

# Medium- to Long-term Targets

## Course of Action for Climate Change Toward 2050

Globally, NEC is forging ahead with Solutions for Society that create social value in the form of safety, security, fairness, and efficiency. To support these efforts, in July 2017 we formulated guidelines for climate change countermeasures based on a long-term perspective that extends forward to 2050. We have established these guidelines based on the belief that in realizing a sustainable society, preparation for worldwide decarbonization and the regional effects of climate change will become increasingly important. Specifically, regarding both mitigation of and adaptation to climate change, we have set out the following four points to show how we will advance the establishment of a sustainable management base and co-creation that helps realizing a sustainable society.

- Aiming for zero CO<sub>2</sub> emissions from supply chains
- Strict countermeasures against climate change risks in supply chains
- Realizing a low-carbon society as a goal for the planet
- Realizing a safe, secure society that is resilient to climate change risks

The aforementioned points summarize a commitment to strengthening our management base to make it more sustainable and to co-creating a sustainable society with our customers as we move toward 2050.

With regard to “aiming for zero CO<sub>2</sub> emissions from supply chains,” NEC has declared that it will reduce CO<sub>2</sub> emissions from its business activities (Scope 1 and 2) to effectively zero by 2050 by reducing energy consumption through the use of the latest, most advanced energy-saving technologies and by increasing the introduction of renewable energy.

## Course of Action for Climate Change Toward 2050



## NEC Environmental Targets 2030

We have established the NEC Environmental Targets 2030 as targets to be reached through environment-oriented business management by 2030. We established these new targets after taking into account external trends and the fact that we reached the milestone-year targets of fiscal 2021, which were set under the NEC Group Environmental Management Action Plan 2020/2030; achieved the 2020 Climate Change Countermeasure Goals; and revised the NEC Way.

NEC Environmental Targets 2030 calls on the Company both to continuously reduce (minimize) its own environmental footprint and risks and to increase (maximize) its contribution through businesses. In response to growing social expectations with respect to climate change countermeasures such as the pursuit of carbon

neutrality, we have increased the stringency of our Science Based Targets for climate change countermeasures from the “well below 2°C\*1” goal to an alignment with the “1.5°C” goal, and we are redoubling efforts to reduce environmental footprint and risks throughout our supply chains. Further, NEC will increase environmental contributions through its businesses by providing value not only in the area of climate change countermeasures (mitigation and adaptation), which has been the focus of initiatives, but also in relation to a broader range of environmental issues, including the realization of a circular economy, water and food safety, and protection of biodiversity.

Aiming to achieve NEC Environmental Targets 2030, NEC has backcasted from the targets to prepare the NEC Eco Action Plan 2025, a five-year action plan that the whole NEC Group is advancing.

\*1 Keeping the rise in global temperatures versus pre-industrial levels well below 2°C

## NEC Environmental Targets 2030

### Continued reduction of NEC’s environmental impact and risks (minimization)

NEC will continue to be oriented toward a sustainable society by reducing environmental load across the entire supply chain and by vigorously implementing environmental risk and compliance measures.

Major KPIs

**SBT\*2 1.5°C**

Reduce emissions by 55% compared with FY2018

**RE100\*3**

**Reduction of CO<sub>2</sub> emissions in the supply chain**

33% compared with FY2018

### Expand contributions from business activities (maximization)

NEC will utilize ICT innovation to help realize a decarbonized society, to implement measures to protect against global warming, and to resolve issues related to food and water safety, etc.

Major KPI

**Sales from environmental contribution-related business, expansion of environmental value**

\*2 Science Based Targets (SBT): Corporate CO<sub>2</sub> emissions reduction targets that are in scientific agreement with the global target of the Paris Agreement.

\*3 An international initiative that aims for companies to use 100% renewable energy for their businesses

● **NEC's SBTs**

Worldwide, Science Based Targets (SBTs) are being set with the aim of achieving the Paris Agreement. In 2017, NEC committed to the use of such targets for its greenhouse gas emissions reductions. Subsequently, our targets were certified as SBTs by the Science Based Targets Initiative in 2018 and aligned with the “well below 2°C” goal of the new standard in 2019.


Furthermore, to accelerate decarbonization, NEC increased the stringency of its Scope 1 and 2 targets from the “well below 2°C” level to the “1.5°C” level in May 2021. Consequently, our 2030 greenhouse gas emissions reduction target has risen from 33% to 55%. Having aligned our targets with the “1.5°C” level, we will progress steadily toward the realization of effectively zero greenhouse gas emissions by 2050.

In addition, aiming to reduce greenhouse gas emissions from our supply chains, we have set targets in Scope 3, Category 1 (purchased goods and services), Scope 3, Category 3 (fuel- and energy-related activities not included in Scope 1 or Scope 2), and Scope 3, Category 11 (use of sold products). In partnership with our suppliers and customers, we will reduce greenhouse gas emissions.

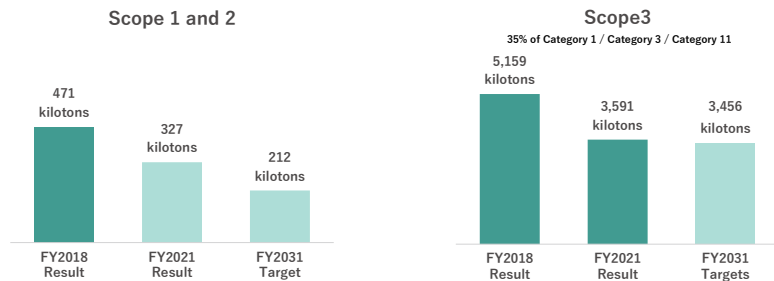
**NEC's SBTs**

**Scope 1 and 2:**  
Reduce greenhouse gas emissions by 55% compared with fiscal 2018 by fiscal 2031

**Scope 3:**  
Reduce greenhouse gas emissions 33% compared to fiscal 2018 levels by fiscal 2031 in Category 1 (purchased goods and services), Category 3 (fuel- and energy-related activities not included in Scope 1 or Scope 2), and Category 11 (use of sold products)  
Scope 3 target range: 35% of Category 1, 100% of Category 3, 100% of Category 11



**Progress toward the SBTs**



\* The overall Scope 3 emissions for fiscal 2018 and subsequent fiscal years have been revised to reflect a revision of the coefficient for Scope 3, Category 1.

● **RE100**

In May 2021, NEC joined RE100, which aims for a significant increase in the use of renewable energy globally. An initiative run based on a partnership between the international NGOs The Climate Group and CDP, RE100 comprises companies that aim to use only electricity derived from renewable energy.

NEC aims to use only renewable electricity by 2050. In fiscal 2021, 8.6% of the electricity we used was renewable. We are moving forward with activities based on a policy of installing solar power generation equipment on roofs wherever possible. We are also promoting the purchase of green electricity. In fiscal 2021, a subsidiary in Denmark, KMD Holding ApS, began exclusively using electricity generated from renewable energy sources.



**NEC Eco Action Plan 2025**

The NEC Eco Action Plan 2025 is a five-year plan designed to enable the achievement of the Course of Action for Climate Change Toward 2050 and NEC Environmental Targets 2030.



● **Priority Activities**

We selected 11 priority activities based on the following three goals.

1. Reduce own risks and footprints
2. Increase contributions through businesses
3. Build foundations to promote environmental management

### 1. Reduce own risks and footprints

We have set CO<sub>2</sub> emissions reduction targets with the aim of steadily moving toward achievement of SBTs and RE100. Also, we will continue reducing our environmental footprints and risks in relation to water and waste.

Themes		Indicator	FY2026 Targets
Reduction of CO <sub>2</sub> emissions	In-house	Reduce total emissions (absolute value) (SBT)	Reduction rate of energy-derived CO <sub>2</sub> emissions (absolute value) (compared with FY2018)
		Expand use of renewable energy	Amount of electric power used from renewable energy
	Supply chain	Reduce Category 1 emissions (SBT)	Reduction rate of energy-derived CO <sub>2</sub> emissions from purchased goods and services (compared with FY2018)
		Reduce Category 11 emissions (SBT)	Improvement rate of product energy efficiency (compared with FY2014 products)
Reduce water usage		Reduction rate (compared with FY2019)	-3.5%
Reduce waste emissions		Reduction rate (compared with FY2019)	-4.8%

### 2. Increase contributions through businesses

We aim to create a virtuous cycle of business growth and increased contribution by increasing the sales (green revenue) of businesses that benefit the environment. To this end, we are clarifying the environmental value of existing businesses and creating solutions that are focused on environmental issues.

Themes	FY2026 Targets
Create a system to expand environmental value (reducing CO <sub>2</sub> emissions by promoting DX among customers, etc.) and sales from environmental contribution-related business (green revenue, etc.)	Determine businesses that contribute to environmental value and set FY2031 targets
Manage environmental business assets and encourage eco appeal	Update environmental business assets on an annual basis
Create new environmental solutions and create new themes for R&D	Hold environmental business study workshops

### 3. Build foundations to promote environmental management

To raise the environmental awareness of each of our employees, we will ensure they receive environmental education.

Theme	Indicator	FY2026 Target
Increase environmental awareness among all employees	Environmental education class attendance rate	Japan
		International
		95% or more

● Management Items

In addition to priority activities, we are tackling the following management tasks.

Areas	Themes	Management Contents		Targets
Reduction of in-house environmental impact	Preventing global warming	1	Reduction rate of energy usage (consumption intensity)	Achieve 1% decrease year on year
		2	Reduction rate of energy usage intensity from logistics	Achieve 1% decrease year on year
	Promoting effective use of resources	3	Zero emissions	Continue to meet target
		4	Amount of paper purchased (copy paper, EDP paper)	Maintain or reduce levels from FY2006 (by subsidiary)
		5	Reuse of collected used products	Achieve reuse rate of 90% or more
	Preventing pollution (air and water quality)	6	NOx and SOx emissions	Reduce by 1% or more compared with FY2018
		7	BOD and COD emissions	Reduce by 1% or more compared with FY2018
	Reducing chemical substance usage	8	Amount of chemical substances purchased	Reduce by 1% or more compared with FY2018
		9	VOC emissions	Reduce by 1% or more compared with FY2018
Risk countermeasures	Legal compliance (for notification, reporting, and emissions)	10	Chemical substance balance management	Achieve 100% implementation rate
		11	Chemical substance purchasing regulations	Achieve 100% implementation rate
	Compliance with RoHS rules	12	Conformance status of all products	Achieve 100% compliance
	Environmental assessments	13	Preliminary evaluation of chemical substances and new waste/assessment of manufacturing methods	Achieve 100% implementation rate
14		Environmental assessments when constructing or removing factories and buildings	Achieve 100% implementation rate	
Reduction of environmental impact of products and solutions	Hardware products	15	Percentage of devices that do not use brominated flame retardant in their plastic casing	Achieve rate of 95% or more
		16	Percentage of devices that use eco-plastics in their plastic casing	—
	Software products	17	Continued acquisition of Eco Symbol Star certification	Achieve 100% implementation rate
		18	Implementation rate of environmental assessments	Achieve 100% implementation rate
		19	Implementation rate for products subject to environmental impact evaluation	Achieve 100% implementation rate
	Hardware and software	20	Applications for Eco Symbol Star certification	—
21		Promotion of proposals with eco-related appeal	—	
Environmental communication	Transmission of environmental activities information	22	Number of publicity campaigns/activities	—
	Promoting contribution to local communities	23	Number of local community activities	—
Biodiversity	Ecosystem conservation activities on and around business sites	24	Number of conservation measures carried out in cooperation with experts and local NPOs	Conduct 10 or more activities per year