

Environmental Management

NEC's Environmental Management

NEC not only views reducing the environmental impact of its business activities as part of its corporate social responsibility but also contributes to reducing the environmental impact of society as a whole through the provision of products and services. In this way, the Company promotes environmental management for the realization of a sustainable society. Environmental initiatives are essential for reducing risks within the Company, and at the same time, they also lead to the creation of business opportunities. Therefore, such initiatives are one of our key management themes.

Since our establishment of a specialized organization dedicated to the environment in 1970, we have been making efforts to reduce environmental risks, and have done our utmost to visualize and take measures against environmental issues using ICT. This history continues to serve as the cornerstone of NEC's efforts to address environmental issues, and these leading-edge initiatives, backed by its proven track record and expertise, have earned high praise from those outside the Company.

For more details on NEC's environmental management, please visit the website below.
https://www.nec.com/en/global/ir/pdf/library/250217/250217_01.pdf

NEC's Environmental Initiatives

As part of its efforts to mitigate climate change, NEC has declared that it will become carbon neutral by 2040. The NEC Group is working on unified efforts to roll out a wide range of activities to reduce CO₂ emissions, not only from its own business activities (Scope 1 and 2) but also from the entire supply chain (Scope 3).

Regarding Scope 1 and 2, we are actively working to eliminate unnecessary electricity consumption through planned transitions to energy-efficient equipment and operational optimization. In addition, as a member of RE100, we are committed to expanding the use of renewable energy for the electricity we use in our business operations. Since fiscal 2023, we have replaced virtually all the electricity required for business operations with energy from renewable sources at our head office in Minato-ku, Tokyo, and at the data center of our cloud-based service NEC Cloud IaaS. In addition, we are strengthening collaboration and co-creation with suppliers to reduce Scope 3 Category 1 emissions, which account for a large proportion of NEC's overall greenhouse gas emissions. For example, we identify suppliers that are assumed to have a high environmental impact within NEC's supply chain, such as those with significant CO₂ emissions, as priority targets for engagement. Following the steps outlined in our proprietary guidelines, we work alongside these suppliers to support

and promote their CO₂ reduction initiatives. We also conduct visualization workshops for suppliers who have not yet calculated their emissions, and support suppliers who have not yet set reduction targets to obtain approval from the Science Based Targets initiative (SBTi). Through these efforts, NEC will continue to strengthen cooperation with various stakeholders, including customers and partner companies, aiming to become carbon neutral by 2040.

As for efforts related to natural capital, NEC was one of the first companies to disclose information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). In July 2023, we published a TNFD report—a first for the Japanese IT industry. We achieved this by leveraging our ICT solutions backed by many years of environmental initiatives to visualize and analyze the relationship between natural capital and business activities. Since there is a lack of precedent in the world, we are proactively communicating our own efforts through presentations at international conferences. Through these efforts, NEC is not only encouraging broader corporate adoption of disclosures aligned with the TNFD framework but also actively contributing to policy recommendations. Following the release of our second TNFD report in June 2024, we published our third in August 2025, once again leveraging our strength: AI.

CDP Climate Change and Water Security



Received highest rating **6** years in a row
NEC has been named by the CDP as an "A List" company for the sixth consecutive year for its initiatives related to Climate Change and Water Security.

CDP Supplier Engagement Assessment



Received highest rating **5** years in a row
NEC was selected as a CDP Supplier Engagement Leader for the fifth consecutive year.

Environmental Management

"Environmental Client Zero" Strategy

NEC is also focusing on reducing its environmental impact through its products and services. In response to growing concerns over increased power consumption in data centers due to the rapid proliferation of generative AI in recent years, we have begun adopting water-cooled servers at our key data centers to enable more efficient cooling. We are also developing technologies for cotomi, our in-house generative AI, that enhance GPU efficiency and help reduce energy consumption during AI usage.

These initiatives are based on our "Environmental Client Zero" strategy, in which we position ourselves as the first

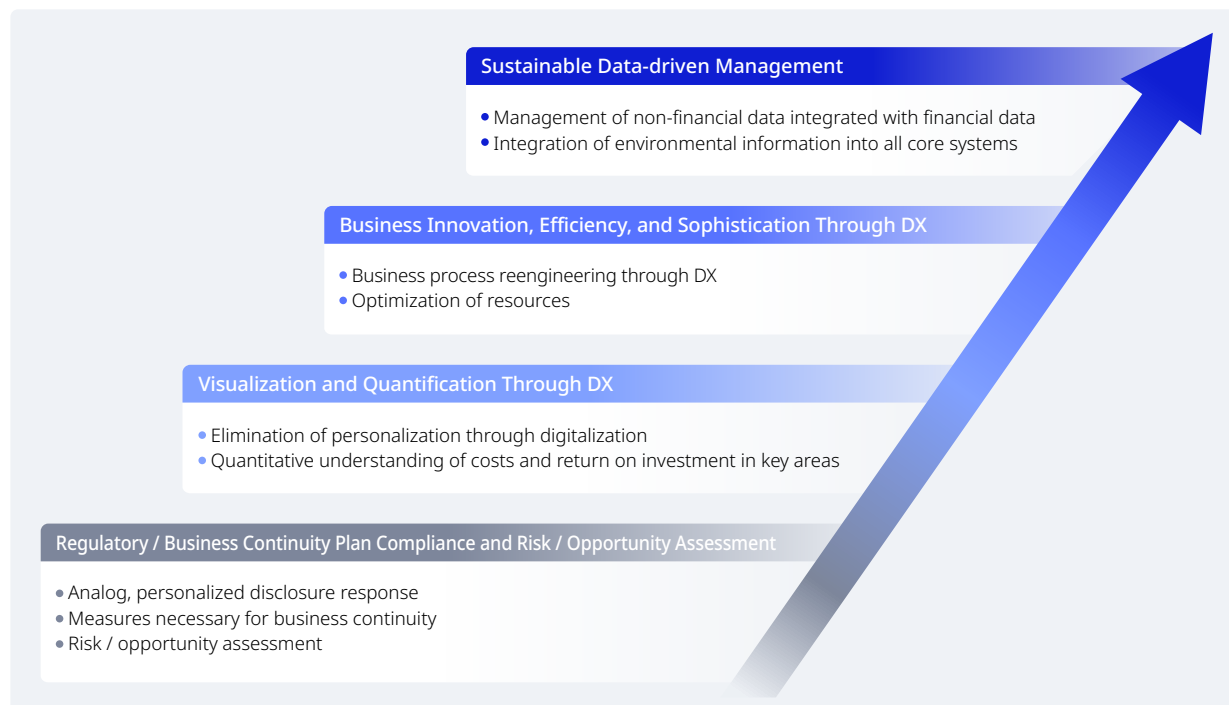
client in our environmental business ventures and proactively pursue advanced technologies and practices. We believe that the knowledge and expertise gained through our own initiatives will also enable us to respond to the challenges and demands of our customers in the environmental domain.

To accelerate the "Environmental Client Zero" strategy, NEC is undertaking a cross-functional transformation in 2025. This involves integrating functions that were previously siloed, such as the environment, quality, and procurement, and taking on the challenge of realizing a sustainable supply chain. As management issues related to the environment

and supply chain become more diverse and complex, we are addressing these issues flexibly ourselves, and using our know-how to support our customers in resolving their own issues pertaining to environmental management.

NEC's "Environmental Client Zero" strategy is also in line with NEC BluStellar's value creation model. NEC will continue to not only enhance its corporate value through its leading-edge initiatives but also contribute to the realization of a sustainable society by working closely alongside our customers to resolve issues related to environmental management.

Expanding the Value We Provide to Customers by Evolving Our Own Initiatives in Pursuit of Sustainable Data-driven Management



Column

Leveraging AI to Solidify Our "Environmental Client Zero" Strategy AI Use in the Publication of Our Third TNFD Report

NEC is keenly aware of the power of AI to promote business reforms and create value, and therefore incorporates its use into everyday tasks. In preparing our third TNFD report, released in August 2025, we built upon our past disclosure experience and insights gained through global collaboration. By applying AI to tasks such as research, risk and opportunity assessment, writing, and public relations, we were able to enhance both efficiency and sophistication. For example, NEC used AI to analyze local water infrastructure risks at each business site and automate the creation of related materials, enabling more informed and practical dialogue with site managers and stakeholders. In the area of research, NEC has achieved a 92% reduction in the time required to process specialized guidance materials. NEC will continue to take the lead in information disclosure and support corporate reforms by leveraging the achievements and know-how it has gained through its "Client Zero" initiatives.

For details on our third TNFD report, please visit the website below.
https://www.nec.com/en/press/202509/global_20250929_03.html