

## Environmental Policy and Management

### Approach to the Environment and Structure

As part of its Corporate Social Responsibility activities, NEC seeks to reduce environmental impacts in its own business activities. At the same time, it is carrying out “environmental management” that contributes to reducing the environmental impacts of society as a whole through its products and services. Also, to promote environmental management throughout the entire Group, it has established the “Environmental Policy” to express its environmental philosophy and action guidelines. Conduct that complies with the charter is expected of all NEC employees including executive officers.

#### Environmental Policy

NEC views the operation of business in harmony with the environment as one of its top priority issues and is committed to reducing the environmental impact of the entire global supply chain and contributing to a sustainable society.

1. We will create social value focused on delivering ICT solutions and services leveraging advanced technologies to contribute to the adaptation, and we will contribute to the reduction of the environmental burden on customers and the global environment and to the mitigation of the impacts of climate change.
2. We will assess the environmental impact throughout the entire life cycle of ICT solutions and service development with considerations for reducing environmental burden.
3. We will comply with environmental laws and regulations associated with our business activities, honor agreements with stakeholders, and strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste along the entire supply chain.
4. We will prioritize the procurement of environmentally friendly hardware, software, and services.

5. We will disclose environmental information regarding our business activities, ICT solutions and services to our stakeholders.
6. We will raise the environmental awareness of each and every one of our employees worldwide and contribute to the conservation of the global environment through the promotion of climate change action, resource circulation, and biodiversity.
7. We will strive to improve an environmental management system with environmental targets and conduct periodic reviews to realize continual improvement.

### Environmental Management Promotion System

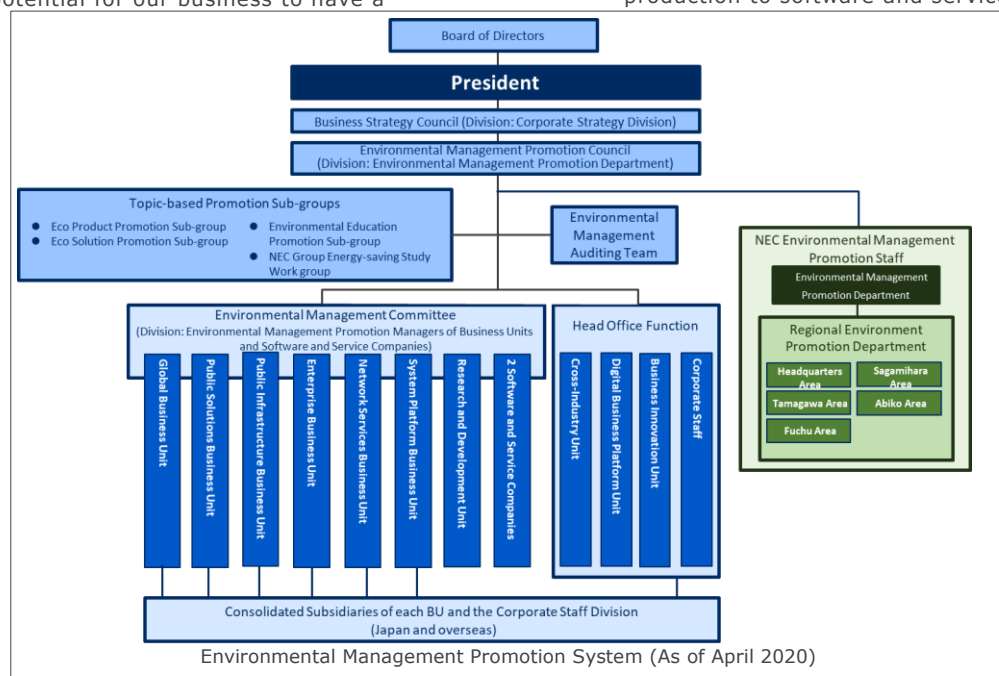
The Company’s environmental strategies and policy and long-term environmental activity plans are drafted after discussion at Business Strategy Council meetings (chaired by the President (Representative Director) and CEO of NEC), with final approval being made by the CEO. When we recognize the potential for our business to have a

significant environmental impact, the Business Strategy Council discusses our response, and measures are executed after being approved by the Board of Directors.

The business units have established environmental management committees and a system that translates this into specific measures carried out by their divisions, affiliates, and subsidiaries of NEC throughout the world. By forming specific action plans based on the environmental strategy, consistent environmental management can be implemented throughout the NEC Group.

Furthermore, committees are individually formed to engage in cross-organizational initiatives such as compliance with environmental regulations for products, development of environmentally friendly products and solutions, and raising the awareness of employees. We have also established regional environmental departments to promote the environment at each of our business and R&D sites to maintain and promote environmental management regionally as well as organizationally.

Furthermore, to reinforce environmental governance at Group companies, the management scope of the environmental departments has been expanded from production to software and service companies as well.



## Environmental Management System

### Environmental Audit and ISO 14001 Inspection

At NEC, each Group company independently conducts detailed internal audits of its business divisions. For the environmental management audits conducted by the NEC Environmental Management Promotion Department, NEC's environment auditors including certified ISO 14001 auditors audit our comprehensive environmental activities. These audits focus in particular on the relationship between each division's operations and the environmental strategy, progress of environmentally considerate product development, environmental impact reduction, risk management, and monitoring of overall environmental activities such as ISO 14001 conformance, including examination of the effectiveness of the internal environmental audits.

The results of these audits are verified in a review of ISO 14001 undertaken by an external certification body using NetAudit (see the following diagram) and alternative audit\*<sup>1</sup> methods.

In addition, we carry out environmental legal compliance audits that focus on observance of laws and regulations related to the environment to ensure compliance.

\*1 Alternative audit:

An alternative system that is a recognized part of the ISO inspection system for auditing the internal environment. This internal environment auditing system consists of high-quality auditors, auditing systems, and evaluation tools. It is implemented in combination with observation and evaluation of environmental management audits (witness audits) and direct audits by inspection agencies (verification audits).

### ISO 14001 Certification Acquisition

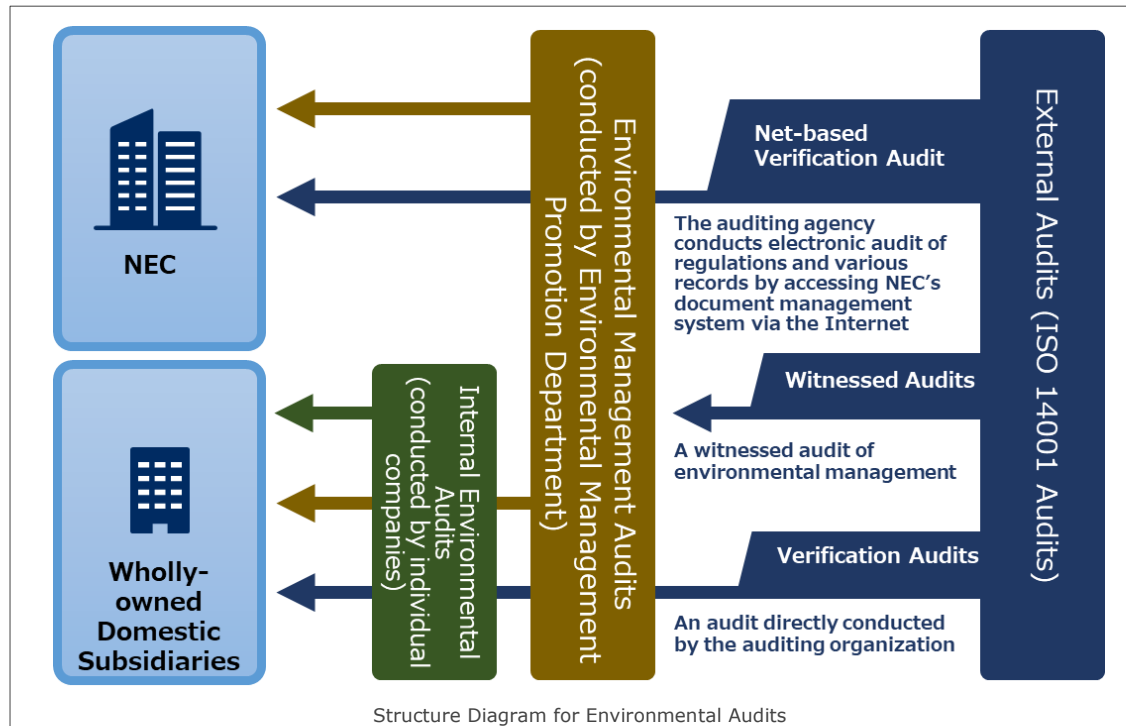
In the NEC Group, in order to gain public trust, NEC Tohoku acquired BS7750 (British environmental management system standards) certification in 1995, and the acquisition of ISO 14001 international standards certification by the NEC Sagami Plant in 1997 led to separate certifications at all business locations and research centers. In 1999, certification for all plants and research centers was integrated, including NEC Headquarters, and registrations were expanded to all sales locations in Japan in 2002. In fiscal 2013, the certification range for NEC itself and its wholly-owned domestic subsidiaries was integrated, thereby completing unification of certification acquisition.

In fiscal 2017, we started operating an environmental management system corresponding to ISO 14001: 2015, and we have maintained this certification.

#### Status of Acquisition of ISO 14001: 2015 Certification (As of April 2020)

Category	Manufacturing	Non-manufacturing	Total
Japan	9	22	31
Overseas	3	6	9
Total	12	28	40

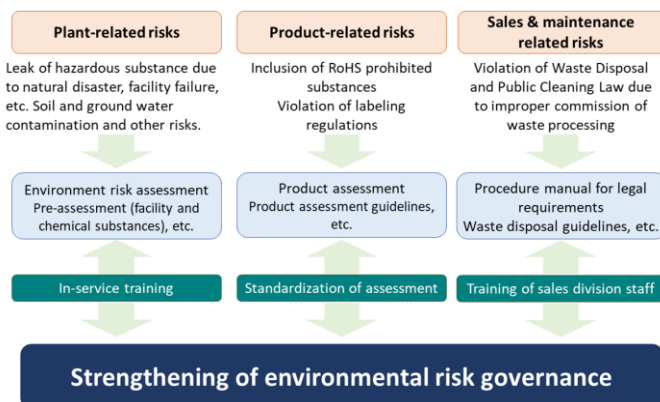
- ▶ [NEC Group Companies with ISO 14001 Certification](#)
- ▶ [ISO 14001 Certification Registrations in the NEC Group](#)



Structure Diagram for Environmental Audits

## Environmental Risks

In order to prevent risks to the environment, NEC carries out assessments and daily inspections. We have also prepared risk maps for use in emergencies and conduct periodic reviews of our emergency contact system. Environmental risk governance has been further strengthened through establishment of the "Environmental Escalation Manual for Emergency."



## Legal Violations, Accidents, and Complaints

Since fiscal 1999, we have announced any fines or penalties levied on NEC concerning environmental matters on our website. In fiscal 2020, we continued to receive no fines or penalties related to the environment in and outside the Company. We had no accidents that affected the areas beyond our site perimeters, ten environmental accidents that were contained within our site, and no complaints from neighborhood residents.

## Soil

The Soil Contamination Countermeasures Law, which bans or restricts the use of hazardous chemical substances, was enacted in February 2003. NEC had stopped the use of such chemical substances before the enforcement, including volatile organic compounds trichloroethylene and tetrachloroethylene (1998), and 1,1,1-trichloroethane (1993). We also performed several voluntary soil surveys at all manufacturing sites of the NEC Group.

In fiscal 2020, we conducted a survey of the soil and groundwater at our former production site in the city of Ichinoseki, Iwate Prefecture. The survey found six types of specified hazardous substances at levels exceeding the legal limit, and we reported the result to the supervising government authorities accordingly. Our plan now is to comply with the Soil Contamination Countermeasures Law and relevant laws and regulations, as well as directives from the supervising government authorities, and to take appropriate measures.

## Prevention Activities: Disseminating Information on Near-Misses

Since the latent causes of environmental accidents are present in minor accidents at the small incident level, we thoroughly investigate the causes and implement technology measures for even small incidents. This information is then passed on to every company within the NEC Group and the corrective action is followed up to promote accident prevention.

## Environmental Training

We conduct environmental training to increase the environmental awareness of employees. This includes online training courses for all NEC employees, as well as environmental training for specific work types and ranks. During Environment Month in June, we hold a range of environmental events.

## Environmental Training for All Employees (Online Training)

NEC carries out environmental training for all employees every year through online training. In fiscal 2020, training was conducted in five languages in 40 countries and regions, with a participation rate of 96%, exceeding the target rate of 95%. (Domestic rate: 98%; overseas rate: 79%)

The training material comprises common worldwide content introducing the latest environmental social trends and NEC's environmental initiatives, and so forth, as well as regional content focused on area-based environmental laws and regulations. Participants must pass a confirmation test to complete the course.

The training material is improved each year based on the results of participant surveys, helping to further increase environmental awareness.

## Training of Environmental Auditors

Auditor training is provided every year to NEC environmental auditors in groups on law revisions, audit policy, and other matters.

The auditor training aims to improve the quality of audits by reinforcing the purpose of the audit decided based on the result of the environmental management audit in the previous fiscal year, priority items, and changes made.

More information, especially on laws and regulations, will be provided by specifically explaining points to be noted in addition to general explanations, with a focus on business-specific information and matters pointed out in audits of the previous fiscal year.

In addition, the training program includes group discussions in which all auditors participate to increase their professional competence by reinforcing both knowledge and action.

## Environment Month

June of each year is designated as "Environment Month," with the intention of ensuring environmental awareness among all employees and encouraging them to take individual action on the environment. In 2019, we screened an environmental movie about ocean plastic and held biodiversity events, as well as lectures about forest preservation. Furthermore, in collaboration with the Chiba Biodiversity Center, we held nature observation events with the Inochinonigawai Chousa-dan (Biodiversity monitoring by citizens) and the Biodiversity Chiba Corporate Network.



## Medium-Term Environmental Plan and Results

### NEC Eco Action Plan

The NEC Eco Action Plan is a medium-term action plan for advancing the entire Group towards the achievement of long-term targets set out in the Course of Action for Climate Change Towards 2050 and the NEC Group Environmental Management Action Plan 2020/2030, and the Climate Change Mitigation Target for 2020. The plan provides common targets for all NEC Group companies, and each year the Group pursues environmental activities with targets divided between important activity items and management items.



### NEC Eco Action Plan 2019 Targets and Results

Under NEC Eco Action Plan 2019, we set out six important activity items centered on climate change countermeasures. As a result, we achieved our targets on all items. As we have consistently surpassed our targets on increasing product energy efficiency, we have increased the fiscal 2021 target considerably. In particular, in our targets for expanding introduction of renewable energy, we expanded use of green energy at overseas Group companies, thereby increasing our introduction of renewables by more than double the target amount.

### NEC Eco Action Plan 2020 Targets

Under NEC Eco Action Plan 2020, our plan for 2020, we have adopted single-year targets for fiscal 2021, as opposed to the three-year targets that we have set previously. This change is intended to improve the consistency between the next medium-term management plan and the medium-term environmental plan and align them with the management cycle. In fiscal 2021, we will consider measures and targets for promoting environmental activities that are integral to management for business growth.

	Activity Item	Evaluation Indicator	FY2020			FY2021	
			Targets	Results	Assess-ments	Targets	
1	Reduction in overall CO <sub>2</sub> emissions of society through provision of IT solutions	Amount of CO <sub>2</sub> emissions reduction	—	23.16 megatons	—	23 megatons	
2	Enhancement in energy efficiency of products	Reduction of total CO <sub>2</sub> emissions when products are used (*Compared with FY2014 products)	25%	71%	○	65%	
3	Reduction in 'absolute value' of CO <sub>2</sub> emissions from energy	Reduction rate of the generation of energy derived CO <sub>2</sub> (Compared with FY2018)	-5.4%	-20.6%	○	-8.0%	
4	Increase in introduction of renewable energy	Renewable energy power consumption (MWh)	27,000 MWh	55,420 MWh	○	28,600 MWh	
5	Reduction of water usage	Reduction rate of water usage (0.52 % reduction each year compared with FY2019)	-0.5%	-7.5%	○	-1.0%	
6	Reduction of waste output	Reduction rate of waste output (0.7% reduction each year compared with FY2019)	-0.7%	-4.7%	○	-1.4%	
7	Enhancement of the environmental awareness of all employees (= participants/number of target participants)	Environmental education participation rate	Japan	95% or higher	97.9%	○	95% or higher
			Overseas	75% or higher	79.2%	○	80% or higher

NEC Eco Action Plan

\* The number of companies subject to data collection for CO<sub>2</sub> emissions from energy, water usage, and waste output was increased in fiscal 2020, and the targets were evaluated retrospectively going back to fiscal 2019 based on the expanded data.