Living Harmoniously with the Earth to Secure the Future

"Living harmoniously with the earth to secure the future," part of the NEC 2030VISION, includes three elements: **decarbonization**, **preventing global warming**, and **water and food safety**. Under this banner, we intend to utilize our business to solve and improve climate change and a variety of other environmental issues occurring on the earth today, and realize a sustainable society. Since 2018, NEC has highlighted "environmental action with a particular focus on climate change" as one of its materiality themes. Therefore, we are providing value in the form of mitigation-based (decarbonization) and adaptation-based countermeasures to climate change, more specifically, reducing CO_2 emissions from customers and society through DX and "preparing for the various impacts of climate change." By expanding provision of solutions and services that help resolve environmental issues, we will support the conservation of the global environment and the sustainable growth of both companies and society.

Environmental Initiatives for Realizing a Sustainable Society

As our response to climate change, we have set Science Based Targets (SBTs) for 2030 as part of our goal of reducing our CO_2 emissions to effectively zero by 2050, and are working to provide solutions and services to contribute toward resolving environmental issues.

2050
Course of Action for Climate Change Toward 2050
(Announced July 2017)
Effectively zero CO_2 emissions by 2050

2030
SBT* 1.5℃ (Validated in May 2021)
Reduce Scope 1 and Scope 2 CO_2 emissions by 55% compared with fiscal 2018
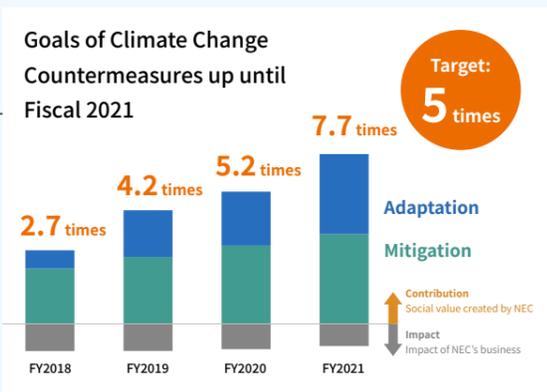
2020
Create Five Times More Environmental Value through Business
(Announced July 2014)

2018
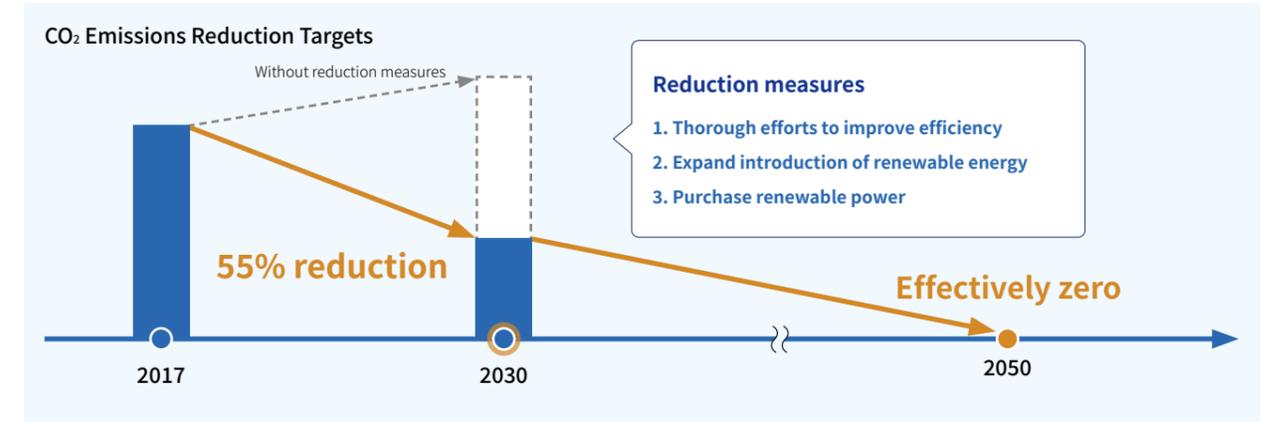"Response to environmental issues centered on climate change" positioned as materiality

II. Achieving sustainable society by collaboration

"Mitigation" of climate change

Realizing a low carbon society as a goal for the planet
(Keeping global average temperature rise between 1.5℃ and 2℃)

Realizing a safe, secure society that is resilient to climate change risks

Aiming for zero CO_2 emissions from supply chains

Strict countermeasures against climate change risks in supply chains

"Adaptation" to climate change

I. Building sustainable management foundation

Goals of Climate Change Countermeasures up until Fiscal 2021

Target: 5 times

2.7 times (FY2018)
4.2 times (FY2019)
5.2 times (FY2020)
7.7 times (FY2021)

Adaptation
Mitigation

Contribution Social value created by NEC
Impact Impact of NEC's business

* Science Based Targets

Aiming to Reduce CO_2 Emissions to "Effectively Zero" by 2050

`Decarbonization` `Preventing global warming`

In July 2017, we formulated our climate change countermeasure guidelines up to 2050 in order to strengthen NEC's sustainable management base and promote creation of a sustainable society together with our customers. In accordance with these guidelines, we aim to reduce CO_2 emissions associated with NEC's business activities (Scope 1 and Scope 2) to effectively zero by 2050. In 2021, NEC joined RE100 and is dedicated to procuring 100% of its electricity from renewable sources.

CO_2 Emissions Reduction Targets

Without reduction measures

Reduction measures
1. Thorough efforts to improve efficiency
2. Expand introduction of renewable energy
3. Purchase renewable power

55% reduction

Effectively zero

2017　　2030　　2050

NEC's Initiatives Toward Achieving the SBTs

`Decarbonization`

In 2021, we increased the stringency of our Science Based Targets for climate change countermeasures from the "well below 2℃" goal to an alignment with the "1.5℃" goal, and we are redoubling efforts to reduce environmental footprint and risks throughout our supply chains. Since CO_2 emissions from the supply chain account for 95% of NEC's total emissions, we are making new efforts to reduce emissions from purchased goods and services through engagement with our suppliers. These efforts are in addition to our existing efforts to reduce emissions from the use of sold products.

Reducing Scope 3 CO_2 Emissions from the Supply Chain

Other (excluding Category 13, 14, and 15) 4%
Scope 1, 2 Emissions produced by the Company 5%
6,485 kilotons (FY2021)
Scope 3 (95%)

Category 1 Emissions from purchased goods and services 53%
Category 11 Emissions from use of sold products 37%

Upstream　　Downstream

Category 1 **Emissions from purchased goods and services***
Category 11 **Emissions from use of sold products**

Fiscal 2031 **Reduction Target of 33%** (Compared with Fiscal 2018)

NEW Reductions through supplier engagement
Ongoing Reductions through improved energy efficiency in products

In addition to existing efforts to improve the energy efficiency of products, we will promote new emissions reduction measures that leverage supplier engagement.

* Comprises 35% of all Category 1 emissions

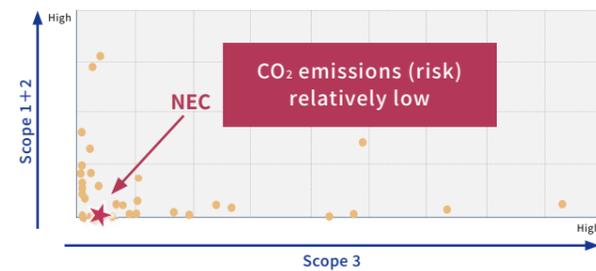**NEC's Business Model**

Living Harmoniously with the Earth to Secure the Future

Contributing to Decarbonization through Business Decarbonization

Although NEC's CO_2 emissions are small relative to the rest of the industry, with a small impact on society, industries with high CO_2 emissions can take advantage of NEC's ICT technology to help reduce their emissions. Therefore, we are ramping up efforts to make our business means toward decarbonization to accelerate the decarbonization process across society.

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NEC's Position When Mapping Corporate CO_2 Emissions

High — Scope 1+2

NEC

CO_2 emissions (risk) relatively low

Scope 3 — High

Calculation Methods for CO_2 Emission Reductions
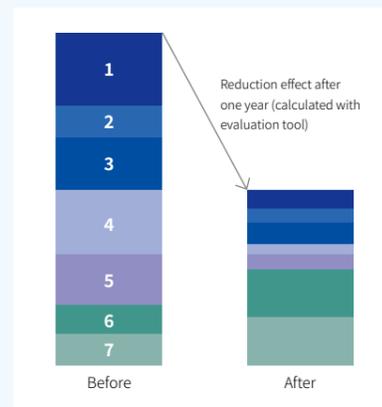
Use CO_2 emissions as a metric for evaluating changes from introducing ICT (centered on seven activities concerning CO_2 emissions)

Ways that introducing ICT can **reduce impact**

1. Human Movement	2. Use of Paper	3. Use of Object	4. Object Movement	5. Object Storage
Use of online conferencing systems	Electronic file sharing, e-books	Use of network services	Streamlining logistics, digitalized items	Lower storage space needs from reduction in paper and objects

Ways that introducing ICT can **increase impact**

6. Use of IT Devices	7. Use of Network Services
Greater power consumption from increased use of IT devices for new systems	Greater power consumption from increased use of network services

1
2
3
4
5
6
7

Before   After

Reduction effect after one year (calculated with evaluation tool)

Contributing to Society with Businesses Related to Carbon Neutrality

Resource aggregation business FY2026 business scale: 12.0 billion yen

NEC HQ

Power companies (Distributors)

Self-consignment

Aggregation service

Adjusting capacity   Price

Surplus power supply

Regulated supply and demand market (To open in FY2022)

Price

NEC business locations and NEC Group companies

Surplus power supply

Expansion of business

Decarbonization management solutions
Circular economy
Energy management

Contribution to a decarbonized society

- Uptake of renewable energy
- Improvement of resource productivity of industrial sector

CO_2 reduction economic effect: 90.0 trillion yen*

* Source: Green Growth Strategy for Carbon Neutrality in 2050 (Ministry of Economy, Trade and Industry, published in 2020)
Note: Market size is an estimate of the Japanese market in 2030.

Risks and Opportunities Decarbonization Preventing global warming Water and food safety

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.

For climate change in particular, we examine risks and opportunities from both a short-term and a medium- to long-term perspective in line with TCFD recommendations, evaluate future impacts, and identify assets in relation to risk countermeasures and opportunities.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Risks and Opportunities at a Glance   Climate change   Other environmental issues

Environmental Targets: NEC Eco Action Plan 2025 Decarbonization Preventing global warming Water and food safety

To reduce CO_2 emissions to "effectively zero" by 2050, we have set a series of environmental targets to be achieved over the course of five years, based on the NEC 2030VISION and the Mid-term Management Plan 2025.

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

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

[S] 2.3 For more details on the NEC Eco Action Plan 2025, please refer to pages 31 and 32 of *Sustainability Report 2021*.

1. Reduce own risks and footprints

Themes		Indicator	FY2026 Targets
Reduction of CO_2 emissions	In-house	Reduce total emissions (absolute value) (SBT) — Reduction rate of energy-derived CO_2 emissions (absolute value) (compared with FY2018)	−33.6%
		Expand use of renewable energy — Amount of electric power used from renewable energy	78,000 MWh
	Supply chain	Reduce Category 1 emissions (SBT) — Reduction rate of energy-derived CO_2 emissions from purchased goods and services (compared with FY2018)	−6.0%
		Reduce Category 11 emissions (SBT) — Improvement rate of product energy efficiency (compared with FY2014 products)	90.0%
Reduce water usage		Reduction rate (compared with FY2019)	−3.5%
Reduce waste emissions		Reduction rate (compared with FY2019)	−4.8%

External Evaluation Regarding the Environment Decarbonization Preventing global warming Water and food safety

NEC was included in the "A List" for both climate change and water security in 2019 and 2020 consecutively. NEC was also listed on the CDP's supplier engagement "Leaderboard," the highest recognition the CDP offers for supplier engagement.

CDP A LIST 2020 CLIMATE   CDP A LIST 2020 WATER   CDP SUPPLIER ENGAGEMENT LEADER 2020

Other Examples

[S] Please refer to page 42 of *Sustainability Report 2021* to learn about our efforts to reduce CO_2 emissions in Africa with a Hybrid Energy Storage System.
Decarbonization

[S] Please refer to page 41 of *Sustainability Report 2021* to learn about our IoT-based River Water Level Monitoring System, which has been installed as a global warming measure and to assist with water safety. Preventing global warming Water and food safety