

# ESG Briefing

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

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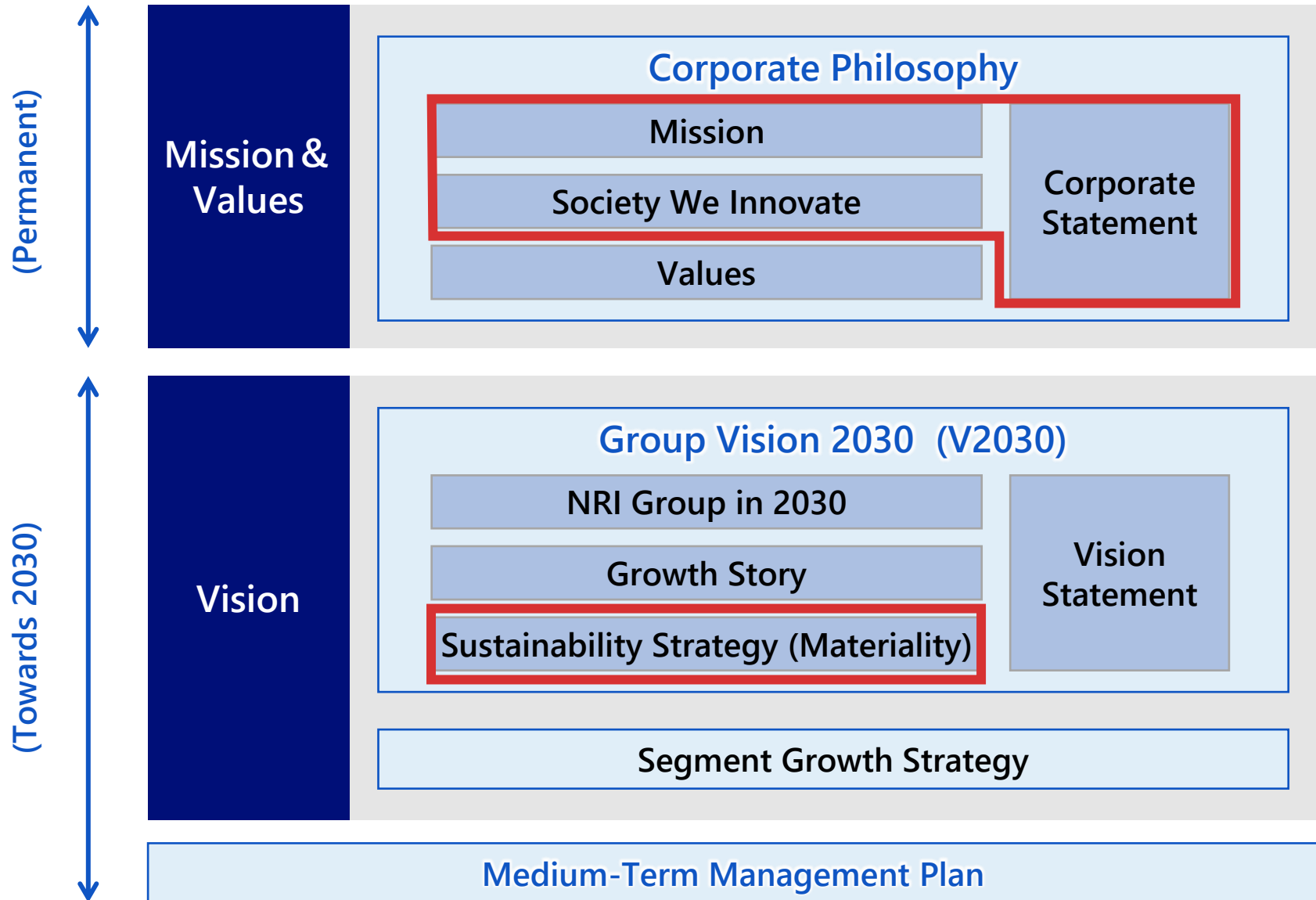
Feb. 22, 2023



# 1 NRI Group's Corporate Philosophy and Materiality

## 2 Value Co-Creation Efforts in the NRI Group

# Mission & Values, Vision Structure



# 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

# Creating a sustainable future society

Value Creation	2030 Goals	Initiatives
 <p><b>Co-create a thriving future society</b> through expansion of digital social capital</p>	<p>Derive value from excellent human capital and intellectual capital to <b>expand digital social capital</b></p>	<ul style="list-style-type: none"> <li>• Business model transformation                             <ul style="list-style-type: none"> <li>- DX consulting, analytics</li> <li>- Social DX (e.g. Utilization of Individual Number, regional revitalization, etc.)</li> <li>- D2C*, Financial DX</li> </ul> </li> <li>• Policy proposals, advocacy, Information &amp; knowledge sharing, etc.</li> </ul>
 <p><b>Co-create an optimal society</b> through effective utilization of resources</p>	<p>Effectively <b>utilize resources</b> (such as human resources, public assets, IP) and <b>recycle natural resources</b> through the use of business PF and data analytics</p>	<ul style="list-style-type: none"> <li>• Business process transformation                             <ul style="list-style-type: none"> <li>- Strategy/operations/systems consulting</li> <li>- Value chain DX (CO<sub>2</sub> visualization, circular economy platforms creation)</li> </ul> </li> <li>• Shared operation through business PF                             <ul style="list-style-type: none"> <li>- STAR, BESTWAY, etc.</li> </ul> </li> </ul>
 <p><b>Co-create a safe and secure society</b> through sophistication of infrastructure</p>	<p><b>Provide highly advanced IT infrastructure</b> to protect social infrastructure and data from disasters and cyber risks</p>	<ul style="list-style-type: none"> <li>• Sustainable social infrastructure</li> <li>• IT infrastructure transformation                             <ul style="list-style-type: none"> <li>- Security, cloud services</li> </ul> </li> <li>• Stable service operation</li> <li>• Disaster management, disaster recovery support, etc.</li> </ul>

\*Direct to Consumer

# Human and intellectual capital are the source of value creation

Value Creation Capital	2030 Goals	Initiatives
 <p><b>Advance human capital</b> through bold actions and growth of diverse professionals</p>	<p>Create a workplace where <b>highly skilled professionals with diverse values</b> gather to grow</p>	<ul style="list-style-type: none"><li>• Improve growth opportunities for each individual</li><li>• Promote diversity and inclusion</li><li>• Enhance capability to realize the growth story, etc.</li></ul>
 <p><b>Accumulate intellectual capital</b> through elevation of individual knowledge into organizational strength</p>	<p><b>Sublimate individual knowledge into organizational strength</b> (such as business model, brand, and capability)</p>	<ul style="list-style-type: none"><li>• Evolve business model (e.g., expand software assets)</li><li>• Create a continuously evolving brand (e.g., enhanced content for Information &amp; knowledge sharing)</li><li>• Strengthen organizational capability to support business development (e.g., quality control, productivity innovation)</li></ul>

# 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

Patent

Copyright

Trademark Rights

Design Rights

### 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.)
















# Extending ESG to the supply chain

Management Basis (ESG)	2030 Goals	Initiatives
 <p><b>Contribute to global environment</b> through collaboration with business partners</p>	<p>In collaboration with business partners with Scope 3 vision, <b>create a sustainable environment globally and conserve natural capital</b> while promoting more sophisticated use of renewable energies</p>	<ul style="list-style-type: none"><li>• Reduce greenhouse gas emissions, and promote renewable energy use (Scope 1+2)</li><li>• Take measures to reduce greenhouse gas emissions in Scope 3, etc.</li></ul>
 <p><b>Fulfill our social responsibilities</b> through strengthening of relationships with stakeholders</p>	<p><b>Fulfill social responsibilities in the entire supply chain</b>, such as good relationships with stakeholders, creating a healthy workplace, and commitment to human rights</p>	<ul style="list-style-type: none"><li>• Employee well-being</li><li>• Initiatives concerning human rights and labor practices (including AI ethics, etc.)</li><li>• Build and strengthen partnerships with business partners, stakeholders and communities, etc.</li></ul>
 <p><b>Evolve governance</b> through realization of strategic risk control</p>	<p>Strive for balanced governance, including strategic risk-taking, to <b>control risks with long-term perspective</b></p>	<ul style="list-style-type: none"><li>• Maintain/operate group-wide governance and internal control</li><li>• Enterprise risk management</li><li>• Strengthen quality control and information security management</li><li>• Promote disclosure and improve transparency</li><li>• Enhance compliance, etc.</li></ul>

# 1 NRI Group's Corporate Philosophy and Materiality

## 2 Value Co-Creation Efforts in the NRI Group

# Continuously monitoring the status of value co-creation efforts

Social value	Measures	Status (Apr. to Dec. 2022)	
 Co-create a thriving future society	Promote DX	<b>DX transformation in society</b> : DX for core systems, DX consulting for industry-leading companies, etc <b>KPI</b> DX-related sales: 328.6 billion yen	
	Create new business models	New DX services through collaboration ex) the "Dokokani Byun!" with JR (Japan Rail) <b>KPI</b> 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 <b>KPI</b> NRI articles in the 5 major newspapers: 56	
 Co-create an optimal society	Business platform service expansion	STAR-IV at Mizuho Securities. Decarbonization <b>with shared online services expand</b> <b>KPI</b> Business platform sales: 94.9 billion yen	
	Generate environmental benefits for clients through business platforms	Selected for <b>DJSI World, MCSI AAA, and CDP A List</b> again this fiscal year <b>KPI</b> Client CO2 emission reductions through shared online services: 98,517 tons	
	Contributing to reforms towards an optimal society	<b>GX League</b> office. <b>"My Number" individual number info</b> <b>KPI</b> 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 <b>solar power generation equipment</b> <b>KPI</b> Scale of cloud and data center services business: -1% year-on-year	
 Co-create a safe and secure society	Help upgrade the social infrastructure	<b>e-Shishobako (PO Box)</b> service linked to the "Mynaportal" individual number portal, <b>e-NINSHO public personal authentication system</b> <b>KPI</b> Scale of public services business: +17% year-on-year	
	Contribute to information security	Security of Japanese companies with highly dependable <b>digital trust</b> <b>KPI</b> 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 <b>KPI</b> Number of information system incidents with severe financial/social impact: 0	

# Challenge to create digital social capital through DX 3.0

## 1. Social DX



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

Digital government

Improving convenience based on individual number platform

Regional revitalization

Promoting rural area DX, smart cities, and other social infrastructures

New financial services

Expanding the use of new financial assets such as digital assets

## 2. Value Chain DX



### Create people and planet friendly industry

Value chain optimization / Tracing

Coexistence of environmental symbiosis and economic efficiency, visualization of CO<sub>2</sub>

Circular economy platforms

Environmental symbiosis through effective use of natural resources

## 3. Infrastructure DX



### Provide a safe and secure social infrastructure

Infrastructure lifecycle transformation

Realizing a sustainable and resilient social infrastructure

Financial infrastructure for Carbon Neutrality

Creating and sophisticating markets for decarbonization

# 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

2030

100 million My Number cardholders

- System into use at financial institutions
- Government cloud
- Electronic submission & notification of legal records

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

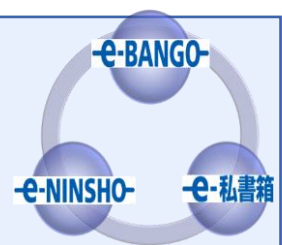
**Recreating ID in digital space**  
(Citizen ID platform, electronic post services, etc.)

- 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

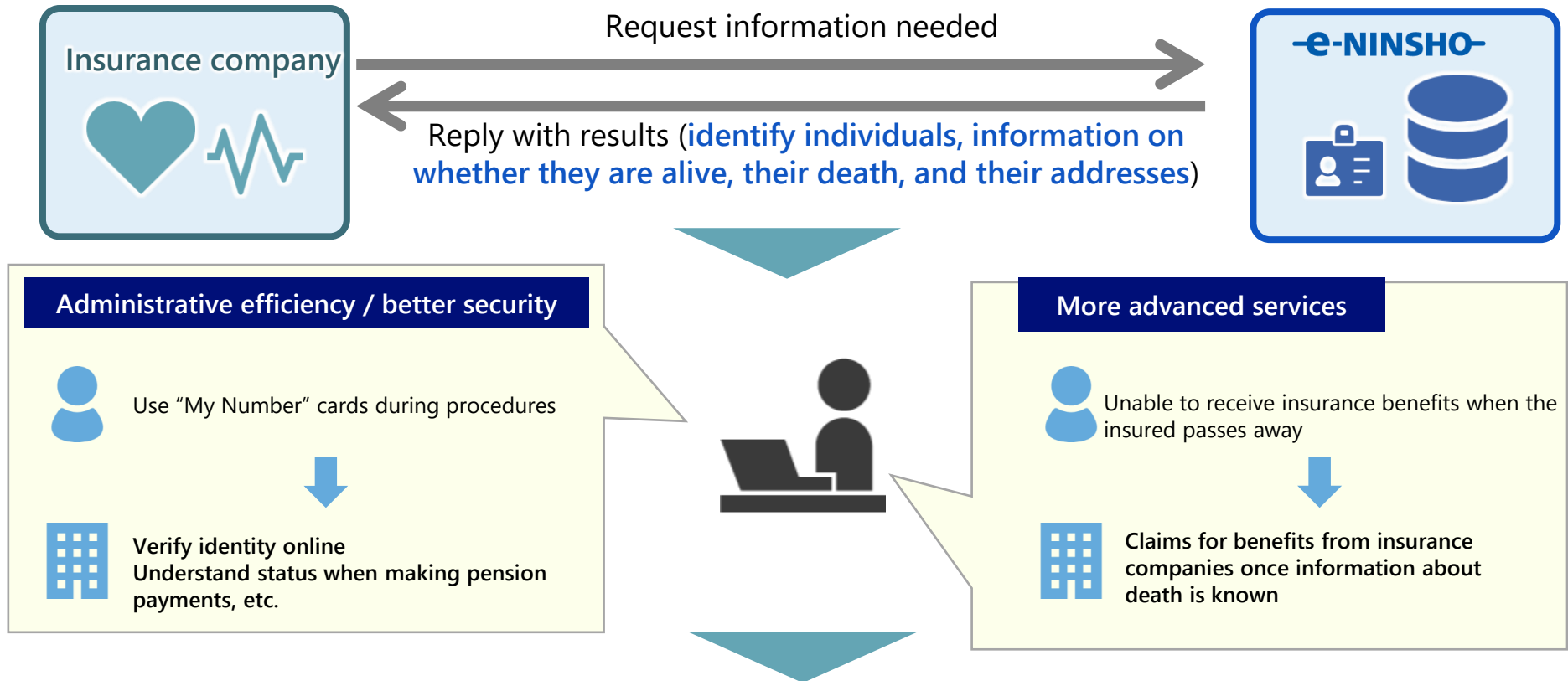
Expand function of agents

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



# 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

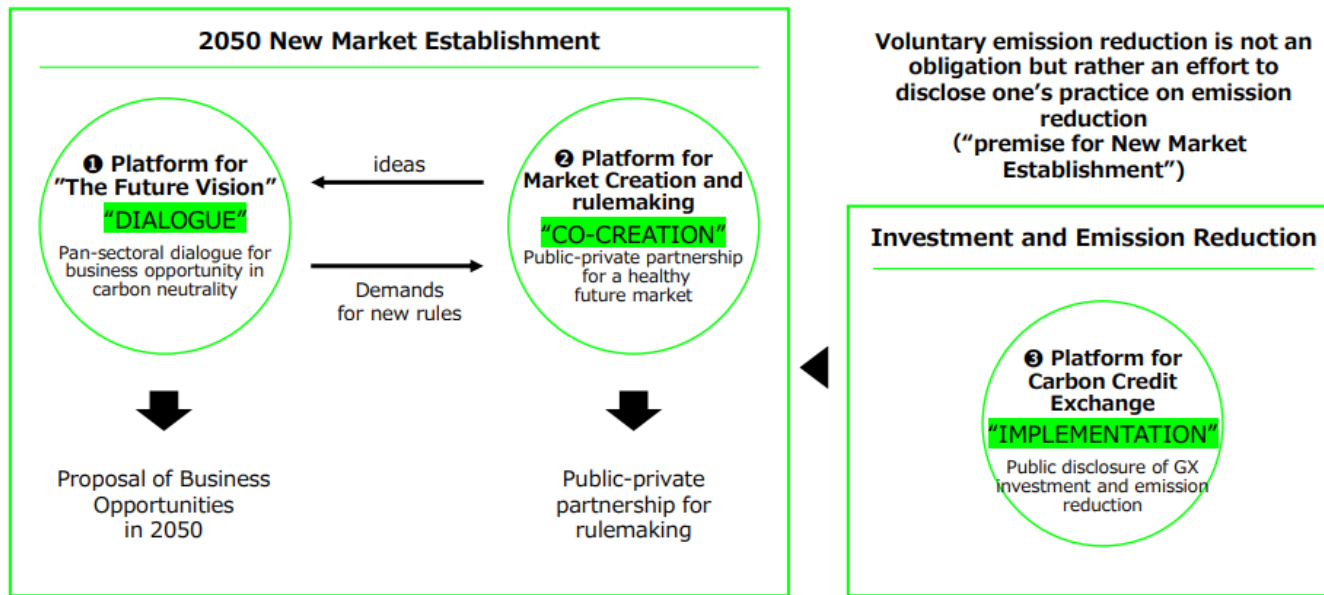


Administrative efficiency and advanced services of insurance companies  
More convenient for consumers

# 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

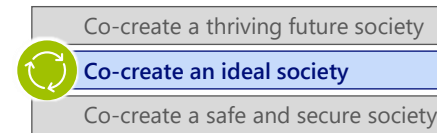


## Phased rollout of GX League

2022	<u>Recruit sympathetic companies</u> Test projects
From 2023	<u>Phase 1</u> GX League enters full-scale operation
From 2026	<u>Phase 2</u> Full-scale operation as a market for emissions trading
From 2031	<u>Further advancement</u>

Source) GX League office "Activities During the GX League Preparation Period (FY2022)," May 11, 2022

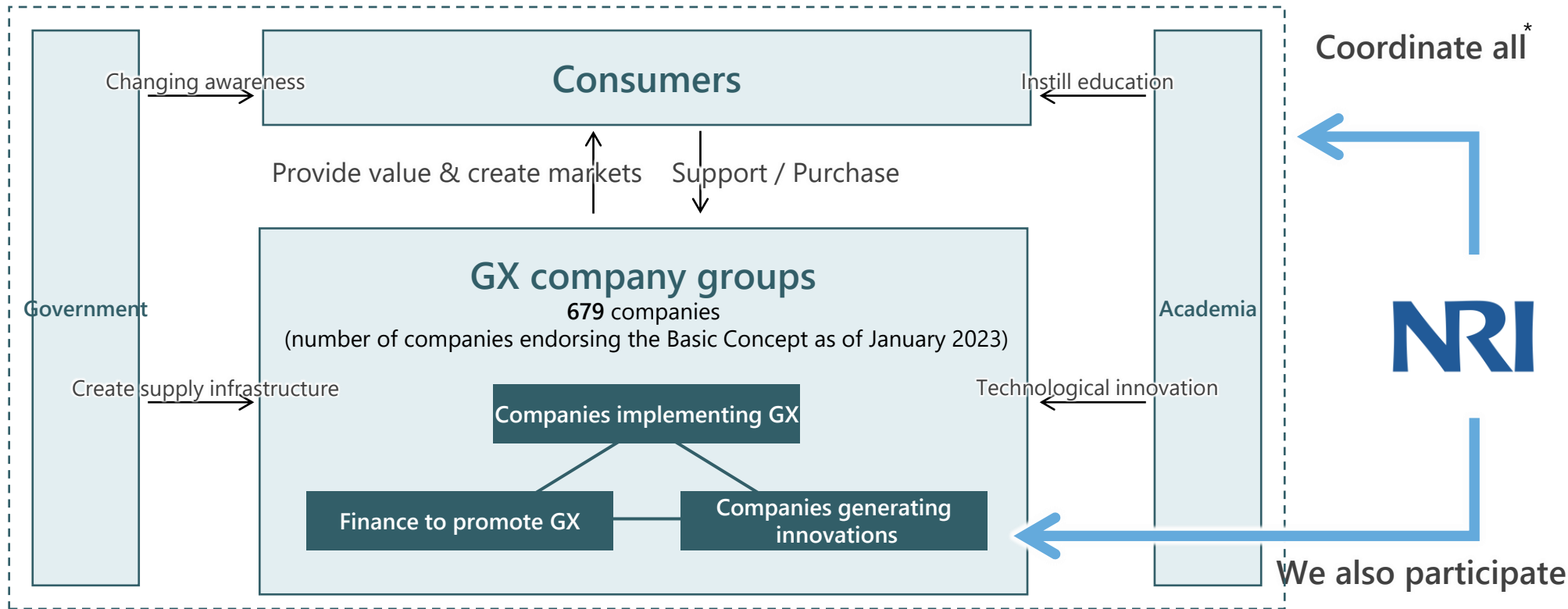
# NRI plays a central role in policy formation for the GX League



## 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



\* : As of FY2022 (to be determined for FY2023)



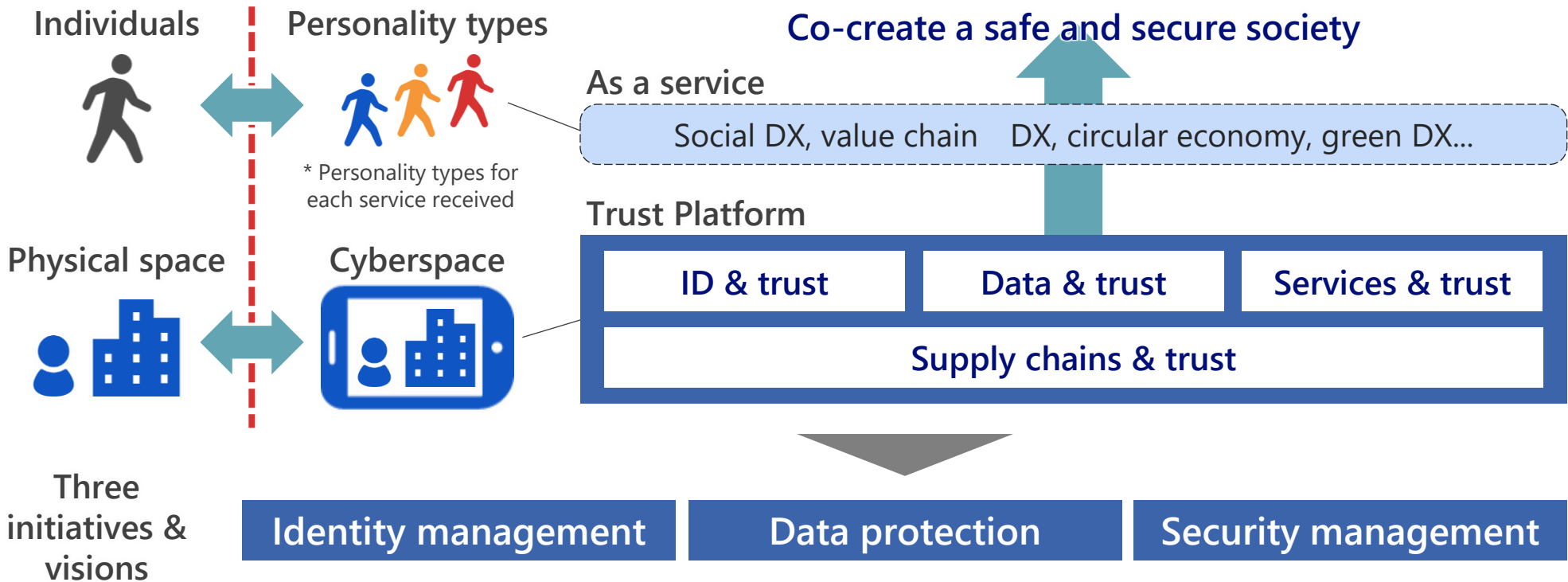
# Ensuring the reliability of digital twins with Digital Trust

## 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**



# 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

Accumulate intellectual capital through elevation of individual knowledge into organizational strength

Management Basis (ESG)

ESG activities at the NRI Group

Hihara

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

These materials were prepared for the solo purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

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***Share the Next Values!***