C above pre-industrial levels by encouraging companies to achieve science-based greenhouse gas emission reduction targets.

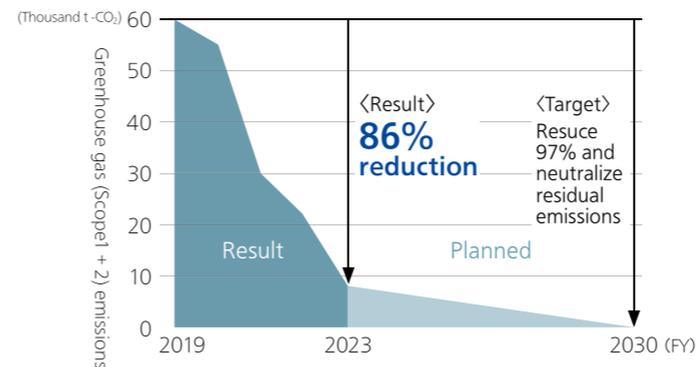
*2 Residual emissions: Emissions that cannot be reduced within the Group's value chain as of the target year

*3 Neutralization: Offsetting residual emissions by utilizing carbon removal technologies outside the value chain.

Initiatives towards TCFD/TNFD

In July 2018, the NRI Group announced its support for the final proposal of the Task Force on Climate-related Financial Disclosures (TCFD) and is committed to ensuring compliance with TCFD disclosure requirements. Since 2018, we have been conducting TCFD scenario analysis in stages and reporting the results. In FY2023, we reviewed the risks, opportunities, and financial impacts of climate change across the Group based on previous analysis. In addition, we support the principles of the Task Force on Nature-related Financial Disclosures (TNFD) and have actively participated in the TNFD Forum since January 2023.

NRI Group Greenhouse Gas Emissions Results and Targets (Scope1 + 2)



NRI Net-Zero Journey

We are advancing the "NRI Net-Zero Journey," an initiative aimed at achieving business growth and building a sustainable future society in collaboration with our business partners. In FY2023, we supported our business partners in calculating their greenhouse gas emissions and setting environmental targets through workshops and meetings. Additionally, we organized the "NRI Net-Zero Journey Camp" to facilitate dialogue among the individuals responsible for driving these initiatives within their companies.



Decarbonization of Data Centers

NRI has introduced an environmental management system and continues to promote initiatives to reduce greenhouse gas emissions at its offices and other locations. In particular, we are addressing the significant environmental impact of our data centers by transitioning to 100% renewable energy and enhancing building designs to improve environmental performance. In 2023, Tokyo Data Center 1 was certified as a top-level facility* for the Tokyo Metropolitan Government's Tokyo Cap-and-Trade Program.

*The Tokyo Cap-and-Trade Program of the Tokyo Metropolitan Government certifies business operators making outstanding efforts to tackle global warming as either top-level facilities or near-top-level facilities.



Support for the Noto Peninsula Earthquake Recovery

Anamizu Town in Ishikawa Prefecture, affected by the Noto Peninsula earthquake on January 1, 2024, has signed a collaboration agreement with NRI to support the formulation of a disaster recovery plan. Alongside earthquake recovery efforts, the town is also addressing long-standing challenges such as population decline and aging. Two NRI staff members began working on-site to drive these initiatives forward at the end of April 2024. Leveraging our expertise in disaster recovery and regional revitalization, we will collaborate with Anamizu's government officials and residents to accomplish the town's reconstruction, from conceptualizing the recovery vision and drafting the plan to executing a symbolic project that embodies Anamizu's uniqueness and innovation.



Financial education utilizing metaverse space

Since the 2022 academic year, financial education has become mandatory in high schools. In response, NRI conducted a pilot test to provide the "Asset Management Campus," a learning program for asset formation in the metaverse environment. In this program, high school students travel back in time as avatars and select investment trusts to buy and sell by collecting information on economic conditions and markets of that era. This interactive program enables students to simulate asset building based on historical events, making it a fun and engaging way to learn essential financial knowledge. We plan to start providing this service nationwide in FY2024.



Marketing Analysis Contest 2023

Since 2007, NRI has held an annual contest to solicit research findings that contribute to corporate advertising and marketing activities. In FY2023, the contest was themed "Data-Driven Marketing to Overcome Uncertainty," reflecting the growing use of digital technologies like AI in marketing amid increasing uncertainty. The jury, chaired by Professor Honorary Shuzo Abe of Yokohama National University, selected four winning entries from 84 submissions for their exceptional approaches to hypothesis building and analysis.

<Titles of award winning entries>

Award of Excellence

- A catchphrase generation system combining data analysis and generative AI
- Sound features that enhance product recognition and purchase motivation

Honorable Mentions

- Evaluating internal and external effects of CM using case-control study and inclination score analysis
- Targeting and advertising strategies for valued e-comic customers

Contributing to the Development of Bond Markets in ASEAN

NRI Thailand collaborates with Japanese and Thai government agencies, international organizations, and others to support economic development and address social issues in ASEAN member countries. Recently, NRI Thailand has participated as a consultant in the "Asian Bond Market Initiative (ABMI)," helping to build financial systems in ASEAN countries such as Vietnam and supporting the organization of forums. Through these efforts, NRI Thailand has contributed to the development of an efficient and liquid bond market in the ASEAN region. At a finance forum hosted by the Asian Development Bank in Bangkok in January 2024, NRI employees participated as panelists, discussing sustainability information disclosure and improving transparency in net-zero strategies.



Debate at the International Conference to Promote Renewable Energy in the Asia-Pacific Region

NRI India collaborated as a pro bono with the World Business Council for Sustainable Development (WBCSD) to promote sustainable procurement of renewable energy in the Asia-Pacific (APAC) region. In June 2023, NRI India and NRI Singapore participated in an international energy-related conference in Singapore, where NRI India facilitated one of the discussion sessions led by WBCSD. At the session, NRI India provided insights into the challenges and potential solutions for expanding the stable procurement of renewable energy by companies in the APAC region, particularly in Southeast Asian countries. NRI Group will continue to contribute to creating a sustainable society through its involvement with WBCSD.



Initiatives that NRI participates

NRI actively participates in sustainability-related initiatives. We commit to the principles and goals advocated by the initiatives, and strive toward transformation in our management and business activities.

UNGC
(United Nations Global Compact)



WBCSD
(World Business Council for Sustainable Development)



TCFD
(Task Force on Climate-related Financial Disclosures)



Science Based Targets initiative (SBTi)



RE100
(Renewable Electricity 100%)



Business Ambition for 1.5°C



GXLeague



JCI
(Japan Climate Initiative)



Race to Zero



Sustainability topics by the numbers

Company Name	Nomura Research Institute, Ltd.
Consolidated sales	736.5 billion yen (FY 2023)
Number of employees (consolidated)	16,708

GHG emission (Scope 1+2)

86% Reduction

Results from FY2023 (compared to FY2019)

FY2050 target (Scope 1+2+3)

Net-zero

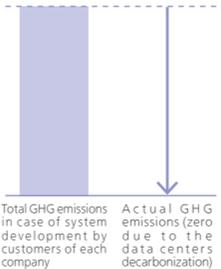
*92% reduction (compared to FY2019), Residual emissions have been neutralized.



Contribution to greenhouse gas (GHG) reduction

48,772t

The NRI Group calculates GHG reduction amounts for customers through shared services provided by the NRI Group as per the WBCSD guideline.



ESG-related e-learning participation rate

97.9%

E-learning on ESG basic knowledge and NRI's related initiatives is conducted annually throughout the domestic NRI Group.



Number of employees at overseas offices

5,706

Ratio of employees at overseas offices

34.2%



Renewable energy usage rate in data centers

100%

The NRI Group is decarbonizing its data centers that consume the most electric power.



Percentage of men taking childcare leave

84.1%

We implement measures to support work-life balance, creating systems and environments that make it easier for both female and male employees to participate in childcare.

*Includes partner childbirth leave



Social contribution activity expenses

1,769 million yen

Social contribution activity expenses include monetary donations, in-kind donations, open facilities, employee activities, and R&D expenses for social problem solving.



Recognition — Inclusion in ESG stock indexes

NRI has been selected as a constituent of numerous prevalent ESG stock indexes.

Dow Jones Sustainability World Index
From 2018~

Dow Jones Sustainability Asia Pacific Index
From 2016~

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Sompo Sustainability Index
From 2012~

2023



Sompo Sustainability Index

MSCI ESG Leaders Indexes
From 2016~



MSCI Japan ESG Select Leaders Index
From 2017~

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

FTSE 4 Good Index Series
From 2006~



FTSE4Good

※ THE INCLUSION OF Nomura Research Institute, Ltd 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 Nomura Research Institute, Ltd 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.

— Awards from external organizations

NRI has been incorporated as a constituent stock in six of the ESG stock indexes chosen by Japan's Government Pension Investment Fund (GPIF).

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2024



S&P/JPX Carbon Efficient Index

<https://www.nri.com/jp/sustainability/evaluations>

Certified by CDP as a Climate Change A List Company for the fifth consecutive year

NRI has been certified by CDP* as the highest rated Climate Change A List company for the fifth consecutive year since 2020 in recognition of its climate change strategy, response, and information disclosure. Additionally, we have been selected for the Supplier Engagement Rating Leaderboard for the fifth consecutive years since 2019.

*A non-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts



Awarded the highest rank of AAA* in the MCSI ESG ratings for the third consecutive years

MSCI's ESG ratings are based on an analysis of industryspecific environmental, social and governance (ESG) risks and a company's ability to manage those risks relative to its peers, and are rated on a seven-point scale from AAA to CCC. NRI was awarded the highest rank of AAA for the third consecutive years.

As of 2023, Nomura Research Institute, Ltd. received an MSCI ESG Rating of AAA



Recognition — Accreditations by the central government

"Dokokani Byun" Wins 2023 Good Design Award

The "Dokokani Byun" service, jointly developed by NRI Digital, NRI, and East Japan Railway Company (JR East), has been honored with the 2023 Good Design Award, sponsored by the Japan Institute of Design Promotion. This innovative service offers travelers a unique experience by suggesting one of four recommended Shinkansen stations, allowing them to discover unexpected destinations and adventures.

IDC Financial Insights Makes First Appearance in Global "IDC FinTech Rankings Enterprise 25"

IDC Financial Insights, a global financial services company headquartered in the United States, has been selected for the first time in the "IDC FinTech Rankings Enterprise 25," an annual global ranking of financial IT service companies. This ranking is based on IDC Financial Insights' own research and market analysis, and it considers IT service companies that generate revenue from financial services and support at least four additional business segments.

Japan's First "AWS Generative AI Competency" Certification

On March 7, 2024, we were awarded the "AWS Generative AI Competency" certification by Amazon Web Services, Inc. (AWS). This marks the first and only certification of its kind in Japan as of that date. The program evaluates AWS partners on their ability to use generative AI to develop services and tools and support infrastructure development for client companies.

Received "Monisu Certification" for employment of a disabled person

In September 2023, NRI Mirai, a member of the NRI Group committed to promoting the employment of people with disabilities, was awarded the "Monisu Certification" by the Minister of Health, Labour, and Welfare. This certification recognizes small and medium-sized enterprises that excel in creating systems, job opportunities, and environments that support the active participation of people with disabilities. NRI Mirai earned this certification for its exceptional performance in these areas.



NRI Wins the Japan IR Association's "Excellent IR Company Award"

NRI has been honored with the "Excellent IR Company Award" by the Japan IR Association. This award recognizes publicly listed member companies based on assessments by a panel of analysts, investors, and media representatives. In 2023, 347 companies applied, with 8 receiving the award. This marks NRI's second win, following the first six years ago.



NRI Wins Grand Prix at 3rd Nikkei Integrated Report Awards

NRI has been honored with the top "Grand Prix" award at the 3rd Nikkei Integrated Report Awards presented by Nikkei Inc. This prestigious award is given based on evaluations by fund managers, analysts, and experts from the financial sector and academia. NRI was one of three companies to receive the Grand Prix, following its "Excellence Award" win in 2022.



Highest level (Level 3) Eruboshi Certification



Health and Productivity Management Organization (White 500)



Kurumin certification



Platinum Kurumin Certification





Envision the value, Empower the change

In an era of uncertainty, we envision a clear path toward unprecedented prosperity.

We lead the way with boldness and precision, realizing our customers' aspirations for a better society.

Creativity drives us to take on challenges, taking on challenges to growth, and growth to new possibilities. With every step forward, we open a greater tomorrow.

Envision the value, Empower the change

Changing Financial Norms

* Norms refer to social customs and standard practices.

The SDGs (Sustainable Development Goals) are global targets to be achieved by 2030, but the current progress report is quite concerning. Less than 20% of the 169 targets based on the 17 goals are on track for achievement. Over 80% of the targets are either making minimal progress or moving further away from the targets.

Failure to achieve the SDGs could pose severe problems for institutional investors, such as pension funds and insurance companies, due to their exposure to system-level risks.

System-level risks affect the entire economy and cannot be mitigated through diversification. A classic example is the collapse of the bubble economy. Since the 1990s in Japan, the bursting of the economic

bubble has led to simultaneous declines in the performance of many companies, resulting in a sharp drop in overall market returns. Pension funds and insurance companies often have portfolios that are broadly representative of the market, so despite diversification efforts, systemic risks such as economic bubbles can have a significant impact on market returns.

If the SDGs are not met, global issues such as climate change and biodiversity loss could have repercussions akin to those seen during the Japanese asset price bubble collapse. Environmental and social sustainability are vital to the fundamental business practices of companies worldwide. A failure in these

Director of the PRI Board
Takeshi Kimura



areas could lead to a global decline in market returns, impairing institutional investors' ability to fulfill their fiduciary duties and potentially jeopardizing their capacity to meet pension and insurance obligations.

As a result, many institutional investors across the globe are working to mitigate system-level risks. It is a great challenge that will change the financial norm. Traditional textbooks like "Modern Portfolio Theory" treat overall market returns as given variables and focus on improving the risk-return profile through diversification. It is not expected by Investors to alter market-wide returns influenced by system-level risks. However, institutional investors are now challenging the assumptions of Modern Portfolio Theory. They are actively working to reduce system-level risks and stabilize market returns.

So, what exactly are institutional investors aiming to do? They are increasing their engagement with companies to achieve the SDGs. Collaboration among investors can enhance the effectiveness of these efforts. Simply wearing an SDG badge and

making commitments is not enough. It is necessary to encourage companies to substantiate their commitments with concrete actions. The actions of companies need to be evaluated quantitatively whenever possible, and their progress must be actively managed. Capital markets should support the value creation of companies that contribute to achieving the SDGs. We hope that the contents of textbooks will be revised in ten years to reflect these changes.

[Takeshi・Kimura] He joined the Bank of Japan in 1989 and had a temporary transfer to the U.S. Federal Reserve Board (FRB). He later served as Deputy Director-General of the Financial System Department and Director-General of the Payment and Settlement Systems Department. In 2020, he joined Nippon Life Insurance Company and became an Executive Officer in 2022. He was appointed to the Board of Directors of PRI (Principles for Responsible Investment) in 2021 and reappointed in 2024. He holds a Doctorate in Engineering.

Global network

As of April 2024



16 COUNTRIES & REGIONS 42 SUBSIDIARIES

EUROPE Denmark Ireland Luxembourg
United Kingdom

NORTH AMERICA United States

ASIA PACIFIC Australia China Hong Kong India Indonesia
New Zealand Philippines Singapore South Korea
Taiwan Thailand

Nomura Research Institute Holdings America, Inc.

Nomura Research Institute America, Inc.

Nomura Research Institute IT Solutions America, Inc.

Core BTS, Inc.

Cutter Associates, LLC

Cutter Associates Europe, Ltd

Nomura Research Institute Europe Limited

野村総合研究所(北京)有限公司

野村総合研究所(上海)有限公司

野村総合研究所(大連)有限公司

Nomura Research Institute Asia Pacific Private Limited

Nomura Research Institute Hong Kong Limited

Nomura Research Institute Singapore Pte. Ltd.

野村総合研究所台湾有限公司

Nomura Research Institute Seoul Co., Ltd.

Nomura Research Institute Consulting and Solutions India
Private Limited

Nomura Research Institute Financial Technologies India Pvt. Ltd.

PT. Nomura Research Institute Indonesia

Nomura Research Institute Thailand

NRI Australia Limited

NRI Australia Holdings Pty Ltd

Australian Investment Exchange Limited

Planit Test Management Solutions Pty Ltd

Planit Software Testing Limited (NZ)

Planit Software Testing Limited (UK)

Planit Testing India Private Limited

Planit Philippines Corporation

Velrada Capital Pty Ltd

Velrada UK Ltd

Shift Left Group Limited

NRI New Zealand Limited

NRI group companies in Japan

As of April 2024

Nomura Research Institute, Ltd.

President & CEO, Chairman,
Member of the Board, Representative
Kaga Yanagisawa
www.nri.com/en

Tokyo Head Office / Headquarters

Otemachi Financial City Grand Cube,
1-9-2 Otemachi, Chiyoda-ku, Tokyo
100-0004, Japan
TEL. +81-3-5533-2111

Kiba Center

Tower N, 1-5-15 Kiba,
Koto-ku, Tokyo 135-0042, Japan

Yokohama Center

Yokohama Nomura Building,
4-4-1 Minato Mirai, Nishi-ku,
Yokohama, 220-0012, Japan

Osaka Center

Nakanoshima Festival Tower West,
3-2-4 Nakanoshima, Kita-ku,
Osaka 530-0005, Japan

NRI Netcom, Ltd.

Web Business Systems and Web Branding
Strategies
www.nri-net.com

NRI SecureTechnologies, Ltd.

Information Security Solutions
www.nri-secure.com

NRI Workplace Services, Ltd.

Workplace-related Services for NRI Group
Companies

NRI Data i Tech, Ltd.

IT Infrastructure Development and
Operations Support
www.n-itech.com

NRI Social Information System Services, Ltd.

Supporting Community and Work
Activities for Seniors
www.nri-social.co.jp

NRI Process Innovation, Ltd.

Business Process Outsourcing Services
www.nri-pi.com/en

NRI System Techno, Ltd.

Planning, Development, and Operations for
Ajinomoto Group Information Systems
www.nri-st.co.jp/en

UBsecure, Inc.

Diagnostic service and consulting service
related to information security
www.ubsecure.jp/en

DSB Co., Ltd.

Middle and Back-office Services for
Securities and Financial Institutions
www.daiko-sb.co.jp

NRI Financial Graphics, Ltd.

Outsourcing Services for document
creation for the financial industry

DSB Information System Co., Ltd

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transformation
www.dsb-is.co.jp

NRI Mirai, Ltd.

Office Service to NRI Group Companies
by People with Disabilities and Fixed Point
Investigation of People with Disabilities
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NDIAS, Ltd.

Cyber Security Business Centered on Security
Diagnosis of In-vehicle Electronic Products
ndias.jp/en

NRI Retail Next, Ltd.

Research and Practices for Proof of
Concept in Retail IT Solution Field

NRI Digital, Ltd.

Digital Business Consulting Service,
Digital IT Solution Service, and Digital
Analytic Service
www.nri-digital.jp

Financial Digital Solutions, Ltd.

Development of Financial Digital Solutions
www.financial-ds.jp

Nippon Securities Technology Co., Ltd.

Total Solutions for Finance and Securities
www.nstec.jp/en

Editorial Policy

Nomura Research Institute has published a sustainability report since FY 2005 to give our stakeholders an understanding of the NRI Group's initiatives for sustainability (including corporate social responsibility). The report also aims to facilitate internal and external communication and to raise the level of our initiatives.

Since FY2017, our sustainability-related efforts and achievements have been published in our Sustainability Book, on our official website, and in our Integrated Report.

We have tried to ensure that the Sustainability Book contains articles of interest to our stakeholders along with the information that the NRI Group wants to convey, and to present it in an interesting and easy-to-read format. On the Internet, we disclose information throughout the year. In addition to our ESG Databook, the disclosed information also includes sustainability initiatives conducted by the NRI Group for sustainable growth of society.

Official website

<https://www.nri.com/en>

ESG Databook / Sustainability book

<https://www.nri.com/en/sustainability/library/report>

Period covered by this report

This report primarily covers FY2023 (April 1, 2023 to March 31, 2024), but also addresses some events from the past, some activities after April 1, 2024, and certain plans for future activities.

Trademarks

All proper names, including names of companies and products, found in the Sustainability Book 2023 are trademarks or registered trademarks of the respective companies.

Disclaimer

The Sustainability Book 2023 contains not only past and present facts about the NRI Group, but also plans and forecasts based on information acquired as of the date of publication. Depending on changes in various conditions, there is the possibility that the results and events of these future business activities may differ from the plans and schedules listed herein.

The names of organizations, names of executive positions, etc., listed herein are current as of the time of the activities or reporting.

Inquiries about the Sustainability Book

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The logo consists of the letters 'UD' in a large, bold, sans-serif font, with the word 'FONT' in a smaller, bold, sans-serif font directly below it. The letters are white and set against a dark blue background.

**UD
FONT**

A "universal design" font has
been used in this book for
ease of reading.