

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	
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		Increase of the cost of measures related to water resources in operation of the Data Center
	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		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
	Industrial IT Solutions	Increase of water procurement costs in operation of the Data Center											
			(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	Industrial IT Solutions		
	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												Increase of the cost of measures in operation of the Data Center	
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 waste	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 reducing waste materials
											Industrial IT Solutions	Increased costs due to implementation of new technology related to reducing waste materials at 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
												Risk	
			Opportunity	Increase in NRI's consulting and IT solution sales aimed at achieving nature positivity	Medium	2	2	3	—	Industrial IT Solutions	Increase of costs for efforts related to the Data Center that consider nature		

*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.