

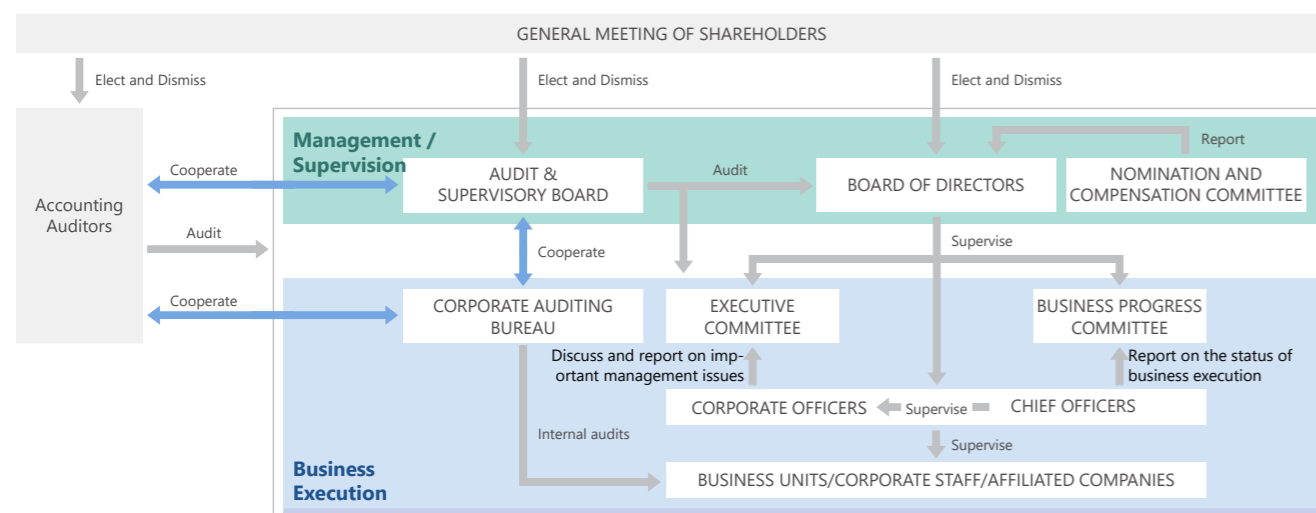
Corporate Governance

Reliable corporate governance is essential to the continuous creation of social value and the maximization of corporate value. Therefore, NEC Corporation (the “Company”) is committed to strengthening its corporate governance practices through 1) Assurance of transparent and sound management; 2) Realization of prompt decision-making and business execution; 3) Clarification of accountability, and 4) Timely, appropriate, and fair disclosure of information.

Overview of Corporate Governance System

NEC Corporation has adopted the Company with the Audit & Supervisory Board Members (KANSAYAKU) (“A&SBMs”) corporate structure to provide a double-check process: the Board of Directors supervises business execution and the Audit & Supervisory Board (KANSAYAKU-KAI) (“A&SB”) audits the legitimacy and appropriateness of the Company’s decision-making and activities. Furthermore, we have established a hybrid structure by utilizing a corporate officer system and Nomination and Compensation Committee, which we established voluntarily and comprises a majority of Outside Directors. In this way, we separate business execution from the supervision of management while striving to ensure management transparency, soundness, and timely decision-making.

In the future, we will continue to focus our efforts on enhancements and improvements of this system in order to realize more effective corporate governance in response to changes in the business environment.



Business Execution

	Purpose, Activities, and Number of Meetings	Members
Executive Committee	The Executive Committee discusses important NEC Group management issues such as policies and strategies. This committee extensively discusses matters of particular importance prior to putting them forward to the meetings of the Board of Directors for approval. In doing so, the committee enhances the deliberations and ensures appropriate decision-making. Number of Meetings in Fiscal 2021: 16	Around 20 corporate officers
Business Progress Committee	The Business Progress Committee deliberates and reports on matters related to the status of the NEC Group’s business execution, such as monitoring progress with respect to budgets adopted by the Board of Directors, with the aim of sharing management information and promoting business execution efficiency. Number of Meetings in Fiscal 2021: 12	Corporate officers and general managers of business units, and others

Management and Supervision

	Purpose, Activities, and Number of Meetings	Members
Board of Directors	<p>The Board of Directors holds regular meetings once a month as a general rule and extraordinary meetings as necessary to determine important matters related to business execution, including business realignment, funding plans, and financing and investment, as well as matters concerning business plans.</p> <p>Main Matters Discussed in Fiscal 2021 (Number of Meetings: 15)</p> <p>Items Related to Management Policies and Management Strategy</p> <ul style="list-style-type: none"> Proposals for the Mid-term Management Plan 2025 Capital and business alliances Technology and intellectual property strategy for business expansion Acquisition-based business expansion strategy Global 5G strategy DX strategy for the “new normal” Measures for cyber security Marketing strategy Activities to promote sustainability (materiality, the environment, human rights initiatives, etc.) Human resources strategy <p>Items Related to Governance</p> <ul style="list-style-type: none"> Report on internal auditing Report on the status of implementation of the internal control system (including Priority Risks) Evaluation of the effectiveness of the Board of Directors Candidate selection for Directors and A&SBMs Sale of cross-shareholdings 	<p>12 Directors Chairman of the Board (Chair of the Board of Directors)</p> <p>7 non-executive 5 corporate officers</p> <p>Outside Directors (6, including 5 independent) Inside Directors (6)</p> <p>Female Directors</p>

	Purpose, Activities, and Number of Meetings	Members
Nomination and Compensation Committee	<p>The Nomination and Compensation Committee deliberates on the nomination of Directors, A&SBMs, the Chairman of the Board and Vice Chairman of the Board, and the President (including succession planning for the President), and on the structure and level of compensation for Directors and corporate officers from an objective, transparent, and fair perspective, reporting the results of its deliberations to the Board of Directors.</p> <p>Main Matters Discussed in Fiscal 2021 (Number of Meetings: 9)</p> <p>Nomination-related</p> <ul style="list-style-type: none"> Nomination of Directors, A&SBMs, and important corporate officers Succession planning for the President Strengthening of the Board structure <p>Compensation-related</p> <ul style="list-style-type: none"> Decision on bonus payment for Directors Decision on additional trust, and monitoring of operations (payment status) in the stock compensation system Monitoring of payment amounts to Directors based on remuneration system <p>Focus Discussion Items</p> <ul style="list-style-type: none"> Succession planning for the President: Succession according to succession selection flow Strengthening of the Board structure and succession planning for Outside Directors: Discussions about the strengthening of the Board structure and role; creation of rules for succession planning for Outside Directors 	<p>4 Directors All non-executive</p> <p>Inside Director (1): Nobuhiro Endo Outside Directors (3): Kaoru Seto (Chairperson), Kuniharu Nakamura, Masatoshi Ito</p> <p>The Chairperson is appointed among Outside Directors.</p>

Overview of NEC’s Succession Plan

	Purpose, Activities, and Number of Meetings	Members
Audit & Supervisory Board (KANSAYAKU-KAI) (“A&SB”)	<p>The Audit & Supervisory Board holds regular meetings once a month as a general rule and extraordinary meetings as necessary, and decides on audit policies, standards, the annual auditing plan, and other matters and receives status reports on audits and on other matters from each A&SBM.</p> <p>Main Activities in Fiscal 2021 (Number of Meetings: 17)</p> <ul style="list-style-type: none"> Creation of audit policy and plan Discussion and drafting of audit report Matters related to the selection and dismissal of accounting auditor Confirmation of establishment and implementation of internal control system Exchange of opinions with the President regarding priority management issues <ul style="list-style-type: none"> Receipt of oral reports on audits from the accounting auditor and the Corporate Auditing Bureau Evaluation of the effectiveness of the A&SB 	<p>5 A&SBMs</p> <p>Inside A&SBMs (2) Outside A&SBMs (3, all independent A&SBMs)</p> <p>Female A&SBM</p>

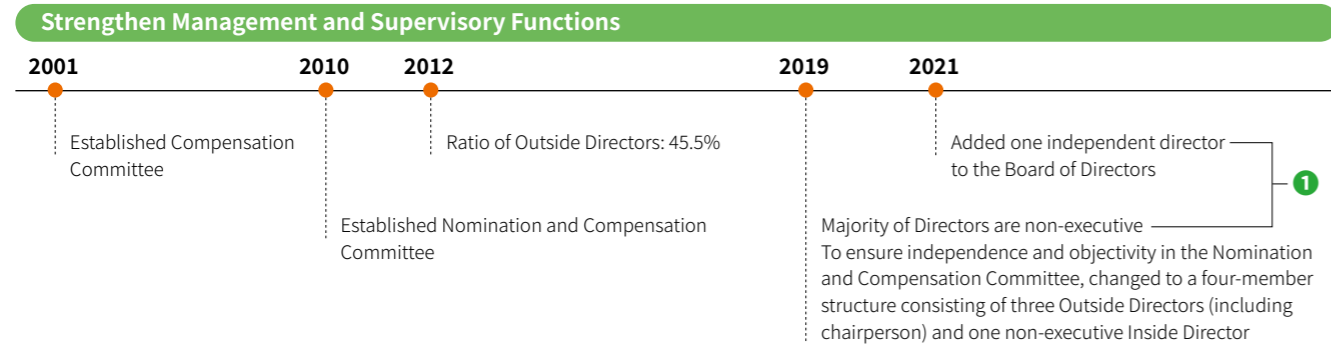
In appointing Directors and A&SBMs, when an appointee serves as a Director or A&SBM of other public companies, it is desirable that the number of concurrent positions does not exceed the numbers specified as follows:

- When an appointee serves as an executive of NEC Corporation or another company: Only one company in addition to the company where the appointee serves as an executive
- In cases other than the above: Up to four companies in addition to NEC Corporation

However, if a Director or A&SBM serves in multiple roles concurrently at group companies of NEC Corporation or another listed company, the concurrent roles within the group companies shall be deemed as roles in one company.

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Main Initiatives for Strengthening Corporate Governance



1 Enhancements to the Board of Directors System

In fiscal 2021, the Nomination and Compensation Committee engaged in heavy deliberations focusing on measures aimed at enhancing the structure and role of the Board of Directors in order to improve corporate value further. After defining the career skills of the Board of Directors needed as a whole and evaluating the Board's current composition, it became clear that it was necessary to strengthen corporate governance and deepen multifaceted discussions on Companywide strategies at Board meetings. In response, we have added one independent outside director from fiscal 2022. This increase in the number of independent outside directors, who possess specialized experience and knowledge in risk management, sustainability, and global management, is aimed at increasing the diversity and the proportion of

independent directors among the Board and promoting deeper discussion during Board meetings. This increases the proportion of independent directors, women, and foreign nationals on NEC's Board of Directors, raising its overall independence and diversity.

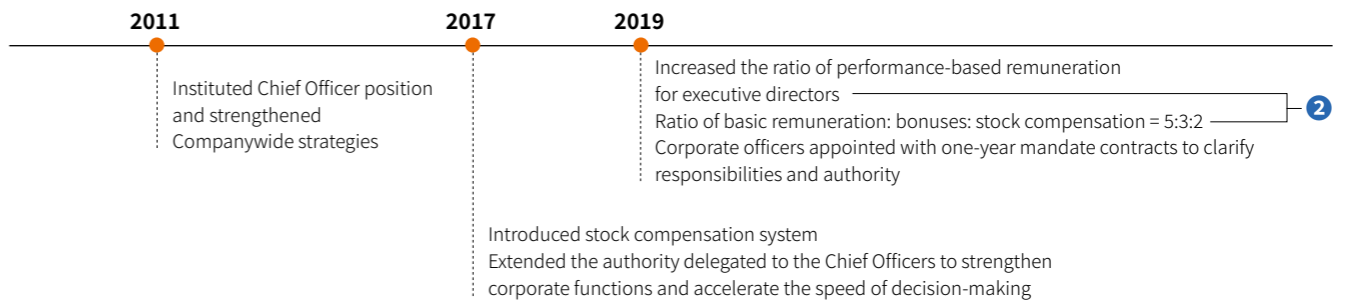
		After strengthening
Independent	36%	42%
Non-executive	55%	58%
Female	9%	17%
Foreign national	0%	8%

Evaluation of Career Skills of the Board of Directors

		Years served as Director	Corporate management	Technology	Global business	Financial accounting M&A	Risk management	Sustainability ESG	Marketing
Chairman of the Board	Nobuhiro Endo	12	●	●	●	○	●	●	●
Vice Chairman of the Board (Representative Director)	Takashi Niino	10	●	●	○	○	●	●	●
President and CEO (Chief Executive Officer) (Representative Director)	Takayuki Morita	5	●	○	●	●	●	●	●
Senior Executive Vice President and Member of the Board	Norihiko Ishiguro	3	○	○	●	○	○	●	○
Executive Vice President, CHRO (Chief Human Resources Officer) and Member of the Board	Hajime Matsukura	4	○	○	○	●	●	●	○
Executive Vice President, CTO (Chief Technology Officer) and Member of the Board	Motoo Nishihara	2	○	●	●	○	○	○	○
Member of the Board	Kaoru Seto	3	●	○	○	●	●	●	●
Member of the Board	Noriko Iki	3	●	○	●	●	●	●	○
Member of the Board	Masatoshi Ito	2	●	○	●	○	●	●	●
Member of the Board	Kuniharu Nakamura	2	●	○	●	○	●	●	●
Member of the Board	Jun Ohta	1	●	●	●	●	●	●	●
Member of the Board	Christina Ahmadjian	—	○	○	●	○	●	●	○

○ Areas in which Director has deep insight ● Areas in which Director has extensive experience in addition to deep insight

Strengthen Execution Structure and Revise Remuneration for Directors and A&SBMs



2 Revisions to Remuneration for Directors and A&SBMs

For the purpose of continuously improving corporate value and strengthening its competitiveness, NEC Corporation's basic policy on the remuneration for Directors and A&SBMs is to set a level and structure appropriate for a global company, which enables us to secure excellent human resources and serves as an incentive to improve performance of the NEC Group. In order to ensure objectiveness and properness of the remuneration for Directors and A&SBMs, the level of the remuneration is determined upon the results of a third-party's investigation regarding the

remuneration levels of other companies whose business contents and scale are similar to those of the Company. In 2017, we introduced the stock compensation system, and in 2019, we increased the ratio of performance-based remuneration for executive directors. The ratio of bonuses and performance-based stock compensation is calculated based on a standard amount before reflecting the degree of achievement of the performance targets.

Basic Remuneration	Bonuses	Stock Compensation
<ul style="list-style-type: none"> Basic Remuneration Fixed remuneration paid monthly For some executive directors, basic remuneration increases or decreases based on performance (performance indicators include non-financial indicators such as practical implementation of the NEC Way and our "materiality"—priority management themes from an ESG perspective). 	<ul style="list-style-type: none"> Bonuses Short-term incentive Bonuses are performance based and the payment rate is from 0% to 200%. Bonuses consist of a Group-wide performance-based component and a business-unit performance-based component. The ratio between these two components is determined for each job title. Indicators for Group-wide performance-based component: <ul style="list-style-type: none"> NEC Group's consolidated revenue, operating income, and free cash flows Budget indicators for business-unit performance-based component: <ul style="list-style-type: none"> Consolidated revenue, operating income, and free cash flows, etc., for the business units overseen by each Director Mid-term plan indicators for business-unit performance-based component: <ul style="list-style-type: none"> Set for individual Directors 	<ul style="list-style-type: none"> Performance-based Stock Compensation Medium- to long-term incentive Stock compensation is performance based and the payment rate is from 0% to 100%. Indicators: <ul style="list-style-type: none"> NEC Group's consolidated revenue, adjusted operating profit, and adjusted net profit attributable to owners of the parent in the applicable fiscal year Fixed Stock Compensation

- Non-executive Inside Directors do not receive bonuses.
- Outside Directors and inside and outside A&SBMs are only entitled to basic remuneration.
- Shares from stock compensation are granted after three years from the beginning of the applicable period.
- Under the stock compensation system, provisions have been included that allow NEC Corporation to take action in cases where compliance breaches or inappropriate accounting treatment have been confirmed. In such cases, NEC Corporation may withhold all or part of the rights to receive a grant of NEC Corporation's shares prior to the granting of NEC Corporation's shares; or after the granting of NEC Corporation's shares, NEC Corporation may demand the return of all or part of the granted shares of NEC Corporation.

For more details on remuneration for Directors and A&SBMs, please refer to NEC's Corporate Governance Report.

Management That Supports Corporate Value Creation

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Amounts of Remuneration for Fiscal 2021

	Basic Remuneration		Bonuses		Performance-Based Stock Compensation		Fixed Stock Compensation	
	Headcount	Total amount (in millions of yen)	Headcount	Total amount (in millions of yen)	Headcount	Cost posting relating to stock compensation (in millions of yen)	Headcount	Cost posting relating to stock compensation (in millions of yen)
Directors (of which Outside Directors)	12 (6)	400 (60)	5 —	184 —	6 —	126 —	6 —	42 —
A&SBMs (of which Outside A&SBMs)	6 (4)	96 (36)	— —	— —	— —	— —	— —	— —

Among the above recipients, the following has a total remuneration amount of 100 million yen or higher.

Takashi Niino: Total remuneration amount: 134 million yen (basic remuneration: 78 million yen; bonus: 57 million yen)

Guidelines on Officer Ownership of NEC Corporation Shares

NEC Corporation has established “Guidelines on Ownership of Company Shares” for Directors (excluding Outside Directors) and corporate officers regarding the holding of more than a certain number of shares.

Continuing to Increase and Improve Effectiveness

NEC Corporation conducts an analysis and evaluation of the effectiveness of the Board of Directors once a year to improve effectiveness further.

The following is a summary of the evaluation of the effectiveness of the Board of Directors for fiscal 2021.

Procedure of the analysis and evaluation	To further increase effectiveness of the Board of Directors, the Company conducted a questionnaire and individual interviews targeting all members of the Board of Directors and the A&SBMs in order to elicit opinions on the items listed below. After identifying issues and points of improvement through this process, plans for improvement going forward were deliberated at an ordinary Board of Directors held in February 2021. 1) Regarding the role and functions of the Board of Directors 2) Regarding more effective use of Outside Directors' insights and opinions 3) Regarding the NEC Group's corporate governance system
Summary of the evaluation results	1) Regarding the roles and functions of the Board of Directors The Board of Directors fulfills its role appropriately and performs its functions sufficiently, which include deliberations regarding broad, Companywide management strategies and corporate governance. The Company needs to consider improvements in line with such points as the use of Outside Directors' insights and opinions and selection of themes for deliberation based on changes in the external environment and their impacts and risks. 2) Regarding more effective use of Outside Directors' insights and opinions While it has been useful to clarify the expected role of Outside Directors in fiscal 2020, the Company needs to consider improvements such as further enhancement of information provision for Outside Directors and investigation of more effective deliberation formats according to themes (off-site meetings, etc.). 3) Regarding the NEC Group's corporate governance system The current corporate governance system was deemed appropriate overall; however, it is important for the Company to continue looking into optimal systems based on the ideal direction of the NEC Group. The evaluation also reflected a desire for the Company to consider further strengthening the Board of Directors' supervisory functions over the medium to long term.
Initiatives going forward	1) Review the management methods of the Board of Directors to better obtain the diverse opinions and advice of Outside Directors, which include measures involving the content and delivery method of information provided to Outside Directors. 2) Select themes for deliberation based on the changes in the external environment and their impacts and risks related to the NEC Group. 3) Clarify the role of the Board of Directors in building an ideal corporate governance system for the NEC Group, and strengthen the supervisory functions required to fulfill that role.

In addition, the Company also conducts evaluations of the effectiveness of the Nomination and Compensation Committee and the A&SB.

For more details on evaluations of the effectiveness, please refer to NEC's *Corporate Governance Report*.

Messages from Outside Directors



Kuniharu Nakamura
Outside Director

Pursuing the Ideal Way for Companies to Foster Human Resources from a Long-term Perspective

This past year has been one of great change in the business environment. As digital transformation gains traction and businesses abroad develop further, I feel that the way a company handles human resources needs to be reframed.

To build a connection between a company and its human resources, the company needs to make its direction clear and create the sense of a common mission. It also needs to ensure that its business contributes toward a sustainable society and that the employees who carry out this business can attach their own goals and dreams to their efforts. What we need to keep in mind when thinking about fostering human resources is what we want NEC to achieve and become in 10 to 15 years' time, and what qualities and capabilities its human resources need to realize these goals. This is something we are always discussing, from both the viewpoint of the Company's strategy and its human resources. When fostering human resources, it is important to clarify what kind of work a person needs to do and what kind of experience a person needs to have in order to acquire these capabilities. It is also important that candidates for leadership are taken from a diverse pool of human resources and are chosen based on whether they have the necessary qualifications, regardless of age, gender, or nationality, whether their qualifications were developed inside or outside the Company, or what field they come from. By securing a breadth of experience, the Company can develop a good set of human resources and build itself into a place where everyone can support each other. There are many excellent people at NEC, but NEC's business could be even bigger if these people could step outside of their own areas of responsibility and understand what is going on in other divisions, and then prompt the various fields involved to compound upon elements of each other. This is no easy task, but you need to work with this sort of plan.

NEC's businesses are changing and will continue to change. I expect that in combining NEC's superior technologies more of its human resources will share in a common vision, and that they will reach across borders to play an active role in achieving this vision. All of this will allow NEC to grow even more.



Christina Ahmadjian
Outside Director

Emphasizing Diversity and Working to Maximize Corporate Value as a Common Goal

I have spent a lot of time researching corporate governance, business administration, and organizational theory. Looking specifically at organizational reforms for companies, I have also conducted training regarding organizational reforms at Japanese and Western companies. From this experience, I have learned that for a board of directors to be effective, it needs to focus on diversity while making sure its members are working to maximize corporate value as a common goal. To make this possible, the board needs to think from a long-term perspective, utilizing the individual characteristics of each member, thinking of what actions to take going forward, and what issues may arise. The board also needs to ensure mutual respect and shared values to achieve sustainability.

As for the directors that make up the board, just having some kind of managerial experience is not enough. When you look at global tech companies you find examples of women, people of different nationalities, entrepreneurs in their 30s, young tech experts, and other kinds of people flourishing as directors, which goes to show that companies need a set of human resources with a wide range of attributes. In Japan, there are many companies that conduct businesses globally but whose boards of directors are fully composed of Japanese nationals. With this common scenario, it is necessary to increase the number of members with different backgrounds, not only Japanese with overseas experience.

What is more, although there are cases where women and foreign nationals are truly included, in many more cases, the old ways of working do not really change and the only people who are truly accepted are those who fit that traditional mold. It will be difficult to bring in diverse human resources unless companies review this approach and make drastic changes. Japanese companies need to put in the effort in order to achieve this goal of true diversity and inclusion. This requires the proper amount of time to develop people from younger generations and expand the future pipeline of talent.

As a new director, I intend to direct my efforts toward discussing methods to this end during meetings of the Board, providing useful information and training Board members.