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

Related natural	Category			NRI Group's risks/opportunities							Main risks/opportunities by segment	
capitals			Scope of dependence/impact	Classification	Impact	Rate of Degree of impact *2 occurrence *1 Short Medium Long			act *2 Long	Measures (in the case of risk)	Segment	Impact
Water	Transition	Legal restricti ons	(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 Industrial IT Solutions IT Platform Services	Increase of Data Center usage fees due to increases in the cost of measures related to water resources Increase of the cost of measures related to water resources in operation of the Data Center
	Transition	Technol ogy	(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 Industrial IT Solutions IT Platform Services	Increase of Data Center usage fees due to increases in the cost of implementation of new technology related to water resources Increased costs due to implementation of new technology related to water resources at the Data Center
	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	Risk	Increase in NRI's procurement costs and interruption of business due to water resource	Small	1	1	1	Periodic confirmation and preparation regarding water risks	Financial IT Solutions Industrial IT Solutions	Increase of Data Center usage fees due to increases in water procurement costs
			(2) Dependence/impact through customers	Risk	usage restrictions and depletion 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 Industrial IT Solutions	Increase of water procurement costs in operation of the Data Center Decrease in orders received by NRI due to increases in water procurement costs of customer companies, such as distribution and manufacturing
Waste	Transition	Legal restricti ons	(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 Industrial IT Solutions IT Platform Services	Increase of Data Center usage fees due to increases in the cost of measures related to waste materials Increase of the cost of measures in operation of the Data Center
	Transition	Technol ogy	(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	Financial IT Solutions Industrial IT Solutions IT Platform Services	Increase of Data Center usage fees due to increases in the cost of implementation of new technology related to reducing waste materials Increased costs due to implementation of new technology related to
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	reducing waste materials at the Data Center 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 Financial IT Solutions Industrial IT Solutions	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 Increase of costs for efforts related to the Data Center that consider nature
				Opportunity	Increase in NRI's consulting and IT solution sales aimed at achieving nature positivity	Medium				-	Consulting	Increase of consulting needs aimed at nature positivity (DX3.0 themes such as circular economy)
							2	2	3		Financial IT Solutions Industrial IT Solutions	Increase of revenue due to expansion of sustainable finance Increase of needs related to the reduction of food loss and the streamlining of distribution
											IT Platform Services	Increase of needs related to the Data Center that consider nature
			(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	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.