\Orchestrating a brighter world   NEC

2024
NEC ESG Databook

Contents

Information Disclosure Policy

Basic Policy
We use our sustainability website and the ESG Databook (PDF) as stakeholder communication tools, disclosing sustainability initiatives and their results as viewed from an environmental, social, and governance (ESG) perspective. In addition, in the NEC Integrated Report, we present a comprehensive picture of our financial and non-financial initiatives (ESG/future financial) from the perspective of management for sustainability, with a focus on initiatives for addressing materiality.

Scope of This Report
This publication focuses on initiatives during fiscal 2024 (April 1, 2023 to March 31, 2024), but also covers certain events and activities outside that period.

In this report, "NEC" and "the NEC Group" refer to NEC Corporation and its consolidated subsidiaries and affiliates in and outside Japan, and "the Company" refers to NEC Corporation.

NEC Sustainability Website and
NEC ESG Databook
NEC regularly discloses the latest information on its sustainability activities via its sustainability website. Furthermore, it emphasizes detailed coverage of information to ensure conformance with international reporting initiatives such as the Global Reporting Initiative (GRI), while addressing the needs of sustainability professionals such as ESG research institutions, news media, universities, and NPOs/NGOs.

The *NEC ESG Databook* posted on the sustainability website is published each year as a PDF. Our sustainability initiatives were compiled and published in the *Sustainability Report* between 2018 and 2023. However, from 2023 onward, the report has been renamed as the *NEC ESG Databook*. This publication presents our ESG goals, results and future plans and initiatives in more detail, and the content is easier to navigate.

Reference Guidelines
With the aim of conforming with international reporting initiatives, NEC reports on its sustainability activities using the following guidelines as references. In addition, the report was created with reference to the four thematic areas of the ISSB and SSBJ exposure drafts. Note that risk management also includes opportunity generation, and therefore appears as "risk management (including opportunity generation)."
• The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines Standards
• United Nations Global Compact (UNGC)
• Sustainability Accounting Standards Board (SASB) Standards
• International Organization for Standardization (ISO) 26000
• Japan's Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"
• International Sustainability Standards Board (ISSB) and Sustainability Standards Board of Japan (SSBJ) Exposure Drafts

Third-party Assurance
The environmental and social data published in *NEC ESG Databook 2024* (PDF) has been verified by a third party. Applicable environmental data is denoted with a ⊘. Relevant social data is provided in the corresponding notes.

Date of Issue
September 2024

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Management for Sustainability

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Management Implementation Framework for Sustainability

GRI
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NEC's management for sustainability is driven by the Corporate Strategy and Sustainability Promotion Division, which promotes corporate strategy, IR and communications, and works in close collaboration with the corporate organizations of NEC Corporation and its subsidiaries around the world including departments responsible for people management, general affairs, people and organizational development, risk and compliance, management information systems, environment, customer service, quality assurance, and procurement, as well as business divisions and subsidiaries around the world (see diagram at right). We also undertake initiatives in collaboration with business partners.

Important matters for promoting management for sustainability are discussed by corporate officers and managers of related divisions via the Executive Committee led by the CEO, the Business Strategy Committee led by the CFO, and the Risk Control and Compliance Committee led by the CRO. Matters discussed or approved by these entities are periodically reported to the Board of Directors via the officer in charge of sustainability promotion. The Board then monitors the progress of these matters. The NEC Way and Basic Principles on Management for Sustainability, as well as the ESG-based priority management themes, or materiality, described below, are representative examples of matters that have been resolved by executives following dialogue with stakeholders and reported to the Board of Directors. Further, the implementation of initiatives related to organizational and people development, based on practical implementation of the NEC Way, and the implementation of priority management themes from an ESG perspective—materiality—are clearly stated in the job descriptions of all internal executive officers. These elements have also been incorporated into the KPIs used to evaluate the performance of executive officers to promote sustainability initiatives. For example, KPIs for evaluating the performance of the Corporate Officer in charge of the Environment include the results of external evaluations of the Company.

The CFO and officers involved in sustainability promotion established the NEC Sustainability Advisory Committee in fiscal 2022 to consult with external sustainability experts.

Management Implementation Framework for Sustainability

NEC Sustainability Advisory Committee

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The NEC Sustainability Advisory Committee is a forum for the CFO and officers involved in sustainability promotion to hold regular high-level discussions with external sustainability experts with the goal of confirming the direction of the Company and improving and adding specific initiatives in an era of high uncertainty and rapid change.

Events to Date

1st - Feb. 2022: Understanding Global Trends in Climate Change and the Risks and Opportunities for NEC

2nd - May 2022: The Progress of Sustainability Promotion and Our Response to Human Rights Risks under Purpose-driven Management

3rd - Feb. 2023: Emphases for NEC and Its Businesses to Achieve a Nature Positive Mindset

4th - May 2023: Transforming Sustainability into Growth Opportunities

5th - Feb. 2024: Requirements for Accelerating the Integration of Responses to Climate Change into NEC's Business Strategy – Addressing Heightened Demand for Sustainability Information Disclosure

6th - Jun. 2024: Sustainability Strategies That Contribute to Enhancing Corporate Value

The committee consists of the following distinguished experts:

Peter David Pedersen (Chair)
Co-Founder, Next Leaders' Initiative for Sustainability (NELIS)
Professor, Graduate School of Leadership and Innovation, Shizenkan University
Chairman, Transagent Co., Ltd.
Outside Director, Marui Group
Independent Outside Member of the Board, Meiji Holdings Co., Ltd.
Outside Director, Mitsubishi Electric Corporation

Masaru Arai (until March 2024)
Chair of the Japan Sustainable Investment Forum (JSIF)
Senior engagement consultant at Federated Hermes EOS
Member of the FTSE Russell ESG Advisory Committee
Member of the FTSE Russell Sustainable Investment Advisory Committee
Former board member of the United Nations-supported Principles for Responsible Investment

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

Hiroyuki Horii (from April 2024)
Senior Managing Executive Officer, Sumitomo Mitsui Trust Asset Management Co., Ltd.
Chief Sustainability & Strategy Officer

Sustainability Advisory Committee Member Profiles

Management for Sustainability

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Participation in International Initiatives

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NEC takes part in a variety of initiatives in pursuit of its goal of helping to achieve the SDGs and creating a sustainable society.

United Nations Global Compact (UNGC)
Has been a participant since 2005

World Economic Forum (WEF)
Has been a member of the World Economic Forum since 2017

SBTi
Has committed to setting greenhouse gas emissions as SBTs since 2017, with targets validated by SBTi as "1.5°C Goals" in May 2021 and under SBTi's Corporate Net-Zero Standard in April 2024.

Task Force on Climate-related Financial Disclosures (TCFD)
Endorsed in 2018

The Climate Pledge
Became a signatory in September 2022

Business Ambition for 1.5°C
Became a signatory in September 2021

RE100
Joined in May 2021

Taskforce on Nature-related Financial Disclosures (TNFD)
Has participated as a forum member since August 2022

SBT for Nature
Has participated as a Corporate Engagement Program member since February 2024

Women's Empowerment Principles (WEPs)
Became a signatory in April 2023

30% Club Japan
Joined in October 2020

Business for Social Responsibility (BSR)
Became a member in 2020, and takes part in the Human Rights Working Group

The Valuable 500
Became a signatory in 2019

Management for Sustainability

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Dialogue and Co-creation with Our Stakeholders

GRI
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Customers' and society's values are constantly changing. To supply products and services that deliver real value, NEC needs to incorporate processes for dialogue and co-creation with stakeholders into its corporate activities.

Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of "Orchestrating" as stated in our Purpose, "Orchestrating a brighter world" within the NEC Way. The following are examples of the main dialogue and co-creation initiatives that we conducted in fiscal 2024.

	Themes and objectives	Communication method		Reference
Customers	• Contribution to resolving social issues through business activities • Customer satisfaction (CS) activities aligned to customer characteristics • Disclosure of appropriate information about products and services	• Sales activities • CS activities • Established NEC Customer Communication Centers • Advertising, PR • Holding of NEC Visionary Week		Implementation Examples (Contributions to SDGs, Environmental Solutions Website (Japanese language only)) NEC's Customer Satisfaction Enhancement Activities Customer Relationship Management Advertising
Shareholders and investors	• Timely, appropriate provision of information • Promotion of understanding of the Company, acquisition of feedback from capital markets • ESG activity reports and exchanges of opinions	• Financial results presentation meetings (quarterly) • General Meeting of Shareholders (annually) • NEC IR Day • NEC ESG Day	• NEC Innovation Day • Individual meetings with analysts • NEC Sustainability Advisory Committee	Financial Documents Briefing on ESG NEC Sustainability Advisory Committee
Business partners	• Strengthening of partnerships • Construction of better supply chains • Fair procurement activities	• Implementation of Guidelines for Responsible Business Conduct in Supply Chains • Partner exchange meetings • Policy briefings	• Document checks • On-site Assessments • Third-party audits • Compliance Hotline	Supply Chain Management Respect for Human Rights
Employees	• Understanding the status of employee engagement • Exchange of opinions between employees and management • Human resource development and evaluation • Promoting appropriate treatment and occupational health and safety	• One NEC Survey (annually) • Pulse Survey (every three months) • The NEC Way Day • Town hall meetings with the NEC president (at least once a month)	• One-on-one meetings between supervisors and team members • Health and safety committees • Labour-management councils	CEO Town Hall Meeting (Japanese language only) Environmental Management Human Capital Management Occupational Health and Safety and Work-Life Balance
United Nations and international institutions, national and local governments	• Sustainable development of international society and contribution to the SDGs • Compliance with laws and regulations	• Participation in global initiatives to enhance sustainability • The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) • The World Economic Forum Annual Meeting (2024) • Public-private sector collaboration projects • Policy declarations		Message from the President and CEO Participation in International Initiatives Environmental Management Climate Change Countermeasures NEC actions to achieve the SDGs Co-creation with international organizations
NPOs and NGOs, civil society	• Understanding feedback from society • Co-existence with local communities • Development of young social entrepreneurs	• NEC Sustainability Advisory Committee • Collaboration with international NPOs and NGOs • NEC Make-a-Difference Drive corporate citizenship activity	• NEC Social Entrepreneurship School • NEC Pro Bono Initiative	NEC Sustainability Advisory Committee Corporate Citizenship Activities
Students	• Understanding feedback from society • Supporting the learning of the next generation	• NEC Future Creation Program • e-Net-Caravan		NEC CAREERS (Japanese language only) NEC Future Creation Program (Japanese language only) Inclusion and Diversity

Management for Sustainability

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Basic Principles on Management for Sustainability

GRI
2-22

Guided by the NEC Way, NEC aims to realize a sustainable society where everyone has the chance to reach their full potential. NEC's management approach entails conducting dialogues and co-creation with many different stakeholders while advancing business activities that help address social issues. Moreover, in addition to ensuring rigorous compliance with laws, regulations, and sound corporate ethics, NEC also proactively lowers risks attendant on activities that have potentially negative effects on society or the environment.

The NEC Way

Basic Principles on Management for Sustainability

Contribute to Solving Social Issues through Our Business
As part of its Purpose, NEC declares its intention to create the social values of safety, security, fairness and efficiency through its business activities. The SDGs pledge to "leave no one behind" is aligned with the NEC Purpose, "to promote a more sustainable world where everyone has the chance to reach their full potential."

In order to fulfill its Purpose, NEC has put together NEC 2030VISION as a compass to indicate the direction and path for the Company to follow.

NEC 2030VISION

Strengthen Risk Management and Enforce Compliance
In order to act in accordance with its Principles, which advocate for "uncompromising integrity and respect for human rights," NEC makes sure to conduct its business activities with the highest priority given to thorough risk management and compliance that is mindful not only of employees but also of customers and society. Moreover,

NEC has identified its priority management themes from an ESG perspective—materiality—in accordance with the following Basic Principles on Management for Sustainability. Addressing these themes is central to minimizing risk and maximizing the value we provide, which in turn will contribute to improving financial performance and helping to achieve the Sustainable Development Goals (SDGs).

Message from the President and CEO

the opening statement to the NEC Group Code of Conduct calls for everyone in NEC group to act in good faith based on high ethical standards. In 2005, NEC became a signatory to the United Nations Global Compact, which requires corporate activities to be conducted based on the Ten Principles of the UN Global Compact, pertaining to the four fields of human rights, labour, the environment, and anti-corruption. As part of this effort, NEC conducts regular self-assessments of its activities to ensure it stays true to this requirement.

Promote Communication with Stakeholders
Dialogue and co-creation with a variety of stakeholders are important processes for learning about the issues that matter to our customers and society, about what is expected of us, and for building relationships of trust. Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of "Orchestrating" as stated in our Purpose, "Orchestrating a brighter world," within the NEC Way. This commitment also helps fulfill the requirements of SDG 17, "Partnerships for the goals."

Our Journey toward Management for Sustainability

NEC's story starts in 1899, when the Company was established as Japan's first joint venture with a foreign company. Founder Kunihiko Iwadare created a company aiming to provide customers with world-class products, and to take responsibility for them through after-sales services. With these goals in mind, NEC began providing telecommunications equipment such as telephones and switching systems under the motto, "Better Products, Better Services."

Later, in the 1950s, the Company began working on the development of computers. In 1977, at the INTELCOM 77 international communications expo held in Atlanta, then-chairman of NEC Koji Kobayashi presented a new concept, "C&C," referring to the integration of computers and communications.

At that time, President Kobayashi talked about NEC's vision for C&C, as follows:

Vision for C&C
"If I am asked about my vision for communications in the future, I can see a world where any and all individuals are able to communicate with each other at any time, at any place on the earth, in the early days of the next century. Assuming that this comes true, all technology, communications, computers, and televisions will be, and should be, integrated. And, therefore, it is important to help developing countries to be able to participate in such a world telecommunications system."

This vision has been technologically realized today in our age of widespread computers, mobile phones, and the internet. The ambition to enable people around the world to be able to connect anytime, anywhere, and with anyone aligns with the aspiration of the SDGs adopted by 193 United Nations member countries in 2015 to "leave no one behind." The issue is now being addressed throughout the world.

As the value expected of NEC by customers and society changed from tangible technologies and products to the intangible creation of value, in 2013 NEC responded under Mid-term Management Plan 2015 by declaring its intention to transform into a Social Value Innovator, creating value for society. The following year, in 2014, NEC announced its brand statement, "Orchestrating a brighter world." In 2019, NEC marked its 120th anniversary by reorganizing the structure of the NEC Way, which was then over 10 years old. On this occasion, it reflected the changes and demands of society and reformed the NEC Way to guide the actions of each individual, from officers to employees. Announced in April 2020 following a resolution by the Board of Directors, the NEC Way presents the connections between the Company's Purpose, its Principles and each individual in a clear, simple way.

1899 — Establishment of Nippon Electric Company
The Founding Spirit of "Better Products, Better Services"
Create customer satisfaction and pleasure by consistently providing better products and services.

Founder: Kunihiko Iwadare

1977 — C&C Announced
The Integration of Computers and Communications
The aspiration of enabling people throughout the world to connect anytime, anywhere, and with anyone, is aligned with the SDGs pledge to "leave no one behind."

Announcement of C&C at INTELCOM 77

2013 — Transformation into a Social Value Innovator
\Orchestrating a brighter world
As the value expected by customers and society changed from tangible technologies and products to the intangible creation of value, NEC responded under Mid-term Management Plan 2015 by declaring its intention to transform into a Social Value Innovator.

2020 — The NEC Way
NEC marked the 120th anniversary of its founding by revising the NEC Way.

Purpose
Code of Values — Code of Conduct
Principles

2025 — Mid-term Management Plan 2025 Seize the Future Together
In May 2021, NEC formulated Mid-term Management Plan 2025, a five-year plan to achieve the NEC Way and NEC 2030VISION. Under this plan, it is promoting purpose-driven management with strategy and culture positioned as one.

NEC 2030VISION
Life
Society
Environment

SUSTAINABLE DEVELOPMENT GOALS

Management for Sustainability

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Approach to Materiality

GRI
3-2

"Materiality" refers to priority management themes from an ESG perspective. NEC identifies materiality from the perspective of risks and opportunities, referring to global guidelines in considering the impact of our materiality on both NEC and society through dialogue with experts and stakeholder representatives in various fields.

As part of the financial strategies in Mid-term Management Plan 2025, the Company has identified seven priority management themes and is implementing initiatives to address them to strengthen the non-financial foundation that encompasses ESG and underpins the sustainable growth of the NEC Group and society.

In fiscal 2024, NEC has further clarified its approach to increasing corporate value by addressing ESG issues in an integrated manner to both reduce risks and generate growth and opportunities. It positioned the seven priority management themes as its "Fundamental Materiality" with the objective of reducing risk and increasing the NEC Group's growth rate. The social and environmental themes to be created by the growth businesses in Mid-Term Management Plan 2025 have been organized into five themes as "Growth Materiality" to create growth/opportunities and improve the growth rate.

The matrix below shows the positioning and objectives of NEC's Growth Materiality and Fundamental Materiality through the lens of its formula for calculating corporate value. NEC will promote businesses with significant social, environmental and economic value by addressing its Fundamental Materiality and Growth Materiality while aiming for continuous inclusion in major ESG indices.

The job descriptions of internal executive officers clearly task them with addressing materiality, which is also a component of the key performance indicators used to evaluate the performance and effectiveness of the Corporate Officer in charge of the Environment and other officers involved in sustainability promotion. In addition, NEC will employ evaluations and feedback from various stakeholders obtained through ESG surveys, direct dialogue and other channels to structure a robust and resilient financial and non-financial base over the medium to long term.

External Ratings and Evaluations (Inclusion in ESG Indices)

Corporate Value Formula and Materiality
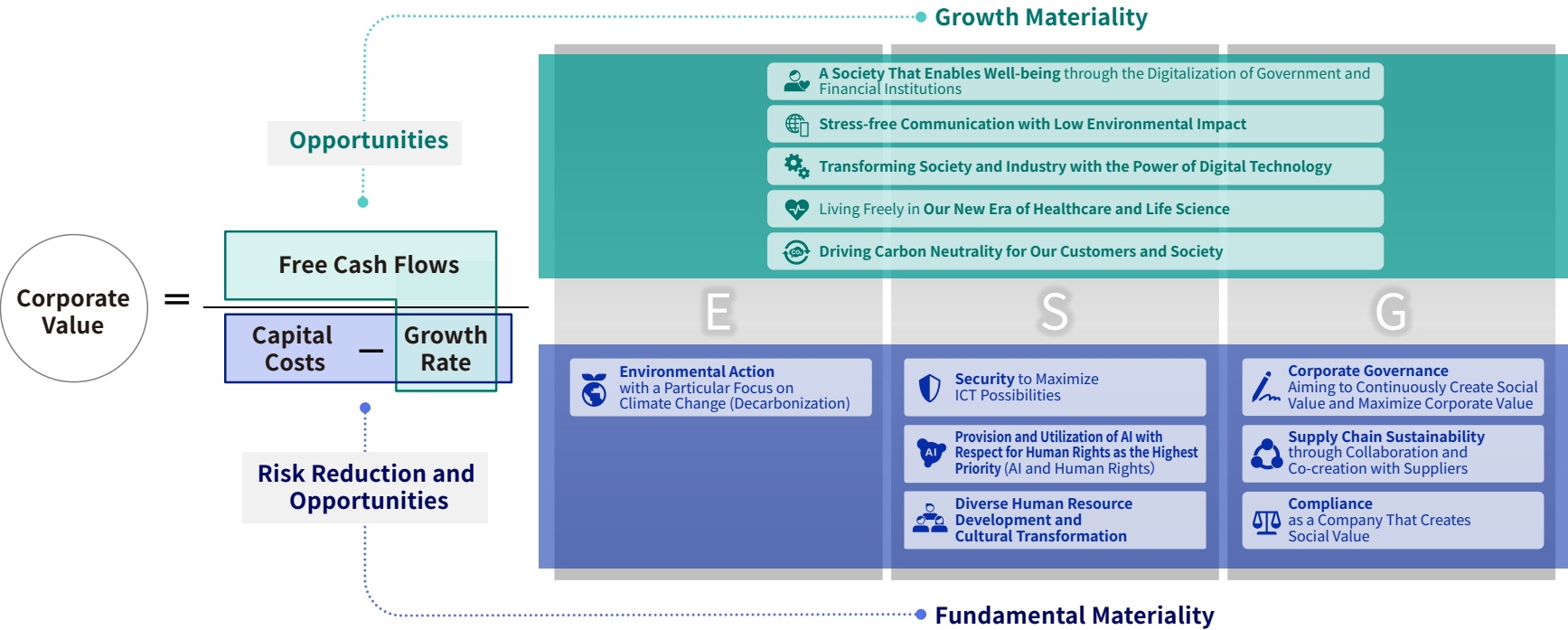
Management for Sustainability

Governance	**Strategy**	Risk Management (Including Opportunity Generation)	Indicators and Goals

### Evolution of the Definition Process

GRI 3-1

NEC defined its materiality in fiscal 2019 with reference to global guidelines including ISO 26000, the GRI Standards, the principles of the UN Global Compact, the SDGs and the SASB Materiality Map through dialogue with experts in various fields and with representative stakeholders, and reviews it as necessary.

Currently, NEC's materiality consists of "Fundamental Materiality" (redefined in fiscal 2022 when it formulated Mid-term Management Plan 2025) and "Growth Materiality" to create growth/opportunities and improve the growth rate (organized in fiscal 2024 by the growth businesses in Mid-Term Management Plan 2025).

Fiscal 2019—Defining NEC's Materiality

With reference to global guidelines and taking into consideration the characteristics of NEC's business, the Company identified social issues and surveyed employees about the importance of both opportunities and risks to them, and plotted a materiality map with impact on NEC and impact on society as the axes. It also highlighted both positive and negative issues with a high level of impact on both NEC and society and provisionally identified these issues as the Company's materiality—themes that NEC should tackle with a high priority. Finally NEC formally defined its materiality in consultation with external experts.

Risks: Materiality Map

Opportunities: Materiality Map
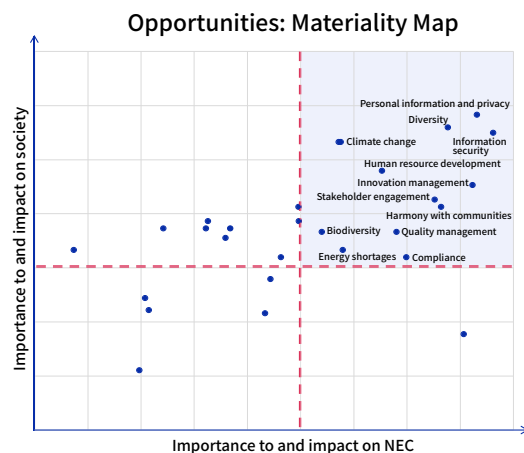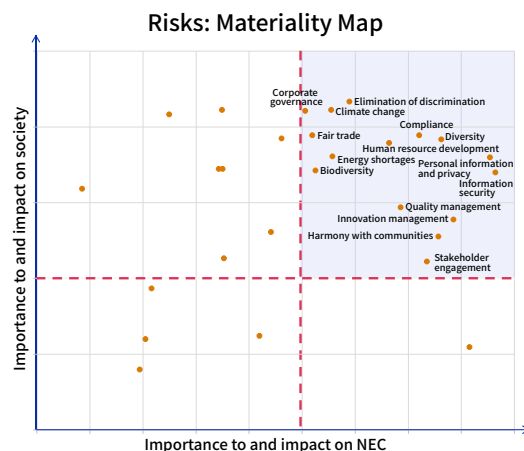
NEC set non-financial indicators to measure the progress of its materiality initiatives, aiming to best quantify outcomes in terms of the level of positive value provided to society. The materiality indexes were also determined through dialogue with external experts and based on the report to the Board of Directors.

Definition Process for Fiscal 2019 Materiality

📄 "Sustainability Management" on page 3 of Sustainability Report 2018

Fiscal 2021—Redefining NEC's Materiality

In 2020, NEC revised the NEC Way. As the three themes of "dialogue and co-creation with our stakeholders," "innovation management," and "governance and compliance" were incorporated into the NEC Way, the six remaining themes were designated as NEC's materiality. They were determined based on the report to the Board of Directors.

Materiality Reset in Fiscal 2021

📄 "Priority Management Themes from an ESG Perspective—Materiality" on page 8 of Sustainability Report 2020

Fiscal 2022 – Reviewing NEC's Materiality in Formulating Mid-term Management Plan 2025

NEC reviewed its materiality in light of changes in the business environment and social demand. Managers of growth businesses under Mid-term Management Plan 2025 attended workshops to examine the social and environmental value created by their businesses. Through dialogue with external experts, materiality was defined according to the following criteria.

- Non-financial (ESG/future financial) management themes that have a significant positive or negative impact on society and the environment, as well as on the NEC Group

- Themes where progress can be measured or visualized from a social or environmental perspective

As a result, NEC decided to exclude the two themes categorized under "2020 Growth Focus to Create Social Value," which are both business themes, and to continue to work on the four themes categorized under "Sustainable Growth Enablers." Furthermore, at the aforementioned workshops, managers of growth businesses stated that "corporate governance," "supply chain sustainability," and "compliance" were also essential themes for promoting businesses with high social and public value, and for gaining the trust of society. Accordingly, the seven themes were reported to the Board of Directors as materiality for Mid-term Management Plan 2025.

📄 "Materiality: Priority Management Themes from an ESG Perspective" in "Sustainability Report 2021"

Fiscal 2024: Studies to Review Materiality

NEC believes that in addition to reducing risk, ESG drives the generation of growth and opportunities. As such, NEC expects to increase corporate value by integrating and managing these two aspects of ESG.

Therefore, in order to clarify the themes for generating growth and opportunities, in fiscal 2024, the social and environmental themes to be created by the growth businesses in Mid-Term Management Plan 2025 have been organized into "Growth Materiality" to create growth/opportunities and improve the growth rate. In addition, the seven priority management themes have been positioned as "Fundamental Materiality" with the goal of reducing risk and improving the NEC Group's growth rate. NEC will further strengthen management that integrates financial and non-financial issues, centered on its Growth Materiality and Fundamental Materiality.

Management for Sustainability

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Initiatives to Address Growth Materiality

GRI
3-2

A Society That Enables Well-being through the Digitalization of Government and Financial Institutions (DG/DF)

We will build an infrastructure that enables highly transparent and fair use of government and financial services and ensures that said services are customer-centered and tailored to the needs of each individual through the use of extremely reliable digital technology.

Stress-free Communication with Low Environmental Impact (Global 5G)

We will enable a wide range of entities—from individuals to businesses and government agencies— to make extensive use of information, leading to richer and brighter lives for everyone, anywhere, at all times by implementing high-speed, high-capacity, low-latency telecommunications environments that support enhanced access to information, new DX services, and disaster prevention.

Transforming Society and Industry with the Power of Digital Technology (Core DX)

We will promote digital transformation in both society and industry by leveraging our technological strengths in AI, biometrics, and security, as well as our abundant expertise in human resources in areas such as cloud services, agile development, and data science.

Living Freely in Our New Era of Healthcare and Life Science

We will achieve advanced personalized treatment, comprehensive medical services, and lifestyle support, promoting new business development with AI and image recognition technology.

Driving Carbon Neutrality for Our Customers and Society

Leveraging our knowledge and experience in reducing our own CO_2 emissions, we will contribute to carbon neutrality throughout society by digitally supporting our customers' decarbonization efforts, including initiatives within manufacturing supply chains.

Targets and progress of Growth Materiality are identical to those of the growth businesses under Mid-term Management Plan 2025.

📄 Mid-term Management Plan 2025

📄 Fiscal Results for the Fiscal Year Ended March 31, 2024 (See page 18)

Management for Sustainability

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Initiatives to Address Fundamental Materiality

Environmental Action with a Particular Focus on Climate Change (Decarbonization)

NEC is contributing to the reduction of greenhouse gases worldwide by reducing CO_2 emissions from its own business activities to net zero and working with its suppliers to reduce CO_2 emissions throughout the supply chain. In 2022, NEC signed The Climate Pledge, declaring that it will achieve net zero CO_2 emissions throughout its supply chain (Scope 1, 2 and 3) by 2040. In addition, in April 2024, NEC's upgraded targets of "reducing Scope 1, Scope 2, and Scope 3 by more than 50% (compared to fiscal 2021)" by fiscal 2031 were also validated under SBTi's Corporate Net-Zero Standard. Furthermore, by providing solutions to prepare for the risks of weather-related disasters such as floods and droughts, NEC is contributing to climate change adaptation measures for customers and society.

Climate Change

Security to Maximize ICT Possibilities

NEC aims to minimize the effects of major security incidents by ensuring that it enhances cybersecurity measures while also strengthening information security, and provide products, systems and services that incorporate security measures and case studies taken from the NEC Group's own information security practices as a reference to realize a secure information society.

Moreover, one of its responsibilities regarding social infrastructure is reinforcing the development of information security professionals to protect the information assets entrusted to us by our customers and business partners as well as the Group's own information assets.

As part of this effort, NEC is increasing the number of people recognized as Certified Information Systems Security Professionals by the International Information System Security Certification Consortium (ISC)[2] of the United States.

Furthermore, in using the knowledge it has gained from working on security measures NEC is acting as its own "first client" to help strengthen its customers' security measures.

Information Security and Cybersecurity

NEC ESG Day

Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)

In accordance with the NEC Group AI and Human Rights Principles, NEC is committed to the following three initiatives:

1. Ensure that all products and services are implemented and utilized by NEC, customers, and partners appropriately

2. Continue to develop advanced technology and talent to further promote AI utilization, with respect for human rights as the highest priority

3. Promote engagement and collaboration with a range of stakeholders in using AI

In addition, NEC applies this policy with the objective of strengthening AI governance based on trends in laws and regulations in and outside Japan, and maintaining dialogue with various stakeholders.

AI and Human Rights

Diverse Human Resource Development and Cultural Transformation

Based on the NEC Way and NEC's HR Policy, "transformation of people and culture" is a tenet of Mid-term Management Plan 2025.

NEC will accelerate diversity, which is the source of innovation, and implement workstyle reforms that support the working styles of diverse talent.

Human Capital Management

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Occupational Health and Work-Life Balance

Corporate Governance Aiming to Continuously Create Social Value and Maximize Corporate Value

To continuously create social value and maximize corporate value, NEC promotes corporate governance based on the following basic policies.

1. Assurance of transparent and sound management

2. Realization of prompt decision-making and business execution

3. Clarification of accountability

4. Timely, appropriate and fair disclosure of information

Corporate Governance

Supply Chain Sustainability through Collaboration and Co-creation with Suppliers

NEC endeavors to work not only within NEC itself, but also through collaboration and co-creation with suppliers to conduct business while giving full attention to its impacts on the environment and society as a whole. We believe this enables us to gain the trust of society and contribute to the creation of sustainable social value.

NEC will continue to promote activities to ensure that all suppliers are aware of the Guidelines for Responsible Business Conduct in Supply Chains and submit declarations pledging to uphold its contents.

Supply Chain Management

Compliance as a Company That Creates Social Value

In order for NEC to continue to be a company society trusts as a Social Value Innovator, it must uphold its Principle of "uncompromising integrity and respect for human rights." Above all, the practice of compliance is an essential factor in earning the trust of society as a Social Value Innovator.

All officers and employees have signed the Statement of Agreement for the NEC Group Code of Conduct. Each and every one of us recognizes compliance as a personal matter and acts in accordance with the code every day.

Compliance

Management for Sustainability

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Identifying Sustainability-related Risks and Opportunities

GRI 3-3

	Materiality	Risks	Opportunities	Initiatives
Growth Materiality	**A Society That Enables Well-being through the Digitalization of Government and Financial Institutions (DG/DF)**	• 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	• Collaboration and integration with government, finance, and various other industries • Expansion of user base for advanced asset management advice and asset transactions	Digital Government Digital Finance
	Stress-free Communication with Low Environmental Impact (Global 5G)	• Environmental burden due to increased energy consumption by telecommunications equipment	• Increased demand for solutions that enable efficient traffic accommodation, network construction, flexible network operation, and carbon neutrality • Increased emphasis on secure communications	5G
	Transforming Society and Industry with the Power of Digital Technology (Core DX)	• Delays in implementation in actual business due to a lack of human resources with DX expertise and difficulty in creating road maps	• Continued IT demand due to digitalization of both society and enterprises • Increased adoption of cloud-based services that use digital technologies	BluStellar (Japanese language only)
	Living Freely in Our New Era of Healthcare and Life Science	• Delays in collaborations and market growth	• Increasing demand for healthcare that uses cutting-edge technologies such as AI	Healthcare and Life Science
	Driving Carbon Neutrality for Our Customers and Society	• Increased costs due to the introduction of carbon pricing and CO_2 emission levels • System failure from natural disasters	• Increasing demand for ICT solutions to realize carbon neutrality	Environmental Solutions (Japanese language only) Agricultural ICT Solutions Adaptation Finance (Japanese language only)
Fundamental Materiality	**Environmental Action with a Particular Focus on Climate Change (Decarbonization)**			Climate Change Countermeasures
	Security to Maximize ICT Possibilities	• Information leaks, unauthorized access, system failure	• Development of security professionals • Provision and operation of robust information systems	Information Security and Cybersecurity
	Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)	• Invasion of privacy-related risks accompanying new technologies • Risks of human rights violations in the value chain	• Strengthening competitiveness	AI and Human Rights
	Diverse Human Resource Development and Cultural Transformation	• Fiscal 2024 and Fiscal 2025 Priority Risk: Harassment • Fiscal 2025 Priority Risk: Long working hours • Difficulty in securing and developing human resources	• Greater organizational strength through improved employee engagement	Human Capital Management Inclusion and Diversity Hiring, Retention, and Compensation Human Resource Development Occupational Health and Safety and Work-Life Balance
	Corporate Governance	• Inadequate accounting processes • Mismanagement of confidential information	• Acquisition of trust from society	Corporate Governance
	Supply Chain Sustainability	• Risks of human rights violations in the value chain	• Collaboration and co-creation with suppliers	Supply Chain Sustainability
	Compliance	• Compliance breaches (illegal acts, fraudulent acts) • Fiscal 2024 Priority Risk: Compliance with quality and safety laws and regulations • Fiscal 2024 Priority Risk: Enhancing the quality of project contracts	• Acquisition of trust from society	Compliance

Management for Sustainability

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

KPIs for Initiatives to Address Materiality, and Results for Fiscal 2024

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	Materiality	KPIs for Fiscal 2026		Results for Fiscal 2024	

Growth Materiality	A Society That Enables Well-being through the Digitalization of Government and Financial Institutions	DG/DF	• DG/DF revenue: 310.0 billion yen
			  Adjusted operating profit margin: 11.6%[1]
				DG/DF	• DG/DF revenue: 301.5 billion yen
					  Adjusted operating profit margin: 6.2%

	Stress-free Communication with Low Environmental Impact	Global 5G	Global 5G revenue: 127.0 billion yen Adjusted operating profit margin: 12.6%[1]	Global 5G	• Global 5G revenue: 72.6 billion yen Adjusted operating profit margin: 14.9%

	Transforming Society and Industry with the Power of Digital Technology	Core DX	• Core DX revenue: 570.0 billion yen
			  Adjusted operating profit margin: 13.2%
			• Total human resources involved with DX: 12,000[2]
				Core DX	• Core DX revenue: 386.0 billion yen
					  Adjusted operating profit margin: 6.4%
					Total human resources involved with DX: 10,376

	Living Freely in Our New Era of Healthcare and Life Science	Healthcare and Life Science	• Continuously create new businesses in healthcare and life sciences to achieve a business value of 500 billion yen by 2030	Healthcare and Life Science	• Launched Japan's first electronic medical record system powered by generative AI • Established BostonGene Japan and started genomic testing services • Confirmed the enhanced efficacy of a personalized neoantigen vaccine for cancer treatment
	Driving Carbon Neutrality for Our Customers and Society	Carbon Neutrality	• Business expansion in areas such as carbon management to support corporate decarbonization	Carbon Neutrality	• Promote external collaborations and trials in areas such as corporate decarbonization and climate change adaptation
Fundamental Materiality	Environmental Action with a Particular Focus on Climate Change (Decarbonization)		• 25.0% reduction in Scope 1 and Scope 2 CO_2 emissions (compared with fiscal 2021)[1] to achieve carbon neutrality by 2040		• Approximately 31.0% reduction in Scope 1 and Scope 2 CO_2 emissions (compared with fiscal 2021)
	Security to Maximize ICT Possibilities		• Three times the number of internationally certified personnel (compared with fiscal 2021)[1]		• More than 450 internationally certified personnel, approximately triple the number in fiscal 2021
	Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)		• Application of the NEC Group AI and Human Rights Principles		• Application of the NEC Group AI and Human Rights Principles

	Diverse Human Resource Development and Cultural Transformation		• Engagement score: 50%
			
			• Ratio of female managers to all managers: 20%[3]
			  Ratio of female and non-Japanese officers[4] to all officers: 20%
					• Engagement score: 39%
					
					• Ratio of female managers to all managers: 9.2%[5]
					  Ratio of female and non-Japanese officers[3] to all officers: 15.3%[6]

	Corporate Governance		• Increase sophistication of governance by transitioning to a company with a Nomination Committee, etc., with a majority of independent outside directors[7]		• Transition to a company with a Nominating Committee, etc., with a majority of independent outside directors
	Supply Chain Sustainability		• Suppliers agreeing to the Procurement Guidelines: 75%[8]		• Suppliers who have agreed to the Procurement Guidelines: 86%
	Compliance		• Zero cases of serious involvement with cartels and/or bid-rigging		• Zero cases of serious involvement with cartels and/or bid-rigging

1. Target changed in fiscal 2024.
2. Target increased in fiscal 2024.
3. Includes transfers effective April 1, 2026 determined within fiscal 2026.
4. Directors, executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents of the Company as of March 31, 2026 (including executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents whose appointment is determined during fiscal 2026 and transfer is scheduled for April 1, 2026).
5. As of March 31, 2024. The ratio of female managers to all managers was 10.2% as of April 1, 2024
6. Directors, executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents as of March 31, 2024. The ratio of female and non-Japanese to directors and officers as of April 1, 2024 was 15.8%.
7. These KPIs were determined along with other fiscal 2026 KPIs when Mid-term Management Plan 2025 was announced, but quantitative details were not disclosed until the information on changes in organizational design were announced.
8. Percentage based on procurement amount.
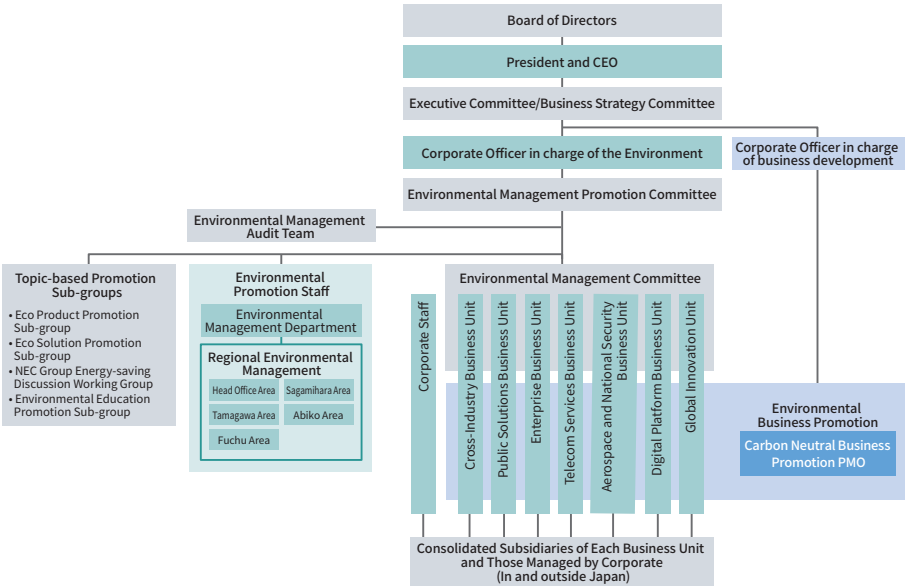
Environmental Management

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Environmental Management Implementation Framework

Important matters, including climate change, are discussed by either the Executive Committee or the Business Strategy Committee. Discussions are limited to those deemed important based on deliberations by the environmental management committees in each business unit, special sub-groups for each topic, and the Environmental Management Promotion Committee, which comprises managers in charge of the environment in each business unit. Furthermore, issues that may have a particularly significant impact on NEC's businesses are reported to the Board of Directors.

Each business unit has established environmental management committees. In addition, a system has been established for carrying out specific measures by each business unit, its divisions, affiliated companies, and subsidiaries of NEC around the world. By formulating and implementing specific action plans based on the environmental strategy devised by either the Executive Committee or by the Business Strategy Committee, we can implement consistent environmental management throughout NEC under the supervision of the Board of Directors. For business development activities in which the environment is a new business opportunity, we have established a dedicated team called the Carbon Neutral Business Promotion PMO* to promote collaboration among all companies, including Group companies, and to accelerate commercialization.

* PMO: Project Management Office

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

NEC Environmental Policy

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As part of its corporate social responsibility activities, NEC engages in environmental management. NEC seeks to reduce environmental impact across society by providing environmentally friendly products and services, as well as reducing the environmental impact of its own business activities by conserving energy at its facilities and during transportation and by reducing the chemical substances it uses. To promote environmental management groupwide—including at NEC on a non-consolidated basis, affiliated companies, production bases, and research facilities—the Company has established the NEC Environmental Policy, which sets out action guidelines.
We work to ensure that all actions of employees and corporate officers comply with this policy. Furthermore, we require all suppliers, contractors, and other stakeholders in our supply chains to behave in a manner consistent with relevant guidelines and agreements while considering the environment.

NEC Environmental Policy

NEC views the operation of business in harmony with the environment as one of its top priority issues and is committed to reducing the environmental impact of the entire global supply chain and contributing to a sustainable society.

1. We will create social value focused on delivering ICT solutions and services leveraging advanced technologies to contribute to their adaptation, and we will contribute to the reduction of the environmental burden on customers and the global environment and to the mitigation of the impact of climate change.

2. We will assess the environmental impact throughout the entire lifecycle of ICT solutions and service development with considerations for reducing environmental burden.

3. We will comply with environmental laws and regulations associated with our business activities, honor agreements with stakeholders, and strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste throughout the entire supply chain.

4. We will prioritize the procurement of environmentally friendly hardware, software and services.

5. We will disclose environmental information regarding our business activities, ICT solutions and services to our stakeholders.

6. We will raise the environmental awareness of each and every one of our employees worldwide and contribute to the conservation of the global environment through the promotion of climate change action, resource circulation and biodiversity.

7. We will strive to improve our environmental management system with environmental targets and conduct periodic reviews to realize continual improvement.

Environmental Management

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Green Procurement

Environmental laws and regulations include the EU RoHS Directive prohibiting/regulating the inclusion of specified chemical substances, the EU REACH regulations requiring the provision of information on the content of specified chemical substances in products, and the EU ErP Directive requiring eco-design requirements for products, and all of them stipulate varying requirements. Compliance with these environmental laws and regulations is required for risk management in supply chains. NEC positions products that fully comply with these environmental laws and regulations as environmentally friendly products, and has established the NEC Green Procurement Guidelines to promote the green procurement necessary for manufacturing environmentally friendly products. To comply with regulations that cover chemical substances, we ask our suppliers to properly manage the chemical substances contained in the products they deliver, and to cooperate in surveys for verifying the information on chemical substances contained in the products they deliver. Details about the proper management of chemical substances contained in (V-3) products are presented on page 15 in "Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products."

Green Procurement Standards (Guidelines for Responsible Business Conduct in Supply Chains)

(V-1)   Creation of an environmental management system

(V-2)   Appropriate management of chemical substances used in the manufacturing process

(V-3)   Appropriate management of chemical substances contained in products (excluding software and services)

(V-4)   Responding to surveys of chemical substances contained in the products supplied to the NEC Group

(V-5)   Implementing product environmental assessments

(V-6)   Climate change measures

(V-7)   Efforts and contributions to global environmental conservation

(V-8)   Public disclosure of environmental information

(V-9)   Resource and energy conservation

(V-10) Long lifetime

(V-11) Use of recycled parts and materials

(V-12) Use of materials that are easy to recycle

(V-13) Labeling plastic types

(V-14) Green procurement

📄 Guidelines for Responsible Business Conduct in Supply Chains

Available in Japanese, English, and Chinese (Simplified Chinese and Traditional Chinese)

Enhancing Engagement with Suppliers

In fiscal 2024, NEC identified and assessed risks by conducting a survey of sustainable procurement covering about 1,300 of its suppliers (throughout its supply chains). The survey includes 40 questions about the environment, ranging from the establishment and operation of environmental management systems, proper management of chemical substances, CO_2 emissions reduction, water consumption, and waste generation to the status of initiatives to control and reduce environmental impact and biodiversity risk assessments. In particular, with regard to climate change measures, we have strengthened collaboration and co-creation with our suppliers to promote the five-stage STEP program of activities to reduce CO_2 emissions. Specifically, in June 2023, we held briefings on STEP 2 (visualization of emissions) for approximately 600 suppliers to provide the specific calculation method and a simple calculation tool free of charge. In addition, for STEP 3 (setting quantitative reduction targets), we have initiated activities in fiscal 2025 to help our suppliers obtain SBT certification.

For water risk, we targeted hardware-related suppliers because they are considered to have a relatively high impact on natural capital, and assessed the risks of approximately 2,000 production sites using Aqueduct, a water risk assessment tool provided by the World Resources Institute (WRI). As a result, we identified sites located in risk areas (approximately 2%). For these sites, we engaged in dialogue with each manufacturer considered to have a particularly high impact on water risk, and confirmed that the risks are minor through assessments of the actual conditions and the status of risk responses.

We will continue to cooperate with suppliers to reduce environmental risks by working to understand the actual state of environmental issues throughout the entire supply chain and taking corrective action.

Supply Chain Management

Environmental Education and Awareness

Environmental Training for All Employees

NEC conducts environment-related web-based training (in five languages) for all employees at offices around the world. The materials are in a story-based dialogue format designed to interest participants. They include case studies of energy-saving practices such as switching to LED lighting and setting up IT equipment in an effort to make each employee aware of ways to save energy. The objective of this education is to raise awareness of the NEC Environmental Policy and other goals and ensure thorough compliance with laws and regulations. Completion rates were 97.7% in Japan (over the 95% target) and 97.2% outside Japan (over the 95% target).

Note: Percentages of employees who completed courses are based on the number of employees asked to take the courses.

Training for Environmental Auditors

NEC provides environmental auditors with annual classroom training in areas that include legal revisions and audit policies. Our auditor training, which is designed to improve the quality of audits, includes a strict review of audit objectives, priority items and changes that were determined based on the results of environmental management audits in the previous fiscal year. In particular, with respect to legal and other matters, we are working to make enhancements by building on general explanations with specific explanations of focus points including business-specific matters and issues raised in the audit in the preceding fiscal year. Our training program also includes group discussions among all auditors, as well as other techniques to enhance the competence of auditors in terms of both knowledge and action.

Environment Month

We have designated June as NEC Group Environment Month, for which we plan and conduct environment-related educational events. The theme for fiscal 2024 is "The local reality to the global - Connect regional initiatives around the world -." Now that we can resume "real experiences" in the post-COVID world, we would like to incorporate an environmental perspective into our new lifestyles and contribute to the global environment.

Environment Month included food-related events co-sponsored with NEC Livex at NEC cafeterias, an event showcasing biodiversity conservation activities at NEC's Abiko Plant, provision of information about the NEC Group's environmental initiatives in regions worldwide, and lectures and panel discussions where participants could learn about NEC's environmental initiatives. Many employees in Japan and around the world participated.

Environmental Management

Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals
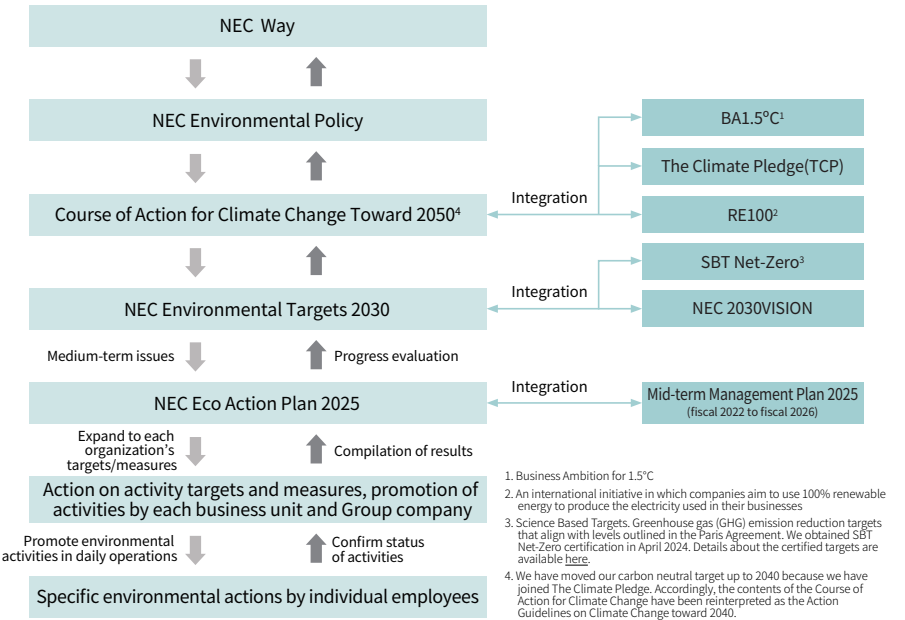
Environmental Management Promotion Process

We have established the NEC Environmental Policy in line with the NEC Way, and have determined long-term action guidelines and mid- to long-term milestones. Regarding climate change countermeasures, we have declared our intention to achieve carbon neutrality by 2040, and have set the goal of halving CO_2 emissions from our entire supply chain by 2030 compared with fiscal 2021 levels.

NEC has formulated NEC Eco Action Plan 2025, which sets out the environmental goals and climate change targets that NEC will work toward over the five-year period from fiscal 2022 to through 2026, and we are encouraging all of our employees to take action.

In formulating NEC Eco Action Plan 2025, we considered major internal and external environmental trends and the results of climate scenario analyses to gain a better understanding of the risks and opportunities that could impact the NEC Group. Using the two axes of urgency and impact, we then determined themes that are highly urgent and impactful, and also common to all NEC Group companies.

NEC Eco Action Plan 2025 is rolled out to each business unit and Group and translated into specific actionable goals based on the characteristics of each business, so that the actions of all employees lead to the achievement of the goals. The progress of these activities is monitored through environmental management audits, and remedial measures are taken as needed to ensure steady progress.

NEC Way

NEC Environmental Policy → BA1.5°C[1]

→ The Climate Pledge(TCP)

Course of Action for Climate Change Toward 2050[4] ← Integration → RE100[2]

→ SBT Net-Zero[3]

NEC Environmental Targets 2030 ← Integration → NEC 2030VISION

Medium-term issues ↓ ↑ Progress evaluation

NEC Eco Action Plan 2025 ← Integration → Mid-term Management Plan 2025 (fiscal 2022 to fiscal 2026)

Expand to each organization's targets/measures ↓ ↑ Compilation of results

Action on activity targets and measures, promotion of activities by each business unit and Group company

Promote environmental activities in daily operations ↓ ↑ Confirm status of activities

Specific environmental actions by individual employees

1. Business Ambition for 1.5°C
2. An international initiative in which companies aim to use 100% renewable energy to produce the electricity used in their businesses
3. Science Based Targets. Greenhouse gas (GHG) emission reduction targets that align with levels outlined in the Paris Agreement. We obtained SBT Net-Zero certification in April 2024. Details about the certified targets are available here.
4. We have moved our carbon neutral target up to 2040 because we have joined The Climate Pledge. Accordingly, the contents of the Course of Action for Climate Change have been reinterpreted as the Action Guidelines on Climate Change toward 2040.

Development of Environmentally Friendly Products and Services

Framework for Developing Eco Products

NEC is working to reduce the environmental footprint of its products over their entire lifecycles, from the procurement stage through to customer use and disposal. In these activities, in addition to our long-standing emphasis on quality, cost, and delivery, we have added an emphasis on compliance and ecology including resource circulation, global warming prevention, and environmental awareness. Environmentally friendly products, software, and services that meet NEC's environmental standards are certified and registered at three levels. Level one Eco Products are products that have been confirmed as meeting all of the Eco Product standards—which are basic requirements—in product assessments conducted by each business division during new product development.

Eco Symbol Products (level 2) are Eco Products that meet the Eco Symbol standards, which require products to be even more environmentally advanced and environmentally friendly. The Eco Symbol Star (level 3) is assigned to Eco Symbol products that are regarded as leading environmental products that conform to stringent standards, such as a 50% reduction in CO_2 emissions compared with that of conventional products. Products conforming to the aforementioned standards feature the Eco Symbol Star mark in product catalogs and on websites.

📄 Details of Eco Symbol System and Product Assessments

List of Eco Symbol Star Products (Hardware)

List of Eco Symbol Star Products (Software and Services)

Environmentally Friendly Product List (Japanese language only)

Eco Symbol System
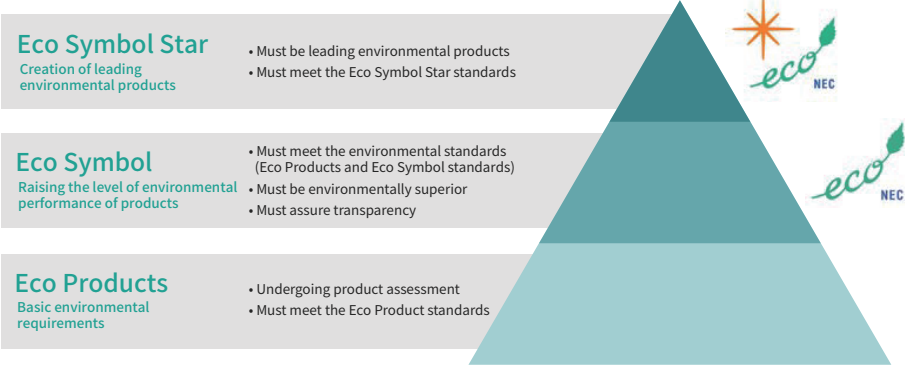
Eco Symbol Star
Creation of leading environmental products
- Must be leading environmental products
- Must meet the Eco Symbol Star standards

Eco Symbol
Raising the level of environmental performance of products
- Must meet the environmental standards (Eco Products and Eco Symbol standards)
- Must be environmentally superior
- Must assure transparency

Eco Products
Basic environmental requirements
- Undergoing product assessment
- Must meet the Eco Product standards

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Development of Environmentally Friendly Products and Services

Managing Chemical Substances Contained in Products

NEC established the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products (For Suppliers) in response to the global expansion of chemical substance regulations. We have specified banned substances that we do not allow our products to contain, as well as conditionally banned substances that must not exceed maximum defined values, and we require suppliers to comply with our restrictions. Through these initiatives, NEC has set the ambitious goal of making all NEC brand products compliant with the EU RoHS Directive, while ensuring zero violations of regulations for chemical substances contained in products.

In fiscal 2024, NEC added lead to its list of conditionally banned substances because EU battery regulations designated it as a prohibited substance. Accordingly, we updated and issued the 12th edition of the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products (For Suppliers). In addition, we raised awareness of product environmental compliance among NEC employees, and held an explanatory meeting for suppliers in China (Shanghai and Hong Kong) to emphasize the importance of product environmental compliance and to request that suppliers implement appropriate measures.

We use chemSHERPA-CI[5] and chemSHERPA-AI,[6] which are provided by JAMP (developed by the Ministry of Economy, Trade and Industry), for surveys to verify regulated substances contained in procured items. We do so in consideration of reducing supplier response times. The international standard IEC 624749[7] is being adopted for the chemSHERPA-AI (Compliance Information) Declarable Substance List (DSL).
The DSL is updated in a timely manner in line with revisions to laws and regulations, so studies using chemSHERPA-AI can always be used to comply with the latest laws and regulations.

📄 Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 12 (For Suppliers; Japanese)

📄 Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 12 (For Suppliers; English)

📄 Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 12 (For Suppliers; Chinese)

Surveys of chemical substance information use ProChemist/AS, a cloud service built and provided by NEC. ProChemist/AS links with the systems of other ProChemist users to facilitate tasks such as requesting surveys and obtaining responses. In addition, implementing optional functions enhances sophistication and efficiency.

5. Sheet for entering information on the chemical substances contained in a material or prescription to ensure compliance with laws and regulations
6. Sheet for entering information on the chemical substances contained in formulated products to ensure compliance with laws and regulations
7. International standards for material declaration issued by the International Electrotechnical Commission (IEC)

↗ JAMP (Joint Article Management Promotion-consortium)

↗ International standard IEC 62474

Explanatory meeting for suppliers in China

Environmental Audit and ISO 14001 Inspection

NEC is promoting the establishment of an ISO 14001-based environmental management system throughout the entire Group. Each Group company in Japan conducts in-house environmental audits while the Environment Management Department conducts environmental management audits. The latter audits are conducted by specialized certified ISO 14001 auditors. Environmental management audits particularly focus on the relationship between each division's operations and environmental strategy, the progress of environmentally friendly product development, environmental impact reduction, risk management, and monitoring of overall environmental activities such as ISO 14001 conformance, including examination of the effectiveness of the internal environmental audits. The results of these audits are verified through ISO 14001 audits undertaken by an external certification body.

ISO 14001 Standard for Environmental Management Systems: Certification (As of April 2024)

Consolidated subsidiaries in Japan	Consolidated subsidiaries outside Japan	Total
25 companies	7 companies	32 companies

📄 NEC Group Companies with ISO 14001 Certification

📄 ISO 14001 Certification Registrations in the NEC Group

Environmental Management

Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals**

Environmental Management Promotion Plan

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Progress and Revisions of NEC Eco Action Plan 2025

We have compiled NEC Eco Action Plan 2025, a medium-term action plan for promoting groupwide initiatives to achieve the goals set in our long-term environmental policy, and are expanding this plan to each business unit and Group company. We determined priority initiatives from three perspectives:

1. Reduce own risks and environmental footprint
2. Increase contributions through businesses
3. Build foundations to promote environmental management

1. Reduce own risks and environmental footprint

		Themes		Indicators		Fiscal 2024 targets	Fiscal 2024 results	Evaluation	Fiscal 2025 targets	Fiscal 2026 targets
(1)	Reduce CO$_2$ emissions	Scope 1, 2	Reduce total emissions (absolute value) (SBT)	Reduction rate of energy-derived CO$_2$ emissions (absolute value) (compared with FY2021)		-15%	-31%	Achieved	-20%	-25%
(2)			Expand use of renewable energy	Amount of electric power used from renewable energy (MWh)		213,000	245,448	Achieved	217,000	220,500
(3)		Scope 3	Reduce Category 1 emissions (SBT)	Implemented supplier engagement (thoroughly communicated to all major suppliers)		-4%	-4%	Achieved	Visualized emissions (Scope 3) Set reduction targets (SBT 1.5°C equivalent)	Implemented reduction measures
(4)			Reduce Category 11 emissions (SBT)	Proportion of products with improved energy efficiency (Newly developed successor models. Comparison with previous models)		—	—	—	100%	100%
(5)				Ratio of proposals with eco-related appeal		—	—	—	10%	15%
(6)	Reduce water consumption			Reduction rate (compared with FY2019)		-9.5%	-26.0%	Achieved	-10%	-10.5%
(7)	Reduce waste emissions			Reduction rate (compared with FY2019)		-3.4%	-36.3%	Achieved	-4.1%	-4.8%
(8)	Encourage recycling of plastic resources (newly added)			Reduce plastic waste output[9]	Reduction targets (compared with FY2020)	-2.8%	-46.2%	Achieved	-3.5%	-4.2%
					Information disclosure	Disclosure	Disclosure	Achieved	Disclosure	Disclosure

9. Targets are set for each relevant company. Figures in this chart are the targets of NEC Corporation.

2. Increase contributions through businesses

	Themes	Indicators	Fiscal 2024 targets	Fiscal 2024 results	Evaluation	Fiscal 2025 targets	Fiscal 2026 targets
(9)	Create a system to expand environmental value (reducing CO$_2$ emissions by promoting DX among customers, etc.) and sales from environmental contribution-related business (green revenue, etc.)	• Establish processes for each business unit and Group company to understand green revenue and manage results • Set targets for FY2026		Not Achieved		(Ongoing targets)	(Ongoing targets)

3. Build foundations to promote environmental management

	Themes	Indicators		Fiscal 2024 targets	Fiscal 2024 results	Evaluation	Fiscal 2025 targets	Fiscal 2026 targets
(10)	Increase environmental awareness among all employees	Completion rate	Japan	At least 95%	97.7%	Achieved	At least 95%	At least 95%
			Outside Japan	At least 95%	97.2%	Achieved	At least 95%	At least 95%

Environmental Management

Environmental Management Promotion Plan

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Management Items

To advance environmental management, in addition to "priority items," NEC has defined "management items," which are geared toward improving the level of activities that do not necessarily require targets and plans.

Areas	Themes		Management contents	Targets
Reduction of own environmental impact	Preventing global warming	1	Reduction rate of energy usage (consumption intensity)	Achieve 1% decrease year on year
		2	Reduction rate of energy usage intensity from logistics	Achieve 1% decrease year on year
	Promoting effective use of resources	3	Zero emissions	Continue to meet target
		4	Amount of paper purchased (copy paper, EDP paper)	Maintain or reduce levels from FY2006 (by subsidiary)
		5	Reuse of collected used products	Achieve reuse rate of 90% or more
	Preventing pollution (air and waste quality)	6	NOx and SOx emissions	Reduce by 1% or more compared with FY2018
		7	BOD and COD emissions	Reduce by 1% or more compared with FY2018
	Reducing chemical substance usage	8	Amount of chemical substances purchased	Reduce by 1% or more compared with FY2018
		9	VOC emissions	Reduce by 1% or more compared with FY2018
Risk countermeasures	Legal compliance (for notification, reporting, and emissions)	10	Chemical substance balance management	Achieve 100% implementation rate
		11	Chemical substance purchasing regulations	Achieve 100% implementation rate
	Compliance with RoHS rules	12	Conformance status of all products	Achieve 100% compliance
	Environmental assessments	13	Preliminary evaluation of facilities and chemical substances and new waste/assessment of manufacturing methods	Achieve 100% implementation rate
		14	Environmental assessments when constructing or demolishing factories and buildings	Achieve 100% implementation rate
Reduction of environmental impact of products and solutions	Hardware products	15	Percentage of devices that do not use brominated flame retardant in their plastic casing	95% or more
		16	Percentage of devices that use eco-plastics in their plastic casing	-
		17	Continued acquisition of Eco Symbol Star certification	Achieve 100% implementation rate
	Software products	18	Implementation rate of environmental assessments	Achieve 100% implementation rate
		19	Implementation rate of products subject to environmental impact evaluation	Achieve 100% implementation rate
	Hardware and software	20	Applications for Eco Symbol Star certification	-
Environmental communication	Transmission of environmental activities information	21	Number of publicity campaigns/activities	-
	Promoting contribution to local communities	22	Number of local community activities	-
Biodiversity	Ecosystem conservation activities in and around plants	23	Number of conservation measures implemented in collaboration with experts and local NPOs	Conduct 10 or more activities per year

Environmental Management

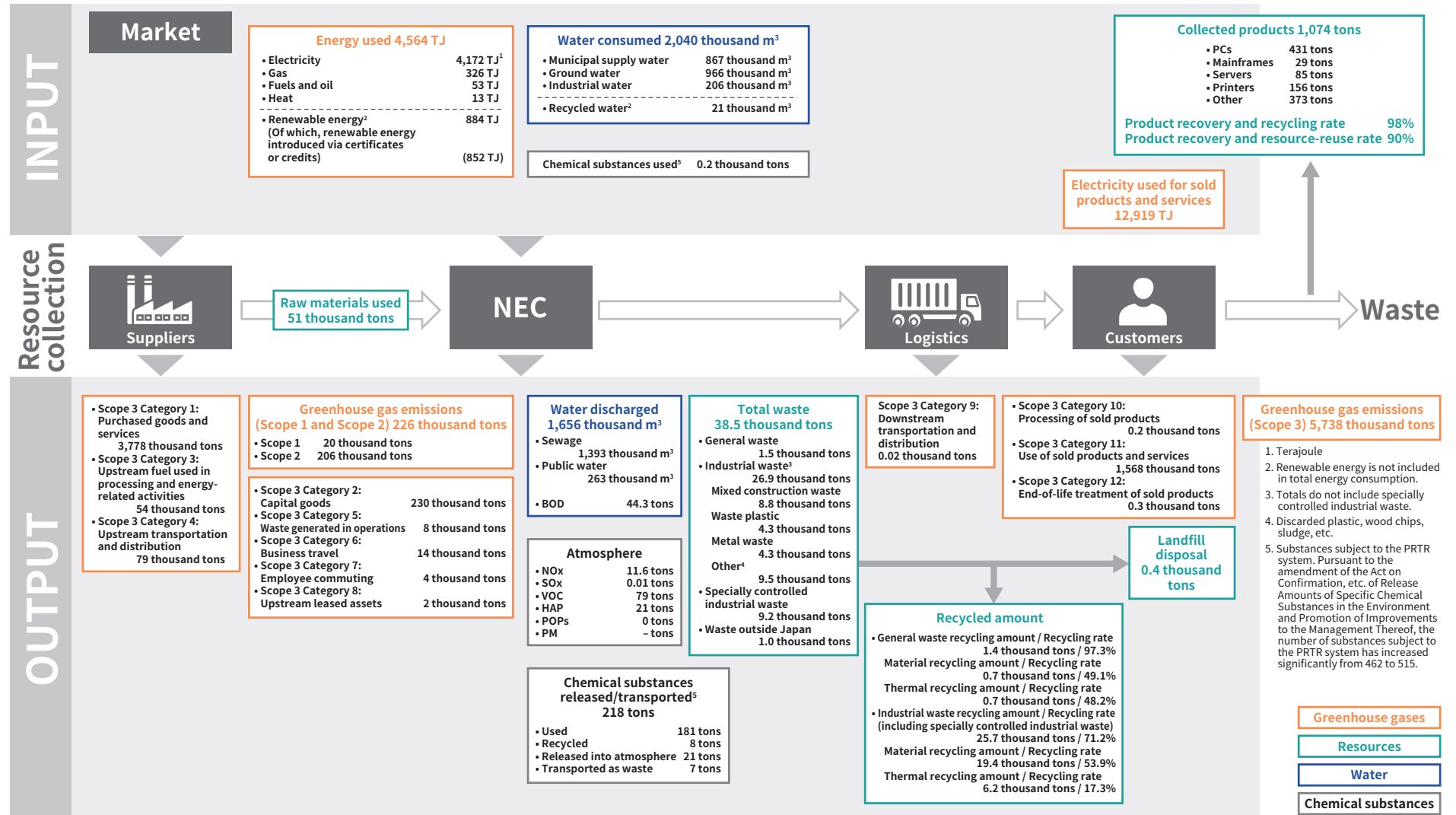| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Environmental Management

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Overview of Environmental Impact

INPUT

Market

Energy used 4,564 TJ
- Electricity   4,172 TJ[1]
- Gas   326 TJ
- Fuels and oil   53 TJ
- Heat   13 TJ
- - - - - - - - - - - - - - - - -
- Renewable energy[2]   884 TJ
  (Of which, renewable energy
  introduced via certificates
  or credits)   (852 TJ)

Chemical substances used[5]   0.2 thousand tons

Water consumed 2,040 thousand m³
- Municipal supply water   867 thousand m³
- Ground water   966 thousand m³
- Industrial water   206 thousand m³
- - - - - - - - - - - - - - - - -
- Recycled water[2]   21 thousand m³

Collected products 1,074 tons
- PCs   431 tons
- Mainframes   29 tons
- Servers   85 tons
- Printers   156 tons
- Other   373 tons

Product recovery and recycling rate   98%
Product recovery and resource-reuse rate   90%

Electricity used for sold products and services 12,919 TJ

Resource collection

Suppliers → Raw materials used 51 thousand tons → **NEC** → **Logistics** → **Customers** → **Waste**

OUTPUT

- Scope 3 Category 1:
  Purchased goods and services
  3,778 thousand tons
- Scope 3 Category 3:
  Upstream fuel used in processing and energy-related activities
  54 thousand tons
- Scope 3 Category 4:
  Upstream transportation and distribution
  79 thousand tons

Greenhouse gas emissions (Scope 1 and Scope 2) 226 thousand tons
- Scope 1   20 thousand tons
- Scope 2   206 thousand tons

- Scope 3 Category 2:
  Capital goods   230 thousand tons
- Scope 3 Category 5:
  Waste generated in operations   8 thousand tons
- Scope 3 Category 6:
  Business travel   14 thousand tons
- Scope 3 Category 7:
  Employee commuting   4 thousand tons
- Scope 3 Category 8:
  Upstream leased assets   2 thousand tons

Water discharged 1,656 thousand m³
- Sewage   1,393 thousand m³
- Public water   263 thousand m³
- - - - - - - - - - - - - - - - -
- BOD   44.3 tons

Atmosphere
- NOx   11.6 tons
- SOx   0.01 tons
- VOC   79 tons
- HAP   21 tons
- POPs   0 tons
- PM   – tons

Chemical substances released/transported[5] 218 tons
- Used   181 tons
- Recycled   8 tons
- Released into atmosphere   21 tons
- Transported as waste   7 tons

Total waste 38.5 thousand tons
- General waste   1.5 thousand tons
- Industrial waste[3]   26.9 thousand tons
  Mixed construction waste   8.8 thousand tons
  Waste plastic   4.3 thousand tons
  Metal waste   4.3 thousand tons
  Other[4]   9.5 thousand tons
- Specially controlled industrial waste   9.2 thousand tons
- Waste outside Japan   1.0 thousand tons

Recycled amount
- General waste recycling amount / Recycling rate
  1.4 thousand tons / 97.3%
  Material recycling amount / Recycling rate
  0.7 thousand tons / 49.1%
  Thermal recycling amount / Recycling rate
  0.7 thousand tons / 48.2%
- Industrial waste recycling amount / Recycling rate (including specially controlled industrial waste)
  25.7 thousand tons / 71.2%
  Material recycling amount / Recycling rate
  19.4 thousand tons / 53.9%
  Thermal recycling amount / Recycling rate
  6.2 thousand tons / 17.3%

- Scope 3 Category 9:
  Downstream transportation and distribution
  0.02 thousand tons

- Scope 3 Category 10:
  Processing of sold products
  0.2 thousand tons
- Scope 3 Category 11:
  Use of sold products and services
  1,568 thousand tons
- Scope 3 Category 12:
  End-of-life treatment of sold products
  0.3 thousand tons

Landfill disposal 0.4 thousand tons

Greenhouse gas emissions (Scope 3) 5,738 thousand tons

1. Terajoule
2. Renewable energy is not included in total energy consumption.
3. Totals do not include specially controlled industrial waste.
4. Discarded plastic, wood chips, sludge, etc.
5. Substances subject to the PRTR system. Pursuant to the amendment of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the number of substances subject to the PRTR system has increased significantly from 462 to 515.

Greenhouse gases
Resources
Water
Chemical substances

Environmental Data

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Greenhouse Gas Emissions[1]		FY2021	FY2022	FY2023	FY2024
	Scope 1	⊘ 22	⊘ 22	⊘ 21	⊘ 20
	Scope 2	⊘ 305	⊘ 302	⊘ 238	⊘ 206
	Scope 3[2]	⊘ 6,158	⊘ 6,535	⊘ 6,894	⊘ 5,738
Total greenhouse gas emissions (Thousand tons)		⊘ 6,485	⊘ 6,859	⊘ 7,152	⊘ 5,964

1. Calculations are based on Japanese law.
 • Greenhouse gases include CO_2 (carbon dioxide), CH_4 (methane), N_2O (nitrogen monoxide), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF_6 (sulfur hexafluoride) and NF_3 (nitrogen trifluoride).
 • Calculated by scope according to the Greenhouse Gas Protocol Initiative classification, as follows.
 Scope 1: Direct emissions of greenhouse gases generated from emission sources owned or controlled by the Company
 Scope 2: Indirect emissions of greenhouse gases from the use of electricity, steam, and heat
 Scope 3: Except for Scope 1 and Scope 2, other indirect emissions covering the upstream and downstream processes of the Company
2. All Scope 3 emissions since 2017 have been revised to reflect changes in Scope 3 Category 1 emission coefficients. For this reason, the total is not the same as the sum of each scope.

Energy used[3]			FY2021	FY2022	FY2023	FY2024
Electricity		TJ	6,694	6,805	5,411	4,172
		MWh	671,371	682,545	542,732	482,869
Fuel (gas)		TJ	357	357	329	326
		MWh	99,119	99,296	91,339	90,546
Fuels (heavy oil and kerosene, etc.)		TJ	66	66	60	53
		MWh	18,436	18,461	16,608	14,716
Heat (steam/hot water/ cold water)		TJ	20	17	13	13
		MWh	5,585	4,818	3,677	3,683
Total energy used (TJ/MWh)		TJ	7,137	7,245	5,813	4,564
		MWh	794,511	805,120	654,356	591,814

3. Calculations are based on Japanese law.

Renewable energy used	FY2021	FY2022	FY2023	FY2024
Amount used (MWh)	63,381	71,714	180,072	245,448

• Renewable energy used is not included in energy used above.

Water consumed		FY2021	FY2022	FY2023	FY2024
	Public water supply	⊘ 913	⊘ 929	⊘ 901	⊘ 867
	Ground water	⊘ 1,001	⊘ 1,014	⊘ 985	⊘ 966
	Industrial water	⊘ 203	⊘ 188	⊘ 181	⊘ 206
	Recycled water	4	4	4	⊘ 21
Total water used (Thousand m^3)		⊘ 2,117	⊘ 2,131	⊘ 2,067	⊘ 2,040

• Recycled water is not included in total water consumed.

Water discharged		FY2021	FY2022	FY2023	FY2024
	Sewage-related	⊘ 1,334	⊘ 1,309	⊘ 1,370	⊘ 1,393
	Public water-related	⊘ 349	⊘ 334	⊘ 288	⊘ 263
Total water discharged (Thousand m^3)		⊘ 1,683	⊘ 1,643	⊘ 1,658	⊘ 1,656

Waste generated	FY2021	FY2022	FY2023	FY2024
Total waste emissions (Thousand tons)	⊘ 35.9	⊘ 308.5	⊘ 42.2	⊘ 38.5
Recycling (Thousand tons)	29.1	291.7	36.7	28.1

• Recycling is the amount of recycled general waste, recycled industrial waste (including specially controlled industrial waste), and waste recycled outside Japan.

Air pollutant emissions	FY2021	FY2022	FY2023	FY2024
NOx emissions (Tons)	11.5	13.9	13.7	11.6
SOx emissions (Tons)	0.01	0.01	0.01	0.01
VOC emissions (Tons)	⊘ 82	⊘ 80	⊘ 86	79

Chemical substances handled	FY2021	FY2022	FY2023	FY2024
Chemicals subject to PRTR (Thousand tons)	0.2	0.2	0.2	0.2

Data collection scope

Climate Change Countermeasures

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Climate Change Countermeasure Implementation Framework

Within the framework described in Environmental Management implementation Framework (page 12), we are also implementing climate change countermeasures.

NEC's environmental policies and goals regarding climate change are discussed and formulated by the Environmental Management Promotion Committee, which is made up of the environmental promotion managers from each business unit. The Corporate Officer in charge of the Environment confirms the council's proposals and reports them to the Business Strategy Committee, an organization that is further up the organizational hierarchy and the one that provides approval at the corporate level. Risks related to climate change are also shared at the Environmental Management Promotion Committee. The Corporate Officer in charge of the Environment confirms those risks that could have a significant impact on businesses and, as necessary, reports to the Risk Control & Compliance Committee in accordance with the risk management process. In particular, climate risks and opportunities that could significantly affect businesses are also reported to the Board of Directors, as necessary. The Board of Directors deliberates on such reports and gives instructions on relevant measures, thereby providing supervision that ensures that NEC advances appropriate climate change countermeasures.

In fiscal 2023, participation in TCP was reported to the Business Strategy Committee and the Board of Directors, and the President approved the revision of the 2030 targets in conjunction with moving the target for net zero emissions up to 2040 from 2050. The new target is now shared by the entire Group through the revision of NEC Eco Action Plan 2025.

In addition, as part of our climate change countermeasures, we are advancing groupwide measures to reduce our in-house CO_2 emissions by addressing specific aspects of the issue through three special committees: the Eco Product Promotion Sub-group, the Eco Solution Promotion Sub-group, and the NEC Group Energy-saving Discussion Working Group. By reporting and submitting proposals to the Environmental Management Promotion Committee, these special committees facilitate the groupwide pursuit of energy-saving initiatives. Decisions made at the Environmental Management Promotion Committee are reported and instructed at each business unit and plant committee, and are then communicated to and thoroughly implemented by all employees.

Reports and Deliberations by Main Committees

Since climate change is positioned as one of the issues in NEC's materiality, committees attended by the President deliberate, supervise and report on initiatives, risks and opportunities related to the environment, including climate change. In addition, since fiscal 2022 NEC executives have engaged in dialogue with outside experts through the Sustainability Advisory Committee.

Fiscal year	Times	Content
Fiscal 2024	5 times	May: ESG & Sustainability Promotion Report
		September: How to Address Sustainability, Including Climate Change
		December: Report on Participation in COP28
		March: Thought leadership activities, fiscal 2024 summary, fiscal 2025 activity policy
		March: ESG Day

Participation in Initiatives Related to Climate Change

NEC is participating in environmental initiatives to build a sustainable business foundation for itself and promote the realization of a sustainable society through co-creation.

SBT Net-Zero (Approved April 2024)	SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	Net-Zero target certification obtained in April 2024. Aim to reduce Scope 1, Scope 2, and Scope 3 by 50% or more compared to fiscal 2021 by fiscal 2031, and by 90% or more by fiscal 2041. Initially, this reduction will be given top priority, and residual emissions that are very difficult to reduce will be neutralized with absorption credits to achieve Net-Zero.
RE100 Joined in May 2021	CLIMATE GROUP RE100	Switch to renewable energy for 100% of the electricity consumed at locations inside and outside Japan by 2040
BA1.5°C Became a signatory in September 2021	BUSINESS AMBITION FOR 1.5°C	Net zero greenhouse gas emissions from the entire supply chain by 2050
The Climate Pledge Became a signatory in September 2022	THE CLIMATE PLEDGE	Net zero greenhouse gas emissions from the entire supply chain by 2040

Involvement with Industry Associations

NEC is a member of the Japan Business Federation (Keidanren) and JEITA. At Keidanren, NEC's Corporate Officer in charge of the Environment participates as a member of the Committee on Environment and Safety and the Committee on Energy and Resources, and makes policy recommendations on global warming countermeasures and energy measures using IT. JEITA has established a consortium that brings together both users and providers of digital technology to create new digital solutions that lead to behavioral change and social transformation. NEC has participated as a member of steering committees since the consortium's establishment and contributes to its activities by leading working groups.
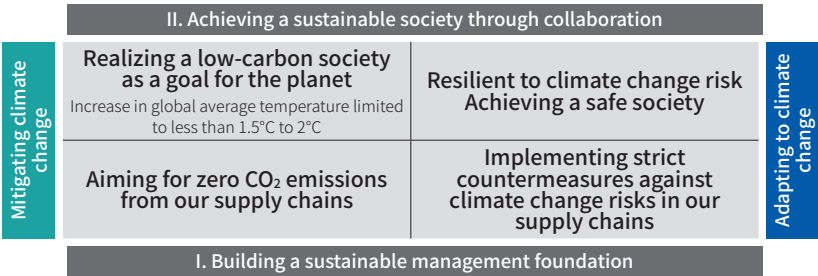
To ensure that NEC's climate change strategy is consistent with the positions of industry associations, we participate in seminars on climate change organized by government agencies such as the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Health, Labour and Welfare, as well as seminars organized by industry associations. In addition to collecting information, we also participate in various related organizations as committee members to discuss climate change and share the content of these discussions within the Company. Furthermore, we confirm whether the content is in line with NEC's positions and ideas and whether policies are aligned with the Paris Agreement. Divisions responsible for environmental management discuss any discrepancies based on the aforementioned environmental management system structure, and adjustments are then made through the Environmental Management Promotion Committee. Through this process, we align our climate change strategy with the activities of industry associations.

Climate Change Countermeasures

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

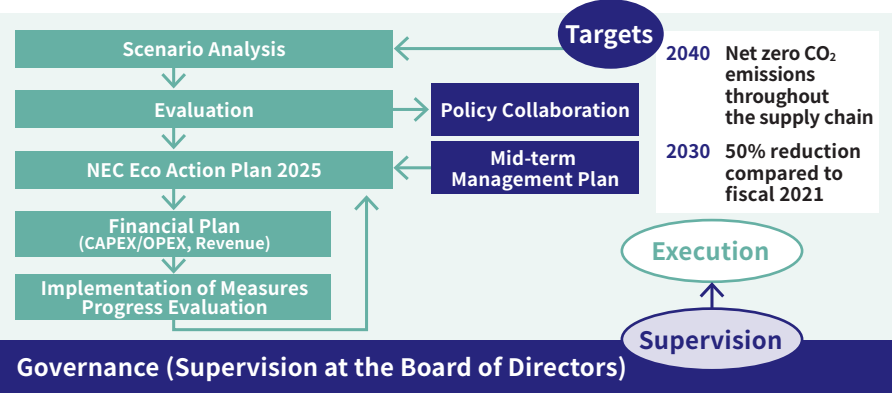### Climate Change Countermeasure Policy

NEC has positioned Environmental Action with a Particular Focus on Climate Change (Decarbonization) as one of its priority management themes from an ESG perspective – materiality. As a result, NEC will not only make efforts to reduce the environmental impact of its products and services, but will also support customers and society in their decarbonization efforts by utilizing ICT. Based on this approach, NEC formulated the Course of Action for Climate Change Toward 2050, declaring its intent to reduce its CO_2 emissions to net zero as a long-term environmental goal. At present, we have moved up our carbon neutrality target to 2040 pursuant to signing The Climate Pledge, and are implementing initiatives after changing the language of our climate change guidelines to move up the year for achieving our carbon neutrality target to 2040.

II. Achieving a sustainable society through collaboration

Mitigating climate change

| **Realizing a low-carbon society as a goal for the planet**
Increase in global average temperature limited to less than 1.5°C to 2°C | **Resilient to climate change risk
Achieving a safe society** |
| **Aiming for zero CO_2 emissions from our supply chains** | **Implementing strict countermeasures against climate change risks in our supply chains** |

Adapting to climate change

I. Building a sustainable management foundation

Aiming for reductions to achieve zero CO_2 emissions from our supply chain by 2040, we obtained SBT Net-Zero certification in April 2024 and have intensified action. Given the global goal of achieving a low-carbon society, we established the Carbon Neutral Business Promotion PMO and are implementing initiatives throughout the Group that involve reducing energy use in our ICT infrastructure, visualizing solutions for CO_2 emissions, resource aggregation businesses, and environmental consulting.

Climate Transition Plan

NEC has formulated a climate transition plan by organizing existing guidelines and initiatives to enable a transition to a business model with carbon neutrality by 2050 in line with the goals of the Paris Agreement. The process involves a PDCA cycle that includes forecasting via scenario analysis, clarification of business risks and opportunities, formulation of a medium- to long-term plan, and implementation and evaluation of measures. In addition, we will report on the progress of these initiatives to the Board of Directors and disclose information in line with TCFD recommendations. In implementing our climate transition plan, we are collaborating as needed to ensure policies that are consistent with the Paris Agreement.

Scenario Analysis → Evaluation → NEC Eco Action Plan 2025 → Financial Plan (CAPEX/OPEX, Revenue) → Implementation of Measures Progress Evaluation

Targets · Policy Collaboration · Mid-term Management Plan

2040 Net zero CO_2 emissions throughout the supply chain
2030 50% reduction compared to fiscal 2021

Execution · Supervision

Governance (Supervision at the Board of Directors)

NEC Initiatives

Committed to reducing direct CO_2 emissions (Scope 1 and 2), NEC is assiduously promoting energy-saving measures, upgrading to highly efficient equipment, and increasing the use of renewable energy.

RE100

In May 2021, NEC joined RE100, which aims for a significant increase in the use of renewable energy globally. Aiming to use only renewable electricity, we are moving forward with activities based on a policy of installing solar power generation facilities on roofs wherever possible while procuring more green electricity. In fiscal 2024, renewable energy was used to generate 34% of the electricity we consumed. We aim to increase this ratio to approximately 50% by fiscal 2031 and to 100% by fiscal 2041.

Bases and Companies with 100% Renewable Energy

Solar power generation facility installations and plans

Head Office Building and Data Center Run on 100% Renewable Energy

To accelerate our greenhouse gas reduction activities, since fiscal 2023 we have effectively transitioned to 100% renewable energy for all electricity used to operate our head office building in Minato-ku, Tokyo and the data centers for our NEC Cloud IaaS cloud infrastructure service.

Self-Consignment

NEC has begun transmitting surplus electricity generated by solar power generation facilities installed at the Abiko Plant (Abiko, Chiba Prefecture) to the NEC head office (Minato Ward, Tokyo) in February 2024 through self-consignment, which involves transmitting electricity generated in remote locations using the power company's power transmission and distribution network. As a result, self-consignment from the Abiko Plant can cover up to approximately 10% of the electricity the NEC head office uses annually, with expected reduction in CO_2 emissions of up to as much as 100 tons per year. The Abiko Plant plans to install additional solar power generation facilities with the goal of increasing the proportion of self-consigned electricity to approximately 20% of demand at the NEC head office in the future, and we will also promote self-consignment among plants throughout the NEC Group. In addition, NEC will use the knowledge and expertise gained from implementing this program to strengthen the self-consignment support function of the NEC Energy Resource Aggregation Cloud Service that it provides to companies and local governments.

NEC Platforms and IOWN Plants (Tentative Name) Using 100% Renewable Energy

As a new initiative for a decarbonized society, NEC worked with strong partners NTT and NTT Anode Energy to create a factory that runs on 100% renewable energy (electricity). NTT Anode Energy, an energy company in the NTT Group, will install new solar power plants for NEC and supply electricity to NEC Platforms' Fukushima plant. This facility runs on 100% renewable energy (electricity) and manufactures equipment for 5G base stations, and in the future, aims to manufacture equipment compatible with NTT's IOWN[1] next-generation optical communications infrastructure.

Through this initiative, NEC will not only reduce greenhouse gas emissions (Scope 1 and 2) for the NEC Group, but will also help reduce the greenhouse gas emissions (Scope 3) of its business partners.

1. Innovative Optical & Wireless Network. A next-generation communications platform proposed by NTT in May 2019.

Climate Change Countermeasures

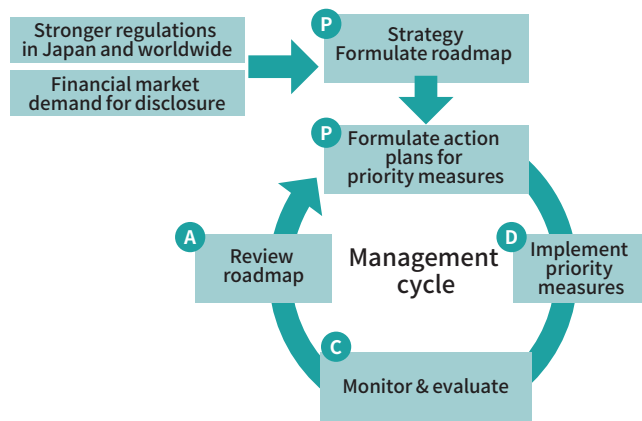| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Contributions through Businesses

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Sustainability Transformation Consulting Services Including Carbon Neutrality

To help our customers achieve carbon neutrality and other sustainability transformation (SX) goals, we employ the knowledge we have gained from our own initiatives in providing SX consulting services that support strategy roadmap formulation, management, and implementation of priority measures. We also provide comprehensive support for solving various customer issues with solutions that underpin the implementation of SX initiatives.

SX Transformation Services Lineup

(1) Support for formulating strategic roadmaps (P)	• Support for visualizing GHG emissions and formulating GHG roadmaps • Support for participation in international initiatives (CDP, SBT, TCFD, TNFD, etc.) • Support for analyzing system impacts (CSRD[2], ISSB, battery regulations, DPP[3], etc.)
(2) Management support (P)(D)(C)(A)	• GX management tools (GHG visualization & analysis tools) • GreenGlobeX • SX promotion consulting Cyanoba
(3) Support for implementing priority measures (D)	• Support for GHG supplier engagement • Support for structuring collaborative programs with companies in the supply chain to reduce GHG

2. Corporate Sustainability Reporting Directive
3. Digital Product Passport

Category	Solution	Description
Carbon management and CO₂ visualization	Environmental performance management solution (GreenGlobeX, Cyanoba, KMD CarbonKey & EnergyKey)	Collect, manage and visualize CO_2, water, waste and other environmental data (for companies and local governments)
Consulting	SX consulting services	Consulting to support strategy roadmap formulation, management, and implementation of priority measures
Energy conservation	"Energy-saving decarbonization package" for manufacturers	A comprehensive package combining "LCM x energy-saving diagnostic services," "energy-saving plan services" and "total energy management services"
	Zero carbon facility management services	Optimize total energy management in construction of plants and offices and equipment installation
	Net Zero Energy Building (ZEB) solutions	One-stop support for ZEB, from planning to design, construction and operational management
Renewable energy / Distributed energy	Solar power generation business (Internal use and PPA)	On-site energy services
	Off-site PPA	Off-site energy services
	Solar power generation x Storage battery systems	Systems for decarbonization during normal times and responding to long power outages
	Self-consignment	NEC Cloud Service for Energy Resource Aggregation supports self-consignment by companies and local governments
	Resource aggregation	NEC Cloud Service for Energy Resource Aggregation for integrated control of distributed energy resources
	Microgrid system	System for reliably supplying electricity and responding to regional power outages with distributed power sources
	EV charging cloud services	Cloud-based EV and PHV charging infrastructure services
	Hybrid power solutions (NEC XON)	Mobile base station power systems (Solar photovoltaic + storage batteries)
Information systems	Green data centers	Data centers operated using effectively 100% renewable energy (Kawasaki Data Center, Nagoya Data Center, Kanagawa Data Center & Kobe Data Center)
Adapting to climate change	Satellite communication systems	Systems that provide integrated services from construction to maintenance, such as broadcasting and disaster prevention systems that use communication satellites
	Smart streetlights	Reduce environmental impact and magnitude of disasters with smart streetlights
Water resources & pollution prevention	Agricultural ICT solutions CropScope	Ensuring yields while minimizing irrigation water and fertilizer use
Finance	ESG portfolio management (Avaloq)	Services for managing ESG-oriented equity portfolios

Climate Change Countermeasures

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Contributions through Businesses

EV Energy Management to support business changes accompanying the introduction of eco-friendly vehicles (business planning in progress)

The ongoing proliferation of electric vehicles (EV) is a means of decarbonization. We help businesses make decisions about transitioning to EVs by providing advance simulation of the impact on achieving targets that visualizes issues including upfront costs, operating expenses, and CO_2 reduction outcomes. We also resolve EV operation and management issues for businesses post introduction with solutions that include driving range predictions and battery management. Furthermore, we are thinking beyond efficient operation to the use of EVs as distributed power sources in the future. NEC thus provides EV energy management services that are integrated from customer EV introduction plans to efficient operation and use.

En-Route Charging Demonstration Experiment to Promote Electric Truck Proliferation

In autumn 2023, NEC, ENEOS, and Nippon Express conducted an en-route charging demonstration experiment[4] in Fukuoka Prefecture to promote electric truck proliferation. A type of EV, electric trucks have the potential to make a significant contribution to reducing carbon dioxide emissions during transportation. However, the limited availability of the en-route charging stations required for long-distance driving has hampered the proliferation of electric trucks. Based on this demonstration experiment, NEC aims to improve the value of an EV operation support application driven by simulation logic developed using actual operation data for Nippon Express's electric trucks. ENEOS is using this demonstration experiment to start expanding its en-route charging network to meet the charging needs of electric truck users. Nippon Express will use electric EV operating data to proactively support the proliferation of environmentally responsible vehicles such as electric trucks and propose logistics with low environmental impact throughout the entire supply chain for customers.
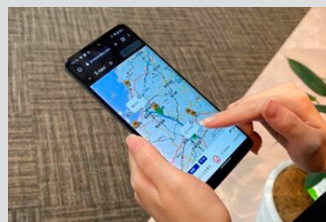
EV operation support app used in the demonstration experiment

4. NEC, ENEOS, and Nippon Express initiated an en-route charging demonstration experiment to promote the proliferation of electric trucks (Japanese language only)

Automating Delivery Planning Using Quasi-Quantum Annealing

NEC Fielding, the NEC Group company responsible for maintaining NEC products including servers and network equipment, has been using quasi-quantum annealing to create delivery plans for delivering maintenance parts from their warehouses to customers since October 2022.

Previously, delivery planners manually created delivery plans for maintenance parts based on delivery instructions.

For example, the Tokyo Parts Center, which stores maintenance parts within Tokyo's 23 wards, had to draft a plan each day for approximately 30 trucks to make deliveries to several hundred destinations. An experienced delivery planner would spend approximately two hours formulating the plan after regular work hours the preceding day.

The use of quasi-quantum annealing has enabled the creation of a similarly efficient delivery plan in about 10 minutes. The center has been able to create delivery plans nearly in real time since April 2023, including same-day emergency deliveries, which has enabled a roughly 20% reduction in the number of trucks.

As a result, the center no longer needs experienced delivery planners, and has moved beyond personalized plans.

In addition, prioritizing driving distance is an option when creating the daily delivery plan, which makes a significant contribution to reducing CO_2 emissions when selected.

Formulating Optimal Delivery Plans from a Huge Number of Combinations

Emergency response
Scheduled maintenance
Time designation
⋮
Delivery time

× ○○District △△District □□District ▽▽▽District ○▽Town ⋮
Delivery area

× ⋮
Part type

× ⋮
Delivery method
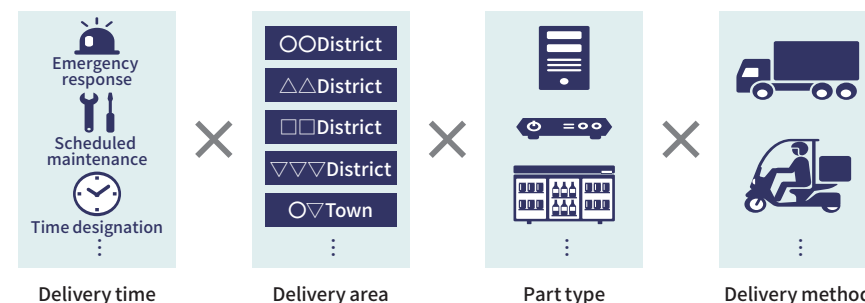
- Automatically generates plans at the same level as plans made by experienced human planners, much more quickly (approximately 2 hours → approximately 10 minutes)

- Empowers real-time optimization and improves delivery efficiency (mileage and number of trucks) by approximately 20%
  →Helps reduce CO_2 emissions

## Climate Change Countermeasures

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Contributions through Businesses

Using digital twins to visualize the benefits of adaptation measures that include disaster prevention and mitigation, and taking on the challenge of creating new funding mechanisms through adaptation finance businesses to promote private investment

In recent years, natural disasters such as floods and forest fires have become more severe and frequent due to global warming. Impacts on both the natural environment and socio-economics have been significant, not only in Japan but around the world. Natural disasters have a large carbon footprint because of the direct CO_2 emissions from disasters such as forest fires, and the large volume of CO_2 emitted during the reconstruction of infrastructure and buildings and related activities after disasters such as tsunamis and floods. More than 10% of global CO_2 emissions is attributed to damage from natural disasters.
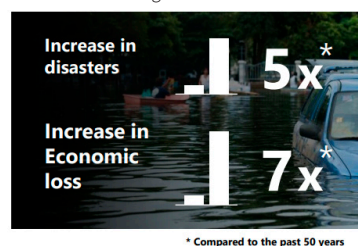
In agriculture, various issues are becoming apparent, such as food shortages caused by crop failures due to extreme weather events like droughts and hurricanes, and public health issues are arising as a result of an increase in infectious diseases brought on by rising temperatures. Prompt action is needed to address these issues. Over the past 50 years, damage from natural disasters has increased sevenfold on an economic basis alone, but investment in adaptation measures stands at just 1/18 of investment in mitigation measures. The effects of adaptation measures are difficult to measure, and the amortization period of adaptation investments is often medium- to long-term, which creates difficulties in making investment decisions and attracting private investment. NEC sees this social situation as an opportunity to contribute to climate change countermeasures. Together with insurance companies, megabanks, development banks, and the like, we are co-creating new funding mechanisms for society to adapt to climate change.

For example, we use IT technologies such as remote sensing, AI, and digital twins to predict and visualize the benefits of adaptation measures, calculate risk premiums, and create and provide financial products that appropriately address climate change fluctuations.
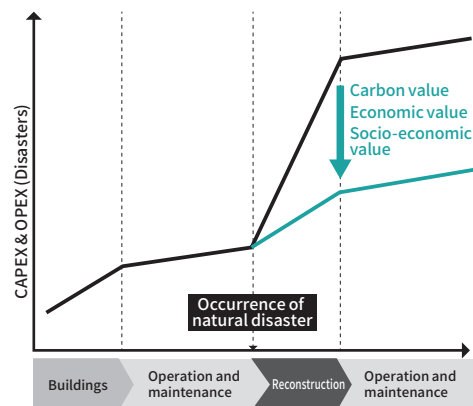
NEC's President Calls for Action on Adaptation Finance at COP28

We participated in COP28, held in Dubai, United Arab Emirates from November 30 to December 12, 2023, and exhibited as one of the selected companies in the Adaptation Consortium Prep Office (NEC Corporation, etc.) at the Japan Pavilion organized by the Ministry of the Environment. In addition, NEC's president presented a keynote speech at the Global Innovation Hub Pavilion of UNFCCC, the host organization of COP28, and called on the world to create use cases for adaptation finance in preparation for COP29.

Adaptation Finance Consortium Established & Co-Creation of With/Without Standards

The challenges associated with the increase in climate change risk are common to NEC and Mitsui Sumitomo Insurance Co., Ltd. We therefore established the Adaptation Finance Consortium on March 15, 2024 to realize a resilient and sustainable society. The consortium applies digital technologies, such as information collection using remote sensing, analysis using AI, and visualization using digital twins, to quantify damage caused by natural disasters and the benefits of adaptation measures. The consortium aims to implement financial mechanisms that increase the probability of long-term and stable returns while reducing uncertainty in businesses, regions, and society by structuring and disseminating financial products with appropriate risk premiums based on climate change risks. We will generate use cases to exemplify the implementation of these mechanisms and work globally in collaboration with financial institutions, companies, academia, and regulatory agencies to create standards for measuring with/without adaptation measures.

Climate Change Countermeasures

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Risks and Opportunities

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In order to build a sustainable management foundation for NEC and promote the realization of a sustainable society through co-creation, we analyze the risks and opportunities that affect the environment and are implementing measures to reduce risks and increase opportunities.

Risks and Opportunities Presented by Scenario Analysis

Risks	Scenarios (1.5°C or 4.0°C)[5]	Description	Timeline[6]	Financial impact/Year	Countermeasures
Transition[7]	1.5°C	Cost increases due to carbon pricing	Medium term	4.4 billion yen	Increase use of renewable energy and achieve thorough gains in efficiency to achieve net zero CO_2 emissions target by 2040
	1.5°C	Lower sales due to reputation risk	Short term	3.5 billion yen	SBT certification, increased use of renewable energy, and purchases of green electricity
Physical[8]	4.0°C	Decrease in sales due to business suspension resulting from the impact of weather disasters (floods, landslides, water shortages, etc.) on data centers	Short term	3.3 billion yen	Reinforce emergency power supply facilities and other power generation facilities (e.g., stockpiling fuel for 5 days of operation)
Opportunities	Scenarios (1.5°C or 4.0°C)[5]	Description	Timeline[6]	Financial impact/Year	Creation and expansion of opportunities
Adaptation	4.0°C	Increased sales due to preparations for changes in suitable areas for agricultural production	Medium term	-	Provision of CropScope
Adaptation & mitigation	4.0°C	Increased sales due to growing need for disaster-resistant, GHG-efficient data centers	Medium term	5.7 billion yen	Improvement of data center energy efficiency (greening of data centers)
Mitigation	1.5°C	Higher sales of energy solutions due to increased use of renewable energy	Short term	12.0 billion yen	Virtual power plants (VPP), power supply and demand management, RA commercialization (participation in the supply and demand adjustment market), xEMS (energy management system), provision of data center services using renewable energy, etc.

5. +1.5°C: A scenario in which society decarbonizes and temperatures have risen by 1.5°C in 2100
  +4.0°C: A scenario in society does not sufficiently decarbonize and temperatures have risen by 4.0°C in 2100
6. Short-term = 0-3 years, medium term = 4-10 years, long term = 11-20 years
7. Risks arising from changes in policies, laws, technological innovations, and market preferences during the transition to a decarbonized society
8. Acute risks from events caused by abnormal weather (floods, landslides, etc.) and chronic risks from long-term changes in weather patterns (rise in sea level, heat waves, changes in suitable land for cultivation, etc.)

Scenario Analysis

NEC analyzes risks and opportunities relevant to the impact of climate change from a long-term perspective.
No matter what the future has in store, based on multiple scenarios we are examining steps that we should take to enable us to help realize a safe and secure society while ensuring NEC's survival and growth.

In 2019, we conducted a companywide scenario analysis, and in two different scenarios we analyzed potential changes in risks and opportunities for NEC. Since fiscal 2022, we have been conducting scenario analysis for each of our various business fields because the climate change risks and opportunities differ depending on the field.

Referenced Published Scenarios

Past scenario analysis results

Climate Change Countermeasures

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Risks and Opportunities Related to Climate Change

Identifying Climate Scenarios

NEC conducts scenario analyses to understand the impact of climate change on our businesses and evaluate the resilience of our strategies for climate-related risks and opportunities. Our analysis focuses on the 1.5°C scenario, which involves the transition to a low-carbon economy based on the Paris Agreement and the demands of stakeholders; and the 4°C scenario, in which implementation of climate change measures fall short of current expectations. The scenarios we referred to during scenario analyses are as follows:

Referenced Published Scenarios

1.5°C scenario	4°C scenario
• IPCC AR6 WG1 SSP1-1.9 • IPCC 1.5°C Special Report • IPCC AR5 RCP2.6 • IEA World Energy Outlook 2021 Net Zero Emissions by 2050 Scenario (NZE) • National Institute for Environmental Studies, Japan, Version SSP+SSP1: Sustainable, SSP5: Reliance on Fossil Fuels	• IPCC AR6 WG1 SSP5-8.5 • IPCC AR5 RCP8.5 • IEA World Energy Outlook 2021 Stated Policies Scenario (STEPS) • National Institute for Environmental Studies, Japan, Version SSP+SSP3: Regional Divisions, SSP4: Disparities

Timeline

To address the Paris Agreement and stakeholder demands, we recognized the need to evaluate the long-term impacts of climate change and therefore set 2050 as our target timeline. We also made 2030 an interim milestone to align with the SBT targets we set.

Target Businesses

Japan has declared that it will achieve carbon neutrality by 2050, with an interim goal of reducing greenhouse gas emissions by 46% from fiscal 2014 levels by 2030, and the movement toward decarbonization is accelerating at the national and local government levels. NEC has been involved in the construction of core systems and administrative services for government agencies for many years, and also has a smart city business. We have therefore emphasized local governments in focusing on administrative DX, including current regional status.

Analysis Steps

After identifying climate scenarios and determining timelines and target businesses, we held numerous workshops with the participation of multiple divisions involved in areas ranging from business promotion and development to the environment, and held discussions in the following steps.

• Digital Government Promotion Department
• Solution Development Division
• Smart City Business Promotion Division
• Digital Technology Development Research Institute:
• Digital Business Offering Department
• Business Consulting Department
• Thought Leadership Division (IISE)
• Sustainability Promotion Division

Note: Organization names at the time of analysis

External Environment	Identify social drivers (axis)
	Create 2050 scenarios
	Create 2030 scenarios
Impact on NEC	Opportunities & risks, strengths & weaknesses
	Understand the business environment
	Consider strategic options
Strategies	Create specific strategies
	Check the validity of strategies
	Compare with current strategies

Summary

The participation of key people from business divisions involved in business strategies in the scenario analyses allowed us to confirm that NEC can provide value by developing and combining existing services in any scenario. Each business division will gradually evolve its long-term business strategies to reflect the measures for addressing the risks and opportunities of climate change identified through analysis.

Furthermore, drawing up various future scenarios for our customers from the perspective of climate change is a necessary step in identifying business opportunities and risks for NEC, so we will continue to expand the scope of our analyses.

Climate Change Countermeasures

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Objectives of Climate Change Countermeasures

NEC is targeting carbon neutrality by 2040. We have set targets for 2030 and fiscal 2026, and are taking action.

Year achieved	Initiative	Indicator	
2040	The Climate Pledge, SBT Net-Zero and RE100	Scope 1, 2, and 3	Zero
		Green electricity	100%
2030	SBT Net-Zero	Scope 1 and 2	50% (compared to FY2021)
		Scope 3	50% (compared to FY2021)
FY2026	The Climate Pledge, SBT Net-Zero and RE100	Scope 1 and 2	25% (compared to FY2021)
		Electricity from renewable energy	220,500MWh

Scope 1, 2 and 3 Emissions

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Breakdown of Scope 1, 2, and 3 Greenhouse Gas Emissions

(1,000t)

					Emissions
Scope 1					20
Scope 2 (market-based)					206
Scope 2 (location-based)					314
Scope 3					5,738
Category 1	Purchased goods and services	3,778	Category 9	Downstream transportation and distribution	0.02
Category 2	Capital goods	230	Category 10	Processing of sold products	0.2
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	54	Category 11	Use of sold products	1,568
Category 4	Upstream transportation and distribution	79	Category 12	End-of-life treatment of sold products	0.3
Category 5	Waste generated in operations	8	Category 13	Downstream leased assets	—
Category 6	Business travel	14	Category 14	Franchises	—
Category 7	Employee commuting	4	Category 15	Other	—
Category 8	Upstream leased assets	2			

Third-party Assurance

Scope of Environmental Data

Greenhouse Gas Emissions (Scope 1, 2 and 3) *Market-based data for Scope 2

Other (excluding Categories 13, 14 and 15)
6.6%

Emissions from purchased goods and services (Category 1)
63.3%

5.964 million tons (Fiscal 2024)

Scope 1, 2 (NEC's emissions) **3.8%**
Scope 3 **96.2%**

Emissions from use of sold products (Category 11)
26.3%

Coverage: NEC Group
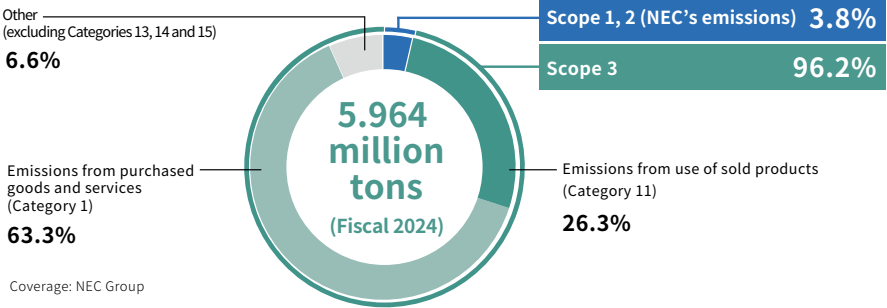
Calculation Method

We determine greenhouse gas emissions for the NEC Group on a consolidated basis. Scope 2 market-based calculations are based on Japanese law, and location-based calculations are based on the country-specific emission factors in International Energy Agency (IEA) Emissions Factors 2023.

Scope 3 calculations are based on the GHG Protocol Scope 3 Standard.

Scope 1, 2, and 3 calculation results have all been verified by a third party.

Progress towards Our SBT Net-Zero Goal

The NEC Group has the goal of achieving carbon neutrality by 2040, which has been certified as a Net-Zero goal by SBTi. To achieve this goal, we aim to reduce Scope 1, Scope 2 and Scope 3 emissions by more than 50% each by fiscal 2031 compared to fiscal 2021.

To achieve our goals, for Scope 2 we are increasing the use of renewable energy that meets the RE100 standard. For Scope 3, we are engaging with our suppliers to reduce Category 1 emissions, which is the category with the highest emission volume. Furthermore, in order to reduce Category 11 emissions, we are working to improve the energy efficiency of our products and proposing the use of green data centers that use 100% renewable energy to our customers. However, Scope 3 emissions have increased as our business has expanded because the calculation of Scope 3 does not yet reflect the results of the above measures. To resolve this issue, we are currently reviewing our calculations to base them on primary data.

	FY2024 Emissions Results	Compared to FY2021
Scope 1 and 2	226,000t	31.0% reduction
Scope 3	5,738,000t	6.8% reduction

Climate Change Countermeasures

Governance　　Strategy　　Risk Management (Including Opportunity Generation)　　**Indicators and Goals**

Assets and Business Activities Exposed to Physical Risks

NEC operates data centers in nine locations throughout Japan, including Kobe and Kanagawa. Data centers provide cloud services and data warehousing services to government agencies and companies, and are important facilities that operate multiple information systems. The operational continuity of data centers is critical to providing uninterrupted services to customers.

In recent years, natural disasters have become more frequent in Japan. In 2019, a typhoon that brought record-breaking rainfall impacted a wide area of Japan. This rain caused major damage to lifelines, including power outages and broken water mains. River flooding caused widespread damage. Abnormal weather caused by climate change could increase the frequency of disasters, which could pose a risk to the continued operation of data centers.

With this in mind, NEC builds data centers in areas that are less susceptible to flooding and tsunamis to prevent water damage to facilities.

Our data centers are equipped with emergency power sources with enough fuel to operate generators for at least 72 hours. This would allow information systems to continue to operate even in the event of a power outage.

We have concluded priority fuel supply contracts with fuel suppliers to ensure that we receive priority fuel supplies in the event of an emergency.

In addition, to enable NEC to proactively respond to climate change in the future, we have decided to reevaluate the natural disaster resilience of all data centers and conduct annual load tests that involve start-up tests of emergency generators in simulation of actual power outages, and are taking action accordingly.

Performance of Data Centers in Japan and Goals for Fiscal 2025

Item \ Fiscal years	FY2021	FY2022	FY2023	FY2024	FY2025 goals
Average power usage efficiency (PUE)	1.43	1.38	1.45	1.44	1.50
Total energy usage (MWh)	121,444	129,556	147,910	145,727	148,051
Renewable energy usage rate (%)	8.7	9.3	18.3	41.9	48.3

*Data for NEC data centers only.
*NEC Cloud IaaS uses 100% renewable energy.
*In fiscal 2025, we expect PUE to temporarily decrease due to the construction of new data center buildings in Kanagawa and Kobe.

Internal Carbon Pricing

With the aim of improving energy efficiency and promoting the introduction of low-carbon facilities and equipment, we have set internal carbon pricing. This pricing allows us to convert the CO_2 emission reductions that would result from a given capital investment into a monetary value, which we can then use as a reference when making investment decisions. The aforementioned carbon pricing mechanism will drive our decarbonization activities going forward and reduce the risk associated with potential increases in carbon taxes and emissions trading in a carbon-free society of the future. NEC has set its internal carbon price at 3,000 yen/t-CO_2.

Reflecting Climate Change in Executive Compensation

In fiscal 2023, the Board of Directors determined key performance indicators (KPIs) and sustainability performance targets (SPTs) that reflect NEC's initiatives to address environmental issues with a focus on climate change (decarbonization), and issued sustainability-linked bonds with maturities of five, seven, and ten years. Failure to achieve all SPTs will require NEC to purchase emission rights (CO_2 avoidance or reduction converted into credits or certificates) equivalent to 0.1% of the bond issuance amount prior to redemption, which will affect earnings. This will also significantly impact NEC's reputation, and will directly affect the evaluation of corporate officers, including directors. The impact is less than 5%.

The Chief Supply Chain Officer (CSCO) is responsible for the entire supply chain. NEC has formulated climate change guidelines with a long-term perspective to 2050, determined medium-term goals to 2030, and integrated short-term and medium-term goal that are reviewed annually. The CSCO is responsible for the NEC Group's medium- to long-term goals, and progress toward these goals factors into bonus assessment in the annual performance evaluation to reflect the significance of progress towards achieving the emission goals of the NEC Group. The impact is less than 5%.

The CSCO also serves as the Chief Procurement Officer (CPO) with responsibility for managing and overseeing engagement measures and working with suppliers to ensure sustainability throughout the procurement process, including climate change mitigation. The overall progress of these measures is a performance evaluation criterion that affects bonus allocation. The impact is less than 5%.

Carbon Credits

At present, NEC is not using carbon credits to offset CO_2 emissions. With a view to achieving carbon neutrality by 2040, NEC plans to use carbon credits in the future to neutralize residual emissions, but has not yet considered specific details.

Pollution Prevention and Chemical Substance Management

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Framework for Pollution Prevention and Chemical Substance Management

Under the system described in the Environmental Management Implementation Framework (page 12), we include measures for the implementation of pollution prevention and chemical substance management. In addition, each NEC plant utilizes a preliminary evaluation system when installing facilities and equipment that generate chemical substances, wastewater, or exhaust gases, and conducts a preliminary evaluation of the potential environmental impact.

We have also established environmental analysis and measurement regulations to appropriately monitor the environmental load of exhaust gases, wastewater, odors, and other substances to prevent pollution.

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

NEC Initiatives

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Statement 3 of the NEC Environmental Policy clearly states that NEC will "strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste throughout the entire supply chain." This includes preventing soil contamination.

Preliminary Evaluation System

NEC conducts preliminary evaluations to carefully examine potential environmental and safety concerns when a new facility or chemical substance is being used for the first time. In the preliminary assessments, we evaluate the environmental impact, hazards, and toxicity resulting from the use of the facility or chemical substance, the appropriateness of environmental and safety management, the conditions of use and management methods, and statutory compliance to determine whether or not the subject of the assessment can be introduced. Facilities and chemical substances that pass the screening can be used based on the conditions of use, management methods, and analytical measurements (exhaust gas, wastewater, etc.) determined during the preliminary assessment.

In addition, we conduct a manufacturing method assessment as a preliminary evaluation of the environmental and safety aspects of the entire manufacturing process, including of the chemical substances, facilities, or other assessment subjects involved.

Conformance to the Pollutant Release and Transfer Register (PRTR) System (in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

NEC manages the inputs and outputs of chemical substances used by the NEC Group that are subject to the PRTR System and discloses the results. For chemical substances released into the atmosphere and public water bodies (including discharges into sewage systems), NEC manages those substances in accordance with its own voluntary standards, which are more stringent than the levels required by law.

Strict Control of Equipment and Parts Containing PCBs

At present, NEC strictly manages disposed-of devices (equipment and parts, including fluorescent light stabilizers) containing polychlorinated biphenyls (PCBs) at its three plants under stringent double and triple measures for preventing leakage. The Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste was revised in 2016, changing the processing period set in the basic plan for the disposal of PCBs. In compliance with the change, NEC is revising its disposal plans to ensure that the waste is processed within the set deadline.

Amount of PCBs held by NEC (as of March 31, 2024)
High concentration: 13,263 kg
Low concentration: 71,932 kg

Scope: NEC Corporation

Ozone-depleting Substances

The use of all specific chlorofluorocarbons as a cleaning agent in manufacturing processes was discontinued in 1993. By the end of fiscal 2011, efforts to totally discontinue the use of specific chlorofluorocarbons for refrigerant in air conditioners and specific halons used in fire extinguishers resulted in a reduction of 96%, almost completely eliminating their use.

Contribution through Our Businesses

Chemical Substance Management Solutions That Support Compliance with Environmental Laws and Regulations

We provide chemical substance management solutions in the form of implementation packages and cloud services for compliance with various chemical substance laws and regulations around the world, such as the RoHS Directive and the REACH regulations. We also provide related business systems that address conflict minerals and have SCIP database registration functions.
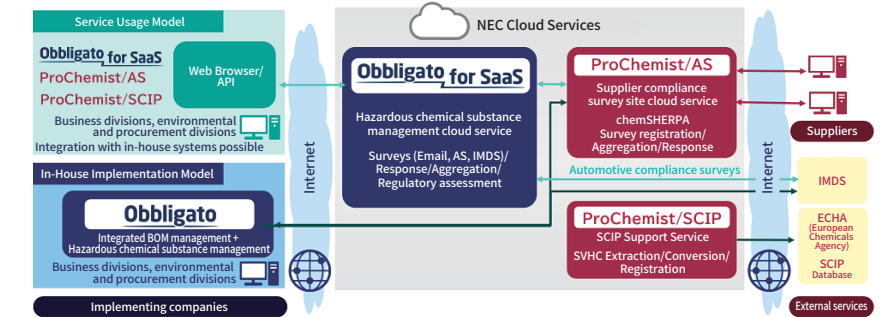
1. Chemical substance management solutions: Obbligato and Obbligato for SaaS

2. ProChemist/AS supplier research site

3. ProChemist/SCIP SCIP support service

Pollution Prevention and Chemical Substance Management

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Pollution Risk Management

GRI
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Response to Situations Including Environmental Accidents and Violation of Laws

The party who discovers an environmental accident or violation of laws and regulations that may lead to environmental pollution shall contact the environmental manager at the relevant management unit. The environmental manager who receives the notification shall immediately implement emergency measures and prevent the escalation of the incident in accordance with emergency response and other procedures, and shall report the matter to the head of the environmental management department and the site manager of the relevant plant based on the Criteria for Determining the Necessity of Information Escalation in an Emergency Situation. The head of the environmental management department and the site manager shall contact the police, fire department, or relevant authorities as necessary, and inform the Corporate Officer in charge of the Environment.

At the same time, the environmental manager shall carry out corrective measures such as identifying the cause and implementing measures to prevent recurrence. The head of the environmental management department and the site manager shall confirm the content of the corrective measures, and if they deem the measures ineffective, shall make improvements and confirm that the corrective measures have been implemented and are functioning effectively, thereby preventing recurrence.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Pollution Prevention Countermeasure Goals

Management Items

We have set targets in NEC Eco Action Plan 2025 and implement management accordingly.

Areas	Themes		Management contents	Targets
Reduction of own environmental impact	Preventing pollution (air and waste quality)	6	NOx and SOx emissions	Reduce by 1% or more compared with FY2018
		7	BOD and COD emissions	Reduce by 1% or more compared with FY2018
	Reducing chemical substance usage	8	Amount of chemical substances purchased	Reduce by 1% or more compared with FY2018
		9	VOC emissions	Reduce by 1% or more compared with FY2018
Risk countermeasures	Legal compliance (for notification, reporting, and emissions)	10	Chemical substance balance management	Achieve 100% implementation rate
		11	Chemical substance purchasing regulations	Achieve 100% implementation rate
	Compliance with RoHS rules	12	Conformance status of all products	Achieve 100% compliance
	Environmental assessments	13	Preliminary evaluation of chemical substances and new waste/assessment of manufacturing methods	Achieve 100% implementation rate
		14	Environmental assessments when constructing or demolishing factories and buildings	Achieve 100% implementation rate
Reduction of environmental impact of products and solutions	Hardware products	15	Percentage of devices that do not use brominated flame retardant in their plastic casing	At least 95%
		16	Percentage of devices that use eco-plastics in their plastic casing	-

Water Resource Management

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Water Resource Management Framework

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Management System at Each Business Office and Factory

NEC has set targets for reducing water consumption in NEC Eco Action Plan 2025, which promotes management from an environmental perspective. We are rolling out the plan to all business offices and Group companies in and outside Japan.

As a measure to prevent water pollution, each business office and factory sets and manages internal standards to ensure that wastewater does not exceed legal limits set by the national and local governments in each region. Our internal standards are stricter than externally mandated standards. We are also working to reduce the amount of chemical substances used during water treatment to reduce the impact of chemical trade-offs. Specifically, we prevent the input of more chemical substances than necessary by constantly monitoring water quality.

Initiatives

Water Project (Ministry of the Environment)

↗ Water Project (Ministry of the Environment website) (Japanese language only)

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Policy for Water Resource Countermeasures

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Water is an essential resource for all of humankind. However, there are concerns about the increasing risks posed by growing demand due to population growth, and water shortages around the world resulting from climate change. Based on the NEC Environmental Policy, we comply with environmental laws and regulations and work to reduce our water consumption and environmental impact. We are also employing water risk management practices, which include addressing the issues of water shortages, water pollution, and flooding.

The NEC Environmental Policy clearly states that "We will comply with environmental laws and regulations associated with our business activities, honor agreements with stakeholders, and strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste throughout the entire supply chain." Resource conservation includes water resources, and pollution prevention includes water quality.

NEC Initiatives

Risk Assessments and Countermeasures

NEC is assessing risks such as water shortages, water quality, and flooding using the Aqueduct tool provided by the World Resources Institute, as well as a proprietary questionnaire. We began by assessing 16 of NEC's 392 plants in and outside Japan using Aqueduct, and confirmed that the sites in Suzhou, Jiangsu Province, China and Pathum Thani, Thailand are located in risk areas.

Location	High risk according to Aqueduct assessment
Suzhou, Jiangsu Province, China	Water shortages, floods, lack of sewage treatment infrastructure
Pathum Thani, Thailand	Water shortages, drought, floods, lack of sewage treatment infrastructure

The site in China uses only 6,000 m³ of water per year, so we consider water shortage risk to be low. In addition, this site is located on the second floor and above a leased building. The wastewater system is connected to a sewage treatment plant, so we judge flooding and sewage risks to be low as well.

No flooding has occurred at our site in Thailand since the large-scale flooding that occurred in 2011. The Thai government has also learned how to better manage dams and has implemented numerous measures, such as building levees in the surrounding areas. We have also implemented various BCP initiatives at our site to counter floods, along with detailed measures to counter water shortages and sewage issues.

Risks	Measures at the site in Thailand
Water use and drought	• Installed water tanks and water reclamation equipment, and established water use priorities for the site
Flooding	• Installed waterstops and waterstop doors, stockpiled sandbags, and began annual BCP training and review of procedures
	• Installed power supply equipment at a height of 2.5 meters, and secured emergency evacuation areas for other equipment
Water pollution	• Primary treatment of wastewater and discharge to the industrial park's sewage treatment plant, and regular water quality testing

In addition, we conducted high-resolution flood simulations for the 1.5°C and 4°C scenarios. As a result, it was found that in the scenario with a probability of occurring once in 100 years, the flood depth in this area is currently 0.6 meters, 0.7 meters under the 1.5°C scenario, and 0.8 meters under the 4.0°C scenario. Therefore, we have determined that current countermeasures are sufficient. As such, we have determined that we have minimized the risk to this site. Furthermore, business risk is low since sales at the site account for less than 1% of NEC's net sales. Information on water risk management for data centers and upstream supply chains is available on pages 13 and 28 respectively.

Water Resource Management

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Risks and Opportunities Related to Water Resources

Internal Water Pricing System

NEC calculates values for reductions in CO_2 emissions based on its approach to internal carbon pricing to inform decisions on whether to invest in equipment, and follows a similar methodology for water. When setting prices for water, we take into account future increases in the cost of water and assume the future unit price of water will be 2.5 times higher than it is now. We recalculate the cost impact on this basis when water consumption is projected to change by at least five cubic meters per day.

Example of Water consumption Reduction Initiatives

Examples of initiatives to reduce water consumption at each business office and factory follow below.

Reducing Water Consumption by Introducing Steam Condensate Recovery Equipment

Reducing Water Consumption by Introducing a Wastewater Reuse System

Reducing Water Consumption by Introducing Module Chillers

Risk / Opportunity	Description	Risk reduction measures / Specific opportunities
Risk	Droughts and disaster-related water outages may affect business continuity and cause delays or tie-ups in production.	BCP measures have been implemented at each site to prepare for water outages.
Opportunity (economic value)	There is growing market demand for disaster preparedness-related businesses to minimize damage from typhoons and other storms.	Expanded introduction of river water level prediction and other flood control support systems has begun.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Identifying Risks and Opportunities

Regarding the risks and opportunities related to water resources, the Environmental Management Promotion Committee meets to discuss and manage NEC's water consumption and the Company's progress toward reaching its water reduction targets, and reports its findings to the Corporate Officer in charge of the Environment. When necessary, the results are reported to the Business Strategy Committee and announced to the public. Floods and other risks could harm business if they affect certain facilities. In such cases, the division overseeing the supply chain predicts the impact of these risks and formulates countermeasures. These countermeasures are reported to and discussed by the Business Strategy Committee and the Board of Directors when necessary, after which the division implements and supervises their execution.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Water Resource Management Goals

Priority Management Objectives

We have set targets in NEC Eco Action Plan Important matters and implement management accordingly.

	Themes	Indicators	Fiscal 2024 targets	Fiscal 2024 results	Evaluation	Fiscal 2025 targets	Fiscal 2026 targets
(6)	Reduce water consumption	Reduction rate (compared with FY2019)	-9.5%	-26.0%	Achieved	-10%	-10.5%

Management Items

We have set targets in NEC Eco Action Plan Important matters and implement management accordingly.

Areas	Themes		Management contents	Targets
Reduction of own environmental impact	Preventing pollution (air and water quality)	7	BOD and COD emissions	Reduce by 1% or more compared with FY2018

Biodiversity and Ecosystems

Governance   ~~Strategy~~   ~~Risk Management (Including Opportunity Generation)~~   ~~Indicators and Goals~~

Biodiversity Management Framework

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As stated in the Environmental Management Implementation Framework (page 12), we are promoting measures for biodiversity.

Participation in International Initiatives

As a corporate member at the initial framework consideration stage, NEC participates in international initiatives that are expected to have an impact on the business world.

30by30 Alliance	NEC is participating as a founding member of the "30by30 Alliance[1]" in Japan (led by the Ministry of the Environment).
Biodiversity Working Groups	NEC participates in biodiversity preservation activities as a member of a biodiversity working group made up of four organizations[2] from the electrical and electronics industries.

1. An alliance to achieve the biodiversity goal of conserving more than 30% of land and ocean areas as natural environments by 2030. Committed to at the G7 Summit in 2021 and formally structured at Biodiversity COP15 in December 2022.
2. The four organizations are The Japan Electrical Manufacturers' Association (JEMA), Japan Electronics and Information Technology Industries Association (JEITA), Communications and Information Network Association of Japan (CIAJ) and Japan Business Machine and Information System Industries Association (JBMIA).

☑ 30by30 Alliance (Ministry of the Environment website) (Japanese language only)

☑ Biodiversity Working Groups (JEITA website)

~~Governance~~   Strategy   ~~Risk Management (Including Opportunity Generation)~~   ~~Indicators and Goals~~

Biodiversity Policy

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Biodiversity is an important foundation for a sustainable society. The NEC Environmental Policy stipulates that individual employees should increase their environmental awareness and contribute to preserving biodiversity. In 2010, the International Year of Biodiversity, we formulated our Biodiversity Action Guidelines and are promoting activities in accordance with those guidelines.

Biodiversity Action Guidelines: Basic Policy

NEC Initiatives

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Biodiversity Conservation Efforts at the NEC Abiko Plant

The NEC Abiko Plant is host to an area of spring-fed ponds. Known as Yotsuike, these ponds are thought to originate from the Tone River.

Since 2009, NEC has cooperated with the Teganuma Aquatic Life Study Group to promote conservation activities in this area, aimed at the protection of the Oomonosashi Tombo (Copera tokyoensis) species of dragonfly. Yotsuike is a habitat for this dragonfly, which is classified as EN (endangered IB Class) by the Ministry of the Environment. Furthermore, since 2015 NEC has been protecting Zenitanago (Acheilognathus typus species of bitterling-like cyprinid) that is classified as CR (endangered IA Class) in an artificial pond on the premises. We also hold an annual Biodiversity Dialogue to go over results and discuss plans going forward with the Teganuma Aquatic Life Study Group, experts in the field and the city of Abiko, Chiba Prefecture.

Yotsuike at the NEC Abiko Plant

Awards:
• FY2022: Received the Special Jury Award at the Nature Conservation Society of Japan Awards 2022
• FY2023: Received the Chiba Prefecture Cultural Day Award for Merit, Environmental Merit Award
• FY2024: Certified as a Nature Coexistence Site by the Ministry of the Environment

☑ Nature coexistence site (Ministry of the Environment website) (Japanese language only)

NEC Paddy Making Project

Since 2004, in collaboration with authorized NPO Asaza Fund, we have been conducting the NEC Paddy Making Project with the aim of restoring abandoned farmland and preserving biodiversity in the Lake Kasumigaura basin. The project is a nature-oriented program where participants can experience a series of rice-related jobs, from rice planting to sake brewing, throughout the year.

In 2023, the project's paddy in Ushiku City, Ibaraki Prefecture was certified as one of the Ministry of the Environment's Monitoring Sites 1000.

We are also using the rich natural environment of Yotsuike and the rice fields in the area as testing grounds for ICT solutions. NEC solution innovators are currently conducting a species diversity survey using environmental DNA.

NEC will continue to work toward the realization of a sustainable society through collaboration with a variety of stakeholders.

NEC Paddy Making Project

☑ Monitoring Sites 1000 (Ministry of the Environment, Biodiversity Center of Japan website) (Japanese language only)

Biodiversity and Ecosystems

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Risks and Opportunities

Risks / Opportunities	Description	Risk reduction measures / Specific opportunities
Risks	Alterations to the land at production sites, as well as underground and surface water consumption, wastewater and gas emissions and waste at production sites, may affect biodiversity in respective local areas.	Since NEC's plants use organic solvents and acidic/alkaline materials, we carry out measures and training to prevent leakage into wastewater, the atmosphere, and soil.
Opportunities (economic value)	Efforts to protect biodiversity around plants and neighboring areas will lead to cooperation with a variety of stakeholders and improve brand value, which might create business opportunities.	Engage in activities such as the protection of endangered species and paddy field development to conserve biodiversity and promote exchanges with the local community.

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Identifying Risks and Opportunities

NEC's Risk Control & Compliance Committee manages risk for the Company.

The committee fulfills a supervisory function for specific risk measures by monitoring the results of activities, problems, and future plans and by issuing directives on where measures should focus. Furthermore, it submits reports to the Executive Committee and the Board of Directors, as necessary.

Relevant business units regularly monitor issues such as changes in internal and external factors related to biodiversity, the lifelines of plants, and violations of environmental laws. If a risk is identified that may have a significant impact on businesses, the Risk Control & Compliance Committee deliberates on countermeasures.

Governance   Strategy   Risk Management (Including Opportunity Generation)   **Indicators and Goals**

Targets and Outcomes

Item	Target	Outcome
Number of measures implemented to preserve biodiversity	Conduct 10 or more activities per year	35 activities conducted

Resource Circulation and the Circular Economy

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Resource Circulation Implementation Framework

GRI
306-2

Within the framework described in Environmental Management Implementation Framework (page 12), we are also implementing resource circulation measures. These include the establishment of circular economy activity sharing meetings to improve synergy between the circular-related businesses of each business unit and create new business opportunities.

Participation in Initiatives Related to Resource Circulation
• CLOMA
• Circular Partners, a government-industry-academia partnership

⬈ Started recruiting members for Circular Partners, a government-industry-academia partnership (Ministry of Economy, Trade and Industry website) (Japanese language only)

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Resource Circulation Policy

GRI
306-2

NEC's environmental policy clearly states that "We will comply with environmental laws and regulations associated with our business activities, honor agreements with stakeholders, and strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste throughout the entire supply chain."

Saving resources includes resource circulation. NEC also promotes resource circulation, and our Environmental Policy states that "We will raise the environmental awareness of each and every one of our employees worldwide and contribute to the conservation of the global environment through the promotion of climate change action, resource circulation and biodiversity."

NEC Initiatives

GRI
306-2

Collection and Recycling of Used Products

Since 1969, NEC has been collecting used IT devices such as computers from corporate customers for reuse and recycling. In 2001, amendments to the Law for the Promotion of Effective Utilization of Resources mandated the collection and recycling of used personal computers (PCs) discarded by companies. As a certified processor of industrial waste, NEC was a leader among electronics manufacturers in collecting PCs when the amendments went into force.

In fiscal 2024, we collected about 780 tons of computers, PCs, printers, and other IT devices from corporations, an increase of about 18% compared with the previous fiscal year. The recycling rate[1] was 98%, about the same as in the previous fiscal year. In addition, the resource-reuse rate[2] as defined by the Law for the Promotion of Effective Utilization of Resources was 90%, also about the same as in the previous fiscal year. Going forward, we will promote further improvements in resource recycling through the recycling of plastics and other resources.

1. The ratio of the weight of reused, material-recycled, and thermal-recycled items to the total weight of collected IT devices
2. The ratio of the weight of materials that can be used as recycled products (parts reuse) or resources (material recycling) to the total weight of collected IT devices (as defined by the Law for the Promotion of Effective Utilization of Resources)

📄 Used-IT-Product Collection and Recycling Rates

State of Collection and Recycling of PCs

In April 2001, amendments to the Law for the Promotion of Effective Utilization of Resources mandated the collection and recycling of used PCs discarded by companies. In October 2003, the law mandated the collection and recycling of used PCs discarded by households. In fiscal 2024, NEC collected approximately 67,000 used PCs, including desktop PCs, notebook PCs, CRT displays and liquid crystal displays, a decrease of approximately 1.5% compared with the previous fiscal year. We achieved the effective resource utilization rate prescribed by law (as a target to be achieved by 2003) for all of our products.

📄 State of Collection and Recycling of PCs

Responding to the Plastic Resource Circulation Act

In June 2021, Japan enacted the Plastic Resource Circulation Act with the aim of further promoting plastic resource recycling to address the issue of marine plastic trash and climate change issues, as well as to strengthen regulations pertaining to waste imports in other countries. Under this law, businesses that generate industrial waste from products that use plastic (NEC is a large-volume waste generator) are required to promote the reduction and recycling of such waste. NEC aims to reduce the amount of industrial waste generated from products that use plastic and promote recycling. We have set waste reduction targets and are implementing relevant initiatives.

• Fiscal 2025 target: Reduce waste plastic generated by 3.5% compared with fiscal 2020 (per unit of sales)
• Fiscal 2024 result: 46% reduction per unit of sales (target achieved)
• Fiscal 2024 waste plastic generated: 603 tons

Note: Waste plastic generated and targets exclude special factors (irregular waste plastic generation associated with redevelopment of plants, etc.).

Resource Circulation and the Circular Economy

Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals

Contribution through Businesses

GRI
302-5

Construction of the Plastic Information Distribution Platform (PLA-NETJ)

NEC is participating in the government's Strategic Innovation Promotion Program (SIP) Phase Three, focusing on the issue "Construction of a Circular Economy System," and is developing the Plastic Information Distribution Platform (PLA-NETJ).

PLA-NETJ is a digital management and information sharing system for the circulation of plastic materials used in products throughout their life cycles. In particular, we are conducting research and development with the aim of improving the use of recycled plastic materials. PLA-NETJ records trace data (Figure 1), such as where raw materials were mined, where they were processed, where final products were made, how much CO_2 was emitted, how much recycled material was included, and information on durability. PLA-NETJ will connect to data spaces (spaces for sharing and using data across borders and fields, such as Ouranos Ecosystem, DATA-EX, and Gaia-X) developed both in and outside Japan. It will also distribute information between data registered in PLA-NETJ and data registered in other systems (Figure 2), and will operate as a digital product passport.

PLA-NETJ Features

Since PLA-NETJ manages data based on the material of the product, it can manage the physical properties of plastic materials, both virgin and recycled, in cooperation with the material informatics system used in material development and the recycled materials data bank developed in this SIP, and can match supply and demand as a plastic materials database. In addition, distributed management using blockchain enables the management of trace data for product life cycles. Product life cycles in physical space will be managed and visualized by PLA-NETJ in cyberspace.

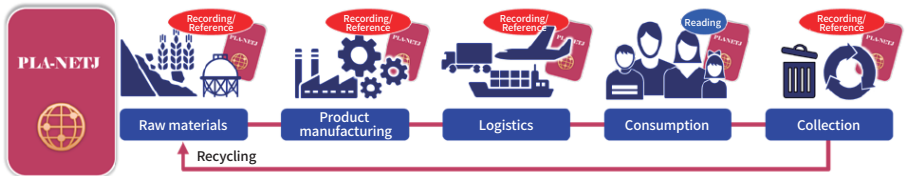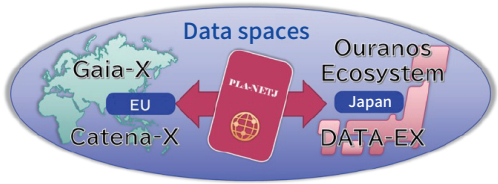**Figure 1: Managing Trace Data throughout Product Life Cycles**

Figure 2: Data Spaces for International Information Sharing

Aluminum Upcycling Joint Research Launched by University of Toyama and NEC Promoting Decarbonization with Japan's Leading Aluminum Recycling Research Facility

In February 2024, the material informatics system delivered by NEC to the Collaborative Research Building for High Metals on the Takaoka Campus of the University of Toyama began operation.

This research building is equipped with highest level of equipment for a university in Japan, including a melting and refining system, extruder, and electron microscope. The data obtained using this equipment can be gathered and analyzed collectively by the materials informatics system provided by NEC. While upcycling aluminum is considered difficult, the aim is to make upcycling a reality.

Upcycling involves the removal of unnecessary elements contained in recycled aluminum to create high-purity recycled aluminum ingots.

Economic security is one of the reasons upcycling is important. Demand for lightweight wrought aluminum alloys is on the rise due to the growing popularity of electric vehicles (EV), which need to be light in weight. However, the current reality is that bauxite—the raw material used to produce aluminum—is primarily produced outside Japan, and Japan is dependent on imports for virgin aluminum. Another reason is the environment. It takes a tremendous amount of electricity to produce aluminum, and approximately 10 tons of CO_2 is emitted for every ton of aluminum produced. On the other hand, recycling uses just 3% of the electricity it takes to newly produce aluminum from bauxite. From the perspectives of economic security, energy conservation, and decarbonization, there is a pressing need to realize upcycling as quickly as possible.

NEC and the University of Toyama have initiated joint research to help solve the world's environmental problems by using AI and other NEC technologies to visualize recycling processes and impurities.

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Resource Circulation Risks and Opportunities

Risk / Opportunity	Description	Risk reduction measures / Specific opportunities
Risk	Tighter relevant regulations in and outside Japan require time and resources to appropriately address. A delay in responding may affect NEC's competitiveness and reputation.	Collect information before the enactment of relevant laws and regulations to facilitate an early response.
Opportunity (economic value)	Market expansion of circular economy related businesses continues to progress, and new markets continue to open up.	Expanding ICT services that connect venous and arterial industries, such as digital product passports.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Identifying Risks and Opportunities

We identify risks and opportunities related to resources that we deem to have a significant impact based on legal and regulatory trends in Japan and around the world, policy trends related to the circular economy, and customer responses to these issues. We report these at the Business Strategy Committee and disclose them publicly as needed.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Targets Related to Resource Circulation

Key Management Goals
We set goals within NEC Eco Action Plan 2025 and implement management.

	Themes	Indicators		Fiscal 2024 targets	Fiscal 2024 results	Evaluation	Fiscal 2025 targets	Fiscal 2026 targets
(8)	**Encourage recycling of plastic resources (newly added)**	Reduce plastic waste output[9]	Reduction targets (compared with FY2020)	-2.8%	-46.2%	Achieved	-3.5%	-4.2%
			Information disclosure	Disclosure	Disclosure	Achieved	Disclosure	Disclosure

Management Items
We set goals within NEC Eco Action Plan 2025 and implement management.

Areas	Themes	Management contents		Targets
Reduction of own environmental impact	Promoting effective use of resources	3	Zero emissions	Continue to meet target
		4	Amount of paper purchased (copy paper, EDP paper)	Maintain or reduce levels from FY2006 (by subsidiary)
		5	Reuse of collected used products	Achieve reuse rate of 90% or more

Dependence and Impact on Natural Capital

Assessing and Addressing Natural Capital Risks and Opportunities — Excerpts from the TNFD Report

According to "The Future of Nature and Business," a report published by the World Economic Forum in 2020, approximately half of the world's GDP depends on natural capital. NEC has participated in the TNFD Forum, the Nature-related Data Catalyst, the SBT for Nature Corporate Engagement Program, and other initiatives, and has contributed to the creation of global mechanisms in the field of natural capital.

NEC has published its TNFD report with reference to "TNFD Framework v1.0" issued in September 2023. This ESG Data Book provides excerpts from the TNFD report, particularly its Strategy section.

Governance and risk and opportunity management	Environmental management and organization, and environmental policy (see page 12); human rights policy (see page 68)
Strategy	Risks and opportunities listed below
Indicators and targets	NEC Eco Action Plan 2025 (see page 16)

TNFD Report details

1. Risks (Direct Operations)

Using ENCORE, which was developed by the United Nations Environment Programme and others, NEC comprehensively identified nature-related dependencies and impacts for its diverse business activities and granularly identified risks.

Understanding Dependencies and Impacts

Step 1: Make a thorough list of NEC's business activities

Based on the Global Industry Classification Standard (GICS), we thoroughly listed a wide range of business activities that NEC Group is conducting (150 activities).

Step 2: Extraction of business activities that are considered to have a significant dependencies on and impacts on natural capital

Using ENCORE, we created a heat map of the degree of dependence of each business activity on ecosystem services (21 types) and the degree of impact of impact drivers (11 types). We then extracted business activities that were considered to have a high degree of dependence or impact.

Step 3: Identifying of significant business activities based on NEC's actual situation

We identified business activities that should be subject to in-depth risk assessment based on the scale of sales, importance in Mid-term Management Plan 2025, and the specifics of NEC's business. Even for businesses not identified in ENCORE and businesses with small sales, we selected those that we considered important based on our own knowledge and examples disclosed by other companies, and conducted a comprehensive evaluation.

Risk analysis for identified business activities

Ecosystem Services		Impact Drivers
• Animal-based energy • Bio-remediation • Buffering and attenuation of mass flows • Climate regulation • Dilution by atmosphere and ecosystems • Disease control • Fibres and other materials • Filtration • Flood and storm protection • Genetic materials • Ground water	• Maintain nursery habitats • Mass stabilization and erosion control • Mediation of sensory impacts • Pest control • Pollination • Soil quality • Surface water • Ventilation • Water flow maintenance • Water quality	• Disturbances • Freshwater ecosystem use • GHG emissions • Marine ecosystem use • Non-GHG air pollutants • Other resource use • Soil pollutants • Solid waste • Terrestrial ecosystem use • Water pollutants • Water use

Business Activities Considered to be Highly Dependent on Natural Capital

ENCORE business activities	Ecosystem services & dependence on natural capital	NEC's case
Optical submarine cable installation	Cable installation depends on the natural water flow maintenance (sea state stability) function.	Stable ocean weather and water currents are important for cable installation.

Business Activities Considered to Significantly Impact Natural Capital

| Evaluation of ENCORE			NEC's case
Dependency	Optical Submarine	Cable installation depends on the natural buffering and attenuation of mass flows function.	Stable ocean weather and water currents are important for cable installation.
Impact	Cable Installation	The laying of submarine cables involves marine ecosystems and water quality.	Laying cables on the bottom of the world's oceans.
	Optical Submarine	Data centers may use water in cooling towers for air conditioning.	Some data centers use cooling towers.
	Equipment Manufacturing (Telecommunications, Aerospace)	Manufacturing plants may use water.	Plants use water.
		Manufacturing plants may discharge wastewater.	Plants discharge wastewater.
		Manufacturing plants may produce waste.	Plants generate waste.
		Manufacturing plants may use chemicals that cause soil contamination.	Plants use chemicals.

Dependence and Impact on Natural Capital

Assessing and Addressing Natural Capital Risks and Opportunities — Excerpts from the TNFD Report

Risks and Countermeasures for the Optical submarine Cable Business

Dependency and Impact		Risks considered		
Dependence on sea state stability function	Physical	Acute & Chronic	Extended installation times and increased costs due to unstable sea conditions caused by climate change	Medium & Long term
Impacts on marine ecosystems and water quality	Transitional	Policy	Stricter regulations and, in some cases, increased costs	
		Market	Stricter customer requirements and, in some cases, increased costs	
		Technology	In case technological development is delayed, competitiveness will be reduced	
		Reputation	In case of ecological impact, company's brand value will decrease	

In laying submarine cables, NEC takes into account the effects of weather. For example, in the North Pacific region, the weather tends to be rough during the winter season. Therefore, in order to avoid construction during this period, NEC plans prior permitting and cable production in consultation with cable owners. In addition, by conducting oceanographic surveys, we propose routes to cable owners that avoid areas prone to undersea earthquakes and landslides, thereby increasing resilience to natural disasters.

The submarine cable is as thin as 17 mm in diameter, yet strong enough to withstand 8,000 m on the seafloor. In addition, the development of multi-core fiber cables with multiple transmission paths in one fiber has enabled us to expand the transmission capacity without changing the cable thickness. This has made it possible to provide cable owners with a system that offers a higher return on investment while limiting the environmental impact.
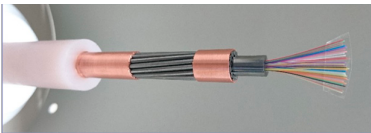
OCC SC530 LW Cable

NEC has held numerous discussions with submarine cable owners and the national and local governments where the cables are installed and complies with local laws and ordinances while laying the cables in an environmentally conscious manner. For example, in Florida, U.S.A., the cable installation was scheduled so that it avoids the sea turtle spawning season. Also, depending on the environment in which the cables are to be installed, we conduct preliminary surveys of marine organisms and install silt curtains to prevent sand from being stirred up when installing the cables.

### Data Center Business Risks and Countermeasures

Dependency and Impact		Risks considered		
Water consumption	Physical	Acute & Chronic	Halt due to inability to operate cooling towers due to drought	Medium & Long term
	Transitional	Policy	Decreased sales in case that water withdrawal restrictions become more severe and the company is unable to properly react it	
		Market	Decrease in sales in the event that customer demands become more stringent and the company is unable to meet them	
		Technology	In case that technological development is delayed, competitiveness will be reduced	
		Reputation	In case of the company causes regional drought, company's brand value will decrease	

Among NEC's major data centers, only the Kanagawa Data Center and Kobe Data Center utilize water-consuming cooling towers.

The locations of these data centers have been analyzed using WRI Aqueduct and confirmed to have a low risk of drought. Furthermore, these data centers have a redundant configuration for surface and ground water.

Equipment Manufacturing (Communications & Aerospace) Risks and Countermeasures

Dependency and Impact		Risks considered		
Water use Flood & storm protection	Physical	Acute & Chronic	Plant shutdowns due to drought and flood damage	Medium & Long term
Wastewater Waste Soil contamination	Transitional	Policy	Decreased sales in case that pollution regulations become more stringent and cannot be met	Short term
		Market	Decrease in sales in the event that customer requirements become more demanding and cannot be met	
		Technology	In case that technological development is delayed, competitiveness will be reduced	
		Reputation	In case of spills, loss of the company's reputation and brand value	

NEC used WRI Aqueduct to assess the risk of drought, flooding, and water pollution at 16 of its equipment manufacturing plants in and outside Japan, and compiled water consumption information using NEC's environmental performance management solution, GreenGlobeX.
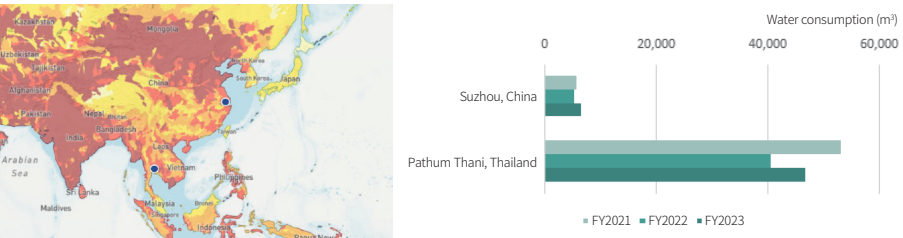
Source: Aqueduct

Dependence and Impact on Natural Capital

Assessing and Addressing Natural Capital Risks and Opportunities — Excerpts from the TNFD Report

Furthermore, for production sites located in high-risk locations, we conducted detailed questionnaire and interview surveys to assess the actual situation. The assessment results and measures are presented on page 31.

Regarding waste from production sites, NEC has been working for over 20 years to reduce landfill waste to 0.5% or less. Further, we are rigorous in managing waste appropriately and preventing illegal dumping through electronic manifest management.

Regarding soil contamination and chemical substance management at production sites, we assess the environmental impact, appropriateness of management, conditions of use, and legal compliance before using heavy metals or organic solvents. We also provide education and training to employees to prevent leakage accidents.
In addition, we address the potential for latent contamination from past business activities through the investigation opportunities stipulated in the Soil Contamination Countermeasures Act, and also voluntarily investigate the status of soil or groundwater contamination and implement appropriate measures.

2. Risks (Upstream Supply Chain)

According to a report by the Alliance for Water Stewardship, water consumption in the ICT and electrical and electronics industries is greater in upstream supply chains than in direct operations.

NEC is using WRI's Aqueduct to assess the water risk of approximately 2,000 production sites from its primary suppliers of hardware that are considered to have a comparatively high impact on natural capital, and is currently conducting interview surveys at the 2% of sites assessed as having a high risk. Please see page 13 for details.
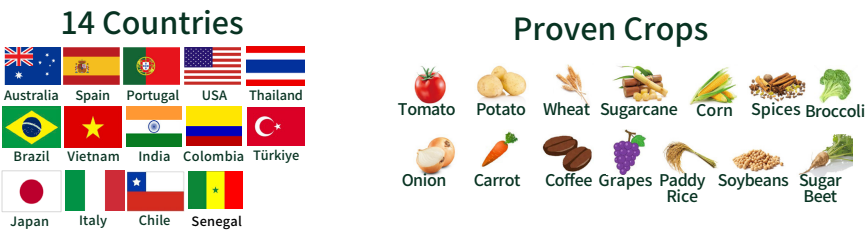
3. Risks (Downstream Supply Chain)

NEC is involved in collecting used equipment. Please see page 35 for details. We also rigorously manage the chemical substances contained in our products. Please see page 15 for details.

4. Opportunities to Contribute through ICT Solutions

NEC provides digital technologies that help people to understand, analyze and consider measures relevant to the components of natural capital, and has the opportunity to contribute to a variety of sectors, including the priority sectors the TNFD has delineated.

For example, industries such as food and beverages, apparel, and pharmaceuticals are required to disclose the amount of irrigation water and nitrogen fertilizer used on farmland upstream in the supply chain. NEC's AI farming system "CropScope" provides a platform that consolidates data related to agricultural production in one place for reference by all stakeholders, forecasting and optimization using accumulated farming data, and remote automatic control. As a result, the farming AI for processing tomatoes developed jointly with Kagome Co., Ltd. has achieved a 20% reduction in nitrogen fertilizer and a 20% increase in yield with 15% less irrigation in tomato cultivation in Portugal, and a 23% yield increase with 19% less irrigation in tomato cultivation in Northern Italy.

14 Countries

Australia　Spain　Portugal　USA　Thailand
Brazil　Vietnam　India　Colombia　Türkiye
Japan　Italy　Chile　Senegal

Proven Crops

Tomato　Potato　Wheat　Sugarcane　Corn　Spices　Broccoli
Onion　Carrot　Coffee　Grapes　Paddy Rice　Soybeans　Sugar Beet

To realize a nature-positive economy, companies need to visualize their environmental dependence and impact in all product and service processes, from planning and design to procurement, manufacturing, logistics, sales, use and disposal, to transform their businesses. In addition, the ability to simultaneously view environmental information along with information on quality and costs will help companies make better decisions about business transformation. NEC has the opportunity to contribute to these goals with its digital technology.

Human Capital Management

Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals

Human Capital Management Framework

The People and Culture Division, which comprises specialized departments for human resources, organizational transformation, general affairs, labour, and human resource development, promotes human capital management for NEC under the leadership of the Chief Human Resources Officer (CHRO). Depending on the agenda, the Executive Committee, the Business Strategy Committee, or the Risk Control and Compliance Committee discusses and resolves important matters as needed to promote human capital management.

To advance the "transformation of people and culture," a tenet of Mid-term Management Plan 2025, the Company has established the I&D Steering Committee, chaired by the President, and the I&D Acceleration Team to take concrete action to make the most of diversity. At the same time, the Corporate Human Rights Promotion Committee, established in 1997, continues its work to promote activities that raise awareness of human rights, such as the elimination of discrimination and the prevention of harassment.

Furthermore, under the direction of the President, the CHRO oversees activities related to occupational health and safety, including risk management, and reports on these activities to the Board of Directors.

In addition, as part of efforts to achieve Mid-Term Management Plan 2025 the Company is conducting measures to enhance human resources involved with DX. In fiscal 2024, a system was created for human resource development throughout NEC Corporation and consolidated subsidiaries in Japan. It involved establishing new job-specific human resource development committees chaired by the top executives in each job category.

As a mechanism for promoting mobility and assigning personnel to appropriate positions in a timely manner, in 2020 the Company established NEC Life Career, a specialized company that assists employees with job and career changes, and Employees' Career Ownership.

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Occupational Health and Safety and Work-Life Balance

Respect for Human Rights

Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals

Human Capital Management Strategy

Viewing people as its greatest management resource, the NEC Group has been investing in its people by transforming systems and improving environments in ways that maximize the capabilities of employees and organization.

An NEC Group management policy in Mid-term Management Plan 2025 is integrating purpose, strategy and culture to maximize corporate value. Engagement scores are positioned as a core indicator for culture.

Key Strategic Themes

In order to implement its business strategies, the Company will steadily acquire, develop and utilize human resources to enhance and optimize the NEC Group's talent portfolio. In acquisition, the Company is strengthening mid-career recruitment activities. In development, it is strengthening measures throughout the Group by having executives take ownership of a human resource development system for each job category. In utilization, the Company is promoting activities to build systems, mechanisms and support structures for assigning personnel to appropriate positions in a timely manner.

Mid-term Management Plan 2025: Strategies

Key Strategic Themes for Human Capital Management

Enhance human resources involved with DX,
increase talent mobility within the Group, and realize an optimal talent
portfolio to strengthen strategy execution

Acquire	**Develop**	**Utilize**
Acquire human resources involved with DX as professionals who can promote transformation in the IT service business	Develop human resources involved with DX to maximize value for customers, from consulting to delivery	Cross-industry resource utilization, and human resource utilization and development that achieve talent mobility within the Group

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Key Themes for Culture

The key themes for fostering and inculcating culture are increasing resonance with management policies and strategies and fostering pride in work; ensuring that evaluations and compensation are carried out appropriately to increase motivation; and developing systems and mechanisms that achieve employee well-being and growth.

Mid-term Management Plan 2025: Culture

Key Themes for Culture in Human Capital Management

Improve the efficiency and effectiveness of
initiatives by implementing measures driven by engagement scores

Inculcate Companywide Policies and Strategies	**Evaluation, Remuneration, Promotion and Career**	**Workstyle and Mental and Physical Condition**
Activities to promote understanding of and resonance with the Company's direction among employees, so that they can work with pride	Establish appropriate systems and processes to foster hope for the future and increase motivation	Create an environment in which employees can continue to work healthily and productively, both physically and mentally

Occupational Health and Safety and Work-Life Balance

Human Capital Management

Governance	Strategy	**Risk Management (Including Opportunity Generation)**	Indicators and Goals

Risk management (including opportunity generation) in human capital management is described on the following pages.

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Occupational Health and Safety and Work-Life Balance

Respect for Human Rights

Governance	Strategy	Risk Management (Including Opportunity Generation)	**Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified; Period: April 2021 to March 2026)
M: Major non-financial indicators related to materiality

M：Employer of Choice–Transformation into an employer of choice and increase in job satisfaction

Engagement score of 50%[1]

1. According to a survey by Kincentric, a global human resources consulting firm. A score of 50% roughly corresponds to the global top 25th percentile, Tier 1 level.

Other indicators and goals are presented in the sections at right.

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Occupational Health and Safety and Work-Life Balance

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

Increase engagement score

2023 One NEC Survey engagement score: +5 points year on year

Progress, Achievements and Issues

2023 One NEC Survey engagement score: +3 points year on year

The initial milestone toward the Mid-term Management Plan 2025 goal of 50% has already been reached.

Issues are as follows.
- Engagement scores vary between organizations. Large differences exist between organizations that are steadily raising their scores and those whose efforts to improve their scores are stalled.
- Engagement scores differ between management-level and rank-and-file employees. There is a gap between higher-ranking employees, who are maintaining high engagement, and the lower ranks, particularly the younger employees.

FY2025 Goals

Increase engagement scores

2024 One NEC Survey engagement score: +6 points year on year

Initiatives to address issues are as follows.
- Variance in engagement scores between organizations: Work to raise performance by sharing best practices among groups.
- Difference in engagement scores between management-level and rank-and-file employees: Work to close the gap between management-level and rank-and-file employees' scores by implementing supervisor development and support measures to strengthen management.

Employee Survey

One NEC Survey

To realize the NEC Group's Purpose, the Company believes highly motivated employees are essential, and it has been conducting initiatives aimed at transforming into an employer of choice. Once a year, the Company conducts a global survey of all NEC Group employees, aiming to achieve an engagement score of 50%[2] by fiscal 2026. By achieving this score, the Company believes it will achieve its target of becoming a highly engaged team corresponding to Tier 1 at the global level. The whole Company is continuing to undertake these initiatives.

2. According to a survey by Kincentric, a global human resources consulting firm. A score of 50% roughly corresponds to the global top 25th percentile, Tier 1 level.

Employee Survey Response Rate

		FY2021	FY2022	FY2023	FY2024
Employee survey response rate	NEC Corporation and consolidated subsidiaries in Japan	86%[3]	88%[4]	85%[5]	85%[6]
	Consolidated subsidiaries outside Japan	80%[7]	76%[8]	82%[9]	84%[10]
	NEC Group	84%	86%	85%	85%

3. Scope: 21 companies 4. Scope: 27 companies 5. Scope: 15 companies 6. Scope: 15 companies 7. Scope: 52 companies 8. Scope: 55 companies 9. Scope: 23 companies 10. Scope: 28 companies

Employee Satisfaction

		FY2021	FY2022	FY2023	FY2024
Employee engagement index	NEC Group	25%	35%	36%	39%

		FY2023	FY2024
Positive response rate to questions regarding the management team in a survey by global human resources consulting firm Kincentric	NEC Group	31%	34%

Inclusion and Diversity

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Inclusion and Diversity Framework

NEC's Inclusion & Diversity Group, a dedicated organization for promoting inclusion and diversity, works with related departments within NEC to promote various measures, such as providing support for and promoting the understanding of women's career advancement and active participation, and the employment of persons with disabilities and sexual minorities (LGBTQ). In addition, this group is engaged in measures related to smooth onboarding of non-Japanese employees working in Japan and mid-career hires. In this way, the Company is fostering an in-house culture that helps these diverse internal human resources make full use of their individuality and uniqueness, and to work and participate at their full potential.

To ramp up these efforts one step further, in fiscal 2022 NEC established the I&D Steering Committee chaired by the President, and the I&D Acceleration Team.

Under the strong leadership of senior management, managers and other personnel in charge gather to hold theme-based discussions where participants propose ideas to promote inclusion and diversity, and then decide upon and implement specific actions. The committee posts the contents of its meetings via the Company intranet and discloses decision-making processes of senior management internally.

NEC appoints many local hires to important positions including the presidents of local subsidiaries.

The top performing local hires are appointed as corporate SVPs, to create a structure that reflects local voices.

Management

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Inclusion and Diversity Policy

The NEC Group Code of Conduct strictly prohibits people at NEC from acting with prejudice on the grounds of race, belief, age, social position, family origin, nationality, ethnicity, religion, gender, sexual orientation, and gender identity, as well as physical or mental disability, and strictly prohibits actions that belittle individuals, including bullying, harassment, child labour, and forced labour. Furthermore, the NEC Group Human Rights Policy sets out and advocates detailed policies for its initiatives on human rights based on the NEC Way, and explicitly states that in all types of corporate activities the Company must respect the individuality of each person and not act in any way that may harm their dignity.

One of NEC's management strategies is to firmly establish a culture that is truly based on inclusion and diversity in this way. The Company believes this to be a source of innovation, and it is promoting initiatives to achieve the goals at right.

📄 NEC Group Code of Conduct

📄 NEC Group Human Rights Policy

Management for Sustainability (Approach to Materiality)

Human Resource Development

Respect for Human Rights

- Set out diverse human resources as one of NEC's priority management themes from an ESG perspective—materiality—and develop employees who lead teams that are able to understand and accept different values and cultures and thrash out various ideas to create social value and drive innovation

- Understand unconscious bias correctly and provide equal employment and fair career opportunities through management, regardless of age, nationality, gender, sexual orientation, and gender identity, as well as physical or mental disability

↓

NEC's ultimate goal is to "transform its organizational structure and culture into one that transforms individual differences into strengths, responds with agility to change, and continues to compete strongly and win."

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Furthermore, in accordance with the NEC Group Human Rights Policy, the Company is working to address and rectify human rights risks, such as slow progress toward including employees who belong to vulnerable groups, such as women, LGBTQ people, and persons with disabilities, as well as difficulty eradicating harassment. The Company is therefore implementing remedial measures and grievance mechanisms.

Respect for Human Rights

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Promoting Women's Active Participation in the Workplace

As a global company, NEC believes it is preferable to have more female employees participating in management decision-making and in leadership positions. Accordingly, the Company has set three goals—ensure diversity in leadership, recruit and employ persons with disabilities, and ensure psychological safety—and is conducting initiatives to achieve these goals. (Medium- to Long-term Goals, Priority Activities, Progress, Achievements, and Issues)

On the following website, the Company publishes its results in connection with indicators relevant to its initiatives for women's active participation in the workplace.

Database of companies promoting women's active participation in the workplace (Ministry of Health, Labour, and Welfare website) (Japanese language only)

Joining the 30% Club Japan
NEC joined the 30% Club Japan in 2020 with the goal of improving the gender balance among its corporate officers. As a member of the club, the Company will tackle a range of measures to improve the gender balance among its corporate officers.

Women's Empowerment Principles (WEPs)
As stated in a report by the UN Human Rights Council, women's roles in Japan have traditionally been stereotyped, and the impact of this is visible in the promotion of women to management positions in Japanese companies. In view of this situation, NEC has recognized that ensuring diversity, including gender equality, and creating an environment in which diverse human resources can play an active role are important management issues, and became a signatory to the WEPs in 2023.

Talent Management Program for Female Employees
NEC has developed and implemented a systematic, position-based development program for its personnel, with the aims of encouraging their further contribution as leaders who epitomize its Code of Values and producing corporate officers in-house.
• Ensuring that promising female employees are selected for participation in personnel development programs at every level
• Holding leadership development programs and forums for employees at the assistant manager level
• Conducting mentoring by directors, employee shadowing, and roundtable discussions under a sponsorship program for senior female leaders
• Holding roundtable discussions with officers and the CHRO regarding promising personnel

Events, Training, and Promotion Activities Inside and Outside NEC
In-house online event for International Women's Day
On March 8, 2024, the Company held NEC Women's Day 2024 to coincide with International Women's Day. NEC Group companies in Japan and around the world conducted various events and campaigns that conveyed respect and gratitude to female employees, colleagues, and associates, and encouraged one and all to make even greater efforts.

Unconscious bias training
NEC provides unconscious bias training by external experts for all directors and senior directors (approximately 800 people in fiscal 2023 and 1,200 people in fiscal 2024). The Company also provides information about unconscious bias in training for new directors and in mandatory online training for all employees.

Seminar on work-life synergy for employees engaged in childcare and others
As approaches to childcare leave diversify, a seminar was held for employees engaged in childcare and their supervisors, as well as employees approaching life events who feel uncertain about how to balance work and family. Participants in the online seminar more than doubled year on year to 300, and included participants from Group companies.

Career development for female employees
In fiscal 2024, a total of 137 female employees (including 33 NEC employees) from various professions voluntarily participated in a networking event organized by NEC and five other companies. The event was conducted both in person and online.

Activities to promote diversity led by female employees
The Company continued to hold dialogue events and study sessions for female employees through Scarlet Elegance in NEC (SELENE), an association of volunteer women in management positions at NEC.

Involvement of senior management
In July 2023 (online) and August 2023 (in person), NEC's President, SVP Asako Aoyama, one senior-level female leader, and 63 Group employees participated in the International Conference for Women in Business.

Efforts to Promote the Use of Childcare Leave among Male Employees
• Working to encourage male employees to take advantage of childcare leave by conducting interviews with both employees who have taken leave and their supervisors and then sharing their experiences within the Company

• Published childcare leave guidelines for male employees in October 2022, and for supervisors and female employees in March 2023

Initiatives to Reduce the Wage Disparity between Men and Women
• In order to increase the proportion of women in senior positions (management and above, decision-making levels), the Company has made improved female hiring and promotion a KPI for executives and other leaders.

• In April 2024, the Company introduced a job-based compensation system that determines compensation based on position, eliminating the influence of personal attributes such as gender and years of service.

Details about measures to promote the active participation of women in the workplace are presented in the following sections.

Inclusion and Diversity

Hiring, Retention, and Compensation

Inclusion and Diversity

Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals

Promoting Employment of Persons with Disabilities

NEC currently employs 451 persons with disabilities, which is the total for NEC Corporation, NEC Friendly Staff, Ltd., and NEC Business Intelligence, Ltd., as of June 1, 2024. These employees work based on the principle of "each individual employee taking ownership of their career, regardless of any disability, and by working with motivation, living a full life and bringing innovation to the world by expressing their individuality (values, experience and strengths)." As of June 2024, NEC Corporation exceeded the statutory employment rate of 2.5%, but some Group companies have yet to reach this level. NEC will promote an increase in the employment rate for the overall Group through the following initiatives.

Employing Persons with Disabilities and Creating Social Value

The Company will create job categories that are unique to NEC by leveraging cutting-edge technologies such as AI, and contribute to creating social value through its businesses.

Initiatives in the Employment Liaison Service for Persons with Disabilities

• In the recruitment process, every attempt is made to ensure applicants can understand information during written exams or interviews through real-time audio transcription, braille exams, or the use of large-print versions. In addition, each candidate's disability is ascertained in cooperation with a specialized agency and then reasonable accommodations are investigated.[1]

• Before a prospective employee with a disability joins the Company, they receive special support according to their disability that includes confirming (with them) that their assigned workplace and other frequented locations are barrier free.

• Develop promotions that merge recruitment activities, para-sports and other forms of branding to acquire high-quality talent.

1. Measures to overcome issues that are barriers for disabled workers so that they can exercise their abilities effectively

Groupwide Committee for Promoting the Employment of Persons with Disabilities

To improve the specialized skills and organizational response capabilities of those in charge of employing persons with disabilities at NEC and its subsidiaries in Japan, information is shared about how many are currently employed at each company and respective initiatives being conducted for them, and projects such as joint seminars and workplace tours are promoted.

Signatory to The Valuable 500

NEC has agreed with and become a signatory to The Valuable 500 initiative for promoting active participation of persons with disabilities in the workplace, which was launched at the World Economic Forum Annual Meeting in Davos in January 2019. In addition to continuously promoting initiatives to create environments that allow employees with disabilities to demonstrate their full potential, the Company will also strive to realize safety, security, fairness and efficiency to enable a rich range of social activities by promoting the active participation of persons with disabilities through employment and contributing to society through support for para-sports.

NEC Joins The Valuable 500

Details about NEC's policies for promoting employment of persons with disabilities are presented in the following sections.

Inclusion and Diversity

Promoting Global Recruitment of Human Resources

To achieve global business expansion, NEC is working through the following initiatives to recruit non-Japanese individuals in its research, technology, sales, and corporate administration departments.

• In addition to accepting foreign nationals studying in Japan as new graduate hires, NEC also conducts recruiting activities targeting researchers at universities outside Japan. (Number of new non-Japanese graduate hires in fiscal 2024: 8)

• NEC works proactively to recruit employees of subsidiaries outside Japan for employment at the NEC head office, to facilitate interactions with these individuals and to develop personnel.

• NEC has a system that enables international students, Japanese students enrolled in universities outside Japan, and other students studying outside Japan to join the Company in October instead of April, when new employees usually join Japanese companies.

• A prayer room has been established in the head office building for employees who need to make religious observances.

Details about measures for promoting global talent recruitment are presented in the following sections.

Inclusion and Diversity

Human Resource Development

Inclusion of Mid-career Hires

Details about measures for mid-career hires are presented in the following sections.

Inclusion and Diversity

Hiring, Retention and Compensation (Hiring)

Inclusion and Diversity

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

LGBTQ Initiatives

In creating a workplace environment where every individual can fully express themselves without fear of discrimination, NEC believes that having a correct understanding of LGBTQ issues and increasing the number of "allies"[2] are top priorities. Also, to provide LGBTQ employees with equal opportunities to use its systems, since fiscal 2020 the Company has provided training for management to better understand LGBTQ issues as well as training for employees who work at the Company's primary consultation desk to ensure LGBTQ employees who use the service can do so with a sense of safety and peace of mind.

2. Someone who understands the situation of, and strongly supports, LGBTQ individuals

Launch of an Ally Community and the Promotion of Understanding among Employees
・ Corporate Executive Vice President (Executive Officer) Kunikazu Amemiya appointed as LGBTQ Ally Community Executive Sponsor
・ 50 employees and their families participated in Tokyo Rainbow Pride 2023
・ An ally community of volunteer employees of the NEC Group has ramped up its activities, planning and implementing various events such as providing special rainbow lunches in the Company cafeteria.
・ To coincide with PRIDE Month in June, the Group invited LGBTQ people from outside the Company to an online event with around 1,000 participants, helping to accelerate understanding.
・ A visible consultation desk (ALLY) responds directly to inquiries and consultation requests from LGBTQ employees.

Revision of Internal Regulations
In October 2019, the Company revised 14 internal regulations, such as adding "a person who is a de facto marriage partner or in a partner relationship" to the definition of "spouse" in order to give de facto marriage partners, including same-sex marriage partners, equal treatment to legally married couples.

Participation in DIVERSITY CAREER FORUM 2023 as a Sponsor
For the seventh consecutive year, NEC exhibited at DIVERSITY CAREER FORUM to introduce its inclusion and diversity initiatives. University students and others with a strong interest in diversity came from all over Japan to participate in the event.

Rated "Gold" in PRIDE Index 2023
• For the fourth consecutive fiscal year (since fiscal 2021), NEC received a "Gold" rating—the highest rating—in PRIDE Index 2023, formulated by work with Pride Association and reflecting evaluations of initiatives for LGBTQ individuals and other sexual minorities at companies and organizations in Japan. The Company met five out of five of the evaluation criteria with respect to a declaration of conduct, a community of concerned parties, awareness-raising activities, human resource systems and programs, and social contributions and liaison activities.

Toward Fair Recruitment Activities
The Company added the following items regarding LGBTQ issues in interview manuals. Since then, it has been promoting awareness so that recruiters can carry out interviews appropriately. The Company also abolished the field for stating gender on the entry form.
• Absolutely do not conduct interviews that discriminate or violate human dignity from the perspective of human rights
• Even if a person comes out as LGBTQ, for example, during an interview, do not ask questions only concerning LGBTQ issues
• Judge a candidate only by the person's capabilities and suitability for the job

Details about the Company's LGBTQ-related measures are presented in the following section.

Inclusion and Diversity

Supporting Diverse Workstyles for Seniors

Extended Employment
• Introduced a post-retirement re-employment system (employment extension system) for employees who wish to work beyond the age of 60. The system's maximum age for extended employment increased to 70 in fiscal 2024.
• Since fiscal 2021, NEC has operated a personnel recruiting system and flexible treatment based on the system for those extending their employment that works to match the needs of individuals and hiring organizations, based on the type of work, job description, employment terms, and other conditions.
• Personnel recruiting system and flexible treatment based on the system for those extending their employment

Dispatch and Placement in Workplaces Inside and Outside the NEC Group
• Launched in fiscal 2022, NEC Life Career, Ltd., provides a career consultation and matching service to boost employees' sense of career ownership through a lifelong career at NEC, creating opportunities for senior personnel to make long-term contributions to society in ways suited to their lifestyles.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to "materiality"

1. M: Ensure diversity among leadership
• Achieve the numerical targets below by the end of fiscal 2026 (including decisions on transfers that are to take place on April 1, 2026)
   - 20% ratio of women and foreign nationals among officers[3]
   - 20% ratio of women in all management positions
   - 30% ratio of women among all employees

2. Recruit and employ persons with disabilities
 • Continue to maintain statutory employment rate (including the special subsidiary)

3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title

3. Directors, corporate officers, Corporate SEVPs, Corporate EVPs and Corporate SVPs

Inclusion and Diversity

Governance   Strategy   Risk Management (Including Opportunity Generation)   **Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals	**Progress, Achievements and Issues**	**FY2025 Goals**
1. Ensure diversity among leadership • Set goals for ratio of women as part of the succession plan for division general manager positions and higher as a 10% increase from the current ratio • Set goals for ratio of women newly appointed as managers for roles of executive manager or higher • Continue and expand the sponsorship management program horizontally and vertically to strengthen the pipeline further • Increase the ratio of female mid-career hires	1. Ensure diversity among leadership • 90% of the goals set for women in the succession plan for division general manager and above were achieved • Achieved a 55% ratio of women among new appointments • 76% of senior female leaders in the sponsorship program were promoted, and the program will be expanded to junior levels in fiscal 2025 • The ratio of women among mid-career hires increased 4.5 points year on year to 24.6%	1. Ensure diversity among leadership • In order to achieve the 20% ratio of female managers set in Mid-term Management Plan 2025, set goals for number of female managers for fiscal 2025 and set goals for executive manager roles or higher • Set goals for the ratio of diverse human resources among new manager appointments for positions of executive manager and above • Expand the sponsorship management program to junior levels • Increase the ratio of female mid-career hires
2. Recruit and employ persons with disabilities • NEC's employment rate for persons with disabilities was 2.40% as of June 1, 2023, exceeding the statutory rate. The Company will promote further increases in the rate to meet increases in the statutory rate in the future, increasing the rate for Group companies that do not meet the statutory rate by holding conferences for those responsible for the hiring and management of persons with disabilities and sharing knowledge. • Continuously promote new businesses and job categories at the special purpose subsidiary using the Company's own technologies • Develop promotions that merge recruitment activities, para-sports and other forms of branding, and connect to acquisition of high-quality talent	2. Recruit and employ persons with disabilities • While NEC's employment rate for persons with disabilities was 2.54% as of June 1, 2024, achieving the statutory rate, and 8 of 12 major Group companies achieved the statutory rate, the NEC Group will make united efforts to continue promoting the employment of persons with disabilities • The special subsidiary began using knowledge from AgriTech to develop a business that combines value creation and the employment of persons with disabilities • Two NEC Green Swimming Club para-swimmers who are on Japan's national team were employed by the special subsidiary, taking on the challenge of dual careers	2. Recruit and employ persons with disabilities • Promote employment of persons with disabilities throughout the NEC Group to meet the increase in the statutory rate in 2026 and work to raise the rates for Group companies that have not yet achieved the statutory rate through the Groupwide Committee for Promoting the Employment of Persons with Disability and by sharing knowledge and experience • As a Valuable 500 company, promote inclusion of persons with disabilities using the Company's own technology and promote businesses that connect the employment of persons with disabilities to the creation of social value • Further promote the development of job categories that are "unique to NEC" at the special subsidiary • Develop promotions that merge recruitment activities, para-sports and other forms of branding, and connect to acquisition of high-quality talent
3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title • Spread accurate information and understanding to employees through training, events, and so forth held throughout the year on inclusion and diversity topics • One NEC Survey Diversity Score: Achieve 37% • Improve workplaces through collaboration with Employee Resource Groups • Continue to implement unconscious bias training	3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title • Over 10,000 NEC Group employees around the world participated (in person) in NEC Women's Day 2024, an in-house event held on International Women's Day • Held the in-house online seminar "Dive into Inclusion and Diversity" three times during the year to encourage employees to treat inclusion and diversity as a personal responsibility and to promote behavioral change, with a total of approximately 2,500 employees participating • One NEC Survey Diversity Score：43% (+10 points year on year) • Employee Resource Groups for female, LGBTQ Ally, young, and foreign national employees held self-organized events • Held unconscious bias training by external experts for director- and senior director-level management, with approximately 1,200 people attending in fiscal 2024	3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title • Continue to provide opportunities to make people aware of unconscious bias • Promote knowledge and awareness of inclusion and diversity among directors • One NEC Survey Diversity Score: Achieve 45% or higher

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Indicators for the Active Participation of Women

Number of Managers[4]

		2021	2022	2023	2024
Non-consolidated (ratio) (As of April 1 of each year)	Total	8,771	9,025	9,162	9,223
	Male	8,169	8,317	8,345	8,278
	Female	602 (6.9%)	708 (7.8%)	817 (8.9%)	945 (10.2%)
Consolidated (ratio)[5] (As of March 31 of each year)	Female	2,435 (9.2%)	2,535 (9.6%)	2,805 (10.3%)	3,162 (11.1%)

4. Excludes corporate officers (2021–2022), executive officers (2023), temporary employees and advisors. Does not include those seconded from other companies to NEC, but includes those seconded from NEC to other companies. Number and ratio of female managers for non-consolidated and consolidated since 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.
5. Japan Aviation Electronics Industry Group companies are excluded.

Indicators for Diversity

	2021	2022	2023	2024
Number of female department heads or higher (Ratio to total personnel in department, heads or higher positions) (As of April 1 of each year)	157 (5.2%)	177 (5.7%)	218 (6.7%)	238 (7.1%)
Ratio of female managers in first level of management (As of April 1 of each year)	7.7%	9.0%	10.1%	12.1%
Ratio of female managers in revenue generating function (Ratio of women in all management positions in revenue generating function) (As of April 1 of each year)	5.2%	5.5%	6.4%	8.4%
Ratio of female employees in STEM-related positions (As of April 1 of each year)	13.1%	13.5%	12.8%	12.6%

Wage Disparity between Men and Women

Hiring, Retention and Compensation (Compensation)

Number of Employees Taking Childcare Leave

Occupational Health and Safety and Work-Life Balance (Healthy Work-Life Balance: Support for Those Balancing Work with Family Commitments)

Indicators for Promoting Employment of Persons with Disabilities

Number of Employees with Disabilities(ratio)[6]

	2021	2022	2023	2024
NEC Corporation, NEC Friendly Staff, Ltd., NEC Business Intelligence, Ltd. (As of June 1 of each year)	387 (2.37%)	399 (2.39%)	411 (2.40%)	451 (2.54%)
Consolidated Group in Japan (The above three companies and consolidated subsidiaries in Japan[7]) (As of June 1 of each year)	995 (2.31%)	1,010 (2.31%)	1,063 (2.39%)	1,169 (2.57%)

6. The calculation is based on the Act for Promotion of Employment of Persons with Disabilities. Ratios for 2022 and 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.
7. The number of wholly owned subsidiaries in Japan, excluding application to subsidiaries and affiliates defined under the Act for Promotion of Employment of Persons with Disabilities, was 13 in 2021 through 2022, 12 in 2023, and 12 in 2024. The number of employees of NEC Corporation and consolidated subsidiaries based in Japan was approximately 63,000 in 2021 and 2022, approximately 64,000 in 2023, and approximately 65,000 in 2024 (as of June 1 for each year).

Special Subsidiary: NEC Friendly Staff, Ltd.

In March 2003, NEC Corporation established NEC Friendly Staff, Ltd. as a special subsidiary for employing persons with disabilities, including people with intellectual or mental disabilities. The subsidiary's head office is located at the NEC Fuchu Plant, and employees work at offices in Tamachi, Abiko, and Tamagawa. As of June 1, 2024, the company employs 204 persons with disabilities.

Hybrid work that combines office and remote work has become more common, so the NEC Group is helping to maximize the performance of its employees, whether they are in a real office or at home. It assiduously maintains the cleanliness and greenery of offices so that employees and customers can use the space comfortably, fostering a collaborative environment where value is generated. In the business domain, the Group is pursuing productivity improvement through floor secretary services such as paperless support, confirmation and notification of documents sent to employees working at home, and site patrols. The Group will also promote the expansion of job categories by creating new businesses using NEC's advanced technologies.

Inclusion and Diversity

Governance　　　Strategy　　　Risk Management (Including Opportunity Generation)　　　**Indicators and Goals**

Indicators for Promoting Global Recruitment of Human Resources

To achieve global business expansion, NEC is hiring foreign nationals in its research, technology, sales and administrative departments.

		FY2021	FY2022	FY2023	FY2024
Number of employees with non-Japanese citizenship	Total	251	239	239	246
	Male	140	131	127	130
	Female	111	108	112	116

Indicators for Employee Composition

GRI
2-7
2-8
405-1

Consolidated Number of Employees[8]

			FY2021	FY2022	FY2023	FY2024
		Total	114,714 (100%)	117,418 (100%)	118,527 (100%)	105,276 (100%)
Consolidated number of employees by region (ratio)		Japan	75,923 (66.2%)	76,773 (65.4%)	77,424 (65.3%)	74,751 (71.0%)
		Asia Pacific	13,904 (12.1%)	16,389 (14.0%)	17,825 (15.0%)	12,112 (11.5%)
		China/East Asia	4,706 (4.1%)	4,951 (4.2%)	4,936 (4.2%)	3,424 (3.3%)
		EMEA	12,415 (10.8%)	12,940 (11.0%)	12,365 (10.4%)	12,468 (11.8%)
		North America	2,348 (2.0%)	2,389 (2.0%)	2,344 (2.0%)	1,262 (1.2%)
		Latin America	5,418 (4.7%)	3,976 (3.4%)	3,633 (3.1%)	1,259 (1.2%)
Employees by employment type	Non-consolidated	Regular	20,589	21,350	22,036	22,210
		Temporary	45	49	44	41
	Consolidated	Regular	114,714	117,418	118,527	105,276
		Temporary	7,350	7,038	6,408	5,508

8. Excludes directors, executive officers (fiscal 2021–fiscal 2023), executive officers (fiscal 2024), contract employees, advisors, temporary employees and those seconded from NEC to other companies, but includes those seconded from other companies to NEC

		FY2021	FY2022	FY2023	FY2024
Employees by gender (ratio)	Total	20,589	21,350	22,036	22,210
	Male	16,551	17,018	17,391	17,408
	Female	4,038 (19.6%)	4,332 (20.3%)	4,645 (21.1%)	4,802 (21.6%)
Consolidated employees by gender (ratio)	Total	114,704	117,418	118,527	105,276
	Male	84,592	85,880	86,117	79,012
	Female	30,112 (26.3%)	31,538 (26.9%)	32,410 (27.3%)	26,264 (24.9%)

		FY2021	FY2022	FY2023	FY2024
By age group	Total	20,589	21,350	22,036	22,210
	0–17	0	0	0	0
	18–29	2,527	2,780	3,065	3,278
	30–49	9,473	9,592	9,757	9,802
	50–59	8,001	8,155	8,141	7,782
	60–69	583	819	1,066	1,341
	70 and over	5	4	7	7

		FY2021	FY2022	FY2023	FY2024
Average age of employees	Total	43.7	43.6	43.5	43.3
	Male	44.2	44.3	44.2	44.0
	Female	41.5	41.4	41.2	40.9

Note: The totals since fiscal 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

Hiring, Retention, and Compensation

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Framework for Hiring, Retention, and Compensation

GRI
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402-1

With reference to the various guidelines put forth by the International Labour Organization (ILO) and other bodies, the NEC Group Human Rights Policy acknowledges employees' three primary labour rights—the right to organize, the right to collective bargaining, and the right to collective action. In addition, the labour agreement that NEC has concluded with NEC labour unions guarantees the right of workers to bargain collectively and stipulates that management must consult with workers if any changes are to be made to important labour conditions, such as wages and work hours. As a forum for such discussions, a central labour and management council meeting is held biannually.

At NEC Corporation, the labour agreement states that all employees are labour union members, except for certain general employees who conduct management duties or designated operations.

NEC's labour union is called the NEC Workers' Union, and is a member of the NEC Group Federation of Workers' Unions, which is a federation of workers unions of certain NEC Group companies (Approx. 44,000 union members as of March 2024).

Furthermore, the NEC Group Federation of Workers' Unions is a member of an umbrella organization, the Japanese Electrical, Electronic and Information Union.

Labour-management relationships are stable, and there are no particular issues of note.

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Policy for Hiring, Retention, and Compensation

To realize corporate growth and personal growth and happiness in accordance with its Human Resources (HR) Policy, NEC develops and fairly evaluates personnel, who drive the growth of its businesses. It also works to create an environment where employees can work with ease and comfort and thereby display a high level of performance.

Aiming to realize fair assessments, NEC has established a system that evaluates employees based on their contributions to businesses, regardless of such attributes as age or gender.

At NEC, labour and management are working together to implement flexible workstyles, prevent overwork, and encourage employees to take leave in compliance with the relevant legal systems of each country. In addition to these systems, the Company is creating a rewarding work environment through discussions and by cooperating with the workers union and management on issues covering the personnel system, benefits programs, the realization of work-life balance, and promotion of workstyles whereby all employees have the opportunity to reach their full potential. In particular, the Company has childcare and nursing care systems that exceed statutory levels and has led other companies in the establishment of a teleworking system, which was introduced as early as 2000. Through these and other initiatives, NEC is creating an environment where diverse personnel can play a part.

Human Resource Development

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

The NEC Group needs to acquire and retain talented employees in order to develop products, services and solutions that society accepts. In doing so, the Group potentially competes with multinational technology companies possessing extensive resources. Therefore, the NEC Group's Human Resources Division constantly strives to hire and retain the personnel required by the divisions that drive the NEC Group's businesses, including the growth areas of Mid-term Management Plan 2025. Given these efforts, hiring and labour costs may increase. In addition, as technology and industry trends evolve, there could be an increasing need to hire diverse, socially sensitive personnel who have various values, abilities, backgrounds, and unconventional skills. Specifically, recent advancements in digitalization and automation have increased demand for personnel with skills in AI, machine learning, data science and statistical analysis. Competition to acquire such personnel is therefore expected to become more intense. To attract personnel with these skills it will be necessary to complement traditional recruiting methods with diverse methods such as referrals (employee introductions) and scouting.

Consequently, if a large number of talented employees leaves the Company, if the NEC Group is unable to hire new talented personnel, or if it is unable to ensure diversity in its workforce, it may be difficult for the Group to achieve its business objectives and it may fail as a Social Value Innovator to provide products, services and solutions that society accepts.

Hiring, Retention, and Compensation

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Hiring

GRI 401-1

Initiatives to Hire New Graduates

NEC conducts initiatives to secure diverse human resources through job-matching hiring.

- Starting with the new graduate hires who joined in April 2024, the Company has been implementing job-matching hiring consisting of division- and job-specific hiring[1] in which the division and job type to which a prospective employee will be assigned are determined at the time of employment offer, as well as open-division hiring in which only the job type is determined at the time of employment offer.
- Since fiscal 2021, the Company has utilized a system that entails hiring new graduates for specific jobs. Rather than paying talented new employees starting salaries based on their academic background, the new system provides compensation based on the roles that the new employees assume.
- In an effort to acquire and develop top-level R&D talent, the Company has introduced the Selective Compensation Program for Professional Researchers targeting leading young researchers (including new graduates), with no upper limit on compensation for non-managerial employees.

1. Students are presented with around 60 job descriptions, and select their desired division and job type, then sit for a test based on their selections, guaranteeing an initial placement if they pass. Division- and job-specific hiring accounts for approximately 70% of hiring.

Increase in Mid-career Hiring

To assign personnel to appropriate positions in a timely manner, NEC has conducted a wide-ranging review of the way it utilizes human resources. The Company is hiring more mid-career personnel, enabling it to implement business strategies immediately. This includes the utilization of external human resources. As a result of these initiatives, in fiscal 2024 the Company hired 643 such personnel, which is roughly a 1:1 ratio with new graduate hires, helping speed up job-specific human resource management.

- In fiscal 2024, the Company hired 106 employees through a referral recruitment system that uses the personal networks of NEC employees.
- In fiscal 2024, the Company hired 59 employees using a direct sourcing service for directly contacting prospective employees.

Inclusion of Mid-career Hires

The Company hired 643 mid-career personnel in fiscal 2024, around the same number as new graduate hires. In light of the increasing number of mid-career hires, the following initiatives are being implemented.

- Provision of web-based training on interviewing to employees responsible for conducting interviews with prospective mid-career hires.
- Online orientation for mid-career hires.
- Distribution of onboarding manuals to departments to which mid-career hires are assigned.
- Collection of employee feedback via the Voice of Employees questionnaire after a fixed period upon joining NEC.

Mid-career hires have diverse approaches and perspectives based on their experience working at other companies outside NEC. These employees serve as the catalyst for cultural transformation by putting forth ideas to improve existing operations in their assigned places of work.

Human Resource Development

Corporate Citizenship Activities

Attrition

NEC's employee turnover rate, presented at right, is calculated by dividing the number of employee resignations by the number of employees at the end of the relevant fiscal year (employees who join or resign during the fiscal year each count as one employee).

Resignations also include retirement at mandatory retirement age and transfers to affiliated companies.

	FY2021	FY2022	FY2023	FY2024
Turnover rate[2]	2.5%	2.9%	3.6%	3.4%

2. The number of employees used to calculate the turnover rate does not include corporate officers (until fiscal 2023), executive officers (fiscal 2024), employees seconded from other companies to NEC, employees seconded from NEC to other companies, or temporary employees.

Employee Evaluations

GRI 404-3

Evaluations That Promote Personal Growth

NEC conducts dialogues between employees and their supervisors as the basis for personnel evaluation and development. These one-on-one meetings help align the goals of individual employees in their roles with the goals of the Company's business strategy. Currently, about half of NEC employees have these one-on-one meetings at least once a month.

The following initiatives are being implemented to achieve business goals.
- Supervisors provide coaching aimed at task management and help employees with growth and career development.
- In one-on-one meetings supervisors have been providing feedback and coaching based on the Code of Values, placing increased emphasis on conduct, while focusing on results.

- The Company introduced "Feedback from Others," a system for receiving multifaceted, 360-degree feedback.
- Managers are provided with training to increase their managerial capabilities and help them to elicit independence, creativity, motivation, and autonomy from the members of their teams and maximize team performance.

In cases other than employee preference, where there is an operational requirement, workplaces and workstyles may be changed or employees may be transferred or seconded to another company. However, in these cases, the labour agreement stipulates that the labour union must be notified at least seven days in advance.

Retirement Benefits System and Stock Ownership Plan

For regular employees, there is a retirement benefits system and an employee stock ownership plan (introduced for NEC Corporation and a part of the NEC Group). Furthermore, bearing in mind the import of laws pertaining to equal pay for equal work, temporary employees are also able to use some of the systems established for regular employees.

Hiring, Retention, and Compensation

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Retirement Benefits System and Stock Ownership Plan

Retirement Benefits System (Retirement Allowance System and Pension Plan)

NEC's retirement benefits system has two components: a retirement allowance system that accumulates funds during employment and pays them at retirement, and a corporate defined contribution pension (DC pension) plan. In April 2024, these systems were revised so that benefits are consistently granted (contributed) based on annual salary and position from the time the employee joins the Company until retirement, regardless of age or years of service. This ensures fair treatment based on the Pay for Job / Pay for Performance approach of the compensation system.

In addition, the support that the Company has provided for asset formation to date, such as maintaining and enhancing the DC pension program foundation, enhancing continuous investment education, and setting up an individual consultation desk, improves the financial well-being of employees and further enriches their work and private lives. This motivates employees to pursue long-term career development from a broad perspective, both inside and outside the Company, without limiting the range of career options open to them.

Stock Ownership Plan

The NEC Employee Stock Ownership Plan (ESOP) is open to all employees except directors and executive officers. Employees can join the program at their discretion and can contribute a fixed amount from their monthly salary and bonus to purchase NEC Corporation stock. The Company also incentivizes participation in the ESOP by offering a fixed-percentage bonus contribution. Setting aside a fixed amount each month enables asset formation for plan members over the medium to long term. Employees of NEC Group companies can also become ESOP members.

This stock ownership plan helps to increase employee participation in Company management. The resulting improvement in corporate value leads to higher stock prices and growth in ESOP members' assets.

As of March 31, 2024, the ratio of ESOP shareholdings to total NEC shares issued and outstanding (excluding treasury stock) is 1.41%.

Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows regular employees and temporary employees to select and design their own benefits (rather than following a benefits and welfare system prepared by the Company) based on an assumed model life plan. Under this benefits and welfare system, employees are granted a certain number of points, and they can select various benefits and welfare services within the scope of their points, according to their needs. Starting in fiscal 2025, the value of points for self-investment for growth and health improvement service assistance will be increased, which will provide strong support for realizing the Company's employee benefit concept of Growth & Well-Being.

Furthermore, separate from basic earned points, the Company provides employees engaged in childcare and nursing care with special points for each of those activities to support work-life balance.

In fiscal 2025, the eligibility for using nursing care points will expand from family members (spouses, parents, grandparents) who have been certified as "requiring nursing care" or "requiring support" to include family members with disabilities, and the scope of family members will expand to include those within the second degree of kinship.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Hiring and Retention Indicators and Goals

Data Related to Hiring
The Company plans to hire 700 new graduates in fiscal 2026 and 600 mid-career personnel in fiscal 2025.

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of new employees	Total	1,012	1,196	1,256	1,243	
	New graduate hires (Employees who joined the Company on April 1 of each year, including those who joined through year-round recruitment of the previous year)	630	577	660	600	686
	Mid-career hires	382	619	596	643	
Number of new employees by gender (ratio)	Total	1,012	1,196	1,256	1,243	
	Male	721	872	912	887	
	Female	291 (28.8%)	324 (27.1%)	344 (27.4%)	356 (28.6%)	
Number of new employees who are new graduates with non-Japanese citizenship		11	5	4	8	

		FY2021	FY2022	FY2023	FY2024
Three-year retention rate of new graduate hires[3]	Total	90.7%	93.6%	94.9%	91.8%
	Male	90.6%	92.7%	93.1%	90.8%
	Female	91.2%	95.5%	98.6%	93.6%

3. Fiscal 2024 figures are the percentages of new graduates hired on April 1, 2021, who were still employed by the Company three years later (April 1, 2024).
Figures for fiscal 2021–fiscal 2023 have been calculated in the same manner.

		FY2021	FY2022	FY2023	FY2024
Average length of employment (years)	Total	18.9	18.5	18.1	17.5
	Male	19.2	18.9	18.5	18.0
	Female	17.8	17.3	16.8	16.2

Note: The totals since fiscal 2023 have been independently assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Indicators for Compensation

**GRI
405-2**

NEC Corporation pays bonuses twice annually, calculated based on the Company's performance and individual evaluations. Moreover, starting salaries for new graduate hires have been increased with the expectation of further participation of young employees and with a view to strengthening the Company's competitiveness in hiring. In addition, the starting salary for new graduate hires was higher than the minimum wage in Tokyo as of October 2023 (1,113 yen per hour).

		FY2021	FY2022	FY2023	FY2024
Average annual salary (million yen)	Total	8.29	8.14	8.43	8.80
	Male	—	—	8.92	9.33
	Female	—	—	6.61	7.02

		2023	2024
Starting monthly salary (yen) New graduate hires in April	Doctoral program graduates	314,500	361,300
	Master's degree graduates	261,000	299,400
	Bachelor's degree graduates	237,000	280,000

Wage Disparity between Men and Women (Female to Male Ratio)[4]

The disparity between wages of male and female workers at the Company and at many consolidated subsidiaries is in the 70th percentile. The different numbers of men and women in management positions, which have relatively high wages, is likely to have an impact on the overall disparity. The wage disparity by position for officers of the Company is around the mid-90th percentile, which is considered small.

	FY2023	FY2024
All workers	73.7%	75.3%
Of which, regular workers	73.0%	74.6%
Of which, part-time and limited-term workers	87.2%	80.7%

Presentation categories have changed from fiscal 2023.
4. Calculations are based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Figures for fiscal 2024 has been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.
Note: Please refer to the annual securities report for consolidated figures.

Annual Securities Report (Japanese language only)

Wage Disparity between Men and Women (Female to Male Ratio)[5]

	FY2021	FY2022
Management	96.8%	97.8%
Assistant managers	97.9%	99.3%
Other employees (without job titles)	101.6%	100.7%

5. The impacts of factors such as childcare leave and reduced working hours for childcare are excluded from the calculations.

Human Resource Development

| **Governance** | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Human Resource Development System

GRI 404-3

With a view to realizing our Human Resources (HR) Policy, we are rapidly responding to change and accelerating the establishment of systems that enable the timely assignment of personnel to appropriate positions.

Human Resources for Driving Transformation
We are reorganizing the roles of the People and Culture Division, which spearheads the human resource strategies that support business strategies. We have prepared a human resource model and defined the roles and responsibilities of each human resource business partner, shared service, and center of excellence. The center of excellence plays a leading role in formulating human resource strategies and establishing optimal programs, systems, and policies, and works with human resource business partners to implement measures for human resource development and training throughout the Company.

Training System for Heightening Expertise
• We established the Learning and Development Department (L&D Department) in the People and Culture Division.

We established the L&D Department by consolidating the human resource development functions that were previously distributed throughout NEC. This department plans and designs shared policies and measures for human resource development for all job types, with the aim of optimizing and enhancing groupwide human resource development.

• Establishment of job-specific human resource development committees
We have established cross-organizational job-specific human resource development committees to strengthen specialized skills by job type and to enhance human resource development throughout the NEC Group. NEC officers representing each job type chair respective committees, and executives and experts selected from each organization work with their human resources divisions to accelerate the development of the professional talent required for business growth.

Human Resource Foundations for One NEC
To realize the HR Policy, the NEC Group must unify its human resource foundations in-house, including those in and outside Japan. Since 2019, the Company has been conducting performance development at NEC Group companies as well as at NEC Corporation, thereby enabling it to unify its human resource evaluations. Performance development encourages growth and behavioral change. It provides feedback that uses a system of nine blocks based on performance and the Code of Values, goal management, and one-on-one meetings between supervisors and their team members.

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Human Resource Development Policy

Viewing people as its greatest management resource, NEC has been investing in them by transforming systems and improving environments in ways that maximize the capabilities of the Company's personnel and organization.

HR Policy "NEC, for Those Who Seek Challenge"
To be an employer of choice that is always the preferred option not only of markets and customers but also of workers, we have been reforming our workplace environment and culture. The aim of these efforts is to ensure that each employee has a range of opportunities to take on challenges and grow, and receives fair evaluations. Moreover, we are creating an atmosphere in which proactive employees can shine. The aforementioned reform initiatives are based on our Human Resources (HR) Policy "NEC, for Those Who Seek Challenge," established in 2019.

Details about HR Policy

NEC Way

Target Employee Engagement Score
Through these reform efforts, we hope to raise the employee engagement score to 50%[1] by fiscal 2026.

1. Based on a survey conducted by the global human resource consulting company Kincentric, a 50% score is in Tier 1, which approximately corresponds to the top 25th percentile of companies globally.

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Human Resource Development Programs

Talent Development (Human Resource Development Programs and Training)

Next-Generation Leadership Development

Human resource discovery

- We have clarified the target profiles of next-generation leaders as well as the capabilities they are likely to need and compiled a list of approximately 1,300 promising personnel from our operations worldwide.
- We have identified 150 particularly promising people (of whom 24% are women) as the Top of the Top, and are implementing individualized development plans for each of them.
- We hold Talent Talks, in which corporate officers discuss promising personnel, and People & Organization Discussions, which focus on reflecting business strategy in organizational design and personnel assignment.
- We will roll out the above initiatives globally—in Japan and at all seven major consolidated subsidiaries outside Japan.

Training program for the next generation of leaders

- We have created and implemented a leadership development program for the next generation of leaders with emphasis on the Top of the Top.
- The program includes feedback from corporate officers. In fiscal 2024, 21 talented people from NEC Corporation and Group companies participated in Beginning Leadership Journey.

Global human resource development

- We conduct global leadership programs to ensure that we assign the most globally competent personnel to leadership positions.
- 18 talented people from around the world, including Japan, participated in the Rising Leader Program.
- We send young talent to the Columbia University Business School Visiting Scholars program and workshops outside Japan to create social value.

Identifying, assessing and developing young talent

- We assessed the potential of 150 young employees selected from the talent pool.
- We appoint change facilitators from top talent in alignment with cultural measures, and appoint young employees to companywide management audit projects.

Roundtable with Company officers

- Held a roundtable discussion between Company officers and 150 promising Top of the Top personnel. Officers are in direct contact with Top of the Top personnel across divisions and are involved in their training.

Professional Human Resource Development through Job-specific Human Resource Development Committees

We have established job-specific human resource development committees in six areas: marketing; sales and business design; services, SE and consulting; technology development; SCM; and research and development. In fiscal 2024, in preparation for the introduction of our job-specific personnel system, business leaders took responsibility in their areas for finalizing job descriptions, setting personnel requirements, and restructuring the human resource development framework to enhance the capabilities of personnel to meet those requirements. We also sent out messages and held discussion sessions for all employees about expectations for their growth and taking on challenges.

Enhancing the Management Skills of People Managers

In anticipation of the introduction of job-specific human resource management in April 2024, we conducted training for all of the Company's management positions (approximately 2,500 people). In order to make the most of the personnel system, the people responsible for front-line business management need to deepen their understanding of the purpose of the system and how to use it. They also need to enhance their skill in providing appropriate evaluations and feedback. In fiscal 2024, we therefore implemented a training program to drive ongoing management improvement. The program included briefings for managers on the introduction of the system for realizing an optimal human resource portfolio based on business strategies and for imparting the skills to build a highly motivated professional team. Approximately 300 new managers have taken part in the program, which focuses on the acquisition of performance management skills and identifying their strengths and areas for improvement through multifaceted feedback.

Development of Personnel Conversant with DX

NEC has established a common DX education framework for NEC Corporation and its consolidated subsidiaries in Japan, and has implemented a training program for basic DX literacy and specialized DX personnel that is aligned with the definition, requirements, and development goals for human resources involved with DX. We aim to achieve the goals of Mid-term Management Plan 2025 by continuing to enhance measures to shift and improve skill sets through this training program based on a systematic digital human resource development promotion system linked to the growth of the DX business. As of March 31, 2024, qualified DX personnel totaled 10,376. In addition, a total of 42,820 people at NEC Corporation and 16 consolidated subsidiaries in Japan had participated in basic DX literacy training and a total of 49,737 people had participated in specialized training for DX personnel.

As a result of these key measures, management-related indicators improved by approximately 5 points, and career and self-development indicators improved by approximately 7 points in the engagement survey conducted in fiscal 2024.

Training Framework

Details on the training framework

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Human Resource Development Programs

Developing Talent in Key Focus Areas

NEC is actively engaged in training and acquiring human resources who can use its core technologies to create value.

Training and Acquiring Top Researchers / Diversity
- Introduced a job-specific personnel system to flexibly set compensation for researchers with advanced expertise.
- Established the NEC R&D Doctor's Pass program for industry-academia collaboration to support the careers and finances of doctoral students, with the aim of enhancing hiring of personnel with PhDs.
- Boosted hiring of researchers in AI, data science, sensing, biometrics, networks, and security fields (Training and acquisition of research personnel who can link core technologies to social value)
- Trained project leaders and technological architects utilizing personnel exchanges between business divisions and research divisions
- Expanded business developer training to include researchers
- Developed global human resources in cooperation with locations outside Japan (40% of NEC Group employees are global human resources)
  - Actively recruited top talent from research laboratories outside Japan
  - Recruited from leading universities outside Japan, such as the Indian Institute of Technology

Cultivation of Human Resources to Generate New Business
- Established a human resource development system for business development professionals (organization of skills and competencies for business development professionals, creation of practical training system)
- Increased experts in specific domains (approximately 40% have business promotion experience at external companies)
- Developed business lead management personnel (promoted new joint ventures and seconding of personnel to start-ups)

Intellectual Property Specialists
- Stepped up global hiring of attorneys and patent attorneys
- Established and strengthened the Litigation and Counsel Department (established in fiscal 2023)

Development of Information Security Professionals
Developing specialists who implement security by design
- NEC has been promoting a "security by design" (SBD) concept whereby security is taken into consideration for integration of products, systems, and services from the planning and design stages.
- Since fiscal 2020, we have been fostering personnel to assist the security managers[2] of business divisions and implement SBD.
- In fiscal 2022, we introduced a new course for sales personnel that enables participants to acquire the skills necessary to make appropriate security proposals, including incident case studies and security offerings.

2. Individuals responsible for providing information, project support, and incident response related to cybersecurity for each business division

Training in practical security measures
- We use a virtual environment that simulates an e-commerce website, thereby providing a location where system engineers can practice taking practical security measures and acquiring skills that increase the robustness of systems at their construction stage.
- In fiscal 2021, we made this virtual environment available remotely, which allowed our engineers to strengthen the security technologies that underpin our clients' systems even during the COVID-19 pandemic.

Developing highly skilled cybersecurity personnel
- In fiscal 2021, we launched the NEC Cybersecurity Analyst Program, which is a more practical version of the NEC Chief Information Security Officer Aide Training Program.
- Personnel well versed in cybersecurity technologies undergo an intensive six-month program to acquire the technical skills needed to provide advanced cybersecurity services, such as the work performed by the Computer Security Incident Response Team (CSRT) and risk hunting.

Widening our pool of cybersecurity human resources
- To raise the overall level of security skills across the NEC Group, we offer web-based training on the basic cybersecurity knowledge required by sales personnel and system engineers.
- Since fiscal 2016, NEC has held the NEC Security Skill Challenge, an in-house event for all employees aimed at building and reinforcing security skills that employees can use in their work. Through fiscal 2024, a total of over 8,100 employees have participated voluntarily in this event.
- We strongly encourage employees to acquire public security qualifications, such as the internationally recognized Certified Information Systems Security Professional (CISSP) qualification and the Registered Information Security Specialist national qualification. More than 450 of our employees had these qualifications as of March 31, 2024.

Information Security and Cybersecurity

Information Security Report

Human Resource Development

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Programs for Upgrading Employee Skills and Transition Assistance Programs

GRI
404-2

NEC Life Career, Ltd.: Supporting Career Ownership among Employees

To enable each employee to grow and be happy by pursuing a career in line with their values, NEC provides an environment where employees can think about and act on career plans. We have put in place systems that support and encourage the efforts of employees to take the initiative in improving their skills and in pursuing challenging professional roles. Specifically, in fiscal 2021 we renewed and reorganized a set of training programs and systems aimed at self-starting career development and relaunched our career training curriculum under the name Career Design Workshop. Moreover, with the aim of strengthening our ability to support employees' career ownership, in 2020 we established NEC Life Career, Ltd.

Stronger Support for Employees' Independent Career Development

As part of its Human Resources Policy, "NEC, for Those Who Seek Challenge," NEC established the Career Design Workshop to help employees take greater ownership of and realize their career plans. The workshop is spearheaded by NEC Life Career, Ltd. (established in October 2020), and was conducted for 5,500 employees ranging from their 20s to their 50s. We also held individual career consultations with over 3,000 employees who applied for the service.

In addition, when employees express interest in the opportunity to try taking on new types of work inside or outside the Group, we provide support to help them get settled and achieve success. As businesses and strategies change and organization functions change accordingly, we work vigorously to provide reskilling programs to organizations that require new functions, in addition to initiatives to increase organizational strength.

Self-directed Career Development through "NEC Growth Careers" (Employee and Position Matching) System

We are strengthening our internal job posting system to provide an environment and opportunities for all employees to map out their careers, take on new challenges, and grow to become who they want to be. Since the update of the previous system in fiscal 2020, there has been a total of approximately 2,000 applicants and over 1,000 have successfully transitioned to new positions with new career challenges. Since fiscal 2023, divisions that are recruiting have regularly held NGC Meetups, which are live-streamed internal programs that showcase the appeal of particular organizations and the positions they are recruiting for, as well as the people who work there. We aim to provide a system for broadly presenting career opportunities within NEC to employees and encouraging proactive career development.

Introduction of NEC's Proprietary AI-enabled Recommendation Service

In the past, our system for matching employees and positions entailed employees reading job descriptions of published vacancies and then applying for positions that interested them. Alternatively, the personnel manager of a department with a vacancy would search published resumes and contact personnel who met the position's requirements. In fiscal 2021, NEC began using its AI capabilities to generate job candidate recommendations. Specifically, we use machine learning to match the content of resumes with that of published vacancies. In fiscal 2024, we employed new research technologies to enhance the AI-enabled recommendation function, making it even easier for employees to use. As well as giving employees more opportunities to take on challenges and grow and discover potential they did not know they had, the new service helps the personnel managers of departments with vacant positions efficiently select, secure, and assign the most suitable personnel.

Governance	Strategy	Risk Management (Including Opportunity Generation)	**Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026

1. Cultivate leadership and strengthen management capabilities in order to sustain a successful presence in the global market

2. Professional development to foster a successful business transformation

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Cultivate leadership and strengthen management capabilities in order to sustain a successful presence in the global market
- Identify even more global and young talent, and accelerate their development
- Update training programs for the talent pool and promote higher-paced and more advanced training
- Enhance training centered on challenging cross-organization assignments

Progress, Achievements and Issues

1. Cultivated leadership and strengthened management capabilities in order to sustain a successful presence in the global market
- Implemented a development plan, selecting young talent and incorporating objective indicators through external assessments. Identifying global talent remains an issue.
- Reviewed the entire program framework, enhanced the program for young people to address earlier development, and expanded the scope to include Group companies
- Focusing on the Top of the Top, identified the necessary experience for management members and appointed qualified individuals to strategically important positions across the NEC Group

FY2025 Goals

1. Cultivate leadership and strengthen management capabilities in order to sustain a successful presence in the global market
- Identify even more global and young talent, and accelerate their development
- Establish and implement a common global talent development program framework
- Enhance training centered on challenging cross-organization assignments
- More strategic and systematic planning and implementation based on activities up to 2023

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

2. Professional development to foster a successful business transformation
• Promote more closely linked to businesses through job-specific human resource development committees
• Accelerate development of human resources involved with DX, a companywide priority measure across job categories

Progress, Achievements and Issues

2. Professional development to foster a successful business transformation
• Job-specific human resource development
- Strengthened the linkage between the personnel system and human resource development (updated job roles and the corresponding human resource requirements, clarified the skills required to perform the jobs, and updated and publicized a human resource development system for enhancing those skills)

• Expanded and deployed content, and developed human resources involved with DX
- 42,820 people completed basic DX literacy training; 49,737 people completed specialized DX human resource training

- Motivated employees to acquire skills by increasing the visibility of human resources involved with DX through Open Badge awards and by announcing the names of recipients in-house

FY2025 Goals

2. Professional development to foster a successful business transformation
• Promote human resource development more closely linked to businesses through job-specific human resource development committees
• Accelerate development of human resources involved with DX, a companywide priority measure across job categories

Indicators for Human Resource Development

Investing in Human Resource Development

GRI
404-1

Number of training days per employee (including temporary employees) and training cost are as follows.

Number of Training Days per Employee (Days)

	FY2021	FY2022	FY2023	FY2024
Non-consolidated	5.1	6.6	8.0	6.8
NEC Corporation and consolidated subsidiaries in Japan	4.8	5.0	4.4	5.1
NEC Group	3.2	3.3	2.9	3.6

Training Cost per Full-time Employee[3] (Yen)

	FY2021	FY2022	FY2023	FY2024
Non-consolidated	107,825	146,230	161,282	150,428
NEC Corporation and consolidated subsidiaries in Japan	73,759	96,388	109,850	112,373
NEC Group	50,839	65,791	74,371	83,466

3. Includes fees for facility usage and transportation associated with training, as well as fees associated with acquiring qualifications needed for the organization's business strategy

Measuring the Effects of Human Resource Development

Human capital return on investment is as follows.

Human Capital Return on Investment (%)[4]

	FY2021	FY2022	FY2023	FY2024
NEC Group	3.55	3.38	3.51	3.57

4. Revenue – (Selling, general and administrative expenses – Personnel expenses) / Personnel expenses

Initiative Outcomes Revealed by the One NEC Survey

Our annual One NEC Survey of employees of NEC Corporation and consolidated Group subsidiaries showed a two-point increase in the rate of positive responses to questions regarding career and self-development, compared with fiscal 2022.

NEC ESG Databook 2024

Management for Sustainability

Environment

Social

Governance

Appendices and Data

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Occupational Health and Safety and Work-Life Balance

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Framework for Occupational Health and Safety and Work-Life Balance

NEC's General Affairs Department formulates companywide policies for health and safety activities, as well as targets and key measures for each fiscal year. NEC's Employee Relations Department promotes initiatives based on the NEC Group Health Declaration. In promoting these initiatives and with the goal of realizing these targets and measures, we operate a management system for preparing and implementing specific measures for each business site, and consolidated subsidiary in Japan, and for conducting internal audits and reviews. Particularly with regard to health and productivity management, the Employee Relations Department and the NEC Health Insurance Association work together as a health management promotion team for the Company and its consolidated subsidiaries in Japan. In addition to conducting independent health-related activities, these organizations work in close collaboration and pool their data and expertise to advance initiatives.

Furthermore, to help us achieve the goals of Mid-term Management Plan 2025, we set KPIs in consultation with the CHRO and based on the World Health Organization's definition of health as "a state of complete physical, mental, and social well-being." Consequently, the KPIs now encompass emotional and social health in addition to our existing emphasis on physical and mental health. Under the direction of the President, the CHRO oversees activities related to occupational health and safety companywide, including risk management, and reports on these activities to the Board of Directors and other organizations.

The NEC Group's Health and Productivity Management Implementation Framework

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Occupational Health and Safety (OH&S) and Work-Life Balance Policy

GRI
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Safety

The Company is working to secure, maintain, and improve a working environment where people can work safely and healthily as a foundation for realizing its Purpose. To promote these efforts, we have stipulated the following action guidelines in the NEC Group Safety and Health Policy. This policy is formulated based on dialogue with labour unions and approved by the CHRO, who is the officer in charge. It applies not only to NEC's officers and employees, but also to all people involved with NEC's businesses and any other parties whose health and safety should be considered.

NEC Group Safety and Health Policy Action Guidelines

NEC has also formulated the Occupational Health & Safety Management Regulations as part of efforts to enhance the quality of its health and safety activities, and has established the NEC Group OH&S Management System. It also conducts related risk assessment and monitoring, as well as preventive and countermeasures. In the wider NEC Group, NEC Solutions (China) Co., Ltd., NEC (UK) Ltd. and NEC XON Holdings (Proprietary) Limited have acquired ISO 45001 certification.

Quality and Safety (Occupational Health and Safety Management in Construction and Installation Work)

Construction Work Project Management

Health

In fiscal 2020, NEC established the NEC Group Health Declaration. Rather than simply focusing on the prevention of illness, the declaration calls for efforts to improve the health of employees so that they can work with mental and physical vitality and achieve self-actualization. In this way, the Group aims to create even more social value.

NEC Group Health Declaration

We carry out a variety of health promotion activities driven by the slogan "Better Condition, Better Life." Based on three policies—Literacy, Practice, and Technology—we seek to reform health awareness, change behavior, and help people maintain healthier behavior.

In recognition of these initiatives, NEC was included in the 2022 Health & Productivity Stock Selection (2022), a certification program of Japan's Ministry of Economy, Trade and Industry, and received certification as a Health and Productivity Management Organization in 2024 (White 500, 2024) from the Ministry of Economy, Trade and Industry. Since fiscal 2022, to achieve the Mid-term Management Plan 2025 goal of becoming "an employer of choice," we have been enhancing the physical and mental condition of our employees and raising our employee engagement score through health and productivity management.

2024
健康経営優良法人
Health and productivity
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Occupational Health and Safety and Work-Life Balance

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Health Management

Mental Health Measures

We position mental healthcare as a key theme in healthcare management, and we are creating a healthy workplace by maintaining the mental health of our employees.

- Fiscal 2026 target rate for mental health-related leave of absence (NEC Corporation): 0.82%
- Completion rate of web-based training: 96.2% (NEC Corporation and 12 consolidated subsidiaries in Japan)
- Satisfaction rate for mental health training for managers: 82.0% (NEC Corporation)
- Satisfaction rate for self-care training for all employees: 72.6% (NEC Corporation and consolidated subsidiaries in Japan)
- Mental Health Support Program
- Return-to-work support program
- Consultation desks (in-house/external)

Absenteeism (Absenteeism Rate)

		FY2021	FY2022	FY2023	FY2024
Index of days lost to absence per year (fiscal 2020 = 100)	NEC Corporation	89.4%	89.8%	107.5%	102.9%

Presenteeism

		FY2021	FY2022	FY2023	FY2024
Average score of responses to the question "Work performance in the last 4 weeks (out of 100)" in the online training survey	NEC Corporation	77.5	73.7	69.9	70.7

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Occupational Health and Safety Management

Risk Management Regarding Occupational Health and Safety

GRI
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NEC identifies risks and countermeasures based on the NEC Group OH&S Management System.

These tasks are overseen by NEC's General Affairs Department, with its internal organization, the Regional Affairs Department, serving as a regional center handling routine matters in the role of promotion office. Specifically, the Regional Affairs Department holds health and safety committee meetings in each region and communicates details of their discussions and deliberations internally. It also receives inquiries from a wide range of employees and organizations as the internal contact desk.

Furthermore, labour union members also participate in a monthly worksite inspection conducted by an industrial physician, exchanging opinions with workplace representatives and gathering opinions. When new risks arise regarding health and disasters, the information is quickly gathered and used by the health and safety committees to make improvements.

Meanwhile, important matters such as a major disaster or pandemic are handled by the Business Continuity and Disaster Recovery Headquarters attended by corporate management, such as NEC's President or directors. The headquarters decides on important themes each year, reviews the flow for countermeasures, and conducts drills. (Our response to the pandemic is described in the section on "Business Continuity.")

Furthermore, we provide a channel for exchanging information with subsidiaries outside Japan to share safety confirmation information during disasters and take steps to ensure workplace safety.

Crisis Management and Business Continuity

Status of Labour-Management Discussions Regarding Occupational Health and Safety (Status of Health and Safety Committees, Etc.)

GRI
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At each business site and base, health and safety committees meet each month in line with laws and regulations to take action on ensuring health and safety and promoting comfortable workplace environments. Committee members include health and safety commissioners and labour union representatives selected by each division, along with employee representatives, and industrial healthcare staff (industrial physicians, public health nurses, and registered nurses). They share information on the status of labour accidents and the targets for each fiscal year. They also discuss new health and safety countermeasures and health-related measures, among other matters.

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Overview of Health Management (Health Promotion)

GRI
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NEC is working to promote health through the following initiatives.

Health Checkups

We provide blood tests for all employees of NEC Corporation and 24 affiliated companies in Japan, including all items covered in the regular health examination, with the goal of identifying lifestyle diseases at an early stage and responding quickly. This enables us to implement consistent measures against lifestyle diseases from the time employees join the Company until their retirement.

Health Check-up Result Prediction Simulation

• Approximately 60,000 NEC Group employees have been offered an online service that enables them to simulate their future health risks and see the benefits of improving their current lifestyle.

• In the fiscal 2024 user survey, the percentage of people who answered "satisfied" or "somewhat satisfied" was 77%.

Health Promotion Events

In fiscal 2024, we held seven events, including exercise seminars conducted by professional trainers, as well as lectures on diet, sleep, and other topics given by experts and industrial physicians. A total of 6,024 people attended the events (NEC Corporation and consolidated subsidiaries in Japan).

• A follow-up survey showed a 73% behavioral change rate and a 45% continuation rate, indicating how these events have contributed to establishing and maintaining better lifestyle habits.

• Health management lectures held at business sites are open to employees of business partners and other companies.

Smoking Cessation

Since fiscal 2021, we have been offering an online Quit Smoking Program in collaboration with the NEC Health Insurance Association. The program allows employees to receive free online outpatient care to help kick the habit. Of the 1,500 participants over the three years ended March 31, 2022, 93% completed treatment (NEC Corporation and companies affiliated with the NEC Health Insurance Association). In addition, the Wellness Promotion Center, an occupational health organization of the NEC Health Insurance Association, recommends personalized smoking cessation methods through individual consultations. As part of a One-day Smoking Cessation Program, we provide over-the-counter nicotine gum and patches, and measure carbon monoxide levels (an indicator of oxygen deficiency) before and after quitting smoking to confirm effectiveness.

Measures against Cancer

Awareness-raising activities have included inviting industrial physicians and experts to conduct seminars on themes ranging from cancer prevention through to treatment and support for employees receiving treatment. A total of 14,009 people attended the seminars in fiscal 2024, and the satisfaction rate was 95% (NEC Corporation and consolidated subsidiaries in Japan).

To support those working while concurrently receiving treatment, in 2018 we formulated guidelines covering the Company's position, direction, points for employees and supervisors to be aware of, and other matters. Depending on the situation, individual employees receiving treatment receive personalized support in coordination with their workplaces, the Wellness Promotion Center, and the personnel and general affairs departments of the companies where they work.

Health Support for Young Employees

NEC Corporation and 24 affiliated companies in Japan are implementing the following initiatives designed mainly to foster a self-care mindset.

• New graduate hires: Individual interviews with public health nurses and clinical nurses aimed at providing health guidance and early intervention ("freshers" interviews)

• 27-year-olds: Individual interviews with public health nurses and clinical nurses for all employees around their third year of employment, when professional responsibilities and life stages often change

• 30-year-olds: Participatory group training (Health College 30) planned by public health nurses and clinical nurses, aimed at preventing lifestyle-related diseases through practical instruction in how to utilize their health checkup results, assertive communication, and stress management methods

Communication of Various Health-related Information

• Leveraging the intranet portal site, digital signage, the labour union email magazine, and various other media and forums such as health and safety committee meetings, each month we provide "Health News" that can be implemented straight away.

• Completion rate for online training related to general health: 91.0% (NEC Corporation)

Initiatives for Preventing Lifestyle-related Diseases

NEC and 24 affiliate companies in Japan are implementing the following initiatives to prevent lifestyle-related diseases.

• Besides specific health guidance, industrial physicians and public health nurses provide follow-up health guidance to employees who need lifestyle improvements.

• For employees whose specific diagnostic results indicate metabolic syndrome or potential metabolic conditions, health guidance is provided to those aged 30 and over, in addition to those in the legally mandated age bracket of 40 and over.

• To promote self-treatment through greater health awareness and encourage health promotion activities among employees and their families, the NEC Health Insurance Association operates the health portal site HAPPYLTH (a points-based health program) and "Sleep, Eat, Move: 15 Secret Stories" (video distribution).

Addressing Women's Health

• We conduct seminars on general women's health issues, and seminars to spread awareness of types of cancer that affect women in particular.

• Embracing diversity in health and productivity management, in fiscal 2022 we introduced services based on the Ministry of Economy, Trade and Industry's three policies of improvement of literacy, establishment of a consultation desk, and creation of a comfortable work environment. Available to all employees regardless of gender, these services include delivering video content and providing discount coupons that can be used at various medical institutions for fertility treatments or other items.

• In fiscal 2024, a total of 2,000 people participated in related seminars hosted by the Company, and a total of 10,800 people watched video content from external services (NEC Corporation and consolidated subsidiaries in Japan).

• To bolster our initiatives further, we have established a Company consultation desk dedicated to women's health issues.

• We participate in pilot projects related to pregnancy and fertility treatment, and provide personal care services including pregnancy support, awareness raising among peers, and encouragement for undergoing medical examinations and treatment.

Results and Mid-term Goals for Health Management Initiatives (as of March 31, 2024)

Occupational Health and Safety and Work-Life Balance

Governance	Strategy	**Risk Management (Including Opportunity Generation)**	Indicators and Goals

Overview of Health Management (Health Promotion)

NEC Health Insurance Association System

Cancer Screening Support

The NEC Health Insurance Association has established an environment that enables employees to receive the same screening tests as they would at an external medical institution for a lower self-coverage cost, and to take the examinations during work hours.

In fiscal 2022, we implemented measures to increase the cancer screening rate for employees at ages where the risk of developing cancer increases (40 years for men and 35 for women).

Specifically, we invested an additional 3.5 million yen to reimburse eligible individuals for out-of-pocket expenses for cancer screening, and encouraged regular checkups. Consequently, the cancer screening rate increased significantly from 21.8% to 64.0% in the targeted age groups.

In fiscal 2023, we facilitated cancer screening for employees by creating an environment in which they can undergo regular health checkups at the same time as cancer screening. We also encouraged them to get comprehensive health examinations at external medical institutions.

As a result, testing locations were significantly increased and employees were able to undergo regular health checkups and cancer screening tests at the same time. These measures have significantly increased the NEC Group's cancer screening test rate, from 49.0% in fiscal 2023 to 56.8% in fiscal 2024.

Online Quit Smoking Program

In collaboration with the NEC Health Insurance Association, we provide an online Quit Smoking Program, which offers employees free outpatient consultations with a doctor about quitting smoking.

Of the 1,500 participants over the three years ended March 31, 2022, 93% completed treatment (NEC Corporation and companies affiliated with the NEC Health Insurance Association)

Dental Examinations

Employees have access to free dental examinations, which are provided based on a contract with the NEC Health Insurance Association.

Healthy Work-Life Balance: Support for Those Balancing Work with Family Commitments

GRI
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Childcare Support

NEC Corporation supports employees who are balancing work with childcare with benefits such as leave before and after a spouse gives birth, childcare leave, and a system of reduced working hours for childcare, in addition to measures such as the following.

• Management training on supporting those balancing work with family commitments, and practice-based training for employees on leave

• Allocation of additional childcare points to employees with children not yet in elementary school under the cafeteria-style benefits and welfare system, "Will be"

• Provision of a parent fund (a payment of 550,000 yen to employees who have become new parents) and a lump-sum childbirth and childcare allowance

NEC Corporation acquired the "Kurumin" Next-generation Support Certification Mark from Japan's Ministry of Health, Labour and Welfare in 2007, 2012, and 2015 in recognition of the Company's initiatives for childcare. We implemented a series of measures, including measures that are not incorporated in the action plan, and further improved the work-life balance of our employees. As a result of these measures, NEC Corporation acquired "Platinum Kurumin" certification in 2018.

The Company is encouraging greater understanding and utilization of childcare leave among male employees by issuing a Guide for Childcare Leave for Men in line with post-natal paternity leave (childcare leave at the time of childbirth) under the revised Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members and by publishing stories about the experiences of men who have taken childcare leave.

Third-party Assurance and External Ratings and Evaluations

Nursing Care Support

To support employees' efforts to balance work and nursing care, we have established systems such as nursing care leave, reduced working hours, and shorter workdays.

In addition, a nursing care plan has been set up within "Will be," the cafeteria-style benefits and welfare system, to provide employees with a variety of support to meet their needs as they balance nursing care and work.

From fiscal 2021, the number of employees working reduced hours to fulfill their childcare and nursing care responsibilities will decrease. We believe that this is because the spread of telework and Super Flex Time has led to an increase in the number of employees who are able to balance work with childcare or nursing care without having to work reduced hours. In addition, as a result of encouraging male employees to take childcare leave, the number of employees doing so has increased.

Occupational Health and Safety and Work-Life Balance

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Healthy Work-Life Balance: Workstyle Reforms

Updating Workstyle

NEC is updating from a hybrid workstyle where employees can basically design their place and time of work to a workstyle in which 40% (2 days a week) of work is carried out in-person at the office. Our aim is to maximize team performance and strengthen NEC's ability to execute strategies and achieve its Purpose.

- Using the Workstyle Guidelines, we are checking team missions and goals and determining the best workstyle for the team through dialogue. Based on the Voice of Employees (VoE) survey, we monitor outcomes and issues, and if necessary, change the guidelines, environment and other matters, as we work together with all employees to update their workstyles.
- We are developing Communication Hubs as workplaces in which team members can openly exchange opinions, and Innovation Hubs for connecting various stakeholders across boundaries of organizations and companies.
- We have introduced Super Flex Time, a flextime system with no core time that allows employees to choose their working hours

Work-Life Balance

NEC grants all employees annual paid leave, and also grants a separate allowance of five days per year of family friendly leave (up to 20 days can be accumulated). Family friendly leave is paid leave that can be used for reasons such as personal illness, a spouse or partner's childbirth, childcare, attending children's school events, family care and local volunteer activities.

The Company is also promoting work-life balance through the following initiatives.

- Following deliberations between the workers union and management, NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime, requiring a health check at 70 hours of overtime work, down from the previous 80 hours.

Special Jury Prize in the Nikkei Smart Work Awards 2023

NEC received a five-star rating in the Nikkei Smart Work Survey, ranking in the top 24 of the 813 companies that responded to the survey. The Company was also selected to receive the Special Jury Prize in recognition of its excellent systems for promoting health, including mental health, and for receiving a five-star rating for three consecutive years.

Introduction of "Thanks/Praise" Platform

Through the "Thanks/Praise" platform, the NEC Group aims to facilitate light, positive feedback using stickers in an effort to foster a culture of mutual acknowledgment and enhancement. The program was expanded to include the entire NEC Group (except for certain Group companies). A test in 2023 confirmed that giving stickers to one another correlates with individual performance and the creation of good relationships between employees. Furthermore, in collaboration with NEC Generative AI Service, we are working on a new initiative to effectively convey the sentiments of each individual.

- We have also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the above standard.
- Work status is confirmed by workers union–management committees in each business unit and office and efforts are made to shorten work hours through workstyle reforms, ensure employee health and encourage workers to use paid leave.
- We established the Guideline for Balancing Treatment and Work for employees. The guideline indicates that employees can make use of systems such as reduced working hours or shorter work days[1] to allow them to receive medical treatment or recover from cancer and other intractable diseases.
- NEC Corporation and affiliated companies in Japan updated their working hour management systems in line with the fiscal 2020 revision of the Labour Standards Act. The Company put systems in place to properly ascertain work hours, rigorously manage overtime, identify potential risks that could lead to accidents during work hours at an early stage and implement countermeasures as necessary to prevent such accidents.

1. One day a week is predetermined as a "non-work day," a day on which employees are allowed time off from work.

Response to Serious Global Health and Safety Issues

Infection Countermeasures

At NEC, we have established a consultation desk for health issues (including infectious diseases) at the Wellness Promotion Centers, and we also use our intranet to provide information about how to prevent infection and to remind people to exercise caution. In addition, we provide financial assistance for seasonal influenza vaccinations and various other types of vaccination as part of infection prevention measures.

When employees are sent on assignment outside Japan, we make them aware of the need to be mindful of and receive vaccinations for infectious diseases that are common in the local area, such as tuberculosis and malaria, which must be reported. In addition, we pay careful attention to employees' health management during transit and on their return to Japan.

Occupational Health and Safety and Work-Life Balance

Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026

1. Maintain occupational health and safety levels in a diverse work environment

2. Utilize health data (regular health checkup results, stress check results, etc.) strategically to clarify organizational issues and build a cycle for implementing and evaluating measures

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals	Progress, Achievements and Issues	FY2025 Goals
1. Maintain occupational health and safety levels in a diverse work environment	1. Maintain occupational health and safety levels in a diverse work environment	1. Maintain occupational health and safety levels in a diverse work environment
• Raise the completion rate for online health and safety education at NEC Corporation (90% or higher)	• Increased completion rate of online occupational health and safety training at NEC Corporation to 91.0%	• Raise the completion rate for companywide online health and safety education (90% or higher)
• Increase the number of near-miss report submissions (10% increase)	• Topics covered included risks from excessive work and the use of health examination results	• Increase the number of near-miss report submissions (10% increase)
• Monitor the Group's global health and safety activity status (once a year)	• Number of near-miss report submissions: Up 87.3% compared with the previous fiscal year	• Monitor the Group's global health and safety activity status (once a year)
• Conduct regular management status surveys of Group company employees in and outside Japan regarding human rights and occupational health and safety	• Conducted a written survey on labour practices and health and safety of NEC Group companies: 28 companies in Japan, 17 companies outside Japan	
2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle	2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle	2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle
• Add and standardize questions about social health and emotional health in Pulse Surveys	• Tested hypotheses to establish indicators for social and emotional health	Goals for fiscal 2025 (draft finalized in mid-May)
• Certification as a Health and Productivity Management Organization (White 500) and re-certification as a Health & Productivity Stock	• Certification as a Health and Productivity Management Organization (White 500)	• Reduce stress through an organizational approach using stress checks
		• Promote "client zero" (implementing cutting-edge technology with NEC itself as the initial client)
3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance	3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance	3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance
(1) Promote self-determination of an ideal workplace and time to support well-being	(1) Provided workplaces that foster communication and co-creation	(1) Provide workplaces that address societal and business changes
- Accelerate building of Communication-Hubs and roll out Innovation Hub FIELDs to several bases, including Tamagawa and Sapporo	- Completed 70% of the mid-term management plan goal of renovating workplaces at Head Office in Tamachi and the Tamagawa office into Communication-Hubs that maximize team performance	- Continuously improve workplace conditions, including network infrastructure and office functions, to accommodate the increase in office attendance and face-to-face communication opportunities
- Response to further workstyle changes since COVID-19 was recategorized as a Class 5 disease in Japan	- Preparing to open an Innovation Hub FIELD, a co-creation space involving food, at the Tamagawa office in fiscal 2025. This space will also use furniture made from recycled local waste materials in consideration of sustainability.	- Reallocate workplace space to align with business characteristics and job functions, and expand Communication Hubs and Innovation Hubs
(2) Promote initiatives to improve productivity and engagement within the organization	- Opened an Innovation Hub at the Hokkaido branch in Sapporo and rollout will be expanded to regional bases	
- Expand data types subject to analysis and analysis angles (productivity and effects of work) in health checkups	- Released a workplace handbook to effectively utilize offices such as Communication Hubs and Innovation Hubs.	
- Set evaluation indicators for "Thanks/Praise" and conduct events, etc. to enhance the effectiveness of measures	(2) Initiatives to enhance organizational engagement and productivity	
	- Evaluated the effectiveness of the "Thanks/Praise" platform through a user survey and confirmed that giving stickers to one another correlates with creating good relationships between employees and enhancing individual performance. To further improve the effectiveness of this measure, a "peer gift" campaign was conducted, allowing employees to exchange gift tickets along with stickers. This led to an approximately tenfold increase in sticker exchanges (over 10,000 stickers). The user survey also confirmed the positive impact on Company loyalty and work engagement.	

Occupational Health and Safety and Work-Life Balance

Governance   Strategy   Risk Management (Including Opportunity Generation)   **Indicators and Goals**

Indicators and Goals for Occupational Health and Safety and Work-Life Balance

GRI

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Mental Health-related Leave of Absence Rate

Our fiscal 2026 target rate for mental health-related absence is 0.82%.

		FY2021	FY2022	FY2023	FY2024
Mental Health-related Leave of Absence Rate	NEC Corporation	0.65%	0.79%	1.05%	1.00%

Childcare Support and Nursing Care Support

Indicators Related to Childcare Support

		FY2021	FY2022	FY2023	FY2024
Number of employees taking childcare leave[2]	Total	180	187	204	292
	Male (Ratio)	63	71	99	176 (40.6%)
	Female	117	116	105	116
Childcare leave return rate		98.5%	99.0%	98.6%	99.6%
Number of employees working shorter hours for childcare	Total	765	489	421	361
	Male	5	7	8	11
	Female	760	482	413	350

2. Number of employees who started childcare leave in the relevant fiscal year, excluding corporate officers (2021–2022), executive offices (2023), temporary employees and advisors. Does not include those seconded from other companies to NEC, but does include those seconded from NEC to other companies.
Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of employees taking childcare leave, etc. is calculated under Article 71-4, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25 of 1991). Spousal maternity leave has not been included.
The totals of number of employees taking childcare leave since fiscal 2023 and the ratio of male employees taking childcare leave have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

Indicators Related to Nursing Care Support

		FY2021	FY2022	FY2023	FY2024
Number of employees taking nursing care leave[3]	Total	12	16	17	17
	Male	8	9	7	9
	Female	4	7	10	8
Number of employees working shorter hours for nursing care	Total	20	7	10	13
	Male	5	0	3	5
	Female	15	7	7	8

3. Number of employees who took nursing care leave in the relevant fiscal year, excluding corporate officers (2021–2022), executive officers (2023), temporary employees and advisors. Does not include those seconded from other companies to NEC, but includes those seconded from NEC to other companies.
The totals of number of employees taking nursing care leave since fiscal 2023 has been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

Work Hour Management (Average Monthly Overtime Work Hours per Employee)

Following deliberations between the workers union and management, NEC Corporation and affiliated companies in Japan stepped up initiatives to prevent excessive work by revising the standard for overtime work, requiring a health check at 70 or more hours of overtime work per month, down from the previous 80 hours.

Average monthly overtime work hours per employee is presented at right.

	FY2021	FY2022	FY2023	FY2024
Average monthly overtime work hours per employee	19.9	21.6	22.1	23.1

Occupational Health and Safety and Work-Life Balance

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Days of Leave

Indicators Related to Paid Leave

	FY2021	FY2022	FY2023	FY2024
Number of days of annual paid leave (Average for all employees, excluding carryover)	21.5	21.5	21.5	21.5
Annual paid leave utilization ratio	55.8%	59.0%	62.5%	62.7%

Other Indicators Related to Leave

	FY2021	FY2022	FY2023	FY2024
Number of family-friendly leave days (Excluding carryover)	5	5	5	5
Family-friendly leave utilization ratio	-	-	33.9%	33.8%

Status of Labour Accidents and Disasters

GRI 403-9 403-10

Labour accidents at NEC Corporation and consolidated subsidiaries in Japan are mostly minor, such as tripping on stairs at train stations or falling on the street during business trips or sales calls.

In fiscal 2024, there was one labour accident at NEC Corporation and one at a consolidated subsidiary in Japan, both caused by long working hours.

In addition, we have not identified any instances of serious violations of laws and regulations from related organizations.

When a labour accident occurs, the person responsible for monitoring labour accidents checks on the status of the person or persons affected by the accident, determines the cause, and implements measures to prevent a recurrence as needed, as laid out in the Company's escalation rules. Even for minor labour accidents such as tripping or falling, the details and countermeasures are shared throughout the Company via the OH&S Committee, the intranet, and other means. We strive to prevent labour accidents that could be caused by natural disasters, for example, calling on employees to remain at home or to return home early if a typhoon or heavy snowfall is forecast.

Trend in Occurrence Status of Labour Accidents and Disasters[4]

		2020	2021	2022	2023
Frequency rate	NEC Corporation	0.0300	0.0600	0.0600	0.1700
	Consolidated subsidiaries in Japan	0.0600	0.1300	0.1600	0.1004
Severity rate	NEC Corporation	0.0000	0.0026	0.0002	0.0001
	Consolidated subsidiaries in Japan	0.0000	0.0000	0.0000	0.0011

4. The calculation methodology for indicators related to labour accidents and disasters is as follows.
Data collection period: From January 1 to December 31 each year

1) Frequency rate   Lost time injury frequency rate = (Number of lost time injuries / Total number of work hours) × 1,000,000
Total number of work hours is based on actual work hours.

2) Severity rate   Labour accident and disaster severity rate = (Number of lost work days / Total number of work hours) × 1,000
Number of lost work days: In the case of death or serious injury = 7,500 days. In the case of temporary disability =
The number of calendar days taken off work × 300/365
The figures of NEC Corporation since 2022 has been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

Trends in Frequency Rate and Severity Rate (Graph)

Training and Awareness-Raising for Occupational Health and Safety

GRI 403-5

Occupational health and safety training rates and training completion rates are as follows.

	FY2021	FY2022	FY2023	FY2024
Occupational health and safety training participants (ratio)	18,380 (90.9%)	19,259 (91.0%)	18,516 (85.3%)	20,719 (91.0%)
Employees completing the Basic Lifesaving Workshop	109	120	251	289

Respect for Human Rights

Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals

Framework for Respect for Human Rights

GRI 2-24

NEC's CEO oversees initiatives based on the NEC Way and the NEC Group Human Rights Policy. In addition, the corporate officer in charge of sustainability promotion regularly presents status reports on initiatives in line with the UNGPs to the Board of Directors, which monitors the progress of the initiatives.

NEC and its consolidated subsidiaries (hereinafter, the NEC Group) conduct regular assessments and identify any actual or potential adverse human rights impacts that may occur either through their own activities or as a result of their business relationships. Through these assessments, the NEC Group identifies its salient human rights issues, and appoints an officer and a department in charge for each human rights issue to promote human rights due diligence.

In addition, NEC has established grievance mechanisms for a wide range of stakeholders, including all employees of the NEC Group, including fixed-term contract employees, temporary employees, and part-time employees, as well as business partners, customers, and local residents.

For details, see Risk Management (including Opportunity Generation): Human Rights Due Diligence (page 69) and Grievance Mechanisms (page 71).

NEC Way

Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals

Approach to Respect for Human Rights

GRI 2-23 2-24

The NEC Group believes that conducting corporate activities with respect for human rights is essential to fulfill its Purpose. With this in mind, it has positioned respect for human rights as one of the Principles outlined in the NEC Way, a shared policy which expresses the behavior that we value as a company, and clearly stipulates the requirement of respect for human rights in all situations by everyone, from NEC Group officers to employees.

The NEC Group respects fundamental human rights in every aspect of its corporate activities and will not allow any act that may be prejudicial on the grounds of race, beliefs, age, social position, family origin, nationality, ethnicity, religion, gender and sexual orientation, gender identity, or disability, or any act that may offend the dignity of any individual, such as bullying, harassment, child labour, or forced labour.

The NEC Group also recognizes its responsibility for the potential impacts that its corporate activities may have on human rights of all people, including vulnerable groups. In addition, the NEC Group, as an ICT provider, strives to promote data protection and privacy, respect for freedom of expression, and the proper use of new technologies. Through the development and provision of products and services that take into consideration human rights issues such as invasion of privacy and discrimination, the NEC Group aims not only to prevent and mitigate adverse impacts on society but also to maximize the social value that it provides.

Based on the aforementioned philosophy, the NEC Group upholds international human rights standards relevant to its businesses and technologies, including those established in the following documents. Where national laws in the relevant jurisdiction conflict with internationally recognized human rights, the NEC Group will seek ways to respect the principles of internationally recognized human rights.

- International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights
- The International Labour Organization (ILO) Core Labour Standards that consist of ten fundamental conventions in five categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment and occupation, a safe and healthy working environment
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprise Declaration

The NEC Group Human Rights Policy details our approach.

NEC Group Human Rights Policy

In 2015, NEC formulated the NEC Group Human Rights Policy, declaring its intention to advance initiatives to promote respect for human rights across its entire value chain through dialogue and consultation with stakeholders and by implementing human rights due diligence. Furthermore, in June 2022, the policy was revised, and these revisions clearly show senior management's commitment to respect for human rights as well as its governance system, as required by the United Nations Guiding Principles on Business and Human Rights (UNGPs). The policy was reported at the Board of Directors' meeting held in fiscal 2023. In revising the policy, NEC held talks with a wide range of internal and external stakeholders, including labour unions, experts from the International Labour Organization (ILO), international NPOs, investors, and lawyers specializing in human rights and business. In 2023, the Company also revised the policy to reflect the addition of "a safe and healthy working environment" to the ILO Core Labour Standards.

The NEC Group Human Rights Policy applies to all officers and employees of NEC and its consolidated subsidiaries, including all employees of the NEC Group, including fixed-term contract employees, temporary employees, and part-time employees. The NEC Group also encourages its suppliers, business partners and customers to understand this policy and share our commitment to respect for human rights. This policy, as well as our initiatives for promoting respect for human rights based on this policy, will be reviewed periodically and updated or revised as necessary.

📄 NEC Group Human Rights Policy

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Approach to Human Rights

Respect for the Rights of Children

NEC strives to prevent and mitigate adverse impacts of its products and services on children based on its support of the United Nations Convention on the Rights of the Child and the Children's Rights and Business Principles,[1] which mentions the rights of vulnerable children, in addition to the international standards embedded in the NEC Group Human Rights Policy.

In accordance with the Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labor from its supply chains and promote business activities and corporate citizenship activities that are based on consideration for human rights—including the rights of children.

1. Established by UNICEF, the UNGC, and Save the Children in 2012

Guidelines for Responsible Business Conduct in the Supply Chain

Responding to the Modern Slavery Act

With approval from the Board of Directors, since fiscal 2019 NEC Corporation, NEC Europe including NEC (UK) Ltd., NEC Software Solutions UK Limited, and Netcracker Technology EMEA Limited have published statements to the effect that they will report on measures related to the United Kingdom's Modern Slavery Act 2015, which is aimed at preventing slave labour and human trafficking.

NEC Group Statement for Modern Slavery Acts

Supply Chain Management

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Human Rights Due Diligence

Human Rights Impact Assessment

GRI
2-24

NEC has been conducting human rights impact assessments since fiscal 2019 in order to further improve the effectiveness of its human rights due diligence.

Process for identifying salient human rights issues and impact assessment

・Fiscal 2019

Together with Ernst & Young ShinNihon LLC, the Company conducted a quantitative human rights impact assessment for the NEC Group's main businesses in accordance with the UNGPs.

・Fiscal 2020
Based on the results of the fiscal 2019 evaluation, the Company utilized the human rights risk data of international NPO Business for Social Responsibility (BSR) to compile a list of NEC's human rights issues. Through dialogue with multiple external experts, including NPOs and other organizations in the social sector, NEC identified salient human rights issues: new technologies and human rights (AI and human rights); labour in supply chains; and employee safety and health. These were reported at a fiscal 2021 meeting of the Board of Directors.

・Fiscal 2021
BSR conducted interviews with 22 divisions, mainly business divisions, from a third-party perspective to confirm the specific details of issues including business activities, management systems, and workplace issues. The list of human rights issues was updated to better reflect the actual situation.

・Fiscal 2022
Based on the fiscal 2021 interviews, BSR conducted a gap analysis at the corporate level that compared practices at the NEC Group with the UNGPs and practices at leading global companies. This provided a visualization of issues within the NEC Group. NEC newly identified "human rights risks related to geopolitical situations and conflicts" as a salient human rights issue.

Since fiscal 2023, the officers and departments in charge have led our initiatives to address the following four salient human rights issues and report them to the Risk Management and Compliance Committee for discussion. NEC will continue to engage in dialogue with stakeholders and disclose information in a timely and appropriate manner.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Human Rights Due Diligence

Initiatives to Address Salient Human Rights Issues

GRI 2-24

New technology and human rights (AI and human rights)

In executing its AI business, NEC has formulated companywide regulations covering policies for the appropriate protection of basic human rights such as privacy, their structure, planning, implementation, inspection and revision. The Company is working to ensure the implementation and operation of these regulations.

AI and Human Rights

Personal Information Protection and Privacy

Human rights risks related to geopolitical situations and conflicts

There is a risk that products and services could be used to violate human rights in conflict regions. For that reason, the Company identifies high-risk regions with respect to human rights based on the OECD States of Fragility 2022[2] list, and it screens information of customers in those regions with regard to human rights and corruption, as well as confirming the intended use of products and services prior to engaging in transactions. NEC also reviews sanctions lists, which include organizations and individuals that are subject to human rights-related sanctions, of the United Nations, the U.S. Department of the Treasury's Office of Foreign Assets Control, and other countries. The Company contractually or otherwise requires customers without a human rights policy or other appropriate systems to implement measures equivalent to the NEC Group Human Rights Policy in order to preclude human rights risks.

2. OECD States of Fragility 2022: The OECD evaluates each country's risk status and response capability across six dimensions: economic, environmental, political, security, societal and human

Labour in supply chains

NEC is promoting activities with a risk-based approach, in accordance with the steps set out in OECD Due Diligence Guidance for Responsible Business Conduct.

Supply Chain Management

Employee Safety and Health

NEC conducts risk identification and implements countermeasures based on the NEC Group Occupational Health and Safety (hereinafter, OH&S) Management System. In fiscal 2024, NEC conducted self-assessment checks to strengthen management of OH&S and ascertain the status of initiatives to promote respect for human rights. Based on the results of those checks, the Company identified subsidiaries outside Japan where awareness of human rights policies is insufficient and worked to raise awareness at those subsidiaries. NEC Group prohibits all forms of harassment, including power harassment and sexual harassment, and aims to foster a culture of mutual acceptance of diversity. The Corporate Human Rights Promotion Committee established by the Company in 1997 continues its activities to promote human rights awareness, including the prohibition of discrimination and the prevention of harassment.

Occupational Health and Safety and Work-Life Balance

Inclusion and Diversity

Stakeholder Engagement on Human Rights

Dialogue with Stakeholders

GRI 2-24 2-29

NEC Sustainability Advisory Committee

Since fiscal 2022, the Sustainability Advisory Committee has been held at NEC Corporation for the CFO and the officers in charge of sustainability promotion. It conducts regular discussions with external sustainability experts. At committee meetings, Ms. Asako Nagai from Business for Social Responsibility (BSR) shares the latest trends regarding responses to human rights-related risks, and each participant shares their awareness of various issues before discussing response measures.

2nd meeting, May 2022: The Progress of Sustainability Promotion and Our Response to Human Rights Risks under Purpose-driven Management

6th meeting, Jun. 2024: Sustainability Strategies That Contribute to Corporate Value Enhancement

Engagement Related to AI and Human Rights

NEC has opportunities to engage with external experts at the NEC Digital Trust Advisory Council, whose members include lawyers and social sector representatives including international NPOs. The Company also maintains regular dialogue with the European Parliament and Japanese government agencies.

AI and Human Rights

Engagement with Suppliers

NEC provides opportunities for dialogue with suppliers on human rights initiatives through exchange meetings and study sessions. In fiscal 2024, it provided an opportunity for dialogue with external experts on the topic of supply chain sustainability.

Supply Chain Management

Engagement with Employees

Approaches such as the NEC Women's Day 2024 online event in honor of International Women's Day and unconscious bias training have provided employees with opportunities to make understanding and accepting different values and cultures a personal responsibility. In addition, to ensure health and safety and promote comfortable workplace environments, health and safety committee members selected by each division, labour union representatives, and employee representatives meet every month at health and safety committees to discuss new safety and health measures and health-related policies.

Inclusion and Diversity

Occupational Health and Safety and Work-Life Balance

Participation in Initiatives on Human Rights

NEC Corporation and NEC Europe participate in the Working Group on Human Rights Due Diligence run by the UNGC Local Network.

In 2019, NEC also joined The Valuable 500, an international initiative dedicated to promoting the active participation of people with disabilities.

Additionally, in 2020 NEC became a member of BSR, which has a strong record of supporting response to human rights issues in the global ICT industry. The Company acquires information on the latest trends and examples from seminars and study sessions, which inform its activities to improve and enhance initiatives on global human rights issues.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Stakeholder Engagement on Human Rights

Human Rights Training and Awareness-Raising

GRI 2-24 412-2

NEC provides awareness-raising activities including training for all officers and employees responsible for respect for human rights, in order to deepen their awareness in terms of respect for human rights and to promote their understanding of global trends on human rights issues.

Awareness-Raising Related to the NEC Group Human Rights Policy and Employee Safety and Health

NEC conduct online diversity and human rights training every year for all employees, including dispatched workers and temporary employees, of NEC Corporation and 13 of its consolidated subsidiaries in Japan. In addition, the human resources departments of all consolidated subsidiaries outside Japan distribute training materials with the same content as those used in Japan.

Diversity and human rights training and completion rates are as follows:

		FY2021	FY2022	FY2023	FY2024
Percentage of employees who completed diversity and human rights training	NEC Corporation	20,592	20,768	20,993	22,555 (92.0%)
	Consolidated subsidiaries in Japan	—	—	—	19,923 (97.5%)

In addition, as a seminar related to Compliance Day, several NEC advisors, including a former director-general of the Ministry of Justice's Human Rights Bureau, conducted a webinar for NEC Corporation and consolidated subsidiaries in Japan with the theme of "Business and Human Rights: Insights into the Impact on Companies from Human Rights Violations Based on Recent Cases." In a survey of 149 in-person participants, 27.5% responded it was "better than expected" and 72.5% responded it was "as expected," indicating a 100% satisfaction rate.

In addition, NEC Corporation also conducts online training on the theme of AI and human rights every year for its employees. The fiscal 2024 completion rate was 95%.

AI and Human Rights

Training at NEC Corporation
- NEC used case studies to provide training on the key points of labour management and harassment prevention for newly appointed Group managers and those who are in management.
- For employees performing hiring interviews, the Company introduced example cases and ensured that everyone had a clear understanding of points to keep in mind during Q&A sessions, in order to maintain fair hiring decisions and equal opportunity in the workplace. There were approximately 700 attendees.
- Unconscious bias training was conducted by external experts for all directors and senior directors. There were approximately 1,200 participants.

Training for Suppliers
- A lecture was held for critical software suppliers based on the content of the aforementioned internal NEC Compliance Day seminar, with 50 companies participating. An exit survey indicated a 98% satisfaction rate.
- A total of three seminars were held to introduce examples of health management and well-being initiatives within the NEC Group. A total of 65 critical software suppliers participated. An exit survey indicated a 100% understanding rate.

Supply Chain Management

Grievance Mechanisms

GRI 2-25

In the event of a violation or suspected violation of human rights, NEC will immediately and accurately investigate the facts and the causes of the incident and strive to take appropriate measures to resolve the matter. The Company has whistleblowing systems that allow stakeholders to report information anonymously. It will keep the identity of any whistleblower and the content of any whistleblowing report confidential. The Company ensures that whistleblowers are protected against unfair treatment or retaliation in any form. Aside from NEC Group employees, these systems serve as contact points for a wide range of stakeholders, including temporary employees, business partners and local communities.

To further strengthen the grievance mechanism, NEC has participated in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) at the investigation stage, a cross-industry initiative launched by the Japan Electronics and Information Technology Industries Association (JEITA) and the Business and Human Rights Lawyers Network (BHRL), an association of lawyers.

HR Hotline for Employees in Japan, Including Temporary Employees

The Human Resources (HR) Hotline is intended for use by all those working for the NEC Group, including dispatched and temporary employees. The system comprises an anonymous consultation desk operated by a third-party organization, as well as a point of contact set up at the human resources departments of each business site and at each business unit, with reports possible by phone or by email in Japanese and English.

NEC expanded the scope of reporting since 2024 to include consultations regarding harassment, human rights violations and discrimination, as well as violations of labour-related laws and regulations and violations of internal personnel-related regulations. The name of the hotline was therefore changed from the Human Rights Hotline to the HR Hotline.

The Company is working to raise awareness of the whistleblowing system through various efforts that include officer messaging for eliminating harassment and online training.

Respect for Human Rights

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Grievance Mechanisms

GRI 2-25

Hotline for Employees Outside of Japan, Including Temporary Employees

For NEC's consolidated subsidiaries outside Japan, regional headquarters also set up whistleblowing systems operated by third parties in each region. These systems are available for officers and employees to use in the local language (English, Spanish, Portuguese or Chinese).

Employees at each subsidiary in the EMEA region can report witnessed or suspected wrongdoing, including modern slavery, through Safecall, a third-party 24-hour confidential reporting line.

Compliance Hotline for Business Partners

NEC collects human rights-related reports from suppliers through the Compliance Hotline, which is operated by a third-party organization. EMEA suppliers can report concerns via contact points that are operated internally by subsidiaries in the EMEA region, the Legal Division of NEC Europe, or Safecall.

Compliance (Internal Reporting Systems)

Supply Chain Management

Customer Communications Center for Customers and Local Residents

NEC collects human rights-related reports from customers and residents of local communities through the Customer Communications Center.

NEC Customer Communications Center

Customer Relationship Management

Whistleblowing Systems' Operational Status

GRI 2-26

In fiscal 2024, a total of 109 cases were reported to the HR Hotline including harassment, human relations and work environment-related cases.

Relevant divisions work together to resolve the contents of consultations to the HR Hotline, which are also reported to the Risk Control and Compliance Committee for the ongoing enhancement of awareness so as to prevent recurrence.

In fiscal 2024, no reports related to forced labour or human trafficking were made to the HR Hotline, Hotline for Employees Outside of Japan, the Compliance Hotline or the Customer Communications Center.

				FY2021	FY2022	FY2023	FY2024
HR Hotline[3]: Number of consultations and reports[4]				23*[5]	169	109	184
	Human rights (discrimination and harassment) Total			-	-	-	109
		Violation of laws or company regulations		-	-	-	20
			Severe warning	-	-	-	9
			Disciplinary action[6]	-	-	-	11
		No violation and other		-	-	-	89
	Labour and other[7] Total			-	-	-	75
		Violation of laws or company regulations		-	-	-	8
			Severe warning	-	-	-	6
			Disciplinary action[6]	-	-	-	2
		No violation and other		-	-	-	67

Note: Cases involving a combination of human rights, labour and other matters are tabulated according to the matter of greater severity.
3. Human Rights Hotline until fiscal 2023
4. NEC Corporation and consolidated subsidiaries in Japan
5. NEC Corporation in fiscal 2021
6. Includes reprimands, suspension, demotion, and dismissal; includes cases in which enforcement will take place in the following fiscal year or later
7. Includes long working hours, workplace accidents, and attendance management

Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

- Regularly review the NEC Group Human Rights Policy and spread it throughout the Group
- Implement human rights due diligence in line with the UNGPs for each significant human rights issue at NEC
- Upgrade grievance mechanisms
- Promote stakeholder engagement, including dialogue with experts at the NEC Sustainability Advisory Committee and the NEC Digital Trust Advisory Council

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Promotion of employee understanding of the latest developments in global human rights
   - Continue to hold online diversity and human rights training for employees including dispatched workers, and maintain a 90% completion rate

2. Promotion of human rights due diligence
   Monitor initiatives for addressing salient human rights issues
   - New technologies such as AI and human rights: Continue to strengthen AI governance in accordance with legal and regulatory trends in and outside Japan
   - Human rights risks associated with geopolitical conditions and the impact of conflict: Establish a human rights impact assessment process for businesses in high-risk areas from a human rights perspective, and start risk mitigation measures for affiliated companies outside Japan
   - Labour in supply chains: Continue acquiring declarations from suppliers accounting for 75% of the total consolidated procurement amount
   - Employee safety and health: Conduct regular management status surveys of employees in Group companies in and outside Japan regarding human rights and OH&S

Progress, Achievements and Issues

1. Promotion of employee understanding of the latest developments in global human rights
   - Held online diversity and human rights training for employees (including dispatched workers) of NEC Corporation and subsidiaries in Japan with a 94.5% completion rate

2. Promotion of human rights due diligence
   - Strengthened employee-related and safety-related items in the NEC Group Human Rights Policy
   - New technologies such as AI and human rights: Visualized the NEC Group businesses related to AI and human rights
   - Human rights risks related to geopolitical situations and conflicts: Conducted customer due diligence as part of the export control process and requested that contracts be in line with the NEC Group Human Rights Policy
   - Labour in supply chains: Continued document inspections and third-party human rights audits; opened a hotline for business partners outside Japan; acquired declarations from suppliers; coverage rate: 86%
   - Employee safety and health: Implemented self-assessment questionnaire (SAQ) for 45 NEC Group companies in and outside Japan. Publicized and thoroughly implemented the NEC Group Human Rights Policy.

FY2025 Goals

1. Promotion of employee understanding of the latest developments in global human rights
   - For employees of NEC Corporation and subsidiaries in Japan including dispatched workers: Continue to hold online diversity and human rights training. Target completion rate: 96%.

2. Promotion of human rights due diligence
   - Regularly review the NEC Group Human Rights Policy and spread it throughout the Group.
   - New technologies such as AI and human rights: Strengthen the AI governance framework.
   - Human rights risks associated with geopolitical conditions and the impact of conflict: Continue customer due diligence.
   - Labour in supply chains: Continue to conduct document inspections and third-party human rights audits using a risk-based approach; acquire declarations from suppliers; maintain coverage rate above 75%.
   - Employee safety and health: Publicize and thoroughly implement various policies, strengthen training for executives and employees as an anti-harassment measure, set upper limits on overtime hours for non-hourly employees, and continue to administer SAQ.

AI and Human Rights

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Implementation Framework for AI and Human Rights

NEC has formulated the NEC Group AI and Human Rights Principles (the "Companywide Principles") in line with the NEC Group Human Rights Policy to guide employees in recognizing respect for privacy and human rights as the highest priority in its business operations in relation to social implementation of AI and utilization of biometrics and other data ("AI utilization").

📄 NEC Group Human Rights Policy

📄 NEC Group AI and Human Rights Principles

NEC incorporates initiatives based on the Companywide Principles into corporate governance, and under the direction of the Risk Control and Compliance Committee overseen by the Board of Directors, it has established an AI governance framework centered on the Chief Digital Officer (CDO: the AI governance officer) and the Digital Trust Business Strategy Department.

As the department responsible for AI governance, the Digital Trust Business Strategy Department oversees an internal system that sets out the basic matters that officers and employees must comply with to ensure respect for human rights in business activities related to AI utilization. The Company has also established the NEC Digital Trust Advisory Council composed of external experts as an advisory framework for AI governance themes.
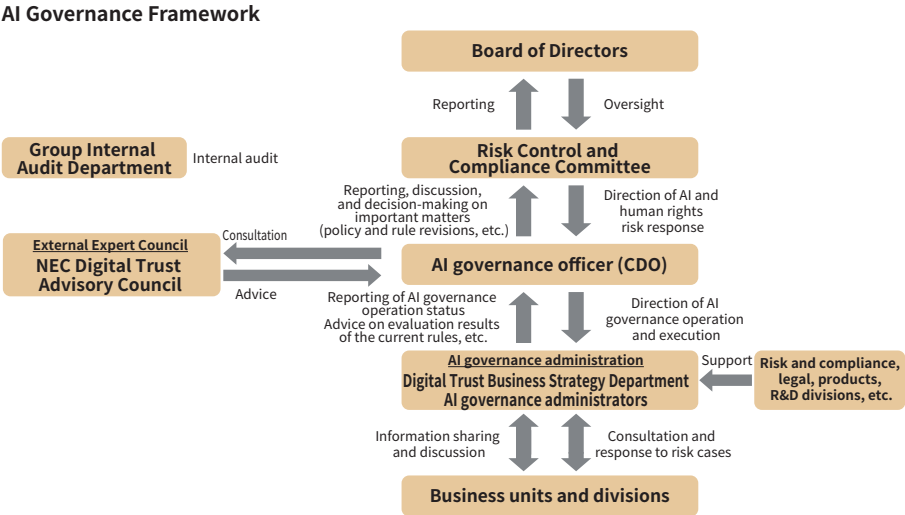
AI Governance Framework

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Policy on AI and Human Rights

In addition to facilitating compliance with relevant laws and regulations around the globe, the Companywide Principles guide employees in recognizing respect for human rights as the highest priority in each and every stage of business operations in relation to AI utilization, and enable them to take action accordingly.

In accordance with the Companywide Principles, the NEC Group is committed to the following three initiatives:

1. Ensure that AI is utilized appropriately by NEC Group employees, customers, and partners
2. Continue to develop advanced technology and talent to further promote AI utilization with respect for human rights as the highest priority
3. Engage with a range of stakeholders to build partnerships and to collaborate with closely in relation to AI utilization

Furthermore, based on the Companywide Principles, NEC has defined "Provision and Utilization of AI with Respect for Human Rights (AI and Human Rights)" as one of its priority management themes from an ESG perspective —materiality, and has also identified it as an important human rights issue.

Materiality (Priority Management Themes from an ESG Perspective)

AI and Human Rights

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Risk Mitigation Initiatives

Overview

To realize the Companywide Principles, in the execution of business NEC is working on a risk mitigation process, which involves identifying risks and implementing countermeasures, talent development to improve employees' risk literacy, and stakeholder engagement to incorporate diverse external opinions into Company activities.

NEC is implementing these initiatives in accordance with Japanese and international laws, regulations, and guidelines. In particular, the Company is flexibly reviewing its internal rules and operations in response to changes in the external environment in accordance with the agile governance approach set out in the *Governance Guidelines for Implementation of AI Principles* announced by the Ministry of Economy, Trade and Industry in July 2021. Specifically, the Company is conducting risk assessments and reviewing measures based on an understanding of trends in AI-related laws, regulations, and guidelines in Japan, the United States, Europe, and other countries, along with other issues including consumer acceptance of the use of AI.

Overview of Risk Mitigation Initiatives
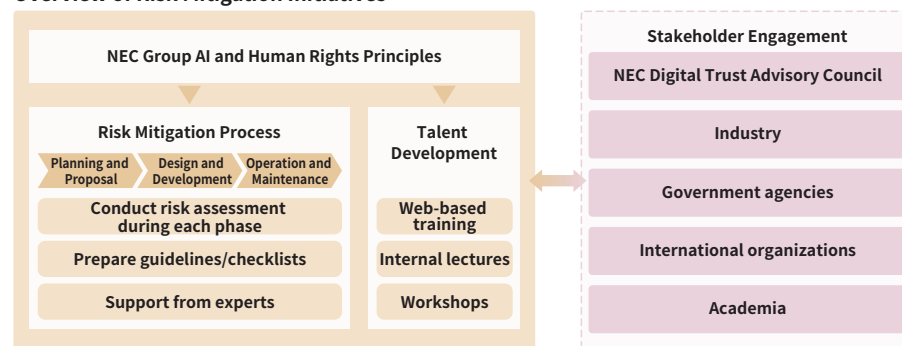
Risk Mitigation Process

NEC identifies significant human rights risks arising from AI and biometric authentication technologies, and establish companywide rules that stipulate the governance framework and fundamental compliance issues. The Company also prepares guidelines, manuals, and risk checklists that stipulate countermeasures and operational flows. During each phase from planning to operation, the Digital Trust Business Strategy Department collaborates with relevant departments to implement measures according to the severity of the human rights risks posed by AI utilization. Furthermore, to support appropriate AI utilization by its customers and partners, the Company leverages its know-how and expertise to provide design samples regarding the disclosure of the purpose of use, and to hold study sessions at technology providers.

Talent Development

NEC has created definitions outlining work related to AI and human rights and clarified the required skills and proficiencies. Furthermore, the following training is conducted for officers and employees of NEC Corporation and affiliated companies in and outside Japan so that they can act appropriately with respect for human rights in business operations, in accordance with the Companywide Principles.

Web-based Training

- NEC provides online training once a year for employees, including temporary and dispatched employees, covering basic matters including the importance of AI technology and AI ethics, trends in related laws and regulations, human rights and privacy considerations associated with AI utilization, and the Companywide Principles and operations. (Completion rate in fiscal 2024: 95%)

Internal Lectures

- NEC invites external experts to give lectures for persons in the Company involved in promoting the AI business. At these lectures, examples that have given rise to social criticism and other case studies are shared, and participants can learn more about points to keep in mind when providing services, and how to address them.
- Since fiscal 2022, NEC has held lectures by external experts to deepen management's understanding of international trends related to AI and human rights as a way to ensure that respect for human rights is a component of the Company's decision-making.

Stakeholder Engagement

NEC is collaborating and cooperating with various stakeholders to address social trends such as legal regulations and social acceptability.

For details, please see "Engagement Related to AI and Human Rights."

Engagement Related to AI and Human Rights

NEC Digital Trust Advisory Council (External Expert Council)

Composed of external experts who have specialized knowledge of the legal system, human rights, privacy, and ethics, the NEC Digital Trust Advisory Council is convened as an opportunity for NEC's CDO (AI governance officer) to consult with these external experts (council members) in order to strengthen the Group's response to new issues associated with AI utilization and to advance and improve NEC's initiatives through dialogue.

As both a generative AI user and platform provider, NEC consulted about initiatives for and contributions to society's implementation of generative AI at the council's July 2023 meeting. Drawing on the opinions of council members, the Company will consider how to formulate NEC's generative AI vision to engender a social consensus on a future where innovation is driven by the utilization of generative AI. In addition, when laws, regulations, and guidelines are revised, NEC will update its views to provide recommendations that leverage its knowledge and expertise.

At the council's February 2024 meeting, an interim report on the fiscal 2024 operational status of NEC's AI governance was presented. NEC also consulted with the council regarding the implementation of the Companywide Principles in response to changes in the external environment, and about the Company's response to international AI regulations and guidelines. Based on the opinions of the council members, NEC will explain its recognition and response to new risks associated with AI utilization, clearly relating them to the Companywide Principles. Furthermore, in interpreting laws and regulations, NEC will also take into account cultural and value considerations, and when providing technologies it will respond appropriately according to the circumstances of the recipient.

AI and Human Rights

Engagement Related to AI and Human Rights

Collaboration with Various Stakeholders
Exchange of Opinions with a Delegation of the European Parliament's Committee on Internal Market and Consumer Protection (IMCO)
In May 2023, an IMCO delegation visited NEC headquarters for an exchange of opinions about AI governance, including NEC's initiatives.

IMCO Delegation to Japan

Participation in the Discussion on Developing the *AI Guidelines for Business*, and Introduction of NEC's Initiatives
NEC participated as a member in the AI Governance Review Committee, an affiliated meeting of Japan's Ministry of Internal Affairs and Communications' Conference toward AI Network Society and contributed to the discussion on the Draft AI Utilization Principles and the development of guidelines. Also, NEC's initiatives were introduced in a column in the new guidelines released by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade, and Industry in April 2024.

AI Guidelines for Business (Version 1.0) Appendix 2 (Ministry of Internal Affairs and Communications) (Japanese language only)

AI Guidelines for Business (Version 1.0) Appendix 2 (Ministry of Economy, Trade and Industry) (Japanese language only)

A Publication Detailing NEC's Digital Ethics
NEC has compiled its knowledge and expertise in a publication detailing its AI governance initiatives.

Digital Ethics de Nihon no Henkaku wo Kasoku seyo—Taiwa ga Michibiku no Digital Shakai no Jitusgen (English title: *Invitation to Digital Ethics*; available in Japanese language only)

Grievance Filing Mechanism

The NEC Customer Communication Center (CCC) has been established as a comprehensive contact point in Japan for inquiries regarding NEC products, systems and services.

Customer Relationship Management

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

M: Promote business activities that respect human rights as AI becomes a part of society

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals	**Progress, Achievements and Issues**	**FY2025 Goals**
1. Continue to strengthen AI governance based on trends in laws and regulations in and outside Japan	1. Continue to strengthen AI governance based on trends in laws and regulations in and outside Japan • Analyzed trends in laws, regulations and guidelines in Japan, the United States and Europe, shared them with relevant in-house personnel and reflected them in operations • Initiated AI governance based on the Ministry of Economy, Trade and Industry's Governance Guidelines for Implementation of AI Principles • Reflected the risk of human rights violations resulting from generative AI in NEC's AI governance framework	1. Continue to strengthen AI governance based on trends in laws and regulations in and outside Japan 2. Maintain dialogue with a variety of stakeholders 3. Strengthen response to new risks associated with technological advances
2. Maintain dialogue with a variety of stakeholders	2. Maintain dialogues with a variety of stakeholders • Continued to acquire knowledge from experts by convening the NEC Digital Trust Advisory Council, and reflected it in initiatives • Utilized the Company's knowledge and know-how to provide opinions and suggestions in the process of considering the formulation of laws, regulations, and guidelines in and outside Japan, and some of those opinions and suggestions were reflected in guidelines • Introduced the Company's AI governance initiatives to customers and external stakeholders	

Personal Information Protection and Privacy

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Implementation Framework for Personal Information Protection and Privacy

NEC has appointed a Chief Legal and Compliance Officer (CLCO) as the officer in charge of personal information protection, and has established the position of Personal Information Protection Administrator as well as the Personal Information Protection Promotion Bureau to promote personal information protection at the corporate level.

The head of the bureau responsible for protecting personal information serves as the Personal Information Protection Administrator, and is the person in charge of implementing the personal information protection management system. This person is also responsible for protecting specific personal information related to the Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number) System.

The Risk Management and Compliance Departments play a central role in promoting the protection of personal information within the NEC Group under the leadership of the head of the Personal Information Protection Promotion Bureau appointed by the Personal Information Protection Administrator.

At the same time, the Chief Personal Information Protection Auditor is assigned to the Group Internal Audit Division to conduct regular audits of privacy protection in conformance with Japanese Industrial Standard JIS Q 15001 (Personal information protection management systems—Requirements).

The general managers of each business division are responsible for directing personal information protection in their respective divisions. Each general manager appoints a division Personal Information Protection Manager, who is responsible for carrying out personal information protection management for the division, and a Personal Information Protection Professional, who possesses expert insight regarding personal information protection. The personal information protection management system operates based on each division's inspection of the status of personal information handling to identify risks, including human rights and privacy issues, and improvement in handling rules based on the inspection results.

The person responsible for each project ensures that persons who handle personal information undertake thorough personal information protection measures.

Implementation Framework for Personal Information Protection

Consolidated Subsidiary Management Framework

Our consolidated subsidiaries in Japan have built systems to comply with the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (also known as the My Number Act). We have also built personal information protection management systems to conform with JIS Q 15001, which is a Privacy Mark requirement, to match those built for NEC Corporation, and we use these systems to promote the protection of personal information. Furthermore, 31 NEC Group subsidiaries in Japan had acquired Privacy Mark certification as of March 31, 2023.

At our consolidated subsidiaries outside Japan, we are tackling compliance with the laws and regulations in each jurisdiction as a matter of course, and we have appointed a Privacy Compliance Supervisor at each of our major subsidiaries to promote the protection of personal information.

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Policy on Personal Information Protection and Privacy

The NEC Group Code of Conduct stipulates respect for human rights and privacy and the management of personal information, and NEC has positioned "Provision and Utilization of AI with Respect for Human Rights (AI and Human Rights)," including personal information protection initiatives, as a priority management theme from an ESG perspective—materiality. From this perspective, we are tackling prevention of any privacy-related issues stemming from the handling of personal information, in addition to undertaking other personal information protection measures.

Personal Information Protection

In October 2005, NEC Corporation received Privacy Mark certification, recognizing it as a business operator with systems in place to ensure appropriate protection measures for personal information in conformance with JIS Q 15001. Since then, the NEC Privacy Policy has stipulated that personal information must be handled in accordance with JIS Q 15001.

In addition, the personal information management manual for our personal information protection management system, which complies with the Act on the Protection of Personal Information and JIS Q 15001, stipulates the following:

- When obtaining personal information from sources including documents, email, and websites, the person to whom the information pertains must be notified in advance in writing and the person's consent must be obtained in writing.
- Measures for secure management of personal information.
- Prohibition of secondary use of personal information without the prior consent of the person to whom the information pertains.
- Respect for the rights of the person to whom the information pertains, including the rights to access, amend and delete their personal information.

We also enter into agreements with third parties with whom we share or to whom we entrust the handling of data, stipulating that these rules must be observed. Furthermore, we have established escalation rules and emergency response procedures in the event of a leak or inappropriate handling of personal information. Subsidiaries in Japan set their personal information protection policies using NEC Corporation's Privacy Policy as the standard. Subsidiaries outside Japan set their policies to conform with the applicable local laws of their respective countries, and those policies are then checked by NEC Corporation.

Personal Information Protection and Privacy

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Management of Personal Information

Internal Measures (Including the Establishment of Regulations for Personal Information Protection)

- NEC Corporation runs the Personal Identifiable Information Control System, a ledger-based system to manage personal information and make its management more transparent. We have documented standard procedures and operate a personal information protection management system at NEC Corporation and its consolidated subsidiaries in Japan. Also, as necessary, operational rules are created at the individual company and division level and by type of personal information. Strict adherence to these rules is enforced.
- To raise awareness of personal information protection and information security in general, the Basic Rules for Handling Customer-Related Work and Trade Secrets have been established, and NEC Corporation rigorously informs all employees about these rules.
- We have not received any claims or complaints regarding invasion of the privacy of customers from any third-party organizations, including Japan's Ministry of Economy, Trade and Industry, which is the ministry overseeing personal information protection, and the Personal Information Protection Commission of Japan.

Personal Information Management Initiatives outside Japan
- We appoint Privacy Compliance Supervisors at our consolidated subsidiaries outside Japan to maintain a global management framework. At the same time, we create personal information management ledgers at each subsidiary to gain an understanding of the information being handled by each company and the risks involved. We also work to ensure that the procedures to manage these risks, as well as common safety measures that need to be observed, are thoroughly disseminated.
- We require consolidated subsidiaries outside Japan to implement personal information management rules that comply with personal information protection laws and regulations in the country or region in question, as well as any laws and regulations from outside the country or region in question that apply extraterritorially. In addition, NEC Group companies obtain individual consent based on the laws and regulations in each country or region to facilitate any cross-border transfer of personal information for employees or otherwise and enter into any required data transfer contracts to enable cross-border transfer and processing of personal information between Group companies in and outside Japan.

Measures for Customers and Business Partners

- When outsourcing personal information, NEC Corporation and its consolidated subsidiaries in Japan establish safety management measures for contractors according to the risk involved, stipulate in agreements with contractors with which data is shared that they must comply with these measures, requiring privacy management equivalent to that of the NEC Group.
- We request the contractors engaged in work for NEC Corporation or its consolidated subsidiaries in Japan submit a pledge on the Basic Rules for Customer-Related Work and trade secrets to help ensure rigorous management of personal information throughout the supply chain.

- We make sure to handle Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number) System data carefully and securely, as it is classed as Specific Personal Information in compliance with personal information protection laws in Japan. We deploy technical measures such as controlling access, blocking unauthorized external access, and preventing information leaks, while moving forward with initiatives to maintain sufficient privacy protection levels in each system.

Information Security and cybersecurity

Monitoring and Improvement

NEC Corporation appropriately manages personal information by executing plan–do–check–act (PDCA) cycles on an autonomous basis through various inspection activities.

Also, NEC Corporation and its consolidated subsidiaries in Japan conduct regular internal audits based on internal audit check items stipulated in JIS Q 15001. Furthermore, for operations related to the handling of Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number) System data, we use security control measure checklists prepared based on Japan's guidelines for the My Number Act and self-checklists during re-entrustment in order to monitor divisions and subcontractors handling Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number).

Verification of the Operation of Information Security Measures
- The implementation status of security measures carried out by all employees is verified once a year. If there are cases of non-compliance, improvement plans are formulated and carried out at the organization level.

Verification of the Status of Personal Information Management
- Control forms registered in the Personal Identifiable Information Control System are reviewed at least once a year to confirm the status of personal information management.
- In addition, once a year the general managers of each division implement management reviews to confirm the status of personal information management, enabling corrective action to be taken as needed, and to maintain appropriate management conditions.

Verification of Operations During Emergencies
- In the event of an incident involving the loss, outflow or leak, etc., of personal information, operation of the above information security measures is thoroughly reviewed as needed.

Details of Personal Information Protection-related Incidents, Accidents, or Complaints, and Measures Taken

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In fiscal 2024, there were no incidents involving the loss, outflow or leak, etc., of personal information at NEC, and no incidents involving secondary use of personal information without prior consent of the person to whom the information pertains.

There were no external complaints regarding personal information in fiscal 2024.

Response to Requests from National Governments for Personal Information Provision

If NEC Corporation's business divisions are requested by a government or law enforcement agency of a country to provide personal information that the Company holds, the general manager of the division that receives the request reports to and consults with the Personal Information Protection Administrator as necessary. In such cases, the Personal Information Protection Administrator reports to and consults with the officer in charge of personal information protection. Premised upon respect for the human rights of the person to whom the information pertains, the Company will then determine the necessity of providing such information and undertake the appropriate procedures and measures pursuant to the applicable laws.

There were no requests from government or law enforcement agencies for personal information held by NEC in fiscal 2024.

Personal Information Protection and Privacy

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Privacy in Business Activities

The General Data Protection Regulation (GDPR), which came into effect in the European Economic Area in 2018, is one example of the privacy protection laws and regulations currently being established in several countries and regions. As enforcement of these laws and regulations becomes more stringent, the roles and responsibilities required of companies to protect privacy are increasing.

NEC Corporation aims to maximize social value and minimize the negative impact on society by developing and providing products and services with consideration for privacy issues, which may be perceived differently depending on the country, region or culture, and also with consideration for discrimination and other human rights issues that could be exacerbated by the use of AI. To clarify our stance, the NEC Group Code of Conduct and the NEC Group AI and Human Rights Principles (the Companywide principles) stipulate that business activities aimed at resolving social issues using ICT must not give rise to human rights issues, including invasion of privacy.

NEC Corporation acquired Privacy Mark certification in October 2005 and subsequently renewed it for the tenth time in October 2023. As of the end of March 2024, NEC Corporation and its 31 affiliated companies have obtained this certification. In principle, without the prior consent of the person to whom the information pertains, we forbid the acquisition of information that could have an economic impact such as bank account or credit card numbers, sensitive information such as one's birthplace, or highly private information such as mobile telephone numbers.

Respect for Human Rights

AI and Human Rights

NEC Privacy Policy

📄 NEC Group AI and Human Rights Principles

Response in an Emergency Such as Leakage of Personal Information

NEC maintains systems for responding swiftly if an incident occurs involving the loss, outflow or leak, etc., of personal information. If an incident should occur, the response is coordinated quickly and systematically based on standardized procedures. Specifically, if an incident occurs related to personal information or an event takes place for which the occurrence of such an incident is a possibility, the discoverer or the employee involved in the incident contacts their manager and the NEC Group contact desk for information security incidents.

In coordination with the Personal Information Protection Promotion Bureau and relevant divisions, the person at the contact desk then takes necessary actions in accordance with applicable laws, ordinances, ministry guidelines, and other regulations, while considering the risk of infringing on the rights and interests of the people involved. These responses may include promptly notifying the people involved, making a public announcement, and taking corrective measures appropriate to the incident.

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan

2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers

Personal Information Protection and Privacy

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
   - Introduce the new personal information protection management ledger system at major consolidated subsidiaries outside Japan
   - Continue to implement training and education for Privacy Compliance Supervisors assigned to consolidated subsidiaries outside Japan
   - Continue to implement training for employees at consolidated subsidiaries outside Japan
   - Assign Personal Information Protection Managers and Personal Information Protection Professionals, and complete introduction of the new personal information protection management ledger system at major consolidated subsidiaries in Japan

2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Continue the training and education of Personal Information Protection Managers and Personal Information Protection Professionals assigned to all business divisions

Progress, Achievements and Issues

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
   - Completed introduction of the new Personal Identifiable Information Control System at 32 major consolidated subsidiaries outside Japan
   - Continued to provide support, including training, for Privacy Compliance Supervisors assigned to consolidated subsidiaries outside Japan
   - Continued to provide training for employees of consolidated subsidiaries outside Japan
   - Establishment of management systems equivalent to those of NEC and the introduction of ledger systems for major consolidated subsidiaries in Japan (13 subsidiaries and 5 affiliates) are nearly complete; establishment of management systems equivalent to those of NEC is currently being expanded to other subsidiaries in Japan

2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Continued to implement training and education programs for Personal Information Protection Managers and Personal Information Protection Professionals in all business divisions

FY2025 Goals

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
   - Introduce the new personal information protection management ledger system at major consolidated subsidiaries outside Japan that have not yet implemented it
   - Enhance monitoring of personal information protection at consolidated subsidiaries outside Japan, and supplement rules
   - Continue to implement training for employees at consolidated subsidiaries outside Japan
   - Continue to establish management systems equivalent to those of NEC by appointing Personal Information Protection Managers and Personal Information Protection Professionals at all consolidated subsidiaries in Japan, and enhance monitoring

2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Continue the training and education of Personal Information Protection Managers and Personal Information Protection Professionals assigned to all business divisions

Indicators for Personal Information Protection

Personal Information Protection Training and Awareness-Raising

Training for All Officers and Employees (NEC Corporation)

The Company conducts web-based information security training once a year. (Completion rate of companywide training in fiscal 2024: 98.6%)

	FY2021	FY2022	FY2023	FY2024
Completion rate for information security training, including personal information protection	98.0%	98.0%	98.0%	98.6%

Education for Personal Information Protection Professionals (NEC Corporation, All Business Divisions)

- Textbooks have been prepared on risk management in the handling of personal information, in addition to education through 16 lectures
- Courses aimed at acquiring personal information protection qualifications
- Held practical training course for business lines (4 times)
- Held basic course on the EU's General Data Protection Regulation
- Conducted training (2 times) to improve practical skills for collective response based on actual cases

Training for Graduates and Mid-career Hires (NEC Corporation and Its Consolidated Subsidiaries in Japan)

- In fiscal 2024, created a textbook on personal information protection as introductory training material; used textbook to train newly hired and transferred employees
- When there is a request from a division, or when it is otherwise deemed necessary by the Personal Information Protection Promotion Bureau, awareness training is conducted as appropriate at individual business divisions or consolidated subsidiaries in Japan

Information Security and Cybersecurity

Governance   Strategy   Risk Management (Including Opportunity Generation)   Indicators and Goals

Information Security and Cybersecurity Framework

The NEC Group's information security implementation framework comprises the Information Security Strategy Committee, its subordinate organizations, and related organizations.

Chaired by the Chief Information Security Officer (CISO) of NEC Corporation, the Information Security Strategy Committee discusses, evaluates, and improves information security measures, investigates the causes of incidents, sets the direction of recurrence prevention measures, and discusses how to apply the results of its activities in the information security business. The committee also regularly briefs the President of NEC Corporation on the status of measures adopted by the committee to obtain approval. In addition, we conduct annual penetration tests via a third-party organization to assess vulnerability risks. We also conduct audits of all external servers four times a year. These actions ensure that vulnerabilities are dealt with in a timely manner.

The CISO oversees the Corporate CISO Office, which promotes information security measures, and the Computer Security Incident Response Team (CSIRT), which monitors for cyberattacks and resolves incidents quickly whenever they occur. The Information Security Promotion Committee and Working Groups plan and promote security implementation, discuss and coordinate implementation measures, ensure that all instructions are followed, and manage the progress of measures, among other things.

General managers at NEC Corporation have responsibility as information security managers for ensuring information security for the relevant organizations, including the Group companies under their supervision. They work to ensure that rules are understood within their organizations, introduce and deploy measures, while continuously checking and reviewing the implementation progress to improve the situation.

In FY2024, CSIRT's Cyber Threat Intelligence (CTI) team gathered and analyzed over 4,000 items of data (IP addresses, file hashes, web addresses and domain names) related to cyber threats within NEC Group to generate threat intelligence. Furthermore, by using CTI to hunt threats, the CTI team is proactively reducing risks.

We have introduced cyber risk assessments (CRA) carried out by the "Red Team,"[1] and are enhancing our capabilities as an organization by building greater organizational resilience to cyberattacks and expanding reporting requirements for security management practices. We have designed attack scenarios based on threats to the NEC Group, ICT usage conditions, incident status and levels of information handled, for which the Red Team conducts surveillance and controlled attacks to assess resilience and risks.

1. A team that conducts simulated cyberattacks mimicking real-world threats against companies and organizations, assesses the organization's resilience to attacks and risk levels, and recommends improvements and additional countermeasures.

The NEC Group's Information Security Promotion Organization

Information Security Report

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Information Security and Cybersecurity Policy

NEC recognizes that it has a duty to protect the information assets entrusted to it by its customers and business partners as well as its own information assets in order to provide better products and services and contribute to the development of a better society. Based on this concept, NEC has positioned security (information security and cybersecurity) as one of its priority management themes from an ESG perspective—its materiality—and has established the NEC Group Information Security Statement as the basis for driving efforts.

NEC evaluates risks from various perspectives including the need for countermeasures as well as possible impacts both on corporate management and on society, and selects Priority Risks that it has evaluated as having major impacts and that need to be addressed. With these risks in mind, we are deploying measures to counter cyberattacks that are becoming increasingly sophisticated, while complying with the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0 and Cybersecurity Management Guidelines Ver. 3.0 by Japan's Ministry of Economy, Trade and Industry.

Based on its information security implementation framework as well as its Purpose, which shows why as a company it conducts business, the NEC Group is working to realize a secure information society and provide value to its customers.

Information Security Implementation Framework

To protect information assets, NEC is taking the following approaches:
• Implementing cyberattack measures
• Providing secure products, systems, and services
• Promoting information security in collaboration with business partners

At the same time, we have positioned information security management, information security infrastructure, and information security personnel as the three pillars of the NEC Group's information security governance framework, thereby maintaining and improving our information security with a comprehensive and multilayered approach.

NEC Group Information Security Statement

Information Security Report

NEC's Management for Sustainability (Approach to Materiality)

Providing Secure Products, Systems, and Services

NEC has structured a security implementation promotion framework for secure development and operation of the products, systems and services it provides to customers. This framework involves the Cybersecurity Strategy Department and information security managers in each business department at NEC. The framework and security implementation processes are stipulated in the Cybersecurity Management Rules. NEC Group companies are also promoting the establishment of a security implementation framework and the formulation of cybersecurity management rules similar to those of NEC.

In addition, NEC implements security from the planning and proposal phase to the operation and maintenance phase based on the concept of "security by design" (SBD) to ensure security. To efficiently inspect and monitor the status of security measures, we use checklists in each phase of development to confirm the implementation of security tasks in conjunction with the "security implementation assessment system," which centrally manages and visualizes the implementation status of security tasks. In the operation and maintenance phase, we ensure security by collecting and distributing information on vulnerability in a centralized manner and by providing it to business divisions and customers.

Furthermore, we have established the Product Security Incident Response Team (PSIRT) to collect and handle information on vulnerability related to NEC Group products. We appropriately handle such undisclosed information by having a point of contact for external inquiries and publishing a vulnerability disclosure policy.

We have also established a cloud-based software development platform as our standard internal environment for system development. This platform utilizes security vulnerability testing tools and other tools that streamline and automate security implementation to improve the productivity, quality, and security of system development. It also consolidates the development environments of our supply chain, including subcontractors, enabling centralized management of security for those development environments.

Information Security Report

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Information Security Management

To facilitate the establishment of a variety of groupwide measures, we have introduced an information security management system and security policy, both of which we continuously work to maintain and improve.

Information Security Risk Assessments

The NEC Group conducts risk assessments and implements countermeasures by analyzing deviations from baseline criteria and carrying out detailed risk analysis, with both methods conducted separately. First, we ensure that security is implemented in line with criteria that serve as a baseline, and when more advanced management is necessary, we conduct a detailed risk analysis and implement finely tuned countermeasures.

Risk Management for Information Security Incidents

Information security incidents are subject to mandatory reporting. The contents of these reports are analyzed, and the results are put through a PDCA cycle for risk management assessment. Incident information is centrally managed for the entire NEC Group, and changes in the number of incidents, trends by organization and type of incident, and other data are analyzed. NEC then reflects this analysis in groupwide measures while also measuring the effectiveness of these measures.

Critical Information Management

Based on the Three Lines of Defense Model, the NEC Group establishes a scheme to manage critical information by clarifying the roles of the three lines.

The NEC Group has a framework to classify and manage the corporate secrets it handles based on the security level. Each organization checks details of all the information it handles, and clearly identifies its security level to ensure that all necessary information is properly managed. We also have rules for handling, storing and managing critical information according to importance, as well as thorough measures to prevent information leaks.

Information Security Report

Establishment of Information Security Rules

NEC has released the NEC Group Information Security Statement and established and streamlined a variety of rules, including overall information security rules, rules for managing corporate secrets, and IT security rules.

Information Security Report

Information Security Education and Awareness Training

NEC provides a web-based training course on information security for all NEC Group employees (including contractors) to increase knowledge and skills in the information security field. The content of the training is updated every year to reflect information security trends, including information management, external security measures, and subcontractor management.

Information Security Report

Enhancing Information Security Management at Partner Companies

The NEC Group conducts its business activities in collaboration with business partners. In these collaborations, the Group believe it is important to ensure that the technology capabilities and information security level of its business partners meet its required standards. To this end, the Group categorizes its business partners by information security level based on the implementation status of their information security measures. In selecting business partners for a project, the Group checks the information security level and chooses partners with the appropriate security level according to the level required for the task.

The NEC Group requires business partners to implement information security measures classified into seven categories: 1) contract management, 2) subcontracting management, 3) staff management, 4) information management, 5) technical deployment, 6) security implementation, and 7) the execution of assessments. Specifically, in subcontracting management, the basic agreement stipulates that business partners may not subcontract work to other companies unless they obtain written permission in advance from the organization that outsourced the work to them. In addition, the Group has clarified the framework for each project by obligating business partners to submit subcontractor confirmation documents. If subcontracting is unavoidable, the Group requires the same level of security for subcontractors that it requires for business partners.

Using these measures, the NEC Group reduce risks of information security incidents occurring at business partners.

In addition, by conducting document security survey checks and on-site inspections for business partners, the Group verifies whether the information security standards it requires have been met, and provide guidance for improvement.

Furthermore, every year the Group reviews inspection items in light of any incident trends, providing feedback to the business partner in the form of an inspection report, and following up on any issues that require improvement.

In order to strengthen cybersecurity measures, in April 2022 we revised our previous information security standards to be based on NIST SP800-171, which requires the establishment of incident response capabilities including preparation, detection, analysis, containment, recovery, and user response in the event of an incident. Every year, we implement a system security plan (SSP) to check progress toward our information security standards, and hold workshops on cybersecurity measures for issues that present difficulties for our business partners.

In addition, we disclose the results of third-party evaluations to priority business partners and implement risk reduction activities with the goals of reducing the risk of cyberattacks and improving security levels. These initiatives help business partners to mitigate risk.

Information Security Report

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Information Security Certification

The NEC Group has aligned its overall information security rules with the international standard ISO/IEC 27001 (main standard and control measures) and manages information security in accordance with these rules. It has also acquired ISMS certification (ISO 27001) for almost all of its medical, financial, cloud and government and public business units, for which information security is critical.

Measures against Cyberattacks

As cyberattacks grow increasingly complex and sophisticated, the NEC Group focuses on the protection of information assets entrusted by customers and business partners as well as its own. To this end, the Group has implemented comprehensive cybersecurity management by conducting uniform and advanced measures worldwide based on cybersecurity analysis, and established an incident response framework with CSIRT.

In particular, given that the NEC Group creates and provides social solutions for countries worldwide, an information security incident caused by a cyberattack or any other factor could diminish the social credibility of the entire NEC Group and significantly impact its business management. For this reason, the Group considers a comprehensive and global approach to cybersecurity risks to be essential for business continuity.

The NEC Group is strengthening its global measures against increasingly sophisticated cyberattacks based on a multilayered defense approach while using generative AI and other technologies, with particular emphasis on the following.

Cyber risk assessments by the "Red Team"
• Regular cyber risk assessments are conducted with the aim of improving the NEC Group's cyber resilience and accountability.
• A global assessment consisting of three investigations on 1) the management status of critical information, 2) risks that include public server vulnerabilities and data leakage, and 3) internal and external security breaches from an attacker's point of view, are conducted to identify security risks that have been overlooked in security measures and operations, and actions are taken to implement improvements.
• Audit organizations and security specialists are employed to conduct third-party attack diagnoses.

Generating and Utilizing Threat Intelligence
• The NEC Group's cyber threat intelligence (CTI) team consists of specialists who possess an understanding of the threats facing NEC, detects their early signs as well as their precursors, and implements advanced proactive defense measures.
• The CTI team leverages the endpoint detection and response (EDR) tools deployed at all NEC Group companies, the network detection and response (NDR) that CSIRT independently developed, and a log analysis platform to hunt for unknown threats.
• The team has also created a research environment to enhance its ability to generate unique CTI proactively, analyze threats in detail and enhance organizational security resilience.

Enhancing Organizational Security Resilience
• We have developed a manual to ensure a rapid response if a ransomware attack occurs.
• Management, relevant departments and specialists hold training exercises at least every six months in preparation for a security incident.

Advanced Cybersecurity Measures Using AI
• Aiming to achieve automation, efficiency, and sophistication, we promote the use of AI, including generative AI, in a wide range of fields, including cyber risk assessment diagnostics, threat intelligence generation and utilization, NDR detection, incident investigation, and targeted attack email training.

Cybersecurity Dashboard Drives Culture Change
• Released and made available to all employees, our cybersecurity dashboard visualizes the status of cyberattacks on the NEC Group, threat intelligence information, and the security risk status of each company and division.
• The cybersecurity dashboard is designed to improve security awareness by having all employees understand the risks.
• The cybersecurity dashboard is used at meetings attended by members of senior management and by all subsidiaries outside Japan to help accelerate management decisions and help security personnel manage more effectively.

Information Security Report

Information Security and Cybersecurity

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

1. Strengthen measures against cyberattacks

2. Establish rules and governance for security proposal implementation
• M: Human resource development: Triple the number of Certified Information Systems Security Professionals (CISSP)
• Strengthen supply chain security management
• Establish a safe system integration process

3. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Driving information security transformation
Countering nation-state-level threats
• Improve NIST CSF-based evaluation and third-party evaluation results

• Realize zero trust security to support digital transformation (DX)
 - Roll out passwordless authentication
 - Promote utilization of data generated by the endpoint (terminal) management platform
• Evolve awareness and control
 - Strengthen communication
  Implement regular exchanges of opinions among Group companies
  Encourage frequent discussions in the workplace using original video content
 - Enhance self-governance for critical information within on-site groups

Progress, Achievements and Issues

1. Driving information security transformation
• Countering nation-state-level threats
 - Achieved targets in all areas in evaluation based on NIST CSF 1.1. and higher scores than in previous fiscal year in third-party evaluation results (BitSight)

• Realized zero trust security to support digital transformation (DX)
 - Implemented risk-based authentication for all employees, requiring verification when usage patterns differ from usual and began full-scale operation of passwordless authentication for normal use
 - Successfully visualized vulnerability management status in conjunction with an endpoint (terminal) management platform and business intelligence (BI) tools

• Evolve awareness and control
 - In fiscal 2024, information security managers (management) from 10 NEC Group companies exchanged opinions focused on information security and economic security
 - Decided to hold micro-theme talks on a quarterly basis as an opportunity for discussion within the workplace (130% increase compared with the previous fiscal year)

• Installed a feature that provides an information labeling recommendation based on the results of an automatic search of file content for text that may violate trade secret control regulations
 - Monitored the status of critical information management and provided a summary report to the site manager to visualize that status. Provided opportunities to improve the site management process.

FY2025 Goals

1. Driving information security transformation
• Countering nation-state-level threats
 - Comply with NIST CSF 2.0 and improve third-party evaluation results
 - Have AI Red Team automate attack diagnostics
 - Enhance threat intelligence performance

• Realize zero trust security to support digital transformation (DX)
 - Reinforce global authentication platforms
 - Enhance internal fraud prevention measures
 - Automate vulnerability management and other information security operations

• Evolve awareness and control
 - Implement information security surveys
 - Strengthen the risk assessments of Group companies
 - Visualize critical information management status

Information Security and Cybersecurity

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals	**Progress, Achievement and Issues**	**FY2025 Goals**
2. Establishing, practicing and enhancing governance for security proposal implementation • Formulate vulnerability management processes that enable rapid risk identification • Develop and operate human resources development programs for personnel responsible for organizational management in compliance with the Cybersecurity Management Rules • Encourage employees to obtain advanced security professional certifications (e.g., CISSP) • Deploy security implementation measures for subsidiaries outside Japan • Promote the formulation of cybersecurity management rules at NEC Group companies	2. Establishing, practicing and enhancing governance for security proposal implementation • Reducing the lead time from vulnerability information disclosure to acquisition and dissemination to as little as two hours by revamping the vulnerability management system • Number of CISSPs to exceed 450, about triple the number in FY2021 • Deploying security rules at major Group companies outside Japan • Assigning security personnel to major group companies in Japan and beginning to formulate cybersecurity management rules for each company.	2. Establishing, practicing and enhancing governance for security proposal implementation • Establish security implementation framework and processes at Group companies in and outside Japan • Ensure thorough vulnerability management and correction processes for NEC Group products and services • Develop and deploy human resources who can make security proposals and implement them based on appropriate knowledge and skills
3-1. Strengthening cybersecurity measures • Strengthen compliance with information security standards • Revise information security standards for business partners and promote improvement activities using system security plans (SSP) • Reduce security risks in the supply chain by introducing BitSight at NEC Software Partners (NSP) events	3-1. Strengthening cybersecurity measures • Revised information security standards for business partners in April 2022, held study sessions using SSPs, and promoted improvement activities • Introduced BitSight at NSP events, helping business partners to reduce risk by disclosing the results of third-party assessments	3-1. Strengthening cybersecurity measures • Strengthen activities for compliance with information security standards based on NIST SP 800-171 (FY2025 is the final year for transitioning to the new standards) • Expand the use of BitSight. Inculcate improvement activities at NSP events. Add newly participating companies. Consider introducing alarm functions in areas other than development subcontracting.
3-2. Strengthening information security for partners outside Japan • Roll out new standards for key partners in China, India and Vietnam	3-2. Strengthening information security for partners outside Japan • Hold briefings to promote awareness of the new standards among key partners in China, India and Vietnam	3-2. Strengthening information security for partners outside Japan • Base operational preparations in China, India, and Vietnam on new standards • Confirm progress by inspecting documents and sites

Customer Relationship Management

Governance ~~Strategy~~ ~~Risk Management (Including Opportunity Generation)~~ ~~Indicators and Goals~~

Customer Relationship Management System

NEC continuously seeks customer feedback from various points of contact and promptly reflects it in business management. As part of these efforts, we conduct the biannual NEC Customer Survey.

The results of each survey are analyzed from the perspective of customers and are reported to top management. We also share the findings with businesses' operating divisions/units in related fields and proceed through PDCA cycles aimed at improving customer engagement. In addition, the CRM Promotion Divisions at major Group companies share information with one another on a regular basis in an effort to improve activities across the entire Group.

~~Governance~~ Strategy ~~Risk Management (Including Opportunity Generation)~~ ~~Indicators and Goals~~

Customer Relationship Management Policy

In keeping with the spirit of "Better Products, Better Services" embedded in our Principles, in 1992 NEC formulated its "Customer Satisfaction Management (CSM) concept." The CSM concept consists of "Significance," "Activity System," "Goal," and "CS Action Plan."

CSM Concept

~~Governance~~ ~~Strategy~~ Risk Management (Including Opportunity Generation) ~~Indicators and Goals~~

Customer Satisfaction

Measures for Increasing Customer Engagement

Advancing Activities Based on Customer Feedback

Seeking to clarify customer expectations for NEC's products and services and to help us respond appropriately, in fiscal 2024 we asked customers open-ended questions on themes and areas of interest to them in the biannual NEC Customer Survey, and then used generative AI to analyze the results and apply them to related business areas such as sales and product divisions. In addition, in fiscal 2024 we launched initiatives to expand this survey to include customers outside Japan, and included some questions from surveys for seminars and other events hosted by NEC to confirm the status of customer engagement more broadly.

Remaining the First Choice of Customers

To create lasting relationships with our existing customers, in fiscal 2024 we continued building systems that will enable effective use of in-house knowledge aligned with our customers' expectations. We continued to increase our proposal capabilities in the DX field, where we saw particularly strong interest from customers, and worked to meet customer expectations by running an internal education program for employees (DX Academia) throughout the year. We have upgraded and expanded our range of knowledge to enable follow-up aligned with customer expectations based on the open-ended questions that we newly added to the NEC Customer Survey.

Advertising and PR Activities

Responsible Advertising and PR Activities

In our advertising and PR activities, we observe laws and regulations and have prepared various guidelines, such as the "NEC Visual Identity Guidelines," the "NEC Group Advertising Activity Guidelines," and the "NEC Group Website Guidelines," detailing points of caution in relation to design, accessibility, and production. We are also making an effort to employ fair and appropriate language and expressions; in fact, we began disseminating our Social Media Policy externally well before the spread of social media.

NEC Group Social Media Policy

Response to Customer Complaints and Feedback

To facilitate communication with customers, various types of contact desks have been provided for individual and corporate customers and for each type of product. Through these, we consult with customers and listen to their feedback and requests. Moreover, the NEC Customer Communication Center ("CCC") has been established as a general contact desk in Japan to provide consultation on NEC products, systems and services.

We also provide an inquiry form on the NEC global website to enable customers outside Japan to consult with us by email.

NEC's Customer Satisfaction Enhancement Activities

Contact Desk

Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to "materiality"

Continue to be customers' company of choice by earning their unwavering trust

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Continue to engage in activities to improve customer engagement based on the voice of the customer (VoC) and in keeping with the characteristics of each business

2. Achieve a result for the Customer Satisfaction Survey higher than the industry average (average of "Total satisfaction") in market surveys conducted by NEC Corporation

Progress, Achievements and Issues

1. Continued to make improvements based on the VoC and in keeping with the characteristics of each business

2. The results of NEC's Customer Relationship Survey (NEC Customer Survey) exceeded overall IT industry value obtained from market research conducted in-house. The indicator used for comparison was "intention to continue using services."

FY2025 Goals

1. Continue to engage in activities to improve customer engagement based on the VoC and in keeping with the characteristics of each business

2. Achieve a result for the Customer Relationship Survey (NEC Customer Survey) higher than the overall IT industry value obtained from market research conducted in-house (intention to continue using services)

Violations in Advertising and PR Activities

If there is a violation or potential violation in our advertising and PR activities, we deal with it appropriately according to the guidance of the relevant government agency.

In fiscal 2024, there were no incidents of non-compliance concerning marketing and communications.

Quality and Safety

Governance ~~Strategy~~ ~~Risk Management (Including Opportunity Generation)~~

Quality and Safety Framework

GRI
403-7

Quality and Safety Implementation Framework and Quality and Safety Risk Management Framework

One of our most important management issues is how to ensure the quality and safety of our products, system and services and deal with related risks.

NEC's CSCO is responsible for managing quality and safety. We are working to clarify our system of activities by defining companywide rules and standard operating procedures, and to improve quality and safety. This effort is headed by the Total Quality Management Department, the quality promotion organizations established at business units and at consolidated subsidiaries, and the quality/safety management officers appointed in each business department and at consolidated subsidiaries under the business units.

In regard to risk management related to quality and safety, we have built a companywide framework and ensure that it is thoroughly implemented. If a customer's system or a system with significant social impact were to experience a serious issue, or a major product incident or infringement of technology laws and regulations were to occur, the matter would be promptly escalated to management. The business department in charge and specialist staff would confer and reach a swift decision on how the customer should be treated, the response to the relevant local/regional authority, and whatever other PR measures might be appropriate. Prompt consultations are made in order to determine the most appropriate companywide policy for the matter in question.

Ensuring the Soundness of Construction Work

As a Social Value Innovator, NEC garners trust and contributes to realizing a better society by ensuring the health and safety of workers through safe construction initiatives that comply with relevant laws and regulations, such as safely installing NEC-developed products and systems.

With the mindset that health and safety take priority in all work, including health management, not just for construction workers but for all NEC employees and related workers, we deliver outstanding technology and continue to enhance the safety of our installation procedures in compliance with relevant laws and regulations to ensure the soundness of construction work. In these ways, we are working to build an abundantly safe society that offers peace of mind.

System for Compliance and OH&S in Construction Work (in Japan)

~~Governance~~ **Strategy** ~~Risk Management (Including Opportunity Generation)~~

Quality and Safety Policy

To realize "Better Products, Better Services," which is one of the Principles in our founding philosophy, we have implemented a steady stream of initiatives aimed at improving quality. These include the introduction of quality controls that broke new ground in Japan, ZD Activities,[1] the quality-operation strategy,[2] and Software Quality Control (SWQC).

As a Social Value Innovator, we hope that all employees will continue to improve the quality of their own work, the products they create and the services they provide, and that customers will favor NEC as the provider of trusted "NEC Quality."

Specifically, we have set up the Quality and Safety Action Policy, and we are conducting activities such as complying with product and service quality and safety laws and regulations, improving safety and reliability technologies, standardizing key components, sharing expertise and taking steps to prevent defects and their recurrence.

1. ZD (Zero Defects) Activities: Designed to stimulate each employee's autonomy and passion to eliminate defects from their work through creative thinking, cost reductions, and improvements in quality and service
2. An initiative to achieve companywide improvement in the 7 Qs denoting quality in 1) management, 2) products and services, 3) human behavior, 4) workplace environment, 5) relationships with the local community, 6) business results, and 7) corporate image

Quality and Safety Philosophy and Action Guidelines

Throughout the Company, construction work is stringently managed to ensure compliance with the Construction Industry Act, the Industrial Safety and Health Act and other laws. In addition, our philosophy is to advance OH&S and ensure that we provide customers with social value by establishing a compliance and OH&S culture at construction sites. With this in mind, we have set out the following code of conduct.

Code of Conduct for Health and Safety in Construction

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** |

Quality Management System

Today, as society's focus shifts from manufacturing physical products to creating intangible services, quality controls are also changing. At NEC, we have created quality management systems that we implement to realize high-quality products and services that satisfy customers' demands and expectations. In line with our basic stance that "quality is built in through processes," we aim to make continuous improvements to make our processes even better.

Quality Audits
Based on an approach to internal controls with three lines of defense, business divisions are the first line, management divisions are the second line, and internal audit divisions are the third line. As part of the second line, the Total Quality Management Department regularly audit each business unit to ensure that it is operating its quality management system properly, and works to make improvements.

Pre-project Assessment
Before embarking upon a new project, we identify the risks involved in executing it and check that sufficient risk countermeasures are in place. The assessment is multifaceted, covering aspects such as technological risks and safety risks related to quality as well as the development scale and timeframe and the project framework.

Quality Assurance Guidelines for Machine Learning-based Artificial Intelligence
The past few years have seen the proliferation of systems and services that use artificial intelligence (AI). However, the process AI models use to create and output the results of their analysis can be difficult for humans to interpret, and conventional software quality assurance guidelines alone may not be sufficient. Accordingly, in April 2019 NEC addressed this issue by formulating Guidelines to Quality Assurance for Machine Learning-based Artificial Intelligence, designed to ensure the quality of AI systems that cannot be handled using conventional software quality assurance alone. We have applied these guidelines to the design and development of important AI systems.
We continue to make updates to the guidelines on a regular basis, and the latest version aims for increased sophistication with improvements to AI security and coordination with checklists related to AI and human rights.

Medical and Healthcare Fields
NEC Ethical Review Committee for the Life Sciences
We conduct research and development in the field of life sciences with the goal of commercialization.

When conducting proof of concept or research involving human subjects or information and data related to people, we follow guidelines issued by organizations including Japan's Ministry of Education, Culture, Sports, Science and Technology and the NEC Ethical Review Committee for the Life Sciences, which includes external experts, deliberates on the ethical validity of the research, including the purpose of the research and consideration for the human rights and dignity of the subjects.

Initiatives to ensure transparency in relationships with medical institutions
NEC is working to ensure the transparency and soundness of its relationships with medical institutions, with a view to gaining a wider understanding of the medical device industry's contribution to the development of life sciences as well as the high ethical standards that companies in that industry adhere to in conducting their corporate activities.

Initiatives in the medical and healthcare fields
We have been establishing a management framework and moving forward with Quality Management System activities and compliance with relevant laws and regulations, with the aim of establishing commercial businesses in the medical and healthcare fields.

Details follow below.

Quality and Safety (Initiatives in the Medical and Healthcare Fields)

Thorough Compliance for Quality and Safety

Compliance with Relevant Laws and Regulations
To visualize the technical laws and regulations with which NEC products must comply, NEC has developed a "map of technical laws and regulations" to make it easier to identify what kind of laws and regulations are applied to which departments' products. By using this map, we strive to closely comply with laws and regulations in Japan, including the Electrical Appliances and Materials Safety Act, Radio Act and Telecommunications Business Act, and with laws and regulations in various other countries related to our products for international markets.

NEC is enforcing compliance with relevant acts and internal rules for instructions and labeling related to the quality and safety of its products and services. If violations are found or suspected, NEC will properly address the problem by following the direction of the relevant ministries and agencies.

We also keep up-to-date knowledge of technology laws and regulations in advanced technology and new business domains, and check on the status of appropriate implementation of quality management systems through quality audits.

Ensuring Product Safety
NEC complies with the international standards IEC 60950-1 (JIS C 6950-1) and IEC 62368-1 (JIS C 62368-1) as a matter of course. In addition, we have established our own Group safety standards to reinforce these standards, and we also perform risk assessments to ensure product safety.

If product safety issues arise, we provide information on the NEC website and swiftly notify our customers.

Important Notices from NEC (Japanese language only)

Quality and Safety

| Governance | Strategy | Risk Management (Including Opportunity Generation) |

Training and Awareness Raising on Quality and Safety

We believe that developing personnel and improving their skills are extremely important measures for improving the safety and quality of our products, and are therefore implementing the following initiatives.

Developing Personnel to Ensure Safety and Security

- NEC conducts training programs for specific jobs and fields of specialization with the aims of improving practical design and construction skills and providing basic and specialist knowledge on quality and safety management standards as well as technical standards.

- We provide rigorous education on technology laws and regulations, such as the Radio Act and the Telecommunications Business Act, which are needed for operating telecommunications businesses, and develop engineers by fostering a correct understanding of laws and regulations and a safety-oriented mindset.

- Web-based training on NEC's approach to quality, safety, and technology laws and regulations is conducted once annually for employees of NEC Corporation and consolidated subsidiaries in Japan.

Project Management Award

- NEC holds an annual presentation of outstanding cases and presents a Project Management Award to the organization or group that demonstrated the most beneficial project support, or the project team that tackled a difficult project and achieved a particularly outstanding result.

- The intent of the Project Management Award is to raise awareness of the importance of project risk management among employees of NEC Corporation and consolidated subsidiaries in Japan, and to demonstrate the significance of challenging high-risk projects, accomplishment and recovering from setbacks.

- NEC also recognizes that increasing awareness of award-winning cases throughout the Group helps to prevent risks from materializing in new projects through the horizontal spread of risk management best practice.

Increasing Awareness of Quality through "Quality Month" Activities

- In November, which we have designated "Quality Month," members of senior management and experts from inside and outside the Company conduct seminars and dialogues aimed at ensuring that employees are always highly conscious of quality and safety as they work.

- In fiscal 2024, talks were held in each workplace using video materials on the topic of quality fraud to raise awareness of creating an open and communicative work environment.

Construction Work Project Management

We strive to prevent occupational injuries and to improve health and safety standards through our Occupational Health and Safety Management System. In particular, using our construction work project management system, we have achieved 100% implementation of risk assessments and fixed-term Industrial Accident Compensation Insurance. There were no serious occupational accidents in fiscal 2024.

Corporate Citizenship Activities

Governance ~~Strategy~~ ~~Risk Management (Including Opportunity Generation)~~ ~~Indicators and Goals~~

Corporate Citizenship Activity Framework

NEC's corporate citizenship activities are conducted under the following three main implementation frameworks:

• Social contribution programs planned and executed under the initiative of the Corporate Promotion Group of the NEC Corporate Communications Department and the department in charge of promoting corporate citizenship activities of each NEC Group company;

• Activities for contributing to local communities participated in by NEC Group employees around the world; and

• Various grants from foundations

~~Governance~~ Strategy ~~Risk Management (Including Opportunity Generation)~~ ~~Indicators and Goals~~

Policy on Corporate Citizenship Activities

As stated in our Purpose, NEC has committed itself to creation of the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Guided by this concept, each member of NEC, from directors to employees, acts as a good corporate citizen by carrying out NEC Make-a-Difference Drive corporate citizenship activities aimed at resolving social issues over the medium to long term.

Through these activities, we work with local communities, NPOs and NGOs, local governments and universities, among other entities, to promote "Life," "Society," and the "Environment," the three layers of our vision for an ideal society, laid out in the NEC 2030VISION. NEC recognizes that local communities are responsible for, or otherwise play a leading role in, solving social issues, and that sustainable local communities enable business activities to be carried out in those areas. As members of communities, we want to proactively support them in achieving the necessary solutions.

This thinking is also connected to "coexistence with local communities" in the NEC Group Code of Conduct. In addition, NEC has positioned the NEC Make-a-Difference Drive as one of the foundations of its efforts to promote diverse human resource development, which is one of the Company's priority management themes from an ESG perspective—materiality. Through the NEC Make-a-Difference Drive, officers and employees engage in dialogue and co-creation with various stakeholders, such as local communities and the social sector. This provides them with occasions and opportunities to experience social issues that merit NEC's attention as a Social Value Innovator.

We believe that through these occasions and opportunities, employees acquire a mindset for volunteerism and co-creation, enabling them as highly socially literate personnel to sensitively grasp the true nature of issues facing customers and society so that they can play a leading role in creating businesses inspired by social issues. The social contribution programs and collaborating NPOs under the NEC Make-a-Difference Drive are selected based on the following policies and guidelines.

Basic Policy of Social Contribution Program Creation

Guidelines for Coordination with NPOs

Furthermore, we have established an evaluation system for social contribution programs, and we regularly confirm their social impact and promote program improvements and revisions.

Corporate Citizen Activities

~~Governance~~ ~~Strategy~~ Risk Management (Including Opportunity Generation) ~~Indicators and Goals~~

Disaster and Recovery Support

The NEC Group donated 5 million yen and 15 million yen, respectively, to support victims and areas affected by the wildfires on the island of Maui in Hawaii, U.S.A and the earthquake on the Noto Peninsula in Japan. In addition, NEC Group companies around the world solicited employee donations to organizations such as the Red Cross and Japan Platform via online donations and cafeteria points.

In addition, we have entered into a comprehensive partnership agreement with Fukushima Prefecture, which is striving to recover and revitalize following the disasters caused by the Great East Japan Earthquake and the accident at the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant, with the aim of promoting digital transformation (DX) and local products.

This agreement enables us to quickly and accurately address various issues in the region, promote digital transformation, promote local products, dispel rumors, and keep the disasters and their aftermath relevant.

NEC Pledges Support for Wildfire Recovery in Hawaii

Corporate Citizenship Activities

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

NEC Social Entrepreneurship School

In fiscal 2003, we began the NEC Social Entrepreneurship School, a project for nurturing young social entrepreneurs that we launched in cooperation with the NPO ETIC. As of fiscal 2024, 72 groups have graduated from the school. The project has been called a gateway for the success of social innovators because of the large number of celebrated young social innovators that it has produced.

In fiscal 2024, we supported mairu tech Inc., which operates a service called "mairu" that allows users that want to book a welfare taxi or private ambulance to find one quickly, and Omohibito Co., Ltd., which operates the Silvernia theme park for seniors.

Furthermore, fiscal 2004 graduates of the NEC Social Entrepreneurship School have been working in an NEC internal cross-organizational team with Florence, a certified NPO that works to solve social issues and create value in the areas of children and child-rearing. They are discussing the creation of new businesses involving children and child-rearing, such as digital monitoring.

We will continue to hold discussions with NEC Social Entrepreneurship School graduates and others to work together in creating problem-solving businesses.

NEC Social Entrepreneurship School

NEC Pro Bono Initiative

In fiscal 2011, NEC introduced the NEC Pro Bono Initiative, a program that helps NPOs and social entrepreneurs address their target issues with assistance from the professional skills of NEC employees. In doing so, NEC became the first Japanese company to start pro bono activities. In fiscal 2024, we conducted joint activities with the Tokyo Metropolitan Government, Kawasaki City (Kanagawa Prefecture) and social entrepreneurs who have graduated from the NEC Social Entrepreneurship School as pro bono partners.

In 2024, NEC collaborated with Kawasaki City in a preliminary event leading up to the 100th anniversary of its becoming a municipality in 2024. A team of NEC employees from the NEC Pro Bono Club (a pro bono community made up of volunteer employees of the NEC Group) planned and ran the Kawasaki SDGs Partner Festival in collaboration with Kawasaki City and others. The purpose of this event was to raise awareness of the SDGs among citizens and other members of the local community by having Kawasaki SDGs Partner companies, organizations, educational institutions, and other entities hold various exhibits and performances on the theme of the SDGs. Approximately 4,000 people attended during the two days of this event.

Furthermore, in our partnership with Kawasaki City, we have entered into a partnership agreement with the Kawasaki City Council of Social Welfare, a social welfare corporation, to realize a community-based society and achieve the SDGs. Under this agreement, we will engage in research and demonstration projects to create new resident services through digital transformation, starting from the issues and needs of the community identified through pro bono and other community co-creation activities.

In collaboration with social entrepreneurs, a team of employees from the NEC Pro Bono Club assisted BANSO-CO Inc., a Tokyo Medical and Dental University venture formed by a fiscal 2022 graduate of the NEC Social Entrepreneurship School that engages in online mental healthcare projects, in developing a business plan to raise funds.

This activity supported the business collaboration between BANSO-CO Inc. and NEC, which began in June 2022, and the healthcare service NEC Body Care, a demonstration project by NEC.

NEC Pro Bono Initiative

NEC Future Creation Program

In line with the revision of high school curriculum guidelines from fiscal 2023, NEC has developed the NEC Future Creation Program in collaboration with the educational consulting company Careerlink Co., Ltd. This education program, aimed at high school students, draws upon the SDGs as themes to learn about creating an ideal future. It has been implemented at three high schools in Kanagawa and Fukushima prefectures, with a total of 70 students and 47 NEC Corporation employees participating online.

In particular, the classes at program participant Fukushima Prefectural Shirakawa High School were the first to be held under the comprehensive partnership agreement concluded with Fukushima Prefecture, and high school students came up with their own ideas on the theme of town reconstruction planning. Employees also helped these students refine their ideas through dialogue.

All of the survey respondents indicated they had deepened their understanding of the SDGs, and about 90% said that their interest in social issues had increased.

One respondent also commented, "I think my time with the program was very meaningful. Now that more than 10 years have passed since the Great East Japan Earthquake, I feel that it will continue to be important to constantly seek out new approaches."

At the same time, employee participants also learned from the program: "The greatest value of the program came from enabling actual insights into the current sensibilities of high school students who will lead the next generation, looking at society from a broader perspective, and seeing NEC from a different angle than usual."

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Promoting Employees' Volunteer Activities

- Under the cafeteria-style benefits and welfare system, "Will be," provided two options for using points: "support volunteer activity expenses" and "donate to volunteer groups and areas affected by disasters." These options enable employees to allocate their points to transport expenses for volunteer activities or donations for the Red Cross, UNICEF and other organizations

- Through the NEC Volunteer Support Service (a database of employee volunteers), introduced a range of volunteering opportunities, including online. Promoted casual and proactive volunteering activities by employees
- In December and January of each year, the NEC Group promotes collection activities for seven items, including Bellmark symbols from sponsored products, used books and used postcards, as a familiar activity that is easy for employees to participate in. Collected items are used to support people in disaster affected areas and developing countries through NPOs and other organizations.

Initiatives in Local Communities Worldwide

Through its corporate citizenship activities, NEC works on initiatives to promote inclusion and diversity worldwide and within local communities, and on community support activities to help solve local issues.

Initiatives in Japan

1. e-Net Caravan

- NEC has implemented e-Net Caravan, which offers awareness-raising activities and guidance for elementary school students (third and fourth grade) through to high school students, as well as for guardians and educational professionals, to teach them how to use the internet safely and securely. This initiative is meant to address the rights of children set out in the Children's Rights and Business Principles developed by Save the Children (NGO), the UN Global Compact, and UNICEF.
- Nationwide, 333 of our employees currently participate in this initiative as certified instructors.

2. Para-sports promotion activities

To help promote and develop para-sports, we cooperate with various regional stakeholders to collaborate on planning and holding prefectural para-sport competitions and Para University Festivals, as well as supporting Boccia activities.

In particular, Okayama Prefecture has created a model for prefectural para-sport competitions, which can be planned and managed independently by local communities. We aim to expand this model to other regions.

Global initiatives
Wheelchair tennis
Since 1991, NEC has supported wheelchair tennis tournaments held by the International Tennis Federation, spanning a period of over 30 years, and employees have supported operation of the tournaments.

Wheelchair Tennis Sponsorship

NEC Corporation India's initiatives
NEC Corporation India Private Limited conducts support activities for children in rural areas, elderly people with financial difficulties, and women who have lost their husbands. In 2021, NEC Corporation India received the India CSR Leadership Award in recognition of a series of related humanitarian initiatives.

1. "Gift the Warmth Drive"
2. Radhakund Ashram
3. Collaboration with NGO Krish
4. Education for underprivileged children

NEC Corporation of America's initiatives
We work with elementary schools and non-profit organizations in Texas to provide educational support for students and life support for the homeless.

1. Collaboration with NPO Catch Up & Read
2. Collaboration with the Young Women's Preparatory Network
3. Collaboration with Haven for Hope

Initiatives at NEC Platforms Thai Co., Ltd.
We are engaged in Kathin activities to protect Thai culture and Buddhism.

Details of each activity follow below.

Corporate Citizen Activities

Corporate Citizenship Activities

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Targets, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Targets and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Indicates the main non-financial targets related to materiality.

1. Expand range of corporate citizenship (Aim for 10,000 new registrants with the NEC Volunteer Support Service database by FY2026)
2. Utilize corporate citizenship as a launching point for social value creation

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

1. Expand range of corporate citizenship
• Increase the number of new employees registered for the NEC Volunteer Support Service (a database of employees with high social awareness) by 1,200 people per year

2. Utilize corporate citizenship as a launching point for new business creation, support business activities and forge relationships with local communities (reach comprehensive cooperation agreements, etc.)

Progress, Achievements and Issues

1. Expand range of corporate citizenship
• NEC has created various opportunities, mainly online, for all employees in Japan to easily and proactively participate. As a result, the number of newly registered employees for the NEC Volunteer Support Service increased sharply, by 1,338 people in a year
Total number of newly registered employees: 8,721
• Increase in number of employee participants (Participants increased by 3,480 from the previous fiscal year to 13,000)

2. Utilize corporate citizenship as a launching point for social value creation
• Entered into a comprehensive cooperation agreement with Fukushima Prefecture to promote digital transformation (DX) and local products.
• Entered into a partnership with Kawasaki City Council of Social Welfare, a social welfare corporation, to help achieve a community-based society and the SDGs

FY2025 Goals

1. Expand range of corporate citizenship
• Increase the number of new employees registered for the NEC Volunteer Support Service by 1,200 people per year
• Increase the number of employee participants (compared to the previous fiscal year)

2. Utilize corporate citizenship as a launching point for new business creation, support business activities and forge relationships with local communities (reach comprehensive cooperation agreements, etc.)

Corporate Citizenship Indicators and Goals

Social Contribution Activity Expenses

GRI 203-1

In fiscal 2024, total corporate citizenship activity expenses for the NEC Group were approximately 828 million yen. We promoted activities in a variety of fields, including "Academia, Research, and Education" and "Arts, Culture, and Sports."

	Academia, research and education	Arts, culture and sports	Disaster prevention/ Town planning and crime and prevention	Social welfare	Environment	Others	Total
By field (%)	32	52	2	5	2	7	100%

The fields of activity used in the expenses breakdown above correspond to the fields of activity used in surveys of social contribution activities conducted by the Japan Business Federation.

Corporate citizenship activity expenses included the following:

1) financial assistance,

2) charitable donations of products quoted on a unit price basis, and

3) public use of NEC facilities (converted into monetary amounts based on the unit price of using equivalent external facilities to quantify the cost of using NEC facilities for socially beneficial purposes).

		FY2021	FY2022	FY2023	FY2024
Consolidated expenditure of social contribution (million yen)	Total	335	444	697	828
	Cash contributions including political donations	320	405	685	810
	Use of Company premises / Contributions of products and equipment	10	30	3	6
	Volunteer hours and others	5	9	9	12

Governance   Strategy   Risk Management (Including Opportunity Generation)   **Indicators and Goals**

Corporate Citizenship Indicators and Goals

Measuring the Effectiveness of our Corporate Citizenship Activities

		FY2023	FY2024
NEC Social Entrepreneurship School (Cumulative total)	Number of NEC Social Entrepreneurship School graduates	70 organizations	72 organizations
	Business continuation rate among graduates	80%	81%
	Average growth rate of business scale	Approximately 300%	Approximately 300%
	Number of organizations that have had an impact on national or local government policy and businesses (among the 50 organizations who had graduated by fiscal 2020)	17 organizations (at the national level) 31 organizations (at the local government level)	17 organizations (at the national level) 31 organizations (at the local government level)
	Ratio of organizations with experience in transferring their know-how and business model to other regions and organizations (among the 50 organizations who had graduated by fiscal 2020)	45%	45%
	Number of organizations that have used this project as a role model to develop similar initiatives in other organizations (cumulative total)	4 organizations (companies) 1 organization (local government)	4 organizations (companies) 1 organization (local government)
NEC Pro Bono Initiative	Number of participating employees (cumulative total) Number of beneficiaries* (single year)	1,653 6,421	1,769 6,103
e-Net Caravan	Number of lessons conducted at elementary and junior high schools, etc. nationwide	610	772

* Number of general attendees and participants (including online) in courses and awareness-raising events supported by the NEC Pro Bono Initiative; for business plan development support, the number of people associated with the supported organization, etc.

Corporate Governance

Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals

Corporate Governance System

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NEC Corporation (the "Company") has adopted the structure of a "company with a Nominating Committee, etc." By clearly separating the oversight and execution functions, the Board of Directors strengthens its oversight function, while delegating substantial authority to executive officers to accelerate decision-making and business execution. In line with this, the Company is also strengthening governance on the execution side. Details are available in the Company's Corporate Governance Report.

📄 Corporate Governance Report

Corporate Governance System

Board of Directors (Oversight)

The Board of Directors is responsible for overseeing the execution of duties by directors and executive officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy.

Number of Directors[1] (Of Whom, the Number of Executing Persons[2])

		2021	2022	2023	2024
(As of July 1, 2023, and as of June 30 for every other year)	Total	12 (5)	10 (4)	12 (3)	13 (3)
	Male	10 (5)	8 (4)	10 (3)	10 (3)
	Female	2 (0)	2 (0)	2 (0)	3 (0)

Number of Outside Directors (Ratio[3])

		2021	2022	2023	2024
(As of June 30 of each year)		6 (50.0%)	5 (50.0%)	7 (58.3%)	8 (61.5%)
	Of whom, the number of independent directors (ratio[3])	5 (41.7%)	5 (50.0%)	7 (58.3%)	8 (61.5%)

Number of Non-Japanese Directors (Ratio[3])

		2021	2022	2023	2024
(As of June 30 of each year)	Total	1 (8.3%)	1 (10.0%)	1 (8.3%)	1 (7.7%)
	Male	0	0	0	0
	Female	1	1	1	1

Executive Officers (Execution)

Executive officers execute Company business delegated to them by the Board of Directors

Number of Executive Officers

		2023	2024
(As of July 1, 2023, and as of June 30 for 2024)	Total	21	20
	Male	19	18
	Female	2	2

Number of Management in Business Execution Who Are Corporate SVP or Above[4] (Of Whom, Non-Japanese Officers)

		2021	2022		2023		2024	
				As of June 30		As of July 1		As of June 30
(As of April 1 of each year, unless otherwise noted)	Total	45 (0)	43 (0)	42 (0)	50 (2)	50 (2)	48 (2)	49 (2)
	Male	45 (0)	41 (0)	40 (0)	46 (2)	45 (2)	43 (2)	44 (2)
	Female	0 (0)	2 (0)	2 (0)	4 (0)	5 (0)	5 (0)	5 (0)

Audit & Supervisory Board Members (KANSAYAKU)

(As a result of the transition to a company with a Nominating Committee, etc. since the June 2023 Ordinary General Meeting of Shareholders, the Company no longer has Audit & Supervisory Board members (KANSAYAKU)

Number of Audit & Supervisory Board Members (KANSAYAKU) (Of Whom, Non-Japanese Members)[1]

		2021	2022	2023
				As of April 1
(As of June 30 of each year, unless otherwise noted)	Total	5 (0)	5 (0)	5 (0)
	Male	4 (0)	4 (0)	4 (0)
	Female	1 (0)	1 (0)	1 (0)

1. Numbers for 2021 through 2023 (for Audit & Supervisory Board members (KANSAYAKU), through 2022) are the same as for April 1 of the following year, as there were no appointments or dismissals during the term of office.
2. Number of corporate officers through 2022. Number of executive directors from 2023.
3. Ratio of directors.
4. Number of executive directors, corporate SEVPs, corporate EVPs and corporate SVPs as of April 1, 2023. Number of executive officers, corporate SEVPs, corporate EVPs and corporate SVPs from July 1, 2023. Number of corporate officers through 2022.

Independence of the Board of Directors

From the perspective of ensuring independence, the majority of the Board of Directors is composed of independent outside directors. The number of independent outside directors is as presented in Corporate Governance System.

Independence Criteria for Outside Directors

Corporate Governance

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Basic Views on Corporate Governance

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social value and the maximization of corporate value, the Company is committed to strengthening its corporate governance practices in terms of both oversight and execution through the following basic policies:

1. Assurance of transparent and sound management
2. Realization of prompt decision-making and business execution
3. Clarification of accountability
4. Timely, appropriate and fair disclosure of information

🔲 NEC Corporate Governance Guidelines

Remuneration for Directors

Remuneration for Directors and Executive Officers

The ratio of the total amount of remuneration of the Company president to the average yearly employee salary is 23.2:1.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Criteria and Process for Selecting Directors

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Reasons for Nomination of Outside Directors, etc.

Effectiveness of the Board of Directors

The Company conducts an analysis and evaluation on the effectiveness of the Board of Directors once a year, and improves the function of the Board of Directors. The Company discloses a summary of the results of such analysis and evaluation. Also, if necessary, the Company utilizes a third-party evaluation organization to assess the effectiveness of the Board of Directors. The Company discloses a summary of the results of such evaluations along with meeting attendance in the Corporate Governance Report.

🔲 Corporate Governance Report

Meeting Attendance

🔲 Evaluation of the Effectiveness of the Board of Directors

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Diversity of Directors and Officers

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Ratio of Female and Non-Japanese to Directors and Officers[5,6]

(As of April 1 of each year, unless otherwise noted)	2022	As of June 30	2023	As of July 1	2024	As of June 30
	9.1%	9.4%	14.8%	15.3%	15.8%	16.9%

5. As of April 1, 2023, directors, Audit & Supervisory Board members (KANSAYAKU), corporate officers, corporate SEVPs, corporate EVPs and corporate SVPs. From July 1, 2023, directors, corporate officers, corporate SEVPs, corporate EVPs and corporate SVPs.
6. A KPI for Mid-Term Management Plan 2025 is increasing this ratio to 20% by the end of fiscal 2026 (including transfers determined as of April 1, 2026). This KPI was "Ratio of female or non-Japanese to directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers" in 2022, but the name of the KPI has changed to reflect the transition to a company with a Nominating Committee, etc. When the Company initially announced Mid-term Management Plan 2025, it became "Ratio of officers ranked executive officer or higher who are female or non-Japanese (excluding Audit & Supervisory Board members (KANSAYAKU)." This ratio, as verified by third-party SGS Japan Inc., was 8.0% as of April 1, 2022. From 2023, figures for April 1 are assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

Risk Management

**Governance** Strategy Risk Management Indicators and Goals

Risk Management Framework

The NEC Group has a companywide cross-sectional risk management system centered on the Risk Control and Compliance Committee and the Chief Risk Officer (CRO) to accurately comprehend and to respond appropriately to both internal and external risks related to the Group's business.

Specifically, the Risk Control and Compliance Committee, discusses risk management policy, policies for selection of and response to "Priority Risks" that require countermeasures across the NEC Group, as well as measures to address risks that require companywide management due to fluctuations in the risk environment during the fiscal year, and other important matters related to companywide risk management, then reports them to the Business Strategy Committee and the Board of Directors on a regular basis.

In addition, we have a CRO to monitor and address companywide risks centrally and cross-functionally and to manage possible losses. The CRO leads companywide risk management, detecting and analyzing varied and complex risks in the social and business environment, which changes day by day, and evaluating impacts, while prioritizing countermeasures and closely collaborating with other chief officers managing each risk.

Risk Management Framework
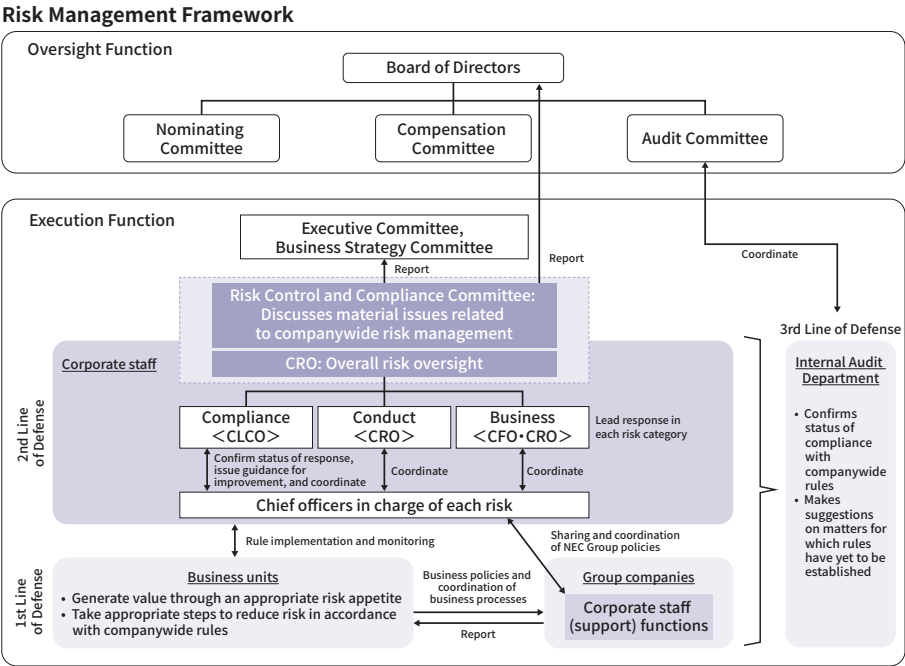
Crisis Management and Business Continuity Organization

NEC Corporation will continue to conduct 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. The headquarters maintains senior management's decision-making function and prepares an environment that will facilitate the recovery of 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 restore worksite infrastructure, support employees' lives, assist those who wish to return home, and coordinate with the community.

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

Governance   Strategy   Risk Management   Indicators and Goals
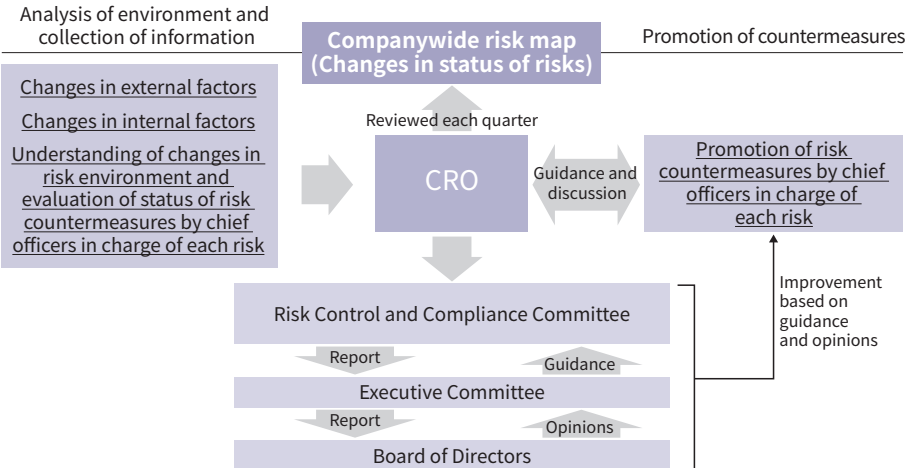
Risk Management Policies

In order to pursue returns through appropriate risk management, the NEC Group has categorized the risks associated with its businesses into a Risk Total Picture and has decided responsible divisions and response policies for each risk in line with this picture. The NEC Group recognizes integrity as the foundation of all risk management activities and classifies risks into three categories according to their nature. Should a risk materialize, especially in the event of a crisis that threatens the survival of the NEC Group, NEC has developed a response flow centered on the divisions responsible for each risk.
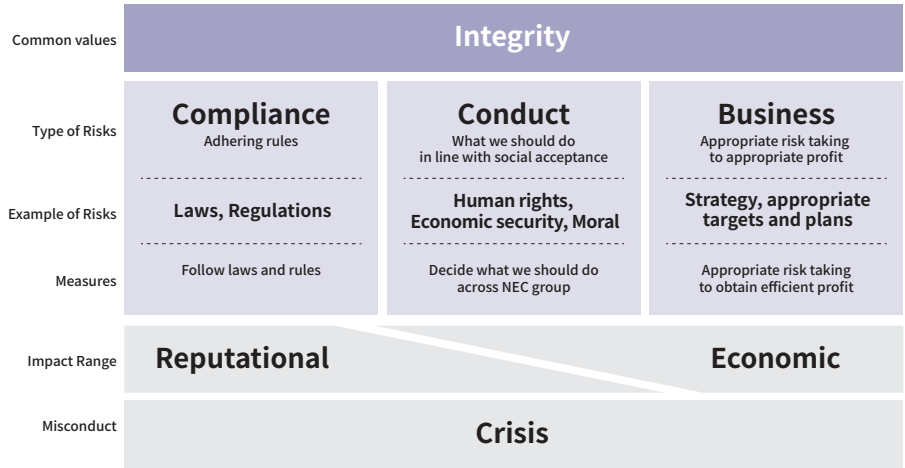
Based on a comprehensive list of risks that require the NEC should be aware of, the CRO engages in dialogue with the other chief officers in charge of managing each risk and conducts risk assessments. The CRO creates a risk map that visualizes risk priorities under common criteria such as impact and urgency based on changes in the external and internal environment and the status of each risk countermeasure. The CRO updates the risk map through the review of the Risk Control and Compliance Committee on a quarterly basis, and regularly report to the Business Strategy Committee and the Board of Directors.

Risk Total Picture

Common values	Integrity		
Type of Risks	**Compliance** Adhering rules	**Conduct** What we should do in line with social acceptance	**Business** Appropriate risk taking to appropriate profit
Example of Risks	**Laws, Regulations**	**Human rights, Economic security, Moral**	**Strategy, appropriate targets and plans**
Measures	Follow laws and rules	Decide what we should do across NEC group	Appropriate risk taking to obtain efficient profit
Impact Range	**Reputational**		**Economic**
Misconduct	**Crisis**		

Visualization of Risk Management

Analysis of environment and collection of information

Companywide risk map (Changes in status of risks)

Promotion of countermeasures

- Changes in external factors
- Changes in internal factors
- Understanding of changes in risk environment and evaluation of status of risk countermeasures by chief officers in charge of each risk

Reviewed each quarter

CRO — Guidance and discussion — Promotion of risk countermeasures by chief officers in charge of each risk

Improvement based on guidance and opinions

Risk Control and Compliance Committee
- Report / Guidance
Executive Committee
- Report / Opinions
Board of Directors

Crisis Management and Business Continuity Policies

NEC has prepared a business continuity plan (BCP) and is promoting business continuity management so that the Company can fulfill its social responsibilities based on the continued stable supply of products and services even when risks materialize in the form of earthquakes, typhoons, or other natural disasters; global pandemics; wars; or terrorist attacks. Our goal is to be able to continue NEC Corporation's business to the greatest extent possible, and to restore operations quickly if they are interrupted.

Basic Disaster Response Policies

Governance   Strategy   Risk Management   Indicators and Goals

Risk Management Process

Risk Assessment Methodology

Designating Priority Risks and Countermeasures
Based on a comprehensive list of risks that require the NEC Group's attention, the CRO engages in dialogue and conducts risk assessments with the chief officers in charge of particular risks. The CRO then creates a risk map that visualizes risk priorities based on common criteria such as the degree of impact and urgency, taking into account changes in the external and internal environment and the status of each risk countermeasure. Among the risks mapped, those that are particularly material in terms of their impact on corporate management and urgency are

designated as Priority Risks, and countermeasures are implemented. The risk map is updated quarterly following deliberation by the Risk Control and Compliance Committee, and is reported to the Business Strategy Committee and the Board of Directors on a regular basis.

Designated Priority Risks and related initiatives are as listed under Indicators and Goals.

Risk Management (Indicators and Goals)

Long-term Risk

Environmental Management

| Governance | Strategy | Risk Management | Indicators and Goals |

Response to Emerging Risks

Security Risks from Increasingly Sophisticated and Complex Cyber Attacks due to Rising Geopolitical Risk

Description

As the geopolitical situation changes and digital transformation advances rapidly, private companies are also becoming targets of national cyber attacks, and companies that possess critical information such as advanced technological information are facing increasing security risks. The rapidly increasing sophistication and complexity of cyber attacks, along with external factors such as geopolitical risk, may hamper timely mitigation of security risks.

Impact on Business

In the event that personal or confidential information held by NEC or contained in its products, services, or systems is leaked or exposed through unauthorized access or cyber attacks and used fraudulently, NEC may be subject to disciplinary action by regulatory authorities due to its position of legal responsibility. As a result, NEC may not only lose the trust of its customers as a Social Value Innovator, but its business performance may also be adversely affected. The risk of unauthorized access and cyber attacks exists not only for NEC's own products, services and systems, but also for those of its customers, contractors, suppliers, business partners and other third parties.

Mitigation Measures

We are implementing robust and flexible measures throughout the Group based on the CISA[1] Zero Trust Maturity Model. Based on *Cybersecurity Management Guidelines Ver. 3.0* formulated by the Ministry of Economy, Trade and Industry, Government of Japan and *Cybersecurity Framework (Version 2.0)* of the NIST,[2] we are strengthening intelligence (proactive defense) and resilience (ability to recover from attacks) against cyber attacks.

In addition, presenting security risks to all employees on a cybersecurity dashboard as part of our data-driven transformation is supporting quick management decisions and autonomous front-line actions. Thus, we are transforming the expertise and countermeasure doctrines developed through our front-line experience into solutions that we offer to our customers.

Furthermore, based on *Security by Design 3.0*, which considers security from the design stage, we are enhancing measures that include our supply chain in order to provide safe, high-quality services.
Please refer to our *Information Security Report* for details about our initiatives.

1. Cybersecurity & Infrastructure Security Agency (an agency of the United States Department of Homeland Security)
2. National Institute of Standards and Technology (an agency of the United States Department of Commerce)

Response to Large-scale Disasters, Incidents and Accidents, and Infectious Diseases

Addressing Natural Disaster Risks such as Earthquakes and 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.

Furthermore, we use the latest hazard maps to evaluate risk at each business site. Based on these evaluations, we implement countermeasures with due consideration of the balance between the impact of a disaster and cost.

ISO 22301:2019 Certification Acquisition

NEC has acquired ISO 22301:2019 certification, mainly in its system maintenance divisions and datacenter operations divisions. ISO 22301:2019 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.

📄 ISO 22301:2019 Certification

Initiatives to Foster a Risk Culture

Internal Feedback Process for Latent Risks

The Risk Control and Compliance Committee and senior management exchange and discuss information about latent and emerging risks to enhance the Company's ability to address risks. We also continuously improve our risk management methodology.

Risk Management Evaluation Indicators and Monetary Incentives

NEC Corporation's Employee Disciplinary Regulations stipulate that employees who cause damage to the Company intentionally or through negligence will be liable for damages in addition to being subject to disciplinary action.

Risk Management Training and Education

NEC provides risk management training for managers to increase awareness and understanding of risk management.

As part of the onboarding process for new outside directors, we conduct training under the theme of NEC's risk management. We also conduct training for all employees on specific risks, including compliance, the environment, human rights and information security.

NEC ESG Databook 2024

Management for Sustainability

Environment

Social

Governance

Appendices and Data

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Risk Management

| Governance | Strategy | Risk Management | Indicators and Goals |

Initiatives to Foster a Risk Culture

Confirmation and Reporting of Latent Risks by Employees

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Compliance (Whistleblowing System)

We also collect information from employees through risk assessments.

Education, Exercises and Training on Disaster Prevention and Business Continuity

Education and Online Training

NEC and affiliated companies in Japan conduct the following training and drills every year to prepare for large-scale natural disasters with the aim of minimizing damage and resuming operations as quickly as possible.

• NEC conducts drills to confirm disaster response procedures in accordance with workstyles as part of workstyle transformation.

• NEC holds online training and workplace discussions that served as opportunities to think about how to act during a natural disaster, what can be done beforehand, and the necessary preparations for dealing with a large-scale earthquake, while drawing up specific natural disaster scenarios.

Enhancing the Degree of Completion of BCPs

• NEC objectively visualizes 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 preparedness and business continuity plan," "support status," "effective operation," and "evaluation and improvement."

• We will refine the system to instill a business continuity mindset as part of our organizational culture and continue making improvements across the entire NEC Group to enable each division and employee to think and act autonomously during disasters.

Participation in the Activities of External Organizations

NEC Corporation has been a Business Ethics Research Center (BERC) member since its establishment in 1997. BERC collects worldwide information relating to business ethics, undertakes research on ethics, offers consulting on business activities, and educates businesspersons while promoting ethics. We have utilized information on examples of initiatives at other companies obtained through BERC in the planning of various measures.

Hotline

NEC has set up a Compliance Hotline to facilitate the early detection of compliance violations and promote self-regulation.

NEC has also set up a hotline for anonymous reporting by a broad range of stakeholders, from NEC Group employees and temporary employees to business partners, customers and local residents. This hotline enables us to swiftly and accurately identify the causes of human rights violations or potential violations and to take appropriate corrective actions.

This hotline ensures that a whistleblower is thoroughly protected by maintaining the confidentiality of the whistleblower's identity and the details of the report, and by prohibiting any unfavorable treatment or retaliation against the whistleblower.

Respect for Human Rights

Governance	Strategy	Risk Management	**Indicators and Goals**

Medium- to Long-term Goals, Priority Activities and Progress, Achievements and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified. Period: April 2021 to March 2026)

Conduct appropriate risk management
Select important risks that affect business execution and both plan and implement effective countermeasures

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals

Enhancement of a comprehensive and centralized system to control companywide risks, including the establishment of the position of CRO
Planning and execution of effective measures for Priority Risks
• Harassment prevention
• Compliance with laws and regulations related to quality and safety
• Improvement of project contract quality

Progress, Achievements and Issues

Measures implemented for Priority Risks (during fiscal 2024, Priority Risks were unchanged)
• Harassment prevention
- Thoroughly informed all employees at the general manager level and higher, conducted training for all employees, and clearly stated prevention of harassment in work regulations and disciplinary rules.
• Compliance with laws and regulations related to quality and safety
- Established rules and systems for the radio station license application management process to comply with the Radio Act
- Conducted training with emphasis on high-risk business divisions to comply with the Telecommunications Business Act
• Improvement of project contract quality
- Moved to identify cases early and refined the support process for staff divisions

FY2025 Goals

Enhancement of a comprehensive and centralized system to control companywide risks
Planning and execution of effective measures for Priority Risks
• Harassment prevention
• Occupational safety and health
• Compliance with laws and regulations related to quality and safety
• Improvement of project contract quality

Compliance

| **Governance** | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Compliance Framework

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NEC Corporation works with senior management to enforce and implement compliance.

Risk Management and Compliance Department

The Risk Management and Compliance Department formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. In addition, the department provides the necessary support, coordination, and guidance to ensure that risk management in the business and corporate staff departments is implemented systematically and effectively. Below are some examples of the department's activities.
• The department enhances the risk control function for the entire NEC Group by continuously supporting risk control activities in each division, as well as at subsidiaries. This is accomplished by collecting external information, applying a risk management survey, and exchanging information with subsidiaries worldwide.
• In addition, the department regularly listens to and discusses reports on audit results from the Group Internal Audit Division and receives reports on the status of operations of the Compliance Hotline, the whistleblowing system pertaining to business ethics and violations of laws and regulations.

Details about the CLCO and Risk Control & Compliance Committee are provided below.

Risk Management (Risk Management Framework)

Group Internal Audit Division

Members of the Group Internal Audit Division include experts in internal audits. The division conducts audits to ensure that NEC is operating lawfully, properly, and efficiently. It also points out problems and proposes improvements.

Compliance Promotion at Consolidated Subsidiaries

• The presidents of our consolidated subsidiaries take ownership of drafting and implementing compliance measures with guidance and support from the Risk Management and Compliance Department, corporate departments and business units.
• In regard to consolidated subsidiaries outside Japan, the five Regional Headquarters (RHQ) around the world further strengthen compliance, including among local subsidiaries.
• NEC has also established channels for reporting compliance-related issues regularly, and as the need arises, from the consolidated subsidiaries in and outside Japan to the Headquarters in Japan.

Basic Policy on Internal Control Systems

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Compliance Policy

In its Principles, NEC subscribes to "Uncompromising Integrity and Respect for Human Rights," and conducts continuous companywide activities involving everyone from officers to employees with management firmly based on compliance.

Compliance

NEC aims to establish compliance within its corporate culture by ensuring that each officer and employee acts with integrity (judgement and behavior) in accordance with the NEC Group Code of Conduct. Moreover, the Code is available in Japanese, English, Chinese, Portuguese, and Spanish. By promoting the Code at consolidated subsidiaries outside Japan, we are creating a corporate culture worldwide that gives top priority to compliance. Also, we recognize that the Code must be reviewed regularly to confirm whether revisions need to be made. If a violation is found, the person or persons associated with the violation will be dealt with according to employee regulations, and consideration will be given to reflecting the violation in the performance evaluation of the relevant division.

In order to realize effective compliance measures, the general managers of every division have taken leadership and responsibility for discussing and implementing the optimal measures for their divisions with support from the corporate divisions.

Furthermore, identifying compliance as one of NEC's priority management themes from an ESG perspective—materiality—Mid-term Management Plan 2025 sets forth a KPI of zero cases of serious involvement with cartels and/or bid-rigging.

Periodic Rotation and Reengagement of Accounting Auditors

Pursuant to regulations such as those that are based on the Certified Public Accountants Act and which concern accounting auditors, the Company manages operations based on the following rules.

Engagement partners may not be engaged for more than seven accounting periods in duties that entail conducting audits of the Company. Lead engagement partners may not be engaged for more than five accounting periods in duties that entail conducting audits of the Company.

For two accounting periods after being replaced, engagement partners may not be engaged in duties that entail conducting audits of the Company. For five accounting periods after being replaced, lead engagement partners may not be engaged in duties that entail conducting audits of the Company.

Policy for Prevention of Corruption

Company efforts to prevent bribery include disseminating and developing its Anti-Bribery Policy and Anti-Bribery Manual. In addition, the NEC Group Code of Conduct covers prevention of bribery and corruption; entertainment, gifts, donations, and political activities; prohibition against involvement in antisocial acts; prohibition on insider trading; and prohibition of any act contrary to the Company's interests. In these ways, we make every effort to completely preclude all forms of bribery and corruption.

NEC Group Code of Conduct

Governance   **Strategy**   Risk Management (Including Opportunity Generation)   Indicators and Goals

Competition Law Compliance Policy

One of the initiatives to eliminate serious compliance violations is the reinforcement of non-financial measurement methodologies to underpin sustainable growth of the Company and society, a goal of Mid-term Management Plan 2025. To this end, we are working to prevent cartels, bid-rigging, and other violations of competition laws.

Furthermore, in the NEC Group Code of Conduct the Company has stipulated guidelines for fair competition and strives to thoroughly prevent violations of competition laws.

In addition, the Company has established the NEC Group Competition Policy, formulating basic considerations on compliance with competition laws in and outside Japan to reduce the risk of violations, and broadly disseminates information about this policy within NEC Group companies around the world.

Competition Policy

Response to Past Incidents of Violations

In July 2016, NEC was notified by the Japan Fair Trade Commission of violations of the Antimonopoly Act related to business transactions with Tokyo Electric Power Co., Ltd. (now Tokyo Electric Power Company Holdings, Inc.) involving electric power security communications equipment. NEC was notified again of similar violations in February 2017 involving digital wireless communications equipment for fire rescue, and also for business transactions with Chubu Electric Power Co., Ltd. involving electric power security communications equipment. In order to keep these three events fresh in mind and to use them as a basis for reflection, we established NEC Compliance Day on November 18, being the date on which we received an on-site inspection by the Japan Fair Trade Commission. In order to promote fair commercial transactions, we consider the commitment of management executives to be the most important element in promoting fair commercial transactions. For this reason, every year on NEC Compliance Day, management executives issue a message to all employees to help reaffirm the importance of compliance, including promoting fair commercial transactions.

Tax Policy

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In the Group Code of Conduct, NEC members promise that they will:

- Comply with international rules, applicable laws and regulations, this Code of Conduct, and in-house policies and guidelines in every aspect of the Company's activities at all times, and also understand the cultures and customs of countries and regions, and act in good faith in accordance with a good social conscience based on high ethical standards; and
- Keep all financial records, accounting records, and all other records accurately and fairly, and not perform accounting processing in an improper manner or any other act that may cause any loss or damage to the Company.

We also follow that basic approach in relation to tax matters and are striving to optimize them from a medium- to long-term perspective.

In addition, on its intranet, NEC provides details about basic rules for corporate taxes and other matters as well as a summary of tax reforms and the "Outline of the Tax Reform."

With the aim of establishing a common framework for managing tax risks and tax policies, NEC has formulated the NEC Group Tax Governance Policy, which sets out the principles of tax governance to be followed. We do not engage in tax planning solely for tax avoidance, without substantive business objectives. Similarly, we do not transfer profits using tax havens with the intention of tax avoidance.

The CFO is responsible for the tax governance of the NEC Group. The CFO, who is also a member of the Board of Directors, reports to the Audit Committee on any changes to the NEC Group Tax Governance Policy and any significant tax risks that arise.

In Japan, we report the results of our tax returns and tax audits to the CFO and continuously work to implement appropriate tax reporting and prevent fraud.

NEC Group Tax Governance Policy

Transactions between Affiliated Companies

To ensure thorough management of taxation risks in response to globalization, NEC carries out pricing decisions in transactions between affiliated companies based on the arm's length principle in accordance with the approach advocated by the Organisation for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. In accordance with the intent of the generally accepted international tax rules and guidance, such as the Action Plan on Base Erosion and Profit Shifting (BEPS), NEC pays taxes in a timely and appropriate manner based on tax rules and treaties for each country, by reflecting its business results, and does not carry out activities aimed at fraudulent avoidance of taxes.

Relationship with Tax Authorities

NEC endeavors to reduce tax uncertainties through prior consultation with tax authorities and by responding in good faith to related information-disclosure requests made by tax authorities.

Transparency

NEC complies with the Financial Instruments and Exchange Act and all applicable laws, rules, and regulations in preparing and disclosing its Annual Securities Report. Tax-related disclosures required by applicable laws are also included in the Annual Securities Report.

Starting from fiscal 2017, NEC has disclosed its consolidated financial results in accordance with International Financial Reporting Standards (IFRS). By adopting IFRS, NEC intends to disclose more internationally comparable financial information to capital markets and to further enhance transparency of its financial information.

Compliance

Compliance Initiatives

Conducting Various Initiatives for NEC Compliance Day

Every November 18, NEC holds NEC Compliance Day, marking the date on which it received an on-site inspection by the Japan Fair Trade Commission in connection with sales of digital firefighting emergency radio systems. In fiscal 2024, we conducted a variety of activities throughout November under the theme of "Let's think! Let's discuss! Let's act! My NEC Group's Integrity" to spread awareness and ingrain compliance as part of NEC's corporate culture.

Online NEC Compliance Day Portal
An online NEC Compliance Day portal is set up on the Company intranet to enable employees to browse activities and information related to the event at any time.

Messages from Senior Management

Officers, including the president, corporate officers, division general managers, and the presidents of consolidated subsidiaries in and outside Japan, communicate messages to underscore the importance of compliance to all employees. This includes adherence to the NEC Group Code of Conduct.

Reaffirming the Relevance of the Antimonopoly Act Violations
To keep the three Antimonopoly Act violations committed by the Company relevant, we distribute videos of lectures given by employees who were involved in the cases at the time, along with retrospective interviews with executives from the sales divisions and the Legal Department.

Sessions and Special Lectures by NEC Group Company Presidents
We promote understanding of how to practice integrity and make compliance a part of NEC's corporate culture through discussion sessions conducted by the president of NEC Corporation and the presidents of other NEC Group companies, as well as special lectures by experts.

Compliance Award
Departments that take ownership and actively work to ensure compliance are recognized, and the activities of each department are enhanced by showcasing specific initiatives.

Employee Awareness

We implement various initiatives to raise awareness among employees, including integrity theme talks, study sessions, and compliance quizzes.

Please refer to the NEC Group website for details.

Compliance Awareness Survey

Survey on Compliance Promotion Initiatives
We conducted a survey of all corporate officers and employees in conjunction with compliance training in order to evaluate the status of initiatives on compliance promotion and awareness of compliance. Furthermore, in a questionnaire survey conducted in connection with NEC Compliance Day, we asked employees of each division to evaluate the messages delivered by their respective division general manager.

The results of the questionnaire surveys were posted as feedback on the intranet portal and have been useful for proposing and implementing measures to further enforce compliance.

Exchanges of Opinion with Business Divisions
To further increase each division general manager's ownership of ensuring compliance, in fiscal 2024 the Risk Management and Compliance Department held an exchange of opinions with 12 business divisions and subsidiaries.

Compliance

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Whistleblowing System

Compliance Hotline (Whistleblowing System for Employees and Business Partners)

**GRI
2-26
414-2**

The Compliance Hotline is NEC's whistleblowing system for preventing corruption, fraud, and other compliance matters in general. We have also established a contact point for the hotline at a third party as an additional contact point in order to enhance convenience and to address a broader range of risks at an early stage. This contact point receives reports from whistleblowers not only among employees of NEC Corporation but also its subsidiaries in Japan and business partners. The identity of whistleblowers who contact the hotline and the nature of their reports are guaranteed confidentiality by the personnel in charge. In addition, whistleblowers will never suffer retaliation for having made a report. In the unlikely event that such retaliation takes place and is confirmed, necessary corrective measures will be taken.

As a response to the Amendment of the Whistleblower Protection Act, we have strengthened the system in place for protecting whistleblowers, which includes the designation of workers dedicated to responding to whistleblowing reports. Another response is the "Audit Committee Hotline," a whistleblowing system that allows whistleblowers to report fraudulent corporate officer activity to the Audit Committee. We will continue to ensure the protection of whistleblowers and work to establish a system that allows employees and other parties to make reports with peace of mind.

NEC and its consolidated subsidiaries in Japan have taken steps to ensure the protection of confidentiality and the prevention of retaliation by establishing the Compliance Hotline Regulations as internal regulations and to make them known to employees through training programs and other means.

In fiscal 2024, the number of reported cases was 58. The reported cases included ethical behavior violations, violations of the NEC Group Code of Conduct or Company rules and fraud. All 58 cases have been appropriately handled.

For NEC's consolidated subsidiaries outside Japan, Regional Headquarters (RHQ) also set up multilingual whistleblowing systems operated by third parties in each region. They are available for local officers and employees to use in multiple languages (English, Spanish, Portuguese, and Chinese). The consulted/reported cases and their handling by consolidated subsidiaries outside Japan are shared with NEC Corporation.

The Global Hotline has also been established as an additional contact point, aimed at early detection and resolution of fraudulent activities involving executives at consolidated subsidiaries outside Japan. Accordingly, this hotline functions independently of these executives.

The status of Compliance Hotline, enhancement and operation (including the whistleblowing systems of NEC Corporation subsidiaries) is regularly reported by the Group Internal Audit Division to the Board of Directors and the Audit Committee.

	FY2021	FY2022	FY2023	FY2024
Compliance Hotline: Number of consultations	76	62	109	58[1]

1. Reports regarding issues such as harassment were integrated into the HR Hotline in fiscal 2024

Anti-Corruption Framework and Initiatives

**GRI
205-1
205-2**

The Legal and Compliance Division has formulated the Anti-Bribery Policy and the Anti-Bribery Manual and disseminates them throughout the Company. The manual stipulates the roles of general managers and specific methods for preventing bribery. These roles and methods include bribery risk assessments regarding a division's business and operations, including procedures if risk is deemed to be high, and due diligence regarding retained parties[2] or partners employed in the Company's business activities.

For due diligence, NEC stresses the importance of evaluating bribery risk through communication and collection of information by retained parties or partners on behalf of the Company or as its agent, as well as the importance of continued monitoring due to the possibility of risks related to retained parties or partners changing with the passage of time.

Additionally, to counter the risk of bribery in business transactions conducted by retained parties or partners, NEC mandates that contracts include provisions about preventing bribery and has changed the scope of monitoring that is performed.

Retained parties enlisted to assist with sales promotions and winning orders are made aware that there may be additional procedures to take, including with related staff divisions, in accordance with the type of risk.

Furthermore, as nations around the world work on strengthening their anti-bribery laws, NEC has also developed a "Guideline for Provision of Gifts, Hospitality, Travel Expenses and Donations," and provides guidance, support, instructions and the like to relevant internal divisions and consolidated subsidiaries in and outside Japan.

Checking on routine operations is an important part of preventing corruption, and therefore guidelines and rules have been established by the General Affairs Department for hospitality, gifts, and donations, such as political donations; the planning divisions of each business unit for operating expenses; and the Sourcing and Purchasing Department for procurement expenses. At the same time, expenditures requested by Company divisions are checked to ensure there are no problems.

In addition, to thoroughly enforce the prohibition of any act intended for personal benefit or third-party interests contrary to the legitimate interests of the Company, NEC has established guidelines for required procedures in the event of conflicts of interest, and provides training to and receives pledges from all employees.

In fiscal 2024, we conducted training titled "Anti-Bribery and Anti-Corruption" in multiple languages (English, Chinese, Portuguese, Spanish, Indonesian, Thai, and Vietnamese), primarily for employees of subsidiaries outside Japan operating in countries and regions with a high risk of bribery. The completion rate was 96.1%. This training promoted understanding of the risks of bribery and corruption and how to address them.

2. Our Anti-Bribery Policy follows a risk-based approach. It defines enlisted agents, intermediaries or other third parties involved in certain operations that are assumed to have a relatively high risk of bribery as "retained parties."

Competition Law Compliance Framework and Initiatives

In order to comply with competition laws, we have formulated the "NEC Group Competition Policy," the "Rules for Prevention of Cartels, Bid-Rigging, and Bid Obstruction" and the "Rules for Prevention of Dumping," which we publicize and use throughout the Company to promote compliance with competition laws.

In addition, we monitor email using multiple AI technologies to detect signs of competition law violations at an early stage.

Furthermore, we confirm the competition risk status of each NEC Group company, and according to the risks relevant to each company, we implement regulations and measures necessary for preventing violations of competition laws.

In fiscal 2024, we conducted training on competition law together with Anti-Bribery and Anti-Corruption training in eight languages for subsidiaries outside Japan, achieving a completion rate of 96.1%. This training promoted understanding of the risks of violating competition law and the measures required for compliance.

Compliance

| Governance | Strategy | Risk Management (Including Opportunity Generation) | **Indicators and Goals** |

Medium- to Long-term Goals, Priority Activities and Progress, Achievements, and Issues

Medium- to Long-term Goals and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

M: Engage in thorough compliance
Establish a groupwide culture that prioritizes compliance and promotes fair trade, drawing from the NEC Group
Code of Conduct

FY2024 Goals, Progress, Achievements and Issues, and FY2025 Goals

FY2024 Goals
Engage in thorough compliance
• Eliminate serious compliance violations (number of serious violations: 0)
• Raise the completion rate of compliance training for all employees
  (completion rate: 98% or higher)
• Ensure awareness of the Compliance Hotline (90%)

Progress, Achievements and Issues
Engage in thorough compliance
• Eliminated serious compliance violations (number of serious violations: 0)
• Raised the completion rate of compliance training for all employees
  (99.1% completion rate)
• Ensured awareness of the Compliance Hotline (94.6%)

FY2025 Goals
Engage in thorough compliance
• Eliminate serious compliance violations (number of serious violations: 0)
• Raise the completion rate of compliance training for all employees
  (98% or higher)
• Ensure awareness of the Compliance Hotline (90% awareness)

Compliance Indicators and Goals

Number of, Details on and Measures for Handling Compliance Violations

GRI
2-27
205-3

Compliance violations in fiscal 2024 were as follows:

There were zero cases of serious involvement with cartels and/or bid-rigging.

There were zero major issues regarding bribery or competition law violations requiring public disclosure.

There were zero criminal penalties imposed on the Company due to accusations of insider trading from
the Securities and Exchange Surveillance Commission.

Compliance Training and Education

GRI
205-2

NEC Corporation and its subsidiaries in and outside Japan conduct compliance training for all officers
and employees (including temporary workers) once a year (completion rates for NEC Corporation, consolidated
subsidiaries in Japan and consolidated subsidiaries outside Japan: 99.1%, 97.4% and 96.1%, respectively).

Compliance Training Completion Rate

	FY2021	FY2022	FY2023	FY2024
NEC Corporation	99.0%	99.0%	98.4%	99.1%
Consolidated subsidiaries in Japan	98.5%	98.5%	97.6%	97.4%
Consolidated subsidiaries outside Japan	—	—	—	96.1%

In addition, in connection with NEC Compliance Day we keep the three Antimonopoly Act violations committed by
the Company relevant by reminding employees of their impact.

Furthermore, officers and employees participating in this training pledge to consistently maintain unwavering
integrity based on the Principles of the NEC Group and act in accordance with the Group's Code of Conduct.
They also announce their own initiatives to ensure a corporate culture of compliance. Furthermore, NEC Corporation
uses training for new employees and stratified training for new officers and new division general managers as
opportunities to emphasize the importance of conduct that complies with the NEC Group Code of Conduct.

Political Donations

GRI
415-1

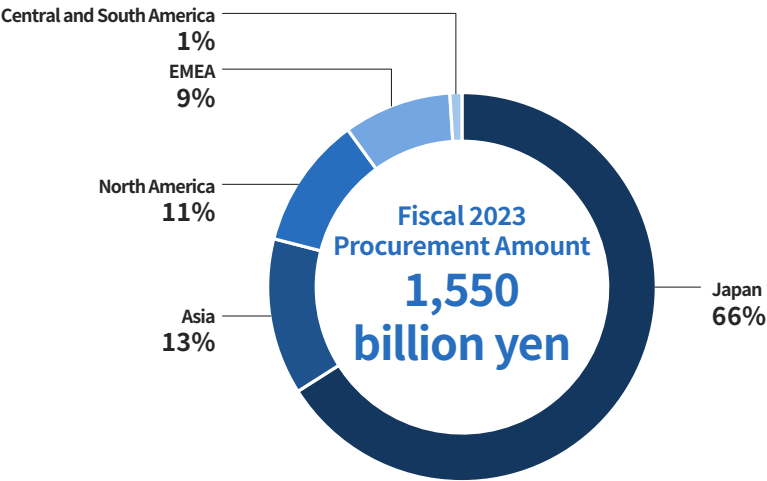|	FY2021	FY2022	FY2023	FY2024
Political donations[3] (million yen)	15	15	18	18

3. NEC makes donations to political organizations, giving due consideration to necessity and appropriateness, as well as complying with
   relevant laws and ensuring transparency.

Supply Chain Management

| **Governance** | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Supply Chain Management Framework

Sustainable procurement activities of the entire NEC Group are the responsibility of the Chief Supply Chain Officer (CSCO) at NEC Corporation. Decisions are made by the Procurement Steering Committee chaired by the Senior Director of the Sourcing and Purchasing Department.

To help ensure compliance with purchasing-related laws and regulations, NEC has appointed compliance promoters who specialize in purchasing-related laws and regulations at NEC Corporation and its major consolidated subsidiaries in Japan. These compliance promoters rigorously enforce legal compliance within their divisions and their companies. Compliance promoter conferences are held twice a year, during which compliance promoters share information needed for promoting compliance, such as responses to changes in the sustainable procurement landscape, training programs for procurement personnel, and online training materials.

Regarding affiliated companies outside Japan, NEC works with procurement managers at regional headquarters in North America, Latin America, Europe, China, and ASEAN and major local subsidiaries directly controlled by NEC Corporation to conduct quarterly operational reviews in line with their annual activity policies and plans, and to promote sustainable procurement in accordance with the culture and business practices of each country, as well as with the basic policies and guidelines mandated by NEC Corporation.

In addition, NEC endeavors to enhance governance both in and outside Japan based on reports at these meetings.

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Supply Chain Management Policy

In the course of doing business, NEC endeavors to work not only internally, but also through collaboration and co-creation with suppliers while paying careful attention to its impacts on the environment and society as a whole, with the intention of gaining the trust of society and helping to create sustainable social value.

Specifically, NEC formulated the NEC Group Procurement Policy based on its concept of Management for Sustainability and on the ISO 26000 and ISO 20400 international guidance standards for social responsibility and sustainable procurement. We are developing a policy for internal control pertaining to sustainable procurement, and rolling it out among suppliers. NEC has established Basic Rules for Procurement, and ensures that all employees comply with these rules. To strengthen this effort, NEC also devised concrete operational rules for its procurement processes and conducts regular training to ensure that the rules are disseminated among procurement-related personnel.

In terms of implementation among suppliers, the NEC Group Procurement Policy and the Guidelines for Responsible Business Conduct in Supply Chains require our suppliers, including Tier 2 suppliers and further upstream, to implement responsible business conduct and identify the following six priority risks:

· Human Rights and Labour Practices
· Health and Safety
· Environmental Requirements
· Fair Trading and Ethics
· Product Quality and Safety
· Information Security

With regard to human rights, the NEC Group Procurement Policy clearly rejects slavery and human trafficking, and the Guidelines for Responsible Business Conduct in Supply Chains prohibit forced labour and child labour, while respecting workers' right to organize. The policy and guidelines also require appropriate wages and management of work hours. Moreover, we perform due diligence on human rights in accordance with OECD's guidance process, identify and evaluate risks, and take steps to mitigate risks.

With regard to the environment, our Guidelines for Responsible Business Conduct in Supply Chains call for a combined effort between NEC and its suppliers to realize environmental management. At the same time, we have also set out the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, which require compliance with regulations on chemicals in products in and outside Japan.

Regarding information security, NEC sets out security measures to be observed by companies we outsource to in Basic Rules for Customer-Related Work and has them make a pledge to observe those rules in order to ensure thorough implementation of countermeasures.

Based on this policy and guidelines, NEC will work to deepen mutual understanding with suppliers and will collaborate closely with them to promote procurement activities, while evaluating them comprehensively in terms of sustainability, in addition to quality, cost and delivery (QCD), and continuing efforts to nurture partnerships from a long-term perspective.

These supply chain management activities help us improve the value we provide to our customers through our business.

NEC Group Procurement Policy

Guidelines for Responsible Business Conduct in Supply Chains

Development of Environmentally Friendly Products

Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products

Information Security and Cybersecurity

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Supply Chain Status

Procurement Amount by Region

- Central and South America **1%**
- EMEA **9%**
- North America **11%**
- Asia **13%**
- Japan **66%**

Fiscal 2023
Procurement Amount
**1,550
billion yen**

*Based on location of suppliers' headquarters

Critical Suppliers

NEC designates suppliers that account for a high total value in procurement transactions, suppliers of rare products and suppliers that cannot be easily replaced as critical suppliers, and focuses on engaging in sustainable procurement measures. We are strengthening initiatives to deal with the risks we have identified in each region, sector and procurement category.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Supply Chain Due Diligence

Due Diligence Steps in a Risk-based Approach

Risk-based Approach

In September 2022, the Japanese government formulated and published the *Guidelines on Respect for Human Rights in Responsible Supply Chains*, and legal frameworks for preventing human rights abuses in supply chains have been updated outside Japan. With labour in supply chains being identified as a salient human rights issue, NEC improved its efforts in human rights due diligence, in addition to its ongoing initiatives.

Supply Chain Due Diligence

NEC is taking the following steps in accordance with *OECD Due Diligence Guidance for Responsible Business Conduct*.

Step 1

Gather and evaluate information about risks specific to the ICT sector, regions, and NEC companies based on *The ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, the International Trade Union Confederation (ITUC)'s 2020 ITUC GLOBAL RIGHTS INDEX*, other external research reports, and internal analysis of our procurement structure.

Step 2

Taking into account the results of evaluations of human rights impact by international NPO Business for Social Responsibility (BSR), identify high-priority business domains (human rights risks to workers in manufacturing processes at plants of suppliers outside Japan (including outsourced production), human rights risks to foreign national apprentice interns in technical trainee programs in manufacturing processes at domestic plants of suppliers, risk of long working hours in software development, and occupational safety and health risks during construction, maintenance and inspection).

Step 3

Map suppliers related to the above risks, evaluate the nature and scope of potential impacts, and conduct third-party audits by an external auditing firm specializing in human rights and occupational health and safety for selected suppliers (13 companies from fiscal 2022 through fiscal 2024). Incidents of nonconformance identified in these audits (for example, long working hours or inadequate evacuation routes) are evaluated and ranked according to the following four categories from the viewpoints of human rights and occupational health and safety under Japanese law and global standards. We provide feedback to suppliers and request corrective action.

For suppliers identified in the fiscal 2023 audits as having high-risk items for correction, we provided corrective guidance and followed up until correction was completed.

Minor　1. Response not required
　　　　2. Items for improvement
　　　　3. Items for improvement (high priority)
Major　4. Items for correction

Governance	Strategy	Risk Management (Including Opportunity Generation)	Indicators and Goals

Supply Chain Due Diligence

Supply Chain Risk Assessment Results and Corrective Action

GRI 414-2

Document Check

NEC conducts document checks in order to evaluate the status of supplier compliance with requirements and initiatives relating to the fields of human rights, occupational health and safety, the environment, fair trade and ethics, and information security. Document checks are implemented through two inspections: sustainable procurement self-check sheets (human rights, occupational health and safety, the environment, fair trade and ethics, and other) and information security check sheets.

The sustainable procurement self-check sheets contain questions regarding inspection themes for human rights, occupational health and safety, the environment, fair trade, and other, as well as themes that have been recently identified as important such as foreign national technical intern programs, and human rights measures of Tier 2 suppliers and further upstream.

The questions to be checked are based on expected risks in each procurement category. For example, for suppliers of hardware production identified as high risk with respect to the environment, we conduct environment theme surveys with greater detail than for other procurement categories.

In fiscal 2024, of the 1,294 Tier 1 companies we requested cooperation from, we received responses from 1,194. We evaluated the initiatives of suppliers, using the evaluation criteria "score rate" and "critical points"[1] to rank them on a five-point scale of A, B, C, D, and Z for each inspection theme.

We issued feedback sheets to all suppliers that responded, indicating their score for each inspection theme and comparison to the average score for each procurement category, and shared the evaluation results with them. In this survey, 26 suppliers received a Z rating, indicating the existence of potential risks. Through supplier engagement, such as promoting an understanding of the conditions and providing correctional guidance, we will support suppliers that received the Z rating, with the aim of correcting identified issues during the first half of fiscal 2025. For suppliers identified with high-risk items for correction in the fiscal 2023 surveys, we provided corrective guidance and follow up until correction was completed.

1. Critical points are questions that NEC has identified as potential risks, in light of the Guidelines for Responsible Business Conduct in Supply Chains, issued by NEC in July 2020, and other regulations, if initiatives remain unaddressed.

Evaluation categories	Criteria	Description
A	Score rate between 80% and 100%	Implemented outstanding initiatives
B	Score rate between 60% and 80%	Implemented standard initiatives
C	Score rate between 50% and 60%	Implemented initiatives but some issues were identified
D	Score rate of 50% or below	Initiatives themselves are insufficient
Z	Unable to meet standards for critical points	Risks expected

	FY2021	FY2022	FY2023	FY2024
Number of suppliers that responded to document check/Number of companies targeted	696/748	956/1,015	1,009/1,081	1,194/1,294

Furthermore, we carried out inspections of three Tier 2 suppliers with the cooperation of two Tier 1 suppliers to enhance our ability to address upstream supply chain risks.

Moreover, for the inspection themes of human rights and occupational health and safety, we sent sustainable procurement self-check sheets to 15 local suppliers of our regional headquarters outside Japan to confirm actual circumstances.

We implemented document checks for 1,766 companies through a dedicated system using information security check sheets. Information security is essential for NEC, which is responsible for building information systems that are the foundation of society. In our collaborations with business partners, we believe it is important to ensure that the technology capabilities and information security level of the business partners meet our required standards. Therefore, we have adopted a system in which we classify the information security level of suppliers according to the status of their information security measures based on the results of document checks, and select and entrust appropriate suppliers according to the level required for the business.

Information Security and Cybersecurity

On-site Assessment

When the Procurement Division conducts an inspection of compliance with sustainable procurement requirements during regular visits to suppliers, we assess sustainable procurement requirements related to human rights, occupational health and safety, and the environment. In fiscal 2019, we started the "Supplier Visit Record" (SVR) initiative to compile records of these inspections.

With regard to information security, it is important to disseminate instructions and requirements even to employees of suppliers. Information security incidents may occur if these instructions and requirements are not followed by workers on the front line. Therefore, NEC representatives visit supplier operation sites to conduct interviews, check supporting documents and carry out inspections. For both kinds of on-site assessment, NEC shares the items that require improvement with its suppliers and supports them in implementing improvement measures.

In fiscal 2024, we performed SVR assessments primarily of critical suppliers in high-risk areas. We collected data on 120 on-site assessments to confirm that there were no issues.

For information security, suppliers are selected for on-site assessment based on comprehensive criteria that include not only the scale of transactions but also the criticality of handled information, the level of confidentiality, and results of self-assessment. In fiscal 2024, we carried out online or on-site assessments for 330 companies. We did not observe any major deficiencies during the assessments; however, we gave improvement guidance to suppliers that required improvement on minor issues (main areas for improvement: regulation of private possessions, designation of confidential labeling, management of disposal and return of confidential items, and cybersecurity measures).

Number of suppliers whose information security measures were inspected	FY2021	FY2022	FY2023	FY2024
On-site assessment[2]	38	100	202	330
Document check	1,456	1,779	1,785	1,766

2. Some assessments were conducted online

	FY2021	FY2022	FY2023	FY2024
Number of Supplier Visit Records (SVRs)	55	79	67	120

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Conflict Minerals

Addressing the Issue of Conflict Minerals

NEC seeks the understanding and cooperation of its suppliers for dealing with the problem of conflict minerals based on its Responsible Mineral Procurement Policy. Using the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT),[3] NEC conducts surveys of its suppliers to verify information about smelters and their use of tin, tantalum, tungsten and gold (3TG), cobalt and mica. In fiscal 2024, CMRT and EMRT surveys were conducted at suppliers representing approximately 60% of consolidated procurement amount.

3. Survey and report templates of the Responsible Materials Initiative

📄 NEC Group's Responsible Mineral Procurement Policy

(Included within Guidelines for Responsible Business Conduct in Supply Chains)

NEC continues to participate in industry cooperation initiatives as a member of the Responsible Mineral Trade Working Group led by JEITA, including participation in the working group's Education and PR Team. In this capacity, we promote understanding of conflict mineral issues among our suppliers.

Supplier Engagement

Dissemination

NEC presents the NEC Group Procurement Policy, the Guidelines for Responsible Business Conduct in Supply Chains, and various other guidelines to its suppliers. We also hold exchange meetings with strategic supply chain partners and Sustainability/Information Security Sessions, where we explain our policies and guidelines directly to suppliers and ensure dissemination of the latest measures.

NEC disseminated information to suppliers about its sustainable procurement policies and measures at an exchange meeting with strategic supply chain partners held in June 2023, and at the Sustainability/Information Security Sessions, held in July 2023.

	FY2021	FY2022	FY2023	FY2024
Number of suppliers that attended the Sustainability/Information Security Sessions	1,436	1,792	1,777	1,770

Signing of Declarations by Suppliers

NEC requires suppliers to enter into master contracts and to sign declarations stating their commitment to the Guidelines for Responsible Business Conduct in Supply Chains. As an indicator for the materiality item "supply chain sustainability," we set a target of having suppliers who have signed declarations account for 75% of our total procurement amount by the end of fiscal 2026. For new suppliers, we require them to submit a declaration prior to commencing any business transactions.

As of the end of fiscal 2024, NEC had received these declarations from approximately 13,000 suppliers in Japan and around the world (accounting for 86% of the total procurement amount). We aim to keep this declaration ratio above 75% of our total procurement amount.

	FY2021	FY2022	FY2023	FY2024
Percentage of suppliers agreeing to procurement guidelines[4]	68%	80%	83%	86%

4. Percentage based on the total consolidated procurement amount

Evaluation Prior to the Start of Procurement

Prior to initiating procurement, NEC Corporation evaluates sustainability risks including those relating to the environment, human rights, labour and occupational health and safety, in addition to the supplier's operating status, quality, price, delivery time and technical capabilities.

We also proactively check whether the supplier complies with the Guidelines for Responsible Business Conduct in Supply Chains and whether it is able to sign a declaration to that effect. We make a comprehensive judgment based on all of the above before deciding whether to initiate procurement.

Supply Chain Management

| Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals |

Supplier Engagement

Strategic Supply Chain Partner Exchange Meetings

NEC holds exchange meetings with its main strategically important supply chain partners each year. We require these suppliers to understand and cooperate with the NEC Group's sustainable procurement activities, centered mainly on human rights, labour, occupational health and safety, the environment and information security. Moreover, during the meetings, NEC presents Sustainability Awards to suppliers that make significant contributions to advancing sustainability initiatives.

A total of 398 members of management at 202 suppliers in Japan and around the world participated in the meeting held in June 2023.

	FY2021	FY2022	FY2023	FY2024
Number of suppliers (people) that attended the exchange meetings with strategic supply chain partners	181 (385)	194 (426)	204 (418)	202 (398)

Initiatives for the Environment

NEC has been recognized on CDP's Supplier Engagement Leader, the highest Supplier Engagement Rating,[5] for the fourth consecutive year. We recognize that our various efforts aimed at achieving zero CO_2 emissions from supply chains have been highly evaluated.

5. The Supplier Engagement Rating is given by CDP based on an examination of a company's initiatives for climate change and reduction of greenhouse gas emissions across the entire supply chain.

External Ratings and Evaluations

Supplier Education and Awareness Training Activities

NEC provides training opportunities and information to help suppliers promote sustainability.

Regarding human rights, we asked 144 suppliers to participate in seminars on business and human rights practices hosted by the Japanese government in December 2023.

Furthermore, in February 2024, several advisors at NEC Corporation including a former director-general of the Ministry of Justice's Human Rights Bureau, presented a lecture for NEC's critical software suppliers on the impact of human rights violations on companies, global trends relating to respect for human rights, and NEC's initiatives. A total of 50 suppliers participated, and an exit survey of participants indicated a 98% satisfaction rate with the presentation.

We have also initiated "Human Rights Caravan" activities for dialogue that promotes mutual respect for human rights. These activities involve visiting our suppliers to provide them with information on initiatives required from the perspective of business and human rights, while also checking on their frontline initiatives and points of concern, and sharing examples from other companies as necessary.

Regarding occupational health and safety, in order to help strengthen health management among suppliers, we held a total of three seminars in fiscal 2024 to introduce examples of health management and well-being initiatives within the NEC Group. A total of 65 critical software suppliers participated, and an exit survey of participants indicated a 100% understanding rate, with many participants indicating that the case studies presented in the seminars were helpful.

Regarding the environment, we continue to hold briefing sessions and provide information on our climate change countermeasures. We have also begun providing materials that suppliers can use in environmental training for their employees.

With regard to information security, we hold Sustainability/Information Security Sessions for our suppliers, where we share the latest trends in information security and personal information protection, along with key considerations for addressing them. We also provide awareness training activities to prevent security incidents.

Green Procurement

GRI 205-2

Engagement with Employees

In accordance with internal procurement regulations, NEC Corporation and its consolidated subsidiaries regularly implement various training programs for procurement personnel. In addition, to maintain appropriate business execution we address new laws and regulations and emerging risks by conducting training on particular themes.

For All Employees of NEC Corporation

In November 2023, we provided online training to raise awareness of the importance of sustainable procurement. A total of 21,505 people took the course, and an exit survey of participants indicated a 98% understanding rate.

For All Employees of Consolidated Subsidiaries in Japan

We have initiated sustainable procurement training with the same content as our online training for all NEC Corporation's employees. Approximately 15,000 people were eligible for the course from fiscal 2023 through fiscal 2024.

For Procurement Managers of NEC Corporation and Consolidated Subsidiaries in Japan

In November 2023, an external instructor presented an online lecture titled "Sustainable Procurement (Environmental Aspects)," providing an opportunity to deepen understanding of new issues including biodiversity. A total of 356 procurement personnel from and outside Japan took the course, and an exit survey of participants indicated an 85% understanding rate.

Supply Chain Management

 Risk Management (Including Opportunity Generation)

Participation in Stakeholder Engagement Initiatives

Participation in Activities with Other Companies
As a member of the Supply Chain Subcommittee of Global Compact Network Japan, we frequently discuss the ideal form of sustainable procurement with various members, such as companies in different industries and NGOs, and carry out activities aimed at creating output that contributes to improvement. The Supply Chain Subcommittee's activities in fiscal 2024 included the publication of a practical manual, *Practical Manual on Human Rights Due Diligence—Responsible Business Conduct in the Human Rights Field*, to support human rights due diligence for all companies regardless of industry, business type, or size. The subcommittee also conducted awareness training activities through seminars for companies and other channels.

NEC is participating as a leader company in the Sustainable Procurement Partnership Vision Task Force established within the CSR Committee of JEITA. The taskforce encourages understanding and initiatives among small- and medium-sized enterprises, and discusses solutions to issues (such as enhanced policy efficiency and standardization) that are relevant throughout the electrical and electronics industries.

Grievance Mechanism

NEC has set up a whistle-blower hotline for supplier inquiries regarding responsible procurement ranging from compliance to human rights, labour, and occupational health and safety. Hotline users are able to make reports anonymously, and we have established mechanisms for addressing business-related grievances and inquiries while protecting the privacy of whistleblowers. In fiscal 2024, we enhanced multilingual support.

In fiscal 2024, a total of six reports regarding procurement issues were made via the NEC whistle-blower hotline. After verifying the relevant facts, all six reports were dealt with appropriately.

Every year, NEC Corporation send a written Request for Cooperation toward Thorough Compliance and Responsible Procurement to our suppliers to request their cooperation in reporting potential compliance violations by NEC employees so that violations can be detected early and corrected, and to let them know NEC is available to provide consultation on responsible procurement in general.

From fiscal 2023, NEC has been participating in an industry-wide initiative for a collective grievance mechanism (JaCER) and working to improve the effectiveness of the system in accordance with UNGP requirements.

Respect for Human Rights

Consultation of Procurement Compliance Issues for Social Responsibilities

	FY2021	FY2022	FY2023	FY2024
Number of reports regarding procurement issues	—	6	7	6

Conducting Dialogues to Strengthen Efforts to Respect Human Rights

In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP), NEC continues to engage in dialogues with stakeholders to promote respect for human rights within the supply chain.

In February 2024, we held dialogues with NGOs, international organizations, and legal experts working on human rights issues.

Toward Further Development of Human Rights Initiatives in Procurement Activities

 Indicators and Goals

Medium- to Long-term Goals, Priority Activities and Progress, and Achievements

Medium- to Long-term Goals, and Priority Activities (Scope: NEC Corporation unless otherwise specified) Period: April 2021 to March 2026
M: Major non-financial indicators related to materiality

M: Percentage of suppliers agreeing to procurement guidelines[6]: 75% (by the end of fiscal 2026)

6. Percentage based on the total consolidated procurement amount

FY2024 Goals and Progress, Achievements, and FY2025 Goals

FY2024 Goals
Suppliers agreeing to procurement guidelines: Maintain above 75%

Progress and Achievements
Percentage of suppliers agreeing to procurement guidelines: 86% (as of the end of fiscal 2024)

FY2025 Goals
Suppliers agreeing to procurement guidelines: Maintain above 75%

Innovation Management

Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals

Innovation Management Framework

NEC has created the position of Chief Technology Officer (CTO) to help establish a companywide perspective in its effort to optimize development investment across the Company and link its corporate strategy with the planning of collaboration strategies with others. The CTO has overseen the creation of a framework for examining and promoting technology development strategies in cooperation with business units and the Research & Development Division.

We have established the Global Innovation Business Unit, which integrates our R&D, engineering, and business development capabilities to unify efforts toward innovative business development. By combining diverse knowledge that breaks through existing stereotypes, we create new value for society with the world as our stage.

In addition, NEC is ramping up research and development by deploying technologies outside the Company earlier and engaging external partners. For example, NEC has established NEC X, Inc., which uses the Company's personnel and technologies as the basis for advancing commercialization through open innovation in the Silicon Valley ecosystem. Other initiatives include our operation of a consortium of seven companies from different industries to establish BIRD INITIATIVE, Inc., which is increasing the pace of new business creation through research and development based on co-creation.

Internally, through collaboration with other units, the Global Innovation Business Unit is accelerating the establishment of businesses that capitalize on our core technologies to create social value.

R&D Bases Tasked with Creating Social Value Globally

With a view to leveraging the merits of a global network of bases for creating leading and unique technologies and formulating social solutions both for developed and emerging countries, we have established R&D bases in Japan, North America, Europe, China, India, Israel and Singapore.

NEC's R&D Bases

Intellectual Property Management Division: Strengthening NEC's Intellectual Property Capabilities

NEC's Intellectual Property Management Division collaborates with IP managers in the Company's business units and Group companies, and with intellectual property centers in North America, Europe and China in structuring an intellectual property implementation strategy for building and utilizing a global patent portfolio of growth businesses and cutting-edge technologies. We also promote co-creation by employing NEC technologies in collaborative initiatives with external parties to support commercialization.

In addition, to enhance the deployment of intellectual property throughout Group businesses while reducing risk and increasing monetization, we have been adding diverse talent to our workforce, including attorneys and non-Japanese employees, and in 2022 we established a new organization to handle advanced intellectual property legal work.

Intellectual Property Management Division Details

Governance | Strategy | Risk Management (Including Opportunity Generation) | Indicators and Goals

Innovation Management Policy

Since its establishment, NEC has developed a wide range of unique technologies in the field of ICT to support social infrastructure and mission-critical systems.

To achieve the NEC 2030VISION in an era of volatility, uncertainty, complexity and ambiguity (VUCA), we are implementing co-creation in research and development, expanding open innovation, and venturing into new business areas to create businesses that will have an impact on society.

Technology Development Strategy

At NEC Corporation, the CTO is responsible for overall technology development, optimizing development investment companywide, drawing up an open innovation strategy, and formulating process design.

Research and development are a source of technological development. NEC's basic approach to research and development is to deliver value to society as quickly as possible by identifying the solutions it should target for addressing social issues presented in the SDGs and other guidelines, and then efficiently and rapidly aligning the necessary technology assets to realize them. These technology assets include NEC's leading and unique technologies that have been refined to a high level based on technology trends, as well as outstanding technologies actively incorporated from outside the Company through open innovation.

Concentrated Investment in Strong Technology Areas

We are concentrating investment in two areas of technology: data science and ICT platforms. NEC Corporation has many unique and competitive technology assets in these two areas, and we believe that continuously strengthening these assets will improve our competitive edge in delivering solutions for society.

Integrated Report Innovation: R&D and Business Development

Research and Development (R&D)

Reliable AI maximizes human power

Biometric Authentication: Products & Solutions

Innovation Management

| Governance | **Strategy** | Risk Management (Including Opportunity Generation) | Indicators and Goals |

New Business Development

NEC strives to create new businesses through the power of open innovation, harnessing the collective wisdom of the brightest minds of the world.

NEC's new business development process goes beyond relying solely on our technological strengths; it incorporates a systematic approach that generates ideas through a market-oriented perspective. Furthermore, the commercialization of these ideas takes various forms, carefully chosen to align with business strategies.

NEC aims to achieve innovative new business development by focusing on the six innovation models ranging from Build & Acquisition to Joint Venture, and the process of new business development introduced so far, along with talented individuals and systems that execute them. Our goal is to boost synergy and co-creation across our organization's technological capabilities, enhancing the value of our technologies, and establishing agile business incubation as our next core business.

Furthermore, by continuously communicating these efforts, NEC generates empathy and steadily advances the creation of new social value, paving the way for the future.

NEC's New Business Development

Intellectual Property Strategy

NEC is particularly strengthening its intellectual property in focused technology areas that drive growth businesses and create future growth pillars toward the realization of NEC 2030VISION. Moreover, intellectual property is positioned as an important management asset for advancing business competitiveness, business stability and co-creation with customers and partners.

For this reason, in addition to its patent rights and knowledge, the Company is reinforcing and effectively deploying its copyrights and trademark rights to support its global brand.

Standardization Strategy

In order to expand business opportunities, NEC is strategically conducting standardization activities that promote the spread of advanced technologies and increase social acceptance. In key technological fields such as AI, biometric authentication, and information and communication, NEC people are leaders in standardization activities in and outside Japan, serving in key positions such as chairpersons and board members of standardization committees.

NEC promotes standardization policies in Japan, with NEC Executive Advisor Nobuhiro Endo chairing both the Japanese Industrial Standards Committee (JISC) under the Ministry of Economy, Trade and Industry and the Information and Communications Council under the Ministry of Internal Affairs and Communications. In addition, we are reinforcing our businesses by strengthening and utilizing standardization-related patents.

| Governance | Strategy | **Risk Management (Including Opportunity Generation)** | Indicators and Goals |

Examples of Major Research Achievements Contributing to Increased Corporate Value

NEC develops lightweight LLM with world-class Japanese language proficiency and just 13 billion parameters

Aichi Cancer Center and NEC Develop an Efficient Method for Identifying Lung Cancer Antigens and Antigen-Specific T Cells

NEC launches free "FireDucks" software for accelerating data analysis using Python

NEC uses generative AI (LLM) and video recognition AI to automatically generate explanatory text from video

Kagome, NEC and DXAS introduce agricultural ICT platform "CropScope" to tomato field in northern Italy, saving water and increasing yield

Open Innovation

In order to create social value and enhance corporate value, we are actively promoting open innovation with research institutions around the world, as well as commercialization partners, start-ups and others. Traditionally, it has been challenging for us to develop new businesses and necessary technologies on our own. In cooperation with external partners and specialist institutions, we now envision our ideal future and backcast to identify and focus on the key business areas and technologies for the next generation.

NEC sales staff serves as "bridge" connecting "safety of the city" and "state-of-the-art technology" Demonstration experiments with Toyota City to improve the efficiency of bridge inspections

Tohoku University and NEC start joint research on computer systems using a newly developed 8-qubit quantum annealing machine

Nagasaki University and NEC OncoImmunity Collaborate to Design Universal Vaccines Targeting Tropical Infectious Diseases

⬈ NEC X Invests in Technology Startup, WeWALK, to Advance Mobility Solutions for Visually Impaired People

Governance   Strategy   **Risk Management (Including Opportunity Generation)**   Indicators and Goals

Results of Intellectual Property Activities and Other Matters

Results of Intellectual Property Activities

• NEC received the Top 100 Global Innovator Award for a 13th consecutive year from Clarivate Analytics (Only 18 companies worldwide have received this recognition for 13 consecutive years).

☑ NEC named to list of Top 100 Global Innovators by Clarivate for 13 consecutive years.

• NEC has been named among the 2023 Asia IP Elite by Intellectual Asset Management (IAM), an intellectual property media platform run by Law Business Research Limited

☑ NEC named among IAM's 2023 Asia IP Elite

• Received an Intellectual Property Achievement Award as a Good-standing Company Utilizing the Intellectual Property Rights System (Design exploitation) from the Commissioner of the Japan Patent Office

NEC Receives the Distinguished Service Award for Design Management from the Commissioner of the Patent Office (Japanese language only)

NEC Executive Advisor Nobuhiro Endo has been appointed as an Expert of the Intellectual Property Strategy Headquarters of the Government and Member of the Visionary Committee, and NEC Corporate SVP Shigeki Wada as a member of the Policy Promotion Council of the Japan Patent Office. Through their respective appointments, they contribute to the promotion of Japan's intellectual property policy.

Examples of Initiatives to Promote Standardization Activities

NEC Corporate SVP Shigeki Wada was appointed as the chair of the International Standardization Strategy Task Force, which was newly established under the Committee on Intellectual Property of the Japan Business Federation (Keidanren). He was involved in intensive discussions on the best international standardization strategies for creating a global market. To help formulate and promote Japan's international standardization strategy, Mr. Wada contributed to the compilation and publication of Keidanren's recommendations, which stressed the importance of industry-government-academia collaboration in strategic areas such as next-generation communication technology, and called for measures to build and strengthen an ecosystem for making rules.

☑ Roundtable discussion and dialogue: Japan's international standardization strategy (April 2024 issue), Monthly Keidanren (Japanese language only)

☑ Keidanren: Proposal for an international standardization strategy for creating a global market (Japanese language only)

NEC Intellectual Property

Governance   Strategy   Risk Management (Including Opportunity Generation)   **Indicators and Goals**

Indicators and Goals for Innovation Management

R&D Expenses

Our investments in research and development are concentrated in key business areas. We are also investing in collaborations with external research institutions. In fiscal 2024, R&D expenses were 115.8 billion yen.

		FY2021	FY2022	FY2023	FY2024
R&D expenses (billion yen)	NEC Group	114.6	126.3	121.4	115.8

Number of Patents Held

We enhance the value of our overall patent portfolio through initiatives to increase the proportion of high-quality patents, acquire new patents, and consistently manage the patent portfolio so that we hold the appropriate number of patents in appropriate countries according to the utilization policy.

• Emphasis on focus areas (proportion in focus areas)

• Applications[2]: 45% of all applications (end of FY2018) → 80% (end of FY2024)

• Patents held[3]: 44% of total patents held (end of FY2018) → 63% (end of FY2024)

2. Includes NEC Group's applications in Japan and direct PCT applications
3. Includes all patents held by the NEC Group

		FY2021	FY2022	FY2023	FY2024
Number of patents held	NEC Group	Approx. 46,000	Approx. 45,000	Approx. 42,000	Approx. 41,000

Third-party Assurance, External Ratings and Evaluations

Third-party Assurance

GRI
2-5

The environmental data presented in NEC ESG Databook 2024 has received the following third-party verification.

A PDF version of the Certificate of Assurance is available below.

Third-party Assurance

External Ratings and Evaluations

NEC is included in world-renowned Environmental, Social, and Governance (ESG) indices, and has received numerous ESG-related external ratings and evaluations (as of July 2024).

Dow Jones Sustainability Indices (APAC)
☑ DJSI Index family

ISS ESG Corporate Rating
☑ ISS ESG Corporate Rating

MSCI ESG Leaders Indexes
☑ MSCI ESG Leaders Indexes

Euronext Vigeo World 120
☑ Half-year review Euronext Vigeo Eiris ESG indices

FTSE4Good Index Series
☑ FTSE4Good Index Series

CDP (Climate Change, Water Security, and Supplier Engagement)
NEC has been included on the "A List" for both Climate Change and Water Security for five years in a row. Furthermore, NEC has been listed as a "Supplier Engagement Leader" in the Supplier Engagement Rating on climate issues for four consecutive years.

☑ CDP

NEC has received the following external recognition for its work environment:

"L-boshi" Certification
"L-boshi" Certification is the recognition by Japan's Ministry of Health, Labour, and Welfare. In April 2016, NEC became the first company to receive the "3-star" mark, the highest level under the "L-boshi" certification program, by meeting all five criteria for certification: recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses.

EcoVadis
NEC has been awarded the "Gold" sustainability ranking every year since 2012, placing the Company among the top 5% of companies assessed by EcoVadis. Since 2020, we have been awarded the "Platinum" ranking, which places NEC among the top 1% of companies assessed worldwide.

☑ EcoVadis

Next-generation Support Certification Mark "Platinum Kurumin"
A certification system by the Ministry of Health, Labour and Welfare. Having already received "Kurumin" certification in 2018, NEC Corporation has been recognized with "Platinum Kurumin" certification as a company that has made significant progress in implementing and promoting work-life balance support systems at a high level.

Health & Productivity Stock Selection
NEC Corporation was included in the Health & Productivity Stock Selection by Japan's Ministry of Economy, Trade and Industry for the first time in 2022.

NEC Awarded "Gold" in PRIDE Index 2023
The PRIDE Index is an evaluation system established by work with Pride Association in Japan. NEC received the highest rating of "Gold" in PRIDE Index 2023.

Certified Health and Productivity Management Organization Recognition Program
A certification system by the Ministry of Economy, Trade and Industry. As a particularly outstanding company among the Health and Productivity Management Outstanding Organizations in 2024, NEC Corporation has been recognized as a member of the White 500.

Sports Yell Company
In 2017, the Japan Sports Agency established a certification system to support companies that are actively promoting measures to improve employees' health through sport. NEC received certification in 2017, 2021 and 2023.

Other External Evaluations
Main Awards and Accreditation for Corporate Citizenship Activities

📄 Environmental Ratings by External Organizations (Latest Rating/Ranking)

Comparison Table

Comparison Table: GRI Standards

NEC has reported the information listed in this GRI Content Index for the period from April 1, 2023, to March 31, 2024, with reference to the GRI Standards.
For more details: https://www.globalreporting.org/

	ID	Required reporting item	Corresponding data
GRI 1: Foundation 2021 (GRI 1 does not include disclosures)			
General Disclosures			
GRI 2: General Disclosures 2021	**1. Organizational profile**		
	2-1	Organizational details	About NEC > Corporate Profile > Profile Corporate Profile>NEC Worldwide
	2-2	Entities included in the organization's sustainable reporting	Annual Securities Report (Japanese language only) About NEC > Corporate Profile > NEC Worldwide
	2-3	Reporting period, frequency and contact point	About NEC > Sustainability > Information Disclosure Policy
	2-4	Restatements of information	No change from previous report
	2-5	External assurance	Third-party Assurance
	2. Activities and workers		
	2-6	Activities, value chain and other business relationships	Dialogue and Co-creation with Our Stakeholders
	2-7	Employees	Inclusion and Diversity
	2-8	Workers who are not employees	Inclusion and Diversity
	3. Governance		
	2-9	Governance structure and composition	Corporate Governance
	2-10	Nomination and selection of the highest governance body	Corporate Governance
	2-11	Chair of the highest governance body	Corporate Governance About NEC > Corporate Profile > Management
	2-12	Role of the highest governance body in overseeing the management of impacts	Management for Sustainability
	2-13	Delegation of responsibility for managing impacts	Management for Sustainability
	2-14	Role of the highest governance body in sustainability reporting	Management for Sustainability
	2-15	Conflicts of interest	Corporate Governance Report
	2-16	Communication of critical concerns	Risk Management Compliance
	2-17	Collective knowledge of the highest governance body	Management for Sustainability
	2-18	Evaluation of the performance of the highest governance body	Management for Sustainability Corporate Governance Report
	2-19	Remuneration policies	About NEC > Corporate Profile > Corporate Governance > Management > Remuneration for Directors and Executive Officers
	2-20	Process to determine remuneration	About NEC > Corporate Profile > Corporate Governance > Management > Remuneration for Directors and Executive Officers
	2-21	Annual total compensation ratio	-

	ID	Required reporting item	Corresponding data
GRI 2: Disclosures 2021	**4. Strategy, policies and practices**		
	2-22	Statement on sustainable development strategy	About NEC > Sustainability > Message from the President and CEO Management for Sustainability
	2-23	Policy commitments	NEC Group Human Rights Policy Respect for Human Rights
	2-24	Embedding policy commitments	Respect for Human Rights
	2-25	Processes to remediate negative impacts	Respect for Human Rights
	2-26	Mechanisms for seeking advice and raising concerns	Respect for Human Rights Risk Management Compliance
	2-27	Compliance with laws and regulations	Compliance
	2-28	Membership associations	Participation in International Initiatives Dialogue and Co-creation with Our Stakeholders
	5. Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Management for Sustainability Dialogue and Co-creation with Our Stakeholders Respect for Human Rights
	2-30	Collective bargaining agreements	Annual Securities Report (Japanese language only) Hiring, Retention, and Compensation
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Management for Sustainability
	3-2	List of material topics	Management for Sustainability
	3-3	Management of material topics	Management for Sustainability
200: Economic			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Investor Relations > Financial Documents
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Countermeasures
	201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report (Japanese language only)
	201-4	Financial assistance received from government	-
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Corporate Citizenship Activities
	203-2	Significant indirect economic impacts	NEC actions to achieve SDGs
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	-

Comparison Table

Comparison Table: GRI Standards

	ID	Required reporting item	Corresponding data
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Compliance
	205-2	Communication and training about anticorruption policies and procedures	Compliance Supply Chain Management
	205-3	Confirmed incidents of corruption and actions taken	Compliance
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance
GRI 207: Tax 2019	207-1	Approach to tax	Compliance
	207-2	Tax governance, control and risk management	Compliance
	207-3	Stakeholder engagement and management concerns related to tax	Compliance
	207-4	Country-by-country reporting	-
300: Environment			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Overview of Environmental Impact
	301-2	Recycled input materials used	Overview of Environmental Impact
	301-3	Reclaimed products and their packaging materials	Overview of Environmental Impact
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Overview of Environmental Impact Environmental Data
	302-2	Energy consumption outside of the organization	Overview of Environmental Impact Environmental Data
	302-3	Energy intensity	-
	302-4	Reduction of energy consumption	Overview of Environmental Impact Environmental Data
	302-5	Reductions in energy requirements of products and services	Environmental Management Climate Change Countermeasures Resource Circulation and the Circular Economy
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Resource Management
	303-2	Management of water discharge-related impacts	Water Resource Management Pollution Prevention and Chemical Substance Management
	303-3	Water withdrawal	Overview of Environmental Impact Environmental Data
	303-4	Water discharge	Overview of Environmental Impact Environmental Data
	303-5	Water consumption	Overview of Environmental Impact Environmental Data
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity and Ecosystems
	304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity and Ecosystems TNFD Report
	304-3	Habitats protected or restored	Biodiversity and Ecosystems
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity and Ecosystems

	ID	Required reporting item	Corresponding data
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Management Climate Change Countermeasures Overview of Environmental Impact Environmental Data
	305-2	Indirect (Scope 2) GHG emissions	Environmental Management Climate Change Countermeasures Overview of Environmental Impact Environmental Data
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Management Climate Change Countermeasures Overview of Environmental Impact Environmental Data
	305-4	GHG emissions intensity	-
	305-5	Reduction of GHG emissions	Environmental Management Overview of Environmental Impact Environmental Data
	305-6	Emissions of ozone-depleting substances (ODS)	Pollution Prevention and Chemical Substance Management
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Management
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Management Pollution Prevention and Chemical Substance Management
	306-2	Management of significant waste-related impacts	Pollution Prevention and Chemical Substance Management Resource Circulation and the Circular Economy
	306-3	Waste generated	Overview of Environmental Impact Environmental Data
	306-4	Waste diverted from disposal	-
	306-5	Waste directed to disposal	Overview of Environmental Impact Environmental Data
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	Pollution Prevention and Chemical Substance Management Supply Chain Management
400: Social			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Hiring, Retention, and Compensation
	401-2	Benefits provided to full-time employees that are not provided to temporary or part–time employees	-
	401-3	Parental leave	Occupational Health and Safety and Work-Life Balance
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Hiring, Retention, and Compensation

Comparison Table：GRI Standards

	ID	Required reporting item	Corresponding data
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety and Work-Life Balance
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety and Work-Life Balance
	403-3	Occupational health services	Occupational Health and Safety and Work-Life Balance
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety and Work-Life Balance
	403-5	Worker training on occupational health and safety	Occupational Health and Safety and Work-Life Balance
	403-6	Promotion of worker health	Occupational Health and Safety and Work-Life Balance
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Quality and Safety
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety and Work-Life Balance
	403-9	Work-related injuries	Occupational Health and Safety and Work-Life Balance
	403-10	Work-related ill health	Occupational Health and Safety and Work-Life Balance
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Human Resource Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Hiring, Retention, and Compensation Human Resource Development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Inclusion and Diversity Corporate Governance
	405-2	Ratio of basic salary and remuneration of women to men	Hiring, Retention, and Compensation
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	-
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	NEC Group Modern Slavery and Human Trafficking Statement

	ID	Required reporting item	Corresponding data
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Excluded – not a materiality
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Excluded – not a materiality
GRI412: Human Rights Assessments 2016	412-1	Business locations that have been subject to human rights reviews or impact assessments	Respect for Human Rights
	412-2	Employee training on human rights policies and procedures	Respect for Human Rights
	412-3	Significant investment agreements and contracts that include human rights clauses or have undergone human rights screening	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Excluded – not a materiality
	413-2	Operations with significant actual and potential negative impacts on local communities	Excluded – not a materiality
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	Compliance Supply Chain Management
GRI 415: Public Policy 2016	415-1	Political contributions	Compliance
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Excluded – not a materiality
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Excluded – not a materiality
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Excluded – not a materiality
	417-2	Incidents of non-compliance concerning product and service information and labeling	Excluded – not a materiality
	417-3	Incidents of non-compliance concerning marketing communications	Excluded – not a materiality
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Personal Information Protection and Privacy

Comparison Table

Comparison Table: UN Global Compact

		UN Global Compact Principles	Corresponding data
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Respect for Human Rights AI and Human Rights Supply Chain Management
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Respect for Human Rights Hiring, Retention, and Compensation
	Principle 5	Businesses should uphold the effective abolition of child labour.	
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	

		UN Global Compact Principles	Corresponding data
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	Climate Change Countermeasures
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Risk Management Compliance

Comparison Table: SASB Standards

The table below compares the SASB sustainability disclosure topics, accounting metrics and activity metrics with NEC's sustainability initiatives.

Disclosure topic	Accounting metric	Code	Corresponding data
Environmental evaluation indicators for hardware infrastructure	(1) Total energy consumed (2) Percentage of grid electricity (3) Percentage of renewable energy	TC-SI-130a.1	Climate Change Measures Overview of Environmental Impact Environmental Data
	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Overview of Environmental Impact Environmental Data
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Climate Change Countermeasures
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Customer Relationship Management
	Number of users whose information is used for secondary purposes	TC-SI-220a.2	-
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Personal Information Protection and Privacy
	(1) Number of law enforcement requests for user information (2) Number of users whose information was requested (3) Percentage resulting in disclosure	TC-SI-220a.4	Personal Information Protection and Privacy
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	-
Data Security	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of users affected	TC-SI-230a.1	Personal Information Protection and Privacy
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	Personal Information Protection and Privacy Information Security and Cybersecurity Information Security Report

Disclosure topic	Accounting metric	Code	Corresponding data
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1	Inclusion and Diversity
	Employee engagement as a percentage	TC-SI-330a.2	Human Capital Management
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.2	Inclusion and Diversity
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations		Risk Management Compliance
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues; (2) service disruptions; and (3) total customer downtime		-
	Description of business continuity risks related to disruptions of operations		Risk Management

Activity Metrics

Activity metric	Code	Corresponding data
(1) Number of licenses or subscriptions (2) Percentage of cloud-based	TC-SI-000.A	-
(1) Data processing capacity (2) Percentage of outsourced	TC-SI-000.B	-
(1) Amount of data storage (2) Percentage of outsourced	TC-SI-000.C	-

Comparison Table

Comparison Table: ISO 26000

At NEC, departments that carry out functions related to each sustainability issue are in charge of promoting initiatives related to those issues. While referencing the core subjects of ISO 26000 (organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development), the Company works to evaluate the importance of its own sustainability issues and make improvements.

Core subject	Issue	Corresponding data
Organizational Governance	1. Organizational Governance	Management for Sustainability
Human Rights	1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work	Respect for Human Rights Inclusion and Diversity Hiring, Retention, and Compensation AI and Human Rights Supply Chain Management
Labour Practices	1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace	Inclusion and Diversity Hiring, Retention, and Compensation Human Resource Development Occupational Health and Safety and Work-Life Balance
Environment	1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats	Climate Change Countermeasures Pollution Prevention and Chemical Substance Management Biodiversity and Ecosystems Resource Circulation and the Circular Economy

Core subject	Issue	Corresponding data
Fair Operating Practices	1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights	Compliance Risk Management Supply Chain Management Innovation Management
Consumer Issues	1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness	Respect for Human Rights AI and Human Rights Personal Information Protection and Privacy Customer Relationship Management Quality and Safety
Community Involvement and Development	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Dialogue and Co-creation with Our Stakeholders Occupational Health and Safety and Work-Life Balance Corporate Citizenship Activities

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