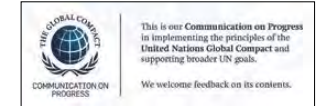




Sustainability Report  
**2021**

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NEC is a signatory to the United Nations Global Compact.



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Dialogue : For details, please refer to page 15 “Dialogue and Co-creation with Our Stakeholders.”

## Information Disclosure Policy

### Basic Policy

Aiming to be a “Social Value Innovator,” NEC Corporation considers communication with stakeholders to be a critical initiative because communication provides an opportunity for us not only to recognize our obligation to carry out our social responsibility but also to understand the fundamental issues of our customers and society. Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of “Orchestrating” stated in our Purpose, “Orchestrating a brighter world.”

We use our sustainability website and sustainability reports (PDF) as tools to enable this communication, disclosing the sustainability initiatives and their results as viewed from environmental, social, and governance (ESG). NEC’s integrated report also presents the essence of the sustainability reports, mainly with a focus on “materiality,” as well as the essence of our securities report, which discloses our financial activities.

### Scope of This Report

In principle, the content relates to NEC Corporation in certain sections, but also includes subsidiary companies and affiliates in other sections. “NEC” refers to NEC Corporation and its subsidiary companies, unless otherwise noted.

When referring to fiscal years, “fiscal 2021” refers to the fiscal year ended March 31, 2021.

### Disclosure Format

#### • Sustainability Website and Sustainability Report (PDF)

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 GRI, while addressing the needs of sustainability professionals such as ESG research institutions, the news media, universities, and NPOs/NGOs.

The sustainability report (English) posted on the sustainability website is published each year in PDF format. The previous sustainability report in English was published in September 2020.

#### • NEC Integrated Report

NEC Integrated Report explains our management strategies, which are aimed at promoting the sustainable growth of NEC and society as a whole, from both financial and non-financial perspectives. NEC has published integrated annual reports containing both financial and non-financial information since fiscal 2014. In July 2018, NEC changed the name of the report to “Integrated Report,” having defined its materiality.

### Reference Guidelines

With the aim of achieving conformance with international reporting initiatives, NEC reports on its sustainability activities with reference to the following guidelines:

- Global Reporting Initiative (GRI)’s Sustainability Reporting Guidelines Standards
- United Nations Global Compact (UNGC)
- International Organization for Standardization (ISO) 26000
- Japan’s Ministry of Economy, Trade and Industry (METI)’s “Guidance for Collaborative Value Creation”
- Sustainability Accounting Standards Board (SASB)

### Third-party Assurance

Achievements marked with © have received third-party guarantees or verification.

# Message from the President and CEO

## Seize the Future Together

Although we are more than halfway through 2021, COVID-19 is still wreaking havoc around the world. I would like to express my heartfelt condolences to those who have lost loved ones and extend my thoughts and prayers to the COVID-19 patients and their families who have suffered as a result of this disease. I would also like to say that I am sincerely thankful to all those around the world who have been working over a long period to provide treatment and prevent the spread of infection.

The COVID-19 pandemic has drastically changed aspects of our daily lives that we took for granted, and it has unexpectedly revealed vulnerabilities in society. At the same time, the crisis has reminded us of the important role technology plays in keeping society running as well as the potential of digital technologies.

In this highly uncertain time, what should NEC do to remain a company that society needs? Our answer is that we must present society with a farsighted vision of the future and then lead the way toward its realization while earning the support and endorsement of our stakeholders. For precisely this reason, in the Mid-term Management Plan 2025, announced in May 2021, we set forth the NEC 2030VISION to provide an outline of a society we want to realize by 2030.

Aimed at realizing the NEC 2030VISION, the Mid-term Management Plan 2025 calls on the NEC Group to focus on the key business areas of Digital Government/Digital Finance, Global 5G, and Core DX (Digital Transformation). Under the plan, we will also foster future growth drivers by developing businesses in fields that are becoming increasingly important from the viewpoint of sustainability—including Health Care/Life

Science and Carbon Neutrality. As part of its financial strategy in the new plan, NEC is also committed to reinforcing non-financial measurement methodologies to underpin sustainable growth of the Company and society, with an aim to be continually included in environmental, social, and governance (ESG) indices. This is not only to demonstrate our commitment to ESG initiatives but also to enhance our corporate value.

NEC's Purpose is to create 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. To fulfill this Purpose, NEC will connect digital technologies and human hopes to implement a vision of a brighter future world, while mitigating negative social impact by promoting activities based on the United Nations Global Compact (UNGC)'s\* 10 principles pertaining to the four fields of human rights, labour, the environment, and anti-corruption. In this way, we will contribute to the creation of a sustainable society and the achievement of the Sustainable Development Goals (SDGs).

\* A global initiative for the sustainable growth of society and companies. In 2005, NEC became a signatory to the UNGC.

September 2021



Takayuki Morita  
President and CEO



# What is NEC

\*1 For NEC Corporation on a standalone basis  
 \*2 As of March 31, 2021  
 \*3 Actual results for fiscal 2021  
 \*4 Ratio of employees returning to work who started childcare leave in fiscal 2019

\*5 Based on the Act on for Promotion of Employment of Persons with Disabilities as of June 1, 2021  
 \*6 Ranked 1st six times in benchmark testing held by the U.S. National Institute of Standards and Technology (NIST)

\*7 Ranked 1st eight times in benchmark testing sponsored by the NIST  
 \*8 Ranked 1st in benchmark testing sponsored by the NIST

**Establishment**

Longstanding relationships of trust with customers

**1899**



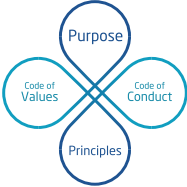
► P.5-7

**NEC Way**

Purpose

Orchestrating a brighter world


NEC creates 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.



► P.5-7

**Number of cases of serious involvement with cartels and/or bid-rigging**


**0 cases**



► P.82-86, 88

**Average age of employees\*1\*2**


Male **44.2** years old  
 Female **41.5** years old



► P.53-57

**Ratio of male and female hires\*1\*3**

Male **71.2%**  
 Female **28.8%**



► P.53-57

**Number of employees\*2**

Approximately **110,000**




**Revenue\*3**

**2,994.0 billion yen**

Composition of Revenue

Public Solutions Business	14%
Public Infrastructure Business	23%
Enterprise Business	17%
Network Services	18%
Global Business	15%
Others	13%



**Consolidated subsidiaries\*2**

**300** consolidated subsidiaries  
 More than **50** countries and regions



**Ratio of female managers\*2**

**9.2%**



► P.53-57

**Ratio of employees returning after childcare leave\*1\*4**


**98.5%**



► P.53-57

**Ratio of employees with disabilities\*1\*5**

**2.37%**



► P.53-57

**CDP (Climate Change, Water Security, and Supplier Engagement)**


**A List**



► P.26-51

**R&D expenses\*3**


**114.6 billion yen**



► P.21-24

**Number of patents\*2**

Approximately **46,000**



► P.21-24

**Technological capabilities**

**Global No. 1**

Face recognition\*6  
 Fingerprint recognition\*7  
 Iris recognition\*8



► P.21-24



# Management for Sustainability

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- Dialogue**
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# Management for Sustainability

NEC aims at realizing a sustainable society where everyone has the chance to reach their full potential. Our management approach entails conducting dialogues and co-creation with many different stakeholders while advancing business activities that help address social issues. Moreover, we not only fulfill our responsibility to comply rigorously with laws, regulations, and sound corporate ethics but also proactively lower risks attendant on activities that have potentially negative effects on society or the environment.

NEC is promoting management for sustainability in accordance with the following basic principles: “contribute to solving social issues through our business activities,” “strengthen risk management and enforce compliance,” and “promote communication with stakeholders” based on the United Nations Global Compact (UNGC). In 2005, we became a signatory to the UNGC, which calls for corporate activities based on 10 principles pertaining to the four fields of human rights, labour, the environment, and anti-corruption. Revised in 2020, the NEC Way defines our Purpose and Principles as a company while advocating a Code of Conduct\* and a Code of Values for everyone at NEC—from executives through to employees. Achieving fulfillment of the NEC Way is our basic management policy for sustainability.

\* Formal name: The NEC Group Code of Conduct

## Our Journey toward Sustainability Management

NEC’s story starts in 1899, when the Company was born as Japan’s first joint venture with a foreign company. Founder Kunihiko Iwadare created the motto, “Better Products, Better Services,” to express his goal of creating a company that provides customers with world-class products and takes responsibility for them through after-sales services by providing telecommunications equipment such as telephones and switching systems.

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

At this 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 Sustainable Development Goals (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 our tangible technologies and products to the intangible creation of value, in 2013 we responded under the Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator, creating value for society. The following year, in 2014, we announced our brand statement, “Orchestrating a brighter world.” In 2019, we marked our 120th anniversary by reorganizing the structure of the NEC Way, now over 10 years old. On this occasion, we reflected the changes and demands of society and reformed it to guide the actions of each individual, from executives 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 aspiration to “leave no one behind.”



Announcement of C&C at INTELCOM 77

2013

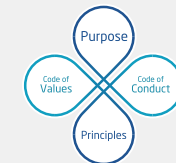
### Transformation into a Social Value Innovator

#### Orchestrating a brighter world

As the value expected by customers and society changed from our tangible technologies and products to the intangible creation of value, we responded under the Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator.

2020

### NEC Way



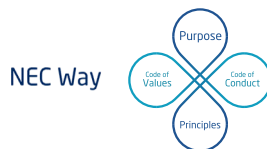
To mark the 120th anniversary of its founding, we defined our “Purpose” within the NEC Way as “NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.” NEC will redouble its business activities inspired by social issues, aiming to contribute to the achievement of the Sustainable Development Goals (SDGs) in 2030.



## NEC Way

A common set of values that forms the basis for how the entire NEC Group conducts itself, the NEC Way comprises four components.

At workshops designed to instill the NEC Way, each executive and employee of the NEC Group compares their values with those of the NEC Way, confirms where they overlap or resonate, and uses this combination of values to work in their own particular way.



Every year on July 17, the anniversary of our foundation, we hold NEC Way Day events, which give all the NEC Group employees an opportunity to think about the NEC Way, review their duties, and set goals for the future.

As a result, the recognition rate of the NEC Way among NEC Corporation employees was 99% as of January 2021. Going forward, we will extend the reach of the NEC Way to include abroad subsidiaries, thereby heightening recognition of it throughout the NEC Group.

### ● Purpose

#### Orchestrating a brighter world

NEC creates 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.

The NEC Group's purpose is to collaborate with various stakeholders to create the social values of safety, security, fairness and efficiency, while striving to enable people to live and live abundantly. In doing so, we will aim to realize a sustainable society that enables each individual to achieve their full potential and also overcomes global environmental issues such as climate change.

This approach is aligned with the aspiration of the SDGs to “leave no one behind.” Furthermore, ICT could potentially help in addressing many different issues. For this reason, we believe that we can contribute significantly to all of the targets set out in the SDGs by drawing on our leading-edge technologies in such fields as biometrics, AI, and 5G and our competence in R&D and implementation as we engage in dialogue and co-creation with a range of stakeholders.

NEC actions to achieve the SDGs

### ● Principles

The NEC Group acts in line with the following three principles.

#### ● The Founding Spirit of “Better Products, Better Services”

The NEC Group will not stop at achieving its best at a certain point in time, but rather continue indefinitely to pursue improvements to provide better products and services for customers and society.

#### ● Uncompromising Integrity and Respect for Human Rights

This expresses the NEC Group's spirit of uncompromising integrity (high sense of ethical standards, including compliance) throughout the overall organization in order to remain trusted by society as a Social Value Innovator, and its commitment to respecting human rights.

#### ● Relentless Pursuit of Innovation

The pursuit of innovation is the driving power behind the NEC Group's activities. This innovation goes beyond technology development. It involves working with various stakeholders to pursue improvement in the Company and society, from yesterday to today, and on to tomorrow.

#### ● Code of Values and Code of Conduct

NEC has set out the Code of Values, which stimulates the active and autonomous behavior that everyone from officers to employees should take individually to create social value.

In addition, the NEC Group Code of Conduct is a set of specific guidelines to be observed that summarize the concept of integrity presented in the Principles. Every one of these guidelines must be upheld in order to achieve NEC's purpose.

Code of Values

Code of Conduct

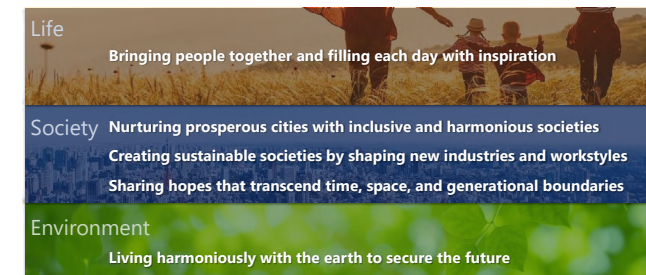
## NEC 2030VISION

In preparing the Mid-term Management Plan 2025, which begins from fiscal 2022, the year ending March 31, 2022, we formulated a vision of the kind of society that people will want to live in approximately 10 years from now, which we call the NEC 2030VISION. Our vision comprises three layers: the *environment*, serving as a base for society's endeavors;

*society*, underpinning people's lifestyles; and daily *life* that gives each individual a sense of well-being.

Based on NEC 2030VISION, we will not only improve financial performance but also achieve business management and business creation that produces positive social and environmental impacts.

### NEC 2030VISION



NEC 2030VISION

## Our Approach to Sustainability and ESG under the Mid-term Management Plan 2025

NEC's Mid-term Management Plan 2025 calls on the Company to realize its Purpose by implementing business and financial strategies and reforming corporate culture.

With respect to business strategies, in the areas of *life* and the *environment* set out in the NEC 2030VISION, we aim to help realize the kind of society that consumers of 2030 are likely to want by creating and developing healthcare and life science businesses as well as businesses related to carbon neutrality.

As for financial strategies, we will advance non-financial initiatives, which will become financial initiatives in the future, centered on priority management themes from an environmental, social, and governance (ESG) perspective—materiality. By disclosing the details of these initiatives in a timely and appropriate manner, we aim to be continuously included in ESG indices, which are used for ESG investment and other purposes. This is our aim because we believe that inclusion in ESG indices is a sign that we are earning trust from society and capital markets.

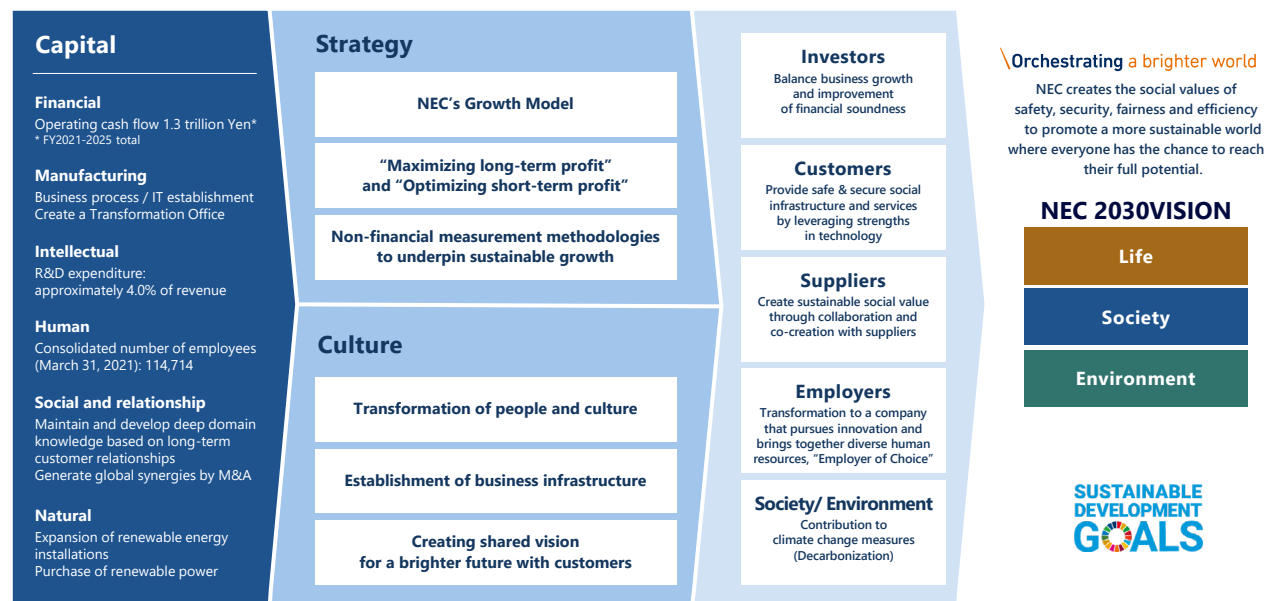
In the area of corporate culture reform, NEC will advance such initiatives as diverse human resource development and cultural transformation—one of its materiality tasks—and step up workstyle reform with the aim of raising the Company’s employee engagement score to 50.0% by fiscal 2026.

- Mid-term Management Plan 2025
- [Priority Management Themes from an ESG Perspective—Materiality](#)
- External Ratings and Evaluation (inclusion in ESG indices)

## Value Creation Process

NEC capitalized on the preparation of its Mid-term Management Plan 2025 as an opportunity to revise its value creation process in the context of management that promotes sustainability. With reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and value co-creation guidance, NEC arranged the following factors as presented in the chart below.

### NEC’s Value Creation Process



1. What type of economic, social, and environmental value does NEC aim to create?
2. What type of value does NEC aim to provide to its stakeholders?
3. What is NEC’s management strategy to enhance its corporate value?
4. How does NEC allocate its resources to accelerate its management strategy?

Going forward, we will give further clarity to our Purpose, by making visible more-specific details of the social and environmental value that we want to create through businesses and by making visible the progress of initiatives.

- [Priority Management Themes from an ESG Perspective—Materiality](#)

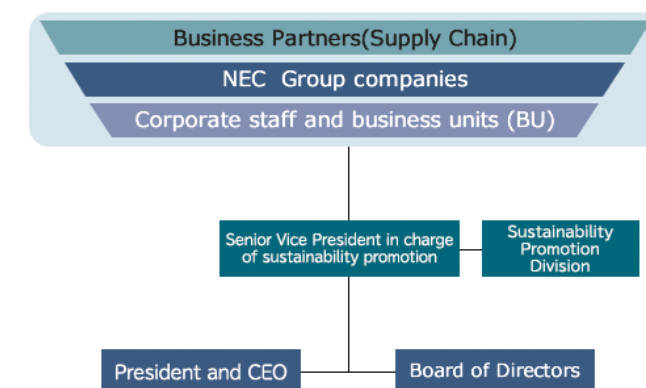
## Management Implementation Framework for Sustainability

NEC’s sustainability management is promoted by corporate divisions such as the Corporate Strategy, IR, Human Resources and General Affairs, Human Resource Organization Development, Compliance, Management Information Systems, Environment, Customer Service, Quality Assurance, Procurement, and Communications divisions, as well as laboratories, business divisions, and Group companies around the world. We also undertake initiatives in coordination with business partners.

In April 2021, we established the Sustainability Promotion Division as a dedicated organization for the advancement of sustainability. NEC has established this new division because, in an era of increasing uncertainty, the effect of ESG initiatives on corporate finances will become even greater and because a trend of calling on corporations to make more-concrete commitments to a sustainable society is gathering momentum worldwide.

Key matters for promoting sustainability management are discussed as necessary by corporate officers and managers of related divisions, and matters approved by the Board member in charge of sustainability promotion are reported and discussed periodically within the Board of Directors. Further, Companywide organizational development and human resource development, based on practical implementation of the NEC Way, and priority management themes from an ESG perspective—materiality—are clearly stated in job descriptions of all in-house directors. These factors have also been incorporated into the key performance indicators used to evaluate officers. In such ways, we are advancing initiatives.

### NEC’s Management Implementation Framework for Sustainability



# Priority Management Themes from an ESG Perspective—Materiality

NEC considers “materiality” as priority management themes from an ESG perspective that we need to adopt to reinforce non-financial (ESG/future financial) evaluation methodologies to underpin the sustainable growth of the Company and society.

In the financial strategies of the Mid-term Management Plan 2025, we aim to continue to be included in the ESG indices used for ESG investment by reinforcing our non-financial initiatives focusing on “materiality” and disclosing information with a high degree of transparency. We believe that this inclusion in ESG indices will lead to the fostering of employees’ engagement in the Company and increase their motivation, in addition to earning the trust of society and capital markets.

In defining our materiality, we referred to ISO 26000, the GRI Standards, the UN Global Compact, the SDGs, and the SASB Materiality Map, among others, along with holding dialogues with experts in various fields and representative stakeholders.

Based on the materiality defined in fiscal 2019 after the formulation of the Mid-term Management Plan 2020, we reviewed the materiality set out in the Mid-term Management Plan 2025 in light of changes to the demand from the business environment and society, through workshops held for managers of growth businesses under the Mid-term Management Plan 2025 and dialogues with external experts.

## “Materiality” in the Mid-term Management Plan 2025 (from fiscal 2022)

Key Theme (Materiality)	Main Initiatives	FY2025 KPI*1
<b>E</b> Climate change (Decarbonization)	<ol style="list-style-type: none"> <li>Acceleration of environmental management toward achievement of SBT** 1.5 degrees by 2030</li> <li>Contribution to CO<sub>2</sub> reduction through customer DX</li> </ol>	<ol style="list-style-type: none"> <li>33.6% reduction*3 (Compared to FY2017)</li> </ol>
<b>S</b> Security AI & human rights Diverse human resources	<ol style="list-style-type: none"> <li>Development of human resources in advanced security to handle social infrastructure</li> <li>AI provision and utilization prioritizing respect for human rights</li> </ol>	<ol style="list-style-type: none"> <li>Doubling of internationally certified personnel</li> <li>Incorporated initiatives based on the AI and Human Rights Principles</li> </ol>
<b>G</b> Corporate governance Supply chain sustainability Compliance	<ol style="list-style-type: none"> <li>Further improvement of transparency of corporate governance</li> <li>Strengthening of collaboration with suppliers from a human rights/ environmental perspective</li> <li>Eradication of serious compliance incidents</li> </ol>	<ol style="list-style-type: none"> <li>Suppliers agreeing to procurement guidelines: 75%*4</li> <li>No. of serious incidents: 0</li> </ol>

\*1 FY2025KPI =FY2026

\*2 Science Based Targets (SBT): Corporate CO<sub>2</sub> emissions reduction targets that are in scientific agreement with the global target of the Paris Agreement.

\*3 Scope 1, 2

\*4 Ratio based on procurement amount

The implementation of materiality themes is clearly stated in the job description of internal directors and related officers, and is also incorporated into the performance evaluation KPI of officers to enhance effectiveness. Moreover, through ESG research, direct dialogues, and other methods, we utilize the evaluation and feedback of various stakeholders to make improvements in our initiatives.

Results of materiality initiatives for fiscal 2021

“ESG-Related Objectives, Achievements and Progress, and Degree of Completion.”

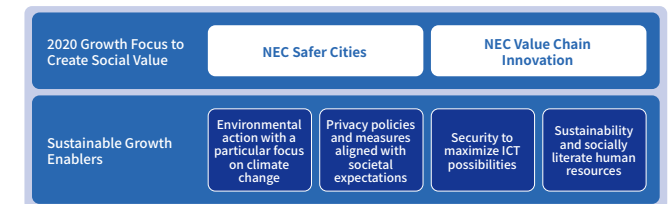
## Definition Process

In formulating the Mid-term Management Plan 2025, we reviewed the materiality which we have been working on continuously since fiscal 2019, based on the following criteria.

- Non-financial (ESG/future financial) management foundation themes that have a significant positive or negative impact on society and the environment, as well as on the Company
- Themes where progress can be measured or visualized from a social or environmental perspective

As a result, we have decided to exclude the two businesses in “2020 Growth Focus to Create Social Value” and continue to work on the four themes of “Sustainable Growth Enablers.” Furthermore, at a workshop held for managers of growth businesses under the Mid-term Management Plan 2025 to examine the social and environmental value created by their businesses, it was confirmed that “corporate governance,” “supply chain sustainability,” and “compliance” are also essential themes for promoting businesses with high social and public value, gaining the trust of society. Accordingly, the seven themes were reported to the Board of Directors as materiality for the Mid-term Management Plan 2025.

## “Materiality” we worked on in fiscal 2021



Defining process for fiscal 2019 materiality

“Sustainability Management” on page 3 of *Sustainability Report 2018*.

Materiality reset in fiscal 2021

“Priority Management Themes from an ESG Perspective—Materiality” on page 8 of *Sustainability Report 2020*.

## Workshop held for managers of growth businesses under the Mid-term Management Plan 2025 to examine the social and environmental value created by their businesses

We held a workshop for the managers, and other related employees, of growth businesses, such as Digital Government/Digital Finance, Global 5G, and Core DX (digital transformation, such as digital ID initiatives), under the Mid-term Management Plan 2025. The purpose of this workshop was to discuss the social and environmental value of our business and priority themes from an ESG perspective that we should focus on. The facilitator was Mr. Peter D. Pedersen, who has been advising us on sustainability promotion at NEC on an ongoing basis.

Participants commented that the social and environmental value they take pride in providing when promoting their business is digital trust and digital inclusion, which is also linked to the SDGs principle “leave no one behind.” Additionally, they have been rethinking their contribution to the environment in light of recent circumstances and have found that there are many areas where digital technology can contribute to environmental issues. They stated that they would like to incorporate an environmental perspective into future business promotion.



Workshop for examining social and environmental value created by businesses

Mr. Peter D. Pedersen's Profile

Dialogue and Co-creation with Our Stakeholders



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

The negative effects that are brought about by climate change cover a range of different circumstances, such as an increasing number of natural disasters caused by abnormal weather conditions, depletion of water resources, effects on the supply of and demand for food, etc.

NEC has set out a goal of reducing the Company's CO<sub>2</sub> emissions to zero by 2050, and reducing CO<sub>2</sub> emissions from the whole supply chain by cooperating with suppliers and partners. Based on these efforts, NEC is contributing to reductions in greenhouse gases on a global scale.

By offering energy-saving products and services, solutions aimed at preparing for the risks of natural disasters such as floods and landslides, and products and services to cope with environmental issues caused by climate change, NEC will contribute to the efforts our customers and society are making to address climate change.

### ● Mid-term Management Plan 2025: Main Initiatives

Accelerate environmental management toward achievement of SBT 1.5°C by 2030 and contribute to CO<sub>2</sub> reduction by not just implementing DX at our own businesses but also at customer businesses.

In October 2018, we received “SBT well below 2°C” approval for our target of a 33% reduction in CO<sub>2</sub> emissions by fiscal 2031 (compared with fiscal 2018: sum of absolute values for Scope 1 and 2). Furthermore, in May 2021 we raised the target level for Scope 1 and 2 and were certified at “SBT 1.5°C,” with the aim of reinforcing the reduction target of 55% by fiscal 2031.

In fiscal 2022, NEC will promote thorough energy conservation and increased use of renewable energy, based on the NEC Eco Action Plan 2025, to achieve “SBT 1.5°C.”

 [NEC Eco Action Plan 2025](#)

### ● KPI to Be Achieved by Fiscal 2026

The KPI for this initiative is to reduce CO<sub>2</sub> emissions by 33.6% in Scope 1 and 2 compared to the results for fiscal 2018.

 [Response to Climate Change](#)

## Security to Maximize ICT Possibilities

NEC is making efforts to minimize risks in the fields of information security and cyber security in particular, ensuring that our customers are able to securely experience the benefits offered by ICT. Furthermore, we are also reinforcing the development of human resources who will promote these efforts.

### ● Mid-term Management Plan 2025: Main Initiatives

Minimize the effects of major security incidents by ensuring that we enhance cyber security measures while also strengthening information security, and provide products 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.

Additionally, reinforce 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.

### ● KPI to Be Achieved by Fiscal 2026

We aim to double the number of CISSP\*<sup>5</sup> certification holders, which we use as an indicator to confirm that we are developing personnel with advanced security capabilities in supporting social infrastructure and ensuring qualified personnel appropriately conduct “security by design.”

\*<sup>5</sup> Certified Information Systems Security Professional (CISSP) is an internationally recognized information security professional qualification certified by the International Information Systems Security Certification Consortium, Inc.

 [Information Security and Cyber Security](#)

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

The Principles of the NEC Way stipulate “Uncompromising Integrity and Respect for Human Rights,” while the NEC Group Code of Conduct, in governing the individual conduct of everyone from officers to employees, clearly requires that human rights be respected in all situations. Furthermore, the NEC Group Human Rights Policy states that the Group will promote initiatives to respect human rights throughout the value chain.

Moreover, we are also responding to growing concerns about adverse impacts on human rights, including violations of privacy and discrimination that have accompanied the use of AI and the IoT to enrich human life. In 2019, we announced the “NEC Group AI and Human Rights Principles.” These principles stipulate that all individuals from officers to employees are to recognize respect for human rights as the highest priority in each and every stage of the NEC Group's business operations in relation to AI utilization, such as social implementation of AI and utilization of biometrics, and to take action accordingly.

### ● Mid-term Management Plan 2025: Main Initiatives

In accordance with the NEC Group Human Rights Policy, we are 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. Engage with a range of stakeholders to build partnerships and collaborate with closely

### ● KPI to Be Achieved by Fiscal 2026

We aim to apply the NEC AI and Human Rights Principles in our business activities.

 [Respecting Human Rights](#)

 [AI and Human Rights](#)

 [Personal Information Protection and Privacy](#)

 [Innovation Management](#)

## Diverse Human Resource Development and Cultural Transformation

Based on the NEC Way and the Human Resources (HR) Policy, we have set forth the transformation of people and culture in the Mid-term Management Plan 2025.

### ● Mid-term Management Plan 2025: Main Initiatives

We will bolster diversity as a source of innovation and implement work-style reforms supporting diverse talent.




### ● KPIs to Be Achieved by Fiscal 2026

By transforming our culture and how we work, including transformation of people and culture, we aim to achieve a 50%\*6 employee engagement score (compared to 25% in fiscal 2021).

In addition, we set out the following targets on a non-consolidated basis for active participation of diverse talent.

Percentage of officers ranked executive officer or higher who are female or non-Japanese (excluding Audit & Supervisory Board Members)	20%
Ratio of female managers	20%

\*6 Based on the Kincentric Survey of a 50% score, which is a Tier 1 level and in the Global top 25 Percentile

-  Human Resource Development and Training
-  Inclusion and Diversity
-  Creating a Diverse Workstyle Environment

## Corporate Governance

In order to continuously create social value and maximize corporate value, NEC Corporation is promoting corporate governance practices 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

### ● Mid-term Management Plan 2025: Main Initiatives

Further improvement of transparency of corporate governance

### ● KPI to Be Achieved by Fiscal 2026

Promote timely and appropriate initiatives to enhance transparency

 Corporate Governance

## Supply Chain Sustainability

NEC endeavors to work not only within 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.

### ● Mid-term Management Plan 2025: Main Initiatives

We will continue to promote activities to ensure that all suppliers are aware of the “Guidelines for Responsible Business Conduct in Supply Chains” and agree to uphold its contents.

### ● KPI to Be Achieved by Fiscal 2026

In fiscal 2021, business partners who signed the “Guidelines for Responsible Business Conduct in Supply Chains” agreement accounted for 68% of the total procurement amount. We aim to increase this percentage to 75%.

 Supply Chain Management

## Compliance

The NEC Principle of “Uncompromising Integrity and Respect for Human Rights” expresses the NEC Group’s spirit of uncompromising integrity in order to remain trusted by society as a Social Value Innovator and its commitment to respecting human rights. Additionally, we recognize that implementing compliance above all else as a Social Value Innovator is an essential initiative for gaining the trust of society.

### ● Mid-term Management Plan 2025: Main Initiatives

Have everyone, from employees to officers, sign the Statement of Agreement for the NEC Group Code of Conduct. Each individual recognizes compliance as a personal matter and practices actions based on this code every day.

### ● KPI to Be Achieved by Fiscal 2026

We will build on daily practices and continue to aim for zero cases of serious involvement with cartels and/or bid-rigging.

Initiatives for management transparency

 Corporate Governance

Ensuring compliance in areas such as fair trade and anti-corruption

 Compliance and Risk Management

Initiatives to respect human rights in NEC’s business activities

 Respecting Human Rights

 AI and Human Rights

 Personal Information Protection and Privacy

 Supply Chain Management

Initiatives for maintaining and improving the quality of products and services

 Ensuring Quality and Safety

# ESG-related Objectives, Achievements and Progress, and Degree of Completion

- **M** **M**: Major non-financial indicators related to “materiality”
- Listed in accordance with the contents page of the report.
- 2020 medium-term goals refer to the period from FY2019 to FY2021.

◎: Achieved    ○: Achievement rate of 80% or more    △: Achievement rate of 50% or more    ×: No progress  
 —: Not evaluated in the fiscal year under review

Sustainability Management	2020 Medium-term Goals	FY2021 Goals	FY2021 Achievements and Progress	Degree of Completion	2025 Medium-term Goals	FY2022 Goals	
<b>Priority Management Themes from an ESG Perspective—Materiality</b> P.8	<b>M</b> <b>M</b> : Major non-financial goals related to materiality for FY2021			○	<b>M</b> : Major non-financial goals related to materiality under the Mid-term Management Plan 2025 For details, please refer to pages 8–10.		
<b>Respecting Human Rights</b> P.17	Promote understanding of officers and employees on global human rights issues	• For officers: Hold unconscious bias training on the theme of promoting women's active participation	• Conducted unconscious bias training for officers and general managers to improve management capabilities over a diverse set of human resources • Conducted an online seminar for employees entitled “Utilizing Visual Content That Incorporates Diversity”	◎	• Promote employee understanding of the latest developments in global human rights • Promote due diligence in regard to human rights to ensure that opinions can be expressed without fear of discrimination regardless of age, career, or job title	• For employees: Continue to hold online training on “Companies and Human Rights,” and maintain a 90% completion rate	
		• For employees: Hold online training on “Companies and Human Rights,” aiming for a 90% completion rate	• Held online training on “Companies and Human Rights” for employees with a 91% completion rate • Conducted seminar entitled “The Latest Trends Regarding Companies and Human Rights,” aimed at Human Rights Hotline staff and other employees in charge of human rights issues				
	Formulate Companywide framework pertaining to the implementation of human rights due diligence	• Identify prominent human rights issues and propose plans for addressing them	• Conducted third-party interviews with division general managers from 22 divisions concerning their respective division's risks and initiatives	○		For employees: Continue to hold online training on “Companies and Human Rights,” and maintain a 90% completion rate	Promote human rights impact assessments and human rights initiatives
		• Promote creation of a corporate culture that respects human rights, and examine corrective measures when human rights violations are discovered	• Conducted seminar entitled “The Latest Trends Regarding Companies and Human Rights,” led by a lecturer from the International Labour Organization (ILO) and aimed at Human Rights Hotline staff and other employees in charge of human rights issues				
		• Conduct awareness-raising seminars and dialogues for management and divisions	• Conducted dialogues with international NPOs and organizations, as well as legal experts, regarding the progress of initiatives being implemented at the officer and supervisor level				

Environment	2020 Medium-term Goals	Indicators	FY2021 Achievements and Progress		Degree of Completion	FY2026 Goals	FY2022 Goals	
			Goals	Results				
<b>Response to Climate Change</b> P.39	<b>M</b> <b>M</b> : Contribute to climate change countermeasures for the benefit of customers and society by providing IT solutions and reducing greenhouse gas emissions throughout the supply chain	Reduce CO <sub>2</sub> emissions in society as a whole with IT solutions	23 megatons	26.55 megatons	○	—	—	
		Rate of contribution to CO <sub>2</sub> emissions reductions across the whole supply chain	5.0 times	7.7 times	○	—	—	
		Scope 3 Category 1 Rate of CO <sub>2</sub> emissions reduction from purchased goods and services (compared with FY2018)	—	—	—	—	—6.0%	—2.0%
		Scope 3 Category 11 Percentage of improved energy efficiency for sold products (compared with FY2014 products)	65.0%	65.0%	○	90.0%	70.0%	
		Reduction rate of CO <sub>2</sub> emissions (absolute value) due to efficiency improvement (compared with FY2018)	—8.0%	—18.0%	○	—33.6%	—16.8%	
		Expand use of renewable energy (Amount of electric power used from renewable energy)	28,600 MWh	63,381 MWh	○	78,000 MWh	71,000 MWh	

Social	2020 Medium-term Goals	FY2021 Goals	FY2021 Achievements and Progress	Degree of Completion	2025 Medium-term Goals	FY2022 Goals	
Inclusion and Diversity P.53	Promotion of women's active participation (Ratio of female managers in department manager or higher positions: 5% by FY2021)	<ul style="list-style-type: none"> <li>Ratio of female managers in department manager or higher positions: Continue to reach 5% (As of April 1, 2021)</li> <li>Continue monitoring the ratio of female managers; identify issues and discuss and implement measures</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of female managers in department manager or higher positions: 5.5% (as of April 1, 2021)</li> <li>Continued efforts to monitor KPI related to the ratio of women in managerial positions and to build a pipeline for promoting women to leadership roles</li> </ul>	○	<b>M</b> : Ensure diverse leadership <ul style="list-style-type: none"> <li>Achieve ratios of 30% for female employees, 20% for female or foreign officers, and 20% for female managers by FY2026</li> </ul>	<ul style="list-style-type: none"> <li>Introduce Steering Committee and strengthen system for promoting Inclusion and Diversity (I&amp;D)</li> <li>Manage pipeline to officer and management executive positions</li> </ul>	
	Employment of people with disabilities (Ratio of people with disabilities employed: 2.3% as of April 2021)	<ul style="list-style-type: none"> <li>Study and carry out measures for continuing to achieve the statutory employment rate of 2.3%</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of people with disabilities employed: 2.38% (as of June 1, 2020)</li> </ul>				◎
	Support for sexual minorities (LGBTQ)	<ul style="list-style-type: none"> <li>Increase awareness through internal and external communications and actively participate in events</li> </ul>	<ul style="list-style-type: none"> <li>Exhibited at "RAINBOW CROSSING 2020," one of the largest career conferences in Japan, notable for promoting I&amp;D, including LGBTQ initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Posted information on using LGBTQ-related systems on the Company personnel online portal in addition to an explanation of these systems and posting job locations during orientations for new and mid-career hires</li> <li>Awarded the "Gold" PRIDE designation, the highest designation granted by the voluntary organization "work with Pride"</li> </ul>	○	<ul style="list-style-type: none"> <li>Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title</li> </ul>	<ul style="list-style-type: none"> <li>Employee Resource Groups</li> <li>Hold in-house awareness-building events to further advance and entrench I&amp;D culture</li> </ul>
		<ul style="list-style-type: none"> <li>Encourage use of systems</li> </ul>	<ul style="list-style-type: none"> <li>Acquire PRIDE*1 designation</li> </ul>				
Human Resource Development and Training P.58	<b>M</b> : Develop sustainable and socially literate human resources	<ul style="list-style-type: none"> <li>Achieve a 30% rate of "Strongly agree" or "Agree" responses to realizing a true sense of change regarding matters not achieved in FY2020, by carrying out the following measures in this section</li> <li>Carry out a new management practical support program based on the HR Policy and Code of Values</li> <li>Further educate affiliated companies (15 companies) regarding the approach to evaluation and training reforms, and continue to conduct training; expand evaluation, development, and reform at local and international subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>The combined rate of "Strongly agree" or "Agree" responses was 29%, compared with 25.3% in FY2020. Although the results were slightly below target, the number of respondents increased by a factor of 1.5.</li> <li>Management training conducted for 20% of managers</li> <li>Evaluation and training reforms and system development are underway for affiliated companies (15 companies) and international subsidiaries</li> </ul>	○	<ul style="list-style-type: none"> <li>Enhance the mindset and skills that form the basis for stronger teams</li> </ul>		
		<ul style="list-style-type: none"> <li>Increase awareness of the NEC Way</li> </ul>	<ul style="list-style-type: none"> <li>New targets were established for spreading awareness and enhancing understanding of, and gaining agreement with, the NEC Way in conjunction with the revision of the NEC Way in FY2021, which is positioned as a common value system and launching point for action for the NEC Group, as well as the means for achieving social value creation targets. As a result, awareness was rated at 98% (Top 1*), understanding and agreement were rated at 94% (Top 2*), and implementation was rated at 88% (Top 3*).</li> </ul>				
		<ul style="list-style-type: none"> <li>Strengthen talent management for next-generation leaders</li> </ul>	<ul style="list-style-type: none"> <li>Expanded talent management globally and identified high-potential human resources in the global market</li> </ul>				
		<ul style="list-style-type: none"> <li>Strengthen succession planning to ensure appointment of the best, diverse personnel to key positions from within Japan and internationally</li> </ul>	<ul style="list-style-type: none"> <li>Appointed diverse human resources from the global market to key positions <ul style="list-style-type: none"> <li>Appointed one global CFO from outside the Company</li> <li>Acquired Indian CEO from the local market (NEC Technologies India)</li> </ul> </li> </ul>				
	<ul style="list-style-type: none"> <li>Enhance the training of advanced professional human resources</li> </ul>	<ul style="list-style-type: none"> <li>Define the roles and skills of personnel responsible for digital transformation (DX) and establish a development system</li> </ul>	<ul style="list-style-type: none"> <li>Defined the roles and skills for human resources involved with DX</li> <li>Established a human resource development system that creates new social value by increasing worker competency and helping employees realize the significance of their role <ul style="list-style-type: none"> <li>Completed 149 training sessions focusing on thought and behavior patterns</li> <li>Completed 17,438 training sessions focusing on digital technology</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Professional development to foster a successful business transformation</li> </ul>	<ul style="list-style-type: none"> <li>Training to enhance human resources involved with DX (Train 16,000 human resources involved with DX by FY2026)</li> </ul>	
Creating a Diverse Workstyle Environment P.61	Reduce total work hours	<ul style="list-style-type: none"> <li>Further promote autonomous design of workstyles and fully leverage effects of flexible systems to reduce overtime</li> </ul>	<ul style="list-style-type: none"> <li>Introduced remote working where possible to curb the spread of the COVID-19 pandemic, increasing flexibility by increasing options in terms of workplace, among other variable</li> <li>Shared positive examples of effective workflows and team communication during implementation of teleworking</li> <li>Average amount of overtime was 19.9 hours per month in FY2021, on par with the 19.0 hours per month in FY2020</li> <li>The annual rate of taking paid leave decreased to 55.8% in FY2021 from 67.6% in FY2020, partly due to increased flexibility in workstyles</li> </ul>	○	<ul style="list-style-type: none"> <li>Utilize motivation-building model to generate real-world effects in workers</li> </ul>	<ul style="list-style-type: none"> <li>Increase motivation</li> <li>Achieve yearly 5% increase on pulse survey score <ul style="list-style-type: none"> <li>Engagement score</li> <li>Productivity score</li> <li>Condition score</li> </ul> </li> </ul>	

\*1 A designation by the voluntary organization "work with Pride" that evaluates initiatives for sexual minorities such as LGBTQ

\*2 Based on the number of "Strongly agree" and "Agree" responses

\*3 Based on the number of "Strongly agree," "Agree," and "Somewhat agree" responses

Social	2020 Medium-term Goals	FY2021 Goals	FY2021 Achievements and Progress	Degree of Completion	2025 Medium-term Goals	FY2022 Goals
<b>Creating a Diverse Workstyle Environment</b>  P.61	Deploy workstyle reforms intended to improve productivity	In line with the changing work environment, such as the rapid spread of telework, study workstyles that will increase productivity and promote these practices in the workplace	<ul style="list-style-type: none"> <li>Improved pulse survey score on the level of degree of "Smart Work implementation" from 48 points in October 2019 to 65 in October 2020</li> <li>Implemented several initiatives to improve productivity amid the COVID-19 pandemic, such as utilizing IT to automate tasks and increase efficiency and switching to remote work for software engineering (SE) projects traditionally conducted on-site, while trying to apply this method to non-SE projects</li> </ul>	◎	Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance <ul style="list-style-type: none"> <li>Provide the experience necessary for employees to facilitate their own growth</li> <li>Implement office reforms that foster trust and co-creation</li> <li>Provide a workplace that allows for seamless execution of duties that overcome time and space restrictions</li> <li>Foster a work culture that encourages a diverse range of human resources to provide value</li> </ul>	Promote self-determination of an ideal workplace and time to support well-being <ul style="list-style-type: none"> <li>Establish a variety of workspaces that utilize digital mechanisms such as congestion detection and other systems, as well as spaces for interaction with people outside the Company</li> <li>Introduce rules for working from remote locations</li> </ul>
	Expand work-life balance support measures	Expand the options available for the cafeteria-style welfare benefits system "Will be," introduced in April 2020, to meet employees' needs and strengthen support for work-life balance	<ul style="list-style-type: none"> <li>Achieved 90% awareness of the Company's cafeteria-style welfare benefits system that was introduced in April 2020</li> <li>Two-thirds of employees made use of points under the welfare benefits system, thanks to updates to the user guide based on employee feedback and videos explaining how to use the system</li> </ul>	◎		
<b>Health and Safety</b>  P.64	Complete enforcement of occupational health and safety (OH&S) management appropriate to diverse work environments	Raise the completion rate of Companywide online health and safety education (90% or higher)	Achieved completion rate of Companywide online health and safety education of 90.9%	○	Maintain OH&S levels in a diverse work environment	<ul style="list-style-type: none"> <li>Raise the completion rate of Companywide online health and safety education (90% or higher)</li> <li>Stay ahead of danger by conducting proactive risk assessments of safe construction processes</li> </ul>
		Increase level of health and safety by working through a plan do check act (PDCA) cycle for safe construction processes	Raised health and safety levels by reinventing management, promoting efforts within businesses, and raising awareness	○		
	Improve subjective sense of good health and lifestyle habits of NEC Group employees	Achieve usage rate of 75% or higher for the Health Checkup Forecast Simulation	Achieved Health Checkup Forecast Simulation usage rate of 69.4%	○		
	Maintain "Health and Productivity Management Organization" designation	Designated as a Health and Productivity Management Organization (White 500)	◎	◎	Utilize health data (regular health check results, stress check results, etc.) strategically to clarify organizational issues and build a cycle for implementing and evaluating measures	<ul style="list-style-type: none"> <li>Establish indicators to evaluate health across the organization</li> <li>Maintain designation as a Health and Productivity Management Organization (White 500)</li> </ul>
<b>AI and Human Rights</b>  P.68	[M]: Promote business operations with respect for human rights in relation to social implementation of AI	<ul style="list-style-type: none"> <li>Grasp trends relating to technology evolution and changes in systems and social acceptability, and improve and strengthen initiatives for respecting human rights based on Companywide principles</li> </ul>	<ul style="list-style-type: none"> <li>Maintained a timely understanding of trends related to human rights and privacy, which was reflected in the "checking process"</li> <li>Incorporated checking process into the planning stage</li> </ul>	◎	[M]: Promote business activities that respect human rights as AI becomes a part of society	<ul style="list-style-type: none"> <li>Understand changes in Japanese and international laws and regulations and trends in social acceptability, and respond with suitable human rights initiatives</li> </ul>
		<ul style="list-style-type: none"> <li>Continue dialogue with a range of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Continued to acquire knowledge from experts through the Digital Trust Advisory Council</li> </ul>			<ul style="list-style-type: none"> <li>Implement AI governance in accordance with the NEC Group AI and Human Rights Principles</li> <li>Maintain dialogues with a variety of stakeholders</li> </ul>
<b>Personal Information Protection and Privacy</b>  P.69	[M]: Global implementation of personal information protection	<ul style="list-style-type: none"> <li>Formulate the NEC Group Basic Rules on Personal Information Protection</li> <li>Conform with legislation of regulations regarding transfer of personal information outside of each country and region</li> </ul>	<ul style="list-style-type: none"> <li>Created "Data Privacy Guidelines" for the data privacy alliance system and rules for each international consolidated subsidiary</li> <li>Transferred personal data abroad, including data pertaining to employees at each NEC Group company, after investigating regulations for international subsidiaries, particularly with regard to the countries and regions in which they operate, entering any contracts necessary for this data transfer, obtaining consent, and conducting any other required procedures</li> </ul>	◎	Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in Japan and internationally	Develop a system and rules in keeping with the degree of risk that each international consolidated subsidiary faces in regard to the handling of personal information
		[M]: Conformance to amendments to the Personal Information Protection Law	Enforce compliance with the Personal Information Protection Law, amended in 2020	<ul style="list-style-type: none"> <li>Established "Personal Information Protection Professionals" in all business units and started ongoing training of "Key Persons in Handling Personal Information" with expertise in personal information protection and privacy issues</li> <li>Started full-scale operation of the newly developed risk management tool "New PIICO" for handling personal information, and strengthened the Company's personal information protection management system</li> </ul>		
<b>Information Security and Cyber Security</b>  P.72	[M]: Strengthen measures against cyber attacks	<ul style="list-style-type: none"> <li>Strengthen management of important information</li> <li>Strengthen use of threat intelligence</li> <li>Strengthen security monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Conducted inspections and audits of management systems for important information, extended systems to Group companies</li> <li>Implemented third-party evaluation based on the NIST Cyber Security Framework, and enhanced cyber security measures</li> <li>Strengthened Security Operation Center (SOC) and CSIRT systems and upgraded their functions</li> <li>Established a regional Chief Information Security Officer (CISO) at each Regional Headquarters (RHQ) and enhanced supervision at each location</li> </ul>	◎	[M]: Strengthen measures against cyber attacks	<ul style="list-style-type: none"> <li>Respond to national threats</li> <li>Establish zero trust security compatible with DX</li> <li>Increase awareness and innovate control system</li> </ul>
		[M]: Strengthen the improvement of secure products, systems, and services	Enhance systems and improve processes for promoting secure development and implementation, and improve guidelines and tools	Established a one-stop cyber security system, appointed security managers in each business division, and expanded and strengthened OS/middleware fortification tools		



Social	2020 Medium-term Goals	FY2021 Goals	FY2021 Achievements and Progress	Degree of Completion	2025 Medium-term Goals	FY2022 Goals
Information Security and Cyber Security P.72	M: Improve security in cooperation with business partners	<ul style="list-style-type: none"> <li>Apply security measures in accordance with business partners' work environments and outsourcing details, and promote improvements based on inspection results</li> </ul>	<ul style="list-style-type: none"> <li>Restricted orders from companies with an inadequate security level and implemented follow-up improvement process via document inspections and on-site inspection</li> </ul>	○	M: Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cyber security measures	<ul style="list-style-type: none"> <li>Enhance standards inspections</li> <li>Increase number of companies subject to standards management from 1,500 to 2,000 and improve document inspection</li> <li>Consider increasing number of company bases subject to onsite inspections from 40 to 100, increase efficiency by utilizing remote tools</li> </ul>
		<ul style="list-style-type: none"> <li>Ensure that everyone is well aware of guidelines on secure development and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Held a briefing session titled "Business Partner Guidelines for Secure Development and Operations" and made a strong request for security to deployed working group members</li> </ul>			<ul style="list-style-type: none"> <li>Strengthen cyber security measures</li> <li>Revise information security standards (including document inspection items) to NIST SP 800 from FY 2023</li> <li>Hold information security briefing sessions to request security measure implementation from partner companies, and provide security improvement support</li> </ul>
CS (Customer Satisfaction) Initiatives P.78	Continue to be a company that is trusted and chosen by customers	<ul style="list-style-type: none"> <li>Continue to perform improvement activities based on the voice of the customer (VoC) and promote activities matched to the characteristics of each business area</li> </ul>	<ul style="list-style-type: none"> <li>Continued to make improvements based on the VoC and in keeping with the characteristics of each business area</li> </ul>	◎	Continue to be customers' company of choice by earning their unwavering trust	<ul style="list-style-type: none"> <li>Continue to engage in activities to improve customer satisfaction based on VoC and in keeping with the characteristics of each business</li> <li>Achieve a result for the Customer Satisfaction Survey higher than the industry average (e.g., an average of "Total satisfaction") in market surveys conducted by NEC Corporation</li> </ul>
		<ul style="list-style-type: none"> <li>Achieve a result for the Customer Satisfaction Survey higher than the industry average (e.g., an average of "Total satisfaction") in market surveys conducted by NEC Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Achieved a result for the Customer Satisfaction Survey higher than the industry average (i.e., an average of "Total satisfaction") in market surveys</li> </ul>			<ul style="list-style-type: none"> <li>Create new businesses and strengthen cooperation with local communities beginning with corporate citizenship initiatives such as the NEC Social Entrepreneurship School and the NEC Pro Bono Initiative</li> </ul>
Cooperation with Local Communities P.79	Incorporate social contribution activities into business strategies	Strengthened system structure for promoting social engagement activities, including initiatives in response to emergencies and disasters, such as the COVID-19 pandemic, and strengthened information communication	<ul style="list-style-type: none"> <li>Serialized examples of social engagement (including those at Group companies in Japan and international subsidiaries) on the Company intranet (6 cases), and continued to release them on NEC's social media accounts (14 cases)</li> </ul>	○	Expand corporate citizenship base	<ul style="list-style-type: none"> <li>An increase in the number of new employee registrations with the NEC Volunteer Support Service database of employee volunteers (increase of 1,200 per year; increase of 100 per month)</li> </ul>
	Create opportunities for new business creation from corporate citizenship activities	Further accelerate employee participation in social engagement activities centered on the "NEC Social Entrepreneurship School" and the "NEC Pro Bono Initiative," etc.	<ul style="list-style-type: none"> <li>Shifted the focus of the NEC Volunteer Support Service database, allowing it to include employees who previously could not participate (young or local employees, Group company employees, et al.) at a faster rate, increasing registrations with the database by 1,248, to 2,933, in FY2021, from 1,685 in FY2020</li> </ul>	◎	Utilize corporate citizenship as a launching point for social value creation	<ul style="list-style-type: none"> <li>Create new businesses and strengthen cooperation with local communities beginning with corporate citizenship initiatives such as the NEC Social Entrepreneurship School and the NEC Pro Bono Initiative</li> </ul>

Governance	2020 Medium-term Goals	FY2021 Goals	FY2021 Achievements and Progress	Degree of Completion	2025 Medium-term Goals	FY2022 Goals
Compliance and Risk Management P.83	Ensure compliance	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0</li> <li>Raise the completion rate of web-based compliance training (completion rate at NEC Corporation: 98% or higher)</li> <li>Number of reports submitted to the Compliance Hotline: 100 cases or more</li> </ul>	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0</li> <li>Raised the completion rate of web-based compliance training (completion rate at NEC Corporation: 99%)</li> <li>Number of reports submitted to the Compliance Hotline: 76</li> </ul>	○	M: Engage in thorough compliance Establish a Group-wide culture that prioritizes compliance and promote fair trade, drawing from the NEC Group Code of Conduct	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0</li> <li>Raise the completion rate of web-based compliance training (completion rate at NEC Corporation: 98% or higher)</li> <li>Number of reports submitted to the Compliance Hotline: 80 cases or more</li> </ul>
	Carry out appropriate risk management	Establish and implement effective measures for Priority Risks	<ul style="list-style-type: none"> <li>Raised in-Company awareness of harassment and enhanced response in the event of an incident</li> <li>Strengthened Group governance of the Accounting Division</li> <li>Built a system suitable for managing important information (equipped with strong cyber attack countermeasures, etc.)</li> <li>Bolstered efforts to incorporate human rights concerns and privacy</li> </ul>			◎
Business Continuity P.90	Enhance completeness and efficiency of business continuity plan (BCP) activities	Utilize the in-house information sharing system during disasters, which has been greatly overhauled	Utilized newly overhauled system during FY2021	◎	Continue to be a front-runner in Japan in terms of disaster prevention and corporate BCPs	Spread concept of "personalization" through training and education, in line with the effects of COVID-19 and the increase in home working environments
	Through drills and training, increase the number of employees able to act autonomously when a risk event occurs	Increase the percentage of workers able to act autonomously, as recorded in the Disaster Preparedness Survey conducted in FY2020	37.7% of those surveyed said they are able to act autonomously when a risk event occurs, a massive increase (21.9%) from FY2020	◎	Contribute to increasing corporate value through disaster prevention and business continuity activities	Cooperate with sales support staff to contribute to business
Supply Chain Management P.92	Publish and disseminate the new "Guidelines for Responsible Business Conduct in Supply Chains"	Make effort to disseminate the guidelines to all new and existing suppliers	<ul style="list-style-type: none"> <li>Closely informed all existing business partners and business partners opening new accounts with the Company</li> <li>Created and published Japanese, English, and Chinese versions of the guidelines</li> </ul>	◎	M: Utilize 75% of consolidated procurement funds with companies that submitted declarations (by end of FY2026)	Utilize 72% of consolidated procurement funds with companies that submitted declarations
	Obtain declarations for the new guideline: "Declaration Concerning Responsible Business Conduct in Supply Chains"	<ul style="list-style-type: none"> <li>Declarations must be obtained from all new suppliers</li> <li>Number of suppliers from which declarations obtained: 3,000</li> </ul>	<ul style="list-style-type: none"> <li>Declarations submitted by all new suppliers</li> <li>Number of companies that submitted declarations: Approx. 7,000</li> </ul>	◎		
	Promotion of use of Supplier Visit Record (SVR)	Expand application of SVR (120 on-site assessments) and study measures using acquired data	<ul style="list-style-type: none"> <li>Utilized data from 236 assessments since FY2018 to identify risks (55 assessments were conducted in FY2021 as a result of fewer visits due to the COVID-19 pandemic)</li> </ul>	△		

# Dialogue and Co-creation with Our Stakeholders

To explore how NEC can incorporate non-financial (ESG) initiatives and management, and how its business activities impact society, we invited outside experts in their respective fields to participate in a dialogue on the following themes.

Dialogue

## Advancing Sustainability through Purpose-driven Management

Peter David Pedersen | Masaru Arai | Yukiko Furuya

### Peter David Pedersen



Co-Founder, Next Leaders' Initiative for Sustainability (NELIS); Professor, Graduate School of Leadership and Innovation Shizenkan University; Chairman, Transago Co., Ltd.

Born 1967 in Denmark, resident of Japan for more than 30 years. Graduated from the Institute of Cultural Anthropology, Copenhagen University. In 2000, Peter David co-founded E-Square Inc., one of Japan's first sustainability

consultancies, and worked on numerous CSR/sustainability projects with leading Japanese corporations.

He co-founded NELIS in 2015.

### Masaru Arai



Masaru Arai is chair of the Japan Sustainable Investment Forum (JSIF) and a senior engagement consultant at Federated Hermes EOS. He is a member of the FTSE Russell ESG Advisory Committee and the FTSE Russell Sustainable Investment Advisory Committee. Also, he is a former board member of the United Nations-supported Principles for Responsible Investment.

He graduated from Keio University's Faculty of Business and Commerce in 1972 and completed a course on Arabia at The American University in Cairo in

1976. In 1972, he joined Daiwa Securities Co. Ltd., and after serving in such capacities as president of the company's subsidiary in Australia, he joined Daiwa Asset Management Co. Ltd. in 1992. At this company, he assumed the positions of chief investment officer in 2003, director and chief investment officer in 2006, retiring from the company in 2011. Since 2003, he has been involved in the field of responsible investment and has served on the sustainable finance-related committees and other committees of the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and the Ministry of Foreign Affairs of Japan.

### Yukiko Furuya



Yukiko Furuya is the Executive Director of CSO Network Japan. She is also a Consumer Affairs Advisor lifestyles and holds a PhD in general policy. In addition, she is a Representative for the Consumer Conference for Sustainability, Co-Representative for the CSR Review Forum, Director of the Japan Society for Business and Ethics, and a fellow at the Business Ethics Research Center. Since 2020, she has served as a member of the Expert Panel on Promoting Consumer Sentiment Management of Japan's Consumer Affairs Agency.

Her major papers include "The Practices and Problems on Responsible Business: A Study from the Point View of International Agreements and Standards" (2020). She is the author of *Management Strategy for Consumer Orientation*, Fuyoshobo (2010) and *Modern Consumer Sovereignty*, Fuyoshobo (2017).

Dialogue

## What Should NEC Do to "Create Businesses That Contribute to the Environment"?

Peter David Pedersen | Toshiyuki Imamura | Kazunori Kitagawa

### Toshiyuki Imamura



Toshiyuki Imamura joined Nomura Asset Management Co., Ltd., (NAM) in 1994 and is now a managing director and head of the Responsible Investment Department at NAM. After mainly managing Japanese and global equity portfolios for public pension funds, in 2003 he relocated to New York, where he was primarily responsible for researching U.S. equities for portfolio management. Upon returning to Tokyo in 2006, he joined a Nomura group company that analyzes and evaluates investment trust funds, where he was responsible

for analyzing global equity funds. In December 2008, he became head of this group company's London branch. He returned to NAM in April 2013 to become head of the Investment Planning and Monitoring Department and has been serving in his current position since April 2016.

### Kazunori Kitagawa



Kazunori Kitagawa is head of the Japan Productivity Center's Eco Management Center. In 1983, he joined Marketing Intelligence Corporation (currently, INTAGE HOLDINGS Inc.), where he was engaged in marketing and research related to consumer goods, and he began specializing in research on environmental issues in 1995. In 1999, he transferred to the Japan Productivity Center for Socio-Economic Development (currently, the Japan Productivity Center), where he was engaged in research and consulting on environmental

issues related to government policy and companies. Also, he is a member of and involved in the activities of the committees and study groups of public institutions. Since fiscal 2018, he has been a part-time professor at Sophia University.

Dialogue

## Working toward Robust and Resilient Human Rights Due Diligence throughout Supply Chains

Asako Nagai | Daisuke Takahashi | Ryusuke Tanaka

### Asako Nagai (Facilitator)



Managing Director at Business for Social Responsibility (BSR)

Asako Nagai holds dual master's degrees in Business Administration and Science from the Ross School of Business and School of Environment and Sustainability at the University of Michigan. Prior to joining BSR, Asako has more than 10 years of experience leading global sustainability strategies at Sony Corporation. She also played a role in shaping the industry framework

for the Responsible Business Alliance (RBA). In 2013, Asako joined BSR, a global organization that works with its network of more than 250 member companies and other partners, and promotes sustainability including "Business and Human Rights."

### Daisuke Takahashi



Partner, Shinwa Sohgo Law Offices and Master of Law (U.S., France, Germany and Italy)

Daisuke Takahashi advises multinational enterprises on global legal compliance and sustainability including supply chain due diligence. As the Vice Chair of CSR Project Team at Japan Federation of Bar Associations (JFBA), he contributed to drafting JFBA's Guidance on Human Rights Due Diligence and ESG

Risk Management Guidance.

He also served as a member of Working Group on the National Action Plan on Business and Human Rights (BHR), which was published by the Japanese Government in October 2020. Daisuke serves also as the Vice Chair of BHR Committee at International Bar Association; Steering Committee Officer of BHR Lawyers Network Japan; and Consultant for OECD Centre for Responsible Business Conduct.

### Ryusuke Tanaka



Programme Officer, ILO Office for Japan

Ryusuke Tanaka is the Programme Officer at the International Labour Organization, Office for Japan. In that capacity, he assumes the role of contact point for tripartite constituents in Japan and has engaged in activities related to international labour standards particularly in the context of business and human rights. He is also in charge of projects concerning global supply chains

and CSR/RBC. Member of the Working Group on the National Action Plan on Business and Human Rights, Japan Ministry of Foreign Affairs.

Previously, Ryusuke was an attorney at law practicing labour/employment law in domestic and international law firms. He studied Law at the New York University School of Law (LL.M), and Keio University (LL.B. in Political Science)

## Dialogue

# Advancing Sustainability through Purpose-driven Management

As part of revising the NEC Way in April 2020, NEC defined its “Purpose.” In addition, NEC has placed this Purpose at the core of a new plan announced in the current fiscal year, the Mid-term Management Plan 2025. The new plan sets out a vision of society in the form of the NEC 2030VISION, which we aim to realize by implementing initiatives in accordance with our Purpose. Further, as part of financial strategies, the plan calls for the strengthening of non-financial ESG (environmental, social, and governance) foundations that support the sustainable growth of both companies and society.

At the beginning of this dialogue, Mr. Arai informed us about the latest trends in global sustainable investment. In the discussion, the experts provided us with a range of considered opinions on the advancement of Purpose-driven Management. These included the significance of managing not only the financial impacts but also the social and environmental impacts created by businesses as well as the importance of addressing such human rights issues as AI (artificial intelligence) and human rights specifically, which is one of the non-financial materiality that we should give more attention.

Note: The following dialogue was held online.

## NEC Needs Unique Indicators to Manage the Progress of Purpose-driven Management

**Shimizu** First of all, with reference to NEC’s activities in the past three years, I’d like to hear your opinions about the significance of managing the progress of Purpose-driven management, not only from a financial viewpoint but also regarding the social and environmental impacts. Also, how should we shape our management so that it incorporates non-financial ESG perspectives?

**Pedersen** NEC’s challenge going forward is to transform its purpose and vision into concrete corporate value. **Issues that were until now classified as non-financial are sure to also become financial issues in the future.** The world is developing so rapidly that what we put forward now may not be valid in 2025. NEC will need to keep upgrading its mid-term management plan on a rolling basis. Given future demographic and consumption trends, it is obvious that in executing operations the integration of environmental perspectives will be essential.

In addition, it is only through high motivation and engagement that NEC can expect bottom-up innovation to occur, and here it is important to note that sustainability plays a key roles as a motivator. **I believe that the effectiveness of the new mid-term management plan will be enhanced if NEC can link digital transformation**



**Peter David Pedersen**  
Co-Founder, Next Leaders’ Initiative for Sustainability (NELIS)

**(DX) to the broader sustainability transformation (SX) that the world is in need of.**

**Furuya** NEC’s movement in the direction of Purpose-driven Management and management of progress based on impact is laudable. For example, **how about establishing as indicators initiatives unique to NEC’s core business** that are not found in other companies, such as contributions to the environment and society through the use of digital technology and initiatives for data governance and privacy governance? And, rather than setting out a vision of the future with its own businesses as a starting point, I would like to see NEC set goals that reflect the current global situation, in other words, goals for achieving a circular economy and carbon neutrality. I would then like NEC to establish indicators that show how businesses should pursue and contribute to these goals. I think that coming up with innovative ways of presenting indicators will help investors and citizens see the distinctive nature of NEC’s initiatives.

**Arai** In advancing Purpose-driven Management, I believe managing progress in relation to the social and environmental impacts created by businesses is important. Regarding the realization of NEC’s Purpose and vision, presenting the goals that have been set and the initiatives that are being taken as well as showing **the degree of achievement each year would make NEC’s direction more readily understandable to investors.**

**Matsukura** To realize the new mid-term management plan, I would like to keep it up to date with the changes in society and the market, as well as instill an understanding of the plan among employees. These are essential measures. In particular, I think in-house communication is extremely important, and we will ensure that the new mid-term management plan cascades down to all levels of our in-house organization. In this way, we hope that employees will internalize the plan, and that this will lead to further advances.

**Fujikawa** I am sure employee engagement will be enhanced if they can feel that their activities are leading to the Purpose through the realization of the NEC 2030VISION and the creation of social value. To visualize the relation between employees’ mindsets and our Purpose, I would like to explore what connects our business to environmental or social issues.

**Arai** It is important to ensure that employees thoroughly understand NEC’s direction. To this end, I believe the Purpose is essential. NEC should explain its Purpose to employees and then have them identify what they can do in frontline operations and set goals accordingly. Progress toward these goals should be measured so that they are achieved. In this way, the Purpose will become embedded in day-to-day operations.



**Osamu Fujikawa**  
Executive Vice President and CFO  
NEC



**Yukiko Furuya**  
Executive Director,  
CSO Network Japan



**Hajime Matsukura**  
Executive Vice President and CHRO and Member of the Board  
NEC

**Shimizu** During the process of considering the NEC 2030VISION, executives, business managers, and junior employees discussed what value linking the Purpose to our businesses would have and what kind of impact this would have on society.

**Arai** That is a good initiative. Therefore, I hope you continue such discussions and include even more employees in them.

**Pedersen** The junction between the Purpose, the NEC 2030VISION, and the new mid-term management plan is a value creation field, and an innovation journey will connect them. By analyzing mega-trends and thinking about what society will need in the future while considering the kind of contributions ICT can make, NEC will increase the possibilities for value creation.

## Creating Systems for the Detection of New Global Trends

**Furuya** NEC is proceeding with careful and deliberate consideration of human rights issues, including AI and human rights. The policy of seeking equality of outcomes, which means that those in vulnerable positions are not left behind, is distinctive and progressive. Until now, risks have been viewed from the perspective of privacy. Going forward, however, risks will emerge in different regards, such as the labour conditions and human rights of workers. For this reason, it is important to create a system that flags new risks, too.

**Arai** New ways of thinking about human rights are emerging. So that it can move forward and address these new ideas, NEC needs to enhance in-house knowledge.

**Pedersen** Issues such as AI and human rights are at the very center of ESG materiality for NEC. Given that Japan tends to lag behind on innovative action in these areas, I would recommend that NEC partners with progressive global research institutions in order to quickly incorporate global trends. This will be key to being seen as a progressive and trustworthy company by investors and other stakeholders.



**Masaru Arai**  
Chair,  
Japan Sustainable Investment Forum (JSIF)

## Strengthening the Sustainability Advancement System

**Shimizu** In April 2021, NEC established the Sustainability Promotion Division as an addition to NEC’s corporate planning functions because the implementation of Purpose-driven Management has increased the importance of further integrating sustainability initiatives into business management. We will use the insights received during today’s discussion as guidelines for the activities of the new division. At the same time, we would like to deepen in-house discussions and provide social and environmental value that resonates both with our employees and with our external stakeholders.

Note: CFO (Chief Financial Officer)  
CHRO (Chief Human Resources Officer)  
CSO (Chief Supply Chain Officer)



**Shigeki Shimizu**  
Senior Vice President, CSO,  
and General Manager  
Sustainability Promotion Division  
NEC

# Respecting Human Rights

## Policy

As a company that operates businesses globally, NEC is committed to reducing and preventing any negative impacts its corporate activities may have on the human rights of its stakeholders. Also, by making use of ICT, including social implementation of AI and utilization of biometrics and other data (hereinafter referred to as “AI utilization”), we believe that we can provide the social values of safety, security, fairness, and efficiency.

The NEC Way’s Principles, which express the behavior that we value as a company, stipulate “Uncompromising Integrity and Respect for Human Rights,” while the NEC Group Code of Conduct governs the individual conduct of everyone from executives to employees by clearly requiring respect for human rights in all situations.

In addition, NEC has specified “Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)” as a priority management theme from an ESG perspective—materiality. As such, in addition to compliance with laws and regulations, NEC also plans to develop and supply products and services that are responsive to the different privacy needs of various countries and regions due to cultural perspectives and that are sensitive to human rights issues, such as discrimination. Through these means, NEC will strive not only to minimize adverse impacts on society but also to maximize social value.



NEC upholds the United Nations’ International Bill of Human Rights,<sup>\*1</sup> the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the 10 principles of the UN Global Compact (UNGC)<sup>\*2</sup>. The Company also seeks to improve its initiatives across all Group companies for respecting human rights by taking into account trends in international standards and laws, such as the UN’s Guiding Principles on Business and Human Rights (UNGPs), the Sustainable Development Goals (SDGs), the EU General Data Protection Regulation (GDPR), and modern slavery acts. In cases where local domestic laws and regulations are not compatible with internationally recognized human rights, we seek resolutions that enable international human rights principles to be respected.

In promoting respect for human rights, we have set out the policy below, which is based on the NEC Way. Moreover, we share the NEC

Way’s philosophy with our business partners and require them to pursue corporate activities in a manner consistent with respect for human rights as defined by our “Guidelines for Responsible Business Conduct in Supply Chains.”

<sup>\*1</sup> This refers collectively to the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights that were adopted by the UN General Assembly.

<sup>\*2</sup> NEC has been a member since 2005. The 10 principles of the UNGC are based on global agreements such as the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and cover the protection, maintenance, and respect of human rights, the eradication of forced labour, and the prohibition of child labour.

 Guidelines for Responsible Business Conduct in Supply Chains  
 Supply Chain Management

### ● NEC Group Human Rights Policy


In 2015, NEC declared that it would advance initiatives to promote respect for human rights across its entire value chain through dialogue and consultation with its stakeholders and by implementing human rights due diligence.<sup>\*3</sup>

### Respect for the Rights of Children

NEC endorses the rights of children as set forth in the United Nations Convention on the Rights of the Child and the Children’s Rights and Business Principles.<sup>\*4</sup> In accordance with the NEC Group Human Rights Policy and in-house Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labour from the Company and its supply chains and promotes business activities and corporate citizenship activities that are based on consideration for human rights—including those of children.


<sup>\*3</sup> The process that includes the assessment of risks and identification of issues caused by the Company’s business operations that have negative impacts on human rights, the response to these identified issues (their integration into management), the monitoring of the results, and the reporting of initiatives.

<sup>\*4</sup> Established by UNICEF, the UNGC, and Save the Children in 2012

 NEC Group Human Rights Policy

### ● NEC Group AI and Human Rights Principles

In 2019, we announced guidelines that call for respect for human rights as the highest priority in each and every stage of our business operations in relation to social implementation of AI utilization and which enable the implementation of action accordingly.

 NEC Group AI and Human Rights Principles  
 AI and Human Rights

### ● NEC Privacy Policy

NEC implements and upholds stipulations stating that personal information must be handled in conformance with Japan’s “Act on the Protection of Personal Information” and “JIS Q 15001 (Personal information protection management systems—requirements),” the Japanese industrial standard for safe and appropriate management of personal information handled by corporations and other organizations in the course of their operations.

 NEC Privacy Policy  
 Personal Information Protection and Privacy

## Promotion Framework

### ● Human Rights Promotion Committee

In 1997, NEC established the Corporate Human Rights Promotion Committee and the Business Unit Human Rights Promotion Committee, which are chaired by the chief human resources officer. The committees discuss, establish, and implement basic activities and promote in-house training for human rights awareness, such as elimination of discrimination and prevention of harassment. These activities are also being promoted throughout the NEC Group by establishing similar frameworks mainly at Japanese consolidated subsidiaries.

## ● Promoting Human Rights Due Diligence

We promote human rights due diligence in accordance with the UNGPs, with the Sustainability Promotion Division serving as the secretariat. The secretariat sets activity targets and KPIs, manages progress, conducts transparent disclosure, and submits timely reports to the Board of Directors.

NEC's senior executives are appointed to Board of Directors at the head offices of international subsidiaries, and it is confirmed that human resource and employment policies are being complied with as important matters relating to business management. In addition, through reporting lines from the human resources manager of each local subsidiary to the human resources manager of the head office, policies and other important matters are communicated, the status of each company is reported, and improvements are made as appropriate.

For example, NEC Europe Ltd. regularly has a third party check whether the human resources and labour management, procurement, and other operational processes of subsidiaries and business partners in the Europe, the Middle East, and Africa (EMEA) region comply with international standards. The results are then reported to NEC Europe's Board of Directors, and corrective actions are taken as necessary.

Further, NEC Europe has confirmed that the human rights-related policies of Group companies in the EMEA region cover the following items.

- Freedom of workers to terminate employment
- Freedom of movement
- Freedom of association
- Prohibition of any threat of violence, harassment, and intimidation
- Prohibition of the use of worker-paid recruitment fees
- Prohibition of compulsory overtime
- Prohibition of child labour
- Prohibition of discrimination
- Prohibition of the confiscation of workers' original identification documents
- Provision of access to remedy, compensation, and justice for victims of modern slavery

## ● Complaints-handling Mechanism

NEC has set up contact points to receive inquiries and consultations on human rights from stakeholders in order to reduce and prevent negative impacts on human rights caused by its corporate activities, and to reinforce initiatives to promote respect for human rights.

NEC has established a complaints-handling mechanism to enable it to respond swiftly and sincerely and make improvements to any human rights violations. This mechanism is for a wide range of stakeholders, including NEC Group employees, as well as irregular employees, business partners, customers, and local communities.

### Human Rights Hotline (for employees)

In Japan, the Human Rights Hotline has been set up at the Human Resources Division of each business site and area and within each business unit, to provide consultation desks for consultations about human rights to employees, including temporary workers, through telephone and/or email. In April 2020, we also added a consultation desk for consultations in English so that non-Japanese employees can readily consult with us. With respect to each consultation desk, a system has been set in place to protect the privacy and avoid any disadvantageous treatment of employees who may use the hotline.

If a human rights violation is confirmed as a result of a consultation with the Human Rights Hotline, the Human Resources Division and related divisions work together to resolve the issue and to prevent any further violation.

We are advancing the development of a culture conducive to speaking out.

As part of these efforts, in October 2020 we also established a consultation desk that facilitates anonymous consultations via a third-party organization.

### Compliance Hotline (for business partners)

NEC receives inquiries and consultations on human rights from suppliers through the Compliance Hotline.

 Compliance Hotline (for business partners)

### Customer Communications Center (for customers and local residents)

NEC receives inquiries and consultations on human rights from customers and residents of local communities through the Customer Communications Center.

 NEC Customer Communications Center

## Measures and Main Fiscal 2021 Activities

### ● Human Rights Impact Evaluation

To heighten the effectiveness of its human rights due diligence, the Company revises its human rights impact evaluation as required. In fiscal 2019, we worked with Ernst & Young ShinNihon LLC to conduct a quantitative human rights impact evaluation of the main businesses of NEC Corporation and its consolidated subsidiaries in conformance with the UNGPs.

In fiscal 2020, based on the results of the aforementioned evaluation, the Company utilized the human rights risk data of the international NPO Business for Social Responsibility (BSR) to compile a list of NEC's human rights issues. From this list, the following particularly conspicuous human rights issues were identified and reported to the Board of Directors in fiscal 2021.

- New technology and human rights (AI and human rights)
- Labour in supply chains
- Employee safety and health


In fiscal 2021, from a third-party standpoint and with a focus on business divisions, BSR confirmed the specific details of the business activities and management systems of 22 divisions as well as the issues they face in frontline operations and updated the list of human rights issues to better reflect actual situations.

### List of Human Rights Issues

- General issues: Access to aid and climate change
- Issues related to customers and local communities: Privacy and data protection, right to life and safety, non-discrimination and freedom of movement, speech, expression, and assembly, children's rights, and product quality and safety
- Issues related to the supply chain: Supplier labour standards, forced labour and modern slavery, child labour, procurement of materials from conflict zones and high-risk areas, risks of business partners related to geopolitics, conflicts, and human rights governance, environmental impact, fair business practices, and anti-corruption
- Issues related to employees: Working environment, health and safety, non-discrimination and equal opportunity, privacy and information security, diversity, and equity and inclusion



In addition, we held dialogues among external stakeholders (international NPOs, international institutions, and legal experts), NEC Corporation officers, and managers of relevant divisions.

 **Working toward Robust and Resilient Human Rights Due Diligence throughout Supply Chains**

**● Human Rights Due Diligence Initiatives throughout Value Chains**

We check human rights-focused measures in procurement activities and at the planning stages of products and services. Also, we ensure that business managers are informed about our guide on human rights-related considerations. Further, we have established a consultation desk that is managed by a department specializing in biometrics and image analysis. In export control, we confirm the intended use of products and services prior to transactions as well as checking customers with reference to the sanctions lists of the United Nations and countries. The sanctions lists of countries include organizations and individuals that are subject to human rights-related sanctions, such as those set forth in the U.S. Department of the Treasury’s Office of Foreign Assets Control sanctions list.

Further, the Company has established a system whereby, if an inquiry is received in relation to a transaction involving an organization or a customer on the sanctions list of a country, the Company or its international subsidiaries immediately consult with the Export Control Division at the head office.

**● Initiatives across the NEC Group’s Supply Chain**

-  Guidelines for Responsible Business Conduct in Supply Chains
-  **Supply Chain Management**

**● AI and Human Rights Initiatives**

-  NEC Group AI and Human Rights Principles
-  **AI and Human Rights**


**● Initiatives on Personal Information Protection and Privacy**

-  NEC Privacy Policy
-  **Personal Information Protection and Privacy**

**● Responding to the Modern Slavery Acts**

With approval from the Board of Directors, since fiscal 2019 NEC Corporation and NEC Europe have published a declarative statement to the effect that they will report on measures in relation to the United Kingdom’s Modern Slavery Act 2015, which is aimed at preventing slave labour and human trafficking.

Further, in fiscal 2021, based on the approval of the Board of Directors, NEC Australia Pty Ltd also published a declarative statement of its intention to comply with Australia’s Modern Slavery Act 2018.

-  NEC Group Statement for Modern Slavery Acts
-  **Supply Chain Management**

**● Raising the Awareness of Officers and Employees**

NEC provides awareness-raising activities including training with all officers and employees responsible for respecting human rights, in order to deepen their awareness on respecting human rights and promote their understanding of global trends on human rights issues. The Group conducted the activities below in fiscal 2021.

**Awareness-raising Activities at NEC Corporation**

Training to raise human rights awareness

Every year, we conduct training on the theme of “Human Rights and Business” for employees. In fiscal 2021, in addition to this training, we conducted web training on harassment prevention in accordance with the June revision of the Labour Measures Comprehensive Promotion Act (commonly known as the “Power Harassment Prevention Act”).

Number of People Completing Human Rights Awareness-raising Training

	FY2019	FY2020	FY2021
Companywide training*5	20,936	21,150*6	20,592
New employees	441	537	614*7

Scope: NEC Corporation

\*5 Web training for all employees (“Human Rights and Business”) is held every year (attendance required), in principle. This training includes explanations of the NEC Group Human Rights Policy.

\*6 In fiscal 2020, we conducted Companywide web training on Human Rights Issues in the AI and Biometrics Business and Key Points Relating to Compliance in Practice.

\*7 We began conducting this training online in fiscal 2021.

 **Inclusion and Diversity**

For newly appointed department managers

We held training on ways to deal with incidences of bullying and harassment and related issues in the workplace.

For recruitment interviewers

We ensured that everyone had a clear understanding of points to be observed when introducing example cases and answering questions in order to maintain fair hiring decisions and equal opportunity in the workplace. The course was attended by approximately 800 people.

For managers

We conducted a program that deepens understanding of harassment risk from the viewpoint of compliance in relation to labour.

**Awareness-raising Activities at NEC Group Companies**

- We held training on “Harassment and Human Rights” for newly appointed corporate officers of NEC Corporation and its affiliates in Japan, and 61 people attended.

 **Supply Chain Management “Internal Training and Awareness Raising”**

- For the managers of the consultation desks of the Human Rights Hotline who work at NEC Corporation and its affiliates in Japan, we held a “Seminar on Companies and the Latest Trends in Human Rights,” which was conducted by Mr. Ryusuke Tanaka, an ILO Programme Officer .

Mr. Ryusuke Tanaka’s Profile

 **Dialogue and Co-creation with Our Stakeholders**

- Via internal newsletters and its intranet, NEC Europe shares human rights-related information on such matters as activities, know-how, and good examples of initiatives.

**● Participation in Initiatives**

NEC Corporation and NEC Europe participate in the Working Group on Human Rights Due Diligence run by the UNGC Local Network.

In fiscal 2020, we also became a member of BSR, which has a strong record of supporting responses to human rights issues in the global ICT industry. We acquire information on the latest trends and examples from

seminars and study sessions, which inform our activities to improve and enhance initiatives on global human rights issues.

#### ● Status of Grievances

A total of 23 inquiries and consultations in Japanese and English were received by our Human Rights Hotline in 2021. These included issues involving harassment (14 regarding power harassment and four regarding sexual harassment) and other matters (five grievances). Of these issues, there were zero reports regarding forced labour or human trafficking.

Our Compliance Hotline enables employees to submit human rights-related reports in Japanese, English, Spanish, Portuguese, or Chinese to a third-party body.

Internationally, we have established basically the same systems as in Japan. In EMEA, we operate an operational grievance mechanism for all regional subsidiaries to file grievances both internally and externally. Suppliers' concerns on potential human rights breaches can be reported either to an internal responsible business contact line or via an external 24/7 confidential reporting line.

In fiscal 2021, with respect to reports concerning human rights, after taking appropriate measures based on international standards, we had a third party investigate, and we then confirmed resolution.

# Innovation Management

NEC has adopted “Relentless Pursuit of Innovation” as one of its Principles. The word “Innovation” here denotes more than technological innovation; it refers to the creation of social value through contributing to solutions for social issues. NEC provides value to society not only by managing innovation across entire value chains but also by strengthening technological capabilities and commercializing and rolling out products and services.

## Policy

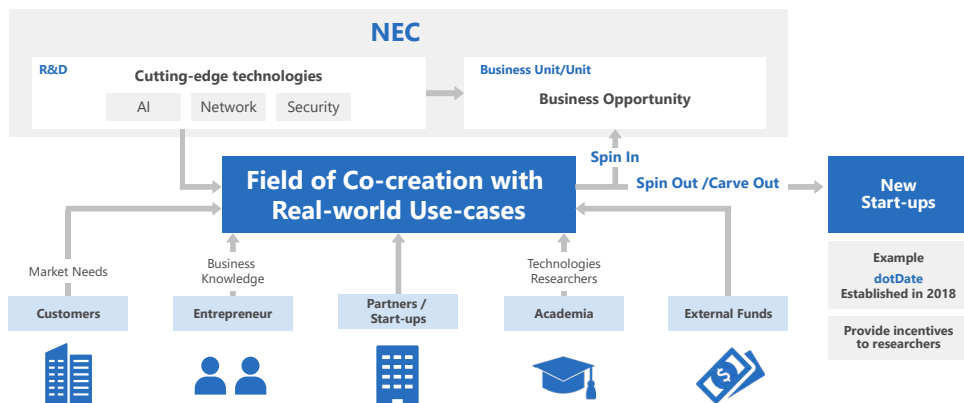
Under the direction of our Chief Technology Officer (CTO), we have formulated a technology strategy for the next stage of growth in social value innovation. We will continuously allocate approximately 4% of our revenue to R&D and make concentrated investments in NEC’s proprietary No. 1/Only 1 core technologies.

Further, we are promoting “ecosystem-oriented R&D” that encourages a fusion of inbound and outbound types of open innovation. We try to attract customers, start-ups, and venture capital companies by exposing our technologies at an early phase to incorporate complementary technologies and funds from them in order to accelerate our R&D activities.

In addition, we will actively promote packaging of common technologies based on R&D results, commercialization of technologies across our conventional business framework, and global open innovation, working to accelerate monetization of competitive technologies.

## Ecosystem-enabled R&D Centered on NEC’s Latest Technologies

Expose NEC’s technologies externally at an early phase, taking in complementary technologies from start-ups and funds from customers/venture capital to accelerate R&D. Open innovation of an Inbound/Outbound fusion type.



## Strategy

We will engage in the following strategies for NEC’s initiatives in technology development and business development, including intellectual property.

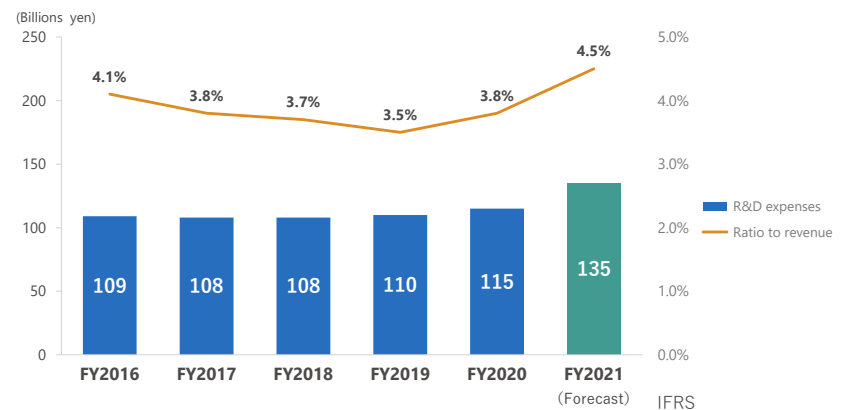
### ● Technology Development Strategy

At NEC Corporation, the CTO is responsible for overall technology development, optimizing development investment Companywide, drawing up an open innovation strategy, and formulating open innovation strategies and process design.

R&D is a source of technological development. NEC’s basic approach to R&D is to deliver value to society as quickly as possible by identifying the best solutions it should create for social issues presented in the SDGs and other guidelines, then efficiently and rapidly aligning the necessary technology assets to realize them. These technology assets include NEC’s No. 1/Only 1 core technologies that have been refined to a high level based on technology trends, as well as outstanding technologies actively incorporated from outside through open innovation.

We have set our investment in R&D at approximately 4% of revenue. To ensure that these investments are used effectively and efficiently, we are investing also in collaborations with external research institutions, in addition to concentrated investments in key business areas. In fiscal 2021, R&D expenses were 3.8% of revenue.

## R&D Expenses



Scope: The NEC Group

### 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 building strength in these areas will improve our competitive edge in delivering solutions for society.

In the data science field, we are working on AI and advanced real-world recognition that harmoniously assist humans in making complex decisions. At the same time, by predicting the future of increasingly multifaceted, fluid social systems, we are contributing to the DX of social systems as a whole. Further, we will move forward with R&D on common data infrastructure that ensures the safe, secure distribution of data.

In the ICT platform field, our R&D is focusing on creating innovative network technologies and sensor and computing technologies that have the remote capabilities and immediacy, robustness, and dynamism needed for further introducing DX in the computing and networking area as well as the security area.

Moreover, as part of our concentrated investment in strong technology areas, we will continue to strengthen “NEC the WISE” as a cutting-edge AI technology brand, along with our Bio-IDiom brand for biometric authentication products.

“NEC the WISE” expresses our determination to address prominent and complex social issues by combining the many AI technologies of which NEC is proud.

The brand name “NEC the WISE” was derived from likening the many AI technologies that NEC boasts to “wise people.” The name expresses our hope that humans will be able to work seamlessly with various AI technologies, or “wise people,” and use the resulting next-level insights to help resolve increasingly complex social issues.

NEC has six biometric authentication technologies. In addition to world-leading face recognition, fingerprint and palmprint recognition, and iris recognition, we offer finger vein recognition, voice recognition, and ear acoustic recognition. All of our biometric authentication products are marketed under the Bio-IDiom brand. Moreover, one of NEC’s advantages is multimodal authentication—combining multiple biometric authentication technologies to achieve higher accuracy and greater convenience in personal authentication.

We take pride in our ability to provide completely new social value and user experiences by combining these AI, video analytic, and biometric

authentication technologies. NEC will continue to invest intensively in world-leading biometric authentication and AI technologies.

- Trustworthy AI That Works in Tandem with People to Maximize Their Capabilities “NEC the WISE” Solutions and Services
- Biometric Authentication: Products & Solutions

### ● Standardization Strategy

To increase business opportunities, NEC strategically engages in standardization activities that help make society more receptive to advanced technologies such as AI. In addition, we are reinforcing businesses by strengthening and utilizing standardization-related patents.

### ● Intellectual Property Strategy

At NEC Corporation, because intellectual property is regarded as an essential business resource supporting our Group’s competitiveness and stability, as well as for contributing to co-creation with our customers, we strive to strengthen and protect not only our patents and know-how but also the designs and trademarks that support our global brand.

To create and develop social value, we are not only building intellectual property-based barriers to entry and securing competitive advantage but also building and using our intellectual property portfolio to strengthen and protect collaborations with customers and partners.

We own some 46,000 patents worldwide (including approximately 21,000 Japanese patents) as of March 2021.

### ● Business Development Strategy

We are promoting a transition into new business models that transcend existing business frameworks and the development of business from NEC’s core technologies.

We will realize significant social value and sustained growth through business development that establishes and implements new business models by taking social issues, in-house core technologies, or leading-edge business models as starting points, formulating hypotheses on issues, and then verifying the hypotheses through practical field testing.

Among these activities, NEC not only establishes businesses in-house but also promotes business development activities through various schemes, including joint ventures, spin-outs, and carve-outs.

### Business Models Driven by Social Issues

NEC will collaborate with internal and external stakeholders to gain insights into such long-term megatrends as the SDGs. We will then apply future casting to generate hypotheses on the business fields that we should tackle, a process that we refer to as “Designs of the Future.” Lastly, we will reconfigure in-house assets and incorporate external assets in an endeavor to create businesses of the future.

### Business Models Driven by In-house Core Technologies

In fields where new business models have yet to be established, NEC will use technologies that offer it opportunities to realize its core competence. Based on such technologies, and by adopting approaches to business development that are unconstrained by conventional in-house practices, we will rapidly create new businesses that have significant social value and which will become future mainstays.

### Introduction of Leading-edge Business Models

Focusing on issues for which our existing portfolio does not provide customers with sufficient value, we will augment our portfolio by incorporating leading-edge business models created by venture companies. Furthermore, we will use these new business models to drive reform in our own business models.

In October 2020, NEC and Vista Equity Partners (Vista) jointly established SaaSpresto Ltd., which is developing a software as a service (SaaS) business for Japan’s market. Vista’s private equity portfolio includes more than 60 software companies, mainly in the United States, which provide SaaS technology products and solutions to more than 200 million users worldwide.

SaaSpresto was established as one of NEC’s DX initiatives. Aiming to help even more customers accelerate their DX, we are using the SaaS format to roll out the wide range of proven, high-quality cloud computing services—both industry-specific (vertical) and non-industry-specific (horizontal)—offered by Vista’s companies. In addition, we will help solve customers’ future issues by drawing on expertise in the United States and many other countries to provide services in anticipation of customer needs that have yet to become apparent in Japan.

- NEC and Vista Equity Partners establish a joint venture and strategic partnership to aid digital transformation of businesses in Japan.

● **Social Value Design® from the Perspective of Individuals and Society**

To create new social value, we need to illustrate what society should be in the future, for example, by creating a city vision from the corporate, government, and community points of view. To address these needs, it is imperative to find ways to increase the value of systems and services from a social perspective in addition to individual points of view. NEC has incorporated this way of thinking based on “Social Value Design” into the planning and development of new products and services and is thereby creating innovation.

**Implementation Framework**

NEC has created a CTO position to establish a Companywide perspective in its effort to optimize development investment Companywide, and link its corporate strategy with the planning of collaboration strategies with others. The CTO has overseen the establishment of a technology development promotion framework for examining and promoting technology development strategies in cooperation with business units and the Central Research Laboratories.

NEC is accelerating value creation and new business development. As part of these efforts, in April 2021 we integrated the R&D Unit and the Business Innovation Unit to establish the Global Innovation Unit. By integrating the R&D and engineering capabilities of the former R&D Unit with the business development capabilities of the former Business Innovation Unit, we are further accelerating the commercialization of technologies and promoting the creation of synergies through the lateral deployment of core infrastructure technologies.

In addition, NEC is accelerating R&D by deploying technologies outside the Company earlier and involving 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 formation of a consortium of six companies from different industries to establish BIRD INITIATIVE, Inc., which is increasing the pace of new business creation through R&D based on co-creation.

Also, through collaboration with other units, the Global Innovation Unit is accelerating the establishment of businesses that capitalize on our core technologies to create social value.

✍️ Formation of a consortium of six companies from different industries to establish BIRD INITIATIVE, Inc., which is increasing the pace of new business creation through R&D based on co-creation

● **The Global Innovation Unit—Forming Unprecedented New Combinations That Drive Social Change—**

The Global Innovation Unit is uniting R&D and business development activities to develop innovative businesses. By thinking outside the box and combining diverse expertise in new ways, the unit is creating new social value globally.

Also, our ongoing efforts to offer this new social value is advancing social implementation of trailblazing technologies and fostering a shared vision of the future.

**R&D Bases Tasked with Creating Social Value Globally**

With a view to leveraging the merits of a global network of bases to create No. 1/Only 1 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, as shown in the chart below.

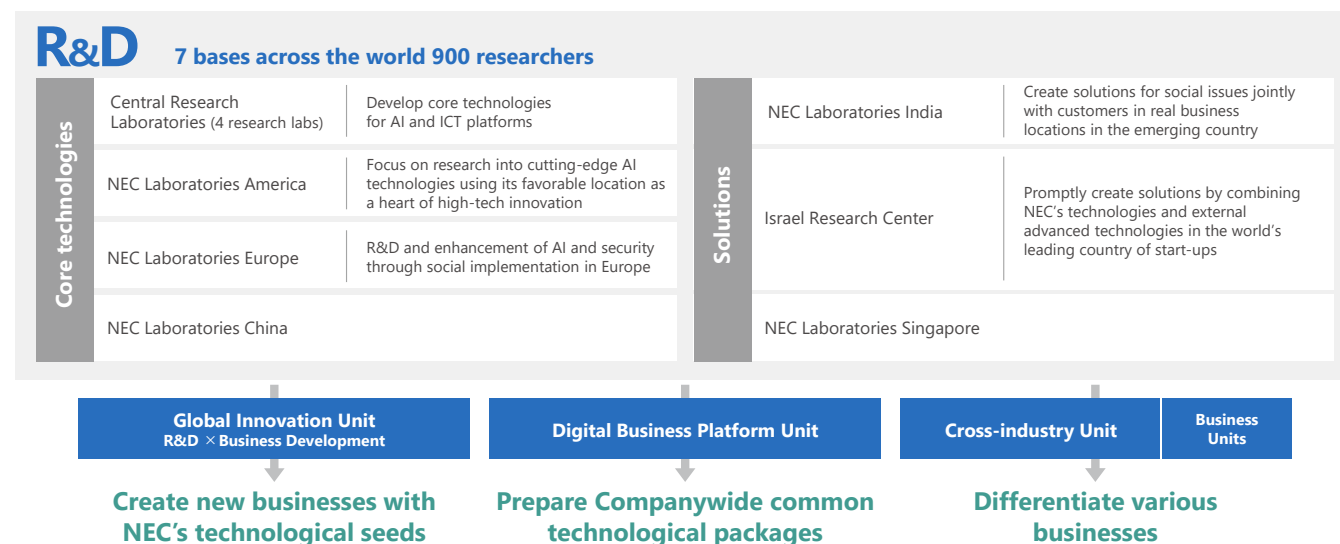
**Intellectual Property Management Division: Strengthening NEC’s Intellectual Property Capability**

With our sights set on global business expansion, we have established intellectual property centers in North America, Europe, and China, which focus efforts on building our intellectual property portfolio. Moreover, for its social solutions businesses, NEC is implementing Groupwide projects focused on strategic patents to acquire strong, utilizable patents. With these patents as a core, we will establish a comprehensive IP portfolio that encompasses all of our businesses. In terms of strengthening and protecting our global brand, we are ensuring the proper communication of our corporate brand statement and the protection of rights.

**Human Resource Development and Training**

In promoting innovation management, we consider human resources to be the source of innovation.

NEC is working to attract leading researchers by providing ample opportunities for active roles and remuneration. In 2015, we introduced the post of research fellow, which has no upper limit on compensation. In 2019, we introduced the Selective Compensation Program for Professional Researchers, with no upper limit on compensation for non-managerial employees, in our effort to acquire and develop top-level R&D talent.





In addition, as our focus shifts from manufacturing to the creation of intangible value, we are actively working to develop personnel who can use NEC Corporation's core technologies to create new businesses.

In April 2020, certain personnel with high levels of expert knowledge and ability in certain fields outside of technology and research, and who contribute to the Company's business by demonstrating the ability to make an impact in and outside the Company, were appointed to a new officer class professional position—"corporate executive."

#### ● Developing Human Resources Who Can Use Core Technologies to Create Social Value

To create social solutions businesses, we need to cultivate and strengthen researchers who not only have specific core technology expertise but also possess broad and diverse domain knowledge as well as a business mindset. To broaden our scope on the creation of new value, we are working on strengthening the development of global human resources, bolstering efforts to hire domain specialists, and developing leaders who are equipped with the business acumen to drive business forward. Aiming to strengthen our human resources tasked with tackling advanced global issues, we are implementing measures to raise the percentage of researchers with global business experience to 70%.

In the creation of social solutions businesses, it is also necessary to have not only specialist knowledge of specific technologies but also wide-ranging knowledge of the social issue domains where these technologies will provide value to society. We are therefore also strengthening and accelerating our mid-career recruitment programs.

We are also endeavoring to accelerate the realization of social solutions businesses by strengthening the ability of our in-house human resources to promote business development through the exchange of personnel between our business and research divisions. In particular, in AI technologies and security technologies we conduct training of human resources by top engineers and nurture project leaders and technology architects through personnel exchange in order to strengthen business development capabilities. By integrating technological and social viewpoints through the introduction of the new Global Innovation Unit in fiscal 2022, we have adopted an organizational structure that facilitates and expedites business incubation.

At the same time, NEC is working to develop human resources who will lead the commercialization of core technologies. In fiscal 2018, we established the role of "business designer" to create new businesses and

support their acceleration. We also established the Business Designer HRM (Human Resource Management) Promotion Committee made up of general managers of divisions responsible for business development of the Global Innovation Unit and each business unit. The committee defines the skill set of a business designer and establishes training systems, as well as formulating measures for rotation and expert specialist qualifications. By implementing and improving these measures, NEC Corporation will develop human resources who will bolster its business development capabilities.

#### ● Human Resource Development Aimed at Strengthening Core Technologies and Enhancing Diversity

To reinforce our researchers in key areas, we have been working at the Central Research Laboratories to further bolster the research teams working in the fields of data science, security, biometrics, and networks. Our international research laboratories are actively recruiting top local talent while our research labs in Japan are continuing to step up recruitment of doctoral degree holders.

In fiscal 2022, we will continue with our policy of hiring applicants with PhDs at around 50% of new hires, and we will be recruiting more graduates from leading international graduate schools such as the Indian Institute of Technology. As a result of these policies, 20%–30% of our new recruits have comprised "global human resources" over the past few years.

We are also instituting organizational reforms that will facilitate major innovations by engaging in multifaceted and mutually respectful discussions with specialists in a wide range of fields, regardless of their gender or nationality.

For example, for Japanese researchers, we are promoting a shift to global human resources by using training programs inside and outside NEC, such as assignment to U.S. graduate schools to undertake research and work-study programs and training abroad in emerging countries in cooperation with NPOs. We are also strengthening recruitment not only in information science but also in the physical sciences, which provide excellent training in the proper processing and use of data. Likewise, we are also strengthening recruitment of diverse talent in the humanities, law, and other fields to realize solutions to issues based on cooperation between humans and AI.

## Open Innovation

To expand the scope of value for social value creation, we are actively promoting open innovation with research institutions around the world, as well as commercialization partners, start-ups, and others. By promoting collaboration with external partners and specialist institutions, we envisage the development of the technologies needed for new businesses that are difficult for NEC Corporation to develop alone, as well as our vision for the future, and then backcast from there to study the key business areas in the next generation.

- ✍ NEC releases "WISE VISION Endoscopy" in Europe and Japan
- ✍ NEC and D-Wave Begin Joint Quantum Product Development, Marketing and Sales
- ✍ NEC, NICT, and ZenmuTech use quantum cryptography to encrypt, transmit, and back up electronic medical records

## Measures and Main Fiscal 2021 Activities

#### ● Major Research Achievements for No. 1/Only 1 Core Technologies

- ✍ NEC face recognition engine provides highly accurate results even when face masks are worn
- ✍ NEC develops touchless, multimodal biometric authentication terminal with the world's highest level of precision
- ✍ NEC publishes design blueprints for SARS-CoV-2 vaccines using its Artificial Intelligence technology

#### ● Results of Intellectual Property Activities

NEC participates in various patent pools and is building a system to provide its patents to industries in a form that is easier to use.

For details of the results of NEC's intellectual property activities, please refer to the following.

- 🌐 NEC Receives the Top 100 Global Innovator Award for a 10th Consecutive Year from Clarivate Analytics (Formerly Thomson Reuters) (Clarivate Analytics website)

# Dialogue and Co-creation with Our Diverse Stakeholders

Values are constantly changing for our customers and society. 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” stated in our Purpose, “Orchestrating a brighter world” within the NEC Way. The following are examples of the main dialogue and co-creation that we conducted in fiscal 2021.



Pro bono support for the  
Tsunagaru Marché of  
Kawasaki City Citizen Activity Center

	Themes and Objectives	Communication Method	Reference	
<b>Customers</b>	<ul style="list-style-type: none"> <li>Contribution to resolving social issues through business activities</li> <li>CS activities aligned to customer characteristics</li> <li>Disclosure of appropriate information about products and services</li> </ul>	<ul style="list-style-type: none"> <li>CS activities</li> <li>Advertising, PR</li> <li>Holding of NEC Visionary Week</li> </ul>	<ul style="list-style-type: none"> <li>Sales activities</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Implementation Examples</li> <li>CS (Customer Satisfaction) Initiatives (P.78)</li> <li>Advertising and PR</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Timely, appropriate provision of information</li> <li>Promotion of understanding of the Company, acquisition of feedback from capital markets</li> <li>ESG activity reports and exchanges of opinions</li> </ul>	<ul style="list-style-type: none"> <li>Financial results presentation meeting (quarterly)</li> <li>IR events</li> <li>IR tools (integrated report, business report, etc.)</li> <li>Briefing on ESG</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders (annually)</li> <li>Individual meetings with analysts</li> <li>Stakeholder dialogues</li> </ul>	<ul style="list-style-type: none"> <li>Financial Documents</li> <li>Briefing on ESG</li> <li>Dialogue and Co-creation with Our Stakeholders (P.15)</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>Strengthening of partnerships</li> <li>Construction of better supply chains</li> <li>Fair procurement activities</li> </ul>	<ul style="list-style-type: none"> <li>Partner exchange meetings</li> <li>Document reviews</li> <li>Declaration of commitment to Guidelines for Responsible Business Conduct in Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>Policy briefings</li> <li>Supplier Visit Records (SVRs)*</li> <li>Compliance Hotline</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management (P.92-95)</li> <li>Respecting Human Rights (P.17-20)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Understanding the status of employee engagement</li> <li>Exchange of opinions between employees and management</li> <li>Human resource development and evaluation</li> <li>Promoting appropriate treatment and occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>One NEC Survey (annual)</li> <li>Holding of the NEC Way Day</li> <li>One-on-one meetings between supervisors and team members</li> <li>Labour-management councils</li> </ul>	<ul style="list-style-type: none"> <li>Pulse Survey (every three months)</li> <li>Workshops for instilling the NEC Way</li> <li>Health and safety committees</li> </ul>	<ul style="list-style-type: none"> <li>Creating a Diverse Workstyle Environment (P.61-63)</li> <li>Health and Safety (P.64-67)</li> </ul>
<b>United Nations and international institutions, national and local governments</b>	<ul style="list-style-type: none"> <li>Sustainable growth of society and companies</li> <li>Sustainable development of international society and contribution to the SDGs</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Participation in global initiatives for strengthening sustainability UNGC signatory, joined international NPO BSR, joined RE100, participated in various working groups)</li> <li>Public-private sector collaboration projects</li> </ul>	<ul style="list-style-type: none"> <li>Policy declaration</li> </ul>	<ul style="list-style-type: none"> <li>Message from the President and CEO (P.2)</li> <li>NEC Environmental Targets 2030 (P.30)</li> <li>NEC actions to achieve the SDGs</li> <li>Co-creation Activities with International Organizations</li> </ul>
<b>NPOs and NGOs, Civil Society</b>	<ul style="list-style-type: none"> <li>Understanding feedback from society</li> <li>Co-existence with local communities</li> <li>Development of young social entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> <li>NEC Social Entrepreneurship School</li> </ul>	<ul style="list-style-type: none"> <li>NEC Make-a-Difference Drive corporate citizenship activity</li> <li>NEC Pro Bono Initiative</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue and Co-creation with Our Stakeholders (P.15)</li> <li>Cooperation with Local Communities (P.79-80)</li> </ul>
<b>Students</b>	<ul style="list-style-type: none"> <li>Understanding feedback from society</li> <li>Supporting the learning of the next generation</li> </ul>	<ul style="list-style-type: none"> <li>Consultation</li> <li>e-Net-Caravan</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>NEC Recruiting Site (in Japanese only)</li> <li>Inclusion and Diversity (P.53-57)</li> </ul>

\* Efforts to inspect sustainable procurement requirements and accumulate records during daily visits to procurement partners



# Environment

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## Dialogue

# What Should NEC Do to “Create Businesses That Contribute to the Environment”?

Due to recent significant changes in environmental policies and investment, we hosted a discussion with experts on the measures we should take now to create businesses that benefit the environment.

We received a lot of advice with respect to our activities going forward, covering such topics as the importance of strengthening supply chain risk management; global business development and disclosure; and the incorporation of a sustainable perspective for maintaining and enhancing social and natural capital in businesses. Based on these opinions, we will increase the scope and scale of our initiatives.

## The Future is Now! NEC is on the Move!

Note: The following dialogue was held online.

### “Supply Chain Risk Management” Will be the Key

**Shimizu** NEC has set a new target for 2030 with the aim of achieving zero CO<sub>2</sub> emissions by 2050. The emissions reduction initiatives focused on this target include not only the NEC Group but also its suppliers.



**Toshiyuki Imamura**  
Managing Director, Head of Responsible Investment  
Nomura Asset Management

**Imamura** In Europe, the latest trend is the advancement of discussions on **legislation that would make due diligence mandatory**. Environmental, Social, and Governance (ESG) factors will have to be managed throughout value chains. Initiatives in businesses and disclosure are important, and ESG risks should be monitored throughout value chains.

NEC's supply chain initiatives focused on climate change issues meet the current trend. Understanding and managing entire value chains is necessary. Although such due diligence activities as monitoring the status of suppliers require cost, companies must invest in these activities and, by conducting risk management and checking conditions, build strong relationships with suppliers.

**Kitagawa** For example, the European Union's Battery Directive requires that information on materials, CO<sub>2</sub> emissions, and other items is appropriately

conveyed from upstream operations through to downstream operations of battery supply chains. This directive should improve the “asymmetry of information” in supply chains, which has given upstream operations the upper hand. In this area of legal compliance, I believe that NEC's particular competence in digital technologies can make a contribution.

**Shimizu** In addition to its current initiatives in supply chains, NEC needs to take measures that are even more far-reaching.

Going forward, we would like to provide customers in a wide range of industries with the methods we have learned through our own challenges.

### Grasp Business Opportunities Globally

**Kitagawa** Trends going forward are **decarbonization and dematerialization**. These fields are likely to merge and become as indispensable as the two wheels of a vehicle.

The circular economy is an inclusive concept that primarily entails a **functional economy**, which optimizes and manages the use and functions of goods and services. Until now, business has been about selling goods. From now on, it will be about **selling functions** that save resources and energy and create higher and more sustainable usage value by extending life cycle of products. Realizing these approaches will involve the use of digital technologies in all aspects of society and the economy, including prevention, maintenance, and information management. For NEC, many different business opportunities will emerge.



**Kazunori Kitagawa**  
Head, the Japan Productivity Center's Eco Management Center

On the other hand, there are divergences between global trends and the current situation in Japan. Companies need to recognize and address the current situation on a global basis.

**Imamura** Investments in environmental policies in Europe and the United States, which have already been announced, are an order of magnitude larger than those of Japan. Building strong relationships with overseas suppliers will be useful in acquiring business opportunities. The European Green Deal policy on climate change requires concrete action on the part of companies, meaning they will have to make their activities visible. Being able to respond rapidly by expediting the compilation and dissemination of information is likely to earn favorable evaluations from investors.



**Osamu Fujikawa**  
Executive Vice President and CFO  
NEC

**Fujikawa** In the past few years, although NEC has been exploring business opportunities in relation to the circular economy—an area in which investment is moving forward in Europe and North America—the response from the Japanese market has been lukewarm. We would like to take action in areas in which NEC has not previously been involved, such as the formulation of regulations.

### Sustainable Business Creation Comes from a Sense of Citizenship

**Pedersen** Regarding recent trends in sustainability, the biggest keywords for the 2020s are “Regeneration” and “Restoration.” These keywords appear frequently in international frameworks, policies, and corporate strategies. The actual practice of being a sustainable, or regenerative, corporation will include aiming to create products and services that increase or at least maintain social and natural capital as well as a strong emphasis on care and respect of all stakeholders, both internal and external.



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

For NEC's growth businesses, a sustainable perspective is not only imperative, it may also help improve the competitiveness of the company.

**Fujikawa** When developing business concepts, we need to incorporate this approach and then make things visible and conduct follow-ups to determine whether we are viewing businesses from sustainable perspectives. **I would also like to devise ways of disseminating information that resonate with the market.**

**Kitagawa** In Europe, which is ahead of the curve, the Sustainable Development Goals are sometimes used to appeal to the empowerment to citizens politically rather than the priorities of corporations, and in such cases it consequently leads to the new business development. Sustainability is about creating businesses and services that appeal to citizens.

**Imamura** Plans based on backcasting, such as the European Green Deal, are already underway. At first glance, these tend to be seen as short-term responses, but from an investor's perspective, it is understood that such plans are based on backcasting. In response to the progressive developments in Europe, NEC must consider concrete plans and how it will utilize its technologies and link information dissemination and concrete action.

**Pedersen** The future is now. The world has already begun taking strong action steps toward 2030 and 2050. NEC should grasp these changes and incorporate such strategies as it leverages its competence in digital transformation (DX) to enable broader sustainability transformation (SX).

**Shimizu** The external evaluation of our environmental performance has been improving year by year, but today I have been reminded that the expectations of society and stakeholders are at a higher level. First of all, I would like to make sure that we, as members of the senior management team, properly understand and tackle the issues.



**Shigeki Shimizu**  
Senior Vice President, CSCO, and General Manager  
Sustainability Promotion Division  
NEC

# Achievement of Fiscal 2021 Targets

## NEC Group Environmental Management Action Plan 2020/2030

We are moving forward with initiatives aimed at realizing the NEC Group Environmental Management Action Plan 2020/2030. Formulated in July 2016, the plan sets long-term targets for environment-oriented business management and has climate change countermeasures at its core. Thanks to its concerted efforts, the Group was able to achieve all targets set for the milestone year of fiscal 2021.

The Group contributed to a 26.55 million-ton reduction in CO<sub>2</sub> emissions in society as a whole through increased provision of IT solutions, including the iStorage HS8 series, the UNIVERGE PF series, and the ULTRAFIX logistics solution. In addition, we achieved a 65.0% improvement in the overall energy efficiency of our products thanks to improvements in such products as mobile infrastructure equipment and internet provider network equipment. As for climate change readiness, with preparations for weather-related disasters proceeding throughout society, we were able to provide 23.60 million tons of value in terms of CO<sub>2</sub>\* emissions by providing more emergency communication and safety confirmation systems.

Also, we successfully reduced our own CO<sub>2</sub> emissions intensity by accelerating our measures through the acquisition of Science Based Targets certification, which resulted in a rise in the use of renewable energy that significantly surpassed our target.

\* Based on the upward trend in greenhouse gas (CO<sub>2</sub>, etc.) emissions and the upward trend in the effect of climate change (natural disasters, health hazards, etc.), a correlation is found for each risk, and the magnitude of damage and costs that could potentially be mitigated by the use of ICT is converted into an amount of contribution to the reduction of CO<sub>2</sub> emissions.

### Progress of NEC Group Environmental Management Action Plan 2020/2030

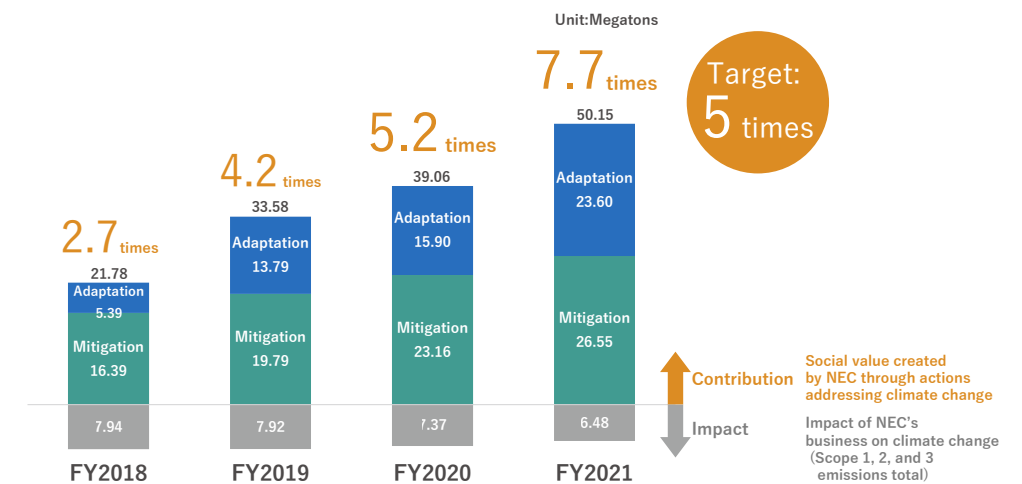
		FY2021 Results	FY2022 Targets	FY2031 Targets
Contribution to "mitigation"	① Reduction in overall CO <sub>2</sub> emissions by society through provision of IT solutions	26.55 megatons	23.00 megatons	50.00 megatons
	② Improvement in product energy efficiency Reduction of total CO <sub>2</sub> emissions when products are used (compared with FY2014)	65.0% improvement	65.0% improvement	80.0% improvement
Contribution of "adaptation"	③ Preparation for the impacts of climate change by providing solutions for society	23.60 megatons (values converted to CO <sub>2</sub> )	Strengthen competitive power of solutions to social issues and expand contribution through business activities	
Reduction of CO <sub>2</sub> emissions from business activities (Scope 1 and 2)	④ Reduction of CO <sub>2</sub> emissions (absolute value) through efficiency of energy use (compared with fiscal 2018)	- 18.0% improvement	- 8.0% improvement	- 33.0% improvement
	⑤ Expansion in the use of renewable energy Amount of electric power used from renewable energy	63,381 MWh	28,600 MWh	-

## The 2020 Climate Change Countermeasure Goals

In July 2014, NEC quantified the social value of its contribution to climate change countermeasures and set a target of contributing to a five-fold reduction in CO<sub>2</sub> emissions relative to the total CO<sub>2</sub> emissions of the Group's supply chains by fiscal 2021. To this end, in fiscal 2021 we not only reduced the environmental footprint (total CO<sub>2</sub> emissions) throughout our supply chains (Scope 1, 2 and 3) but also contributed to mitigation of (reduction of greenhouse gas emissions) and adaptation to (preparation for the impact of) climate change (global warming) through the provision of Solutions for Society in the form of advanced ICT-enabled social infrastructure.

In fiscal 2021, we surpassed our goal by contributing to a 7.7-fold reduction in CO<sub>2</sub> emissions relative to our Scope 1, 2, and 3 CO<sub>2</sub> emissions. We believe that this achievement resulted from our inclusion of concrete targets in the NEC Group Environmental Management Action Plan 2020/2030 and our stepped up efforts to provide solutions that help both in mitigating and adapting to climate change.

### Goals of Climate Change Countermeasures up until Fiscal 2021



Scope 3 emissions for fiscal 2018 and subsequent fiscal years have been revised to reflect a revision of the coefficient for Scope 3, Category 1. "Footprint" refers to the total volume of CO<sub>2</sub> emissions from our supply chains, such as production sites, offices, and the use of products. With respect to NEC's "contribution," "mitigation" includes the reduction in CO<sub>2</sub> emissions for society overall through the products and services we provide to customers as well as our improvements in the energy efficiency of products. Meanwhile, "adaptation" includes the contribution to the curbing of society's overall CO<sub>2</sub> emissions that results from NEC's solutions.

# Medium- to Long-term Targets

## Course of Action for Climate Change Toward 2050

Globally, NEC is forging ahead with Solutions for Society that create social value in the form of safety, security, fairness, and efficiency. To support these efforts, in July 2017 we formulated guidelines for climate change countermeasures based on a long-term perspective that extends forward to 2050. We have established these guidelines based on the belief that in realizing a sustainable society, preparation for worldwide decarbonization and the regional effects of climate change will become increasingly important. Specifically, regarding both mitigation of and adaptation to climate change, we have set out the following four points to show how we will advance the establishment of a sustainable management base and co-creation that helps realizing a sustainable society.

- Aiming for zero CO<sub>2</sub> emissions from supply chains
- Strict countermeasures against climate change risks in supply chains
- Realizing a low-carbon society as a goal for the planet
- Realizing a safe, secure society that is resilient to climate change risks

The aforementioned points summarize a commitment to strengthening our management base to make it more sustainable and to co-creating a sustainable society with our customers as we move toward 2050.

With regard to “aiming for zero CO<sub>2</sub> emissions from supply chains,” NEC has declared that it will reduce CO<sub>2</sub> emissions from its business activities (Scope 1 and 2) to effectively zero by 2050 by reducing energy consumption through the use of the latest, most advanced energy-saving technologies and by increasing the introduction of renewable energy.

## Course of Action for Climate Change Toward 2050





## NEC Environmental Targets 2030

We have established the NEC Environmental Targets 2030 as targets to be reached through environment-oriented business management by 2030. We established these new targets after taking into account external trends and the fact that we reached the milestone-year targets of fiscal 2021, which were set under the NEC Group Environmental Management Action Plan 2020/2030; achieved the 2020 Climate Change Countermeasure Goals; and revised the NEC Way.

NEC Environmental Targets 2030 calls on the Company both to continuously reduce (minimize) its own environmental footprint and risks and to increase (maximize) its contribution through businesses. In response to growing social expectations with respect to climate change countermeasures such as the pursuit of carbon

neutrality, we have increased the stringency of our Science Based Targets for climate change countermeasures from the “well below 2°C\*1” goal to an alignment with the “1.5°C” goal, and we are redoubling efforts to reduce environmental footprint and risks throughout our supply chains. Further, NEC will increase environmental contributions through its businesses by providing value not only in the area of climate change countermeasures (mitigation and adaptation), which has been the focus of initiatives, but also in relation to a broader range of environmental issues, including the realization of a circular economy, water and food safety, and protection of biodiversity.

Aiming to achieve NEC Environmental Targets 2030, NEC has backcasted from the targets to prepare the NEC Eco Action Plan 2025, a five-year action plan that the whole NEC Group is advancing.

\*1 Keeping the rise in global temperatures versus pre-industrial levels well below 2°C

## NEC Environmental Targets 2030

### Continued reduction of NEC’s environmental impact and risks (minimization)

NEC will continue to be oriented toward a sustainable society by reducing environmental load across the entire supply chain and by vigorously implementing environmental risk and compliance measures.

Major KPIs

**SBT\*2 1.5°C**

Reduce emissions by 55% compared with FY2018

**RE100\*3**

**Reduction of CO<sub>2</sub> emissions in the supply chain**

33% compared with FY2018

### Expand contributions from business activities (maximization)

NEC will utilize ICT innovation to help realize a decarbonized society, to implement measures to protect against global warming, and to resolve issues related to food and water safety, etc.

Major KPI

**Sales from environmental contribution-related business, expansion of environmental value**

\*2 Science Based Targets (SBT): Corporate CO<sub>2</sub> emissions reduction targets that are in scientific agreement with the global target of the Paris Agreement.

\*3 An international initiative that aims for companies to use 100% renewable energy for their businesses

● **NEC's SBTs**

Worldwide, Science Based Targets (SBTs) are being set with the aim of achieving the Paris Agreement. In 2017, NEC committed to the use of such targets for its greenhouse gas emissions reductions. Subsequently, our targets were certified as SBTs by the Science Based Targets Initiative in 2018 and aligned with the “well below 2°C” goal of the new standard in 2019.


Furthermore, to accelerate decarbonization, NEC increased the stringency of its Scope 1 and 2 targets from the “well below 2°C” level to the “1.5°C” level in May 2021. Consequently, our 2030 greenhouse gas emissions reduction target has risen from 33% to 55%. Having aligned our targets with the “1.5°C” level, we will progress steadily toward the realization of effectively zero greenhouse gas emissions by 2050.

In addition, aiming to reduce greenhouse gas emissions from our supply chains, we have set targets in Scope 3, Category 1 (purchased goods and services), Scope 3, Category 3 (fuel- and energy-related activities not included in Scope 1 or Scope 2), and Scope 3, Category 11 (use of sold products). In partnership with our suppliers and customers, we will reduce greenhouse gas emissions.

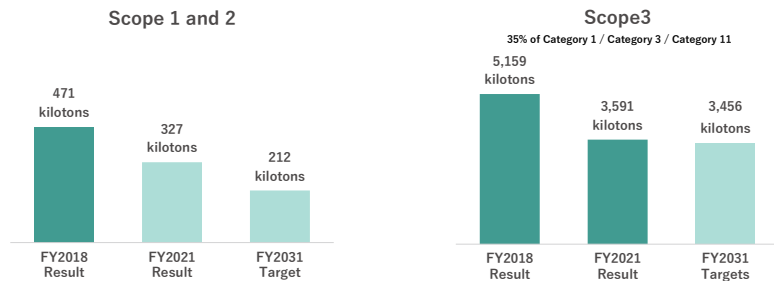
**NEC's SBTs**

**Scope 1 and 2:**  
Reduce greenhouse gas emissions by 55% compared with fiscal 2018 by fiscal 2031

**Scope 3:**  
Reduce greenhouse gas emissions 33% compared to fiscal 2018 levels by fiscal 2031 in Category 1 (purchased goods and services), Category 3 (fuel- and energy-related activities not included in Scope 1 or Scope 2), and Category 11 (use of sold products)  
Scope 3 target range: 35% of Category 1, 100% of Category 3, 100% of Category 11



**Progress toward the SBTs**



\* The overall Scope 3 emissions for fiscal 2018 and subsequent fiscal years have been revised to reflect a revision of the coefficient for Scope 3, Category 1.

● **RE100**

In May 2021, NEC joined RE100, which aims for a significant increase in the use of renewable energy globally. An initiative run based on a partnership between the international NGOs The Climate Group and CDP, RE100 comprises companies that aim to use only electricity derived from renewable energy.

NEC aims to use only renewable electricity by 2050. In fiscal 2021, 8.6% of the electricity we used was renewable. We are moving forward with activities based on a policy of installing solar power generation equipment on roofs wherever possible. We are also promoting the purchase of green electricity. In fiscal 2021, a subsidiary in Denmark, KMD Holding ApS, began exclusively using electricity generated from renewable energy sources.



**NEC Eco Action Plan 2025**

The NEC Eco Action Plan 2025 is a five-year plan designed to enable the achievement of the Course of Action for Climate Change Toward 2050 and NEC Environmental Targets 2030.



● **Priority Activities**

We selected 11 priority activities based on the following three goals.

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

### 1. Reduce own risks and footprints

We have set CO<sub>2</sub> emissions reduction targets with the aim of steadily moving toward achievement of SBTs and RE100. Also, we will continue reducing our environmental footprints and risks in relation to water and waste.

Themes		Indicator	FY2026 Targets
Reduction of CO <sub>2</sub> emissions	In-house	Reduce total emissions (absolute value) (SBT)	Reduction rate of energy-derived CO <sub>2</sub> emissions (absolute value) (compared with FY2018)
		Expand use of renewable energy	Amount of electric power used from renewable energy
	Supply chain	Reduce Category 1 emissions (SBT)	Reduction rate of energy-derived CO <sub>2</sub> emissions from purchased goods and services (compared with FY2018)
		Reduce Category 11 emissions (SBT)	Improvement rate of product energy efficiency (compared with FY2014 products)
Reduce water usage		Reduction rate (compared with FY2019)	-3.5%
Reduce waste emissions		Reduction rate (compared with FY2019)	-4.8%

### 2. Increase contributions through businesses

We aim to create a virtuous cycle of business growth and increased contribution by increasing the sales (green revenue) of businesses that benefit the environment. To this end, we are clarifying the environmental value of existing businesses and creating solutions that are focused on environmental issues.

Themes	FY2026 Targets
Create a system to expand environmental value (reducing CO <sub>2</sub> emissions by promoting DX among customers, etc.) and sales from environmental contribution-related business (green revenue, etc.)	Determine businesses that contribute to environmental value and set FY2031 targets
Manage environmental business assets and encourage eco appeal	Update environmental business assets on an annual basis
Create new environmental solutions and create new themes for R&D	Hold environmental business study workshops

### 3. Build foundations to promote environmental management

To raise the environmental awareness of each of our employees, we will ensure they receive environmental education.

Theme	Indicator	FY2026 Target
Increase environmental awareness among all employees	Environmental education class attendance rate	Japan
		International
		95% or more

● Management Items

In addition to priority activities, we are tackling the following management tasks.

Areas	Themes	Management Contents		Targets
Reduction of in-house 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 water 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 removing 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	Achieve rate of 95% or more
		16	Percentage of devices that use eco-plastics in their plastic casing	—
	Software products	17	Continued acquisition of Eco Symbol Star certification	Achieve 100% implementation rate
		18	Implementation rate of environmental assessments	Achieve 100% implementation rate
		19	Implementation rate for products subject to environmental impact evaluation	Achieve 100% implementation rate
	Hardware and software	20	Applications for Eco Symbol Star certification	—
21		Promotion of proposals with eco-related appeal	—	
Environmental communication	Transmission of environmental activities information	22	Number of publicity campaigns/activities	—
	Promoting contribution to local communities	23	Number of local community activities	—
Biodiversity	Ecosystem conservation activities on and around business sites	24	Number of conservation measures carried out in cooperation with experts and local NPOs	Conduct 10 or more activities per year

# NEC Environmental Policy and Environmental Management

## Approach to the Environment and Structure

As part of its corporate social responsibility activities, NEC seeks to reduce environmental impacts in its own business activities. At the same time, the Company conducts environment-oriented management that helps reduce the environmental footprint of society as a whole through the provision of products and services. Also, to promote environment-oriented management Group-wide—including NEC on a nonconsolidated basis, affiliated companies in Japan and international, production bases, and research facilities—the Company has established the NEC Environmental Policy, which sets out action guidelines. Moreover, we rigorously ensure that all actions of employees and corporate officers comply with this policy. Further, we require all business partners, contractors, and other stakeholders engaged in our supply chains to behave in a manner consistent with relevant guidelines and agreements.

## Environmental Management System

### ● Environmental Audit and ISO 14001 Inspection

NEC has established a Group-wide environmental management system based on ISO 14001.

Each Group company conducts in-house environmental audits while the Environmental Promotion Division conducts audits of environment-oriented management. The latter audits are conducted by specialized auditors, including certified ISO 14001 auditors. Audits of environment-oriented management focus in particular on the relationship between each division's operations and the environmental strategy, progress of environmentally considerate 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 investigative body, which uses net audits\*<sup>1</sup> and alternative audits.\*<sup>2</sup>

\*1 Via the internet, an investigative body accesses NEC's documents and management systems to conduct a digital audit of regulations and records.

\*2 An alternative system that is a recognized part of the ISO inspection system for auditing the internal environment. This internal environment auditing system consists of high-quality auditors, auditing systems, and evaluation tools.

Further, due to the discontinuation of the international standards for net audit and alternative audit systems, beginning from fiscal 2022 NEC plans to receive new integrated certification for the Group.

### ● ISO 14001 Certification

As of April 2021, NEC and 38 Japanese and International affiliated companies operate environmental management systems and have acquired certification.

#### ISO 14001:2015 Certification (as of April 2021)

Category	Manufacturing	Non-manufacturing	Total
Japan	9	21	30
International	2	6	8
Total	11	27	38

📄 NEC Group Companies List with ISO 14001 Certification

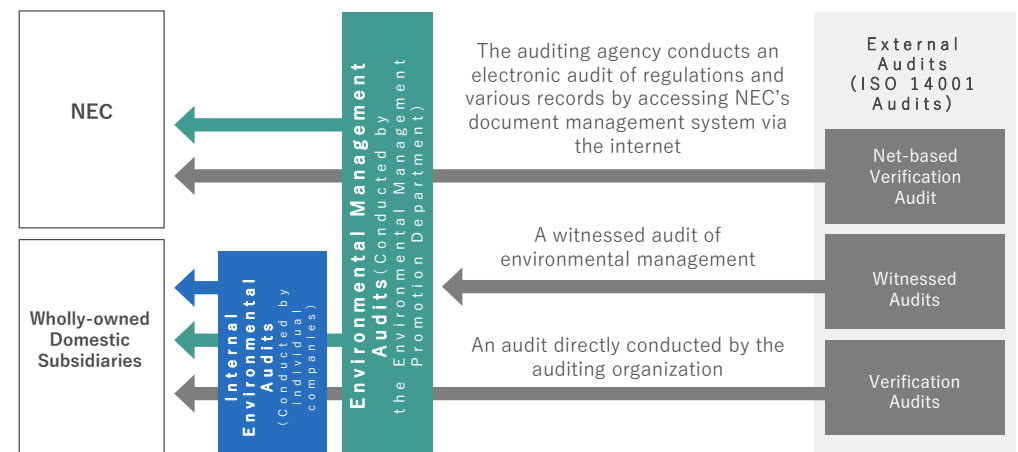
📄 ISO 14001 Certification Registrations in the NEC Group

#### 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 impacts of climate change.
2. We will assess the environmental impact throughout the entire life cycle 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 along 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 an environmental management system with environmental targets and conduct periodic reviews to realize continual improvement.

#### Our Environmental Audit System (fiscal 2021)



## ● Environment-Oriented Management Implementation Framework

The Company's environmental strategies and policy and long-term environmental activity plans are drafted after discussion at Business Strategy Council meetings (chaired by the President and CEO of NEC), with final approval being made by the CEO. When we recognize the potential environmental areas to have significant business impact, the Business Strategy Council discusses our response, and measures are executed after being approved by the Board of Directors.

The business units have established environment-oriented management committees and a system that translates this into specific measures carried out by their divisions, affiliated companies, and subsidiaries of NEC throughout the world. By forming specific action plans based on the environmental strategy, consistent environment-oriented management can be implemented throughout NEC.

Furthermore, committees are individually formed to engage in cross-organizational initiatives such as compliance with environmental regulations for products, development of environmentally friendly products and solutions, and the raising of awareness of employees. We have also established regional environmental departments to promote the environment at each of our business and R&D sites to maintain and promote environment-oriented management regionally as well as organizationally.

In April 2021, NEC launched the Sustainability Promotion Division to bolster the preparation and advancement of the NEC Group's sustainability and ESG strategies and measures that are aimed at creating social value and contributing to environmental value through businesses. Working with business

units, the new division has begun initiatives to maximize the social and environmental value that the Group provides through its businesses.

## Framework for Climate Change Countermeasures

In relation to climate change, the Environmental Management Promotion Council conducts deliberations on and formulates the NEC Environmental Policy and targets. The council comprises managers responsible for promoting environmental measures in each business division. The executive officer responsible for environment-related matters confirms the council's proposals and reports them to the Business Strategy Council, an organization that is further up the organizational hierarchy and which provides approval at the corporate level. Risks related to climate change are also shared at the Environmental Management Promotion Council. The executive officer responsible for environment-related matters confirms those risks that could have a significant impact on businesses and, as necessary, reports to the Risk Control and Compliance Committee in accordance with the risk management process.

Risks and opportunities that could significantly affect businesses are also reported to the Board of Directors, as necessary. When such reports are received, the Board of Directors conducts deliberations and then provides instructions on measures, thereby realizing supervision that ensures that NEC advances appropriate climate change countermeasures.

In fiscal 2021, the Business Strategy Council deliberated on reformulating targets to reflect a "1.5°C" SBT, joining RE100, and preparing a plan for the increased use of renewable energy in accordance with said new targets.

These matters were then reported to and discussed by the Board of Directors, which approved a concrete promotion plan that included investment.

In addition, as part of our climate change countermeasures, we are advancing Group-wide measures to reduce our in-house CO<sub>2</sub> emissions by addressing specific aspects of the issue through three special committees: the NEC Group Energy-saving Discussion Working Group, the Energy-Saving Promotion Staff Conference, and the Global Warming Logistics Liaison Conference. By reporting and submitting proposals to the Environmental Management Promotion Council, these special committees facilitate the Group-wide pursuit of energy-saving initiatives. To ensure all employees are fully informed of matters determined by the council, its directives and reports are issued through the committees of each business division and business site.

## Environmental Training

Aiming to realize the Purpose of the NEC Way, we heighten employees' environmental awareness through environmental education that targets specific business divisions and employee ranks.

### ● Environmental Training for All Employees (Web-based Training)

Annually, NEC conducts environment-related web-based training for all employees. In fiscal 2021, we held environment-related seminars in five languages and in 40 countries and regions. Employee participation was 98.0% in Japan, surpassing our 95.0% target, and 86.0% international, exceeding our target of 80.0%.

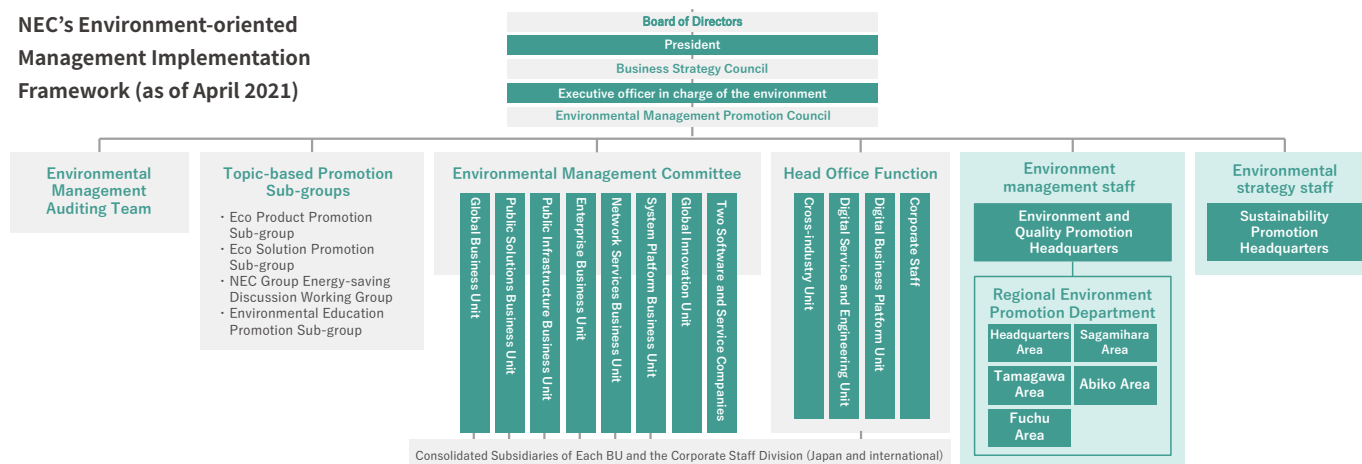
### ● Training of Environmental Auditors

Auditor training is provided every year to NEC environmental auditors in groups on law revisions, audit policy, and other matters. In fiscal 2021, to prevent the spread of COVID-19, we adopted a self-study format and conducted the program based on the use of special equipment.

### ● Environment Month

June of each year is designated as "Environment Month," with the intention of ensuring environmental awareness among all employees and encouraging them to take individual action on the environment. In fiscal 2021, under the theme of the environment around us, we held online lectures on food loss, film screenings, dialogues on the environment, and a traditional Japanese poetry competition themed on the environment.

## NEC's Environment-oriented Management Implementation Framework (as of April 2021)







## Environmental Risks




### ● Risk Management and Systems

Recognizing the impact that such environmental risks as climate change and pollution by hazardous substances could have on its businesses, NEC conducts risk reduction and prevention activities through assessment, inspection, and education.

We classify risk countermeasures under three risk categories: plant-related risks, product-related risks, and sales and maintenance-related risks. In the first category, countermeasures for plant-related risks cover risks related to leaks of hazardous substances, soil contamination, and groundwater contamination caused by natural disasters or equipment failure. To help prevent such environmental accidents, we conduct prior environmental risk assessments as well as education and training. In the second category, countermeasures for product-related risks are focused on risks such as the inclusion in products of substances regulated by the Restriction of Hazardous Substances (RoHS) Directive and violations of labeling regulations. To address such risks, we conduct product assessments to ensure strict compliance with guidelines and use in-house systems to implement centralized management of information. As for the third category, countermeasures for sales and maintenance-related risks are aimed at mitigating such risks as violations of the Waste Management and Public Cleansing Act due to inadequate consignment of waste treatment. Our countermeasures include efforts to ensure compliance by issuing guidelines on waste and regularly conducting education for sales department personnel. In conjunction with these efforts, we have established the *Environmental Escalation Manual for Emergencies* to strengthen our governance of environmental risks.

Our risk management system includes the Risk Control and Compliance Committee. If a risk is identified that may have a significant effect on businesses, the Risk Control and Compliance Committee deliberates on countermeasures. The committee fulfills a supervisory function for specific risk measures by checking the results of activities, problems, and future plans and by issuing directives on where measures should focus. Further, reports are submitted to the Executive Committee and the Board of Directors, as necessary.

-  Risk Management for Climate Change
-  Risk Management for Water

-  Risk Management for Waste
-  Risk Management for Chemical Substances
-  Risk Management for Supply Chains

### ● Legal Violations, Accidents, and Complaints

Since fiscal 1999, NEC has used its website to disclose any fines or penalties levied on the Company in relation to the environment. As in the previous fiscal year, in fiscal 2021 NEC was not subject to any fines or penalties related to the environment inside or outside the Company. In fiscal 2021, there were no accidents that affected the areas beyond the perimeters of our sites, there were 12 environmental accidents that were contained within our sites, and no complaints were received.

### ● Prevention Activities: Group-wide Dissemination of Information on Near-misses

Since the latent causes of environmental accidents are present in minor accidents, we thoroughly investigate their causes and implement technological countermeasures even for minor incidents at the near-miss level. NEC's findings are then passed on to affiliated companies in Japan and international, and corrective measures are checked. In this way, we advance accident prevention.

### ● Soil

Among the substances covered by the Soil Contamination Countermeasures Act, NEC completely discontinued the use of the VOCs trichloroethylene and tetrachloroethylene in 1998 and 1,1,1-trichloroethane in 1993. Further, as far as possible NEC has continued to conduct independent soil surveys at all NEC Group companies.

In fiscal 2021, in response to the introduction of more-stringent reference values to the ordinances of the Soil Contamination Countermeasures Act, we conducted an independent survey of the soil and groundwater at our former Ichinoseki Plant in Ichinoseki, Iwate Prefecture.

The survey found one type of specified hazardous substance at levels exceeding the legal limit, and we reported the results to the administrative agency with jurisdiction.

Going forward, we will continue to comply with the Soil Contamination Countermeasures Act, related ordinances, and the directives of the administrative agency with jurisdiction and continue taking appropriate measures.

### ● Risks and Opportunities of Environmental Issues

NEC identifies the business risks and opportunities associated with environmental issues and evaluates these risks and opportunities based on likelihood of occurrence and potential impact.

#### Risks and Opportunities of Climate Change

-  Responding to the risks and opportunities of climate change

#### Risks and Opportunities Other than Those Associated with Climate Change

Type	Risk / Opportunity	Description	Risk Reduction Measures / Specific Opportunities
Resource Circulation	Risk	Tighter relevant regulations at home and abroad require time and resources to appropriately address. If the response is delayed, it may affect NEC's competitiveness and reputation.	Utilize collection of information prior to the enactment of regulations to facilitate an early response.
Resource Circulation	Opportunity (economic value)	Market expansion of circular economy-related businesses continues to progress and new markets continue to open up.	Growing demand for NEC bioplastic products, and AI tools for food loss countermeasures
Water	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.
Water	Opportunity (economic value)	There is growing market demand for disaster prevention-related businesses to minimize damage from typhoons and other storms.	Expanded introduction of river water level prediction and other flood control support systems
Biodiversity	Risk	Wastewater and gas emissions from production sites may affect biodiversity in their respective areas.	Since NEC's business sites use organic solvents and acid/alkaline materials, we carry out measures and training to prevent leakage into water systems, the atmosphere, and soil.
Biodiversity	Opportunity (social value)	Efforts to protect biodiversity around bases and neighboring areas will lead to collaboration with a variety of stakeholders and improve brand value.	Engage in activities to conserve biodiversity such as the protection of endangered species, and paddy field development through local exchange.

## Development of Environmentally Friendly Products

NEC reduces the environmental footprint of products over their entire life cycles, from procurement through to customer use and disposal of products. In these activities, we have added to our long-standing emphasis on quality, cost, and delivery an emphasis on compliance and ecology—including resource circulation, global warming prevention, and environmental awareness.

### ● Our Framework for Developing Eco Products

Environmentally friendly products, software, and services that meet NEC's environmental standards are certified and registered at three levels.

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.

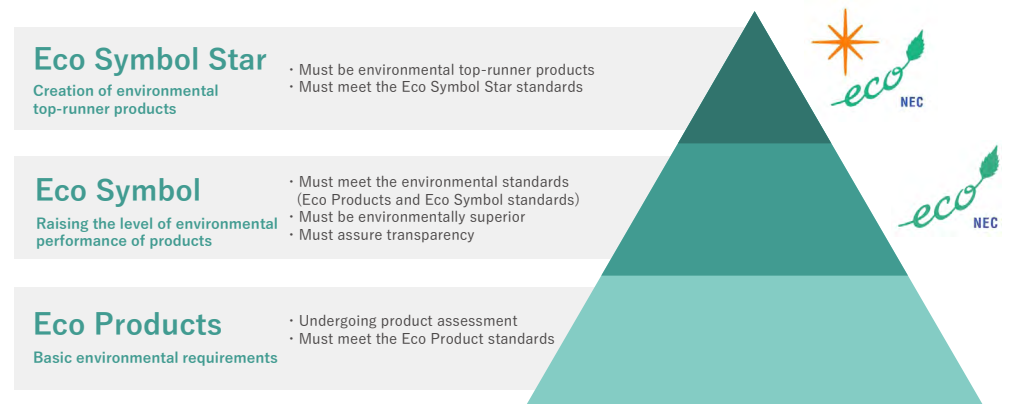
Eco Symbol products are Eco Products that meet the Eco Symbol standards, which require products to be even more environmentally advanced and environmentally friendly.

The Eco Symbol Star is assigned to Eco Symbol products that are regarded as leading environmental products which conform to stringent standards, such as 50% reduction in CO<sub>2</sub> emissions compared with that of conventional products.

In fiscal 2021, four items, comprising one hardware product and three software products and services, were certified as Eco Symbol Star products.

Products conforming to the aforementioned standards are affixed with the Eco Symbol Star mark in product catalogs and on websites.

### Eco Symbol System



### ● Examples of Eco Symbol Star Registrations in Fiscal 2021

#### NEC IoT Sensor Data Visualization Service

##### —Making on-site information visible to support the creation of safe, reliable work environments—

The NEC IoT Sensor Data Visualization Service is an adaptation solution that promises to mitigate risk associated with heat waves,\*<sup>3</sup> one of the risks posed by climate change according to the United Nations Intergovernmental Panel on Climate Change (IPCC). Over the past decade, the number of extremely hot days has increased, and rising temperatures due to climate change are one of the causes of heat stroke. Particularly in work environments that are prone to high temperatures and high humidity, management of workers' health is required. Until now, managers have maintained safety by periodically checking the temperature and humidity of work sites, but this takes a considerable amount of time and effort.

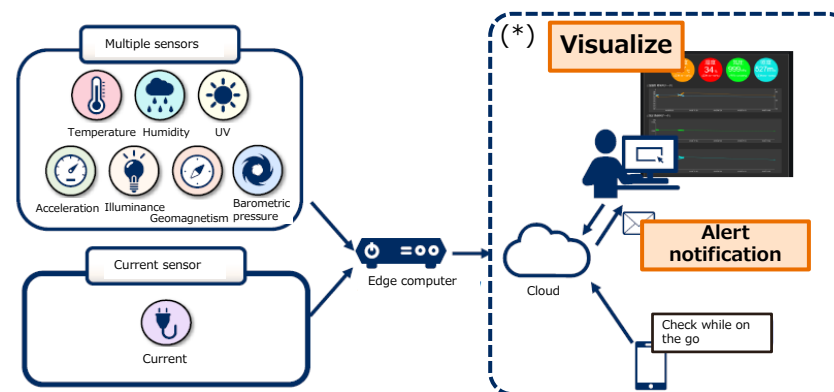
Our new service supports the collection of data on work environments' temperature, humidity, illumination, and air pressure. Without changing networks or other on-site environments, the service automatically collects the on-site data needed to create a safe, reliable work environment and visualizes the data through cloud computing, thereby allowing customers to receive real-time alerts remotely. By prompting appropriate measures in response to situations—such as the adjustment of temperatures and humidity at work sites or rehydration—the service's alerts are expected to prevent or reduce the risk of health hazards and illness caused by heat waves.

What is more, the collected data can be utilized to help manage work environments and improve the work efficiency of managers.

\*3 A fuller description of this type of risk is the risk of death or illness due to heat waves, particularly among vulnerable groups in urban areas.

- 📄 Eco Symbol Star Products (Hardware)
- 📄 Eco Symbol Star Products (Software and Services)

### NEC IoT Sensor Data Visualization Service



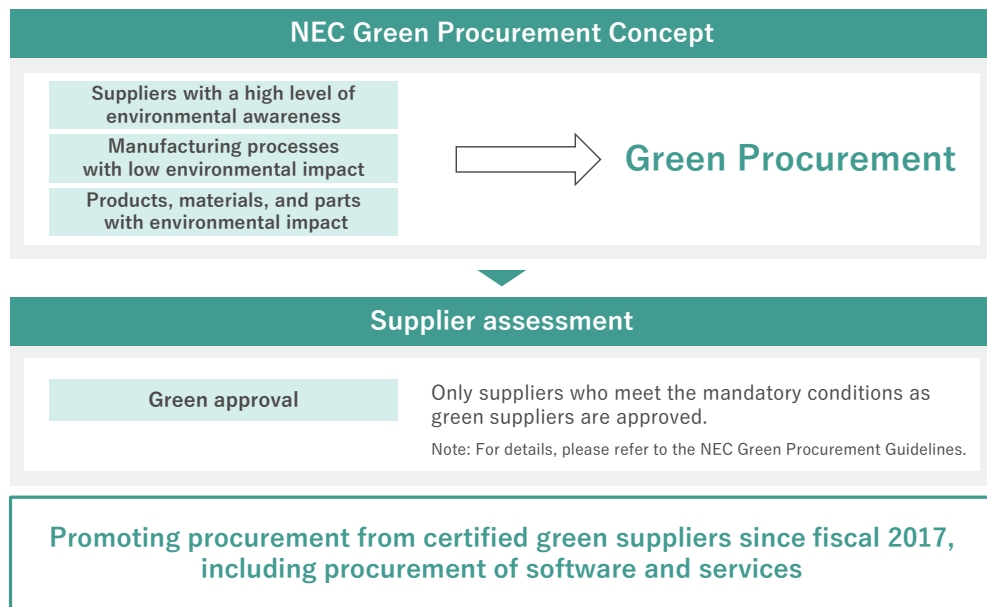
## Environmental Initiatives in Supply Chains

NEC aims to reduce the environmental footprint of its products throughout their life cycles. As activities across entire supply chains are essential to these efforts, we are working in close collaboration with our suppliers to promote green procurement.

### ● Green Procurement Policies

NEC is making a Companywide effort to promote “green procurement,” which involves giving priority to the procurement of items that are environmentally friendly. More specifically, we favor environmentally conscious suppliers, low-impact manufacturing processes, and low-impact parts and materials. Our objectives are to expand the green product market with a view to building a recycling-oriented society, to promote the development of recycling-oriented products for such a society, and to raise awareness among designers and developers.

Aiming to make all of our products environmentally friendly, since fiscal 2007 we have been promoting procurement from suppliers certified as “green.”



### ● NEC Green Procurement Guidelines

To promote green procurement, we have established the NEC Green Procurement Guidelines. These guidelines set out essential requirements and requests.

With regard to the “essential requirements” for suppliers, purchased products that are incorporated in or shipped together with NEC’s products must satisfy requirements (1) to (4), while other purchased products such as software, services, pharmaceuticals, gases, and supplies must satisfy requirement (1).

#### Essential Requirements

- (1) Creation of environmental management systems  
Create environmental management systems within factories that develop and manufacture products and at offices that market products.
- (2) Do not use banned substances in the manufacturing process.
- (3) Respond to the survey of chemical substances contained in the procurement product.
- (4) Products must not contain banned substances or conditionally banned substances.

### ● Environmental Risk Management in Supply Chains

In fiscal 2021, throughout its supply chains, NEC identified and assessed risks by conducting a survey of 748 suppliers in relation to sustainable procurement.

In the survey, 30 questions were asked about the environment, including the establishment and operation of environmental management systems, proper management of chemical substances, and efforts to control and reduce environmental impacts, such as CO<sub>2</sub> emissions, water consumption, and waste generation.

As a result, we found that approximately 1% of our suppliers were potentially at risk. For those suppliers, we have started a process to assess the actual situation and take corrective measures, and we will continue to promote activities to reduce environmental impact risks.

The image shows a grid-like self-check sheet with multiple rows and columns, used for assessing suppliers' environmental performance.

Fiscal 2021 NEC Group self-check sheet for sustainable procurement

#### Examples of survey items

- Has your company established and is it operating an environmental management system?
- Has your company put necessary controls in place for the use of law-designated chemical substances?
- Is your company conducting activities to reduce the amount of water withdrawal?

Supply Chain Management

NEC Green Procurement Guidelines

# Response to Climate Change

## Our Approach

As the world shifts course dramatically and heads toward realization of carbon neutrality by 2050, ICT companies are expected to fulfill an increasingly large number of roles and responsibilities. NEC will reduce the environmental footprint of its products and services while helping customers decarbonize through the use of ICT.

NEC has positioned climate change (decarbonization) as one of the Company's priority management themes from an ESG perspective—materiality.

Based on the NEC Environmental Policy and the Course of Action for Climate Change Towards 2050, we have extended the climate change countermeasures of our environment-oriented business management beyond the use of ICT in reducing the CO<sub>2</sub> emissions of customers and society to encompass preparations for the range of impacts from climate change. As a result, our climate change countermeasures are providing value both in terms of mitigation and adaptation.

In March 2021, NEC announced NEC Environmental Targets 2030. Setting these additional climate change-related targets will help us to step up business-based strategic activities as well as activities aimed at reducing our environmental footprint.

## Disclosure in Line with the TCFD

In 2018, NEC announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD). Pursuant with the TCFD's recommendations, we are disclosing climate-related risks and opportunities while projecting and managing their financial effect on our businesses going forward.

TCFD Recommendations		Disclosure
Governance	The organization's governance and climate-related risks and opportunities	P.35
Strategy	The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	P.36, 39–42
Risk Management	The processes used by the organization to identify, assess, and manage climate-related risks	P.35, 36, 39–42
Metrics and Targets	The metrics and targets used to assess and manage relevant climate-related risks and opportunities	P.28–32, 43

## Scenario Analysis

To enhance its resilience in the face of an uncertain future, NEC uses multiple scenarios to forecast possible future societies and consider countermeasures. As we use a significant amount of electricity at our business sites, we believe the 2°C scenario, in which carbon prices would be expected to increase, is important. In addition, we conduct analysis based on a 4°C scenario, in which significant climate change is envisioned.

In developing the scenarios, we referred to the IPCC's Representative Concentration Pathway (RCP) 2.6 and RCP 8.5, respective Nationally Determined Contributions, the *World Energy Outlook*, Shared Socioeconomic Pathway (SSP) 1, SSP 3, and ICT technology trends and forecasts. Our scenario analysis envisions 2030 and 2050 and covers the entire extent of supply chains.

### ● The 4°C Scenario

In this scenario, there are more weather disasters, and business continuity risk increases. NEC conducts most of its business in Japan. According to a climate change impact assessment report released by the Ministry of the Environment in December 2020, the likelihood of severe risk materializing is high with respect to increased flooding due to heavy rainfall. In the 4°C scenario, society sees this risk rise. In such a society, the operational stability of the data centers supporting our customers' businesses would become more important than ever. NEC has been strengthening its BCP measures through such efforts as building data centers in locations with low risk of natural disasters and ensuring that, in the event of an emergency, data centers can operate for 72 hours using only in-house power generation. We have been strengthening our BCP measures, and we will continue taking countermeasures in anticipation of increasingly severe weather disasters.

On the other hand, as society must adapt to climate change, demand for ICT-enabled adaptation solutions will increase. For example, areas in higher latitudes may become suitable for crops, and farmers may need to grow new crops. For example, CropScope, an ICT platform developed by NEC in collaboration with the major food processor KAGOME CO., LTD., can support farmers' implementation of such adaptation measures. Specifically, sensors collect data on crop growth, weather, and the soil

environment, which can be shared among stakeholders to generate new insights. Moreover, AI analysis can suggest the best way to manage each field. NEC's ICT solutions for visualization, analysis, and responses will also contribute greatly to society's adaptation measures in the areas of disaster prevention and mitigation in relation to increasingly severe rainfall and flooding, infrastructure maintenance, and heat stroke prevention.

### ● The 2°C Scenario

In this scenario, carbon pricing is introduced worldwide to curb greenhouse gas emissions, and costs arising from the CO<sub>2</sub> emissions of our business activities increase. The *World Energy Outlook 2019* estimates that the carbon price will reach \$100 per ton of CO<sub>2</sub> in 2030. If it achieves the SBT of a 55% reduction in CO<sub>2</sub> emissions versus the fiscal 2018 level, NEC will record Scope 1 and 2 CO<sub>2</sub> emissions of approximately 210,000 tons per year in fiscal 2031. If carbon pricing were applied to these residual emissions, NEC would incur a cost of ¥2.3 billion per year, assuming a foreign exchange rate of US\$1.00=¥110. To minimize this transition risk, in 2021 NEC joined the RE100 and is increasing its use of renewable energy.

In addition, the 2°C scenario assumes a rigorously decarbonized society in which advanced, ICT-enabled measures to reduce CO<sub>2</sub> emissions are in place. For example, logistics optimization solutions can help reduce CO<sub>2</sub> emissions by shortening transportation lead times and reducing inventories. In Japan and international, NEC provides services that make logistics visible through the use of the IoT, radio-frequency identification (RFID), AI, cloud computing, and other technologies. In India, NEC has established NICDC Logistics Data Services as a joint venture with National Industrial Corridor Development Corporation Limited. The new company provides the Logistics Data Bank service, which allows users to check the exact location of in-transit containers in real time, thereby remedying the problem of not knowing when containers will arrive. Through improvements in transport efficiency and the accuracy of production plans, this service contributed to a year-on-year reduction in annual CO<sub>2</sub> emissions of approximately 170,000 tons in fiscal 2018. Since then, we have broadened the scope of the service, and as of 2021 more than 95% of containers in circulation are visible. As society moves toward decarbonization, demand for this type of NEC service is set to become even greater.

### ● Introduction of Internal Carbon Pricing

With the aim of improving energy efficiency and promoting the introduction of low-carbon facilities and equipment, we have set an internal carbon price. This price allows us to convert the CO<sub>2</sub> reduction that would result from a given capital investment into a monetary value, which we can then use as a reference when making investment decisions.

Furthermore, 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.

### Risks and Opportunities

NEC categorizes the short-, medium-, and long-term impacts of climate change on its businesses as either risks or opportunities.

In studying risks or opportunities, we began by mapping out the positions of existing businesses in relation to climate change.

	Mitigation	Adaptation
Opportunities	Opportunities to help with climate change mitigation	Opportunities to help with climate change adaptation
Risks	Risks related to climate change mitigation	Risks related to climate change adaptation

- ◆ Endorse the TCFD recommendations and regularly assess risks and opportunities from short-, medium-, and long-term perspectives\*<sup>3</sup>
- ◆ Identify assets in relation to risk countermeasures and opportunities

\*<sup>3</sup> SSP 1 (2°C scenario) and SSP 3 (4°C scenario) projected through 2050

Risks	Description	Countermeasures
<b>Migration risk</b>	Impact of carbon pricing on profit (Carbon tax: US\$40–80/tCO <sub>2</sub> in FY2021, projected to be US\$50–100/tCO <sub>2</sub> in 2030)	Thorough efforts to improve efficiency and expansion of renewable energy in order to reach the SBTs by 2030 and achieve zero CO <sub>2</sub> emissions by 2050
<b>Physical risk</b>	Disruption of the supply chain due to weather-related disasters (floods, landslides, water shortages, etc.), long-term outages of lifelines such as electricity, gas, and water	Risk assessment of the entire supply chain, BCP measures with provisions for weather-related disasters, and strengthening of power generators in data centers
Opportunities	Description	Countermeasures
<b>Value toward migration risk countermeasures</b>	Development of low-emission transport infrastructure	Logistics visualization and route optimization driven by AI and IoT; EV/PHV charging cloud
	Support for expanding renewable energy use	Virtual power plants, management of power supply and demand, commercialized resource aggregation (RA) for the supply and demand adjustment market, xEMS, etc.
	Support for reducing energy waste	Process reforms using DX initiatives (work automation, smart factories, supply and demand optimization), products, and technologies that help save Data Center energy (phase change cooling, new refrigerants, etc.)
<b>Value toward physical risk countermeasures</b>	Preparation for increase in weather-related disasters	Pre-disaster detection using AI, IoT, image analysis, flood simulation, evacuation support, etc.
	Preparation for increase in forest fires	Forest fire monitoring and quick response systems, disaster monitoring by satellite, etc.
	Preparation for changes in areas suitable for agricultural production	Simulations that forecast effects and changes in agriculture, agriculture-oriented ICT solutions, etc.
	Preparation for the spread of infectious diseases	Infectious disease countermeasures using NeoFace, preparation of a logistics information management platform in the event of a global infectious disease, remote work, telemedicine support, etc.

Then, we used scenario analysis to assess how climate change could affect these businesses. Next, we outlined a vision of our responses to climate change issues. For particularly large risks and opportunities, we set out measures and included them in the Mid-term Management Plan 2025.

### ● Helping with Mitigation

Our ICT solutions reduce the overall CO<sub>2</sub> emissions of customers by enabling their operations to become paperless and by improving the efficiency of work, the movement of people, and the movement and storage of goods. As customers and society move forward with measures to lower CO<sub>2</sub> emissions, the opportunities for NEC's ICT solutions to make a contribution will increase.

### Helping Companies Achieve Net Zero through the Resource Aggregation Business

With the aim of achieving carbon neutrality, efforts to make renewable energy humanity's mainstay source of electricity are proceeding on a global scale. In Japan, with the increased introduction of solar power and wind power, which have large fluctuations in power output, maintaining a balance between demand and supply in power grids is becoming more challenging. To address this problem, in April 2021 a reserve capacity market was established, which facilitates reserve capacity trading and thereby helps maintain a balance between supply and demand through absorption and augmentation in response to fluctuations in the supply of power from renewable energy. In the past, reserve capacity was supplied by aging thermal power plants with low operating rates. Since the opening of the market, however, storage batteries, private power generators, and other distributed power sources that can respond to fluctuations with a high degree of flexibility have also been able to supply their reserve capacity. As the reserve capacity supplied by distributed power sources can replace the reserve capacity supplied by aging thermal power plants, distributed power sources will play a major role in establishing renewable energy as society's mainstay power source.

By using new energy management technology that enables the integration and remote control of such distributed power sources as the power generation facilities and storage batteries of companies, NEC

realizes virtual power plants that are an aggregation of all distributed power sources and function just as if they were actual power plants. In this way, we are helping to stabilize the power grid and make renewable energy the mainstay power source. Since 2019, NEC has been offering the NEC Energy Resource Aggregation Cloud Service, which is enabled by NEC's IoT technology. This service uses ICT to forecast demand and control and optimize multiple energy facilities, such as solar power generation installations, storage batteries, and electric vehicles (EVs). By remotely controlling consumers' storage batteries and energy management systems in light of the supply-demand balance and using demand response\*2 to curb demand, the service helps stabilize the power grid. As these types of control also eliminate the unevenness and waste in solar power generation, they pave the way to zero emissions for individual companies. With its sights set on decarbonizing society as a whole, NEC will use the aforementioned technologies to become a resource aggregator that controls distributed power sources within the Group and at customers' sites and participates in the power trading market.

\*2 Curbing consumers' use of power by changing power consumption patterns through the pricing of power or the payment of incentives when the market experiences price hikes or when grid reliability is low

### ● Helping with Adaptation

The social infrastructure business, on which NEC is focusing its efforts, can help society adapt to the range of impacts stemming from climate change, including disasters, water shortages, food shortages, and health hazards.

#### IoT-based River Water Level Monitoring System

According to the United Nations IPCC, climate change is expected to increase the risk of flood damage in large cities and the risk of infrastructure shutdowns due to extreme weather events. In Japan, damage caused by the flooding of small rivers during typhoons and torrential rain is becoming a problem. Consequently, there is a need to monitor river levels in real time and provide information to residents.

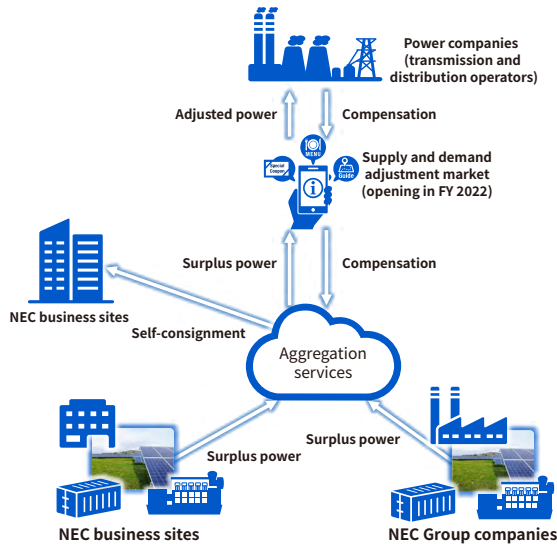
In response to this risk, NEC is developing the IoT-based River Water Level Monitoring System, which can help keep communities safe by using low-power wide-area (LPWA) technology to collect real-time data on changes in the water level of rivers and by making the collected data visible via the internet. The system's dirt-proof, non-contact remote sensors do not require separate power supplies and are easy to install. The

sensors update data on river water levels hourly in normal times and every 10 minutes during heavy rain. This data is sent to a cloud server using LPWA technology and made available to the public through a web-site. Municipal authorities can use the information to establish local disaster prevention plans and emergency responses. In addition, residents can access information on rivers in real time, enabling them to prepare early and heightening their awareness of disaster prevention. As of March 2021, we have already begun conducting proving tests of the system in the regions of more than five municipal authorities in Japan.

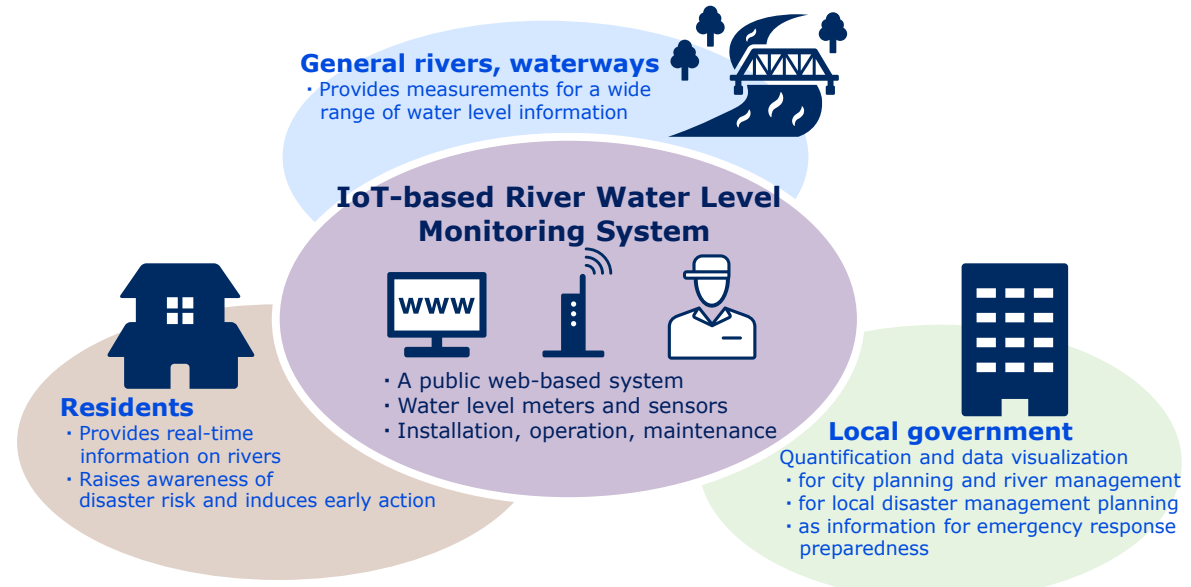


A sensor installed near a riverbank

#### Our Aggregation Service



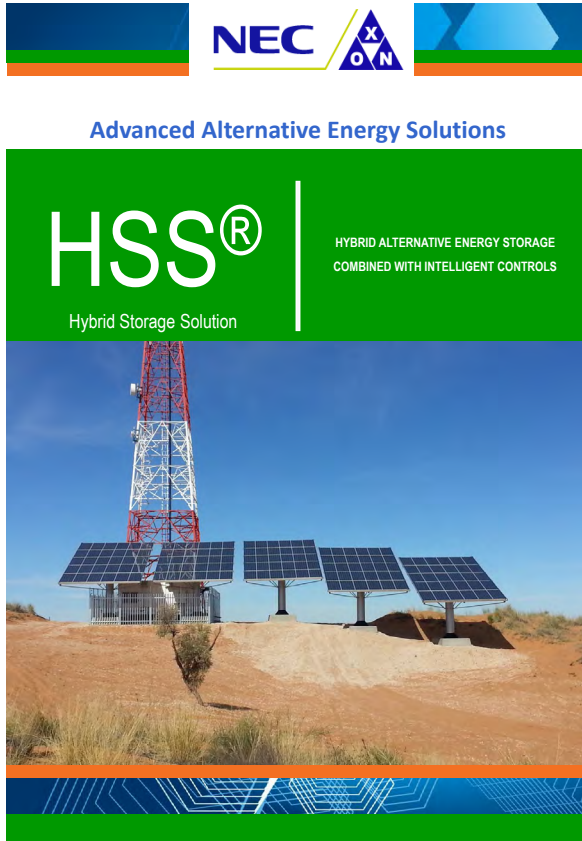
#### IoT-based River Water Level Monitoring System





# Reducing CO<sub>2</sub> Emissions in Africa with a Hybrid Energy Storage System

## Registration with UNIDO's Sustainable Technology Promotion Platform



In the developing countries of Africa and other continents, cell phones are rapidly spreading and becoming an indispensable means of communication in daily life. With cell phones being used for internet communication that enables remittance services, remote medical services in rural areas, and education for children, providing stable mobile communication infrastructure is essential for the comfort and richness of life in developing countries.

However, since most of the base stations of mobile communications carriers are located at off-grid sites, the stable operation of communication equipment is usually realized by running generators produce electricity around the clock (24 hours 365 days). These generators run on diesel, and continuously transporting diesel from cities to rural areas—sometimes far from hundreds of kilometers—is extremely costly and labor intensive. Moreover, from an environmental viewpoint, using and transporting a petroleum-based fuel emits a great deal of CO<sub>2</sub>.

To address such social and environmental issues, NEC XON Holdings (Proprietary) Limited, an NEC Group company based in South Africa, has developed a Hybrid Energy Storage System.

Combining storage batteries, control systems, solar panels, and diesel generators, the system has IoT-enabled sensors that allow data to be collected from base stations. With reference to data on past load power usage and decades of weather data, AI-based data analysis technology is used to predict the power generation of the solar panels. These predictions are then used for suggestions on how best to combine base stations' power sources. As well as reducing the use of diesel and lowering CO<sub>2</sub> emissions, the system will facilitate the stable operation of base station communications equipment for mobile communications carriers. What is more, surplus power can be used through mini-grids by residents of nearby communities.

Our hybrid energy storage system can also be used in combination with the power grids, even in "bad grid" areas with power grids that are unstable and have frequent power outages, which is a common issue in developing countries. When power grid outages occur, the system has an automatic

control function that switches over to the storage batteries or starts up the generator if the storage batteries are empty. Also, we provide the system in an outdoor-use cabinet with an anti-theft design. The aforementioned features allow flexible rollouts of the system that cater to the particular conditions in each developing country.

For example, in a trial in Kenya the system demonstrated that it can significantly reduce CO<sub>2</sub> emissions. Compared with levels before its trial introduction, the system achieved decreases of 80% in diesel consumption and 90% in diesel generator operating time.

Since 2018, we have introduced the system to South Africa, Nigeria, Kenya, Tanzania, Ethiopia, and the Democratic Republic of Congo, and the development and usage of the system is evolving constantly to meet the needs of customers and consumers.

In 2021, the system was registered with the United Nations Industrial Development Organization (UNIDO)'s Sustainable Technology Promotion Platform and certified as a solution contributing to SDGs 8 and 9.



Our hybrid energy storage system, which has been introduced to numerous countries

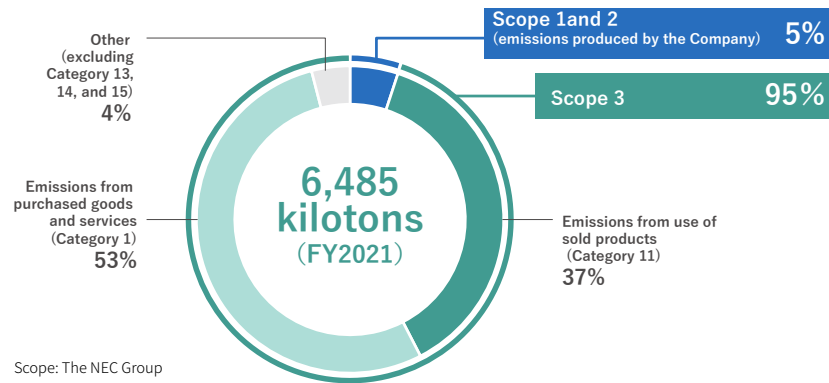
## Indicators and Performance

### ● Overall Greenhouse Gas Emissions from Our Supply Chains

In NEC's case, greenhouse gas emissions from supply chains (Scope 3) are much larger than those from the Company itself (Scope 1 and 2). With this in mind, we are promoting the reduction of greenhouse gas emissions from our supply chains as a whole.

In fiscal 2021, our supply chains emitted 6,485,000 tons of greenhouse gas in total. Included in this amount, our Scope 1 and 2 greenhouse gas emissions decreased 46,000 tons year on year. This reduction was attributable to our greater use of renewable energy, the disposal of Group companies, and an increase in telework.

### Greenhouse Gas Emissions, Scope 1 to 3



### Breakdown of Scope 3 Greenhouse Gas Emissions ☑

Scope 3		Unit: Kilotons
Category		Emissions
1	End-of-life treatment of sold products	3,445
2	Capital goods	147
3	Fuel- and energy-related activities not included in Scope 1 and 2	53
4	Transportation and distribution (upstream)	83
5	Waste generated in operations	6
6	Business travel	15
7	Employee commuting	12
8	Leased assets (upstream)	6
9	Transportation and distribution (downstream)	0.01
10	Processing of sold products	0.2
11	Use of sold products	2,389
12	End-of-life treatment of sold products	0.3
13	Leased assets (downstream)	-
14	Franchises	-
15	Other	-
	<b>Total</b>	<b>6,158</b>

# Water Risk Management and Effective Water Usage

## Our Approach

Water is an essential resource for all of humankind. However, there is a concern that growing demands from population growth coupled with climate change will bring a greater risk of worldwide water shortages.

Based on our Environmental Policy, we comply with environmental laws and regulations and promote reducing our water usage and environmental impact. We are also employing water risk management practices, which includes addressing the issues of water shortages, water pollution, and flooding.

The Environmental Management Promotion Council meets every quarter to discuss NEC's water management system during which time it assesses the Company's progress toward reaching its water reduction targets and reports its findings to the executive officer in charge of the environment. When necessary, the results of activities for meeting these targets are reported to the Business Strategy Council and announced to the public.

Floods and other risks could have an adverse effect on 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 with the Business Strategy Council and the Board of Directors when necessary, after which the division implements and supervises their execution.

## Response to Water Risk

### ● Surveying Risks and Implementing Countermeasures

NEC evaluates and confirms how water risks such as water shortages, water pollution, and flooding caused by climate change affect the Group's production sites and supply chain.

Put specifically, the Group identifies the water risks that exist at its Japanese and International production sites based on its in-house water risk management questionnaire and the Aqueduct water risk evaluation tool provided by the World Resources Institute (WRI).

The first surveying stage of this process utilizes Aqueduct to gain an understanding of risks in three categories: physical risks related to water volume, quality, and damage from storms and floods; regulatory risks from water-related tax revisions and policies; and reputation risks stemming from ESG-related conduct.

In the second survey, we take the results from the first survey and compare them with how supervisors perceive water risks at their respective production sites. From that point, we perform a detailed 11-items survey that includes items based on past experiences where floods,

water shortages, and other water-related issues and damage made it physically difficult to utilize water; preventive measures used to mitigate these risks; and previous countermeasures implemented when such floods or water shortages occurred.

In fiscal 2021, after a survey of 26 locations was conducted that focused on production sites, it was determined that the main water risks were inundation due to storm-related overflows of rivers and the resulting water outages. Inundation countermeasures are being implemented at sites that were determined to be prone to such risks. These include hard measures to counteract flooding, such as installing waterproof doors and moving power equipment. We also implement countermeasures against water outages, such as installing water tanks and equipment for converting well water to drinking water, in addition to keeping a stockpile of drinking water.

Moreover, at business sites, production sites, and research laboratories, we collect water volume monitoring and sampling data at discharge outlets to quickly identify any change in environmental status. We have also set in-house standards that are stricter than national and local regulations and implement countermeasures to water risks.

Since water risks in the supply chain includes business partners, we conduct environmental risk survey on their water usage and wastewater production. This allows us to grasp the situation and engage in activities to correct or improve any problems that arise.

NEC's water usage and the amount and quality of wastewater produced bear a negligible impact on the ecosystems and habitats. Furthermore, there were no violations and incidents involving water in conjunction with the Environmental Act in fiscal 2021.

### ● Response to Water-stressed Areas

Based on the results from the Aqueduct survey, NEC Platforms Thai Co., Ltd.—a production base for NEC products—is located in a water-stressed area in terms of baseline water stress.\* NEC Platforms Thai has therefore installed a water storage tank capable of securing enough water for three days of use, and has also established a system that allows collaboration with the municipal government and the local industrial estate in the event of an emergency.

\* A state in which the balance between water supply and demand in a region is tight. The indicator score is based on the "maximum volume of water available per capita," and a region is considered to be under water stress if the score falls below 1,700 m<sup>3</sup>, which is the minimum standard for water required per capita every year to meet domestic, agricultural, industrial, energy, and environmental needs. According to Aqueduct, a region is considered to be at very high risk if its water withdrawals are more than 80% of their available supply on average every year.

### ● Water Usage and Consumption Intensity

NEC uses municipal supply water, aquifer water, water for factories, and recycled water and keeps track of water usage and wastewater production at all of its locations.

We have set an annual goal to reduce water usage at all our locations by 0.52% every year, using fiscal 2019 as our baseline, and we have continuously implemented and improved water-saving measures such as increased recycling of cooling water. As a result, NEC reduced water usage by 17% year on year, thereby achieving its goal.

### ● Prevention of Water Pollution and Wastewater

NEC manages its wastewater with stricter standards than national and local governments to ensure its wastewater production does not exceed region-specific legal limits.

We have also set Companywide absolute value targets for reducing biochemical oxygen demand (BOD) and chemical oxygen demand (COD) and will continue working in fiscal 2021 to meet these targets.

We are also working to reduce the amount of chemical substances used during water treatment in order to reduce the impact of chemical trade-offs. Specifically, we prevent inputting more chemical substances than necessary by constantly monitoring water quality.

## Examples of Water Usage Reduction Initiatives

### ● Reducing Water Usage by Introducing Steam Condensate Recovery Equipment

The NEC head office building uses steam for air conditioning (heating and humidification). The installation of a steam condensate recovery system (hot well tank) enables condensate generated in the steam supply process to be reused as boiler water. As a result, we were able to reduce water usage by 1,670 m<sup>3</sup> in fiscal 2021.

### ● Water Usage by Introducing a Wastewater Reuse System

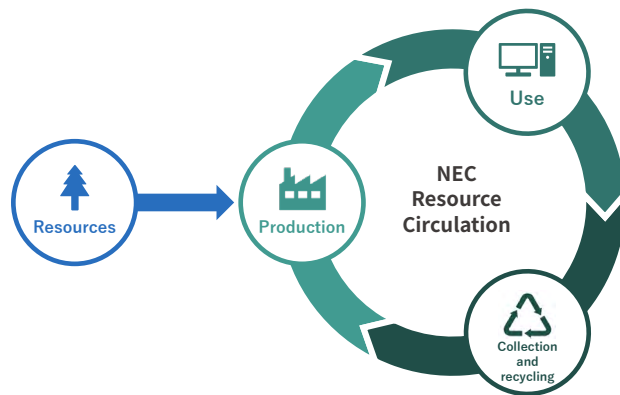
At the NEC head office building, handwashing water in each restroom, wastewater from the hot water supply room, cooling tower blow water, and rainwater are treated using the sludge method and the activated carbon filtration method, and are reused as gray water for toilet flushing water (wastewater from toilets and urinals). As a result, we were able to reduce our annual water usage by 5,650 m<sup>3</sup> in fiscal 2021.

# Resource Circulation and Pollution Prevention Initiatives

## Our Approach

To help realize a sustainable society, NEC strives for effective use of limited resources and is committed to activities based on our Environmental Policy, which affect every process from production to use. This includes initiatives to promote resource circulation and efforts to lessen environmental impact through waste reduction or other methods. In particular, we are working to collect and recycle hardware products that have been used by customers, since many resources are used in their production.

### Collection and Recycling



## Resource Circulation Initiatives

### ● Total Waste Emissions

In order to reduce its environmental impact, NEC conducts activities with an annual goal of reducing its total waste emissions by 0.7% per year, compared with fiscal 2019.

In fiscal 2021, NEC reduced total waste emissions by 7% year on year, thereby achieving its goal. This is due to efforts such as enhanced waste segregations, conversions to sellable materials, paper reduction by digitalization, and the reuse of cushioning materials.

In an effort to be increasingly diligent in our pursuit of proper waste disposal, we also perform regular on-site checks targeting contractors to ensure that outsourced industrial waste goes through an appropriate disposal process.

### ● Waste with High Environmental Impact

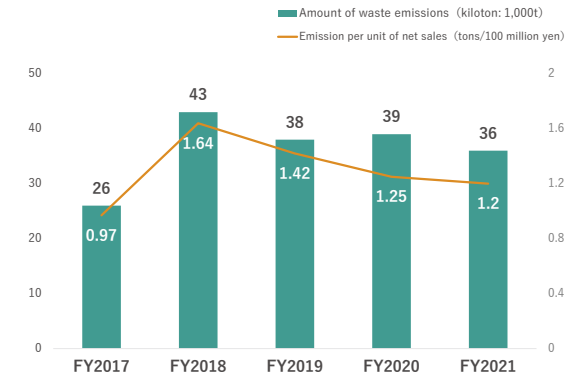
NEC engages in the sale and manufacture of information equipment such as servers, routers, and wireless communication equipment. These products are made using a wide variety of chemical substances, and if these substances are not disposed of properly after use, they will have a major impact on the environment. Therefore, in 2001 NEC became a certified processor of industrial waste, a first for the electronics industry, and since then the Company has become committed to collecting and recycling its products. Moreover, when procuring parts necessary for the manufacture of our products, we are mindful, starting from the product design stage, of selecting parts that will be easy to recycle and will not cause environmental damage.

Recovery of used information equipment totaled 1,922 tons in fiscal 2021. The recycling rate\*<sup>1</sup> was 98% of that in the previous fiscal year, and the resource-reuse rate\*<sup>2</sup> was 91% of that in the previous fiscal year, maintaining our high standards. Going forward, we will continue to recycle limited resources to make effective use.

\*1 Recycling rate: The ratio of the weight of reused, material-recycled, and thermal-recycled items to the total weight of the collected IT devices

\*2 Resource-reuse rate: 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 the collected IT devices (defined by the Law for the Promotion of Effective Utilization of Resources)

## Total Waste Emissions and Emission Intensity



## Breakdown of Waste Emissions ☺

(Unit: Tons)

	FY2017	FY2018	FY2019	FY2020	FY2021
Total waste	25,853	42,593	38,318	38,589	35,886
General waste	2,198	2,251	2,156	2,328	1,823
Industrial waste	20,225	36,611	35,030	31,993	26,772
Specially controlled industrial waste	3,113	3,380	633	2,756	5,755
International waste	317	351	499	1,512	1,536
Recycling	22,564	36,686	34,504	36,612	29,057
Recycling rate	87.3%	86.1%	90.0%	94.9%	81.0%

### ● Response to the Issue of Marine Plastics

NEC is working to resolve the issue of marine plastics through its business activities and through in-house initiatives. In terms of business activities, we support the development of products that utilize biomaterials as well as microplastic analysis driven by AI. In-house initiatives include reducing PET bottle usage and eliminating plastic bags at company shops.

### ● Recycling Home Gateway Devices

NEC provides rentals of home gateway devices, including Wi-Fi routers and security devices. To reduce waste when rental devices are returned, we are actively engaged in effective resource reuse.

The Kakegawa Plant of NEC's affiliate NEC Platforms, Ltd. is involved in recycling the Wi-Fi routers it has produced back into finished products. Routers that have exceeded their useful life are collected from customers and the plastics used in the cases are disassembled, crushed, and pelletized, and then remolded into Wi-Fi router cases to turn them back into finished products.

This initiative is highly regarded outside the company, which has received awards including the Resource Circulation Technology and Systems award.

### ● NEC's Local Resource Circulation Services

NEC aims to promote local resource circulation and community building with the goal of creating circular economies.

This service is intended to encourage the circulation of resources and energy within local communities by generating visual data on resident participation and recovery of resources, such as food waste collected at local garbage collection points.

Residents can record their recycling activities by simply holding a special IC card at a check-in terminal whenever they visit a garbage collection point.

Upon recording their activities, residents receive "gratitude feedback" based on the nudge theory\*3 of behavioral economics, a process supervised by Professor Akira Goto of Meiji University. We expect that this feedback will increase residents' motivation to continue recording their activities.

\*3 "Nudging" is a means of encouraging people to perform desirable actions of their own accord through methods and frameworks drawn from behavioral science.

### Verification Trials of ICT for Generating Visual Data on Food Waste Sorting

Verification trials were conducted jointly by NEC Group company NEC Solution Innovators, Ltd., Amita Corporation, and Rias Engineering, aimed at raising awareness of residents' participation in the separation and collection of food waste. These experimental trials received the

"Best Nudge Award" in the Best Nudge Award Contest in 2019, hosted by the Ministry of the Environment.

### Issues to be resolved

We would like to increase the effectiveness of the biogas facility established by Amita Corporation, to be a base for the local circulation of resources and energy. Therefore, it is necessary to increase the amount of waste collected in order to raise the level of food waste sorting with the cooperation of local residents.

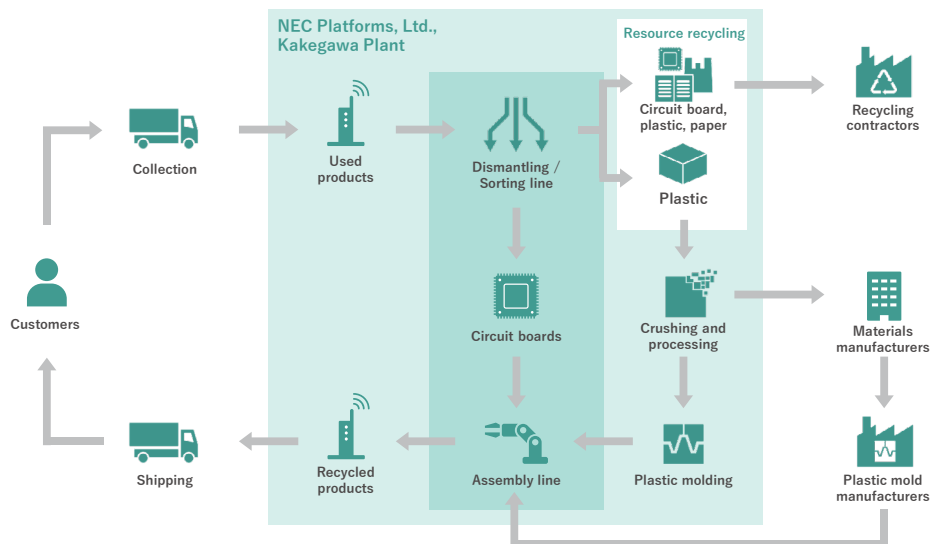
### Initiatives

- Efficient monitoring of participation in food waste sorting
- Provide positive feedback for participation (a message of gratitude as feedback for disposal and separation)

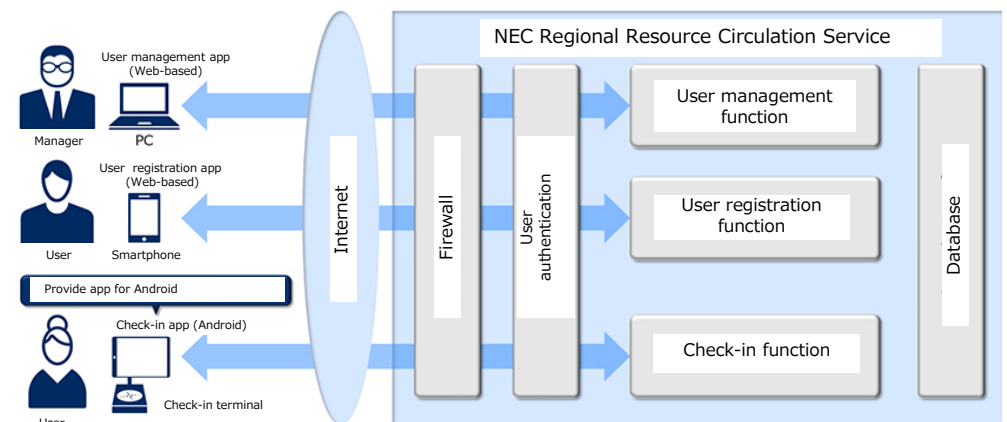
### Results

- Both the amount of waste collected and the level of waste sorting increased in areas where the system was introduced.
- Efficient tracking of participation in food waste separation and the use of nudge methodology based on "gratitude research" encouraged a change in behavior toward separating waste.

### Closed loop Recycling System for Home Gateway Devices



### Verification Trials of ICT for Generating Visual Data on Food Waste Sorting



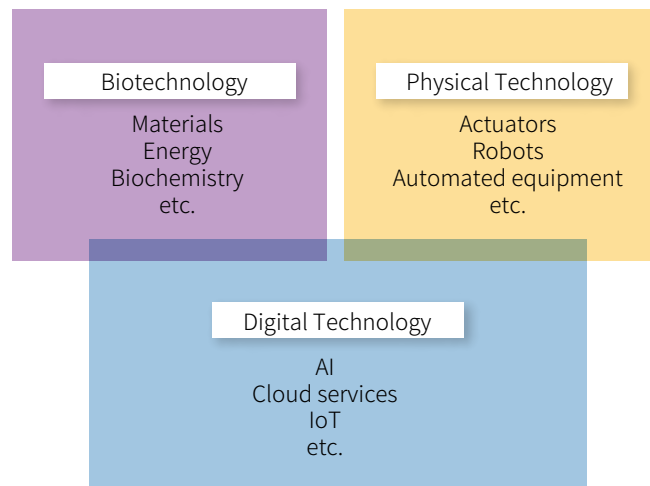


# Shifting to Circular Society with NEC's Digital Technology

To make the shift to a circular society, it is necessary to understand the condition, location, and usage of resources and products throughout their entire life cycles. It is therefore necessary to create a mechanism that will facilitate the sharing and co-creation of data with stakeholders in the value chain regarding resources, equipment, and products. It is also important to promote a shift away from a business model focused on selling products to one focused on providing services. Since we utilize digital technology to maintain a constant connection with customers, we are able to visualize the operational status, consumption, and usage of our devices, which makes it possible to set up a system for device and resource circulation that includes product recovery.

Another part of the shift toward a circular society, aside from the spread of digital technology, is the ongoing fusion of this technology with biotechnology, which involves materials and other elements, and with physical technology, which includes manufacturing equipment, logistics, and 3D printing. We need to devise a company system that will help bring about a circular society in the future, and it is important that this system takes advantage of these three evolving technologies and verifies their effectiveness.

NEC will integrate these technologies and incorporate a series of visualization, analysis, and response processes centered on digital technology into various business activities throughout the value chain. We believe that these efforts will drive the shift toward a circular—and sustainable—society.



## Visualization The First Step toward a Circular Society

With NEC's object recognition, video analysis, acoustic analysis, and other forms of advanced AI technology, it is possible to automatically identify resources and products, confirm the operating status of equipment and products, and see people's movements. With AI, we promote efficiency and optimization at a variety of sites while also working to visualize the entire supply chain by aggregating all the data generated from these individual sites. During this process, it is also important to have a system that allows stakeholders in the supply chain to share this data with a guarantee of safety and trust. As a result, NEC leverages its proprietary and secure high-speed blockchain as well as its secure computing technology to enable data sharing and distribution without harming the interests of its stakeholders.

## Analysis Integrated Analysis Leading to Total Optimization

Integrated analysis powered by AI and machine learning brings to light previously hidden causal relationships and helps realize optimal Companywide process design. With the knowledge gained from this AI-driven analysis, we can create collaborative ties that go beyond companies and value chains, optimize processes, and engage in exchanges of equipment, resources, or other assets.

## Response Implementing Real-world Solutions for the Elimination of Waste

To make a successful shift to a circular society, we need to be able to reflect the solutions derived by AI-driven analysis in real time, in the real world. A major key to this effort is tying this analysis to physical technology. NEC is developing controlled AI that allows people and machines to work together to perform complex tasks safely and efficiently.

In addition, the transition to a circular society requires the development of renewable materials, product design that incorporates these materials, and biotechnology that encourages both the recycling of these materials and the shift to renewable energy. NEC has been engaged in bioplastic R&D for several years and uses bioplastics in its products. We are also making full use of AI, including machine learning, to accelerate the development of new materials.

In many ways, the shift to a circular society is a full-blown effort in technological integration. NEC will work to realize a circular society through full use of its ever-improving and powerful digital technology, its range of know-how and environmental technology, cultivated as part of the manufacturing industry, and through co-creation with its various technological and business partners.

## Chemical Substances

### ● Our Approach

NEC carefully examines the environmental impact and safety of chemical substances in all phases of its operations, from introduction and use to disposal. NEC takes all possible measures to reduce consumption and to replace harmful substances with safer ones.

### ● Volume of Chemical Substances Used

To reduce the volume of chemical substances used, we have set a goal of reducing the amount of chemical substances purchased by 1% compared to fiscal 2013 amounts. In fiscal 2021, we used 0.2 thousand tons of chemical substances, thereby achieving our target.

### ● Preliminary Evaluation of Chemical Substances

NEC has been conducting preliminary evaluations to examine environmental and safety aspects carefully when using a new chemical substance for the first time. These preliminary evaluations are a series of strict examinations of physical properties, toxicity levels, handling methods, emergency response measures, recycling methods, environmental impact, and other items related to chemical substances. Only substances

that have passed these examinations are allowed to be purchased.

Safety data sheets (SDS) are obtained from manufacturers or prepared independently for all chemical substances used. These are used for reference when making judgments in considering safety countermeasures to apply when using the chemical substances. Manufacturing assessments are also carried out in all manufacturing processes to evaluate environmental and safety aspects of the chemical substances and production facilities.

### ● Conformance to the PRTR Act (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

The balance of inputs and outputs of substances used by the NEC Group among the chemical substances that are subject to the PRTR Act (Class I Designated Chemical Substances: 462 substances) is summarized in the following illustration.

For chemical substances released into the atmosphere and public water bodies (including discharges into sewage systems), NEC has set its own voluntary standards, which are more stringent than the levels required by law, and ensures that these standards are strictly met.

### ● Reduction in Use of Strictly Regulated Chemical Substances 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 achieved a reduction of 96%, almost completely abolishing them from use.

### ● Strict Control of Equipment and Parts Containing PCBs

At present, NEC strictly controls disposed-of devices (equipment and parts, including fluorescent light stabilizers) containing polychlorinated biphenyls (PCBs) at its three plants and five Group companies 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.

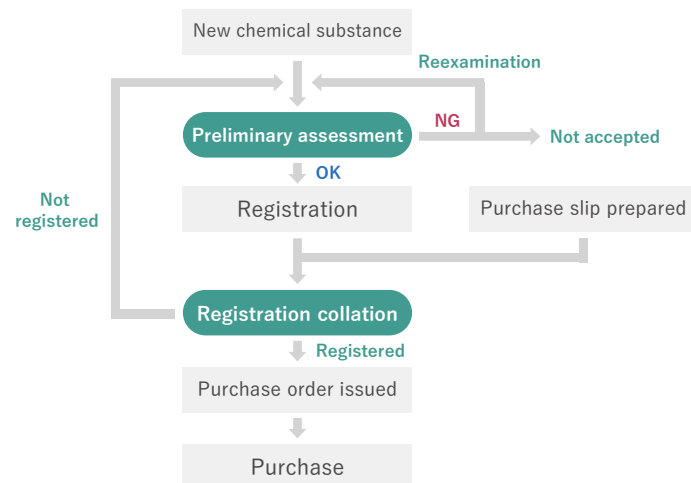
In compliance with the change, NEC is revising its disposal plans to ensure that the waste is processed within the set deadline.

Amount of PCBs held by NEC  
(as of March 31, 2021)

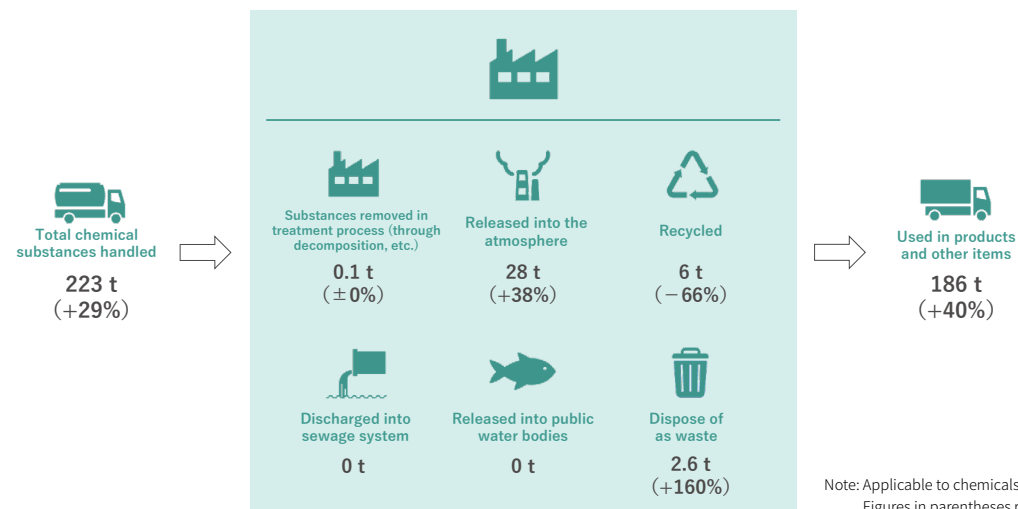
High concentration: 32,908 kg  
Low concentration: 72,205 kg

Scope: NEC Corporation

### Preliminary Evaluation Process for Chemical Substances



### Chemical Substance Balance Control Chart (FY2021)



Note: Applicable to chemicals subject to the PRTR Act  
Figures in parentheses refer to year-on-year difference.

## ● Compliance with Regulations on Chemical Substances Contained in Products

NEC strives to comply with both Japanese and international regulations regarding chemical substances. To ensure that we are in compliance with global regulations such as the Restriction of Hazardous Substances (RoHS) Directive and Registration, Evaluation, Authorisation and Restriction on Chemicals (REACH) regulations in the European Union (EU) and the Toxic Substances Control Act (TSCA) in the United States, we promote the exchange of information on chemical content throughout the supply chain as well as the enhancement of NEC's internal information management system.

Our approach toward the exchange of information on chemical content is not to introduce individual rules but to employ the common use of chemSHERPA, a scheme for the sharing and exchange of information on the chemicals contained in new products in supply chains compliant with international standard IEC 62474. Such an approach improves the work efficiency of those giving and receiving information while allowing both to respond more quickly.

NEC has built a compliance structure using chemSHERPA-CI\*<sup>1</sup> and chemSHERPA-AI,\*<sup>2</sup> which are operated by JAMP.\*<sup>3</sup>

\*1 Sheet for entering information on the chemical substances contained in a material or prescription to ensure compliance with laws and regulations

\*2 Sheet for entering information on the chemical substances contained in the formed articles to ensure compliance with laws and regulations

\*3 JAMP: Joint Article Management Promotion-consortium

## ● Risk Management for Chemical Substances Contained in Products Complying with the EU RoHS Directive

The EU RoHS Directive bans, in principle, the inclusion of 10 substances, including lead, mercury, and cadmium, in electrical and electronic products. NEC requests its suppliers to comply with the EU RoHS Directive in products that they supply, and conducts surveys to determine whether purchased parts and materials contain any of the banned substances. These efforts ensure that NEC branded products comply with the EU RoHS Directive, in principle.

### Progress of replacement initiatives

The NEC Group is moving forward to replace chemical substances in compliance with the restrictions put forth by the EU RoHS Directive. Hexavalent chromium plating in the treatment of steel sheets and plates is being substituted by trivalent chromium plating, organic film, nickel plating, and stainless steel.

Pigments and paints have been changed to materials that do not contain lead, cadmium, or hexavalent chromium.

Lead solder has been replaced with lead-free solder.

Procurement of parts and materials containing polybrominated diphenyl ether (PBDE) and polybrominated biphenyl (PBB) has been banned since 1997, and other flame retardants are used instead.

NEC had already prohibited the inclusion of four phthalic acid compounds in purchased products one year before the enforcement of a law banning them, and has made progress in replacing them.

### Management of exceptions

The EU RoHS Directive includes exceptions where the inclusion of prohibited substances is permitted under certain conditions. These can be used within a legally allowed period, but they must be replaced at an appropriate time.

NEC manages risks using an internal system called CHEMSIS, which centrally manages information on chemical substances contained in purchased products collected with chemSHERPA-AI, and then automatically determines whether contained substances exceed threshold values and the time limit on exemptions. At the same time, we ask suppliers to comply with the end of exemption periods six months in advance.

### Confirmation by analysis

For purchased products that are deemed to be high risk, we obtain analysis data from the supplier, and when necessary, conduct our own individual analysis to confirm that prohibited substances are not contained in the products. The NEC Group has introduced fluorescent X-ray analysis systems in its production plants to create a system for confirming that certain prohibited substances, such as lead, cadmium, mercury, and hexavalent chromium, are not contained in the products.

## Complying with EU REACH Regulations

The EU REACH regulations identify restricted substances that may not be included in products and Substances of Very High Concern (SVHCs), which may be included but require provision of information to product recipients if they exceed a certain threshold value.

NEC uses chemSHERPA-AI to request provision of the above chemical substance information from its suppliers and manages the response information obtained centrally on its internal green procurement support system, CHEMSIS, to control the presence of restricted substances and SVHCs in excess of threshold values. NEC then shares this information with sellers in the EU.

## Complying with Other Global Regulations

In addition to the EU RoHS Directive and EU REACH regulations, NEC's business divisions all work together with local subsidiaries and relevant industry organizations in Japan and international to comply with regulations on chemical substances contained in products applicable to each respective country, including China and the United States.

# Initiatives for Biodiversity

## Our Approach

Biodiversity is an important foundation for a sustainable society. At NEC, our environmental policies stipulate that individual employees should increase their environmental awareness and contribute to preserving biodiversity. We strive to minimize the impact of business activities and employees' lives on living organisms, and to actively encourage employees' activities that contribute to biodiversity and the provision of ICT solutions.

## Initiatives for Biodiversity

### ● Biodiversity Conservation Efforts at NEC Abiko Plant

The NEC Abiko Plant has a spring area on its premises, known as Yotsuike, which is thought to derive from the Tone River. Since 2009, NEC has cooperated with the Teganuma Aquatic Organism Research Association to promote conservation activities in this area, aimed at the protection of the Oomonosashi Tombo (*Coperia tokyoensis*) species of dragonfly. Yotsuike is a habitat for this dragonfly, which is designated as an endangered species IB class (EN) by the Ministry of the Environment.

In fiscal 2021, fewer conservation activities were conducted in comparison with other years as a result of COVID-19. However, efforts to remove crayfish and other invasive species proved effective, as were efforts to establish an artificial dragonfly pond as a habitat for the Oomonosashi Tombo, which features several areas where the dragonfly can be observed.



Oomonosashi Tombo (*Coperia tokyoensis*)

Photographer: Taichi Jibiki

Since our conservation efforts to protect the Oomonosashi Tombo dragonfly involve the elimination of invasive alien species, the Ministry of the Environment sponsored an on-site visit from a working group that specializes in measures for dealing with invasive species. During the visit, we exchanged opinions with the experts on the subject as well as discussed our initiatives and methods for effective removal of the alien species.

In addition, we also made effective use of the large volume of freshwater mussels discovered upon draining the Yotsuike in 2012, by using them to conduct preservation activities for an endangered species of IA type (CR) Cyprinid (*Acheilognathus typus*) in the aforementioned artificial pond at our business site. By providing a place for the Cyprinids to lay their eggs, the freshwater mussels played an important role in the Cyprinids' survival. In fiscal 2021, we will move some of the mussels to Yotsuike and observe the effects of the change in habitat.



Cyprinid (*Acheilognathus typus*)

Photographer: Taichi Jibiki

We will also hold an annual "Biodiversity Dialogue" to review the above activities, go over results, and discuss future efforts with the Teganuma Aquatic Organism Research Association, the city of Abiko, and experts in the field.



Removal of invasive species from Yotsuike

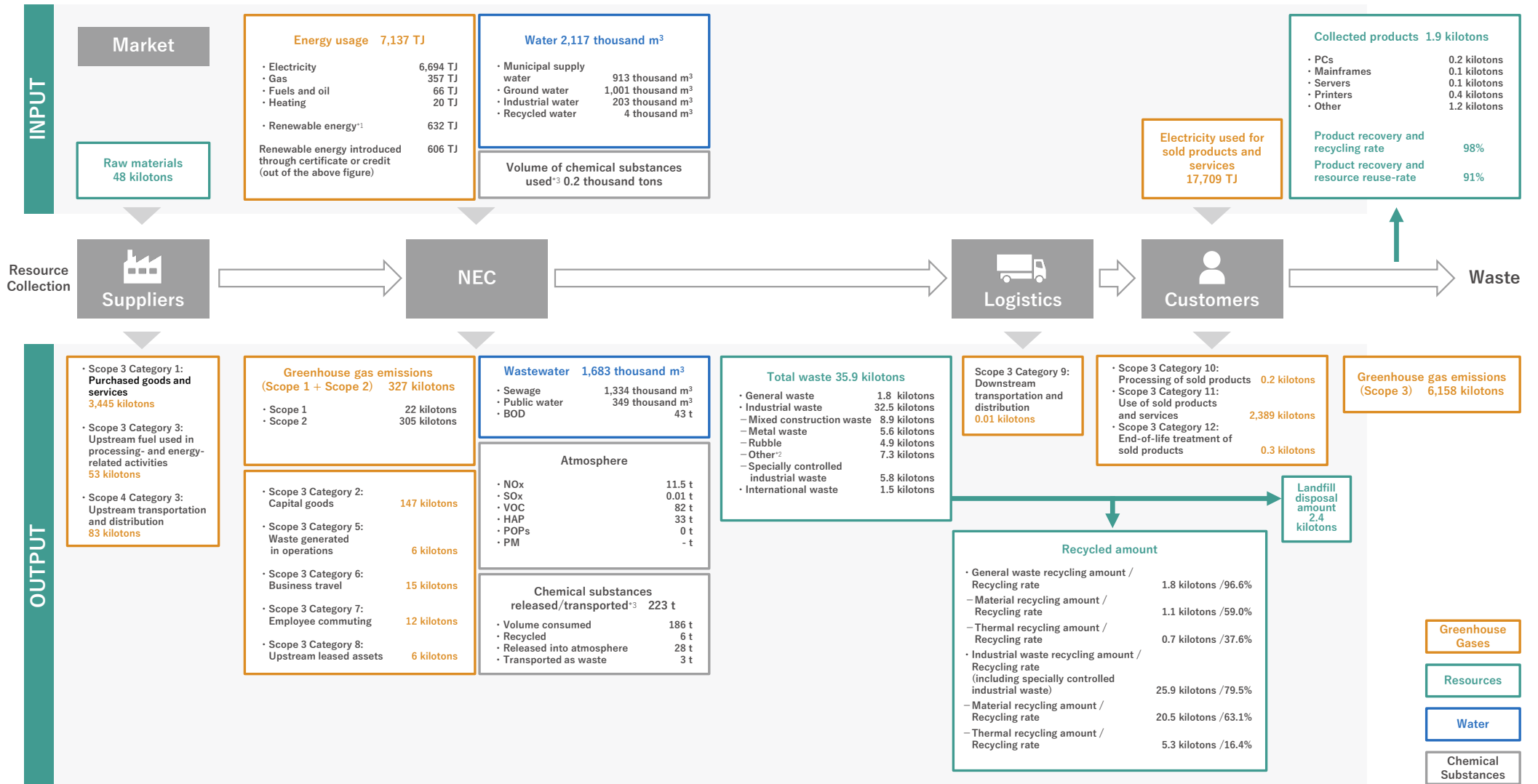
### ● Activities in Biodiversity Working Groups

NEC participated in biodiversity preservation activities as a member of a biodiversity working group made up of four organizations\* from the electrical and electronics industry. The working group has supported corporate biodiversity initiatives with the publication of "Let's Try Biodiversity! (LTB)—First Corporate Activities in Biodiversity" and "Let's Try Biodiversity Pick Up!—Reducing Plastic Waste in the Ocean Starting on Land," which summarizes approaches to the marine plastic waste issue.

\* Four organizations from the electrical and electronics industry:

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)

# Overview of Environmental Impact



\*1 Renewable energy is not included in total energy consumption.

\*2 Discarded plastic, wood chips, sludge, etc.

\*3 Substances subject to the PRTR Act



# Social

- 53–57 Inclusion and Diversity
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- 64–67 Health and Safety
- 68 AI and Human Rights
- 69–71 Personal Information Protection and Privacy
- 72–74 Information Security and Cyber Security
- 75–77 Ensuring Quality and Safety
- 78 CS (Customer Satisfaction) Initiatives
- 79–80 Cooperation with Local Communities



# Inclusion and Diversity

## Policy

In today's world, where rapid change has made the future difficult to predict, we at NEC believe that in order to continue providing value to society, we must facilitate innovation and always be changing. The fact is, however, that it is difficult to create new value and make appropriate decisions in a homogeneous culture.

NEC believes that hiring employees of various backgrounds under the principle of equal employment opportunities enables the organization to take on challenges and grow by receiving new input, and that this can lead to new ideas and generate innovation.

For this reason, it is important to create a culture in which employees can understand, respect, and empathize with diverse values and perspectives.






With regard to respecting and empathizing with those who have different values, 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 our initiatives on human rights based on the NEC Way and explicitly states that in all types of corporate activities we must respect the individuality of each person and not act in any way that may harm their dignity.

It is one of NEC's management strategies to firmly establish a culture that is truly based on inclusion and diversity (I&D) in this way. We believe this is a source of competitive advantage, and we are promoting initiatives on the following points.

- 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 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.”**

-  NEC Group Code of Conduct
-  NEC Group Human Rights Policy
-  [Priority Management Themes from an ESG Perspective—Materiality](#)
-  [Respecting Human Rights](#)
-  [Human Resource Development and Training](#)

## Implementation Framework

The Diversity Promotion Group was established within the Human Resource Development Division (at the time) in 2013 as a dedicated organization for promoting diversity within NEC. To further promote inclusion, which was conventionally a part of promoting diversity, in 2019 the Inclusion and Diversity Team was set up within the People and Organization Development Division.

The team is now working on various measures, such as providing support and promoting understanding for women's career advancement and active participation, employment of people with disabilities, and sexual minorities (LGBTQ<sup>\*1</sup>), while building cooperation with related departments. The team is also engaged in measures related to smooth onboarding<sup>\*2</sup> of non-Japanese employees and mid-career hires. In this

way, we are fostering our in-house culture by proposing and implementing measures to enable these kinds of diverse internal human resources to make full use of their individuality and uniqueness to work and participate at their full potential.

Moreover, we have established the NEC Group I&D Promotion Meeting, which is chaired by the Chief Human Resources Officer (CHRO) and comprises officers in charge of diversity at each company. At the meeting, we carry out measures and share best practices for NEC Group companies.

<sup>\*1</sup> LGBTQ stands for lesbian, gay, bisexual, transgender, and questioning or queer and is a collective term for sexual minorities.

<sup>\*2</sup> Onboarding means providing people who have newly joined an organization or service with a basic introduction to it and assistance in becoming accustomed to a new environment.

## Measures and Main Fiscal 2021 Activities

### ● Promotion of Global Recruitment of Human Resources

To achieve global business expansion, NEC is working to recruit non-Japanese individuals in its research, technology, sales, and corporate administration departments. Through these efforts, we strive to increase the global competence of our workforce and promote diversity in each department. We are also working proactively to recruit employees of international subsidiaries to work at NEC Head office and to facilitate interactions with these personnel and develop human resources. We are also devoting energy to recruiting international students who newly graduated in Japan. In addition, we are hiring research personnel directly from universities abroad, such as the Indian Institute of Technology and the University of Pennsylvania. In fiscal 2021, we welcomed 11 international students joining as new hires.

NEC Corporation has established a system that enables international students, Japanese students enrolled in universities abroad, and other students studying abroad to join the Company in October instead of April. In March 2020, we opened a prayer room in the Head Office building for employees who need to make religious observances.

-  [Human Resource Development and Training](#)

## ● Promoting Women’s Career Advancement and Active Participation in the Workplace

NEC Corporation was already keen to hire and promote people regardless of their gender even before the 1985 Equal Employment Opportunity Act came into effect.

As a global company, we believe it is preferable to have more female employees participating in management decision-making and leadership positions, and we are conducting initiatives aimed at the following three targets:

Targets by April 1, 2026	As of April 1, 2021
1. Ratio of female employees: 30% by fiscal 2026	<b>19.6%</b>
2. Ratio of female managers: 20% by fiscal 2026	<b>7.2%</b>
3. Percentage of officers ranked executive officer or higher who are female or non-Japanese: 20% by fiscal 2026	<b>3.6%</b>

Scope: NEC Corporation

With the aim of reaching the targets, we will take the following measures.

### Measures

1. Actively hire women for all job types and employee ranks
2. Foster readiness and awareness
3. Steadily implement promotion through talent management

In 2021, NEC Corporation was ranked first in the “Diversity Workstyle Promotion” category of the “100 Best Companies Where Women Actively Take Part” published by Nikkei WOMAN in its “Survey on Female Workers’ Workplace Opportunities.” The Company was recognized for its initiatives to support flexible workstyles in response to life events such as marriage and childbirth, its initiatives to make full use of women’s potential, and its results. By steadily promoting the above measures, we will continue to promote women’s career advancement and active participation in the workplace.

Figures on the advancement of women’s careers



## Talent Management Program for Female Employees

In fiscal 2020, we revamped our talent management program for developing the next generation of human resources. Under this program, we select promising female employees from a wide range of ranks and foster them through training assignments at other companies, assessments and coaching provided by in-house career coaches, group mentoring, and networking for female employees, among other activities.

Our main measures aimed at increasing the ratio of female managers are as follows.

- Developing and implementing a systematic development program for female managers ranked department head or higher with the aims of encouraging their further contribution as leaders who epitomize our Code of Values and producing corporate officers in-house
- Holding roundtable discussions among the Chief Human Resources Officer (CHRO) and female managers ranked department head or higher
- Implementing a group mentoring program for female section heads, conducted by corporate officers and managers ranked department head or higher
- Implementing a program for talent identification and development at the assistant manager level

## Joining the 30% Club Japan

With the aim of improving the gender balance among our corporate officers, we joined the 30% Club Japan in October 2020. Established in the United Kingdom in 2010 to help sustain corporate growth, the 30% Club is a global initiative that aims to increase the percentage of women in key corporate decision-making bodies, including boards of directors.

Members of the 30% Club Japan believe that a healthy gender balance in corporate decision-making bodies, such as boards of directors and senior management teams, will help strengthen corporate governance, promote sustainable growth, and improve global competitiveness and, ultimately, contribute to the building of a sustainable Japanese society. These goals also represent important themes for NEC and coincide with its aim of realizing a sustainable society—a goal the Company pursues based on the Purpose of the NEC Way.

NEC endorses the aims and activities of the 30% Club Japan. As a member of the club, we will tackle a range of measures to improve the gender balance among our corporate officers.

## In-house Online Event for International Women’s Day

On March 8, 2021—International Women’s Day—NEC hosted an in-house online panel discussion open to all NEC Group employees, which was themed on Inclusion and Diversity as a Management Strategy.

With a view to promoting understanding of the relationship between corporate value and the empowerment of women and other components of diversity-driven management, three senior-level female leaders and the CHRO participated as panelists in a discussion on the significance of I&D from the viewpoint of increasing corporate value and strengthening competitiveness. The panelists also recounted examples from their own experiences of diversity-driven management. The event received a great deal of positive feedback. In a questionnaire conducted after the event, 98% of participants responded that it had given them a greater awareness and understanding of I&D.

## Unconscious Bias Training

To meet diverse stakeholder needs in an era of rapid change, it is essential to develop the abilities of individuals as professionals and to create a culture that enables those individuals to demonstrate their abilities. In fiscal 2020, we started implementing unconscious bias training for corporate officers and business division managers, aiming to strengthen our management ability with regard to diverse human resources.

In fiscal 2021, we conducted online training to deepen understanding of unconscious bias and the importance of diversity-driven management as well as to enhance managers’ ability to demonstrate leadership in an era of transformation.

In addition, targeting employees involved in advertising operations and media content, we held an online seminar on using visual content that incorporates diversity, which was conducted by an outside expert. Approximately 300 employees participated in the seminar and furthered their understanding of unconscious bias toward gender and other attributes, trends in visual content, and key points to consider when selecting visual content. The seminar proved to be a meaningful opportunity for employees to extend their knowledge, with more than 90% of participants stating that the seminar had been understandable and useful in response to a questionnaire conducted after the seminar.

### Seminar for Employees Returning from Childcare Leave

This seminar was started in fiscal 2015. Its aim is to enable employees on childcare leave who are due to return to work soon to enrich their careers while balancing the demands of work and childcare. Since fiscal 2020, NEC has extended the seminar's target group to include employees of the Group companies in Japan.

In fiscal 2021, we held the seminar online over two days, and 133 people from eight companies participated in it. Participants learned about measures and systems including Company trends and work-life support systems. In addition, they received a message from their companies encouraging them to design their own workstyle and build their careers, even with the time restrictions imposed by childcare. They also participated in group work where they visualized their work-life balance after returning to work, and a roundtable discussion with senior employees. The ratio of male employees taking childcare leave has also been increasing recently, and many men were observed taking part in the seminar. As a result of these efforts, NEC Corporation has achieved a return rate of nearly 100%.

### Career Development for Women in Sales

At NEC Corporation, the ratio of women in sales positions has been increasing each year, mainly among young employees, and Companywide development of female sales personnel and future leaders is considered to be an extremely important theme.

In fiscal 2021, 49 junior female sales personnel from different industries participated in an online networking event, which has been held by five companies, including NEC, since fiscal 2018. Interacting with female sales personnel from other industries gave participants insight into the world beyond their companies and broadened their horizons. Moreover, by enabling participants to talk with peers as well as more senior employees in other companies, the event provided a good opportunity for participants to think about plans for their careers as sales personnel.

Also, a nationwide networking and leadership training event for female sales personnel, which we have held since fiscal 2016, brought together 50 personnel from across the country. Under the theme of using the present juncture as a vantage point from which to think about sales during and after the COVID-19 pandemic, the online event included talks by corporate officers and group work.

### Diversity Promotion Activities Conducted by Female Managers

Since 2014, a voluntary association of NEC's female managers, Scarlet Elegance in NEC (SELENE), has been holding events for female employees. These include discussions with invited corporate officers, members of the senior management team, and outside lecturers as well as study sessions.

#### ● Promoting Employment of People with Disabilities

NEC currently employs 387 people with disabilities, which is the total for NEC Corporation, NEC Friendly Staff, Ltd., and NEC Management Partner, Ltd., as of June 1, 2021. These employees work based on the principle of "doing on your own the things you can do and helping each other with the things that cannot be done alone."

To promote a barrier-free recruitment process, we have established an employment liaison service for people with disabilities. In this process, we use Zoom as an online tool and explain our "reasonable accommodation"\*3 measures for each person. Also, we provide support that caters to the disability of each person. For example, before prospective employees join us, existing employees accompany them in an examination of assigned workplaces and other frequented locations to confirm that they are barrier free.

As part of our recruitment drive targeting 2022 graduates, we held online seminars. Further, to help them understand the work they would engage in and the support they would receive upon joining us and to envision working for us with peace of mind, we explained our business lines, hosted informal gatherings attended by NEC employees with disabilities, and circulated an email newsletter. Also, as a representative of the corporate viewpoint we participated in an episode of an NHK Educational TV show on living with hearing difficulties, which focused on giving support and advice related to the problems faced by job seekers with hearing difficulties.

Using a sign language interpreter, we address students' questions and doubts and further understanding of the employment of people with disabilities, thereby helping alleviate the anxieties of students with disabilities who are job hunting.

In addition, the NEC Group Inclusion & Diversity Promotion Meeting monitors the NEC Group's progress in employing people with disabilities.

\*3 Measures to improve conditions that are barriers for disabled workers so that they can exercise their abilities effectively

### Signatory to The Valuable 500

NEC has agreed with and become a signatory to The Valuable 500 initiative for promoting active participation of people 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, we will also strive to realize safety, security, fairness, and efficiency to enable a rich range of social activities by supporting people with disabilities through employment and contributing to society through support for parasports.

 NEC Joins The Valuable 500

### Special Subsidiary Company: NEC Friendly Staff

In March 2003, NEC Corporation established NEC Friendly Staff, Ltd., as a special subsidiary company for employing people 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, 2021, the company employs 133 people with disabilities.

The company's employees support the Group's businesses in many ways. As well as providing long-established services, such as cleaning services and services for the conversion of business-related documents into electronic format, the subsidiary's employees are helping other Group companies adapt to telecommuting and other workstyle changes by assuming more tasks on a consignment basis. For example, the subsidiary provides support for the launch of online training, checks postal mail sent to employees working from home and forwards it, and performs various types of dispatching.

These services improve the work efficiency of NEC's other employees as well as helping to strengthen the management of compliance. Going forward, NEC will continue expanding the work of the special subsidiary company by having it provide an even wider range of administrative support services.

### Assisting the Self-development of NEC Group Employees with Hearing Difficulties

Since fiscal 2016, we have been holding study sessions to deepen knowledge of NEC among NEC Group employees with hearing difficulties.

In fiscal 2021, the COVID-19 pandemic made it difficult to hold study sessions where employees with hearing difficulties meet directly.

For this reason, with the aim of realizing “new normal” workstyles premised on telecommuting, we organized an exchange of opinions focused on the innovative techniques and measures that we could introduce for online meetings and discussions. Also, we are holding study sessions on the use of actual online communication tools to enhance communication.

### ● Supporting Diverse Workstyles for Seniors

NEC Corporation has implemented systems that enable employees to choose their career support programs themselves in order to meet the diverse needs of employees seeking to start a new career outside of the Company or those approaching retirement age. These programs are designed to support proactive life planning initiatives by providing financial and time benefits to employees choosing to plan and prepare for new careers outside of the Company.

In addition, NEC provides a system that enables employees who wish to work beyond the age of 60 to extend their employment to a maximum age of 65. This system is offered with the intent of giving highly motivated and skilled personnel the opportunity to continue being active in the workplace. Since fiscal 2016, NEC has also operated a personnel recruiting system for those extending their employment that works to match the needs of individuals and hiring organizations, based on type of work, job description, employment terms, and other conditions.

Further, beginning from fiscal 2022, NEC will launch an initiative for dispatching and arranging the placement of highly experienced personnel. Under this initiative, we will send project managers and other personnel with skills and qualifications based on advanced technical expertise or long experience to workplaces inside and outside the NEC Group. Thus, we will develop opportunities for senior personnel to make long-term contributions to society in ways suited to their lifestyles.

### ● LGBTQ Initiatives

In creating a workplace environment where every individual can fully express themselves without fear of discrimination, we believe that having a correct understanding of LGBTQ issues and increasing the number of “allies”<sup>\*4</sup> are top priorities. Also, to provide LGBTQ employees with equal opportunities to use our systems, since fiscal 2020 we have been implementing the following initiatives.

- Training for managers on understanding LGBTQ issues and training for members of the Human Resources Division, who may serve as primary contact points, on responding appropriately so that LGBTQ employees feel safe and at ease when seeking advice
- Establishment of a community of allies as “visible mentors” who help LGBTQ employees feel safe and at ease
- Participation since 2016 in RAINBOW CROSSING TOKYO, a career forum themed on promoting LGBTQ-related initiatives and other forms of diversity

<sup>\*4</sup> Someone who understands the situation of, and strongly supports, LGBTQ individuals

### Launch of an Ally Community and the Promotion of Understanding among Employees

Since fiscal 2020, a group of eight employees, primarily from the People and Organization Development Division, have been acting as visible LGBTQ allies and responding directly to inquiries and consultation requests from LGBTQ employees. Further, as part of our emphasis on respect for diversity, our Human Rights and Business web-based training for all employees heightens awareness of the importance of harassment prevention and outing prevention. Through such initiatives, we are increasing the supporters of LGBTQ employees and giving them greater peace of mind.

### Revision of Internal Regulations

In October 2019, we 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 RAINBOW CROSSING 2020 as a Sponsor

In 2020, for the fifth consecutive year, we exhibited at RAINBOW CROSSING, one of the largest career conferences in Japan that is focused on promoting I&D, including LGBTQ initiatives. Last year’s conference was held online, and university students with a high level of interest in this theme participated from all over Japan. Through the conference, we provided participating students with an understanding of our I&D initiatives. Also, at an online networking event, our LGBTQ allies and promoters of I&D took the platform as role models and spoke directly with participating students.

### Rated “Gold” in the PRIDE Index 2020

We have received a “Gold” rating—the highest rating—in PRIDE Index 2020, which is formulated by the voluntary organization work with Pride and reflects evaluations of initiatives for LGBTQ individuals and other sexual minorities at companies and organizations.

We met all of the indicator’s 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. Specifically, the following initiatives were well received.

### Toward Fair Recruitment Activities

In fiscal 2019, we added the following items about LGBTQ issues in interview manuals. Since then, we have been promoting awareness so that recruiters can carry out interviews appropriately. We also abolished the field for stating gender on the entry form.

1. Absolutely do not conduct interviews that discriminate or violate human dignity from the perspective of human rights.
2. Even if a person comes out as LGBTQ, for example during an interview, do not ask questions only concerning LGBTQ.
3. Judge a candidate only by the person’s capabilities and suitability for the job.

### ● Inclusion of Mid-career Hires

Since fiscal 2021, we have been providing web-based training on interviewing to employees responsible for conducting interviews with prospective mid-career hires. Designed to improve the interviewing skills of employees by deepening their understanding of the entire process from recruitment strategies through to actual interviewing methods, our program uses role playing and other types of interactive training. The program also helps participants understand the importance of conducting interviews in a manner that ascertains suitability, eliminates bias, and recruits diverse personnel.

Aside from roughly 600 new graduate hires, we hired approximately 400 personnel mid-career in fiscal 2021. Given the increasing number of mid-career hires, we are facilitating onboarding so that they find their feet and begin contributing soon after joining us. For example, when mid-career hires join NEC, it holds online orientations. Also, we distribute onboarding manuals to departments to which mid-career hires are assigned.



In addition, about three months after joining the Company, mid-career hires participate in an online roundtable, which gives them an opportunity to participate in a discussion with the CHRO or the general manager of the People and Organization Development Division. The roundtable also helps employees build networks with those who joined the Company around the same time as them.

Mid-career hires have diverse approaches and perspectives based on their experience working at other companies outside NEC. At the roundtable discussion, they discuss questions about their current duties and proposals for improvements, among other topics. By acting as a catalyst for discussion about stopping long-embedded work practices and activities that have lost their original purpose but have persisted, mid-career hires help to accelerate cultural transformation.

#### ● Initiatives in the Local Community

NEC continues to promote awareness and understanding of I&D within local communities and address issues through the following corporate citizenship activities.

- NEC has supported wheelchair tennis for more than 30 years, and NEC employees have participated in volunteer activities, such as by serving as linespersons in national competitions since 1991.
- As an initiative to respond to the rights of children set out in the Children's Rights and Business Principles developed by Save the Children (NGO), the UNGC, and UNICEF, NEC has implemented e-Net Caravan, which offers awareness raising and guidance for elementary school students (third and fourth grade) through to high school students as well as other guardians and educational professionals to teach them how to use the internet safely and securely. Nationwide, 300 of our employees currently participate in this initiative as certified instructors.
- Every winter, NEC Corporation India Private Limited conducts a Gift the Warmth Drive. In fiscal 2021, the 12th year of the program, the subsidiary distributed 1,000 sets of thermal underwear and sweaters to senior citizens in straitened circumstances. Since 2015, through the local community we have been contributing to the health of the women at a

residential facility for widows, called Radhakund Aashram, by distributing nutritious food such as fruit and milk and conducting health check-ups twice a week year-round. Further, in cooperation with the NGO Krish, at two rural schools we support the education of underprivileged girls so that they acquire the knowledge, skills, and self-confidence that will help them avoid economic and social insecurity.

 Wheelchair Tennis

 e-Net Caravan

# Human Resource Development and Training

## 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. 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.

The foundation of the reforms is the NEC Way, which outlines the NEC Group's Purpose and Code of Values. We have defined our Purpose as the 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. With our sights set on realizing this Purpose, we are developing our organizational climate and culture while fostering personnel who have the passion and ambition to create new businesses, the capabilities to take on challenges beyond organizational boundaries, and the perseverance to accomplish initiatives.

Through these reform efforts, we hope to raise the employee engagement score to 50% by fiscal 2026.\*

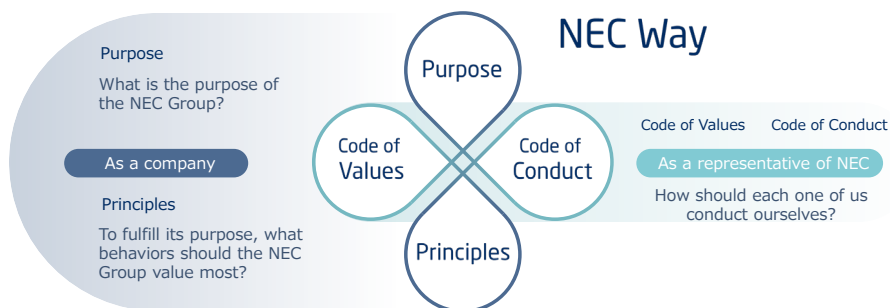
\* Based on a survey conducted by the global human resource consulting company Kincentric, a 50% score is in Tier 1, which approximately corresponds to the top 25th percentile of companies globally.

## Implementation Framework

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

### Structure of the NEC Way

The NEC Way clearly indicates not only NEC's Purpose and principles as a company but also our values and the way in which each one of us as representatives of NEC should conduct ourselves.



### ● Human Resource for Driving Transformation

We are reorganizing the roles of the Human Resources 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 function 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 are conducting human resource development to strengthen the expertise of our workforce. These efforts are based on the Human Resources Management Committee—a cross-organizational body that plans, implements, and follows up on measures for specific job types, thereby contributing to the improvement of professional skills in the NEC Group.

### ● 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 Japan and abroad. Since 2019, the Company has unified human resource evaluations by conducting performance development at NEC Group companies as well as at NEC. Performance development encourages growth and changes in behavior by providing 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. Further, in fiscal 2021 we partially introduced a new human resource information system. Plans call for the full introduction of the system to NEC and NEC Group companies beginning from fiscal 2022 and fiscal 2023, respectively.

### HR Policy "NEC, for Those Who Seek Challenge"



#### NEC, for those who seek challenge.

##### Diverse opportunities for challenge

Our guiding principle is right time, right position, right person. Diverse opportunities for challenge are provided, which employees can take advantage of to flexibly build their own careers.

##### Unlimited growth opportunities

If your outlook is ambitious, you can continue improving your skills and growing as a professional.

##### Fair appraisal and progressive rewards :

Performance is evaluated fairly and rewarded with the appropriate pay and subsequent growth opportunities and positions.

##### Work environments and culture that bring out your best

Systems support good work environments and culture in addition to a fulfilling quality of life, allowing employees to dedicate themselves to taking on challenges.

## Measures and Main Fiscal 2021 Activities

### ● Talent Acquisition

#### Initiatives to Acquire Diverse Talents to Supplement the En Masse Hiring of New Graduates as Regular Employees

We have introduced 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 remuneration based on the roles the new employees assume.

Further, targeting leading young researchers, including new graduates, NEC has introduced a Selective Compensation Program for Professional Researchers, which takes market value into account and sets no upper limit on compensation.

#### Increase in Mid-career Hiring (400 People in Fiscal 2021) and Introduction of Referral Recruitment

To realize timely assignment of personnel to appropriate positions, we are making bold changes to the way we utilize human resources. One such change is our increased utilization of external human resources. Specifically, we are hiring more mid-career personnel, who enable us to implement businesses strategies immediately. In fiscal 2021, to supplement our use of recruitment agencies, we launched a referral recruitment system that uses the personal networks of NEC employees. Five people joined NEC through this system in the same fiscal year.

### ● Develop Talents

#### 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 1,000 promising personnel from our operations worldwide. Our aim is to accelerate the achievement of business results and maximize the effectiveness of training. To these ends, 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. Furthermore, we assign promising personnel to “hot” positions that simultaneously meet business and training needs.

##### Global human resource development

We have developed a global leadership program to ensure that we assign the most globally competent personnel to leadership positions. With respect to our Senior Leader Program, 15 people from nine regions and countries participated, while 21 people from 10 regions and countries participated in the Rising Leader Program.

##### Training program involving corporate officers

We have begun group mentoring conducted by corporate officers who are not only from Japan but from a range of other backgrounds. Eight corporate officer mentors conducted the program, in which 48 mentees participated.

#### Development of Line Managers

We believe that the role of line managers is important in realizing our HR Policy, “NEC, for Those Who Seek Challenge.” Accordingly, we have launched management training focused on optimizing performance by maximizing both team cohesion as well as the initiative, creativity, passion, and autonomous behavior of each employee. In fiscal 2021, 20% of the managers belonging to the rank targeted by this program participated. Approximately 70% of responses to a questionnaire of participants and their superiors and subordinates conducted after the training indicated changes in the participants’ behavior.

#### Development of Personnel Conversant with Digital Technologies

In partnership with Keio University, we have developed a training program aimed at fostering personnel who are conversant with digital technologies. The program focuses on the concepts and behavior patterns needed for DX as well as the methodology and techniques of value creation. Further, the program includes project-based training in which trainees incorporate the knowledge they have acquired into activities aimed at generating ideas for new businesses. In fiscal 2021, 85 people participated in the program.

#### Provision of Diverse Learning Opportunities through LinkedIn Learning

NEC has introduced LinkedIn Learning, an online-video service providing all NEC employees with a range of learning opportunities that can be availed of at any time or location and tailored to the needs of individual employees.

#### Social Issue Experience Human Resource Development Programs (SENSE)

SENSE is a group of leadership development programs that cultivates leadership skills by providing personnel with opportunities to visit areas that have social issues and experience them with all five senses. In fiscal 2021, 40 employees participated in the programs.

### ● Utilize Talents

#### Establishment of NEC Life Career

In October 2020, NEC established NEC Life Career, Ltd., which specializes in services that help employees take the initiative in developing their own careers. This type of career development provides a foundation that allows each employee view changes in the business environment positively and grow and mature as a professional. The new company will accelerate the strengthening of various measures related to developing the careers and skills of employees and accelerate the timely assignment of personnel to suitable positions, which is aimed at increasing the Group’s ability to implement business strategies.

#### My Career Design and Career Design Workshop

We are enhancing the My Career Design group of programs, which help employees take greater ownership of and realize their career plans. Moreover, based on the career design concept, in December 2020 we introduced a new career training program, the Career Design Workshop. We have completely overhauled the previous career training program, which was generation-based and began when employees reached the age of 30. Aiming to offer employees career development support, opportunities, and options at an earlier stage, we reorganized the program so that it encompasses employees in all generations—from those in their 20s through to those in their 50s.

#### Introduction of an AI-enabled Recommendation Service to the NEC Growth Careers (Employee and Position Matching) System

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. 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.

● **Developing Talents in Key Focus Areas**

At NEC, we are developing human resources in our key business areas, in order to strengthen the core technologies that contribute to solutions for society, as well as to sustain these technologies and solutions into the future.

● **Innovation Management “Human Resource Development Aimed at Strengthening Core Technologies and Enhancing Diversity”**

**Development of Information Security Professionals**

NEC puts serious effort into developing cyber security professionals. For instance, NEC’s system integration service not only incorporates security from the implementation phase but utilizes the “security by design” practice in the early system requirements design phase.

Recognizing the importance of incorporating security from the early design phase—an approach known as “security by design”—since fiscal 2020, we have been fostering specialists who implement security by design and assist the security managers of business divisions. These specialists play a pivotal role in efforts to oversee all processes related to system development and implement appropriate security without fail—enabling us to deliver safe and secure systems to our customers.

Further, we use a dedicated virtual environment that simulates an e-commerce website and thereby provides a location where system engineers can practice taking practical security measures and acquire skills that increase the robustness of systems at their construction phase.

In fiscal 2021, we introduced remote services, which allowed our engineers to strengthen the security technologies that underpin our clients’ systems even during the COVID-19 pandemic.

Also, we are developing highly skilled cyber security personnel. In fiscal 2021, we launched the NEC Cyber Security Analyst Program, which is a more practical version of the NEC Chief Information Security Officer Aide Training Program. With the aim of enhancing the capabilities of our leading cyber security professionals even further, personnel well versed in cyber security technologies undergo an intensive six-month program to acquire the technical skills needed in the provision of advanced cyber security services, such as the work performed by the Computer Security Incident Response Team (CSIRT) and risk hunting.

We are also focusing efforts on widening our pool of cyber security human resources. To raise the overall level of security skills across our workforce, we offer web-based training on the basic cyber security knowledge required by sales personnel and system engineers. In addition, since fiscal 2016 NEC has been holding the NEC Security Skill Challenge, an in-house “capture the flag” competition for all employees. Accounting for more than 5,000 voluntary participants to date, the competition is helping to broaden the base of the Group’s cyber security workforce.

Moreover, we strongly encourage employees to acquire public security qualifications, such as the internationally recognized CISSP qualification and the Registered Information Security Specialist national qualification. This way, we have prepared a framework so that cyber security professionals can provide customers with system integration and services.

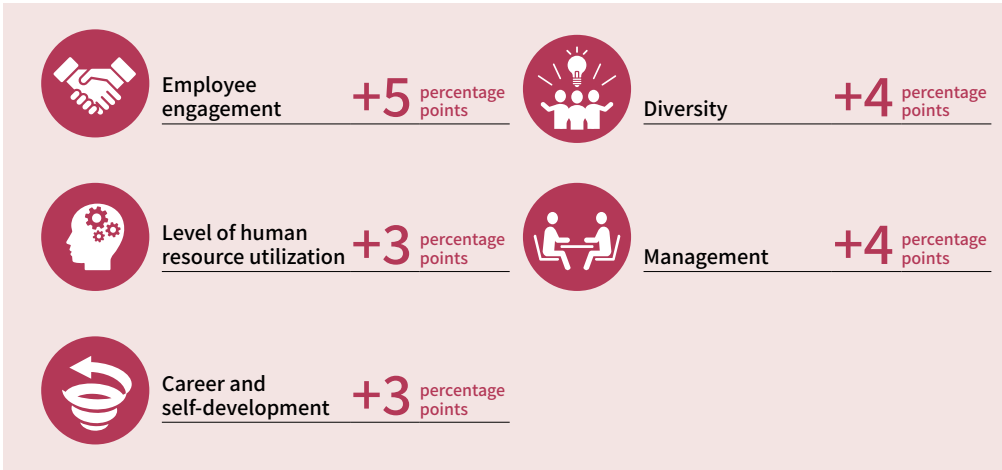
● **Initiatives Aimed at Heightening Motivation with Respect to Career Development**

NEC Corporation has prepared retirement allowances and defined contribution pension plans as retirement benefit and pension programs. These respond to changes in lifestyle and employment type at different ages, while also providing motivation for people to develop their careers with a long-term perspective.

**Outcomes**

● **Initiative Outcomes Revealed by the One NEC Survey**

Our annual One NEC Survey of NEC Group employees showed the following improvements in human resource-related scores versus those of fiscal 2020.



# Creating a Diverse Workstyle Environment

## Policy

To realize corporate growth and personal growth and happiness in accordance with its HR Policy, NEC develops and fairly evaluates personnel, who drive the growth of its businesses. We also promote the creation of productive, comfortable working environments.

Aiming to realize fair assessments, NEC has established a system that evaluates employees based on their contribution to businesses, regardless of such attributes as age or gender. We pay appropriate wages and bonuses according to employees' roles and results based on various laws and regulations, labour agreements, and internal regulations. In addition, we have introduced medium- to long-term incentives, including defined contribution pension plans, an employee shareholding association, and a corporate pension. Further, bearing in mind the import of laws pertaining to equal pay for equal work, we have enabled fixed-term contract employees and other non-regular employees to use some of the systems established for regular employees.

In addition to these systems, we are bringing about a friendly work environment through discussions and by cooperating with the workers union and management on issues covering the personnel system, benefit programs, the realization of work-life balance, and a workstyle by which all employees have the opportunity to reach their full potential.

In particular, we have childcare and nursing care systems that exceed statutory minimums and have led other companies in the establishment of a teleworking system, which we introduced as early as 2000. Through these and other initiatives, we are working to create an environment where diverse personnel can play a part. Also, by advancing the aforementioned initiatives, we aim to raise our employee engagement score to 50% by fiscal 2026. Moreover, with reference to the various guidelines of the ILO and other bodies, the NEC Group Human Rights Policy states that we recognize employees' right to organize, bargain collectively, and act collectively.

## Implementation Framework

The Human Resources Division and business units play a leading role in liaison and coordination between workers and management. 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. To provide a venue for such discussions, a central labour and management council meeting is held biannually.

In addition, 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.

## Measures and Main Fiscal 2021 Activities

### ● Promoting Flexible Workstyles

The NEC Group has implemented a range of measures aimed at advancing flexible workstyles and continuing business operations amid the COVID-19 pandemic.

### Further Promotion of Teleworking

NEC Corporation has established roughly 50 internal and external satellite offices in Japan. Also, we have been establishing BASE co-working spaces, designed to enable Group employees to fully realize their abilities and continuously promote new value creation. We established these co-working spaces inside the NEC head office building in fiscal 2020 and at the Tamagawa Office and the Fuchu Plant in fiscal 2021. BASE allows employees to design their own workstyles independently, while taking care of their own mental and physical health. It aims to promote collaboration between various organizations and enable people to work more creatively.

As more than 80% of our employees were teleworking by the end of March 2020, we were able to transition smoothly to a teleworking-based workstyle and continue our business operations when Japan's government issued a state of emergency declaration in May 2020. While giving first priority to the safety and peace of mind of employees and their families, we advanced a hybrid workstyle that optimally combines remote and on-site work.

We utilized IT to design environments for particular jobs and duties and to further increase efficiency and productivity in teleworking-based workstyles. In recognition of these efforts, in fiscal 2021 we received the Telework Promotion Award—Chairperson's Special Award from the Japan Telework Association, following on from the Chairperson's Award received from the association in the same award category in the previous fiscal year.

### Introduction of Super Flex

From October 2019, NEC Corporation abolished core time and introduced a flextime system without core time (super flex), aiming to transition to a style of working that is devised by the workplace in line with the business and the situation of the workplace members, rather than following a uniform style presented by the Company. By combining this system with telework, we encourage individual employees to design their work hours and locations autonomously. We expect this to enable individuals and teams to achieve better productivity.

### Promoting Dress Code-free Style

In October 2019, NEC Corporation started to encourage employees to autonomously design their working time and space, and to adopt a dress code-free style of making their own choices on the most appropriate clothing to wear for each day's workstyle throughout the year. As a company that provides cutting-edge ICT, we expect this casual attire approach to promote free thinking and a flat environment with open communication that encourages collaboration between employees.



## ● Evaluations That Promote Personal Growth

NEC has previously introduced a system for personnel evaluation and development based on two-way dialogue between managers and their team members. One-on-one meetings between supervisors and their team members help align the goals of individual employees in their roles with the goals of the organization. Further, supervisors prepare and implement development plans, taking into consideration training that heightens the capabilities, capacities, and skills needed to reach these goals as well as each employee's career aspirations. We then provide feedback on degrees of achievement and growth to enable further individual growth and career development.

In fiscal 2019, the Group adopted the Code of Values as a shared standard of conduct. Since then, in one-on-one meetings, supervisors have been providing feedback and coaching that, while focused on results, places greater emphasis than before on conduct. To facilitate this, we reiterated the importance of conduct evaluation to management and conducted training to strengthen coaching and feedback.

In cases other than employee preference, where it is necessary for work, workplaces and work types may be changed or employees may be transferred or sent on assignment. However, in these cases, the labour agreement stipulates that the labour union must be notified at least seven days in advance.

The average annual salary of employees is 8,294,708 yen, with no difference by age or gender. In addition, the average length of service is 18.9 years. (Both figures are as of March 31, 2021.)

## ● Work-Life Balance

At NEC, the workers union and management cooperate to implement flexible workstyles, prevent overwork, and promote time off from work, while observing the relevant legal systems in each country.

In addition, following workers union and management deliberations, in fiscal 2017 NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime requiring a health check from 80 to 70 hours a month. We also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the standard. The status of these efforts is confirmed by workers union-management committees in each business unit and office to shorten work hours through workstyle reforms and ensure employee health while also promoting time off from work.

In 2018, we established the "Guideline for Balancing Treatment and Work" for employees. The guideline indicates that employees can make use of systems such as short-time work or short-day work\* to enable them to receive medical treatment or recover from cancer and other intractable diseases. This provides a system that enables employees to continue working with peace of mind.

Furthermore, in April 2019 NEC Corporation and affiliated companies in Japan renewed their work hour management systems and took other steps to properly ascertain work hours and rigorously manage overtime in line with the revision of the Labor Standards Act. We have put systems in place to enable early identification of potential risks and implementation of countermeasures as needed to prevent any incidents arising due to work hours.

As a result of these initiatives, average overtime was 19.9 hours per month, a slight increase from the 19.0 hours of the previous fiscal year. We will strive to reduce overtime by further encouraging employees to autonomously design their own working times and spaces.

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

## Introduction of Independent-type Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows employees to select and design their own benefits rather than benefits and welfare 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. There are a wide range of options to meet employees' various needs, such as self-investment for growth, health improvement services, assistance for use of childcare and nursing care services, purchase of time-saving home appliances, and so forth. In fiscal 2021, aiming to promote the growth and well-being of each employee by increasing their awareness and utilization of these benefits, we issued a Quick Manual and distributed a video that explains the "cafeteria-style" benefits and welfare system in three minutes. As of January 31, 2021, approximately 19,000 employees had logged on to our benefits and welfare service application website.

NEC Corporation has offered childcare and nursing care leave systems ahead of other companies and before such systems were mandated by law. The new benefits and welfare system also includes an

allocation of childcare and nursing care points for employees engaged in childcare and nursing care, separate from the basic points, as part of the Company's ongoing efforts to support employees balancing work with childcare or nursing care.

## Revision of the NEC Pension Plan

Until recently, the NEC pension plan entailed accumulation through the combined use of a defined benefit pension plan and a defined contribution pension plan. However, to reflect changes in the environment, such as employment mobility and career diversification, we integrated the two plans into a single defined contribution pension plan in October 2020.

While the previous defined contribution pension plan was premised on long-term employment, the revised pension plan allows employees to pursue asset formation without any fear of limiting the range of career options open to them.

Moreover, before revising the pension system, to establish a defined contribution pension plan management system trusted by employees and to offer educational opportunities that encourage employees to pursue asset formation autonomously, we established the NEC Group Defined Contribution Pension Committee. Also, we have monitored products and provided investment education to employees on an ongoing basis.

In recognition of these efforts, NEC received the DC Excellent Company Award at the 9th Japan DC Forum in fiscal 2021.

## Support for Childcare

NEC Corporation supports employees who are balancing work with childcare by providing systems such as childcare leave and reduced work hours for childcare. In addition to the aforementioned benefits and welfare system, we conduct management training on supporting work-life balance and skills improvement training for employees on childcare leave. These initiatives enabled NEC Corporation to acquire the "Kurumin" Next-generation Support Certification Mark in 2007, 2012, and 2015. We implemented a series of measures, even including measures that are not incorporated in the action plan, and further improved the work-life balance of our employees. Through these measures, NEC Corporation acquired the "Platinum Kurumin" certification in 2018.

## Nursing Care Support

NEC Corporation supports employees who are balancing work with nursing care by providing systems such as nursing care leave and reduced work hours for nursing care.

The number of employees with family members who require nursing care is expected to increase going forward. We have therefore been working at expanding our care support system with the aim of supporting workers who have to balance their caregiving and work responsibilities.

NEC Corporation has established the following systems:

1. A “Nursing Care Relocation Expense Subsidies” system, under which NEC will provide subsidies for relocation expenses incurred by employees who have to move to live with or nearby their parents so that they can provide nursing care.
2. A “Care Environment Maintenance Funding” system whereby financial support is made available when an employee has to incur major expenditures, such as making structural modifications to the family home or moving to a long-term care facility as a result of a care review of a parent with a high level of nursing requirements.
3. A “Nursing Care Support Website” where detailed information is provided and opinions and thoughts are shared to help reduce any feelings of isolation or frustration of caregivers.

## Number of People Utilizing Childcare and Nursing Care Leave

		FY2019	FY2020	FY2021
Childcare leave	Men	33	40	67
	Women	348	314	307
	Total	☉ 381	☉ 354	☉ 374
Reduced working hours for childcare	Men	21	14	5
	Women	824	767	760
	Total	845	781	765
Nursing care leave	Men	9	7	8
	Women	15	8	4
	Total	☉ 24	☉ 15	☉ 12
Reduced working hours for nursing care	Men	4	10	5
	Women	19	16	15
	Total	23	26	20

Scope: NEC Corporation

Note: The data marked with a check ☉ has been verified by a third party.

In fiscal 2021, the number of people using reduced work hours for childcare leave and taking nursing care leave decreased. This reflects the uptake of telework and super flex, which enabled employees to balance their work without using systems such as reduced work hours for childcare, or nursing care leave.

## ● Initiatives to Design and Grow Your Own Career

In the current era of “100-year lives,” attitudes to work are changing dramatically. As changes in industrial structures and the business environment gather pace, the key to competitiveness for both companies and employees is to have core competencies—strengths and expertise—and to proactively upgrade them in step with changes. In such an era, each person must achieve career “ownership” by independently examining their values, expertise, and strengths; envisioning what they want to be; and taking concrete action to achieve the goal, without being bound by the existing frameworks of their job or the company.

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 a new banner: My Career Design. Moreover, with the aim of strengthening our ability to support employees’ career ownership, we established NEC Life Career, Ltd., in 2020.

# Health and Safety

## Policy

NEC Corporation has established a basic philosophy as part of its “Companywide Occupational Health & Safety (OH&S) Policy Action Guidelines,” stating that “NEC should maintain and enhance a comfortable and supportive workplace to ensure the health and safety of all who work at its business sites.” We offer various programs for safety and health focusing on preventive management.

### ● Safety

On the basis of its Companywide OH&S Policy Action Guidelines, NEC Corporation has established the following action guidelines to maintain and enhance a comfortable and supportive workplace and to ensure the health and safety of its employees including dispatched workers.

#### Companywide OH&S Policy Action Guidelines

1. Improve occupational health and safety management systems by continuously and efficiently implementing occupational health and safety activities.
2. Promote the identification of sources of danger, as well as risk assessment and risk management, with the aim of reducing labour accidents to zero.
3. Comply with laws and regulations, and other rules and decisions regarding occupational health and safety.
4. Strive to make the occupational health and safety obligations known to ensure understanding and fulfillment of these obligations.
5. Actively provide disclosure of information regarding occupational health and safety activities.
6. Endeavor to enhance the mental and physical health of workers and develop a comfortable workplace.
7. Ensure the appropriateness and effectiveness of these policies and the occupational health and safety management systems through regular reviews.

## Occupational Health and Safety Management in Construction and Installation Work

 Ensuring Quality and Safety

### ● Health

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

To achieve this aspiration, we are conducting various health promotion activities under the health slogan “Better Condition, Better Life.” These are based on the three axes of literacy, practice, and technology, and seek to reform health awareness, change behavior, and support people in maintaining their changes.

#### NEC Group Health Declaration

**Better Condition, Better Life**  
—Better Individual Lives Make a Richer Society—

We will create an environment in which employees can work with enthusiasm toward their dreams, and a culture in which employees and members of their family can look after their own physical condition and take care of their health. Harnessing the health and vitality of all our employees, we will contribute to the realization of a richer society.

In recognition of such initiatives, NEC received certification as a Health and Productivity Management Organization (White 500). Through health and productivity management, beginning from fiscal 2022 we will heighten job satisfaction and our employee engagement score and become an employer of choice, which is a goal of the Mid-term Management Plan 2025.

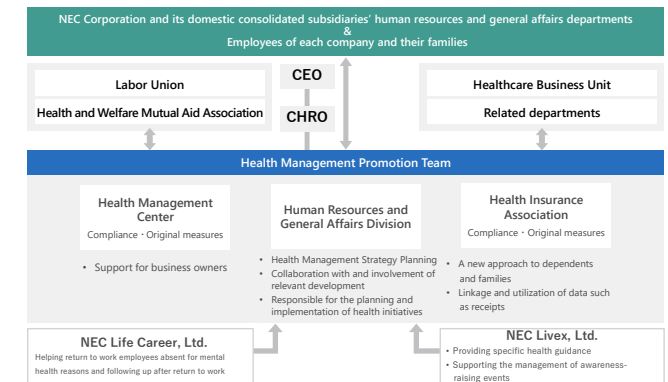
## Implementation Framework

The Human Resources and General Affairs Division establishes targets and key measures for the fiscal year in accordance with NEC’s Companywide OH&S Policy Action Guidelines and the NEC Group Health Declaration.

To realize these targets and measures, the division prepares and implements specific measures for each in-house geographical area, business site, and consolidated subsidiary in Japan. Particularly with regard to health and productivity management, the Human Resources and General Affairs Division, the Health Care Center, and the NEC Health Insurance Association act as a health promotion team for the Company and its consolidated subsidiaries in Japan. As well as conducting independent health-related activities, the organizations work in close collaboration and pool their data and expertise to advance initiatives.

Further, to help us achieve the goals of the 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 focus on social health along with our existing emphasis on physical and mental health. Under the direction of the CEO, the CHRO oversees activities related to OH&S throughout the Company, including risk management, and reports on these activities to the Board of Directors.

## The NEC Group’s Health and Productivity Management Implementation Framework



At each region and business site, health and safety committees meet each month to take action on ensuring health and safety at business sites and promoting comfortable workplace environments. Committee members include health and safety commissioners and labor union representatives selected by each division, as well as employee representatives, and industrial physicians and healthcare nurses from the Health Care Center. They share information on the status of labour accidents and the promotion of various measures, as well as discussing new health and safety countermeasures and health-related measures, among others.

Furthermore, labor 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 discussed by the committee.

These initiatives are overseen by the Human Resources and General Affairs Division, with its internal organization, the Regional Affairs Department, handling routine matters by acting in the role of the promotion office. The Regional Affairs Department posts the discussions and deliberations of the health and safety committee on the intranet, and shares information within each region, while performing the function of a regional center in accordance with the OH&S management systems. It also receives inquiries from a wide range of employees and organizations as the internal contact desk.

Meanwhile, important matters such as a major disaster or pandemic are handled by the Business Strategy Committee attended by corporate management, such as the president or directors. The committee decides on important themes each year, reviews the flow for countermeasures, and conducts exercises. (Our response to the pandemic is described in the section on “Business Continuity.”)

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

 Business Continuity

## Measures and Main Fiscal 2021 Activities

### ● Occupational Health and Safety

NEC Corporation conducts OH&S activities from two standpoints that address “Companywide issues” as well as “specific issues reflecting unique conditions faced by individual Group companies and business sites.”

In our initiatives on Companywide issues we formulated the “Companywide OH&S Policy” in fiscal 2011, and in fiscal 2013, we formulated the “Occupational Health and Safety Management Regulations” as part of efforts to enhance the quality of our health and safety activities.

In fiscal 2020, we conducted a web-based training in “Companywide Occupational Health and Safety Training” as an initiative to increase OH&S awareness among all NEC Corporation employees.

#### Companywide OH&S Training Participants (Percentage)

FY2020	FY2021
18,688 (89%)	18,380 (90.9%)

Scope: NEC Corporation

Furthermore, to address specific issues reflecting unique conditions faced by individual Group companies and business sites, NEC has been conducting initiatives based on the OH&S management systems. Until fiscal 2021, NEC’s four main business sites and six NEC Group companies conducted activities based on OHSAS 18001. In fiscal 2021, however, the NEC Group established OH&S management systems and began implementing such activities under the new systems. Also, we conduct a range of different training programs for employees engaged in occupational health and safety activities.

#### Employees Completing the Basic Lifesaving Workshop

FY2020	FY2021
142	109

Scope: NEC Corporation

### ● Health Promotion

The NEC Group has set out three axes for its initiatives: Literacy, Practice, and Technology. We are conducting a range of initiatives such as introducing the NEC Health Checkup Forecast Simulation, holding regular awareness-raising events, and promoting smoking cessation. Reflecting a favorable evaluation of these initiatives, NEC received certification as a Health and Productivity Management Organization (White 500).

#### Health Checkups

We provide blood tests for all employees of NEC Corporation and 24 affiliated companies in Japan, including all items on the regular health examination, with the goal of identifying lifestyle diseases at an early stage and responding quickly. This enables us to implement comprehensive countermeasures against lifestyle diseases right through from joining the Company to retirement.

#### NEC Health Checkup Forecast Simulation

From July 2019, approximately 60,000 NEC Group employees have been offered an online service that enables them to simulate for themselves their future health risks and what would happen if they improved their current lifestyle. The service uses software called NEC Health Checkup Forecast Simulation,\*<sup>1</sup> which is based on heterogeneous mixture learning technology,\*<sup>2</sup> one of NEC the WISE\*<sup>3</sup>’s group of advanced AI technologies.

The service explains the significance of the figures in the health checkup results using a video, while offering proposals for highly effective lifestyle improvements based on AI analysis and a visualized forecast of the impact of implementing them. By using this service, we can foster employees’ awareness to improve their health autonomously and support them in changing their behavior. In fiscal 2021, we enhanced the capabilities of the service through such measures as making the software usable in English and adding liver function-related test values to the list of items included in the forecast. In response to a questionnaire, 74% of employees said that using the simulation had motivated them to improve their lifestyles.



NEC the WISE

\*<sup>1</sup> NEC Health Checkup Forecast Simulation is developed by NEC Solution Innovators, Ltd., an NEC Group company.

\*<sup>2</sup> Heterogeneous mixture learning technology: is an analysis technology that can automatically identify highly accurate regularities within highly heterogeneous and diverse data to achieve highly accurate results even in complex forecasts that are difficult to perform manually.

\*<sup>3</sup> NEC the WISE is the name for NEC’s group of advanced AI technologies.

### Health Promotion Events

We regularly hold such events as exercise seminars conducted by professional trainers and lectures on diet and sleep conducted by experts. The events are intended to provide an opportunity for employees to think for themselves about their own health, and take steps to maintain and improve their mental and physical condition, and to support them in making health activity a regular part of their lives.

In fiscal 2021, as a COVID-19 countermeasure, we held the aforementioned events online. As well as incorporating into seminars such topics as how to address telework-related health issues, we invited industrial physicians to conduct seminars aimed at improving cancer literacy. As a result, employees from business sites nationwide were able to attend events, with the number of participants doubling year on year. Post-event questionnaires showed that most participants were highly satisfied with the events and willing to improve lifestyle habits.

### Smoking Cessation

NEC is supporting employees who seek to quit smoking, since there is no room for medical doubt that smoking is harmful to health and runs counter to health promotion. In July 2019, we announced the Company's policy of strongly promoting a total ban on smoking during work hours (including outside the Company).

NEC Corporation has been phasing out smoking areas and extending non-smoking hours, and has also provided counseling as needed for those who wish to quit smoking.

In addition, NEC has instituted an "NEC No Tobacco Day" in conjunction with the World Health Organization's "World No Tobacco Day," to promote smoking cessation.

Moreover, NEC provides lung age measurement by health professionals and consultation on smoking cessation by pharmacists at the health management center of each business site, distributes nicotine gum or patches ("No Smoking for Only a Half Day" program), and undertakes other activities.

As a result, at NEC Corporation and 24 affiliated companies in Japan the number of smokers had decreased from 31.1% of employees at the end of fiscal 2006 to 19.8% by the end of fiscal 2020. In other words, the number of smokers fell by 36.4%.

In fiscal 2021, in collaboration with the NEC Health Insurance Association, we began providing an online Quit Smoking Program, which offers employees free outpatient consultations with a doctor

about giving up smoking. Approximately 90.0% of the participants in this program have been able to quit smoking permanently.

In addition, NEC Corporation and affiliated companies in Japan will phase in a full smoking ban covering all NEC Group sites.

### Mental Healthcare Initiatives

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

- Web-based training  
Completion rate: 98.5%  
(Target: NEC Corporation and 17 consolidated subsidiaries in Japan)
- Mental health training for managers
- Stress checks
- Mental Health Support Program
- Return-to-work support program
- Consultation desks (In-house/External)

### 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.

Newly hired employees	A talk given by an industrial physician soon after joining the Company and "freshers' interview" health guidance provided by health nurses and clinical nurses after assignment
27-year olds	All interviewed
30-year olds	"Health College 30" (Participatory group training)

### Initiatives for Preventing Lifestyle-Related Diseases

At NEC Corporation and 24 affiliated companies in Japan, industrial physicians and healthcare professionals provide healthcare guidance not only to employees whose overall health checkup result indicates a need for treatment but also for those who require lifestyle improvement. For employees whose specific diagnostic results indicate metabolic conditions or potential metabolic conditions, we provide support with health guidance for those aged 30 and over in addition to those in the legally mandated age bracket of 40 and over. As a result, by the end of fiscal 2020 the percentage of NEC Group employees with metabolic conditions

or potential metabolic conditions had decreased significantly from the level of 33.1% at the end of fiscal 2009. During this period, the number of such employees fell by 23.9%.

With respect to dental and oral hygiene, employees can avail themselves of free dental checkups, which are provided based on a contract with the NEC Health Insurance Association.

As general measures to raise health awareness with the aims of further enabling self-treatment and encouraging health promotion activities among employees and their families, the NEC Health Insurance Association operates the health portal HAPPYLTH (a points-based health program) and has posted 15 online videos themed on sleep, diet, and exercise.

### Measures against Cancer

In collaboration with the NEC Health Insurance Association, we have established an environment that allows 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 2021, efforts to raise awareness in relation to cancer included inviting industrial physicians to conduct 10 seminars on themes ranging from cancer prevention through to treatment and support for employees receiving treatment.

### Supporting Employees Receiving Treatment While Working

To improve the working environment to allow people to work with peace of mind while receiving treatment for cancer or other intractable diseases, in May 2018 we formulated guidelines covering the Company's position, direction, points for employees and supervisors to be aware of, and so forth. Depending on the situation, we will support individual employees receiving treatment by coordinating with them, their workplaces, the Health Care Center, and the Human Resources and General Affairs Division.

### Communication of Various Health-related Information

Each month we provide monthly "Health News" information that can be implemented straight away using an intranet portal, digital signage, the labor union email magazine, and various other media and forums such as the health and safety committee meetings. In fiscal 2021, we dealt with a wide range of topics, such as break-time workouts and meditation when working from home—topics we featured in response to the impact of the COVID-19 pandemic. Other topics included e-cigarettes, periodontal disease, and women's health management. Also, we provided information



on menopause to promote understanding among the coworkers of employees who are undergoing this transition.

### Results and Medium-term Targets as of March 31, 2021

	Results for FY2021	Targets for FY2026
Employees absent for mental health reasons*4	0.96%	0.80%
Percentage of smokers*5	18.10%	10.00%
Obesity percentage (BMI $\geq$ 25) Men (Aged 20–69)*5	35.60%	28.00%
Obesity percentage (BMI $\geq$ 25) Women (Aged 20–69)*5	25.30%	19.00%
Percentage who have had cancer screening*6	33.80%	50.00%

\*4 Scope: NEC Corporation

\*5 Scope: NEC Corporation and consolidated subsidiaries in Japan

\*6 Scope: NEC Corporation and 27 companies belonging to the NEC Health Insurance Association

### Countermeasures for Transmissible Diseases

At NEC, we have established a consultation window on transmissible diseases at the Healthcare Center, and we also provide financial assistance for seasonal influenza vaccinations.

When employees are sent on assignment abroad, we make them aware of the need to be careful and receive vaccinations for transmissible diseases that are commonly seen in the local area, including transmissible diseases that require notification such as tuberculosis and malaria. We also take the necessary countermeasures prior to the posting. In addition, we pay careful attention to employees' health management after their return to Japan.

Our measures in response to COVID-19 are included in the "Business Continuity" section.

### Response to COVID-19

 Business Continuity

## Labour Accidents and Disasters

Labour accidents at NEC Corporation are mostly minor, such as tripping on stairs at train stations or falling on the street during business trips or sales calls. There have been no major accidents.

When a labour accident has occurred, the person responsible for labour accidents checks on the status of people affected by the accident, determines the causes, and implements measures to prevent a

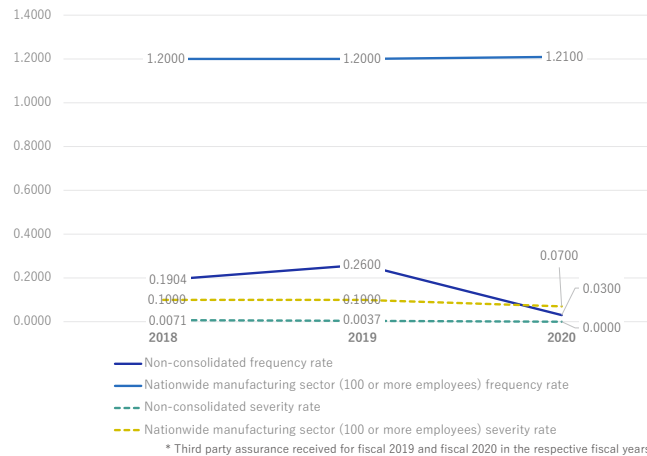
recurrence as needed. Even for minor labour accidents such as tripping or falling, the details and countermeasures are shared throughout the Company via the OH&S Committee, the intranet, and other means. We strive to prevent labour accidents that could be caused by natural disasters, for example, calling on employees to remain at home or to return home early if a typhoon or heavy snowfall is forecast.

Looking ahead, in order to raise awareness concerning OH&S, we intend to continue conducting OH&S Committee activities, daily workplace inspections, and cross-checking, while aiming to reduce the number of labour accidents and disasters.

As shown in the graph below, the frequency rate in 2020 remained low at 0.0300 compared to the nationwide manufacturing sector average rate of 1.21.

The severity rate has remained low at 0.0000, where the average rate for the manufacturing sector nationwide is 0.07.

### Labour Accidents and Disasters



# AI and Human Rights

## Policy



NEC has formulated the “NEC Group AI and Human Rights Principles” (hereinafter referred to as the “Companywide principles”) to guide our employees to recognize respect for privacy and human rights as the highest priority in our business operations in relation to social implementation of AI and utilization of biometrics and other data (here: after referred to as “AI utilization”).

In addition to facilitating compliance with relevant laws and regulations around the globe, the Companywide principles will guide our employees to recognize respect for human rights as the highest priority in each and every stage of our 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 three following initiatives:

1. Ensure that all products and services are implemented and utilized by NEC employees, 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. Engage with a range of stakeholders to build partnerships and collaborate with closely

Furthermore, based on Companywide principles, NEC defined “Provision and Utilization of AI with Respect for Human Rights (AI and Human Rights)” as one of our “materiality” management priority themes from an ESG perspective—materiality.

-  NEC Group AI and Human Rights Principles
-  [Priority Management Themes from an ESG Perspective—Materiality](#)

## Implementation Framework


We have established the Digital Trust Business Strategy Division to create and promote Companywide strategies to incorporate the notion of respect for human rights into business operations in relation to AI utilization. The division is promoting business operations with respect for human rights through ways such as establishment of internal systems and conducting training for employees to incorporate the Companywide principles into our business operations, as well as strengthening its links with relevant divisions such as the research and business divisions.

## Measures and Main Fiscal 2021 Activities

In AI utilization, we conducted the following initiatives in fiscal 2021 to promote business operations with respect for human rights.

### ● Reinforce and Improve Respect for Human Rights Initiatives through Companywide Principles

In response to the global spread of COVID-19 as countries work to prevent the spread of infection, we have conducted timely identification and analysis of trends related to the identification and tracking of infected individuals and its impact on human rights and privacy. Based on the results of this analysis, we reflected the balance between public health and human rights and privacy in the specifications, and provided infection control solutions, such as border protection and avoidance of close quarters to airports and stadiums at an early stage.

 Passenger Screening Technology at Airports

### ● Training for Employees

We conducted training for employees of NEC Corporation and affiliated companies in Japan so that they can act appropriately with respect for human rights in business operations, in accordance with the Companywide principles.

### 1. Web-based Training

All employees attend yearly web-based training where they learn about Companywide principles and points to be aware of when considering human rights and privacy related to AI utilization. In fiscal 2021, we increased the number of affiliated companies in Japan that attended the training from 12 companies, in fiscal 2020, to 27 companies. The completion rate for training also increased to 96%.

### 2. Internal Lectures

We held internal lectures where employees involved in the AI business learn about the social acceptability of AI and awareness of the issue. We invited experts as lecturers to explain the latest trends in laws and policies related to AI and cases in Japan and abroad that received social criticism (scoring issues, etc.), to increase comprehension of issues that arise from improper use of AI.

### ● Continue Dialogue with a Range of Stakeholders

NEC established the Digital Trust Advisory Council in the previous fiscal year, which we continued to hold in fiscal 2020. Our aim is to incorporate diverse opinions from external experts, who have specialized knowledge on legal systems, human rights and privacy, and ethics, and utilize them to strengthen our ability to deal with new issues arising from AI utilization.

We consulted with experts from a variety of perspectives and obtained valuable opinions on issues that have been actively debated in Japan and abroad, such as how to use technology in a way that balances public health with human rights and privacy, as well as on matters to be aware of when using advanced technology we are researching and developing.



Digital Trust Advisory Council held online

# Personal Information Protection and Privacy

## Policy

With the rapid spread of smartphones and other electronic information devices and the progress in new, AI-enabled services and innovations, concern with respect to the protection of personal information and privacy has markedly increased. Concern is particularly pronounced among the public in Europe, where the Charter of Fundamental Rights of the European Union (EU) has established protection of personal information as a fundamental right. The EU's General Data Protection Regulation (GDPR), which became effective in May 2018, stipulates methods of protection and management of personal information to protect and establish personal information and privacy rights.

Failure to consider these issues would be a serious risk for NEC as it seeks to provide social values such as safety, security, fairness, and efficiency through its services and solutions. On the other hand, by providing services and solutions that consider these issues we believe we can provide highly reliable value to society, including our customers.

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.

We have studied the trends related to this framework of new laws and regulations, and we are addressing these problems regarding personal information protection or privacy by following the policies described below.

### ● Personal Information Protection

Personal information refers to personally identifiable information, which includes numbers and other identifiers, and we recognize that appropriately protecting personal numbers and other personal information

received from shareholders, investors, business partners, employees, and others is one of our social responsibilities. We have implemented and maintain the NEC Privacy Policy, which stipulates that personal information must be handled in conformance with Japan's Act on the Protection of Personal Information and JIS Q 15001 (Personal information protection management systems—requirements), the Japanese industrial standard for safe and appropriate management of personal information handled by corporations and other organizations in the course of their operations. In the event that the Company's policy should change, we will promptly give notice on the Company's public website and to all of our employees, in accordance with JIS Q 15001.

In cooperation with its consolidated subsidiaries throughout the world, NEC Corporation has built a system for promoting privacy protection and a personal information protection management system in compliance with the Act on the Protection of Personal Information and JIS Q 15001.

Our personal information protection management system includes the establishment of data protection standards (personal data safety management measures and so on). Further, we conclude agreements with those whom we share data requiring compliance with these standards. Also, we have established escalation rules and emergency response procedures to be followed in the event of incidents such as personal information leaks.

### ● Privacy

NEC Corporation acquired "PrivacyMark" certification in October 2005 and subsequently renewed it in October 2019. The PrivacyMark is conferred on companies that comply with JIS Q 15001 and are recognized by a third-party organization as having systems in place to ensure appropriate protection measures for personal information.

As of the end of March 2021, NEC Corporation and its 30 affiliated companies have obtained this certification. In principle, we forbid

acquiring information that could have an economic impact such as bank account or credit card numbers, sensitive information such as birthplace, or highly private information such as mobile telephone numbers without the person's consent.

The GDPR is one example of the global trend toward the establishment of privacy protection laws, and the roles and responsibilities required of companies have been increasing. NEC Corporation aims to maximize social value as well as to minimize the negative impact on society by developing and providing products and services that consider privacy issues, which can be perceived differently depending on country, region or culture, and human rights issues such as discrimination that may be exacerbated by leveraging AI.


To clarify our stance, in April 2019, we formulated and announced the "NEC Group AI and Human Rights Principles." The Companywide principles will guide our employees to recognize respect for human rights as the highest priority in each and every stage of our business operations in relation to AI utilization and enable them to take action accordingly.

In addition, the NEC Group Code of Conduct also stipulates that business activities aimed at resolving social issues by using ICT must not give rise to human rights issues, including invasion of privacy.

 [Respecting Human Rights](#)

 [AI and Human Rights](#)

 [NEC Privacy Policy](#)

 [NEC Group AI and Human Rights Principles](#)



## Implementation Framework

At NEC Corporation, the head of the division responsible for protecting personal information serves as the Personal Information Protection Administrator, the person in charge of implementing the personal information protection management system. Further, we have added the role of protecting specific information with respect to the Social Security and Tax Number System to the duties of the Personal Information Protection Administrator.

The Customer Information Security Office of the Compliance Division plays a central part 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.

In addition, we conduct regular audits of privacy protection in conformance with JIS Q 15001, with the General Manager of the Corporate Auditing Bureau serving as Chief Personal Information Protection Auditor.

The general managers are responsible for managing personal information protection in their respective divisions. Each 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 protection of personal information. The manager operates a personal information protection management system by inspecting personal information, including human rights and privacy issues, and through personal information handling in each division and improving handling rules based on the inspection results. The person responsible for handling personal information for each project ensures that persons who handle personal information undertake thorough personal information protection measures.

### ● Consolidated Subsidiary Management Framework

At our consolidated subsidiaries in Japan, we have built systems to comply with the Act on the Protection of Personal Information and the so-called My Number Act, which is designed to centrally manage information related to social security and tax by assigning a number to individual citizens of Japan. At our consolidated subsidiaries abroad, we naturally comply with the laws in each country, and we have appointed

a Personal Data Administrator at each of our major subsidiaries to promote protection of personal information.

### ● Emergency Response to Information Leaks

NEC maintains systems pursuant to JIS Q 15001 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 window for information security incidents. The person at that contact window then coordinates the necessary response with the related divisions that make up the Personal Information Protection Promotion Bureau and relevant divisions in accordance with applicable laws, ordinances, ministry guidelines, and other regulations, taking into account the risk for infringing on the rights and interests of the persons involved. These responses may include promptly notifying the people concerned, making a public announcement, and taking corrective measures appropriate to the incident.

### ● Response to Requests from National Governments for Personal Information Provision

If NEC Corporation's business divisions are requested by the governments or law enforcement agencies of countries 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 executive officer in charge of personal information protection and management. Premised upon respect for the human rights of the person in question, appropriate measures are taken pursuant to the applicable laws.

In providing personal information in accordance with a request from a country's government or law enforcement agency, in principle, the Company obtains prior consent from the person in question and keeps a record of the provision. However, in some cases, pursuant to the laws and regulations of the country in question, consent is not obtained or a record is not kept of the provision. In the unlikely event that the provision

of personal information to the government or law enforcement agency of a country leads to an infringement of the human rights of the subject of said personal information, appropriate measures shall be taken pursuant to the applicable laws and regulations.

Further, given the legislative intent of the laws and regulations in each country, NEC does not publicly announce the number of requests for the provision of personal information that it receives from governments.

## Measures and Main Fiscal 2021 Activities

### ● Training for Personal Information Protection

NEC Corporation conducts the following training for each management level in the organization.

#### Training for All Officers and Employees of NEC Corporation

Web-based training on information security, including the protection of human rights and privacy in relation to the protection and handling of personal information, is held online once a year for officers and employees of NEC Corporation. In fiscal 2021, the completion rate was 98%.

#### Education for Personal Information Protection Professionals (for the Company)

For the personal information protection professionals of all business divisions, the Company prepared a textbook on risk management in the handling of personal information—including the protection of human rights and privacy in relation to the handling of personal information—and conducted education through classroom lectures (16 lectures). At the same time, the Company conducted practical education based on the assignment submission method (three times).

#### Training for Newly Hired Employees and Transferred Employees of NEC Corporation and Its Consolidated Subsidiaries in Japan

In fiscal 2021, we created a textbook on personal information protection as introductory training material and used it in the training of newly hired and transferred employees. Apart from this training, when there is a request from a business division, or when it is otherwise deemed necessary by the Personal Information Protection Promotion Bureau, awareness training is conducted as appropriate at divisions or consolidated subsidiaries in Japan.

## ● Management of Personal Information

### Initiatives at NEC Corporation

NEC Corporation runs the Personal Identifiable Information Control System, a ledger-based system to manage personal information and make its management more transparent.

Furthermore, we have documented standard procedures and operate a personal information protection management system. Also, as necessary, operational rules are created at the division level and by type of personal information and are rigorously enforced.

In addition, in order 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.

As a result of these efforts, there were no incidents involving the loss, outflow or leak, etc., of personal information at NEC in fiscal 2021. There were also no complaints from the Ministry of Economy, Trade and Industry, which oversees the industrial area where NEC operates, the Personal Information Protection Commission, or from any other third-party institutions about customer privacy breach or other issues.

### Initiatives for Customers and Business Partners

With respect to their contractors that handle personal information, NEC Corporation and its consolidated subsidiaries in Japan establish data protection standards (personal data safety management measures and so on), conclude agreements with contractors with which data is shared requiring compliance with these standards, and require contractors to conduct privacy management equivalent to that of the NEC Group. Moreover, we request the contractors engaged in work for NEC Corporation or its consolidated subsidiaries in Japan to submit a pledge on the Basic Rules for Customer-Related Work and to have their employees take a regular online test to verify their knowledge. These steps help ensure rigorous management of personal information.

As a result of these efforts, in fiscal 2021 there were no incidents involving the loss, outflow or leak, etc., of personal information. An “My Number” is Specific Personal Information that must be handled carefully, and we are doing so with security ensured. We are carrying out initiatives to deploy technical measures to ensure secure operations by controlling access, blocking unauthorized external access, and preventing information leaks, etc., while maintaining sufficient privacy protection levels in each system.

## 👥 Information Security and Cyber Security

### Personal Information Management Initiatives Abroad

Recently, countries around the world, such as in Europe, are making rigorous laws and regulations regarding personal information. In this situation, NEC is ensuring proper information management globally as it pursues worldwide development of personal information-related businesses, such as AI, big data, IoT, and face recognition. We appoint Personal Data Administrators at our consolidated subsidiaries abroad to create a global management framework. At the same time, we are creating personal information management ledgers at every company and ensuring that everyone understands the procedures for managing them and the common information security rules that need to be observed. With regard to the GDPR, our consolidated subsidiaries in Japan and Europe have formulated personal information management rules based on the regulations and have concluded transfer agreements throughout the entire Group to ensure that cross-border transfer of personal information of European employees and others is conducted legally. Further, with respect to the California Consumer Privacy Act (CCPA), which was enforced in January 2020, we support consolidated subsidiaries to which said act is applicable by providing required information and by other means. In other areas, we have confirmed the legal and regulatory situation in relevant countries, such as Brazil’s Lei Geral de Proteção de Dados (LGPD) (Brazilian General Data Protection Law) and Thailand’s Privacy Data Protection Act (PDPA), and we are making the necessary preparations to comply with them.

### ● 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. Further, for operations related to the handling of My Numbers, we use security control measure check sheets prepared based on Japan’s security control regulations and self-check sheets during re-entrustment in order to monitor divisions and subcontractors handling My Numbers.

### Verification of the Operation of Information Security Measures

At NEC Corporation, implementation of information security measures by individual employees is verified once a year, and if there are cases of noncompliance, improvement plans are formulated and carried out at the organization level.

### Verification of Status of Personal Information Management

At NEC Corporation, control forms registered in the Personal Identifiable Information Control System are reviewed at least once a year to validate the status of management of the various types of personal information handled by each organization. Further, once a year the general managers of business divisions organize management reviews for the verification of personal information management in business divisions, take corrective action as required, and maintain an appropriate management situation.

### Verification of Operations during Emergencies

Operation of the above information security measures is thoroughly reviewed and readjusted as the need arises, in the event of an incident involving the loss, outflow or leak, etc., of personal information.



# Information Security and Cyber Security

## Policy

As information threats continue to evolve daily, information security has become an essential management priority in our sophisticated IT-based society.

We recognize that it is our duty to protect the information assets entrusted to us by our customers and business partners as well as our own information assets in order to provide better products and services and contribute to the development of society. Based on this concept, NEC has positioned security, correctly referring to both information security and cyber security, as one of the critical subjects of "materiality", its priority management them from an ESG perspective—materiality, and has established its "Information Security Statement" as the basis for driving our efforts.

NEC has evaluated risks from various perspectives including the need of countermeasures as well as the possible damage both to corporate business and society, and has selected priority risks that will have huge impact and need to be addressed. With these risks in mind, we are deploying measures to counter cyber attacks which are becoming increasingly sophisticated, while complying with US National Institute of Standards and Technology (NIST) Cybersecurity Framework Version 1.1 and the Cybersecurity Management Guidelines Version 2.0 by Japan's Ministry of Economy, Trade and Industry (METI).

In addition, almost 100% of our business divisions in which information security is particularly important, such as healthcare, finance, government, and cloud computing services, have obtained Information Security Management System (ISMS) certification.

Based on our information security implementation framework (see the figure at right) as well as on our Purpose that shows why as a company we conduct business, NEC is working to realize a secure information society and provide value to our customers.

To protect information assets, NEC is taking the following approach:

- Implementing cyber attack measures,
- Providing secure products, systems, and services
- Promoting information security in collaboration with business partners

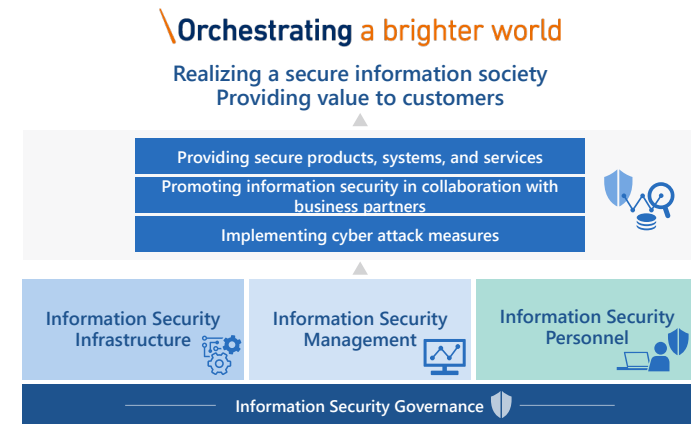
At the same time, we have positioned information security management, information security infrastructure, and information security personnel as the three pillars of the information security governance framework within the NEC Group, thereby maintaining and improving our comprehensive and multilayered information security.

 NEC Information Security Statement

 Information Security Report

 Priority Management Themes from an ESG Perspective—Materiality

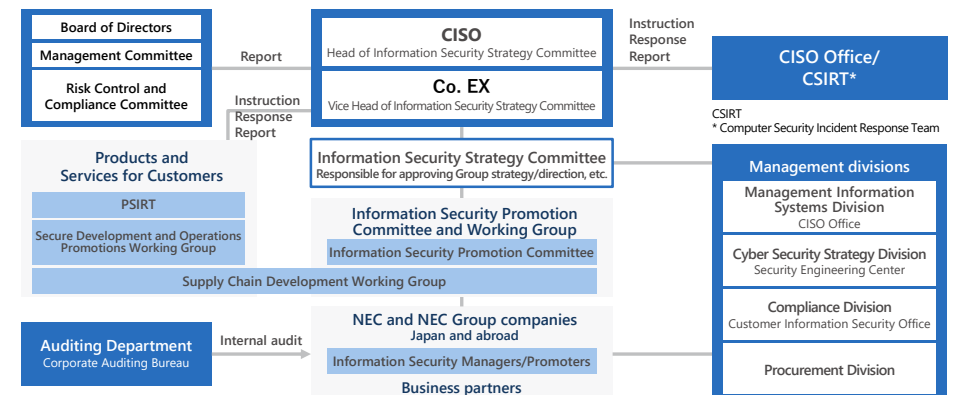
## Information Security Implementation Framework



## Implementation Framework

The NEC Group's information security implementation framework consists of the Information Security Strategy Committee, its subordinate organizations, and each organization's information security managers and promoters. Under the direction of the Chief Information Security Officer (CISO), NEC Group companies coordinate to advance information security measures.

## The NEC Group's Information Security Implementation Framework



## Measures and Main Fiscal 2021 Activities

### Measures against Cyber Attacks

As cyber attacks 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, we have implemented total cyber security management by conducting uniform and advanced measures worldwide based on cyber security analysis, and established an incident response framework with our Computer Security Incident Response Team (CSIRT).

Every year, NEC plans and proposes measures based on cyber security analysis, and implements the measures with approval from the CISO.

In particular, given that NEC creates and provides social solutions for countries worldwide, a single information security incident caused by a cyber attack or any other factor could diminish the social trust of the entire NEC Group and materially affect its business management. For

this reason, we view a comprehensive and global approach to cyber security risks as essential for our business continuity.

We are strengthening our global measures against increasingly sophisticated cyber attacks based on a multilayered defense approach. In fiscal 2021, our measures focused on the following tasks.

### Cyber Risk Assessments by Red Team\*1

The NEC Group's Red Team conducts cyber risk assessments to increase the cyber resilience and accountability of the Group. The team creates assessment scenarios from attackers' point of view, conducts pseudo attacks on key systems within organizations to identify lacks and insufficient points in their existing cyber security measures, and takes actions for improvement.

\*1 Red Team is a team of experts that launches a cyber attack similar to actual threats to a company or organization, assesses the organization's resilience against the attack, identifies risks involved in terms of policies, CSIRT operations and technologies, and proposes possible improvements and additional measures.

### Using Threat Intelligence

NEC uses threat intelligence to identify threats including their early signs and emerging trends. This framework enables us to reduce risks, take rapid response, and minimize the damage of advanced threats that cannot be blocked by conventional measures.

### Advanced EDR

NEC has implemented endpoint detection and response (EDR) technologies in all of its Group companies to ensure early detection of threats that break into the intranet as well as efficient incident response. We also use the Global Cyber Attack Protection System (GCAPS) to address vulnerabilities of PCs and servers. Combining EDR and GCAPS with threat intelligence allows us to detect and respond to sophisticated threats that could not be addressed previously.

### Critical Information Management

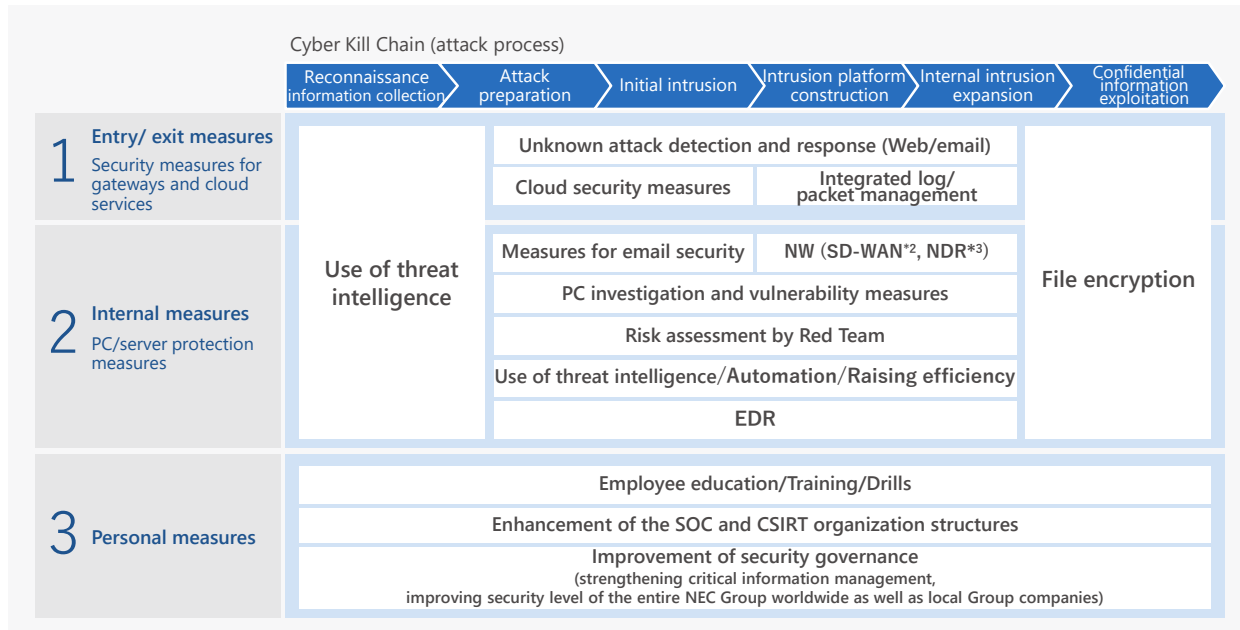
To minimize the impact of information leaks, we have defined "critical information" as information that would have huge impact on our business management and performance if it should be stolen or exposed externally. For critical information, we conduct stringent management and countermeasures including security assessments in all the organizations and internal audits by the Corporate Auditing Bureau.

### Enhancement of Security and Governance Structure

To strengthen our ability of emergency response and daily operation monitoring, we have revised and enhanced our operation processes as well as the overall structure of our security operation center (SOC) and CSIRT framework.

In addition, we have assigned a regional CISO at each of our global operation sites. To enhance security governance, these regional CISOs are in charge of security management for their respective regions and take responsibility for the results of their management.

### Overview of Global Measures against Cyber Attacks



\*2 SD-WAN : Software-Defined Wide Area Network

\*3 NDR : Network Detection and Response

### ● Providing Secure Products, Systems, and Services

Following the concept of security by design (SBD), which ensures security from the planning and design stages, NEC implements the Secure Development and Operations initiative from the planning to operation phases for the products, systems, and services it provides to its customers. Ensuring security at the early stage of system development brings various benefits such as cost reduction, on-time delivery, and excellent maintainability of the developed system.

At each phase, checklists are used to ensure that required security tasks have been carried out. Nonetheless, issues remain in relation to the incorporation of security into the development process. These include omissions due to the unique security settings used by each manager and mistakes in settings caused by human error.

To address such issues, NEC has developed tools that automate secure development. For example, we have established an operating system and middleware fortification tool that automatically applies secure settings to servers. Also, we have introduced technologies that realize homogeneous security throughout entire environments used for cloud computing construction, which has been rapidly increasing in

recent years. Specifically, we are advancing an initiative for using technology that describes cloud computing environments in code form, known as “infrastructure as code,” and then distributing and utilizing templates for secure cloud computing environments themselves.

In fiscal 2021, we also created a prototype baseline for privacy evaluation by referring to privacy-related laws and guidelines, such as the NIST Privacy Framework, ISO 29100, and ISO 29134. We are verifying the effectiveness of this baseline with a view to establishing a method for comprehensively inspecting cyber risks and other risks related to business continuity, such as insufficient consideration of privacy.

### ● Information Security in Collaboration with Business Partners

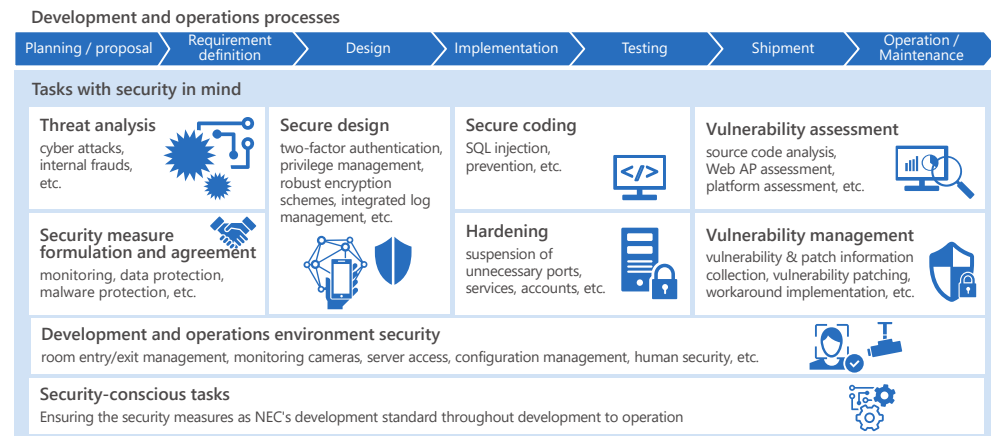
NEC conducts its business activities in collaboration with business partners. In these collaborations, we believe it is important to ensure that the technology capabilities and information security level of the business partners meet our required standards. To this end, NEC categorizes its business partners by information security level based on the implementation status of their information security measures. In selecting business partners for a project appropriately, we check the information

security level to outsource tasks, thus reducing risks of information security incidents occurring at business partners.

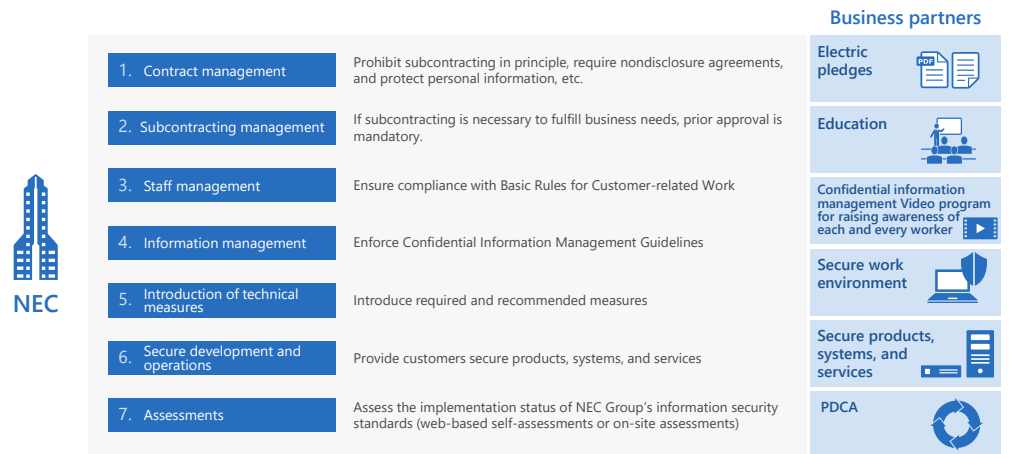
NEC requires its business partners to take appropriate information security measures in the following seven critical areas: 1) contract management; 2) subcontracting management; 3) staff management; 4) information management; 5) introduction of technological measures; 6) secure development and operations; and 7) assessments. In fiscal 2021, we held information security briefings (data disclosure method) for business partners and provided information about risks and countermeasures against cyber attacks, to minimize the risk of information leaks.

To protect customers' information, NEC works together with its business partners to increase their information security levels by ensuring that information security measures are implemented throughout their organizations and that assessments and improvement actions are carried out.

### Secure Development and Implementation Based on the SBD Concept



### Information Security Countermeasures for Business Partners



# Ensuring Quality and Safety

## Policy

When it was founded in 1899, NEC promised its customers to provide “Better Products, Better Services,” meaning world-class products and responsible after-sales services.

This was the founding spirit of NEC at a time when it had yet to earn society’s trust. We were committed to gaining the trust of customers by having our employees understand and practice “Better Products, Better Services,” in order to build a strong foundation for the Company within society.

To realize this aspiration, NEC Corporation introduced quality control in 1946, and has made Companywide efforts to increase quality, such as the ZD (Zero Defects) activities\*<sup>1</sup> in 1965, the quality operation strategy to increase the 7 Qs\*<sup>2</sup> in 1972, and SWQC\*<sup>3</sup> in 1981.

Today, our founding spirit of “Better Products, Better Services” has been carried on as one of the Principles in our NEC Way. We hope that all of our employees will be confident in NEC’s quality policy by continuing

### Quality and Safety Philosophy

NEC strives to continue improving quality and safety based on the Principles in our NEC Way, including the founding spirit of “Better Products, Better Services.”

### Action Guidelines

#### 1. Quality management

1. Think and act from the standpoint of new value for customers and society.
2. Maintain and enhance the NEC brand.
3. Ensure that each member of NEC recognizes the importance of quality and strives to deliver better quality.
4. Strive to ensure product and service quality, and comply with related laws and regulations.
5. Make sincere efforts to address product and service quality problems.

#### 2. Safety management

1. Ensure that each member of NEC recognizes the importance of product and service safety.
2. Strive to ensure product and service safety, and comply with related laws and regulations.
3. Make sincere efforts to address product and service safety problems.

to raise the quality of their own work, the products they create, and the services they provide. Also, we hope to see “NEC Quality” become the preferred and trusted choice of our customers.

In line with this thinking, we have defined our “Quality and Safety Philosophy” and “Action Guidelines” as follows to enforce our initiatives.

\*1 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.

\*3 Software Quality Control. This refers to general quality management activities for software.

### Quality Management Systems

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.

### 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. In addition to credit risk and contract risk, we consider the OH&S risk of those implementing the project.

## Implementation Framework

### Quality & Safety Implementation Framework and Quality & Safety Risk Management Framework

One of the most important management issues is how to ensure quality and safety and deal with related risks in products, systems, and services.

NEC is working to clarify a range of actions for this system by defining Companywide rules and standards, and to improve quality and safety. This effort is headed by the Environment and Total Quality Management Division and the Environmental Management Division, the Environment

and Total Quality Management divisions set up in business units (BUs) and consolidated subsidiaries, and the quality/safety management officers appointed in each of the business divisions and consolidated subsidiaries under the business units. Specifically, we have set up the Quality and Safety Action Policy, and we are conducting activities such as complying with quality and safety laws and regulations, improving safe, reliable technologies, standardizing key components, sharing expertise, and taking steps to prevent defects and recurring issues.

In regard to risk management related to quality and safety, we have built a Companywide framework and ensure that it is implemented completely. If a customer’s system or critical social system were to experience serious trouble, or a major product incident or infringement of technology laws and regulations were to occur, the matter would be rapidly escalated to management and an emergency troubleshooting meeting would be held. The business division in charge and the specialist staff division confer and reach a swift decision on how customers are to be treated, the response of those in authority, and whatever other PR measures might be appropriate. The consultations are rapid and decisions are made concerning the most appropriate overall policy.

### Ensuring the Soundness of Construction Work

As a Social Value Innovator, NEC garners trust and helps make society more convenient by ensuring the health and safety of workers and by installing NEC-developed products and systems safely and in compliance with relevant laws and regulations.

With a strong awareness of the priority of OH&S in all work, personnel engaged in construction work, all NEC employees, and related workers deliver outstanding technology to build a rich, safe society that offers peace of mind. Moreover, we constantly evolve how we achieve installation that is safe and compliant with relevant laws and regulations. In these ways, NEC ensures the soundness of construction work.

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. Also, 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 action guidelines.

1. We shall ensure that each person checks and endeavors to improve the soundness of construction work.
2. We shall advance compliance with laws and regulations, conduct education and personnel development, implement awareness-raising activities, and ensure Companywide understanding of the importance of occupational health and safety.
3. We shall maintain and improve the occupational health and safety management system and move forward through a plan-do-check-act (PDCA) cycle.
4. We shall preempt legal, safety, and quality issues by conducting monitoring and correction in relation to compliance with laws and regulations and occupational health and safety activities.
5. We shall preempt legal, safety, and quality issues by implementing risk assessments.
6. We shall increase motivation with respect to occupational health and safety through safety conventions and other measures.
7. We shall respond sincerely to legal, safety, and quality issues that arise.
8. We shall collect information on potential and actual legal, safety, and quality issues and endeavor to preempt issues or prevent their recurrence.

## Measures and Main Fiscal 2021 Activities

### ● Compliance with Relevant Acts and Regulations

To visualize the technical laws and regulations with which NEC products must comply, NEC developed a “map of technology laws and regulations” to make it easier to identify what kind of laws and regulations are applied to which divisions’ products. By using this map, we strive to comply with those technical laws and regulations by precisely conforming with various countries’ domestic laws and regulations, including Japan’s Electrical Appliance and Material Safety Act, Radio Act, and Telecommunications Business Act.

NEC is enforcing compliance with relevant acts and internal rules for indications and labels for the quality and safety of 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.

In fiscal 2021, there were no regulatory violations subject to fines or punishments with regard to the quality and safety of our products and services.

### ● Ensuring Product Safety

NEC provides safe, secure products to customers by ensuring that its designs for ICT and multimedia equipment comply with the international standards IEC 60950-1 (JIS C 6950-1)/IEC 62368-1 (JIS C 62368-1), as a matter of course. In addition, we have established our own Group safety standard 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.

### ● Guidelines to Quality Assurance 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 specifications of AI engines and the processes that produce their analysis results can be difficult for humans to interpret, and traditional 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, which are designed to ensure the quality of AI systems that cannot be covered by traditional software quality assurances alone. We have applied these guidelines to the development of important AI systems.

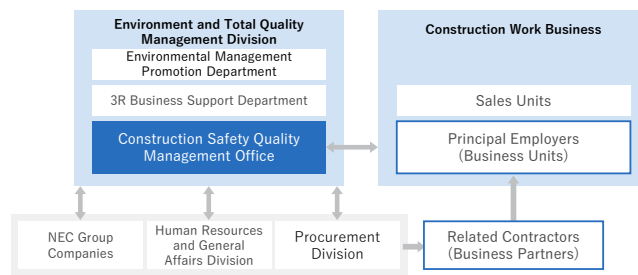
### ● NEC Ethical Review Committee for the Life Sciences

NEC Corporation is carrying out R&D for commercialization in the life science field. When acquiring people or information and data related to people for trial experiments and research, we follow the guidelines set out by the Ministry of Education, Culture, Sports, Science and Technology, and hold deliberations in the NEC Ethical Review Committee for the Life Sciences, made up of external experts, concerning ethical appropriateness with respect to the objectives of research and the human rights and dignity of research subjects.

### ● Initiatives to Ensure Transparency in Relationships with Medical Institutions

NEC ensures the transparency and soundness of its relationships with medical institutions with a view to gaining widespread understanding of the medical device industry’s contribution to the development of life sciences as well as the high ethical standards that the Company adheres to in conducting corporate activities.

### System for Compliance and OH&S in Construction Work





### ● Initiatives in the Medical and Healthcare Fields

Aiming to establish commercial businesses in the medical and healthcare fields, we are establishing a management system and moving forward with activities for quality management systems and compliance with relevant laws and regulations.

In April 2019, we received a first-class marketing license for medical devices and established a management system.

With respect to compliance with relevant laws and regulations, for the Pharmaceuticals and Medical Devices Act\*<sup>4</sup> we have prepared guidelines on compliant advertisement and a checklist for determining which items are covered by the act. Moreover, we have incorporated the guidelines and checklist into the processes of related business entities.

As for quality management systems, we have begun establishing and managing processes pursuant to the Quality Management System Ordinance and ISO 13485:2016. In tandem with these efforts, we are steadily establishing compliance with respective countries' medical device-related laws, such as Japan's Pharmaceuticals and Medical Devices Act and the European Union's Medical Devices Directive.

\*4 Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

### ● Developing Personnel Who Realize Safety and Security

In improving product safety and quality, enhancing training and employee skills is extremely important. Therefore, 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. For example, through our "Safety Review Workshops," which is a specialized program on product safety, we use actual devices to provide practical training on the incorporation of safety into designs. Thanks to this program, we have fostered numerous specialists in safety technology.

### ● 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 best project support, or project team that tackled a difficult project and achieved a particularly outstanding result.

The intent of this award is to raise awareness of the importance of project management among all NEC Group employees and to demonstrate the significance of accomplishment and recovery in those projects that have a high level of risk. NEC also recognizes that the 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 practices.

### ● Increasing Awareness of Quality through "Quality Month" Activities

In November, which we have designated "Quality Month," members of the senior management team 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 2021, we raised employees' awareness of quality issues through discussions on such themes as how to think about quality going forward given the anticipated changes in businesses and technologies and how to perform effective quality audits remotely during the COVID-19 pandemic.

# CS (Customer Satisfaction) Initiatives

## Policy

All of our employees are working to develop a corporate culture of creating products and services that are more valuable to our customers. This means that every one of us at NEC understands, considers, and quickly responds to what our customers expect in order to make NEC a company that is trusted and chosen by customers.

This attitude is also reflected in the use of the word “Better,” not “Best,” in our founding spirit, “Better Products, Better Services.” It embodies our desire to “continuously make improvements to achieve our very best in providing better products for customers and society.”

The spirit of “Better Products, Better Services” is still one of our Principles today, even though our business has changed since the time of our founding. It has been passed down through generations as the NEC Group’s DNA.

Based on this way of thinking, 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

In our advertising and PR activities, we observe laws and regulations and have prepared various guidelines, such as the “NEC Group Advertising Activity Guidelines” and the “NEC Group Website Guidelines,” detailing caution points for design, accessibility, and production. We are also making an effort to employ fair and appropriate language and expressions, disseminating our “Social Media Policy” outside the Company since before the spread of social media. 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 2021, there were no incidents of non-compliance concerning marketing communication.

### NEC Group Social Media Policy

## Implementation Framework

NEC continuously seeks customer feedback from various points of contact and promptly reflects it in business management. As part of these efforts, we currently conduct a biannual CS survey, the NEC Group Customer Questionnaire.

The results of this survey together with the details of market surveys are reported to the president and other members of the senior management team. Furthermore, we share the findings with specific businesses operating in related fields and proceed through PDCA cycles aimed at improving CS.

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 abroad to consult with us by email.

### CS Improvement Activities

### Contact Desk

## Measures and Main Fiscal 2021 Activities

### ● Advancing Activities Based on Customer Feedback

NEC views CS activities as an integral part of efforts to deliver value to customers and ensures CS activities match the characteristics of each business field. In fiscal 2021, we proactively reflected customer feedback by taking lateral in-house measures to tackle areas where there is a need for improvement throughout the Group.

### ● Aiming to Remain the First Choice of Customers

To create lasting relationships with our existing customers, in fiscal 2021 we began “Customer Success” activities, which entail viewing data acquired when customers use and operate our products and solutions as customer feedback and then taking steps to heighten their effectiveness and convenience accordingly.

### ● Training Employees to Focus on and Realize CS

NEC cultivates a CS-oriented mindset that leads employees to notice and address issues and thereby make improvements independently.

Specifically, we conduct a series of training programs designed to foster CS awareness and enable employees to use it as a driver of their actions. Our common program on the basics of CS is themed on working with customers in mind. In a subsequent program, employees learn ways of putting a CS-oriented mindset into practice in day-to-day activities. In addition, we provide a program that uses case studies to focus on creating value for customers and heightening their satisfaction.

In fiscal 2021, due to the impact of the COVID-19 pandemic, we conducted the aforementioned training programs online rather than through periodic group training at our business sites. The interactivity and face-to-face communication made possible by the online format helped us give participants the sense of being present at an on-site seminar. While maintaining the quality of previous group training, we were able to give even more employees nationwide the opportunity to participate in the seminars. In this way, we continued to proactively develop a corporate culture geared toward the enhancement of CS.

# Cooperation with Local Communities

## Policy

Within its statement of 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, universities, etc., to promote three universal themes: “Personnel Development,” “Environmental Preservation,” and “Regional Contribution Activities and Disaster Aid.” NEC recognizes sustainable local communities are what enables business activities to be carried out in those communities. As members of communities, we want to 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 a key plank in its efforts to promote diverse human resource development and cultural transformation, 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 situations and opportunities to experience social issues that merit NEC’s attention as a Social Value Innovator.



We believe that through these situations 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 they can create 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.

- 📄 Social Contribution Program Assessment System

## Implementation Framework

NEC’s corporate citizen activities are conducted under three main implementation frameworks:

- Social contribution programs planned and executed under the initiative of the Internal Excitement Promotion Office of the NEC Corporate Communications Division and the Social Contribution Promotion departments of NEC Group companies;
- Activities for contributing to local communities planned and participated in by NEC Group employees around the world;
- Various grants by foundations

## Corporate Citizenship Activities

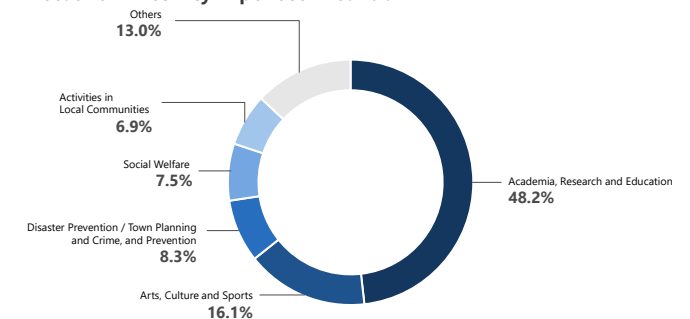
In fiscal 2021, total corporate citizenship activity expenses for the NEC Group were approximately 336 million yen. We were involved in various regions around the world following three main themes in five areas, including “Academia, Research, and Education” and “Arts, Culture, and Sports.” Corporate 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).

### Activity Expenses

Unit: Million yen

FY2018	FY2019	FY2020	FY2021
523	613	493	336

### Fiscal 2021 Activity Expenses Breakdown



Note: The fields of activity used in the above expenses breakdown correspond to the fields of activity used in surveys of social contribution activities conducted by the Japan Business Federation.

## Measures and Main Fiscal 2021 Activities

### ● 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. By fiscal 2020, 64 groups had 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 December 2020 and January 2021, the NEC Social Entrepreneurship School invited young social entrepreneurs (alumni and current participants) to take part in a special program, involving a dialogue with NEC employees and social entrepreneurs. The program aims to help participants to identify various social issues and learn more deeply about the spirit of social entrepreneurship by speaking directly with active entrepreneurs who are leading social transformation. At the program were 200 employees who are either currently engaged in solving social issues or intending to begin tackling them.

The 10 social entrepreneurs below explained global social issues that they are tackling before discussing the potential for using ICT to resolve them. We continued examining the use of ICT after the dialogues.

#### Participating Social Entrepreneurs

##### First Dialogue (December 2020)

Kunihiko Ono	(graduated from the school in fiscal 2010), SAKA NO TOCHU Co., Ltd.
Katsuyoshi Kuriya	(graduated from the school in fiscal 2012), i Local, Inc.
Junpei Asano	(graduated from the school in fiscal 2018), SHINMIRAI INC.
Sakiko Muto	(graduated from the school in fiscal 2020), tsunagari Music Lab.
Koki Ozora	(graduated from the school in fiscal 2021), IbashoChat.org, NPO

##### Second Dialogue (January 2021)

Tomoichiro Kitaike	(graduated from the school in fiscal 2010), TOWN KITCHEN Co., Ltd.
Kaito Miwa	(graduated from the school in fiscal 2015), e-Education, NPO
Ryo Yamamoto	(graduated from the school in fiscal 2017), R65 inc.
Yoshikazu Ito	(graduated from the school in fiscal 2020), Ocean's Love, NPO
Yu Shinagawa	(graduated from the school in fiscal 2021), An-Nahal Inc.

 NEC Social Entrepreneurship School

### ● Supporting COVID-19 Countermeasures

In Japan and abroad, the NEC Group has conducted a range of support

activities, including conducting charity activities and providing support for the frontline medical personnel combating COVID-19.

NEC has made donations to the Japanese Red Cross Society, MSF (Médecins Sans Frontières) Japan, and the Japan Committee for UNICEF by fundraising online and granting “cafeteria points” through the Company’s “cafeteria-style” benefits and welfare system, which was introduced for NEC employees in April 2020. In addition, the Kakegawa Plant of NEC Platforms, Ltd., took advantage of its manufacturing technologies and know-how to manufacture 1,000 medical face shields, which the company donated to the city of Kakegawa in Shizuoka Prefecture in May 2020. Also, in April 2020 NEC Fielding, Ltd., donated to the Japan Business Federation 15,000 N95 masks, 1,000 pieces of protective clothing, and 1,500 goggles, items that the company had in its inventories for use in on-site work.

In May 2020, NEC Europe Ltd. organized a charity event in which employees posted videos and photos of various challenges they had taken on with their families at home to help mitigate the COVID-19 pandemic. In conjunction with these efforts of employees, crowdfunding was used to raise funds for charity.

In April 2020, NEC Corporation of America donated 100 boxes of food to the local police department, Irving Police Department, in support of its efforts to implement COVID-19 countermeasures. Subsequently, the company continued donating food and masks to local food banks and NPOs. The company also donated US\$100,000 to the NPOs United Way of Metropolitan Dallas and made donations to the University of Texas at Dallas, Texas State University, and medical institutions through NEC’s U.S. foundation.

### ● Supporting Local Communities through Pro Bono Activities

In fiscal 2011, NEC became the first Japanese company to launch pro bono activities, whereby the Company uses the professional skills of its employees to help solve problems faced by NPOs and social entrepreneurs. In fiscal 2021, as part of efforts to develop pro bono activities in local communities, we began collaborating with Kawasaki, a city in which we have business sites and where we are engaged in a variety of co-creation initiatives with the local community.

The NEC Tamagawa Pro Bono Club, which comprises more than 100 employee volunteers, led our collaborative efforts with the city of Kawasaki, the Kawasaki City Council of Social Welfare, and the Kawasaki City Citizen Activity Center to help lessen the impact of the COVID-19

pandemic on the local community. These efforts included holding seminars for civic action groups on how to operate and manage online meetings; producing a video that promotes Nakahara Panji Taiso exercises, which can be done at home; and supporting the operation and management of Tsunagaru Marché, which livestreams civic activities that are challenging to implement during the COVID-19 pandemic.

Moreover, in fiscal 2021 we launched online pro bono activities globally. Helte Co., Ltd.—whose founder graduated in fiscal 2019 from the NEC Social Entrepreneurship School—has begun an initiative aimed at utilizing a communication app to facilitate international exchanges between Japanese citizens and Asian students who are studying Japanese with a view to working in Japan. More than 120 NEC Group employees have participated in the initiative on a pro bono basis.

The purpose of the initiative is to increase opportunities for Asian students whose Japanese-language schools have been temporarily closed or whose visits to Japan have been postponed due to the pandemic to learn Japanese and deepen their understanding of Japan. In addition, the participation of NEC Group employees is intended to help improve the system and other aspects of the initiative.

### ● Helping Disaster-hit Regions

To mark the 10th anniversary of the Great East Japan Earthquake, NEC held an online event for NEC Group employees entitled “3.11 Special Event: Fukushima Now 2021.”

The event featured a video message for employees from the governor of Fukushima Prefecture, Masao Uchibori, and a talk by Yasuhiko Sato, head of the Fukushima Prefecture reconstruction and comprehensive planning section, about the current situation and issues in Fukushima Prefecture from the viewpoint of those on the ground.

The approximately 250 employees who participated from all over Japan were able to further their understanding of the regional issues arising from the earthquake and nuclear power plant accident, the impact of the COVID-19 pandemic, and the array of possibilities available to Fukushima Prefecture going forward.

Also, employees spent 1,325,900 yen on a total of 275 items, including sweets and meal accompaniments, at the “Support Fukushima from Home Marché,” an online sales event exclusively for NEC Group employees that was held to coincide with the special event through the cooperation of Nihonbashi Fukushimakan MIDETTE of Chuo Ward, Tokyo.



# Governance

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Dialogue





# Corporate Governance

For details, please refer to the *NEC Corporate Governance Guidelines* and our *Corporate Governance Report*.

## Policy

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social values and the maximization of corporate values, NEC Corporation (the “Company”) is committed to strengthening its corporate governance practices through;

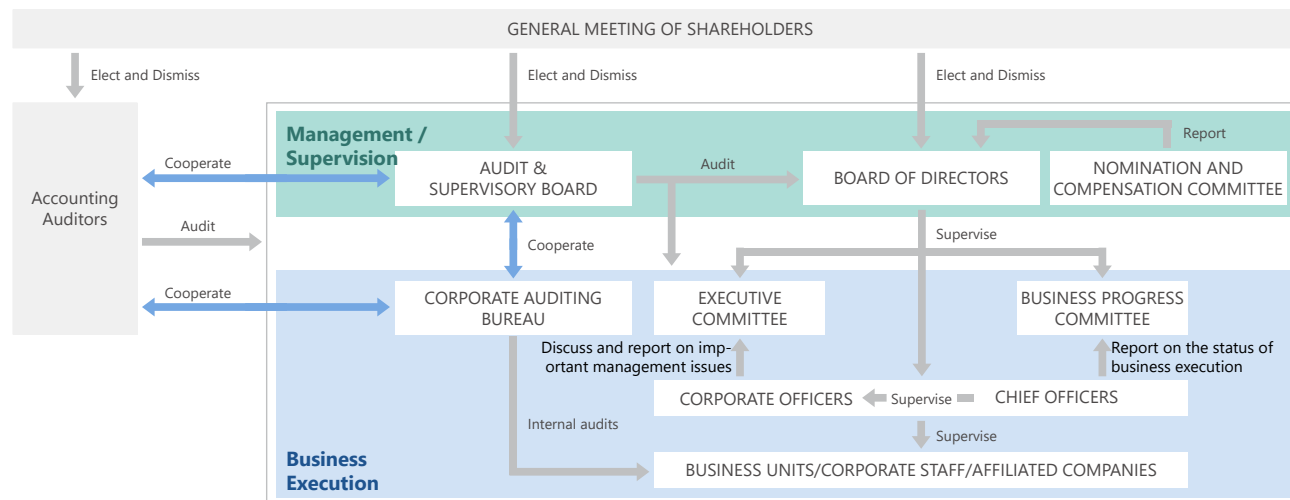
1. Assurance of transparent and sound management;
2. Realization of prompt decision making and business execution;
3. Clarification of accountability; and
4. Timely, appropriate and fair disclosure of information.

## Corporate Governance System

An overview of the Company’s corporate governance system is as follows:

1. The Company has adopted the company with the Audit & Supervisory Board Members (KANSAYAKU) (the “A&SBMs”). The Company considers that the audit by A&SBMs and advice from Outside Directors in making decisions of the material business executions are effective for the sound management of the Company.
2. The Company has introduced a corporate officer system to expedite business execution based on prompt decision making and separate management supervision from business execution. This has involved delegating substantial authority for business execution from the Board of Directors to corporate officers.
3. The Company has established the Nomination and Compensation Committee to enhance transparency of nomination of Directors and the A&SBMs and remuneration of Directors and corporate officers.

## Corporate Governance System



### ● Board of Directors

To fulfill its responsibilities with various viewpoints based on broad knowledge, the Board of Directors is comprised with consideration given to diversity in such factors as career background, specialist field, internationality and gender.

### ● Nomination and Compensation Committee

The majority of the members of the Nomination and Compensation Committee are Outside Directors. The chairperson is appointed among such Outside Directors.

### ● Audit & Supervisory Board (KANSAYAKU-KAI)

The Company appoints as A&SBMs the personnel who have the knowledge and experience necessary for audits, such as considerable expertise in finance and accounting or experience as an attorney at law, and strengthen the auditing functions of the A&SBMs.

### ● Main Committees in Business Execution

The Company has the Executive Committee, which is comprised of corporate officers, and the Business Progress Committee, which is comprised of corporate officers, general managers of business units, and other members.

- 📖 Corporate Governance Guidelines
- 📖 Corporate Governance Report
- 📖 Corporate Governance
- 👤 Directors and Audit & Supervisory Board Members (KANSAYAKU)

# Compliance and Risk Management

## Policy

As a company engaged in the social solutions business, NEC believes earning and sustaining the trust of customers and society are by far the most important considerations. 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. In addition, our risk management activities include properly understanding risks that have an impact on our business, and taking preventive measures efficiently and effectively, including against compliance violations.

NEC Corporation received notification of a violation of the Antimonopoly Act from the Japan Fair Trade Commission in July 2016 regarding a deal concerning telecommunications equipment for electrical power security systems with Tokyo Electric Power Co., Inc. (currently Tokyo Electric Power Company Holdings, Inc.). A further notification relating to a violation of the same act was received in February 2017 regarding (i) transactions for wireless digital emergency firefighting equipment and (ii) a deal concerning telecommunications equipment for electrical power security systems with Chubu Electric Power Co., Inc.

In order to keep these events fresh in mind and 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, as an annual event for further underscoring the importance of compliance.

### ● Compliance

NEC considers compliance to not only mean compliance with the law, but also in the broad sense to include compliance with socially accepted norms and common sense.

In line with the key concepts of “awareness” and “information sharing,” our basic approach to implementing compliance is to foster awareness so that irregularities are clearly recognized as “being not in conformance.” In addition, we encourage consultation with and reporting to managers, related departments, or the Compliance Hotline, and

sharing information with a view to resolving those issues and improving our practices systematically as an organization.

Furthermore, NEC aims to establish compliance within its corporate culture by ensuring that each officer and employee treats compliance as their own responsibility and practices conduct in accordance with the NEC Group Code of Conduct. Moreover, the Code has been translated into Japanese, English, Chinese, Portuguese, and Spanish. By promoting the Code at consolidated subsidiaries abroad, we are creating a corporate culture in Japan and abroad that gives first priority to compliance. Also, we recognize that the Code should be revised regularly.

In order to realize effective compliance measures, the general managers of every NEC Corporation division have taken leadership and responsibility for discussing and implementing the optimal measures for their divisions with support from the corporate divisions. Further, identifying compliance as one of NEC’s priority management themes from an ESG perspective—materiality—the Mid-term Management Plan 2025 sets as a goal zero cases of serious involvement with cartels or bid-rigging.

### ● Risk Management

Moreover, as part of our risk management activities, we manage risk in order to avoid oversights and overlap of measures, under NEC’s “Rules of Basic Risk Management.”

Every year, we identify risks whose materialization would have a particularly large impact on NEC Corporation’s business and sales targets. Among these, we select certain risks that require priority measures as “Priority Risks” for Companywide management. We then formulate, implement, and assess measures to address those risks. In addition, each of our business units and subsidiaries are also conducting specific activities to manage particular risks in their unit or company.

 NEC Group Code of Conduct

 [Priority Management Themes from an ESG Perspective- Materiality](#)

### ● Periodic Rotation and Reengagement of Accounting Auditors

Pursuant with 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.

## Implementation Framework

NEC Corporation enforces and implements compliance with top management and conducts activities led by the Risk Control and Compliance Committee, the Compliance Division, and the Corporate Auditing Bureau. The meeting bodies and management structure are as follows:

### 1. Board of Directors

Given its oversight role with respect to business execution, the Board of Directors receives reports related to material misconduct and reports on the measures taken for the Priority Risks. In addition, the Board regularly confirms the effectiveness of risk management, including prevention of corruption and fraud and the operational status of internal control systems.

### 2. Executive Committee

The Executive Committee discusses important NEC management issues such as policies and strategies, including Priority Risks and other important risks related to management and strategies.

### 3. Audit & Supervisory Board Members (KANSAYAKU)

The Audit & Supervisory Board Members audit the performance of duties within NEC Corporation by regularly discussing reports of audit results

received from the Corporate Auditing Bureau, or reports on the status of operations of the Compliance Hotline, the internal reporting system pertaining to business ethics and violations of laws and regulations.

#### 4. Chief Legal & Compliance Officer (CLCO)

The CLCO chairs the Risk Control and Compliance Committee and oversees Companywide compliance promotion activities.

#### 5. Risk Control and Compliance Committee

The Risk Control and Compliance Committee, whose members are officers, investigates the underlying causes of serious compliance breaches, studies related to prevention of recurrence and preventive measures, and deliberates on policies for risk management activities and policies for selection of and countermeasures to the Priority Risks. The committee executes a supervisory function in Companywide risk control by, for example, regularly receiving reports from the divisions in charge of deliberations and progress status related to specific Priority Risk measures, validating the activity results and issues and future activity plans and providing direction for improving and enhancing measures as needed.

The committee is chaired by the CLCO, who reports on important matters within the proceedings and results of the committee meetings to the Executive Committee and the Business Progress Committee and other meetings, which are attended by the CEO.

#### 6. Compliance Division

The Compliance Division formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. In addition, the division provides the necessary support, coordination and guidance to ensure that risk management in the business and corporate staff divisions is implemented systematically and effectively.

For example, the division enhances the risk control function for the entire NEC Group by continuously supporting risk control activities in each division including subsidiaries. This is accomplished by collecting external information, investigating using a risk management survey, and exchanging information with subsidiaries worldwide.

In addition, the division regularly receives and discusses reports on audit results from the Corporate Auditing Bureau and receives status reports on the operations of the Compliance Hotline, the internal reporting system pertaining to business ethics and violations of laws and regulations.

#### 7. Corporate Auditing Bureau

The Corporate Auditing Bureau functions as an internal auditing department directly under the supervision of the president and is composed of members who are experts in internal audits. The bureau carries out audits aimed at ensuring that NEC is operating lawfully, properly, and efficiently, as well as in pointing out problems and making proposals for improvement.

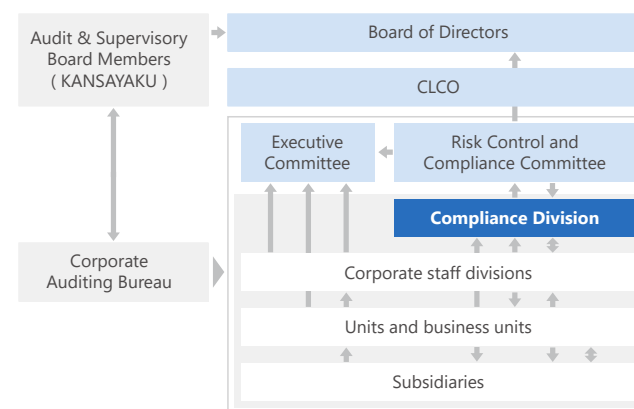
#### 8. Compliance Promotion at Consolidated Subsidiaries

The presidents of our consolidated subsidiaries in Japan take ownership of proposing and implementing compliance measures with guidance and support from the Compliance Division, corporate divisions, units, and business units responsible for each subsidiary.

In regard to consolidated subsidiaries abroad, the five Regional Headquarters (RHQ), including the subsidiaries under them worldwide, further strengthen compliance.

NEC has also established channels for reporting compliance-related issues regularly, and as the need arises, from the consolidated subsidiaries in Japan and abroad to Headquarters in Japan.

#### Compliance Implementation Framework



## Measures and Main Fiscal 2021 Activities

### ● Compliance

For the second consecutive fiscal year, in fiscal 2021 there were no cases of serious involvement with cartels and/or bid-rigging in the NEC Group, thanks to implementation of the following measures.

#### Conducting Various Initiatives for NEC Compliance Day

To establish compliance as part of NEC's corporate culture, we conduct various activities to spread information and raise awareness for NEC Compliance Day.

First, officers including the President and CLCO and all department managers (approximately 130 people), and the presidents of consolidated subsidiaries in Japan and abroad communicate messages to underscore the importance of compliance to all employees. In addition, each employee of NEC Corporation makes a "Compliance Action Declaration" to show their own initiatives to make compliance part of the corporate culture.

At NEC Business Ethics, an annual corporate ethics forum for NEC Corporation and its consolidated subsidiaries in Japan, lectures are given by NEC's President and an external lecturer with expertise in compliance, and the Compliance Excellent Award is presented. The award is presented to divisions that have taken ownership for thoroughly implementing compliance. By introducing their specific initiatives, the award helps to improve the level of activities among all divisions.

Furthermore, NEC held online lectures to encourage employees to recollect and reflect on three Antimonopoly Act violations caused by the Company in the past. We also, we organized dialogues so that the personnel of different divisions could share ideas and think together about measures for creating an open atmosphere in workplaces.

An online portal for NEC Compliance Day was set up on our intranet to enable employees to browse activities and information related to the event at any time.

#### Education and Awareness-raising Activities throughout the World

NEC Corporation and its subsidiaries in Japan conduct web-based training regarding compliance for all officers and employees once a year (completion rates in the training period—NEC Corporation: 99.0%; consolidated subsidiaries in Japan: 98.5%—and those unable to take the course within the period are committed to taking it in the next round).

Also, NEC Corporation is deploying training content for consolidated subsidiaries abroad translated into multiple languages (Japanese, English, Spanish, Portuguese, and Chinese). We collected from officers and employees pledges to follow the NEC Group Code of Conduct and other internal policies. Furthermore, NEC Corporation emphasizes the importance of conduct that complies with the NEC Group Code of Conduct using the opportunities of training and education for new employees, and stratified education programs for new corporate officers and new department managers.

### **Compliance Hotline (Whistleblowing System for Employees and Business Partners)**

The Compliance Hotline is NEC's whistleblowing system for preventing corruption, fraud, and other compliance matters in general. We have also established an additional contact point for the hotline at a third-party agency 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 whistleblower reports from not only 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. Whistleblowers will never suffer retaliation for having made a report.

NEC and its consolidated subsidiaries in Japan have taken steps to ensure the protection of confidentiality and prevention of retaliation by establishing the Compliance Hotline Regulations as internal regulations. This is made known to employees through training programs and other means.

In fiscal 2021, the number of reported cases was 76, down 14 from the previous fiscal year. The reported cases included ethical behavior violations, fraud or violations against the NEC Group Code of Conduct or company rules, and other possible violations. These cases have been appropriately handled.

Examples of the measures taken are as follows.

- (1) In a report of harassment, the facts were confirmed and the offender was given guidance and transferred, giving consideration to the whistleblower's wishes.
- (2) In response to reports on the effects of COVID-19 pandemic, including reports in relation to teleworking, the facts were confirmed, and such measures as the issuance of reminders were implemented.

For NEC's consolidated subsidiaries abroad, Regional Headquarters (RHQ) also set up whistleblowing systems operated by third parties in each region, which are available for local officers and employees to use in the native local language (English, Spanish, Portuguese, and Chinese). The consulted/reported cases and their handling by consolidated subsidiaries abroad are shared with NEC Corporation.

The status of Compliance Hotline implementation and operation (including the internal reporting systems of NEC Corporation subsidiaries) is regularly reported by the Corporate Auditing Bureau to the Board of Directors and the Audit & Supervisory Board Members.

### **Survey on Compliance Promotion Initiatives**

We conducted a survey of all officers and employees in conjunction with web-based training regarding compliance in order to evaluate the status of their initiatives on compliance promotion and their awareness of compliance. Furthermore, in a survey conducted after NEC Compliance Day, we asked division employees to evaluate the messages delivered by their division's department managers. The results of the surveys were posted as feedback on the intranet portal, and will be useful for proposing and implementing measures to further enforce compliance going forward.

### **Exchanges of Opinion with Business Divisions**

To further increase each division general manager's ownership of ensuring compliance, in fiscal 2021 the Compliance Division held a face-to-face exchange of opinions with approximately 70 business divisions and subsidiaries. Through active discussions on the latest compliance-related topics, the Compliance Division was able to understand the situations of each division and subsidiary, and they all are working together to improve compliance activities Companywide.

## **● Risk Management**

### **Selecting Priority Risks and Countermeasures**

NEC Corporation annually identifies "important risks," selected from the perspectives of the need for additional countermeasures and the magnitude of the impact on corporate business and society. These are based on the result of risk assessment for each division, which was obtained through a questionnaire-based risk management survey, and findings in the internal audit by the Corporate Auditing Bureau, among others. Important risks that are evaluated as having a particularly large impact

are selected as Priority Risks and reported to the Board of Directors, which puts countermeasures in place for them.

In fiscal 2021, the Priority Risks that we selected were "risks related to harassment," "risks accompanying inadequate establishment of accounting processes at international subsidiaries," "risks related to the management of confidential information," and "invasion of privacy-related risks accompanying new technologies." The respective divisions responsible for each of the risks are taking the necessary countermeasures.

### **Response to Emerging Risks**

NEC minimizes emerging risks—namely, risks that could arise in the near future and have a long-term effect on corporate management—by predicting their potential impact on businesses and taking countermeasures accordingly.

### **Examples of Countermeasures for Emerging Risks**

#### **1. Risks Regarding Privacy Infringement Related to New Technologies**

NEC has businesses engaged in the social implementation of AI and the utilization of biometrics and other data—activities exemplified by face recognition systems. Such businesses risk being significantly affected by inadequate establishment of measures aimed at respecting privacy and other human rights or by failure to comply with principles and legal systems with due consideration for ethics and social acceptability.

To reduce the aforementioned risk, we have set out the NEC Group AI and Human Rights Principles and established and strengthened in-house systems. As well as ensuring that our employees are fully aware of these principles and systems, we manage operations in line with these measures.

#### AI and Human Rights

#### **2. Risks Regarding Management of Confidential Information**

In addition to its own information assets, NEC possesses information assets entrusted to it by customers and business partners. Consequently, we have security-related risk in the form of the loss of social trust and the significant impact on related businesses that would result from a leakage of information, which could occur due to

such factors as a cyber attack made possible by inappropriate management of information.

Aiming to mitigate such risk, we have built an integrated information security promotion framework, which connects the Information Security Strategy Committee with other in-house bodies. Based on this framework, we take an array of different measures that account for security-related risk on a comprehensive, global basis. Further, the NEC Group Code of Conduct includes stipulations on the appropriate management of confidential information and personal information. Also, we are further developing systems and capabilities for the protection of personal information to strengthen information management measures.


 Information Security and Cyber Security

 Personal Information Protection and Privacy

#### ● Participation in Activities of External Organizations

##### **Business Ethics Research Center (BERC)**

NEC Corporation has been a 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 in other companies obtained through BERC in the enforcement and planning of measures to promote compliance.

 Business Ethics Research Center (BERC)



# Basic Approach to Tax Matters

## Basic Approach

In its Group Code of Conduct, NEC promises that:

- We 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
- We will keep all financial records, accounting records, and all other records accurately and fairly. We will not perform accounting processing in an improper manner or any other act that may cause any loss or damage to the Company.

Likewise, we follow the above basic approach also 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."

### ● Tax Governance

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.

The chief financial officer is responsible for the tax governance of the NEC Group.

 NEC Group Tax Governance Policy

### ● Transactions between Affiliated Companies

To ensure thorough management of taxation risks in relation 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 OECD\* Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Having understood

the intent of the generally accepted rules and guidance regarding international taxes, 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.

\* OECD: Organisation for Economic Co-operation and Development

### ● Relationship with Tax Authorities

NEC endeavors to reduce tax uncertainties by prior consultation with tax authorities and 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 the fiscal year ended March 31, 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.

# Promoting Fair Commercial Transactions

## Policy

In its Principles, NEC subscribes to “Uncompromising Integrity and Respect for Human Rights,” and we believe it is important to put these into action while treating compliance as the highest priority at all times.

Recent years have seen stronger enforcement of laws and regulations regarding competition and anti-corruption around the world. We ensure fair commercial transactions by taking active measures to prevent corruption and fraud and the violation of antimonopoly laws. These measures include setting as a goal zero cases of serious involvement with cartels and/or bid-rigging as a KPI for materiality.

The Company has established the NEC Group Competition Policy,” formulating basic considerations on compliance with Japanese and international competition laws to reduce the risk of violations. Furthermore, NEC has distributed a portable and business card-sized “NEC Group Competition Policy Card” to all corporate officers and employees of NEC Corporation and its consolidated subsidiaries in Japan to make the policy further well known.

NEC Corporation and certain consolidated subsidiaries in Japan have established “Rules for Prevention of Cartels, Bid Rigging, and Bid Obstruction.” They clarify prohibited conduct under competition laws with regard to customers such as governmental agencies among others, and their vertically related consultants, distributors, and lease companies. NEC is working to further reduce the risk of being suspected or implicated in cartels, bid-rigging, and bid obstruction.


With regard to anti-corruption, NEC has also established a Basic Antibribery Policy, with the intention of instituting a system to prevent corruption and stipulating basic rules for compliance by corporate officers and employees. Compliance with the rules will ensure that bribes are neither offered nor received in Japan and abroad in connection with the business activities of NEC.

In fiscal 2017, NEC Corporation received notifications of three violations of the Antimonopoly Act from the Japan Fair Trade Commission. In order to keep these events fresh in mind and 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, on NEC Compliance Day, the management executives issue a message to all employees to help reaffirm the importance of compliance every year, including promoting fair commercial transactions.

NEC Corporation was also subject to an investigation from the World Bank, on suspicion of violating the World Bank’s procurement guidelines in relation to the planned financing of a tender project in Hanoi, Vietnam, and ultimately reached a settlement agreement with the World Bank in July 2018. On the advice of the World Bank, the Company conducted measures to strengthen its compliance programs, such as revising the NEC Group Code of Conduct and regulations and manuals related to preventing anti-corruption. The World Bank lifted its sanctions on January 19, 2020.

NEC will keep past incidents and facts in mind and proactively promote fair commercial transactions.

 NEC Group Competition Policy (English translation)

## Implementation Framework

### ● Competition Law Compliance

It takes effort to comply with competition laws on various fronts, including sales, technology transactions, and materials procurement. NEC Corporation promotes compliance with competition laws through cooperation and coordination among the multiple divisions involved in each of these areas, with the Compliance Division and the Legal Division serving as co-supervising divisions.

### ● Prevention of Corruption

NEC Corporation is working to prevent corruption in all its forms.

The Compliance Division and the Legal Division act as co-supervising divisions in NEC’s efforts to enforce the Antibribery Policy and to provide related instruction, support, direction, and training for the internal divisions of NEC Corporation and its consolidated subsidiaries in Japan.

Checking on routine operations is an important part of preventing corruption, and therefore guidelines have been established by the Human Resources and General Affairs Division for hospitality, gifts, and donations, such as political donations, the planning divisions of each business unit for operating expenses, and the Purchasing Division for procurement expenses; expenditures requested by the Company’s divisions are checked to ensure there are no problems.

## Measures and Main Fiscal 2021 Activities

### ● Continuous Training and Raising Awareness

Raising awareness through continuous training programs is crucial to increasing employees’ awareness of fair commercial transactions. NEC Corporation conducts annual web-based training and stratified training programs on compliance. In addition, we also used NEC Compliance Day as an opportunity to remind employees about the impact of the three incidents of Antimonopoly Act violations caused by NEC Corporation, and will strive to prevent the memory of these incidents from fading. We provide the business divisions with topics related to fair business transactions through exchanging opinions with business divisions listed in the section on “Compliance and Risk Management.” We also raise awareness through the quarterly “Compliance News” newsletter published by the Compliance Division. In addition, for business divisions that face high risks related to antimonopoly laws, we provide face-to-face training for each division with support from the Compliance Division.

### Compliance and Risk Management

### ● Establishing and Revising Rules

In initiatives to prevent violations of competition laws, as noted above in “Policy,” we established “Rules for Prevention of Cartels, Bid-Rigging, and Bid Obstruction.” These rules clarify prohibited conduct under competition laws with regard to customers such as governmental agencies and so forth, and their vertically related consultants, distributors, and lease companies. Moreover, NEC Corporation is working to ensure that it

does not become suspected or implicated in cartels, bid-rigging, and bid obstruction.

We have also implemented email monitoring utilizing AI for early detection of signs of competition law violations.

As an initiative for preventing corruption, in fiscal 2021 we conducted an internal audit regarding corrupt areas, including bribery, covering seven consolidated subsidiaries in Japan and seven abroad.

For bribery prevention, NEC Corporation has created an “Anti-Bribery Manual for Business Divisions, Etc.,” which stipulates the roles of general managers and specific methods for preventing bribery. These roles and methods include bribery risk assessment regarding the division’s business and operations, including procedures if risk is deemed to be high and due diligence regarding retained parties or partners employed in the Company’s business activities. The manual stresses the importance of evaluating bribery risk through communication with retained parties or partners and collecting information on due diligence 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.

Furthermore, as the world’s nations work on strengthening their anti-bribery laws, NEC has also developed a “Guideline for Provision of Gifts, Hospitality and Travel Expenses,” which describes cautions and measures that consolidated subsidiaries abroad should follow when they provide gifts, hospitality, and travel expenses.

As a result of the implementation of these systems and initiatives, there were no major incidents within NEC related to either violations of competition laws or bribery that warranted a public announcement in fiscal 2021.

# Business Continuity

## Policy

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

### Our Basic Disaster Response Policies

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

## Implementation Framework

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

### 1. Business Continuity and Disaster Recovery Headquarters

This function is headed by the president and comprises corporate divisions such as the Human Resources and General Affairs Division.

The Headquarters maintains top management's decision-making function and prepares an environment for recovering operations.

### 2. Business Unit BCP teams

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

### 3. Workplace BCP teams (Bases)

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

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

## Measures and Main Fiscal 2021 Activities

### ● Response to COVID-19

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

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

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

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

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

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

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

### ● Exercises and Training on Disaster Prevention and Business Continuity

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

### ● Enhancing the Degree of Completion of BCPs

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

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

### ● Responding to the Risk of Storm and Flood Damage

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

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

### ● ISO 22301 Certification Acquisition

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

### ● Social Contribution Using Emergency Food Supplies

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



Acquisition of ISO 22301 certification



# Supply Chain Management

## Basic Policy Concerning Sustainable Procurement

Corporations are required to conduct procurement activities that strongly emphasize sustainability throughout the entire global supply chain.

NEC endeavors to work not only within 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 will make us worthy of the trust given by society and enable us to contribute to sustainable social value creation. Based on this belief, as we learn together about critical social issues and the impact of business on society, we will continually engage in initiatives toward building a better supply chain. In May 2021, we newly designated “supply chain sustainability” as our materiality and will further reinforce initiatives, such as those relating to human rights and environmental due diligence.

## Policy

NEC formulated the NEC Group Procurement Policy based on its concepts of sustainable management and on the ISO 26000 and ISO 20400 international guidance standards for social responsibility and sustainable procurement. We are developing the policy in internal control pertaining to sustainable procurement and among suppliers. NEC has established “Basic Rules for Procurement,” and ensures that all employees remain in compliance with these Rules. To strengthen this effort, NEC also devised concrete operational rules for its procurement processes, and ensures that the rules are disseminated among procurement-related personnel by conducting regular training.

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 upstream business partners, to implement responsible business conduct and identify the following six priority risks:

- Human rights
- Occupational health and safety
- Fair trade
- Environment
- Information security
- Product quality and safety

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.

With regard to the environment, we have formulated the Green Procurement Guidelines, which 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 to comply with industry regulations on chemicals in products.

With regard to information security, NEC sets out security measures to be observed by outsourcers in “Basic Rules for Customer-Related Work” and has them make a pledge to observe them in order to ensure thorough implementation of countermeasures.

Based on this policy and guidelines, NEC will work to deepen mutual understanding with suppliers and promote procurement activities in close collaboration with them, while evaluating them comprehensively in terms of QCD<sup>\*1</sup> and sustainability, and continuing in efforts to nurture partnerships from a long-term perspective.

NEC endeavors to gain a deeper understanding of global social issues, the latest initiative examples, and so forth by conducting stakeholder engagement with international initiatives, civil society (NGO/NPO) and academia, to utilize in drawing up and promoting procurement measures, as well as improvement of individual measures, based on the policy.

\*1 Quality, Cost, and Delivery

- 📄 NEC Group Procurement Policy
- 📄 Guidelines for Responsible Business Conduct in Supply Chains
- 📄 Green Procurement Guidelines
- 📄 Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products
- 👤 Information Security and Cyber Security

We implement various measures to counter the above six priority risks at each stage of basic contracts, dissemination, document check, and on-site assessment. Furthermore, in addition to these measures, we have also developed a mechanism for handling supplier complaints and carry out education and awareness-raising activities for NEC employees.

### Basic Contracts

NEC ensures implementation and compliance with these initiatives by suppliers by entering into basic contracts and obtaining declarations that demonstrate their commitment to responsible business conduct in supply chains. These declarations were newly formulated in response to the Guidelines for Responsible Business Conduct in Supply Chains.

As an indicator for the materiality “supply chain sustainability,” we aim to acquire declarations from suppliers accounting for 75% of the total procurement amount by the end of fiscal 2026.

### 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.

### Document Check

NEC conducts self-assessments in order to assess 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 information security.

### On-site Assessment

When the Procurement Division makes an inspection of sustainable procurement requirements during its ordinary visits to suppliers, we assess sustainable procurement requirements related to human rights, OH&S, 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, NEC visits its suppliers annually to conduct an on-site assessment.

For both kinds of on-site assessment, NEC shares the items that require improvement with its suppliers and supports them in implementing improvement measures.

### Establishment of Complaints-handling Mechanism

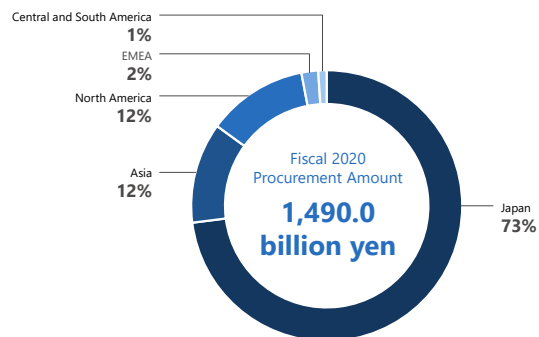
The Compliance Hotline, a point of contact for compliance consultation and reporting, has been made available also to suppliers since 2003. By providing an independent channel, we have established a mechanism for transaction-related complaints and consultation by suppliers that is considerate of the privacy of whistleblowers.

### Education and Awareness-raising Activities

In accordance with internal procurement regulations, NEC Corporation and its subsidiaries conduct regular training for procurement personnel, as well as timely training on individual topics to address new laws and regulations and emerging risks, in order to maintain appropriate business operations.

The graph on the right represents the procurement amount by region and percentage by region.

Japan accounts for 73% of the total procurement amount. Asia accounts for 12%, North America 12%, EMEA (Europe, the Middle East, and Africa) 2%, and Central and South America 1%.



\* Based on location of suppliers' headquarters

Scope: NEC Corporation and consolidated subsidiaries

NEC designates critical suppliers as suppliers who account for a large procurement amount, suppliers of rare products, and suppliers who cannot be easily replaced and focuses on engaging in sustainable procurement measures.

### Implementation Framework

Sustainable procurement activities of the entire NEC Group are under the responsibility of the Chief Supply Chain Officer (CSCO). Decisions are made by the Procurement Steering Committee chaired by the general manager of the Purchasing Division.

In the course of ensuring 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 they share recent information needed for promoting compliance, such as trends in reinforcement of control by competent authorities, training programs for procurement personnel, and online training materials.

International subsidiaries conduct activities under the Global SCM Leaders Session, which meets annually, as the decision-making body. In North America, Latin America, EMEA, China and East Asia, and APAC, Regional Headquarters and major local subsidiaries directly controlled

by Headquarters 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 the Headquarters in Japan.

In Companywide activities, we participate in the Supply Chain Working Group of Global Compact Network Japan's continuing discussions regarding the goals of sustainable procurement with various members from companies in different industries, NGOs, and so forth. We also conduct activities aimed at generating output that will contribute to improvement of CSR practices in corporations.

### Measures and Main Fiscal 2021 Activities

In fiscal 2021, we implemented the following initiatives while we prioritized ensuring the health and safety of both our own employees and the employees of our suppliers during COVID-19.

#### ● Activities Based on Policy

##### Basic Contracts

In July 2020, we revised the CSR Procurement Guidelines under the title “Guidelines for Responsible Business Conduct in Supply Chains” to reflect changes in society's demands, and began to acquire signed agreement of “Declarations of Responsible Business Conduct in Supply Chains” to require our suppliers to implement and comply with these guidelines. We have obtained declarations from over 7,000 suppliers in Japan and abroad, including existing suppliers (accounting for 68% of the total procurement amount), as we make it mandatory to acquire declarations at the start of new transactions.

##### Dissemination

In addition to the existing English and Japanese versions of the Guidelines for Responsible Business Conduct in Supply Chains, which NEC disseminates among suppliers, we have also created a Chinese version. Furthermore, we explained and disseminated policies and guidelines regarding sustainable procurement to suppliers at events including the Sustainability/Information Security Sessions (1,436 companies participated), which was held in May 2020, and the exchange meeting with strategic supply chain partners (181 companies participated), which was held remotely in January 2021.

## Document Check

Document checks are implemented through two inspections: sustainable procurement self-check sheets (human rights, the environment, OH&S, and fair trade) and information security check-sheets, which utilize a special system.

In the sustainable procurement self-check sheets, we expanded inspection themes to a total of four by adding OH&S and fair trade to the existing themes of human rights and the environment, as well as expanding the number of questions from 69 to 151. We received responses from 696 companies, mainly critical suppliers, and evaluated the status of each supplier on a five-point scale of A, B, C, D, and Z for each theme in light of the following evaluation criteria: “score rate” and “critical points”<sup>\*2</sup>.

<sup>\*2</sup> 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
<b>A</b>	Score rate between 80% and 100%	Implemented outstanding initiatives
<b>B</b>	Score rate between 60% and 80%	Implemented standard initiatives
<b>C</b>	Score rate between 50% and 60%	Implemented initiatives but only for some issues
<b>D</b>	Score rate below 50%	Initiatives themselves are insufficient
<b>Z</b>	Unable to clear critical points	Risks expected

We issued a feedback sheet to all of the suppliers who responded, indicating their score for each inspection theme and comparison to the average score for each product type, and shared the evaluation results with them.

Furthermore, in this survey 36 suppliers received Z ratings, which determined the existence of potential risks. (Main causes of risks: environmental management system that is a mandatory requirement for suppliers in hardware transactions is incomplete; appropriate management of chemical substances included in products is insufficient; etc.)

We will implement support for suppliers who received Z ratings aimed at correcting these issues during the first half of fiscal 2022 through supplier engagement, such as understanding the conditions and providing correctional guidance.

NEC conducted document checks on 1,456 companies with the information security check sheet. Information security is a priority issue for us as a system integrator of information systems that serve as critical social infrastructures. 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. To this end, NEC categorizes its suppliers by information security level according to the implementation status of their information security measures based on the results of document checks. We then select suppliers for a project appropriately in accordance with the required information security level for the project when outsourcing tasks.

## Information Security and Cyber Security

### On-site Assessment

Despite a decrease in the frequency of visits to suppliers due to the COVID-19, we performed SVR assessments of primarily critical suppliers in areas that present high risks in terms of human rights, OH&S, and the environment. We collected data on 55 on-site assessments, to confirm that there were no issues.

For information security in particular, it is important to disseminate instructions and requirements even to employees of suppliers. Incidents may occur if these are not followed by workers on the front line, therefore during on-site assessment, NEC representatives visit supplier operation sites to conduct interviews, check supporting documents, and carry out inspections. 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 2021, we carried out remote on-site assessments at 38 companies due to COVID-19. We did not observe any major deficiencies during the on-site assessments; however, we gave improvement guidance to suppliers who 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 cyber security measures).

### Establishment of Complaints-handling Mechanism

In fiscal 2021, we confirmed the facts and responded appropriately to four reports to the Compliance Hotline regarding procurement.

As part of efforts to eliminate compliance violations by NEC employees, starting in fiscal 2018, a “Request for Cooperation toward Thorough Compliance” has been issued to solicit cooperation of suppliers in handling complaints of violations. This initiative will be continued to further enhance the effectiveness of the Compliance Hotline.

 Compliance Hotline (Whistleblowing system for employees and business partners)

### Internal Training and Awareness Raising

In addition to regularly implementing various training programs for procurement personnel, we invited an outside instructor to hold a special online sustainable procurement lecture in July 2020 for about 600 procurement personnel in Japan and other parts of Asia.

Furthermore, we held awareness-raising online training for all NEC employees regarding the importance of sustainable procurement in November 2020.

### ● Addressing the Issue of Conflict Minerals

The NEC Group has formulated the NEC Group’s Responsible Mineral Procurement Policy. We sought the understanding and cooperation of our suppliers on the issue of conflict minerals and conducted conflict mineral surveys from supplier to smelter. We also established a response structure drawing on a liaison between our internal sales and business units so that we can swiftly respond to requests from customers based on the conflict minerals survey.


 The NEC Group’s Responsible Mineral Procurement Policy  
Note: Included within Guidelines for Responsible Business Conduct in Supply Chains

 FORM SD/Conflict Minerals Report

NEC continues to collaborate with industry as a member of the Responsible Mineral Trade Working Group led by the Japan Electronics and Information Technology Industries Association (JEITA). NEC participates in the Working Group’s Education and PR Team. In this capacity, we acted as a key presenter in a joint briefing for suppliers and worked to promote their understanding of conflict-mineral issues.

### ● Dialogue for Strengthening Initiatives on Respecting Human Rights

NEC received a third-party impact assessment on human rights risks throughout its value chain. The results of the assessment were used as the basis for a dialogue between an NGO on working to resolve human rights issues, other international organizations, and legal specialists in March 2021.

 Working toward Robust and Resilient Human Rights Due Diligence throughout Supply Chains



### ● Green Procurement Initiatives

NEC has established a green certification system based on the Green Procurement Guidelines that cover the procurement of not only hardware but also software and services, and has been promoting procurement from green certified suppliers since fiscal 2007.

Regarding countermeasures for inclusion of chemical substances in procurement products, NEC continuously conducts surveys of the chemical substances incorporated into procurement products to comply with chemical substances regulations around the world, notably the EU RoHs Directive and the EU REACH regulations Regulation.

In measures against climate change, from fiscal 2013 we have been ascertaining CO<sub>2</sub> emissions related to procurement products. We disclose CO<sub>2</sub> emissions data for the entire supply chain, including procurement products, after third-party validation, and are utilizing our supplier engagement activities to reduce CO<sub>2</sub> emissions.

Specifically, NEC used the CDP Supply Chain Program run by the environmental NGO CDP, which we joined in 2019, to expand the number of companies we surveyed from 25 to 73, mainly suppliers providing hardware, in order to understand suppliers' initiatives on climate change and conduct feedback on the evaluation results.

 Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products  
 Scope 3

### NEC Awarded the Highest Rating for Supplier Engagement by the CDP

NEC has been acknowledged on the Supplier Engagement Leaderboard, the highest rating in the Supplier Engagement Rating\*<sup>3</sup> conducted by the CDP, an environmental NGO.

NEC has received an A List rating for Climate Change and Water Security, which makes a total of three categories in 2020. We recognize that our various efforts to aim for zero CO<sub>2</sub> emissions from supply chains under NEC's long-term environmental goal, Course of Action for Climate Change Toward 2050, have been highly evaluated. Going forward, we will promote climate change action throughout the entire supply chain through cooperation and co-creation with suppliers.



\*<sup>3</sup> The Supplier Engagement Rating examines a company's initiatives for climate change and reduction of greenhouse gas emissions across the entire supply chain and gives a rating based on these efforts.

### ● Strategic Supply Chain Partners Meeting

NEC holds exchange meetings with strategic supply chain partners each year for its main strategically important suppliers. We require these suppliers to understand and cooperate with the NEC Group's sustainable procurement activities centered mainly on human rights, OH&S, the environment, and information security. The meeting in January 2021 was held online as a preventive measure against the spread of COVID-19, and 385 members of the management at 181 suppliers from around the world participated.

At this meeting, the supplier who significantly contributed to implementing sustainability initiatives received a Sustainability Award.



2021 Sustainability Award  
Seiko Epson Corporation  
Yasunori Ogawa, President  
and CEO (left)

## Dialogue

# Working toward Robust and Resilient Human Rights Due Diligence through Supply Chains

Aiming to realize sustainable supply chains, NEC is advancing engagement with business partners in accordance with its basic philosophy of emphasizing collaboration and co-creation.

In this dialogue, we asked experts to review our efforts over the past year and provide us with their opinions on responses to emerging challenges and geopolitical risks, such as COVID-19 and legislation currently being formulated in Europe that would make due diligence with respect to environmental and human rights risks mandatory.

Note: The following dialogue was held online.

questionnaires and on-site inspections, there do not seem to be any major issues. However, moving further forward with efforts to identify potential risks and taking remedial measures in conjunction with business partners will create a positive impact.

**Tanaka** In supplier engagement, it is important to focus on developing the capabilities of suppliers and to examine matters from the viewpoint of workers as rights holders.\* NEC should assess and

strengthen the suppliers' capabilities in engaging with human rights and labour rights issues that cannot be measured through self-assessment questionnaires alone. Then, when resolving issues, incorporating the opinions of workers is important. Constructive industrial relations between labour and management nurtured by Japanese companies in their operations in Asia provides good examples of practices implemented in light of the ILO MNE Declaration. I hope that NEC continues to value dialogues with local trade unions at its plants in Asia. Although it may seem a little obscure, adequate protection of the right to organize and collective bargaining contributes to corporate and supply chain resilience. There have been reports of cases in which labour-management dialogue overcame challenges faced due to reduced production during the COVID-19 pandemic and thereby secured employment. Industrial relations and social dialogue are very important in times of crisis.

\* Rights holders refers to individuals who have rights and whose human rights could potentially be violated.



**Ryusuke Tanaka**  
Programme Officer  
ILO Office for Japan

## Response to COVID-19

**Tanaka** During COVID-19, two of the main issues raised by various stakeholders have been business continuity and employment security. Business continuity and employment security require supply chain resilience, which stems from building mutual trust between labour and management that enables adaptation to fluctuations in production demand. In Japan, those belonging to vulnerable groups face the risk of poverty due to inadequate social security. Therefore, companies need to give special consideration to such groups as non-standard form workers and single mothers. Health and safety is another of the most important issues. While efforts to prevent infection are the first priority, measures are also needed to identify and prevent telecommuting-related risks, including unfair treatment and excessive stress.

**Nakamura** With 80.0% of the personnel of the head office and sales units working from home, at an early stage we encouraged our business partners to develop and secure environments that enabled telecommuting so that employees and business partners who often work in project rooms did not feel unfairly treated. In cases where coming to the office is absolutely necessary, we take thorough infection prevention measures and conduct health management measures. We have received positive feedback from our business

partners regarding the content and promptness of these measures.

**Takahashi** Due to COVID-19, heightening trust by visiting and talking face-to-face with business partners has been getting harder. How are you dealing with this?

**Okimi** We are exploring new ways of communicating with our business partners. With existing business partners with that we have established a base of trust, we are able to continue engagement through online communication; however, we need to be creative in how we communicate with new business partners.



**Toshiyuki Nakamura**  
Assistant General Manager,  
Purchasing Division  
NEC



**Kazuhiro Okimi**  
General Manager,  
Purchasing Division  
NEC

## Initiatives for Human Rights Due Diligence Pursuant to International Standards

**Nagai** Given that the European Union's legislation for making human rights and environmental due diligence mandatory is likely to be enacted, beginning preparations now is advisable. As due diligence in conformity with the United Nations Guiding Principles on Business and Human Rights is anticipated, I think organizing and extending existing initiatives so that they accord with these guiding principles is important. As for governance, companies will probably be required to institutionalize the type of dialogue we are currently having by, for example, establishing sustainability committees comprising members of the senior management team and external parties.

**Takahashi** The due diligence legislation is likely to require companies to assess and address the impact of their businesses and supply chains not only on human rights but also on the environment. This is because climate change and extreme weather affects the vulnerable members of local communities. Further, the legislation is expected to emphasize whistleblowing mechanisms that play a complementary role to supply chain due diligence. In relation to human rights due diligence, I would like NEC to consider giving priority to examining areas where human rights impacts are potentially high. Rather than targeting all business partners from the outset, NEC should begin with those that have a high level of risk. Then, by demonstrating the progress that it has made, NEC will be able to explain more clearly that it is performing due diligence.

**Tanaka** I recommend corporate disclosure focused more on specific human rights and labour issues, in the way that some leading ICT companies are doing. Investors and civil society are paying more attention to sector-specific vulnerabilities and risks, such as recruitment fees charged to migrant workers in the ICT sector. I think it would be good to strengthen disclosure on sector-specific issues while referring to examples from other companies.

**Shimizu** To advance human rights in a manner that is compliant with international due diligence standards going forward, we want to check and correct potential risks while sharing our aspirations with business partners. Moreover, by disclosing the progress of these efforts we want to ensure transparency.



**Daisuke Takahashi**  
Partner,  
Shinwa Sohgho Law Offices

## Attitude and Response to Geopolitical Risks and Other New Issues

**Nagai** The international situation has become unstable, and problems are occurring in various countries. What I would like to recommend is for NEC to monitor its own business activities in light of external information. When an industry peer is criticized in relation to a particular issue, I would like NEC to examine its own situation, even if criticism is not directed at NEC.

**Tanaka** It is important to develop a system that provides sufficiently clear evidence and documents of the process by which NEC has conducted dialogues with governments and other stakeholders as well as the protection that it has provided for workers.

**Shimizu** I would like to thank all of you for providing us with your insights and frankly sharing your feelings about NEC today. There are many issues that need to be addressed, but we will continue monitoring social trends and paying heed to the opinions of stakeholders as we move forward with our initiatives. I would be grateful if you could continue providing us with valuable advice.



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



**Shigeki Shimizu**  
Senior Vice President, CS&O,  
and General Manager  
Sustainability Promotion Division  
NEC

## Supplier Engagement in Fiscal 2021

**Shimizu** In fiscal 2021 (ended March 31, 2021), we revised our Guidelines for Responsible Business Conduct in Supply Chains and began asking our business partners to provide signed declarations pledging compliance to the guidelines. Also, as a measure to strengthen engagement and promote awareness among business partners' senior management teams of the importance of sustainability, we have launched the Sustainability Award, which commends business partners that are proactively taking measures for the protection of the environment and human rights, and ensuring health and safety. We have increased the number of questionnaires distributed to business partners from 200 to 700, and we give feedback on the evaluation results and support business partners in their efforts to make improvements.

**Tanaka** Your activities have become more concrete in the past year. The revised Guidelines for Responsible Business Conduct in Supply Chains are particularly notable as they refer to important international standards and instruments, including the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration). In accordance with such standards and instruments, moreover, the guidelines indicate specific ways of operationalizing labour rights due diligence. As an industry-leading company, NEC has a major role to play in ensuring that responsible business conduct penetrates as far as the small and medium-sized companies that comprise supply chains. The award for business partners seems effective not only because a positive attitude among business partners advances activities but also because those giving the awards have opportunities to accumulate knowledge and experience.

**Shimizu** In realizing sustainable supply chains, it is important not only to encourage business partners but also to ensure that each member of NEC's procurement team takes measures based on an understanding of their significance. To this end, we conducted web-based training for all employees and invited an outside instructor to hold a seminar for about 600 procurement personnel in Japan and other parts of Asia. Now that NEC has a system in place to implement plan-do-check-act cycles for initiatives, I would like to confirm whether measures are being taken where risks are high and further advance initiatives for new issues.

**Nagai** NEC's inclusion within the scope of engagement of non-permanent, temporary, and contract workers engaged in hardware and software development is excellent. At this point, based on the results of the



# Appendices and Data Collection

98–103	Data Collection
104–105	Third-party Assurance
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110	Global Compact Index
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112	SASB Index



# データ集 Data Collection

対象期間は、注釈がない場合は、2018年、2019年、2020年、および2021年3月31日に終了した連結会計年度または各年3月31日現在です。注釈がない場合の対象範囲は、日本電気(株)です。チェックマーク☑のついたデータは、第三者保証を受けた数値です。  
 ※女性管理職数・比率、従業員平均年齢・勤続年数、育児・介護休職取得者数は、日本電気(株)における、執行役員、嘱託など、顧問など、出向受入者を除きます。  
 The applicable periods are the consolidated accounting periods (ending each March 31 of 2018, 2019, 2020, and 2021) and the applicable dates are as of March 31 of each year. Unannotated items are non-consolidated. The data marked with a check (☑) has been verified by a third party.  
 Note: The following figures for female managers, average age of employees, average length of employment, and number of people utilizing childcare leave and nursing care leave do not include corporate officers, advisors, and non-permanent employees of NEC Corporation.

## ガバナンス Governance

コーポレート・ガバナンス Corporate Governance		2018年 2018	2019年 2019	2020年 2020	2021年 2021
取締役数 Number of directors	合計 Total	11	11	11	12
	男性 Male	10	10	10	10
	女性 Female	1	1	1	2
社外取締役数(比率) Number of outside directors (ratio)	5 (45.5%)	5 (45.5%)	5 (45.5%)	6 (50.0%)	
外国籍取締役数(比率) Number of directors with non-Japanese citizenship (ratio)	0	0	0	1 (8.3%)	
執行役員数 Number of corporate officers	合計 Total	—	—	44	45
	男性 Male	—	—	44	45
	女性 Female	—	—	0	0

※ 各年6月30日現在  
As of June 30 of each year

🔧 コーポレート・ガバナンス Corporate Governance

リスク・コンプライアンス Risk / Compliance		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
コンプライアンスに関するWeb研修修了率(%) Web-based compliance training completion rate (%)	日本電気 Non-consolidated	98.3	98.4	98.8	99.0
	国内連結子会社 Consolidated Group in Japan	98.0	98.6	98.9	98.5
コンプライアンス・ホットライン相談件数 Compliance hotline: Number of consultations		118	121	90	76
個人情報保護研修修了率(%) Personal information protection training completion rate (%)		100.0	100.0	98.0	98.0

🔧 コンプライアンスとリスク・マネジメント Compliance and Risk Management

サプライチェーン・マネジメント Supply Chain Management		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
情報セキュリティ点検実施社数*1 Number of companies with information security assessments*1	国内 Japan	54	46	47	44
	海外 Abroad	34	31	31	46
NECが実施したSupplier Visit Record (SVR) 実施件数 Number of Supplier Visit Records (SVRs) conducted by NEC		—	77	104	55
NECが実施したサステナビリティ・情報セキュリティ施策説明会への調達取引先の出席社数(人数) Number of companies at the sustainability and information security measures briefing conducted by NEC (participants)		1,361 (1,813)	1,320 (1,758)	1,343 (1,804)	1,436 (1,436)
NECが実施した調達取引先の情報セキュリティ対策の点検社数*1 Number of business partner companies subject to inspection and review of information security measures by NEC*1	訪問点検 On-site assessment	54	37	28	38
	書類点検 Web-based self-assessment	1,467	1,423	1,465	1,456

\*1 国内・海外NECグループを含む  
Japanese and non-Japan-based Group companies

👤 情報セキュリティとサイバーセキュリティ Information Security

👤 個人情報保護、プライバシー Personal Information Protection and Privacy

🔧 サプライチェーン・マネジメント Supply Chain Management

## 社会 Social

人権尊重 Respecting Human Rights		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
人権啓発研修修了者数 Number of people who have completed a human rights awareness training session	Web研修 Web-based training	8,026	20,936	21,150	20,592
	集合研修 Group study	586	441	537	614*2
人権ホットライン相談窓口相談件数 Human rights hotline: Number of consultations		49	48	42	23

\*2 2020年度はオンラインで実施  
Training in 2020 was held online.

🌐 人権の尊重 Respecting Human Rights

従業員構成 Employee Composition		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
連結地域別従業員数(比率) Consolidated number of employees by region (ratio)	合計 Total	109,390 (100.0%)	110,595 (100.0%)	112,638 (100.0%)	114,714 (100.0%)
	日本 Japan	79,642 (72.8%)	76,799 (69.4%)	76,180 (67.6%)	75,923 (66.2%)
	アジア太平洋地域 Asia Pacific	10,985 (10.0%)	11,772 (10.6%)	14,114 (12.5%)	13,904 (12.1%)
	中国・東アジア China/East Asia	4,739 (4.3%)	4,614 (4.2%)	4,782 (4.2%)	4,706 (4.1%)
	欧州・中東・アフリカ EMEA	6,636 (6.1%)	9,797 (8.9%)	10,505 (9.3%)	12,415 (10.8%)
	北米 North America	2,710 (2.5%)	2,769 (2.5%)	2,734 (2.4%)	2,348 (2.0%)
	中南米 Latin America	4,678 (4.3%)	4,844 (4.4%)	4,323 (3.8%)	5,418 (4.7%)

ダイバーシティ Diversity		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
男女別従業員数(比率) Number of employees by gender (ratio) (臨時従業員は除く) (Excluding temporary employees)	合計 Total	21,010	20,252	20,125	20,589*3
	男性 Male	17,390	16,643	16,381	16,551
	女性 Female	3,620 (17.2%)	3,609 (17.8%)	3,744 (18.6%)	4,038 (19.6%)
外国籍従業員数 Number of employees with non-Japanese citizenship		267	268	290	251
STEM関連部門の女性比率(全STEM関連部門の人数に対する割合) Ratio of female employees in STEM-related positions		—	—	—	12.3%
連結男女別従業員数(比率) Consolidated number of employees by gender (ratio) (臨時従業員は除く) (Excluding temporary employees)	合計 Total	—	110,595	112,638	114,714
	男性 Male	—	83,895	84,533	84,592
	女性 Female	—	26,700 (24.1%)	28,105 (25.0%)	30,122 (26.3%)

\*3 従業員には、取締役および執行役員数を含まない  
Corporate officers have not been included in the number of employees.

管理職 Managers		2018年 2018	2019年 2019	2020年 2020	2021年 2021
管理職数(比率) Number of managers (ratio) (各年4月1日現在) (As of April 1 of each fiscal year)	合計 Total	6,467	6,099	6,138	7,534
	男性 Male	6,095	5,740	5,743	6,992
	女性 Female	⊙372 ⊙(5.8%)	⊙359 ⊙(5.9%)	⊙395 ⊙(6.4%)	⊙542 ⊙(7.2%)
部長級以上の女性人数(比率) (全部長級以上の人数に対する割合) Number of female department heads or higher (Ratio to total personnel in department, heads or higher positions) (各年4月1日現在) (As of April 1 of each fiscal year)		95 (4.3%)	102 (4.8%)	116 (5.4%)	140 (5.5%)
課長級の女性比率(課長級の人数に対する割合) Ratio of female managers in first level of management (各年4月1日現在) (As of April 1 of each fiscal year)		—	—	—	8.3%
連結女性管理職数(比率)*4 Consolidated number and ratio of female managers*4 (各年3月31日現在) (As of March 31 of each year)		—	2,121 (7.8%)	⊙2,105 ⊙(7.8%)	⊙2,435 ⊙(9.2%)

\*4 日本航空電子工業(株)のグループ会社は除く  
Excluding Group companies of Japan Aviation Electronics Industry, Limited

雇用形態別従業員数 Number of Employees by Employment Type		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
雇用形態別従業員数 Number of employees by employment type	正規 Regular	21,010	20,252	20,125	20,589*3
	非正規 Temporary	42	50	46	45
連結雇用形態別従業員数 Consolidated number of employees by employment type	正規 Regular	—	—	112,638	114,714
	非正規 Temporary	—	—	8,703	7,350

採用 Hiring		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
採用数(比率) Number of new employees (ratio) (中途含む) (Including mid-career hires)	合計 Total	505	449	703	1,012
	男性 Male	364	317	515	721
	女性 Female	141 (27.9%)	132 (29.4%)	188 (26.7%)	291 (28.8%)
外国籍新卒採用人数 Number of new employees who are new graduates with non-Japanese citizenship		37	31	17	11

障がい者雇用 Hiring of People with Disabilities		2018年 2018	2019年 2019	2020年 2020	2021年 2021
単独障がい者雇用数(比率) Non-consolidated number of employees with disabilities (ratio)	日本電気(株)、NECフレンドリースタッフ(株)、NECマネジメントパートナー(株)、NEC Corporation, NEC Friendly Staff, Ltd., NEC Management Partner, Ltd.	— ◎ 2.22%	372 ◎ 2.33%	383 ◎ 2.38%	387 2.37%
連結障がい者雇用率(%) Consolidated ratio of employees with disabilities	国内連結子会社 Consolidated Group in Japan	2.14%	◎ 1.99%*5	◎ 2.18%*6	2.27%*6

※ 各年6月1日現在。障害者雇用促進法に基づく

Based on figures collected as of June 1 of each year under the Act for Promotion of Employment of Persons with Disabilities

\*5 国内100%子会社で、障害者雇用促進法に基づく関係会社適用を除く12社

At 12 wholly owned subsidiaries in Japan, excluding application to affiliates under the Act for Promotion of Employment of Persons with Disabilities

\*6 国内100%子会社で、障害者雇用促進法に基づく関係会社適用を除く13社

At 13 wholly owned subsidiaries in Japan, excluding application to affiliates under the Act for Promotion of Employment of Persons with Disabilities

従業員データ Employee Data		2018年 2018	2019年 2019	2020年 2020	2021年 2021
従業員平均年齢(歳) Average age of employees (Years old)	全体 Total	◎ 43.4	◎ 43.4	◎ 43.7	◎ 43.7
	男性 Male	◎ 43.8	◎ 43.9	◎ 44.2	◎ 44.2
	女性 Female	◎ 41.5	◎ 41.5	◎ 41.8	◎ 41.5
年齢層別従業員数 Number of employees by age group	合計 Total	21,010	20,252	20,125	20,589*3
	18-30歳未満 Between 18-30	2,057	2,146	2,202	2,527
	30-50歳未満 Between 30-50	11,708	10,654	9,847	9,473
	50歳以上 Above 50	7,245	7,452	8,076	8,589
従業員平均勤続年数(年) Average length of employment (Years)	合計 Total	◎ 19.0	◎ 19.0	◎ 19.2	◎ 18.9
	男性 Male	◎ 19.2	◎ 19.2	◎ 19.4	◎ 19.2
	女性 Female	◎ 18.3	◎ 18.1	◎ 18.3	◎ 17.8

勤続状況 Length of Employment		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
定着状況(%)*7 New graduate hire retention (%)	全体 Total	—	—	89.1%	90.7%
(学歴に関係なく、新卒入社全員) All new graduate hires, regardless of academic history	男性 Male	—	—	88.0%	90.6%
	女性 Female	—	—	91.7%	91.2%
離職率(%) Turnover rate (%)		3.5%	6.0%	3.5%	2.5%

\*7 2020年度の数値は、2018年4月1日新卒入社者の3年後(2021年4月1日)の在籍割合

2019年度の数値も同様に算出

The fiscal 2021 figures are the percentages of the new graduates hired on April 1, 2018, who were still employed by the Company three years later

(April 1, 2021). The fiscal 2020 figures have been calculated in a similar manner.

👥 インクルージョン&ダイバーシティ Inclusion and Diversity

👥 多様な働き方への環境づくり Creating a Diverse Workstyle Environment

ワーク・ライフ・バランス Healthy Work-life Balance		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
有給付与日数 ※全従業員平均、繰り越し分除く Number of days of annual paid leave (Average for all employees, excluding carryover)		21.5	21.5	21.5	21.5
年次有給休暇取得率(%) Ratio of taking paid leave (%)		69.3%	67.5%	67.6%	55.8%
育児休職取得者数 Number of people utilizing childcare leave	合計 Total	◎ 358	◎ 381	◎ 354	◎ 374
	男性 Male	25	33	40	67
	女性 Female	333	348	314	307
育児休職復帰率*8(%) Ratio of people returning to work after childcare leave*8 (%)		94.7%	97.3%	97.5%	98.5%
育児短時間勤務者数 Number of people working shorter hours due to childcare	合計 Total	882	845	781	765
	男性 Male	17	21	14	5
	女性 Female	865	824	767	760
介護休職取得者数 Number of people utilizing nursing care leave		◎ 32	◎ 24	◎ 15	◎ 12
介護短時間勤務者数 Number of people working shorter hours due to nursing care		25	23	26	20
従業員月平均残業時間(時間) Average monthly overtime (Hours)		16.3	16.2	19.0	19.9

\*8 前々年度に育児休職を開始した従業員が復帰した割合

Ratio of employees who have returned to work after starting childcare leave in the fiscal year before the previous fiscal year

👥 インクルージョン&ダイバーシティ Inclusion and Diversity

👥 多様な働き方への環境づくり Creating a Diverse Workstyle Environment

給与 Salary	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
平均年間給与(百万円) Average annual salary (Million yen)	7.89	7.99	8.15	8.29

人材育成 Human Resource Development		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
従業員一人当たり研修日数(日) Number of training days per employee (Days)	日本電気(株) Non-consolidated	5.7	5.7	5.8	5.1
	日本電気(株)+国内連結子会社 NEC Corporation and consolidated subsidiaries in Japan	4.9	4.9	5.0	4.8
正社員一人当たり研修費用(円) Training cost per full-time employee (Yen)	日本電気(株) Non-consolidated	—	125,844	133,712	107,825
	日本電気(株)+国内連結子会社 NEC Corporation and consolidated subsidiaries in Japan	—	81,662	89,564	73,759
	連結(NECグループ全体) NEC Group	—	57,299	62,564	50,839

従業員エンゲージメント Employee Engagement		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
従業員エンゲージメント指数(%) Employee engagement index (%)	連結(NECグループ全体) NEC Group	—	14%* <sup>9</sup>	20%	25%
従業員サーベイ回答率(%) Response rate of employee survey (%)	日本電気(株)+国内連結子会社 NEC Corporation and consolidated subsidiaries in Japan	81%	84%* <sup>10</sup>	87%* <sup>12</sup>	86%* <sup>14</sup>
	海外連結子会社 Consolidated subsidiaries abroad	—	72%* <sup>11</sup>	75%* <sup>13</sup>	80%* <sup>15</sup>
会社が社会価値を創造する方向に変革していると実感している従業員の割合(%) Ratio of employees who feel that the Company's direction has changed toward creating social value (%)		—	23%	25%	29%

\*<sup>9</sup> 2018年度は国内連結 The figure for fiscal 2019 is the consolidated figure for Japan.

\*<sup>10</sup> 対象:23社 Scope: 23 companies

\*<sup>11</sup> 対象:48社 Scope: 48 companies

\*<sup>12</sup> 対象:21社 Scope: 21 companies

\*<sup>13</sup> 対象:43社 Scope: 43 companies

\*<sup>14</sup> 対象:21社 Scope: 21 companies

\*<sup>15</sup> 対象:52社 Scope: 52 companies

## 人材開発・育成 Human Resources Development and Training

イノベーション・マネジメント Innovation Management		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
研究開発費用(十億円) R&D expenses (Billion yen)	連結(NECグループ全体) NEC Group	108.1	108.1	109.8	114.6
特許件数 Number of patents	連結(NECグループ全体) NEC Group	約 Approx. 51,000	約 Approx. 49,000	約 Approx. 47,000	約 Approx. 46,000

## イノベーション・マネジメント Innovation Management

安全・健康 Health and Safety			2017年 2017	2018年 2018	2019年 2019	2020年 2020
労働災害* <sup>16</sup> Labour accidents and disasters	度数率 Frequency rate	日本電気(株) Non-consolidated	◎0.3717* <sup>16</sup>	◎0.1904* <sup>16</sup>	◎0.2600* <sup>16</sup>	◎0.0300
		国内連結子会社 Consolidated subsidiaries in Japan	—	0.0800	0.0800	0.0600
	強度率 Severity rate	日本電気(株) Non-consolidated	◎0.0019* <sup>16</sup>	◎0.0071* <sup>16</sup>	◎0.0037* <sup>16</sup>	◎0.0000
		国内連結子会社 Consolidated subsidiaries in Japan	—	0.0000	0.0100	0.0000

\*<sup>16</sup> 2017年、2018年、2019年の日本電気(株)の数値は、各年4月1日から始まる会計年度で算出

The figures in 2017, 2018, and 2019 of non-consolidated are those of each fiscal year started from April.

## 安全と健康 Health and Safety

社会貢献活動 Social Contribution Activities		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021
連結社会貢献支出額(百万円) 合計 Consolidated expenditure of social contribution (Million yen) Total		523	613	493	336
	金銭支出(政治寄付含む) Cash contributions including political donations	472	588	467	320
	施設開放・現物寄贈 Use of Company premises/ Contributions of products and equipment	28	13	10	10
	工数他 Volunteer hours and others	23	12	16	5
政治寄付* <sup>17</sup> (百万円) Political donations* <sup>17</sup> (Million yen)		15	15	15	15

\*<sup>17</sup> 関連法規遵守と透明性の確保のみならず、その必要性や妥当性を十分に考慮したうえで、政治団体への寄付を行っています。

The donations are made to political organizations, giving due consideration to necessity and appropriateness, as well as complying with relevant laws and ensuring transparency.

## 地域社会との連携 Cooperation with Local Communities



環境 Environment

エネルギー・温室効果ガス排出量 Energy and Greenhouse Gas Emissions	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	留意点および算出方法詳細 Notes and Calculation Method
ITソリューション提供によるCO <sub>2</sub> 排出削減貢献量(単年)(千t) CO <sub>2</sub> emissions reduction by providing IT solutions (Thousand tons)	4,220	5,300	4,750	4,248	業態毎の排出係数にNECの売上を積した後、全体の値にするため削減する。 なお、業態ごとの排出係数は毎年の製品動向を反映している。 After multiplying the emission factor for each business type by NEC's sales, add up to obtain the total value. The emission factor for each business type reflects annual product trends.
製品のエネルギー効率改善(%) Improvement in energy efficiency of products (%)	35	74	71	65	基準年度の製品の消費電力量と当該年度の消費電力量を性能比で比較。 基準年度の消費電力量(性能値)と当該年度の消費電力量(性能値)の差を基準年度の消費電力量(性能値)で除した。 Compare the power consumption of the product in the base year and the power consumption in the designated year in terms of performance ratio. The difference between the power consumption (performance value) of the base year and the designated year was reduced by the power consumption (performance value) of the base year.
温室効果ガス排出量(千t) 合計 Greenhouse gas emissions (Thousand tons) Total	8,171	8,129	7,483	6,485	<ul style="list-style-type: none"> <li>・エネルギー使用量:省エネ法(エネルギーの使用の合理化等に関する法律)に基づき算出。</li> <li>・温室効果ガス排出量:温対法(地球温暖化対策の推進に関する法律)に基づき算出。</li> <li>・温室効果ガスとは、CO<sub>2</sub>(二酸化炭素)、CH<sub>4</sub>(メタン)、N<sub>2</sub>O(一酸化二窒素)、HFCs(ハイドロフルオロカーボン類)、PFCs(パーフルオロカーボン類)、SF<sub>6</sub>(六フッ化硫黄)、NF<sub>3</sub>(三フッ化窒素)を指します。</li> <li>・温室効果ガス排出量原単位は、分子を(Scope 1+Scope 2)排出量、分母を売上高とし、除して算出。</li> </ul>
Scope 1	56	52	26	22	
Scope 2	282	277	347	305	
Scope 3	7,606	7,585	6,996	6,158	Scope 1:事業者が所有または管理する排出源から発生する温室効果ガスの直接排出。 Scope 2:電気、蒸気、熱の使用に伴う温室効果ガスの間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
温室効果ガス排出量原単位 (Scope 1+Scope 2) (t/億円) Greenhouse gas emissions intensity (Scope 1 + Scope 2) (Tons/100 million yen)	11.9	11.3	12.1	10.9	Scope 1:事業者が所有または管理する排出源から発生する温室効果ガスの直接排出。 Scope 2:電気、蒸気、熱の使用に伴う温室効果ガスの間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
エネルギー使用量(TJ・MWh) 合計 Energy usage (TJ/MWh) Total	6,789 880,236	6,746 863,564	7,642 853,536	7,137 794,510	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
電気 Electricity	5,685 573,703	5,712 576,337	7,140 723,001	6,694 671,371	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
ガス Fuel (gas)	984 273,368	931 258,749	396 100,945	357 99,119	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
燃料(重油・灯油など) Fuels (heavy oil and kerosene, etc.)	100 27,819	81 22,629	87 24,234	66 18,436	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
熱(蒸気・温水・冷水) Steam/heating/cooling	19 5,346	21 5,849	19 5,356	20 5,585	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。
再生可能エネルギー Renewable energies	3 323	4 426	528 55,420	632 63,381	Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。 Scope 3:Scope 1、Scope 2を除く、企業の上流・下流工程を網羅したその他の間接排出。

対象期間は、2018年、2019年、2020年および2021年3月31日に終了した連結会計年度または各年3月31日現在です。チェックマーク☑のついたデータは、第三者保証を受けた数値です。(※日本電気(株)およびNECグループ会社合計87社(国内39社、海外48社)を対象としています)  
The applicable periods are the consolidated accounting periods (ending each March 31 of 2018, 2019, 2020, and 2021) and the applicable dates are as of March 31 of each year. The data marked with a check(☑) has been verified by a third party.  
Note: NEC and NEC Group companies: 87 (including 39 companies in Japan and 48 international companies)

水 Water		2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	留意点および算出方法詳細 Notes and Calculation Method
水使用量(千m <sup>3</sup> ) Water usage (Thousand m <sup>3</sup> )	合計 Total	2,314	2,193	2,550	2,117	水使用量合計値には、再利用水は含まれません。 Recycled water is not included in the total amount of water usage.
	上水道 Waterworks	1,110	1,062	1,293	913	
	地下水 Ground water	854	825	998	1,001	
	工業用水 Industrial water	350	306	259	203	
	再利用水 Recycled water	10	10	7	4	
排水量(千m <sup>3</sup> ) Wastewater (Thousand m <sup>3</sup> )	合計 Total	1,614	1,483	2,084	1,683	
	下水系 Sewage-related	1,160	1,076	1,720	1,334	
	公共水域系 Public water-related	454	407	364	349	
水原単位(km <sup>3</sup> /億円) Water consumption rate (km <sup>3</sup> /100 million yen)		0.0081	0.0075	0.0082	0.0071	水原単位は、分子を水使用量、分母を売上高とし、除して算出。 The water consumption rate is calculated by dividing water usage (the numerator) by sales (the denominator).

廃棄物・化学物質 Waste and Chemical Substances	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	留意点および算出方法詳細 Notes and Calculation Method
廃棄物排出量(千t) Total waste emissions (Thousand tons)	42.6	38.3	38.6	35.9	
再資源化量(千t) Recycling (Thousand tons)	36.7	34.5	36.6	29.1	再資源化量は、一般廃棄物、産業廃棄物(特別管理産業廃棄物含む)および海外での廃棄物のリサイクル量。 Recycling is the volume of recycled general waste, recycled industrial waste (including specially controlled industrial waste), and waste recycled abroad.
NOx排出量(t) NOx emissions (t)	27.9	22.5	13.8	11.5	
SOx排出量(t) SOx emissions (t)	0.8	0.4	0.01	0.01	
VOC大気排出量(t) VOC emissions (t)	248	335	68	82	
PRTR法対象化学物質取扱量(千t) Volume of chemicals subject to Pollutant Release & Transfer Registers (Thousand tons)	4.0	3.5	0.3	0.2	

環境データ対象範囲

NECグループ87社(国内39社海外48社)一覧

Data Collection Scope: 87 companies comprising NEC Group companies (39 in Japan and 48 abroad)


No.	Company Name (Japan)	No.	Company Name (Japan)
1	NEC Corporation	22	JN System Partners Co., Ltd.
2	ABeam Consulting Ltd.	23	NEC Networks & System Integration Corporation
3	OCC Corporation	24	NEC Magnus Communications, Ltd.
4	NEC Nexsolutions, Ltd.	25	NEC Solution Innovators, Ltd.
5	SHIMIZU SYNTEC Corporation	26	NEC Communication Systems, Ltd.
6	Sunnet Corporation	27	Infosec Corporation
7	Bestcom Solutions Inc.	28	NEC Embedded Products, Ltd.
8	YEC Solutions Inc.	29	NEC Embedded Technology, Ltd.
9	KIS Co., Ltd.	30	NEC Fielding, Ltd.
10	NEC Space Technologies, Ltd.	31	NEC Platforms, Ltd.
11	NEC Network and Sensor Systems, Ltd.	32	NEC Patent Service, Ltd.
12	NEC Aerospace Systems, Ltd.	33	NEC Friendly Staff, Ltd.
13	Cyber Defense Institute, Inc.	34	NEC Management Partner, Ltd.
14	Japan Aviation Electronics Industry, Limited	35	NEC Livex, Ltd.
15	JAE Hirosaki, Ltd.	36	Institute for International Socio-Economic Studies
16	JAE Yamagata, Ltd.	37	TAKASAGO, Ltd.
17	JAE Fuji, Ltd.	38*	NEC Display Solutions, Ltd.
18	JAE Shinshu, Ltd.	39*	Showa Optronics Co., Ltd.
19	NEC Facilities, Ltd.		
20	Forward Integration System Service Co., Ltd.		
21	LIVANCE-NET Ltd.		

\* Only data within the scope of consolidation (indicated by the names of companies within the scope of consolidation)

No.	Company Name (Abroad)	No.	Company Name (Abroad)
1	NEC Corporation of America	26	NEC Hong Kong Limited
2	NEC Canada, Inc.	27	NEC Taiwan Ltd. (台湾恩益禧股份有限公司)
3	NEC Laboratories America, Inc.	28	NEC Asia Pacific Pte. Ltd.
4	NEC Latin America S.A.	29	NEC Corporation of Malaysia Sdn. Bhd.
5	NEC Argentina S.A.	30	NEC Corporation (Thailand) Ltd.
6	NEC Chile S.A.	31	NEC Corporation India Private Limited
7	NEC de Colombia S.A.	32	NEC Philippines, Inc.
8	NEC de Mexico, S.A. de C.V.	33	NEC Vietnam Company Limited
9	NEC Europe Ltd.	34	PT. NEC Indonesia
10	NEC Deutschland GmbH	35	NEC Australia Pty Ltd
11	NEC Eastern Europe Kft.	36	NEC New Zealand Limited
12	NEC France S.A.S.	37	NetCracker Technology Corporation
13	NEC Iberica S.L.	38	KMD Holding ApS
14	NEC Italia S.p.A.	39	台湾航空電子股份有限公司 (JAE Taiwan, Ltd.)
15	NEC Laboratories Europe GmbH	40	JAE Oregon, Inc.
16	NEC Portugal-Telecomunicacoes e Sistemas, S.A.	41	JAE Tijuana, S.A. de C.V.
17	NEC Scandinavia AB	42	JAE Philippines, Inc.
18	NEC Telecommunication & Information Technology Ltd.	43	航空電子(無錫)有限公司 (JAE Wuxi Co., Ltd.)
19	NEC (UK) Ltd.	44	航空電子(吳江)有限公司 (JAE Wujiang Co., Ltd.)
20	Joint-Stock Company NEC Neva Communications Systems	45	日電卓越軟件科技(北京)有限公司 (NEC Advanced Software Technology (Beijing) Co., Ltd.)
21	NEC XON Holdings (Proprietary) Limited	46	NEC 軟件(濟南)有限公司 (NEC Soft (Jinan) Co., Ltd.)
22	NEC Saudi Arabia, Ltd.	47	日電平台科技(蘇州)有限公司 (NEC Platform Technologies (Suzhou) Co., Ltd.)
23	日電(中国)有限公司 (NEC (China) Co., Ltd.)	48	NEC Platforms Thai Co., Ltd.
24	日電信息系統(中国)有限公司 (NEC Solutions (China) Co., Ltd.)		
25	恩益禧數碼應用產品貿易(上海)有限公司 (NEC Information Systems (Shanghai), Ltd.)		

# Third-party Assurance

NEC Sustainability Report 2021 has been assured by a third party for the items listed in the following assurance statement.



## ASSURANCE STATEMENT

**SGS Japan's Report on Sustainability Activities in the NEC Corporation Sustainability Report 2021**

**NATURE AND SCOPE OF THE ASSURANCE**  
 SGS Japan Inc. was commissioned by NEC Corporation (hereinafter referred to as "the Organization") to conduct an independent assurance of its Sustainability Report 2021 (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the stakeholder management process, data on the number and ratio of female managers to the total number of managers, ratio of employees with disabilities, number of the people who have taken childcare and nursing care leave, average age of employees including gender-segregated data, average length of employment including gender-segregated data, frequency and severity rate of labor accidents and disasters and management systems supporting the reporting process. Refer to the attached sheet for the detailed scope of assurance.

The information contained in the Report and its presentation are the responsibility of the directors or governing body and the management of the Organization. SGS Japan Inc. has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data and statements within the scope of assurance with the intention to inform all the Organization's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 Series of Standards and Guidance for Assurance Providers.

The Report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of content veracity;
- AA1000 Assurance Standard (V3) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018);

The assurance comprised a combination of pre-assurance research, interviews with the management and the division for Social Responsibility, verification and confirmation of vouchers, and review of related materials and records.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on the knowledge, experience and qualifications of the each team member for this assignment, and comprised auditors registered with auditors of ISO9001, ISO14001, ISO45001 and lead verifiers of greenhouse gas emissions.

**ASSURANCE OPINION**  
 Within the scope of the assurance activities employing the methodologies described above, nothing has come to our attention that caused us to believe that the information and data contained within the Report does not provide a fair and balanced description of the organization's sustainability activities for fiscal year 2020. The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

**AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**  
 The Organization identified the relationships between social needs and various media such as GRI Standards, ISO26000, SDGs, and the United Nations Global Compact, and enhanced to address social issues and social value creation as the business issues. All relevant targets of stakeholders, such as customers, shareholders, investors, suppliers, employees, NPO, NGO and students, are identified, and communication activities were carried out with external experts. Needs and expectations received from stakeholders have been incorporated into the Organization through the communication process above, and the actions are being considered. Sustainability issues are integrated into the business issues, and the Organization takes actions by appropriately discussing among executives and reporting the issues approved by director in charge of sustainable management to the Board of Directors. SGS Japan Inc. confirmed these processes through the assurance assessment.

**Materiality**  
 The materiality issues identified by the Organization were determined with consideration given to the organizational context, social needs and dialogue with external experts. The Organization is taking necessary actions to address the issues in the entire organization and the relevant divisions through the business activities. KPI for these issues were also set. SGS Japan Inc. confirmed the above processes through the assurance assessment.

**Responsiveness**  
 The Organization addresses the identified issues as the business activities. Direct dialogues with stakeholders are also conducted through types of communications. The details of these actions are disclosed through various media including the Report. SGS Japan Inc. confirmed the above processes through the assurance assessment.

**Impact**  
 The results of responses to identified issues have been reported to stakeholders through a variety of media, such as the Report. Although they have not yet been disclosed, it sets out benchmarks such as industry standards and other companies in the same industry to assess the impact of an organization's performance on society. SGS Japan Inc. confirmed the above processes through the assurance assessment.

For and on behalf of SGS Japan Inc.  
 Senior Executive & Director  
 Certification and Business Enhancement Yuiji Takeuchi  
 14 June, 2021  
 Signed: 



**AA1000  
 Licensed Report  
 000-8/V3-AA8CQ**

**The details of the scope of assurance**

The scope	The boundary and period	The assertion
1 Ratio of employees with disabilities	NEC Corporation 1 June 2020	2.38%
	※Domestic consolidated subsidiaries (12 wholly owned subsidiaries in Japan excluding affiliated companies based on the Act for Promotion of Employment of Persons with Disabilities) 1 June 2020	2.18%
2 Number and ratio of female managers	NEC Corporation 1 April 2021	542/7.2%
	NEC Corporation and its consolidated subsidiaries (Excluding group companies of Japan Aviation Electronics Industry, Limited) 31 March 2021	2,435/9.2%
3 Average age of Employees	NEC Corporation 31 March 2021	Total : 43.7 Male : 44.2 Female : 41.5
4 Average years of employment	NEC Corporation 31 March 2021	Total : 18.9 Male : : 19.2 Female : 17.8
5 Number of people utilizing childcare leave	NEC Corporation 1 April 2020-31 March 2021	347
6 Number of people utilizing nursing care leave	NEC Corporation 1 April 2020-31 March 2021	12
7 Frequency and severity rate of labor accidents and disasters	NEC Corporation 1 January 2020-31 December 2020	Frequency rate : 0.0300 Severity rate : 0.00002

The environmental data presented in NEC Sustainability Report 2021 has received the following third-party verification reports.

**JQA** No.1811004185

### Greenhouse Gas Emissions Verification Report

To: NEC Corporation


**1. Objective and Scope**  
Japan Quality Assurance Organization (hereafter "JQA") was engaged by NEC Corporation (hereafter "the Company") to provide an independent verification on "Scope 3 Calculation Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2020\* Scope 3 GHG emissions in the Report was correctly measured and calculated, in accordance with the "Scope 3 calculation in NEC" (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.  
\*The fiscal year 2020 of the Company ended on March 31, 2021.

**2. Procedures Performed**  
JQA conducted verification in accordance with "ISO 14064-3". The scope of this verification assignment covers CO2 emissions from Scope 3. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification include NEC Group.  
Our verification procedures included:  

- Performing validation of integrated functions to check the report boundaries, calculation scenario and allocation method, monitoring and calculation system and its controls
- Vouching: Cross-checking the GHG emissions data against evidence

**3. Conclusion**  
Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding the Company's FY2020 Scope 3 GHG emissions in the Report, is not materially correct, or has not been prepared in accordance with the Rules.

**4. Consideration**  
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.

  
Sumio Asada, Board Director  
For and on behalf of Japan Quality Assurance Organization  
1-25, Kandassadacho, Chiyoda-ku, Tokyo, Japan  
June 23, 2021

**JQA** No.1811004150

### Independent Verification Report

To: NEC Corporation


**1. Objective and Scope**  
Japan Quality Assurance Organization (hereafter "JQA") was engaged by NEC Corporation (hereafter "the Company") to provide an independent verification on "Environmental Information Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2020\* energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report was correctly measured and calculated, in accordance with the "Accounting and Reporting Rules for Environmental Information" (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.  
\*The fiscal year 2020 of the Company ended on March 31, 2021.

**2. Procedures Performed**  
JQA conducted verification in accordance with "ISO 14064-3" for energy-derived CO2 emissions from Scope 1 & 2, and with "ISAE3000" for VOC emissions, water consumption, drainage and waste discharge, respectively. The scope of this verification assignment covers energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent each of the total emissions, consumption and discharge in the Report. The organizational boundaries of this verification include 37 production sites and 401 non-production sites in 39 companies in Japan and 48 overseas companies, which are listed in the annex to this report.  
Our verification procedures included:  

- Performing validation of integrated functions to check the Rules prior to the on-site assessment
- Holding on-site verification at five domestic sites selected on the basis of sampling
- On-site assessment to check the report scope and boundaries; source of CO2, VOC usage, water usage, drainage and waste generation; monitoring points; monitoring and calculation system; and its controls for overall
- Vouching: Cross-checking the data against evidence

**3. Conclusion**  
Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report, is not materially correct, or has not been prepared in accordance with the Rules.

**4. Consideration**  
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report only. There is no conflict of interest between the Company and JQA.

  
Sumio Asada, Board Director  
For and on behalf of Japan Quality Assurance Organization  
1-25, Kandassadacho, Chiyoda-ku, Tokyo, Japan  
June 23, 2021

\*Please refer to the attached annex.

**JQA** No.1811004150

### Independent Verification Report ANNEX (1/2)

To: NEC Corporation

The organizational boundaries - Japan

- NEC Corporation
- OCC Corporation
- NEC Network Solutions, Ltd.
- SHIMIZU SYNTREC Corporation
- Sarant Corporation
- Business Solutions Inc.
- VEC Solutions Inc.
- KIS Co., Ltd.
- NEC Space Technologies, Ltd.
- NEC Network and Sensor Systems, Ltd.
- NEC Aerospace Systems, Ltd.
- Cyber Defense Institute, Inc.
- Japan Aviation Electronics Industry, Limited
- JAE Hiroaki, Ltd.
- JAE Yamagata, Ltd.
- JAE Fuji, Ltd.
- JAE Shizuoka, Ltd.
- NEC Facilities, Ltd.
- Fire and Integration System Service Co., Ltd.
- LIANCE-NET Ltd.
- JS System Partners Co., Ltd.
- NEC Networks & System Integration Corporation
- NEC Magnus Communications, Ltd.
- Albaum Consulting Ltd.
- NEC Solution Innovators, Ltd.
- NEC Communication Systems, Ltd.
- Infocore Corporation
- NEC Embedded Products, Ltd.
- NEC Embedded Technology, Ltd.
- NEC Fielding, Ltd.
- NEC Platforms, Ltd.
- NEC Plant Services, Ltd.
- NEC Facility Staff, Ltd.
- NEC Management Partner, Ltd.
- NEC Lives, Ltd.
- Institute for International Socio-Economic Studies
- TAKASAKI, Ltd.
- NEC Display Solutions, Ltd.
- Showa Optronics Co., Ltd.

\*Please refer to the main report

**JQA** No.1811004150

### Independent Verification Report ANNEX (2/2)

To: NEC Corporation

The organizational boundaries - Overseas:

- NEC Corporation of America
- NEC Canada, Inc.
- NEC Laboratories America, Inc.
- NEC Latin America S.A.
- NEC Argentina S.A.
- NEC Chile S.A.
- NEC de Colombia S.A.
- NEC de Mexico S.A. de C.V.
- NEC Europe Ltd.
- NEC Deutschland GmbH
- NEC Eastern Europe Kft.
- NEC France S.A.S.
- NEC India S.L.
- NEC Italia S.p.A.
- NEC Laboratories Europe GmbH
- NEC Portugal-Informacoes e Sistemas, S.A.
- NEC Scandinavia AB
- NEC Telecommunication & Information Technology Ltd.
- NEC (UK) Ltd.
- Joint Stock Company NEC Nova Communications Systems
- NEC SONY Holdings (Proprietary) Limited
- NEC Saudi Arabia, Ltd.
- 日電(中国)有限公司 (NEC (China) Co., Ltd.)
- 日電(中国)有限公司 (NEC Solutions (China) Co., Ltd.)
- 日電(中国)有限公司 (NEC Information Systems (Shanghai) Ltd)
- NEC Hong Kong Limited
- NEC Taiwan Ltd. (台湾思嘉姆股份有限公司)
- NEC Asia Pacific Pte. Ltd.
- NEC Corporation of Malaysia Sdn. Bhd.
- NEC Corporation (Thailand) Ltd.
- NEC Corporation India Private Limited
- NEC Philippines, Inc.
- NEC Vietnam Company Limited
- PT NEC Indonesia
- NEC Australia Pty Ltd
- NEC New Zealand Limited
- NetLeader Technology Corporation
- KMD Holding ApS
- 台灣聯亞電子股份有限公司 (JAE Taiwan, Ltd)
- JAE Crepus, Inc.
- JAE Tijuana, S.A. de C.V.
- JAE Philippines, Inc.
- 聯亞電子(泰國)有限公司 (JAE Wai Co., Ltd.)
- 聯亞電子(台灣)有限公司 (JAE Wujiang Co., Ltd.)
- 日電(越南)有限公司 (NEC Advanced Software Technology (Hanoi) Co., Ltd.)
- NEC 軟件(濟南)有限公司 (NEC Soft (Jinan) Co., Ltd.)
- 日電(上海)有限公司 (NEC Platform Technologies (Shanghai) Co., Ltd.)
- NEC Platforms Thai Co., Ltd.

\*Please refer to the main report.

# External Ratings and Evaluation (As of June 2021)

NEC is included in world-renowned Environmental, Social, and Governance (ESG) indices.

## Dow Jones Sustainability Indices (DJSI)


In 2020 NEC, was included in the DJSI World Index and the DJSI Asia Pacific Index.

 DJSI Index family



## FTSE4Good Index Series

NEC has been included in this index continuously since 2002.

 FTSE4Good Index Series



## MSCI ESG Leaders Indexes

NEC has been included in this index continuously since 2015. (The name of the indexes was changed from MSCI Global Sustainability Indexes in 2017.)


 MSCI ESG INDEXES



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## Euronext Vigeo World 120

NEC has been included in this index continuously since 2012.

 Half-year review Euronext Vigeo Eiris ESG indices



## STOXX Global ESG Leaders Index

NEC has been included in this index continuously since 2014.

 STOXX Global ESG Leaders Index



## ISS ESG Corporate Rating

NEC was rated "Prime" in March 2018 in the "Electronics Devices & Appliances" industry sector. (The name of the index was changed from the "oekom Corporate Rating.")

 ISS ESG Corporate Rating





### CDP (Climate Change, Water Security, and Supplier Engagement)

NEC has been included in the “A List” for both Climate Change and Water Security in 2019 and 2020 consecutively.

Furthermore, NEC has been listed on the “Leaderboard” of the Supplier Engagement Rating on climate issues in 2020.



### EcoVadis

Since 2012 NEC has been awarded the “Gold” sustainability ranking in the top 5% companies, and in 2020 we awarded the “Platinum,” that is newly set and places NEC among the top 1% of companies assessed worldwide.



NEC Corporation has received external evaluations of its working environment.

### “L-boshi” Certification

Certification recognizing companies for outstanding compliance with the Act on Promotion of Women’s Participation and Advancement in the Workplace.

By meeting all five criteria for certification, namely recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses, NEC Corporation became the first company in April 2016 to receive the “3-star” mark, the highest level under the “L-boshi” certification program.



### Certified Health and Productivity Management Organization Recognition Program

The program recognizes companies and organizations for outstanding health and productivity management. Certified organizations are divided into large enterprises and small and medium-sized enterprises.

NEC Corporation has been certified as a health and productivity management company from 2018 to 2021, and certified as a health and productivity management “White 500” company in 2018, 2019, and 2021.



### Other External Evaluations

🏆 Main awards, Accreditation in Corporate Citizen Activities 🏆 Environmental Ratings by External Organizations (Latest Rating/Ranking)

### RE100

NEC is a member of RE100, a collaborative initiative committed to the goal of having businesses change over to renewable energy for 100% of their electricity needs.



### Next-generation Support Certification Mark “Platinum Kurumin”

NEC received the “Kurumin” certification, given by the Minister of Health, Labour and Welfare, in recognition as a child-rearing support company, in 2007, 2012, and 2015.

In 2018, NEC Corporation received the “Platinum Kurumin” certification for carrying out higher levels of effort in introducing and making use of a considerable number of measures in child-rearing support. To receive the “Platinum Kurumin,” “Kurumin” certification is needed.



### NEC Awarded “Gold” in Pride Index 2020

NEC was awarded the highest rating of “Gold” in Pride Index 2020, a rating for companies’ and organizations’ initiatives related to sexual minorities, including the LGBTQ community, formulated by the NPO work with Pride.

We met the evaluation criteria in all indices: Policy (Action Declaration), Representation (LGBTQ Network), Inspiration (Raising Awareness), Development (Human Resource Management Policy and Programs), and Engagement/Empowerment (Social Responsibility).



# Global Reporting Initiative (GRI) Index

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option

\*: GRI Standards Core Items    ○: Items related to NEC "materiality" in GRI Standards ID 200–400 range  
GRI = Global Reporting Initiative (<https://www.globalreporting.org/>)

## General Disclosures

	ID	Item required by report	Corresponding page		
102: General Disclosures	1. Organizational profile	102-1 ※ Name of the organization	Profile		
		102-2 ※ Activities, brands, products, and services	Business Outline		
		102-3 ※ Location of headquarters	Profile		
		102-4 ※ Location of headquarters	Profile		
		102-5 ※ Ownership and legal form	Annual Securities Report (Japanese)		
		102-6 ※ Markets served	Annual Securities Report (Japanese)		
		102-7 ※ Scale of the organization	Corporate Profile		
		102-8 ※ Information on employees and other workers	Data Collection		
		102-9 ※ Supply chain	Supply Chain Management		
		102-10 ※ Significant changes to the organization and its supply chain	Annual Securities Report (Japanese)		
		102-11 ※ Precautionary principle or approach	Reducing Environmental Impacts		
		102-12 ※ External initiatives	Activities for Controlling Chemical Substances in Products		
		102-13 ※ Membership of associations	Dialogue and Co-creation with Our Stakeholders		
		102-14 ※ Statement from senior decision-maker	Message from the President and CEO		
	2. Strategy	102-15	Key impacts, risks, and opportunities	Integrated Report Priority Management Themes from an ESG Perspective — Materiality	
		102-16 ※ Values, principles, standards, and norms of behavior	Code of Conduct		
	3. Ethics and integrity	102-17	Mechanisms for advice and concerns about ethics	Respecting Human Rights Compliance and Risk Management	
		102-18 ※ Governance structure	Corporate Governance		
	4. Governance	102-19	Delegating authority	Management for Sustainability	
		102-20	Executive-level responsibility for economic, environmental, and social topics	Management for Sustainability	
		102-21	Consulting stakeholders on economic, environmental, and social topics	Management for Sustainability	
		102-22	Composition of the highest governance body and its committees	Corporate Governance Corporate Governance Report	
		102-23	Chair of the highest governance body	Corporate Governance Report Executives	
		102-24	Nominating and selecting the highest governance body	Corporate Governance Corporate Governance Report	
		102-25	Conflicts of interest	Corporate Governance Report	
		102-26	Role of highest governance body in setting purpose, values, and strategy	Management for Sustainability	
		102-27	Collective knowledge of highest governance body	Management for Sustainability Priority Management Themes from an ESG Perspective — Materiality	
		102-28	Evaluating the highest governance body's performance	Sustainability Management Priority Management Themes from an ESG Perspective — Materiality	
		102-29	Identifying and managing economic, environmental, and social impacts	Priority Management Themes from an ESG Perspective — Materiality	Dialogue and Co-creation with Our Stakeholders
				Dialogue and Co-creation with Our Stakeholders	Advancing Sustainability through Purpose-driven Management
				What Should NEC Do to "Create Businesses That Contribute to the Environment"?	Working toward Robust and Resilient Human Rights Due Diligence throughout Supply Chains
				Effectiveness of risk management processes	Management for Sustainability
				Review of economic, environmental, and social topics	Management for Sustainability
	Highest governance body's role in sustainability reporting			Management for Sustainability	
	Communicating critical concerns			Compliance and Risk Management	
	Nature and total number of critical concerns			Compliance and Risk Management	
	Remuneration policies			Remuneration for Directors and Audit & Supervisory Board Members	
	Process for determining remuneration			Remuneration for Directors and Audit & Supervisory Board Members	
	102-30	Stakeholders' involvement in remuneration	—		
	102-31	Annual total compensation ratio	—		
	102-32	Percentage increase in annual total compensation ratio	—		
	5. Stakeholder engagement	102-40 ※ List of stakeholder groups	Dialogue and Co-creation with Our Stakeholders		
		102-41 ※ Collective bargaining agreements	Annual Securities Report (Japanese)		
		102-42 ※ Identifying and selecting stakeholders	Dialogue and Co-creation with Our Stakeholders Guidelines for Coordination with NPOs (Activities for Contributing to Society)		
		102-43 ※ Approach to stakeholder engagement	Dialogue and Co-creation with Our Stakeholders		
		102-44 ※ Key topics and concerns raised	Dialogue and Co-creation with Our Stakeholders		

	ID	Item required by report	Corresponding page
102: General Disclosures	6. Reporting practice	102-45 ※ Entities included in the consolidated financial statements	Profile
		102-46 ※ Defining report content and topic boundaries	Information Disclosure Policy
		102-47 ※ List of "materiality" topics	Management for Sustainability Priority Management Themes from an ESG Perspective — Materiality
		102-48 ※ Restatements of information	No restatements
		102-49 ※ Changes in reporting	No change
		102-50 ※ Reporting period	Information Disclosure Policy
		102-51 ※ Date of most recent report	Information Disclosure Policy
		102-52 ※ Reporting cycle	Information Disclosure Policy
		102-53 ※ Contact point for questions regarding the report	Contact Us
		102-54 ※ Claims of reporting in accordance with the GRI Standards	GRI (Global Reporting Initiative) Index
		102-55 ※ GRI content index	GRI (Global Reporting Initiative) Index
		102-56 ※ External assurance	Third-party Assurance
103: Management Approach	103-1 ※ Explanation of the material topic and its boundary	Priority Management Themes from an ESG Perspective — Materiality	
	103-2	The management approach and its components	Priority Management Themes from an ESG Perspective — Materiality Management for Sustainability
	103-3	valuation of the management approach	Priority Management Themes from an ESG Perspective — Materiality Third-party Assurance

## Specific Standards

	ID	Item required by report	Corresponding page	
200: Economic	201 Economic Performance	201-1	Direct economic value generated and distributed	Historical Data
		201-2 ○ Financial implications and other risks and opportunities due to climate change	Response to Climate Change	
		201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report (Japanese)
	202 Market Presence	201-4	Financial assistance received from government	—
		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
	203 Indirect Economic Impacts	202-2	Proportion of senior management hired from the local community	Innovation Management
		203-1	Infrastructure investments and services supported	Cooperation with Local Communities
	204 Procurement Practices	203-2	Significant indirect economic impacts	NEC actions to achieve SDGs
		204-1	Proportion of spending on local suppliers	—
	205 Anti-corruption	205-1 ○ Operations assessed for risks related to corruption	Promoting Fair Commercial Transactions	
		205-2 ○ Communication and training about anti-corruption policies and procedures	Compliance and Risk Management	
		205-3 ○ Confirmed incidents of corruption and actions taken	Supply Chain Management Promoting Fair Commercial Transactions	
	206 Anti-competitive Behavior	206-1 ○ Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Promoting Fair Commercial Transactions	
	207 Tax	207-1	Approach to tax	Basic Approach on Tax Matters
		207-2	Tax governance, control and risk management	Basic Approach on Tax Matters
		207-3	Stakeholder engagement and management concerns related to tax	Basic Approach on Tax Matters
		207-4	Country-by-country reporting	—
300: Environment		301 Materials	301-1	Materials used by weight or volume
301-2	Recycled input materials used	Overview of Environmental Impact		
301-3	Reclaimed products and their packaging materials	Resource Circulation and Pollution Prevention Initiatives		
302 Energy	302-1	Energy consumption within the organization	Overview of Environmental Impact Data Collection "Environment"	
		Energy consumption outside of the organization	Overview of Environmental Impact Data Collection "Environment"	
		Energy intensity	Overview of Environmental Impact Data Collection "Environment"	
		Reduction of energy consumption	Overview of Environmental Impact Data Collection "Environment"	
	302-5	Reductions in energy requirements of products and services	Achievement of Fiscal 2021 Targets Medium- to Long-Term Targets Response to Climate Change Overview of Environmental Impact Data Collection "Environment"	

		ID	Item required by report	Corresponding page
300: Environment	303 Water and Effluents	303-1	Interaction between water and business	Water Risk Management and Effective Water Usage
		303-2	Management of water discharge-related impacts	Medium- to Long-Term Targets Water Risk Management and Effective Water Usage
		303-3	Water withdrawal	Overview of Environmental Impact Data Collection "Environment"
		303-4	Water discharge	Overview of Environmental Impact Data Collection "Environment"
		303-5	Water consumption	Overview of Environmental Impact Data Collection "Environment"
	304 Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Initiatives for Biodiversity
		304-2	Significant impacts of activities, products, and services on biodiversity	Resource Circulation and Pollution Prevention Initiatives Initiatives for Biodiversity
		304-3	Habitats protected or restored	Initiatives for Biodiversity
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Initiatives for Biodiversity
	305 Emissions	305-1	○ Direct (Scope 1) GHG emissions	Achievement of Fiscal 2021 Targets
				Medium- to Long-Term Targets Response to Climate Change Overview of Environmental Impact Data Collection "Environment"
		305-2	○ Indirect (Scope 2) GHG emissions	Achievement of Fiscal 2021 Targets
				Medium- to Long-Term Targets Response to Climate Change Overview of Environmental Impact Data Collection "Environment"
		305-3	○ Other indirect (Scope 3) GHG emissions	Medium- to Long-Term Targets Response to Climate Change Overview of Environmental Impact Data Collection "Environment"
		305-4	○ GHG emissions intensity	Overview of Environmental Impact Data Collection "Environment"
		305-5	○ Reduction of GHG emissions	Overview of Environmental Impact Data Collection "Environment"
	305-6	Emissions of ozone-depleting substances (ODS)	—	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Overview of Environmental Impact Data Collection "Environment"	
	306 Effluents and Waste	306-1	Water discharge by quality and destination	Overview of Environmental Impact Data Collection "Environment"
		306-2	Waste by type and disposal method	Resource Circulation and Pollution Prevention Initiatives Overview of Environmental Impact Data Collection "Environment"
		306-3	Significant spills	NEC Environmental Policy and Environmental Management Resource Circulation and Pollution Prevention Initiatives
		306-4	Transport of hazardous waste	Resource Circulation and Pollution Prevention Initiatives
		306-5	Water bodies affected by water discharges and/or runoff	Water Risk Management and Effective Water Usage Resource Circulation and Pollution Prevention Initiatives
	307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	NEC Environmental Policy and Environmental Management
	308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	—
		308-2	Negative environmental impacts in the supply chain and actions taken	NEC Environmental Policy and Environmental Management Supply Chain Management Data Collection
	400: Social Topics	401 Employment	401-1	New employee hires and employee turnover
401-2			Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creating a Diverse Workstyle Environment Data Collection
401-3			Parental leave	Creating a Diverse Workstyle Environment Data Collection
402 Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Creating a Diverse Workstyle Environment	
403 Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committee	Health and Safety	

		ID	Item required by report	Corresponding page
400: Social Topics	403 Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety Data Collection
		403-3	Occupational health services	Health and Safety
		403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
		403-5	Worker training on occupational health and safety	Health and Safety
		403-6	Promotion of worker health	Health and Safety
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Ensuring Quality and Safety
		403-8	Workers covered by an occupational health and safety management system	Health and Safety
		403-9	Work-related injuries	Health and Safety
		403-10	Work-related ill health	Health and Safety
		404 Training and Education	404-1	○ Average hours of training per year per employee
	404-2		○ Programs for upgrading employee skills and transition assistance programs	Human Resources Development and Training Creating a Diverse Workstyle Environment
	404-3		○ Percentage of employees receiving regular performance and career development reviews	Human Resources Development and Training Creating a Diverse Workstyle Environment
	405 Diversity and Equal Opportunity	405-1	○ Diversity of governance bodies and employees	Data Collection
	405-2	Ratio of basic salary and remuneration of women to men	Creating a Diverse Work Style Environment	
	406 Non-discrimination	406-1	○ Incidents of discrimination and corrective actions taken	Respecting Human Rights
				Compliance and Risk Management CS (Customer Satisfaction) Initiatives Data Collection
	407 Freedom of Association and Collective Bargaining	407-1	○ Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respecting Human Rights Compliance and Risk Management Supply Chain Management
	408 Child Labor	408-1	○ Operations and suppliers at significant risk for incidents of child labor	Compliance and Risk Management Supply Chain Management
	409 Forced or Compulsory Labor	409-1	○ Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respecting Human Rights
	Compliance and Risk Management Supply Chain Management NEC Group Statement for Modern Slavery Acts			
	410 Security Practices	410-1	Security personnel trained in human rights policies or procedures	—
	411 Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	—
	412 Human Rights Assessment	412-1	○ Operations that have been subject to human rights reviews or impact assessments	Respecting Human Rights
		412-2	○ Employee training on human rights policies or procedures	Respecting Human Rights Data Collection
		412-3	○ Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Respecting Human Rights Supply Chain Management
	413 Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Dialogue and Co-creation with Our Stakeholders Cooperation with Local Communities
		413-2	Operations with significant actual and potential negative impacts on local communities	—
414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Guidelines for Responsible Business Conduct in Supply Chains	
415 Public Policy	414-2	Negative social impacts in the supply chain and actions taken	Compliance and Risk Management Data Collection	
415 Public Policy	415-1	Political contributions	Data Collection	
416 Customer Health and Safety	416-1	○ Assessment of the health and safety impacts of product and service categories	Ensuring Quality and Safety	
	416-2	○ Incidents of non-compliance concerning the health and safety impacts of products and services	Important information from NEC (Japanese)	
417 Marketing and Labeling	417-1	Requirements for product and service information and labeling	Ensuring Quality and Safety	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Ensuring Quality and Safety	
	417-3	Incidents of non-compliance concerning marketing communication	CS (Customer Satisfaction) Initiatives	
418 Customer Privacy	418-1	○ Substantiated complaints concerning breaches of customer privacy and losses of customer data	Personal Information Protection and Privacy	
419 Socioeconomic Compliance	419-1	○ Non-compliance with laws and regulations in the social and economic area	Compliance and Risk Management	

# Global Compact Index

This table compares NEC's sustainability activities with the Ten Principles of the Global Compact advocated by the United Nations.

The Ten Principles			Corresponding page on NEC website
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Respecting Human Rights Supply Chain Management
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	Inclusion and Diversity AI and Human Rights
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Respecting Human Rights Supply Chain Management
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Inclusion and Diversity Creating a Diverse Workstyle Environment
	Principle 5	Businesses should uphold the effective abolition of child labour.	Health and Safety
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	Medium- to Long-Term Targets NEC Environmental Policy and Environmental Management
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	Response to Climate Change Water Risk Management and Effective Water Usage
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Resource Circulation and Pollution Prevention Initiatives Initiatives for Biodiversity Overview of Environmental Impact
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Promoting Fair Commercial Transactions Compliance and Risk Management

# ISO 26000 Index

This table shows a comparison of seven core subjects and 37 issues of ISO 26000 and sustainability activities of NEC.

ISO 26000 Core Subjects	Issues	Corresponding Page
Organizational Governance	1. Organizational Governance	Management for Sustainability Information Security and Cyber Security Ensuring Quality and Safety Corporate Governance Compliance and Risk Management Basic Approach to Tax Matters Promoting Fair Commercial Transactions Business Continuity Supply Chain Management
Human Rights	1. Due diligence 3. Avoidance of complicity 5. Discrimination and vulnerable groups 7. Economic, social and cultural rights	2. Human rights risk situations 4. Resolving grievances 6. Civil and political rights 8. Fundamental principles and rights at work
Labour Practices	1. Employment and employment 3. Social dialogue 5. Human development and training in the workplace	2. Conditions of work and social 4. Health and safety at work
Environment	1. Prevention of pollution 3. Climate change mitigation and adaptation	2. Sustainable resource use 4. Protection of the environment, biodiversity and restoration of natural habitats
Fair Operating Practices	1. Anti-corruption 3. Fair competition 5. Respect for property rights	2. Responsible political involvement 4. Promoting social responsibility in the value chain
Consumer Issues	1. Fair marketing, factual and unbiased information and fair contractual practices 3. Sustainable consumption 5. Consumer data protection and privacy 7. Training and awareness-raising	2. Protecting consumers' health and safety 4. Consumer service, support, and complaint and dispute resolution 6. Access to essential services
Community Involvement and Development	1. Community involvement 3. Employment creation and skills development 5. Wealth and income creation 7. Social investment	2. Training and culture 4. Technology development and access 6. Health



**SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS**

## Sustainability Disclosure Topics &amp; Accounting Metrics

TOPIC	ACCOUNTING METRIC	CODE	CORRESPONDING PAGE
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	TC-SI-130a.1	Overview of Environmental Impact Data Collection "Environment"
	(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	Water Risk Management and Effective Water Usage Overview of Environmental Impact Data Collection "Environment"
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Response to Climate Change
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	CS (Customer Satisfaction) Initiatives
	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	—
	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	Information Security and Cyber Security Personal Information Protection and Privacy
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1	Data Collection
	Employee engagement as a percentage	TC-SI-330a.2	Priority Management Themes from an ESG Perspective — Materiality Inclusion and Diversity Human Resources Development and Training Data Collection
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees <sup>7</sup>	TC-SI-330a.2	Data Collection
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti competitive behavior regulations <sup>8</sup>	TC-SI-520a.1	Compliance and Risk Management Promoting Fair Commercial Transactions
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	—
	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Business Continuity

## Activity Metrics

ACTIVITY METRIC	CODE	CORRESPONDING PAGE
(1) Number of licenses or subscriptions (2) percentage cloud based	TC-SI-000.A	—
(1) Data processing capacity (2) percentage outsourced	TC-SI-000.B	—
(1) Amount of data storage (2) percentage outsourced	TC-SI-000.C	—

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