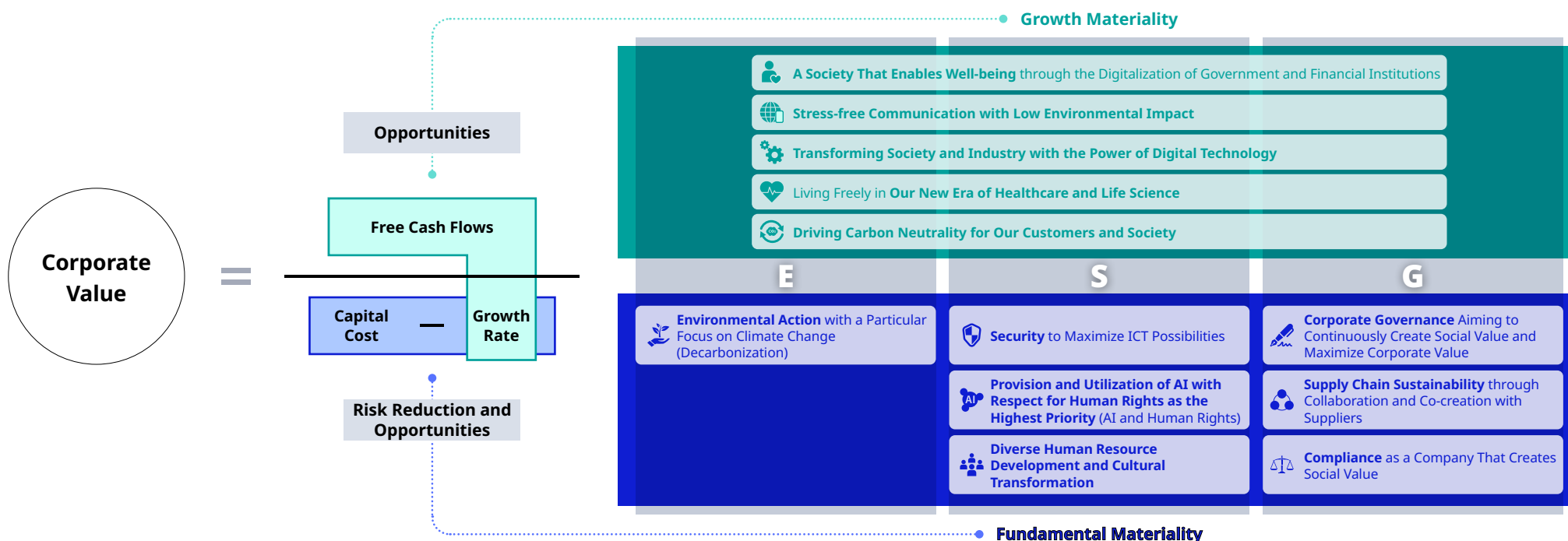


NEC's Approach to Materiality for Increasing Corporate Value

A part of Mid-term Management Plan 2025, NEC has identified five “Growth Materiality” aimed at generating growth and opportunities while increasing our growth rate. We have also identified seven “Fundamental Materiality” with the objective of reducing risk and increasing our growth rate. By putting these materiality into practice, NEC aims to meet the expectations of a wide range of stakeholders—including investors, customers, partners, and employees—while promoting businesses with significant social, environmental, and economic value, aiming to maximize long-term profits while striving for continuous inclusion in major ESG indices which reflect the trust placed in the Company by society and capital markets.



The NEC Sustainability Advisory Committee—Providing an Opportunity for Dialogue with Stakeholders

NEC determined its materiality 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 NEC Sustainability Advisory Committee, in which the CFO and officers engaged in sustainability promotion consult with external experts on sustainability, was established in 2022 to serve as a place for holding high-level discussions on the theme of materiality that contribute to improving both corporate and social value and identifying the Company's direction in times of high uncertainty and rapid change, leading to improvements in sustainability-related initiatives.

Starting in fiscal 2025, the committee has been holding discussions on how to not only reduce sustainability-related risks but also how to link sustainability to growth with the aim of achieving sustainability-driven management.

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



(From left to right)
Peter David Pedersen (Chair) Co-Founder, Next Leaders' Initiative for Sustainability (NELIS) **Asako Nagai** Managing Director, Business for Social Responsibility (BSR) **Hiroyuki Horii** Senior Advisor, Sumitomo Mitsui Trust Asset Management Co., Ltd. **Osamu Fujikawa** CFO, NEC



NEC's Approach to Materiality for Increasing Corporate Value

Materiality Risks and Opportunities

The risks and opportunities for each of our material issues (materiality), and the measures we are taking to respond to them, are as follows. NEC is working to appropriately manage risks and expand opportunities in order to facilitate a flexible response to unexpected changes that may occur.

	Materiality	Risks / Opportunities	Initiatives
Growth Materiality	A Society That Enables Well-being through the Digitalization of Government and Financial Institutions	Risks - Widening regional differences in government services due to Japan's aging population and the so-called "digital divide," as well as increasing wealth polarization and disparity Opportunities - Collaboration and integration with government, finance, and various other industries - Expansion of user base for advanced asset management advice and asset transactions	- P.22 Digital Government / Digital Finance - Digital Government - Digital Finance
	Stress-free Communication with Low Environmental Impact	Risks - Environmental burden due to increased energy consumption by telecommunications equipment Opportunities - Increased demand for solutions that enable efficient traffic accommodation, network construction, flexible network operation, and carbon neutrality - Increased emphasis on secure communications	- P.24 Telecom Services 5G
	Transforming Society and Industry with the Power of Digital Technology	Risks - Delays in implementation in actual business due to a lack of human resources with DX expertise and difficulty in creating road maps Opportunities - Continued IT demand due to digitalization of both society and enterprises - Increased adoption of cloud-based services that use digital technologies	- P.22 IT Services in Japan - NEC BluStellar
	Living Freely in Our New Era of Healthcare and Life Science	Risks - Delays in collaborations and market growth Opportunities - Increasing demand for healthcare that uses cutting-edge technologies such as AI	Healthcare and Life Science
	Driving Carbon Neutrality for Our Customers and Society	Risks - Increased costs due to the introduction of carbon pricing and CO₂ emission levels - System failure from natural disasters Opportunities - Increasing demand for ICT solutions to realize carbon neutrality	- P.32 Environmental Management - Environmental Solutions (in Japanese only) - Agricultural ICT Solutions - Adaptation Finance (in Japanese only)
Fundamental Materiality	Environmental Action with a Particular Focus on Climate Change (Decarbonization)	Opportunities Increasing demand for ICT solutions to realize carbon neutrality	- Securities Report for Fiscal 2025 (in Japanese only), P.24 "(2) Climate Change" - P.32 Environmental Management - P.21 Climate Change Countermeasure
	Security to Maximize ICT Possibilities	Risks - Information leaks, unauthorized access, system failure Opportunities - Development of security professionals - Provision and operation of robust information systems	- P.26 Innovation: R&D and Business Development - P.68 Information Security and Cybersecurity
	Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)	Risks - Invasion of privacy-related risks accompanying new technologies - Risks of human rights violations in the value chain Opportunities - Strengthening competitiveness	- P.26 Innovation: R&D and Business Development - P.34 Respect for Human Rights P.60 AI and Human Rights - P.64 Personal Information Protection and Privacy - P.68 Information Security and Cybersecurity P.103 Innovation Management
	Diverse Human Resource Development and Cultural Transformation	Risks - Harassment (designated as a Priority Risk in fiscal 2024 and fiscal 2025) - Long working hours (designated as a Priority Risk in fiscal 2025) - Difficulty in securing and developing human resources Opportunities - Greater organizational strength through improved employee engagement	- P.30 Human Capital Management - P.39 Human Capital Management P.42 Inclusion and Diversity - P.46 Hiring, Retention, and Compensation P.50 Human Resource Development - P.55 Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	Corporate Governance Aiming to Continuously Create Social Value and Maximize Corporate Value	Risks - Inadequate accounting processes - Mismanagement of confidential information Opportunities - Acquisition of trust from society	- P.6 Message from the President P.17 CFO Message P.21 Main Business Overview - P.36 Corporate Governance - P.87 Corporate Governance
	Supply Chain Sustainability through Collaboration and Co-creation with Suppliers	Risks - Risks of human rights violations in the value chain Opportunities - Collaboration and co-creation with suppliers	P.96 Supply Chain Management
	Compliance as a Company That Creates Social Value	Risks - Compliance breaches (illegal acts, fraudulent acts) - Compliance with quality and safety laws and regulations (designated as a Priority Risk in fiscal 2024 and fiscal 2025) - Enhancing the quality of project contracts (designated as a Priority Risk in fiscal 2024 and fiscal 2025) Opportunities - Acquisition of trust from society	- P.34 Respect for Human Rights P.60 AI and Human Rights - P.64 Personal Information Protection and Privacy - P.68 Information Security and Cybersecurity P.75 Quality and Safety - P.87 Corporate Governance P.88 Risk Management P.92 Compliance - P.96 Supply Chain Management