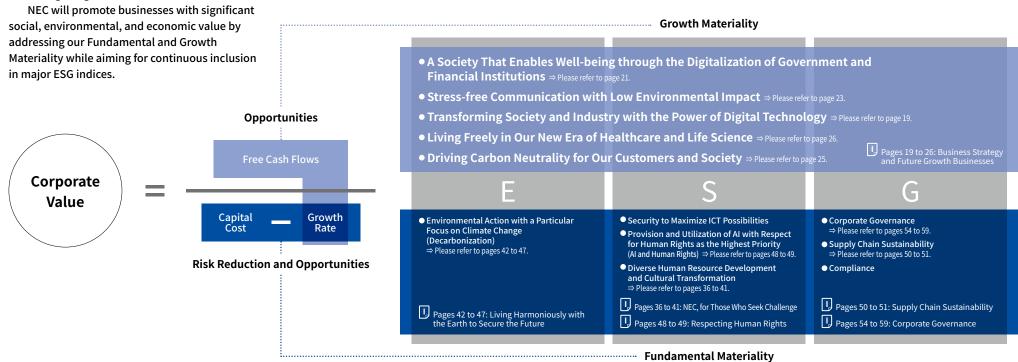# NEC's Approach to Materiality for Increasing Corporate Value

A part of our financial strategies in the Mid-term Management Plan 2025 involves identifying and implementing initiatives to address seven priority management themes to strengthen the non-financial foundation that encompasses ESG and underpins the sustainable growth of companies and society.

In fiscal 2024, we have further clarified our approach to increasing corporate value by addressing ESG issues in an integrated manner to both reduce risks and generate growth and opportunities. We positioned our seven priority management themes as our "Fundamental Materiality" with the objective of reducing risk and increasing our growth rate. We have also organized them into five social and environmental themes as our "Growth Materiality" under which we aim to create growth businesses during the Mid-term Management Plan 2025 to generate growth and opportunities while increasing our growth rate.

NEC will promote businesses with significant social, environmental, and economic value by addressing our Fundamental and Growth Materiality while aiming for continuous inclusion in major ESG indices.

Growth Materiality

Opportunities

Free Cash Flows

Corporate Value =

Capital Cost — Growth Rate

Risk Reduction and Opportunities

- **A Society That Enables Well-being through the Digitalization of Government and Financial Institutions** ⇒ Please refer to page 21.
- **Stress-free Communication with Low Environmental Impact** ⇒ Please refer to page 23.
- **Transforming Society and Industry with the Power of Digital Technology** ⇒ Please refer to page 19.
- **Living Freely in Our New Era of Healthcare and Life Science** ⇒ Please refer to page 26.
- **Driving Carbon Neutrality for Our Customers and Society** ⇒ Please refer to page 25.

Pages 19 to 26: Business Strategy and Future Growth Businesses

E

- Environmental Action with a Particular Focus on Climate Change (Decarbonization) ⇒ Please refer to pages 42 to 47.

Pages 42 to 47: Living Harmoniously with the Earth to Secure the Future

S

- Security to Maximize ICT Possibilities
- Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights) ⇒ Please refer to pages 48 to 49.
- Diverse Human Resource Development and Cultural Transformation ⇒ Please refer to pages 36 to 41.

Pages 36 to 41: NEC, for Those Who Seek Challenge
Pages 48 to 49: Respecting Human Rights

G

- Corporate Governance ⇒ Please refer to pages 54 to 59.
- Supply Chain Sustainability ⇒ Please refer to pages 50 to 51.
- Compliance

Pages 50 to 51: Supply Chain Sustainability
Pages 54 to 59: Corporate Governance

Fundamental Materiality

Sustainability Advisory Committee—Providing an Opportunity for Dialogue with Stakeholders

NEC's materiality was determined with reference to ISO 26000, the GRI Standards, the principles of the UN Global Compact, the SDGs and the SASB Materiality Map, among others, and through dialogue with experts in various fields and with representative stakeholders.

The Sustainability Advisory Committee, in which the CFO and officers in charge of sustainability promotion consult with external experts on sustainability, holds high-level discussions on the theme of materiality that contribute to improving both corporate and social value and identifies the Company's direction in times of high uncertainty and rapid change, leading to improvements in sustainability-related initiatives.

🌐 For more details on the Sustainability Advisory Committee, please follow the link below.
https://www.nec.com/en/global/sustainability/management/advisory_committee.html

Peter David Pedersen (Chair) Co-Founder, Next Leaders' Initiative for Sustainability (NELIS)

Masaru Arai Chair, Japan Sustainable Investment Forum (JSIF)

Asako Nagai Managing Director, Business for Social Responsibility (BSR)

Osamu Fujikawa Chief Financial Officer, NEC