

Topic: Climate Transition Plan

We are ramping up global efforts aimed at achieving carbon neutrality by 2050. NEC has positioned Environmental Action with a Particular Focus on Climate Change (Decarbonization) as one of its priority management themes from an ESG perspective—materiality. Therefore, NEC will reduce the environmental footprint of its products and services while helping customers decarbonize through the use of ICT.

In 2017, NEC committed to the “Course of Action for Climate Change Toward 2050,” declaring its intent to reduce the Company’s CO₂ emissions to net zero as a long-term environmental goal. In 2018, its targets were certified by the Science Based Targets initiative (SBTi) as Science Based Targets (SBTs) “well below 2°C,” and later, certified as “SBT 1.5°C” in May 2021 as a result of the Company committing to more stringent targets. Furthermore, in October 2021, we declared our intention to reduce Scope 1, Scope 2, and Scope 3 CO₂ emissions to net zero (including the entire supply chain) by 2050, joining the Business Ambition for 1.5°C campaign, and committing to receiving net zero certification from the SBTi by January 2024.

We will also contribute toward carbon neutrality for our customers and society as part of our business expansion efforts. We will do this by implementing energy-saving ICT infrastructure and other solutions that visualize CO₂ emissions, by operating resource aggregation businesses and through other means.

- 📖 Course of Action for Climate Change Toward 2050 (Japanese only)
- 📖 NEC upgrades its greenhouse gas reduction target to SBT 1.5°C and joins RE100, a global renewable electricity initiative
- 📖 NEC signs the “Business Ambition for 1.5°C Pledge”
- 📖 Briefing on ESG: “NEC’s Efforts to Achieve Carbon Neutrality and Business Deployment”

Corporate Bonds: NEC Issues Japan’s First Three-Tier Sustainability-linked Bonds

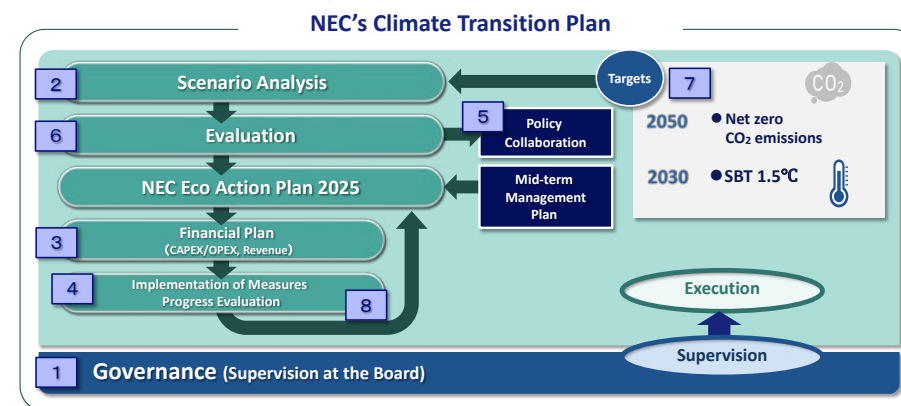
On July 12, 2022, NEC simultaneously issued sustainability-linked bonds with three different redemption periods with a total amount of ¥110 billion through a public offering in the domestic corporate bond market. Sustainability-linked bonds are bonds for which conditions change depending on whether or not predetermined sustainability/ESG targets (KPIs) are achieved. The issuance of this bond is an example of NEC using financing to show its strong commitment to one of its materiality, “environmental action with a particular focus on climate change (decarbonization). We have set the CO₂ emission reduction rates for Scope 1 and Scope 2 emissions (linked to targets recognized under SBT 1.5°C) and the CDP climate change score as KPIs with the issuance of this bond and put the NEC Group’s “Purpose” into practice while further promoting management for sustainability through dialogue and co-creation with various stakeholders.

Note: The three redemption periods have been set at five, seven, and 10 years after issuance.

- 📖 Sustainability-linked Bonds (Japanese only)

Climate Transition Plan

NEC has formulated a climate transition plan that combines existing guidelines and initiatives to transition to a business model with carbon neutrality by 2050 in line with the goals of the Paris Agreement. The process involves a PDCA cycle that includes future forecasting via scenario analysis, clarification of business risks and opportunities, formulation of a medium- to long-term plan, and implementation and evaluation of measures. As part of this process, we will continue to disclose progress in line with TCFD recommendations.



Item within TCFD Recommendations	Elements	Description	Related Items
Governance	1. Governance	Oversee the progress of the plan at the Board level to ensure achievement of goals. Ensure governance and management through the environmental management promotion system and other means	P.36, 41
Strategy and Business Model	2. Scenario analysis	Conduct Companywide and business-specific scenario analyses	P.41–43
	3. Financial plan	Create a financial plan with a set deadline to achieve net-zero emissions	In progress through fiscal 2023
	4. Implementation of measures (Value chain engagement and low-carbon initiatives)	As part of the NEC Eco Action Plan, manage KPIs aimed at “SBT 1.5°C,” set in connection with the mid-term management plan, with the goal of decarbonization throughout the supply chain	P.31–33
	5. Policy collaboration	Engage with climate change-related public policy as a Group and through its industry associations	In progress
Risks and Opportunities	6. Evaluation (Risks and opportunities)	Formulate a business plan to minimize climate-related risks and maximize opportunities identified in scenario analyses	P.43, 44
Outcomes and Key Performance Indicators	7. Targets	Achieve net zero CO ₂ emissions by 2050, SBT 1.5°C	P.29, 30
	8. Progress evaluation (Scope 1, Scope 2, and Scope 3 emissions with verification)	Measure the NEC Group’s Scope 1, Scope 2, and Scope 3 emissions and acquire third-party verification	P.45, 94, 95, 101