In addition to financial risks, NEC works to gain a proper understanding of non-financial (ESG) risks that, if realized, may cause NEC to negatively impact the environment or society. As well as implementing effective and efficient measures to mitigate these risks, NEC is taking steps to turn these risks into business opportunities. As part of this initiative, we intend to direct our efforts according to materiality, which is a set of priority management themes from an ESG perspective. These efforts will maximize the value provided while minimizing risk, which in turn will improve future financial performance and contribute to achieving the SDGs.

**Risks and Opportunities**

In fiscal 2021, one important risk, “risk management system in response to changes in risks” was selected as a Priority Risk. To address this risk, the Company adjusted its comprehensive risk management system and compiled a list of risks that NEC should be aware of. The Company assessed these risks in terms of likelihood and their impact on NEC and prepared a risk map visualizing the priority of each risk. Based on this risk map, “risks of human rights violations in the value chain” was selected as a Priority Risk to be addressed in fiscal 2023, which was then reported to the Board of Directors. As one effort to address this risk, the Company revised the NEC Group Human Rights Policy in June 2022.

**Response to Priority Risks**

For more details, please refer to the “Respecting Human Rights” section on page 60.

**Major Risks & Opportunities and Related Initiatives**

Major risks and opportunities that NEC recognizes and key initiatives aimed at addressing them are listed on the right. We will review these risks as necessary to facilitate a flexible response to sudden changes that may occur.