

NEC Environmental Policy and Environmental 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, the Company conducts environment-oriented management that helps reduce the environmental footprint of society as a whole through the provision of products and services. Also, to promote environment-oriented management Group-wide—including NEC on a nonconsolidated basis, affiliated companies in Japan and international, production bases, and research facilities—the Company has established the NEC Environmental Policy, which sets out action guidelines. Moreover, we rigorously ensure that all actions of employees and corporate officers comply with this policy. Further, we require all business partners, contractors, and other stakeholders engaged in our supply chains to behave in a manner consistent with relevant guidelines and agreements.

Environmental Management System

● Environmental Audit and ISO 14001 Inspection

NEC has established a Group-wide environmental management system based on ISO 14001.

Each Group company conducts in-house environmental audits while the Environmental Promotion Division conducts audits of environment-oriented management. The latter audits are conducted by specialized auditors, including certified ISO 14001 auditors. Audits of environment-oriented management 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 through ISO 14001 audits undertaken by an external investigative body, which uses net audits*1 and alternative audits.*2

*1 Via the internet, an investigative body accesses NEC's documents and management systems to conduct a digital audit of regulations and records.

*2 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.

Further, due to the discontinuation of the international standards for net audit and alternative audit systems, beginning from fiscal 2022 NEC plans to receive new integrated certification for the Group.

● ISO 14001 Certification

As of April 2021, NEC and 38 Japanese and International affiliated companies operate environmental management systems and have acquired certification.

ISO 14001:2015 Certification (as of April 2021)

Category	Manufacturing	Non-manufacturing	Total
Japan	9	21	30
International	2	6	8
Total	11	27	38

📄 NEC Group Companies List with ISO 14001 Certification

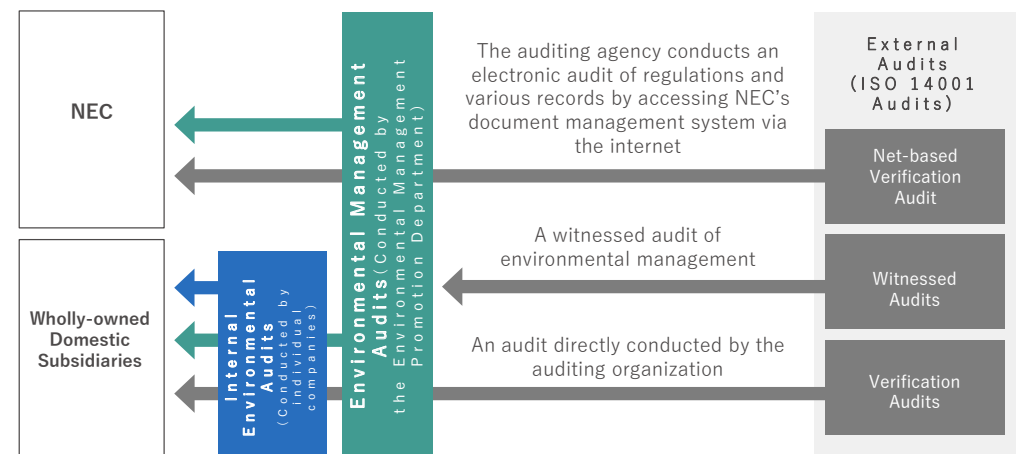
📄 ISO 14001 Certification Registrations in the NEC Group

NEC 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 their 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.

Our Environmental Audit System (fiscal 2021)



● Environment-Oriented Management Implementation Framework

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 and CEO of NEC), with final approval being made by the CEO. When we recognize the potential environmental areas to have significant business 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 environment-oriented management committees and a system that translates this into specific measures carried out by their divisions, affiliated companies, and subsidiaries of NEC throughout the world. By forming specific action plans based on the environmental strategy, consistent environment-oriented management can be implemented throughout NEC.

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 the raising of 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 environment-oriented management regionally as well as organizationally.

In April 2021, NEC launched the Sustainability Promotion Division to bolster the preparation and advancement of the NEC Group's sustainability and ESG strategies and measures that are aimed at creating social value and contributing to environmental value through businesses. Working with business

units, the new division has begun initiatives to maximize the social and environmental value that the Group provides through its businesses.

Framework for Climate Change Countermeasures

In relation to climate change, the Environmental Management Promotion Council conducts deliberations on and formulates the NEC Environmental Policy and targets. The council comprises managers responsible for promoting environmental measures in each business division. The executive officer responsible for environment-related matters confirms the council's proposals and reports them to the Business Strategy Council, an organization that is further up the organizational hierarchy and which provides approval at the corporate level. Risks related to climate change are also shared at the Environmental Management Promotion Council. The executive officer responsible for environment-related matters confirms those risks that could have a significant impact on businesses and, as necessary, reports to the Risk Control and Compliance Committee in accordance with the risk management process.

Risks and opportunities that could significantly affect businesses are also reported to the Board of Directors, as necessary. When such reports are received, the Board of Directors conducts deliberations and then provides instructions on measures, thereby realizing supervision that ensures that NEC advances appropriate climate change countermeasures.

In fiscal 2021, the Business Strategy Council deliberated on reformulating targets to reflect a "1.5°C" SBT, joining RE100, and preparing a plan for the increased use of renewable energy in accordance with said new targets.

These matters were then reported to and discussed by the Board of Directors, which approved a concrete promotion plan that included investment.

In addition, as part of our climate change countermeasures, we are advancing Group-wide measures to reduce our in-house CO₂ emissions by addressing specific aspects of the issue through three special committees: the NEC Group Energy-saving Discussion Working Group, the Energy-Saving Promotion Staff Conference, and the Global Warming Logistics Liaison Conference. By reporting and submitting proposals to the Environmental Management Promotion Council, these special committees facilitate the Group-wide pursuit of energy-saving initiatives. To ensure all employees are fully informed of matters determined by the council, its directives and reports are issued through the committees of each business division and business site.

Environmental Training

Aiming to realize the Purpose of the NEC Way, we heighten employees' environmental awareness through environmental education that targets specific business divisions and employee ranks.

● Environmental Training for All Employees (Web-based Training)

Annually, NEC conducts environment-related web-based training for all employees. In fiscal 2021, we held environment-related seminars in five languages and in 40 countries and regions. Employee participation was 98.0% in Japan, surpassing our 95.0% target, and 86.0% international, exceeding our target of 80.0%.

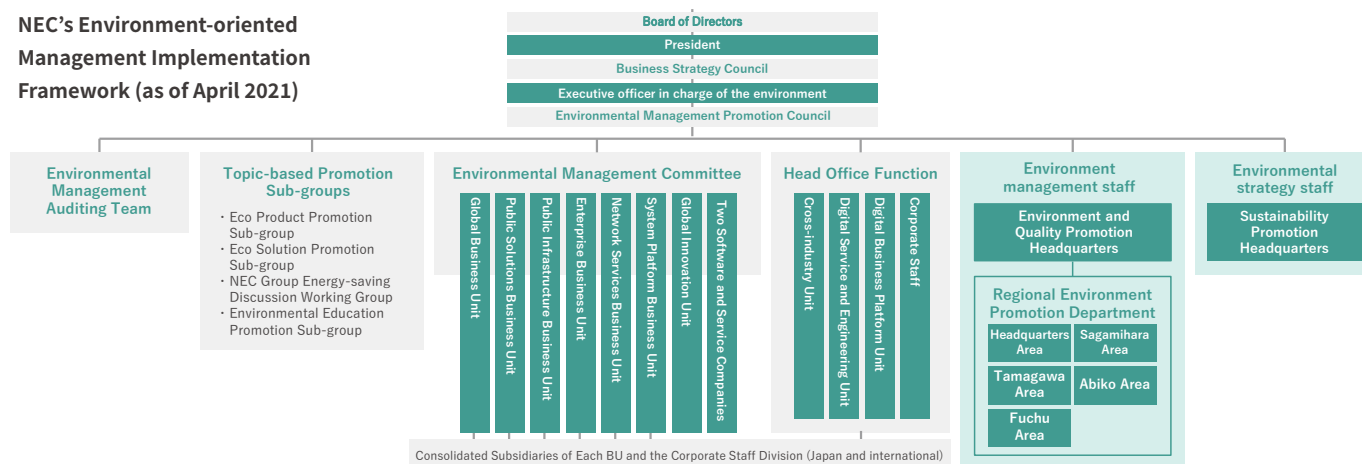
● Training of Environmental Auditors

Auditor training is provided every year to NEC environmental auditors in groups on law revisions, audit policy, and other matters. In fiscal 2021, to prevent the spread of COVID-19, we adopted a self-study format and conducted the program based on the use of special equipment.

● 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 fiscal 2021, under the theme of the environment around us, we held online lectures on food loss, film screenings, dialogues on the environment, and a traditional Japanese poetry competition themed on the environment.

NEC's Environment-oriented Management Implementation Framework (as of April 2021)





Environmental Risks



● Risk Management and Systems

Recognizing the impact that such environmental risks as climate change and pollution by hazardous substances could have on its businesses, NEC conducts risk reduction and prevention activities through assessment, inspection, and education.

We classify risk countermeasures under three risk categories: plant-related risks, product-related risks, and sales and maintenance-related risks. In the first category, countermeasures for plant-related risks cover risks related to leaks of hazardous substances, soil contamination, and groundwater contamination caused by natural disasters or equipment failure. To help prevent such environmental accidents, we conduct prior environmental risk assessments as well as education and training. In the second category, countermeasures for product-related risks are focused on risks such as the inclusion in products of substances regulated by the Restriction of Hazardous Substances (RoHS) Directive and violations of labeling regulations. To address such risks, we conduct product assessments to ensure strict compliance with guidelines and use in-house systems to implement centralized management of information. As for the third category, countermeasures for sales and maintenance-related risks are aimed at mitigating such risks as violations of the Waste Management and Public Cleansing Act due to inadequate consignment of waste treatment. Our countermeasures include efforts to ensure compliance by issuing guidelines on waste and regularly conducting education for sales department personnel. In conjunction with these efforts, we have established the *Environmental Escalation Manual for Emergencies* to strengthen our governance of environmental risks.

Our risk management system includes the Risk Control and Compliance Committee. If a risk is identified that may have a significant effect on businesses, the Risk Control and Compliance Committee deliberates on countermeasures. The committee fulfills a supervisory function for specific risk measures by checking the results of activities, problems, and future plans and by issuing directives on where measures should focus. Further, reports are submitted to the Executive Committee and the Board of Directors, as necessary.

-  Risk Management for Climate Change
-  Risk Management for Water

-  Risk Management for Waste
-  Risk Management for Chemical Substances
-  Risk Management for Supply Chains

● Legal Violations, Accidents, and Complaints

Since fiscal 1999, NEC has used its website to disclose any fines or penalties levied on the Company in relation to the environment. As in the previous fiscal year, in fiscal 2021 NEC was not subject to any fines or penalties related to the environment inside or outside the Company. In fiscal 2021, there were no accidents that affected the areas beyond the perimeters of our sites, there were 12 environmental accidents that were contained within our sites, and no complaints were received.

● Prevention Activities: Group-wide Dissemination of Information on Near-misses

Since the latent causes of environmental accidents are present in minor accidents, we thoroughly investigate their causes and implement technological countermeasures even for minor incidents at the near-miss level. NEC's findings are then passed on to affiliated companies in Japan and international, and corrective measures are checked. In this way, we advance accident prevention.

● Soil

Among the substances covered by the Soil Contamination Countermeasures Act, NEC completely discontinued the use of the VOCs trichloroethylene and tetrachloroethylene in 1998 and 1,1,1-trichloroethane in 1993. Further, as far as possible NEC has continued to conduct independent soil surveys at all NEC Group companies.

In fiscal 2021, in response to the introduction of more-stringent reference values to the ordinances of the Soil Contamination Countermeasures Act, we conducted an independent survey of the soil and groundwater at our former Ichinoseki Plant in Ichinoseki, Iwate Prefecture.

The survey found one type of specified hazardous substance at levels exceeding the legal limit, and we reported the results to the administrative agency with jurisdiction.

Going forward, we will continue to comply with the Soil Contamination Countermeasures Act, related ordinances, and the directives of the administrative agency with jurisdiction and continue taking appropriate measures.

● Risks and Opportunities of Environmental Issues

NEC identifies the business risks and opportunities associated with environmental issues and evaluates these risks and opportunities based on likelihood of occurrence and potential impact.

Risks and Opportunities of Climate Change

-  Responding to the risks and opportunities of climate change

Risks and Opportunities Other than Those Associated with Climate Change

Type	Risk / Opportunity	Description	Risk Reduction Measures / Specific Opportunities
Resource Circulation	Risk	Tighter relevant regulations at home and abroad require time and resources to appropriately address. If the response is delayed, it may affect NEC's competitiveness and reputation.	Utilize collection of information prior to the enactment of regulations to facilitate an early response.
Resource Circulation	Opportunity (economic value)	Market expansion of circular economy-related businesses continues to progress and new markets continue to open up.	Growing demand for NEC bioplastic products, and AI tools for food loss countermeasures
Water	Risk	Droughts and disaster-related water outages may affect business continuity and cause delays or tie-ups in production.	BCP measures have been implemented at each site to prepare for water outages.
Water	Opportunity (economic value)	There is growing market demand for disaster prevention-related businesses to minimize damage from typhoons and other storms.	Expanded introduction of river water level prediction and other flood control support systems
Biodiversity	Risk	Wastewater and gas emissions from production sites may affect biodiversity in their respective areas.	Since NEC's business sites use organic solvents and acid/alkaline materials, we carry out measures and training to prevent leakage into water systems, the atmosphere, and soil.
Biodiversity	Opportunity (social value)	Efforts to protect biodiversity around bases and neighboring areas will lead to collaboration with a variety of stakeholders and improve brand value.	Engage in activities to conserve biodiversity such as the protection of endangered species, and paddy field development through local exchange.

Development of Environmentally Friendly Products

NEC reduces the environmental footprint of products over their entire life cycles, from procurement through to customer use and disposal of products. In these activities, we have added to our long-standing emphasis on quality, cost, and delivery an emphasis on compliance and ecology—including resource circulation, global warming prevention, and environmental awareness.

● Our Framework for Developing Eco Products

Environmentally friendly products, software, and services that meet NEC's environmental standards are certified and registered at three levels.

Eco Products are products that have been confirmed as meeting all of the Eco Product standards—which are basic requirements—in product assessments conducted by each business division during new product development.

Eco Symbol products are Eco Products that meet the Eco Symbol standards, which require products to be even more environmentally advanced and environmentally friendly.

The Eco Symbol Star is assigned to Eco Symbol products that are regarded as leading environmental products which conform to stringent standards, such as 50% reduction in CO₂ emissions compared with that of conventional products.

In fiscal 2021, four items, comprising one hardware product and three software products and services, were certified as Eco Symbol Star products.

Products conforming to the aforementioned standards are affixed with the Eco Symbol Star mark in product catalogs and on websites.

Eco Symbol System



● Examples of Eco Symbol Star Registrations in Fiscal 2021

NEC IoT Sensor Data Visualization Service

—Making on-site information visible to support the creation of safe, reliable work environments—

The NEC IoT Sensor Data Visualization Service is an adaptation solution that promises to mitigate risk associated with heat waves,^{*3} one of the risks posed by climate change according to the United Nations Intergovernmental Panel on Climate Change (IPCC). Over the past decade, the number of extremely hot days has increased, and rising temperatures due to climate change are one of the causes of heat stroke. Particularly in work environments that are prone to high temperatures and high humidity, management of workers' health is required. Until now, managers have maintained safety by periodically checking the temperature and humidity of work sites, but this takes a considerable amount of time and effort.

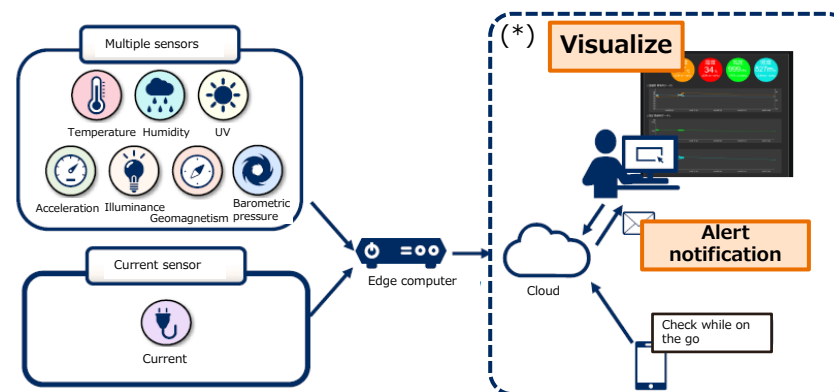
Our new service supports the collection of data on work environments' temperature, humidity, illumination, and air pressure. Without changing networks or other on-site environments, the service automatically collects the on-site data needed to create a safe, reliable work environment and visualizes the data through cloud computing, thereby allowing customers to receive real-time alerts remotely. By prompting appropriate measures in response to situations—such as the adjustment of temperatures and humidity at work sites or rehydration—the service's alerts are expected to prevent or reduce the risk of health hazards and illness caused by heat waves.

What is more, the collected data can be utilized to help manage work environments and improve the work efficiency of managers.

^{*3}A fuller description of this type of risk is the risk of death or illness due to heat waves, particularly among vulnerable groups in urban areas.

- ☞ Eco Symbol Star Products (Hardware)
- ☞ Eco Symbol Star Products (Software and Services)

NEC IoT Sensor Data Visualization Service



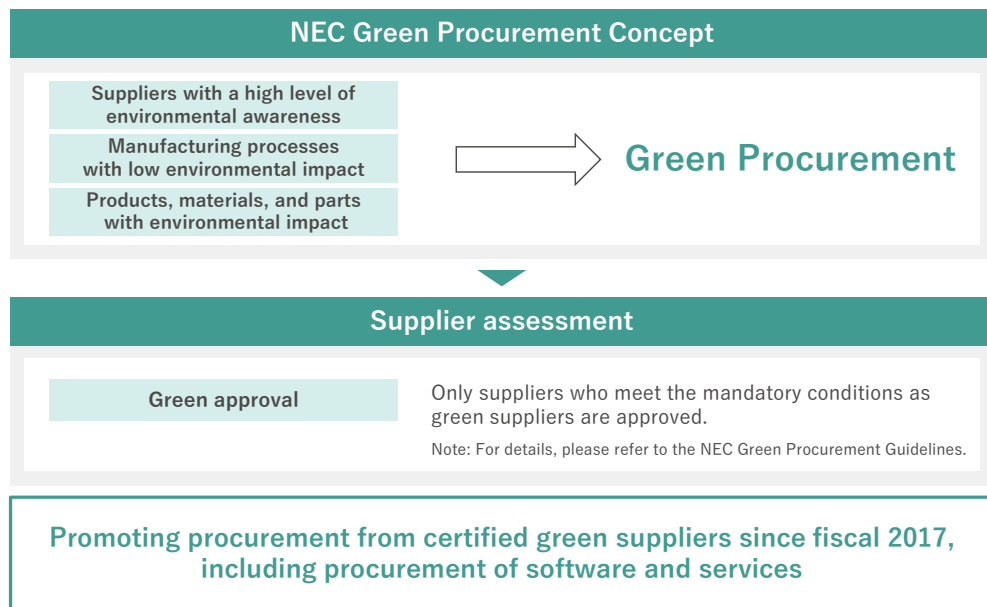
Environmental Initiatives in Supply Chains

NEC aims to reduce the environmental footprint of its products throughout their life cycles. As activities across entire supply chains are essential to these efforts, we are working in close collaboration with our suppliers to promote green procurement.

● Green Procurement Policies

NEC is making a Companywide effort to promote “green procurement,” which involves giving priority to the procurement of items that are environmentally friendly. More specifically, we favor environmentally conscious suppliers, low-impact manufacturing processes, and low-impact parts and materials. Our objectives are to expand the green product market with a view to building a recycling-oriented society, to promote the development of recycling-oriented products for such a society, and to raise awareness among designers and developers.

Aiming to make all of our products environmentally friendly, since fiscal 2007 we have been promoting procurement from suppliers certified as “green.”



● NEC Green Procurement Guidelines

To promote green procurement, we have established the NEC Green Procurement Guidelines. These guidelines set out essential requirements and requests.

With regard to the “essential requirements” for suppliers, purchased products that are incorporated in or shipped together with NEC’s products must satisfy requirements (1) to (4), while other purchased products such as software, services, pharmaceuticals, gases, and supplies must satisfy requirement (1).

Essential Requirements

- (1) Creation of environmental management systems
Create environmental management systems within factories that develop and manufacture products and at offices that market products.
- (2) Do not use banned substances in the manufacturing process.
- (3) Respond to the survey of chemical substances contained in the procurement product.
- (4) Products must not contain banned substances or conditionally banned substances.

● Environmental Risk Management in Supply Chains

In fiscal 2021, throughout its supply chains, NEC identified and assessed risks by conducting a survey of 748 suppliers in relation to sustainable procurement.

In the survey, 30 questions were asked about the environment, including the establishment and operation of environmental management systems, proper management of chemical substances, and efforts to control and reduce environmental impacts, such as CO₂ emissions, water consumption, and waste generation.

As a result, we found that approximately 1% of our suppliers were potentially at risk. For those suppliers, we have started a process to assess the actual situation and take corrective measures, and we will continue to promote activities to reduce environmental impact risks.

The image shows a grid-like self-check sheet with multiple rows and columns, used for assessing suppliers' environmental performance.

Fiscal 2021 NEC Group self-check sheet for sustainable procurement

Examples of survey items

- Has your company established and is it operating an environmental management system?
- Has your company put necessary controls in place for the use of law-designated chemical substances?
- Is your company conducting activities to reduce the amount of water withdrawal?

Supply Chain Management

NEC Green Procurement Guidelines