Business Continuity

Policy

NEC has prepared a business continuity plan (BCP) and is promoting business continuity management so that the Company can fulfill its social responsibilities by continuing to stably supply customers with products and services even when risks actualize in the form of earthquakes, typhoons, and other natural disasters; global pandemics; wars; or terrorist attacks. Our goal is to be able to continue NEC Corporation's business as far as possible, and to recover operations quickly if they are interrupted.

> **Our Basic Disaster Response Policies**
> 1. Ensure the safety of employees and visitors.
> 2. Rapidly recover and establish a business environment that enables NEC to fulfill its social responsibilities, including the maintenance and recovery of backbone systems, such as communications, public infrastructure, traffic, defense, and finance.
> 3. Minimize management damage caused by operation disruption.

Implementation Framework

NEC Corporation will continue business proactively and flexibly through the following three functions. The status of activity will be reported regularly to the Board of Directors.

1. Business Continuity and Disaster Recovery Headquarters
   This function is headed by the president and comprises corporate divisions such as the Human Resources and General Affairs Division.
   The Headquarters maintains top management's decision-making function and prepares an environment for recovering operations.

2. Business Unit BCP teams
   These teams are formed in each business unit. They conduct activities for recovery of business. (customer response, gathering information of damage to operations, recovery, logistics, and securing materials, etc.)

3. Workplace BCP teams (Bases)
   These teams are formed at the workplace and base level. They secure the safety of the workplace, confirm the safety of employees, quickly recover worksite infrastructure, support employees' lives, assist those who wish to return home, and coordinate with the community.

In addition, internationally we have formulated BCPs in response to each country's risk under the global system of five Regional Headquarters (RHQ), along with information escalation rules in the case of emergencies.

Measures and Main Fiscal 2021 Activities

● Response to COVID-19

In response to the by COVID-19 pandemic in 2020, NEC rigorously ensured that all Group employees adopted behavior that prevents infection and its spread and issued in-house guidelines on measures to prevent infection. These measures included rigorously implementing temperature checks of all employees each morning, enforcing hand-washing and mouth rinsing, staggering shifts and encouraging teleworking, utilizing web conferencing, and ensuring that people did not come to work when feeling unwell. Furthermore, we rigorously applied reporting rules when employees were feeling unwell and quickly developed systems and measures for infection prevention as a company.

Following the state of emergency declaration by the Japanese government in April 2020, the employees of NEC and affiliated companies in Japan worked from home whenever possible, and the companies promoted the use of telework even further. Even now, we continue to promote telework and are conducting our operations with minimum attendance at the office.

Meanwhile, in production plants and certain development projects that can only continue functioning if personnel are on-site, we are rigorously ensuring that personnel avoid the "3Cs" (Closed spaces, Crowded places, and Close-contact settings) and take appropriate countermeasures.(Spacing out usage, etc.)

The COVID-19 is expected to have a prolonged impact. NEC will continue fulfilling its responsibilities in accordance with society's expectations while giving first priority to employees' lives and safety through the aforementioned countermeasures to the spread of infection.

● Initiatives for Raising Awareness of Disaster Preparedness (Disaster Prevention Survey)

To develop employees' ability to act proactively during a disaster, since fiscal 2020 NEC and affiliated companies in Japan have been conducting the "Disaster Prevention Survey," which surveys employees' awareness of disaster preparedness. Enabling the creation and calculation of an indicator by scoring the responses to each survey question, fiscal 2021's survey revealed that 37.7% of employees felt able to think and act for themselves in a disaster, a significant increase of 21.9 percentage points year on year.

The survey results are disclosed to all employees, and issues are identified for each indicator. These will be used in proposing and executing disaster countermeasures going forward.

● Exercises and Training on Disaster Prevention and Business Continuity

NEC and affiliated companies in Japan conducted drills to confirm disaster response procedures at workplaces, which had relatively few employees in attendance because most employees were teleworking as a COVID-19 countermeasure. Also, we conducted a program entitled "Training 10 Years on from the Great East Japan Earthquake" with the aims of encouraging employees to recall the major earthquake disaster, gain new insights, and make disaster prevention a personal matter that becomes a regular part of daily work. To these ends, the program comprised discussions that included corporate officers and which were stratified by employee rank, web-based training, and field work for employees. By conducting these drills and training programs every year, we are increasing readiness so that in the event of a large-scale disaster we will able to minimize damage and swiftly resume business operations.

● Enhancing the Degree of Completion of BCPs

Since 2016, NEC has introduced systems for visualizing the business continuity status for each company and division by using indices such as "organizational state in regular times and at the time of disaster," "leadership," "disaster prevention and business continuity plan," "support status," "effective operation," and "evaluation and improvement."

We will use these results to refine the system to cement a business continuity mindset as part of our organizational culture and make improvements across the entire NEC Group to enable each division and employee to think and act autonomously during disasters.

● Responding to the Risk of Storm and Flood Damage

NEC Corporation has constructed a system in which the Company's internal disaster information sharing system automatically receives disaster information from the Japan Meteorological Agency and displays the range of impact on a map. This allows us to understand at a glance information regarding the Company's sites, customers, suppliers, and others located within that range.

Further, we prepared for storm and flood damage by using the latest hazard maps to evaluate storm and flood damage risk at each business site. Based on these evaluations, while taking into account the balance between the impact of a disaster and cost, we are steadily establishing periphery flood barriers at facilities that would require considerable time to restore.

● ISO 22301 Certification Acquisition

NEC has acquired ISO 22301 certification, mainly in its system maintenance divisions and datacenter operation divisions. ISO 22301 is an international standard for Business Continuity Management Systems (BCMS). Moreover, divisions that have not acquired ISO 22301 certification are complying with the international standard as far as possible and have put in place efficient and effective countermeasures to prepare for potential threats to business continuity, including earthquakes, floods, typhoons, and other natural disasters; system faults; pandemics; power outages; and fires.

● Social Contribution Using Emergency Food Supplies

Since fiscal 2011, NEC has provided and sold emergency food supplies that have come within six months of their expiry date at its in-house cafeterias and stores. Part of the proceeds from these sales is used to support employee participation in community contribution activities to support the school feeding programs run by the United Nations World Food Programme. This activity is designed to value food and to contribute to society by reducing the negative environmental impact of food disposal. NEC will continue the activity going forward.

Acquisition of ISO 22301 certification