

# Message from the President and CEO

## “Seize the Future Together” while working with our stakeholders and using our digital capabilities to create a “Truly Open, Truly Trusted” world

Amid greater geopolitical risks and the continuing fight against COVID-19 the world faces social issues that are ever more complex. I would like to extend my deepest sympathies to all those facing difficult situations in these challenging times. I believe it is NEC's mission to use the power of digital technology to help solve these social issues.

As part of its Purpose, NEC's reason for being, NEC has committed itself to creation of the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

This Purpose is firmly entrenched in management of the Mid-term Management Plan 2025, where we have positioned reinforcement of non-financial measurement methodologies to underpin sustainable growth as part of our financial strategy and have made a commitment to promote ESG and sustainability-based initiatives that are more closely linked to finance. Also, in an effort to achieve carbon neutrality, both for NEC and society, we have also announced our intention to cultivate business related to carbon neutrality as a means toward future growth. As for our employees, we are focused on improving our employee engagement score to maximize their strength, as these are the people who execute our financial and non-financial strategies, and who serve as the driving force behind NEC's growth.

In fiscal 2022, we put our efforts behind a variety of measures aimed at meeting the non-financial targets set within the Mid-term Management Plan 2025.

First, we began work with Group company ABeam Consulting, Ltd. to visualize how our non-financial initiatives impact financial performance and to analyze the relationship between the financial and non-financial aspects of our business. This effort is still in its initial stages, but as we continue this analysis and it becomes more sophisticated, it will help us to define materiality that will increase corporate value and to invest in materiality-related initiatives appropriately.

In the area of carbon neutrality, we have declared our intention to reduce both NEC's and its supply chain's CO<sub>2</sub> emissions to net zero by 2050. A milestone in pursuit of this goal has been the certification of our targets aimed at reducing emissions to the “1.5°C” level as Science Based Targets (SBTs) by the Science Based Targets initiative (SBTi). We

have also joined RE100, a global initiative comprised of companies that aim to use 100% renewable energy throughout all of their operations. That aside, we have also started a project that will use backcasting to investigate climate scenarios as a means to help our customers and greater society to achieve carbon neutrality as well. More specifically, we targeted local governments and forecasted risks and opportunities presented by future climate change in public services, society, industry, and daily life. From there, we discussed measures to resolve any of these potential issues.

To increase employee engagement, we have ramped up efforts to promote transforming culture and management foundations and to implement smart work initiatives. In addition, in fiscal 2022 we held 10 town hall meetings in Japan and 26 abroad as a way to facilitate two-way communication with employees. Every month about 10,000 employees participate in meetings held in Japan. Thanks to these efforts, our employee engagement score reached 35% in fiscal 2022, a 10-point increase from the previous fiscal year, which I believe gives us a good start on the path to our 2025 goal of 50%.

In 2005, we became a signatory to the United Nations Global Compact (UNGC), a global initiative that fosters sustainable growth for business and society. All of these activities of NEC Corporation follow the UNGC's 10 principles pertaining to the four fields of human rights, labour, the environment, and anti-corruption.

NEC will continue to work with its customers and other stakeholders to “seize the future together,” to maximize the power of digital technology and thereby create a sustainable society where everyone has the chance to reach their full potential. By creating a “truly open, truly trusted” world, we can contribute toward achieving the Sustainable Development Goals.

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Takayuki Morita  
President and CEO

