

# Sustainability Briefing

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

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# 1 NRI Group's Corporate Philosophy and Materiality

## 2 Create & accumulate intellectual capital

# Our raison d'etre is to create a sustainable future society

## NRI Group 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

### Corporate Statement

**Dream up the future.**

**未来創発**

# We pursue the creation of a future society and the growth of the NRI Group in an integrated way

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**

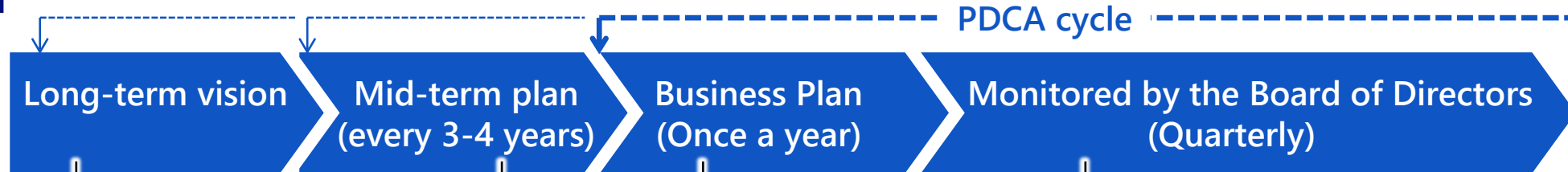
through strengthening of relationships with stakeholders



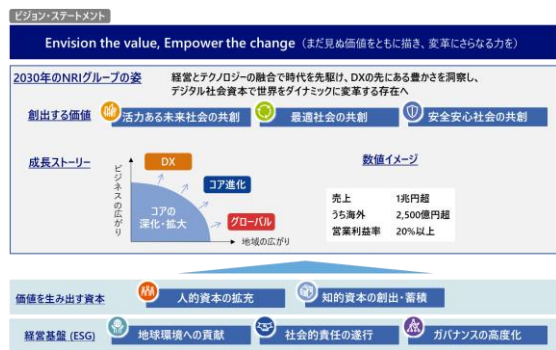
**Evolve governance**

through realization of strategic risk control

# PDCA management of materiality and quarterly reporting to the Board of Directors



In V2030, the creation of a sustainable future society and NRI's growth strategy are one and the same, and incorporated materiality.



The Balanced Scorecard (BSC) management method to monitor both financial & non-financial performance, such as materiality in terms of both qualitative and quantitative (KPI). **Monitoring of qualitative and quantitative (KPI) non-financial data** such as materiality, as well as financial data including business performance.



















	materiality	Indicators and Status of Efforts	evaluation
Value Creation	Co-create a thriving future society	KPI) DX2.0/3.0 total investment and measures to achieve industry and social transformation	
	Co-create an optimal society	KPI) Business platform sales that contribute to an optimal society	
	Co-create a safe and secure society	KPI) Safety and security-related sales to support a strong and flexible society	
Value creation capital	Advance human capital	KPI) Employee Engagement Score, Percentage of opportunities for female employees	
	Accumulate intellectual capital	KPI) Investment in intellectual capital creation and accumulation	
Management Basis (ESG)	Contribute to global environment	KPI) Greenhouse gas emissions reduction rate, renewable energy utilization rate	
	Fulfill our social responsibilities	KPI) Percentage of respondents who agree with the NRI Group Code of Conduct for Business Partners or have an equivalent code.	
	Evolve governance	KPI) Number of serious risk occurrences	
		KPI) External Indicators DJSI World	

Company-wide: In addition to financial target, establish materiality-specific key KPIs and targets.

Segments/Divisions: Incorporate strategic goals, measures, and KPIs into growth strategies for each business in a manner that links them to materiality.

# Materiality Indicators and Status of Initiatives (April-December 2023)

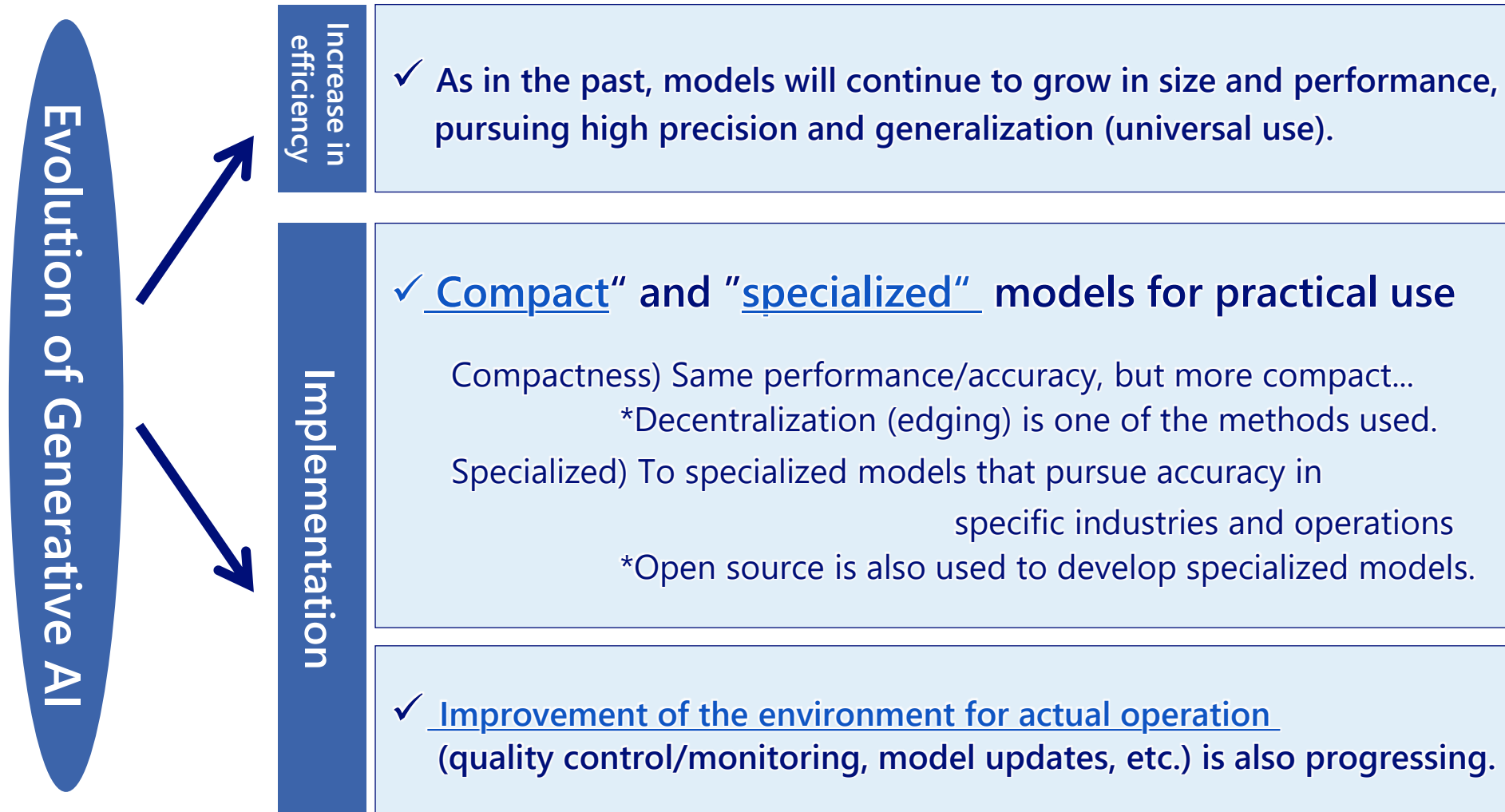
\* Figures : Totals from April to December.

materiality		Indicators and Status of Efforts	
Value Creation	Co-create a thriving future society 	NRI's Proposal "Annual Income Barrier" Gets into Full Force with Government Policies. <b>Social DX expands to municipalities and education sector.</b> KPI) DX2.0/3.0 to realize industry and social transformation Total investment 11 billion yen	
	Co-create an optimal society 	Completed the <b>new NISA</b> , contributing to "shifting from savings to investment" and an "asset management nation" KPI) Business platform sales that contribute to an optimal society 101.5 billion yen	
	Co-create a safe and secure society 	Established AML Center with 3 banks to <b>prevent money laundering</b> ; launched secure services for AI and economic security KPI) Sales of safety and security-related products that support a strong and flexible society ¥137.3 billion	
		KPI) Value co-creation empathy (domestic group) 67	
Value creation capital	Advance human capital 	Action plans for "Job Satisfaction Co-Creation" were formulated at each headquarters, and <b>MVV dialogues</b> progressed at each organization. KPI) Employee engagement score (NRI registry) 71, Percentage of opportunities to female employees (NRI non-consolidated) 14	
	Accumulate intellectual capital 	Increased communication related to <b>generative AI</b> (e.g., Dream up the Future Forum, etc.). Progress in production innovation initiatives (e.g., PoC for AI utilization). KPI) Investment for creation and accumulation of intellectual capital 9.6 billion yen	
Management Basis (ESG)	Contribute to global environment 	Osaka 2 <sup>nd</sup> DC to procure <b>renewable energy with additionality</b> , strengthen partner support to achieve Scope 3 goals KPI) GHG emissions reduction rate (Scope 1+2) 65% (preliminary), Renewable energy utilization rate 73% (as of March 2023)	
	Fulfill our social responsibilities 	Understand and improve <b>ESG</b> status of <b>partners</b> ; strengthen relationship with WBCSD <sup>※</sup> (top dialogue, PJ participation, etc.) WBCSD: World Business Council for Sustainable Development KPI) Percentage of respondents who agree with the NRI Group Business Partner Code of Conduct or have an equivalent code 79	
	Evolve governance 	Received "IR Excellent Company Award" for disclosure, and the highest rating of AAA by MSCI (for 3 consecutive years) KPI) Number of cases of occurrence of serious risks (reported to regulatory authorities or equivalent incidents for which the NRI Group is responsible): 5	
	KPI) External Indicator <b>DJSI World</b> Ongoing Score 86		

**1 NRI Group's Corporate Philosophy and Materiality**

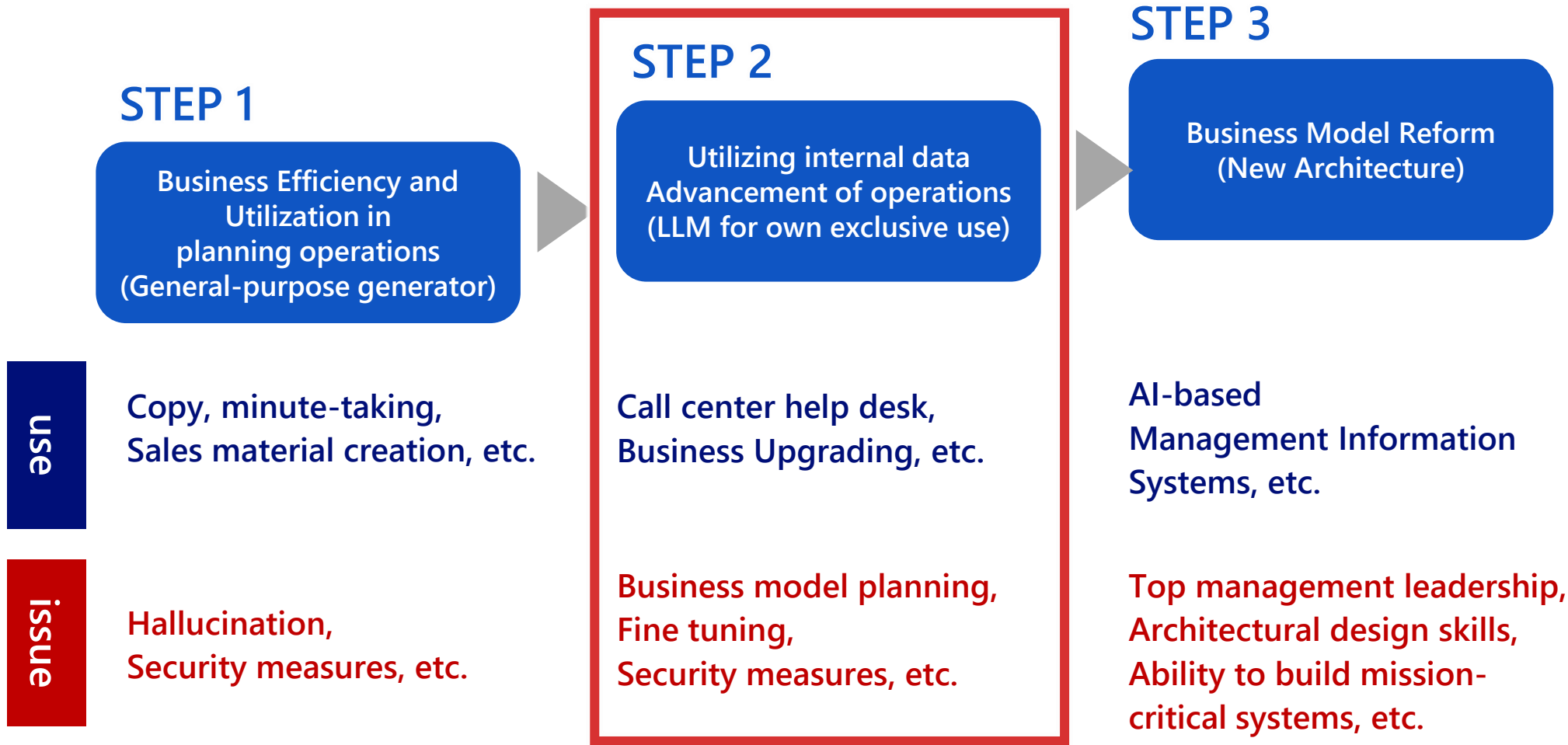
**2 Create & accumulate intellectual capital**

# Innovation in generative AI is simultaneously increasing in performance and practicality





# Application to business has started to develop in steps



# Develop AI tools that contribute to the advancement of specific operations

Step 1 ▶ Step 2 ▶ Step 3

■ AI CoE" has been established to share various use cases throughout the company

## 1. Enhancement of store operations in the distribution/retail industry



**Digital"** due to information overload in the store/field  
**Fatigue"** is eliminated with the precise assistance of generative AI.

(Under R&D)



### Prediction Detection

Real-time collection of consumer feedback from social networking sites,  
 Utilized for product development and assortment in anticipation of trends



### Original product development

New ideas are generated based on past product information,  
 Automatic generation of POP, product information, etc.



### Store Advisor

Store conditions, seasonality, and store management data  
 Advice on shelf allocation, layout, product assortment, etc., to suit the time of day, etc.



### Menu Optimization App

Targeting seniors who use delivery from the nearest store.  
 Develop and recommend combinations from products in stock

## 2. Minimize the risk of data leakage when companies use AI



Provide "Private LLM\*1" customized for individual company operations\*2

\*1 LLM: Large-scale language model \*2 Scheduled to be available in spring 2024 or later

### Concerns of companies when utilizing generative AI:

How much confidential and sensitive information can be sent to an external service-type LLM (such as OpenAI's GPT-4)?



### Private LLM:

Operate in the private cloud of NRI data center or on-premise environment of a company to handle sensitive and confidential information securely.  
 Customized for individual company operations with data owned by the company.

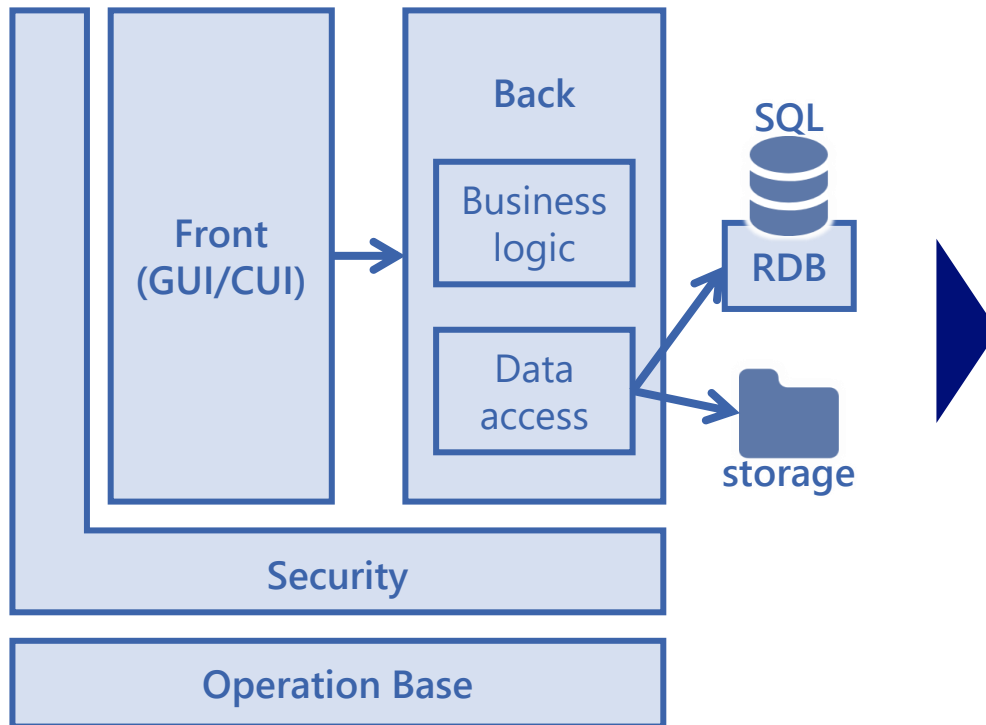
	External Service LLM	Private LLM
performance	Highest level at the time	Inferior to external service-type LLMs, but gradually approaching
security	Equivalent to public cloud	High level of security controls
customizability	Limited in scope.	Freely customizable

# The architecture of the system itself will change to be AI-based

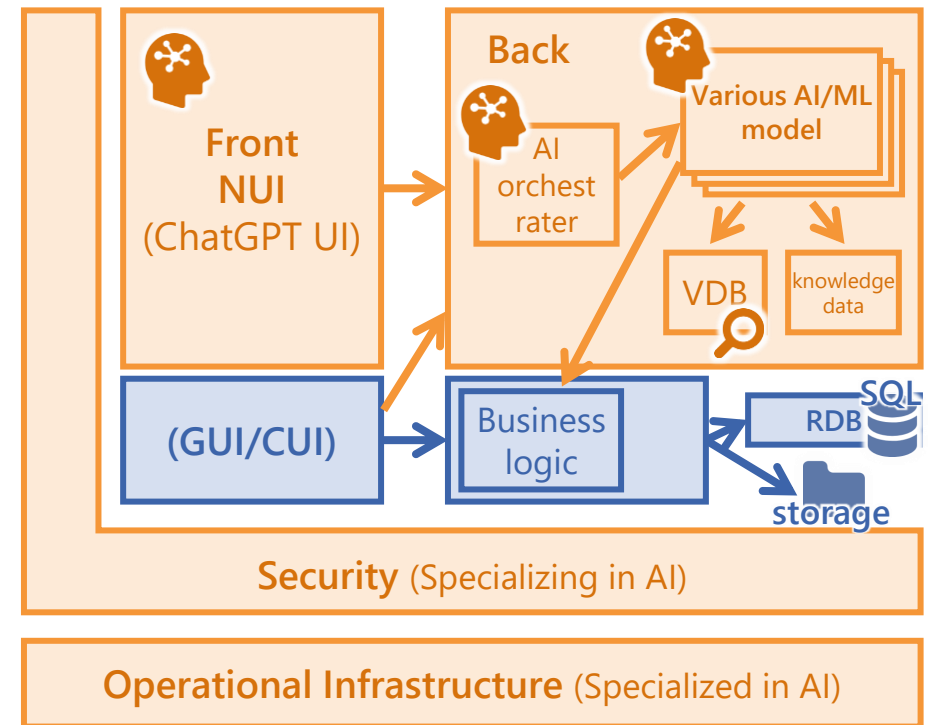
Step 1 ▶ Step 2 ▶ Step 3

- Integrate AI applications by utilizing various AI models and providing peripheral solutions such as security.

## Traditional architecture



## AI-centric architecture



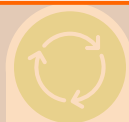
# We pursue the creation of a future society and the growth of the NRI Group in an integrated way

Materiality: Priority for 2030 to "Create a sustainable society" and "Achieve the NRI Group's growth strategy"

## Value Creation



Co-create a thriving society through expansion of digital social capital



Co-create an abundant society through effective utilization of resources



Contribute to a safe and secure society through implementation of infrastructure

## NRI's Approach to DX3.0

**Noguchi**  
**Kataoka**

## 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

**Generative AI**  
**Konomoto**

## 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

## Sustainability activities at the NRI Group

**Hihara**



**Envision the value,  
Empower the change**