\Orchestrating a brighter world   **NEC**

Sustainability Report
2022

Contents

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" as 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 an environmental, social, and governance (ESG) prospective. NEC's integrated report also presents the essence of our 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 2022" refers to the fiscal year ended March 31, 2022.

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 version) posted on the sustainability website is published each year in PDF format. The previous sustainability report in English was published in September 2021.

• 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," upon 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)
• Sustainability Accounting Standards Board (SASB)
• International Organization for Standardization (ISO) 26000
• Japan's Ministry of Economy, Trade and Industry (METI)'s "Guidance for Collaborative Value Creation"

Third-party Assurance

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

Message from the President and CEO

"Seize the Future Together" while working with our stakeholders and using our digital capabilities to create a "Truly Open, Truly Trusted" world

Amid greater geopolitical risks and the continuing fight against COVID-19 the world faces social issues that are ever more complex. I would like to extend my deepest sympathies to all those facing difficult situations in these challenging times. I believe it is NEC's mission to use the power of digital technology to help solve these social issues.

As part of its Purpose, NEC's reason for being, 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.

This Purpose is firmly entrenched in management of the Mid-term Management Plan 2025, where we have positioned reinforcement of non-financial measurement methodologies to underpin sustainable growth as part of our financial strategy and have made a commitment to promote ESG and sustainability-based initiatives that are more closely linked to finance. Also, in an effort to achieve carbon neutrality, both for NEC and society, we have also announced our intention to cultivate business related to carbon neutrality as a means toward future growth. As for our employees, we are focused on improving our employee engagement score to maximize their strength, as these are the people who execute our financial and non-financial strategies, and who serve as the driving force behind NEC's growth.

In fiscal 2022, we put our efforts behind a variety of measures aimed at meeting the non-financial targets set within the Mid-term Management Plan 2025.

First, we began work with Group company ABeam Consulting, Ltd. to visualize how our non-financial initiatives impact financial performance and to analyze the relationship between the financial and non-financial aspects of our business. This effort is still in its initial stages, but as we continue this analysis and it becomes more sophisticated, it will help us to define materiality that will increase corporate value and to invest in materiality-related initiatives appropriately.

In the area of carbon neutrality, we have declared our intention to reduce both NEC's and its supply chain's CO_2 emissions to net zero by 2050. A milestone in pursuit of this goal has been the certification of our targets aimed at reducing emissions to the "1.5ºC" level as Science Based Targets (SBTs) by the Science Based Targets initiative (SBTi). We have also joined RE100, a global initiative comprised of companies that aim to use 100% renewable energy throughout all of their operations. That aside, we have also started a project that will use backcasting to investigate climate scenarios as a means to help our customers and greater society to achieve carbon neutrality as well. More specifically, we targeted local governments and forecasted risks and opportunities presented by future climate change in public services, society, industry, and daily life. From there, we discussed measures to resolve any of these potential issues.

To increase employee engagement, we have ramped up efforts to promote transforming culture and management foundations and to implement smart work initiatives. In addition, in fiscal 2022 we held 10 town hall meetings in Japan and 26 abroad as a way to facilitate two-way communication with employees. Every month about 10,000 employees participate in meetings held in Japan. Thanks to these efforts, our employee engagement score reached 35% in fiscal 2022, a 10-point increase from the previous fiscal year, which I believe gives us a good start on the path to our 2025 goal of 50%.

In 2005, we became a signatory to the United Nations Global Compact (UNGC), a global initiative that fosters sustainable growth for business and society. All of these activities of NEC Corporation follow the UNGC's 10 principles pertaining to the four fields of human rights, labour, the environment, and anti-corruption.

NEC will continue to work with its customers and other stakeholders to "seize the future together," to maximize the power of digital technology and thereby create a sustainable society where everyone has the chance to reach their full potential. By creating a "truly open, truly trusted" world, we can contribute toward achieving the Sustainable Development Goals.

September 2022

Takayuki Morita
President and CEO

What is NEC

Establishment

Longstanding relationships of trust with customers

1899

NEC Way

Purpose
Code of Values
Code of Conduct
Principles

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

0 cases

Average age of employees*1*2

Male **44.3** years old
Female **41.4** years old

Ratio of male and female hires*1*3

Male **72.9**%
Female **27.1**%

Number of employees*2

Approximately **117,000**

Revenue*3

Composition of Revenue

Public Solutions Business	15%
Public Infrastructure Business	20%
Enterprise Business	19%
Network Services	17%
Global Business	16%
Others	13%

3,014.1 billion yen

Consolidated subsidiaries*2

289 consolidated subsidiaries

More than **50** countries and regions

Ratio of female managers*2

9.6%

Ratio of employees returning after childcare leave*1*4

99.0%

Ratio of employees with disabilities*1*5

2.39%

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

CDP
DISCLOSURE INSIGHT ACTION
A LIST 2021
CLIMATE   WATER

CDP
SUPPLIER ENGAGEMENT LEADER
2021

A List

R&D expenses*3

126.3 billion yen

Number of patents*2

Approximately **45,000**

Technological capabilities

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

Global **No.1**

Management for Sustainability

Management for Sustainability

NEC aims to realize 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, in addition to conducting rigorous compliance with laws, regulations, and sound corporate ethics, we also proactively lower risks attendant on activities that have potentially negative effects on society or the environment.

We believe that our efforts focused on materiality—priority management themes from an ESG perspective—will minimize risk while maximizing the value we provide, which in turn will contribute to improving future financial performance and achieving the SDGs.

Our Journey toward Management for Sustainability

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

Later, in the 1950s, the Company began working on the development of computers. In 1977, at the INTELCOM 77 international communications expo held in 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 that time, President Kobayashi talked about NEC's vision for C&C, as follows:

Vision for C&C

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

This vision has been technologically realized today in our age of widespread computers, mobile phones, and the internet. The ambition to enable people around the world to be able to connect anytime, anywhere, and with anyone aligns with the aspiration of the 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 → 1977 → 2013 → 2020 → 2025

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."

2025 — Mid-term Management Plan 2025 Seize the Future Together

In May 2021, we formulated the Mid-term Management Plan 2025, a five-year plan to achieve the NEC Way and the NEC 2030VISION. Under this plan, we are promoting purpose-driven Management with strategy and culture positioned as one.

NEC Way

The NEC Way is a common set of values that form the basis of how the entire NEC Group conducts itself. The NEC Way comprises four elements—the "Purpose" and "Principles" represent why and how we conduct business as a company, while the "Code of Values" and "Code of Conduct" embody the values and behaviors that all members of the NEC Group must demonstrate.

We promote activities that ensure each executive and employee of NEC Group is aware of the NEC Way, understands it deeply, and has a mindset in line with it. The activities provide them an opportunity to reflect on their work style, fulfill the roles and responsibilities of their position, and set yearly goals to bring impactful results.

Every year we hold NEC Way Day on July 17, the day of our founding (or if that day is a holiday, we hold it the day before or after). The event provides a chance for everyone to once again reflect upon the NEC Way and discuss and deepen our understanding of what social value NEC can create as a group as well as what kind of future we should try to create through its practice.

☞ NEC Way
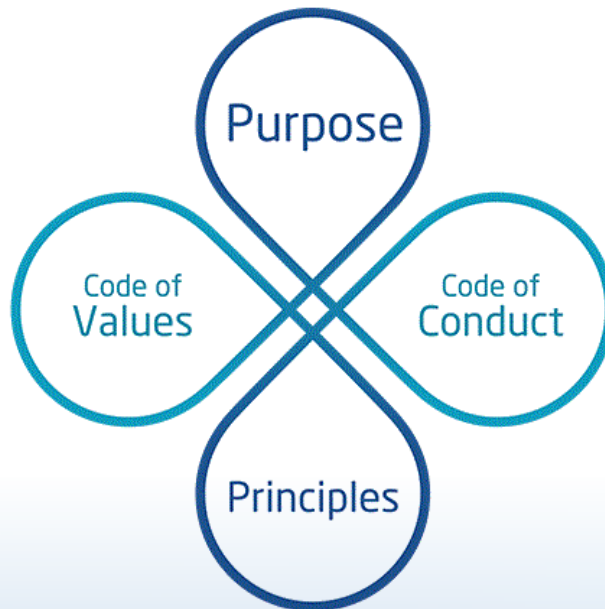
■ Purpose

\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.

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, information and communications technology (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 motivates 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 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 Conduct

Basic Principles on Management for Sustainability

NEC is promoting management for sustainability in accordance with the following basic Principles based on the NEC Way.

■ Contribute to Solving Social Issues through Our Business

As part of its Purpose, NEC declares its intention to create the social values of safety, security, fairness and efficiency through its business activities. The Sustainable Development Goals (SDGs) pledge that "no one will be left behind" is aligned with the NEC Purpose, to "promote a more sustainable world where everyone has the chance to reach their full potential."

In order to fulfill our Purpose, we have put together the NEC 2030VISION as a compass to indicate the direction and path for NEC to follow. By following the NEC 2030VISION, not only will we improve our financial performance, we will also manage and create businesses that generate positive social and environmental impacts.

☞ NEC 2030VISION

■ Strengthen Risk Management and Enforce Compliance

In order to act in accordance with our Principles, which advocate for "uncompromising integrity and respect for human rights," we make sure to conduct our business activities with the highest priority given to thorough risk management and compliance that is mindful not only of employees but also of customers and society. Moreover, the opening statement to the NEC Group Code of Conduct calls for us to act in good faith based on high ethical standards.

In 2005, NEC became a signatory to the United Nations Global Compact, which requires corporate activities to be conducted based on the Ten Principles of the UN Global Compact, pertaining to the four fields of human rights, labour, the environment, and anti-corruption. As part of this effort, NEC conducts regular self-assessments of its activities to ensure it stays true to this requirement.

■ Promote Communication with Stakeholders

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

Management Implementation Framework for Sustainability

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

In April 2021, we established the Sustainability Promotion Department 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. In the same year, NEC also established the Sustainability Advisory Committee, comprising the CFO, the officers in charge of promoting sustainability, and sustainability experts, the latter of whom provide advice on matters related to sustainability.

Key matters for promoting management for sustainability are discussed by corporate officers and managers of related divisions via the Executive Committee, the Business Progress Committee, and the Risk Control and Compliance Committee. Matters discussed or approved by these entities are periodically reported to the Board of Directors via the officer in charge of sustainability promotion. The Board then monitors these matters after they are reported. 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

*1 Chief Human Resources Officer
*2 Chief Legal and Compliance Officer
*3 Chief Financial Officer
*4 Chief Supply-chain Officer

Sustainability Advisory Committee

In fiscal 2022, the Sustainability Advisory Committee was newly established to promote management for sustainability as a means to improve corporate and social value. The CFO and the officer in charge of promoting sustainability hold regular high-level discussions with outside sustainability experts with the goal of confirming the direction of the Company and improving its efforts in an era of high uncertainty and rapid change.

Peter David Pedersen, who has been a participant in several dialogues to date, was appointed as chair, while Masaru Arai and Asako Nagai were also invited to serve as members.

In May 2022, CFO Osamu Fujikawa, CHRO and CLCO Hajime Matsukura, and CSCO Shigeki Shimizu attended a meeting of the committee in order to obtain advice from outside perspectives regarding NEC's approach toward management for sustainability and its progress in addressing its materiality. We also held a discussion on human rights risks, a topic that has drawn much attention in recent times. This discussion centered on examples of efforts made by leading global companies.

In February 2022, Tomoo Machiba, Partner at ERM Japan Ltd., participated as a guest in a discussion in which participants deliberated on notable points regarding NEC's efforts toward carbon neutrality in light of global trends and offered advice as to what businesses NEC should focus on to achieve carbon neutrality. The CFO and CSCO were also in attendance.
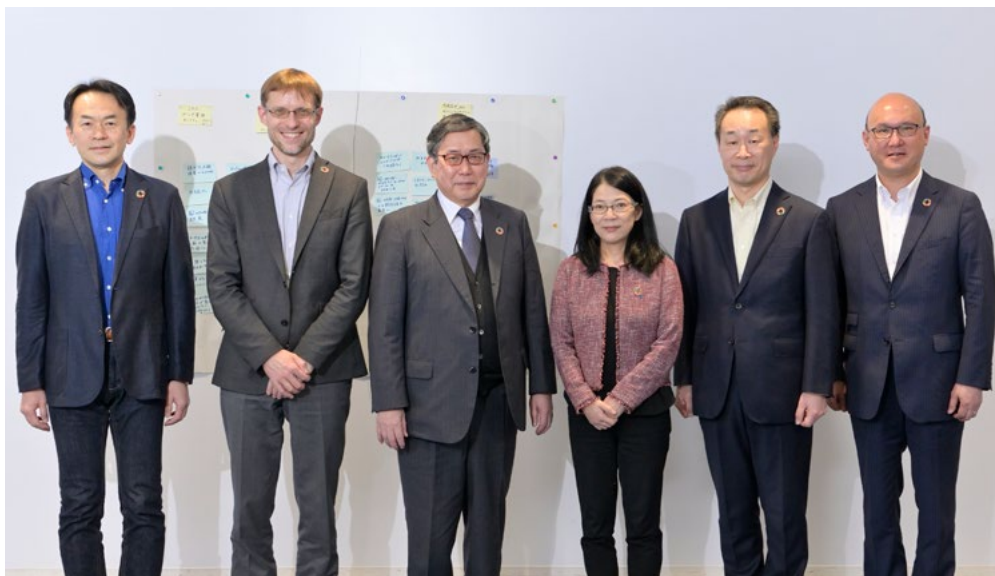
From left to right: Fujikawa, Pedersen, Arai, Nagai, Matsukura, and Shimizu

Committee members (outside experts)

Peter David Pedersen (Chair)

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

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.

Masaru Arai 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, and 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.

Asako Nagai

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, she had 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 300 member companies and other partners, and promotes sustainability including "Business and Human Rights."

🌐 The Progress of Sustainability Promotion and Our Response to the Human Rights Risks under Purpose-driven Management

🌐 Understanding Global Trends in Climate Change and the Risks and Opportunities for NEC

The Progress of Sustainability Promotion and Our Response to the Human Rights Risks under Purpose-driven Management

In order to realize its Purpose, NEC Corporation has declared its intention to "seize the future together" with its stakeholders under the Mid-term Management Plan 2025.

As part of this effort, in this discussion the Sustainability Advisory Committee drew up a vision of society that it would like NEC to create with its stakeholders and introduced activities that would create a mind-set that could put the Company on the path toward this society, as well as initiatives to increase employee engagement. We also asked members of the committee for their opinions on the correlation analysis we conducted between non-financial indicators and financial performance that we embarked upon in fiscal 2022, which was aimed at more sophisticated non-financial management.

In addition, Ms. Asako Nagai from BSR shared the latest movements as to how human rights risks are addressed in light of rising geopolitical risks and ongoing due diligence legislation and obligations that draw from the United Nations Guiding Principles on Business and Human Rights (UNGPs). Each member of the committee highlighted key issues that they thought demanded attention, and the committee discussed countermeasures. The discussion yielded a variety of opinions that included recommendations to conduct impact assessments by country and business on a continual basis, to determine rules and principles in anticipation of emergency situations, to show stakeholders that the Company is taking a serious approach to these risks, and to maintain clear communication. We intend to incorporate these opinions into our future activities.

NEC's Approach and Key Initiatives toward Promoting Sustainability

Osamu Fujikawa
Executive Vice President, CFO and Member of the Board (Representative Director)
NEC

■ **Fujikawa** NEC promotes management for sustainability by following three basic principles—we contribute to solving social issues through our business activities, we strengthen risk management and enforce compliance, and we promote communication with stakeholders. We believe that working in line with these principles and realizing our Purpose can lead to sustainability, both for society and the NEC Group. Bearing this in mind, we have embarked on Thought Leadership activities in an effort to "seize the future" as postulated in the Mid-term Management Plan 2025. We want to work with the public sector and people to create an ideal vision for society, and our hope is to generate thoughts—technologies and ideas that will put us on the path to realizing this vision. That being said, we realize that, if sustainability is to be a deep-rooted part of management, we need to cultivate businesses that seize the opportunities that sustainability offers and delve further into non-financial strategies that take financial impact into account. For this reason, in fiscal 2022 we worked to cultivate business related to carbon neutrality, in addition to embarking on a correlation analysis of regarding the relationship between non-financial indicators and financial performance in collaboration with ABeam Consulting Ltd.

–Thought Leadership–

■ **Arai** These Thought Leadership activities are of particular interest to me. In an age when companies need to make clear what their various goals are and what they are capable of, Thought Leadership can help companies develop shared goals that they can work on together. Investors expect large companies to grow together, expanding upon their existing efforts and involving outside groups. It would be good if companies were to get on board with creating this sort of society and worked together to make it happen.

■ **Matsukura** Thought Leadership is about developing this sort of world view and direction to work with a variety of stakeholders and create an ideal society. The intent is to have people who communicate and sympathize with the ideas of one another build an ecosystem and cooperate as a team going forward. I think, then, that Thought Leadership conveys an important message—that we are trying to envision how we should be from a social perspective, and not in terms of churning out products.

■ **Arai** Simply thinking about the future will not change it. Companies are aware that if they do not express what they are capable of now, and, for example, what is required from 2030 onward, it could be difficult for anything to materialize. I would like to see NEC communicate the role it will play and where it intends to take the lead, and then take action.

■ **Pedersen (Chair)** My understanding is that NEC will shift from innovation based merely on what we call product-out or technology-out, to a stronger focus, also, on what I personally call future-in and society-in. It is in the field where social demands and corporate competencies and strategic priorities intersect that the biggest business opportunities exist.

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

—Non-Financial Indicators, Their Impact on P/B, and Employee Engagement Score—

■ **Fujikawa** The correlation analysis we are conducting with ABeam Consulting regarding the relationship between non-financial indicators and financial performance analyzes how non-financial data correlates with Price-to-Book Ratio (P/B). Accumulating data and conducting repeated analyses of which initiatives stakeholders find meaningful, as well as which lead to greater corporate value, will help us manage our non-financial initiatives with greater sophistication. I would like us to continue with this effort, because, while it does take time, I believe it is important.

■ **Arai** Data collection is extremely important. A greater amount of data than collected by other companies will be an advantage in the future.

■ **Matsukura** Although the correlation between financial and non-financial operations is starting to become apparent, we are still researching whether there is a causal relationship. In the Mid-term Management Plan 2025, we hypothesized that by bringing together a diverse set of talent, as stipulated by the NEC Way, we would spark major innovation, which would lead to employee growth, and by extension, company growth. We set the employee engagement score as one of the indicators to measure this hypothesis.

We began measuring employee engagement in fiscal 2019, and the survey in fiscal 2020 showed a year-on-year increase of 10%. I believe this increase is a result of changes made to employee working environments

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

and evaluation methods, as well as monthly town hall meetings held this year by the CEO, Mr. Morita, which reaffirmed the Company's goals and direction. Put together, these efforts have helped clarify what we want of each employee as well as their position. More than 10,000 people attend each online town hall meeting, making the most of the power of digital technology.

■ **Arai** To create innovation, everyone, from officers to employees, needs to be pointed in the same direction. We are in an age where scattered thinking cannot keep up with the speed of change. For that reason, I think the online town halls are a very good endeavor.

■ **Nagai** The competition to acquire digitally literate personnel is growing fierce worldwide, so the employee engagement score is also a good focal point from a business strategy perspective. On the other hand, it is also important to keep an eye on qualitative efforts in the "S" and "G" of ESG—social and governance. Take human rights as an example. In this case, a good approach is to establish a plan for the medium to long term and confirm how much of the plan has been achieved along the way. If you have no view toward the medium to long term, you may accumulate results, but you may lose track of what your goal was in the first place.

Asako Nagai
Managing Director BSR (Business for Social Responsibility)

■ **Pedersen** It is also worth looking to see if an organization allows for "cognitive diversity," or diversity of thinking, since this can be a wellspring for innovation. As Japan's population shrinks and the country has to look overseas for its workforce, development of a more "cosmopolitan culture" seems like a given as well. These two things put together make for a strong organization. There is also data showing that a culture where diversity is respected—where people can raise their hands freely—and supported by purpose-driven management, the organization will have a better chance at securing human resources and lowering their rate of turnover.

Thought Leadership

☞ NEC's Concept for Digital Government Services in Japan (Japanese only)

☞ SMART CITY VISION: A Special Dialogue about Smart Cities for Future Citizens (Japanese only)

☞ Fiscal 2022 results presentation materials, "Culture: Creating a shared vision for a brighter future –Thought Leadership–"

Analysis of correlations in financial and non-financial information in partnership with ABeam Consulting Ltd.

🌐 Analysis of impact from non-financial indicators on financial indicators in materiality (management priorities from an ESG perspective)

☞ ESG briefing (held on December 10, 2021): Development of Robust Financial and Non-financial Measurement Methodologies for Sustainable Growth

Employee engagement score

🌐 Message from the President

☞ Fiscal 2022 results presentation materials, "Culture: Transformation of People and Culture"

Preparing for and Responding to Human Rights Risks

■ **Fujikawa**   The negatives that come with geopolitical risks and AI technology can have a strong impact financially. What specific themes should we prioritize and what measures should we take to manage risk as far as efforts to preserve human rights are concerned?

■ **Nagai**   Globally, efforts are underway in line with the UN Guiding Principles on Business and Human Rights (UNGPs), and the European Union has drafted a proposal regarding human rights and the environment—the Corporate Sustainability Due Diligence Directive. Companies are making preparations to reflect current bills in their regulations, but they will also have to monitor legislative trends going forward.

Needless to say, NEC has to respond to any reporting obligations targeting it. However, it also needs to take the perspective of a supplier and respond to obligations targeting its customers. This means that NEC needs to step up its efforts beyond what it has done to date, regardless of whether it is the target of such obligations or not.

Approaches to human rights do not end with a one-shot implementation of measures. The approach needs to be ongoing, based on how target themes change and how assessments unfold. NEC is making dedicated efforts toward assessment at the corporate level, **but next it needs to consider assessments at the national and regional level, as well as at the business, product, and services level.** There also needs to be evolution in areas such as stakeholder engagement, under the purview of the Sustainability Advisory Committee. Looking at Europe and the U.S., we see that companies are resolving issues alone—or rather, they are coming together with other companies in the same industry, NGOs, and investors to establish global initiatives that form multi-stakeholder opinions. There are also cases where a company's decisions are reviewed by an external organization, after which the company essentially follows the reviewing organization's recommendations. One way initiatives can garner global endorsement is by developing them from a variety of perspectives and visualizing this process.

■ **Pedersen**   In Japan, the "G" in ESG, or governance, is usually limited to the Board of Directors, officer compensation, and similar matters, but globally, the "E" and "S" of ESG, its environmental and social components, are integrated into governance, and climate change and human rights are also factored into governance as a matter of course.

Masaru Arai
Chair, Japan Sustainable Investment Forum (JSIF)

■ **Arai**   Alongside the movements in Europe, the IIRC,[1] SASB,[2] and CDSB[3] have been absorbed by the IFRS Foundation,[4] which has prompted the integration of sustainability standards. **In particular, the move to create standards for climate change is rapidly underway, and disclosure according to these standards will be required in future Japanese securities reports.**

■ **Shimizu**   Human rights risks throughout the value chain must be dealt with, and we are working to set mechanisms to do so in the supply chain. However, I feel like some of the risks exist in the usage phase of our products and services as well. What often happens is that sold products are used for a long time, which makes it difficult to determine what to secure, where to secure it, and to what extent should a geopolitical or similar risk occur.

■ **Nagai**   It is important to set up checkpoints for conducting human rights assessments. **These checkpoints need to be set at various points in time relative to business processes, such as the development of a product or service, interactions with customers, or whenever conditions in existing markets become unstable.** If there is some aspect that cannot be controlled after selling to customers, there needs to be language written into contracts concerning usage and other measures to ensure that the product or service cannot be implemented outside of its intended use through original programming. Several companies ensure that regular assessments take place as part of their existing workflows, which include setting assessment checkpoints when products are developed, when proposals are made to customers, during quality control, and upon project evaluation.

—Assumed Risks in a Geopolitical and High-Surveillance Society, and How to Prevent Them—

■ **Arai**   There are many risks associated with data management. NEC and other companies in the ICT sector are under scrutiny as to whether they are taking appropriate measures to defend against data leakage caused by cyber attacks. Another problem is data privacy. Also, responses to geopolitical risks could be delayed if criteria for identifying these risks are not made clear. As for audits, I think that NEC needs to set auditing standards for suppliers to determine, among other things, where risks can be identified with a questionnaire, and where they require on-site audits.

We are at a stage where globalization has basically taken hold, and the world is becoming multi-polarized. In a world where everyone is different, be it in terms of culture, society, religion, or otherwise, these differences must be recognized, and therefore it is important that a company discusses how it accepts diversity. Human rights are at the core of capitalism and liberalism. Human rights must be protected, no matter what a nation's stance may be. Companies need to have a clear understanding of this.

■ **Nagai**   **It's easier to imagine companies playing a part in or being indirectly involved with human rights risks, as opposed to infringing on human rights directly.** Indirect involvement can be hard to notice, which makes it a major risk. And, while we place a certain amount of value on human rights, it's a complex concept that cannot be simplified. I believe that it moves along multiple vectors as opposed to a single "yes or no" vector. Political change in countries and regions is a risk factor, as are diversifying stakeholder opinions.

Human rights risks are typically a case of a majority of people with strong authority infringing on the human rights of the vulnerable. **The question then is, how can we protect these vulnerable people?** Another question for NEC is, how will the Company respond if customers use its products and services in an unintended manner? Depending on this response, NEC's image could be damaged in the eyes of the world, and it runs the risk of its businesses, products, and services being rejected, a drop in employee engagement, and a loss of employee support.

■ **Pedersen**   Lackluster initiatives and poor communication relative to other companies can pose risks. Companies cannot be passive, and instead must take the initiative and conduct activities ahead of when they are needed. They should also focus on how they communicate. Technology can be both a risk and an opportunity. Although you cannot eliminate every risk, you need to think through each process strategically, be it R&D, inspection of functions, engagement with governments, contract-related processes, and so on. Society is not asking NEC to be perfect, it is asking NEC to be serious in its approach. As for geopolitical risks, it is important to decide upon rules and principles in anticipation of an emergency situation, prepare a contingency plan in advance, and ensure that things can move straight away should an emergency occur—and the later the response, the worse the blowback.

Future Direction

■ **Matsukura**   Globalization has caused fundamental changes. Global functions cannot be managed using capital-based logic alone. Instead, we are faced with the question of how to optimize operations when these functions are unevenly distributed and costs are high. So, in addition to our inward-looking policies we are also looking for ways to optimize from a different perspective by using our knowledge as a DX provider.

The future is unclear as one big change happens after another, and we need to increase our ability to respond to the environment and its changes. I believe the key to doing so is a diverse set of human resources. This will enable sound risk management and innovation.

■ **Shimizu**   I am concerned about visualizing upstream risks in the supply chain. I think **if companies share the same values as NEC, they would be able to work together in exchanging information and mapping risks, as opposed to NEC going it alone.**

Shigeki Shimizu
Senior Vice President
and CSCO
NEC

■ **Fujikawa**   Our corporate message for 2022 is "Truly Open, Truly Trusted." This message represents an opportunity to create an open and trusted world by sharing a safe and secure infrastructure platform, created by trusted members, with people who share our values.

While we are working on developing a Plan B as part of our scenario planning, the series of highly impactful problems over the last three years—the COVID-19 pandemic, the parts shortage, and the situation in Ukraine—is a powerful reminder of how difficult it is to foresee every case. As business moves forward, we have had to make anticipatory decisions to ensure continuity and prevent suspension of operations, and if something happens we need to have made the proper preparations to mount an immediate response in order to minimize management risks.

*1 International Integrated Reporting Council
*2 Sustainability Accounting Standards Board
*3 Climate Disclosure Standards Board
*4 International Financial Reporting Standards Foundation
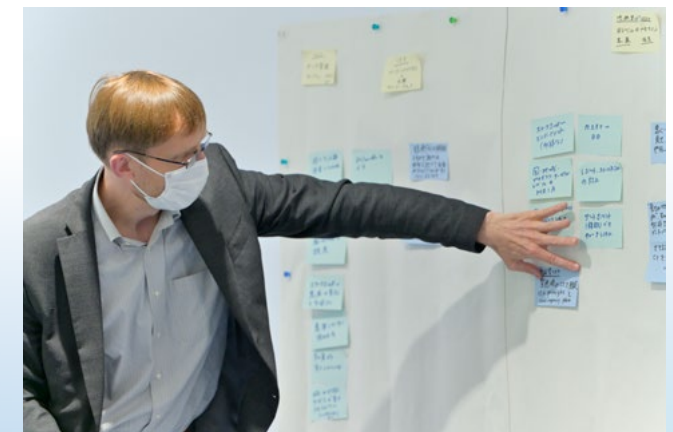
Understanding Global Trends in Climate Change and the Risks and Opportunities for NEC

To help achieve the global goal of a carbon-free society, NEC aims for carbon neutrality, not only for itself as a company and its supply chain, but also for its customers and society.

External experts shared the latest global trends in climate change, then discussed how to reduce risks and maximize opportunities as the Company works toward carbon neutrality.

In addition to the members of the Sustainability Advisory Committee, Tomoo Machiba, a Partner at ERM Japan Ltd., joined the discussion as an external expert.

Note: This dialogue was held online.

■ **Tomoo Machiba**
Partner, ERM Japan Ltd. (in charge of Low-Carbon and Economic Transition)

Headquartered in London, ERM is one of the largest consulting firms in the world specializing in the environment and sustainability. Machiba has been a partner at ERM in charge of Low-Carbon and Economic Transition since 2021. After working as a newspaper reporter and obtaining a master's degree in international development at the University of Sussex, he worked at the SustainAbility, which is now a part of ERM, in the U.K. and at the Global Reporting Initiative (GRI). He now advises companies on decarbonization pathways and ESG matters. He has been involved in initiatives to develop government policy for creating a sustainable society through innovation with the Organisation for Economic Co-operation and Development (OECD), the International Renewable Energy Agency (IRENA), and the United Arab Emirates (UAE) federal government. Lately, he served as Deputy Director of the UN Climate Technology Centre & Network (CTCN), which coordinates projects for transferring the technologies needed to address climate change to developing countries.

Trends Related to Climate Change in Specialized Fields

■ **Pedersen (Chair)** Last year, we conducted a survey of organizational structure by industry and found that IT services and software services have made the greatest leap forward compared to five years ago, with employees recognizing that IT contributes to social value and making considerable efforts in open innovation.

Considering the environmental constraints, it is impossible to achieve growth in markets and services in the same way as before. In the global market of the future, there is a 100% probability that large new markets, businesses, technologies, products, and services will emerge that will lead to a reduction in the environmental burden. **Society and markets will be characterized by a major division between areas of population growth and areas of population decline.** If climate change is not resolved, the global middle class, the middle income earners, will be facing severe food security and natural disaster related issues, and they may well be pushed back towards poverty. This is the situation in which NEC finds itself, and it will be important to shift management in light of these changes.

■ **Arai** ESG investment has entered its third phase, which is having a major impact on companies and is speeding up the integration of information disclosure standards. Now, ESG investment is expanding rapidly, from stocks to other

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

financial assets. We are also seeing the ongoing integration of what was once an excessive number of standards, and the establishment of the ISSB[1] by the IFRS Foundation will integrate financial and non-financial disclosure as well. In addition, the Corporate Governance Code has been revised to include specific issues related to climate change and human rights. Investment funds are also moving toward net zero greenhouse gas emissions. **For companies to raise funds in the future, they will need to take measures based on these developments in the financial world.**

■ **Nagai** There is also a global discussion regarding human rights under themes such as **"climate justice" and "social justice."** Our perspective on human rights expands with each passing year. Climate change, at its core, is a human rights issue, as it is the most vulnerable that will bear the brunt of the impact. The declaration by the United Nations and outcomes of decisions made by overseas courts reflect the idea that future generations of young people should not be deprived of the right to health and an environment free of climate change. Companies and ESG have a close-knit relationship, and we should take an integrated approach to them.

Asako Nagai
Managing Director BSR
(Business for Social Responsibility)

■ **Machiba** If companies are to get on the road toward "net zero," they need to make sure that their efforts to reduce greenhouse gas emissions cover their entire value chain. The first thing to do is to set goals that do not simply fall in step with those of the government. The pathway toward the goals should be drawn in line with the management and investment cycles of the company. In the future, we will be better able to visualize and quantify climate change, and this data will be integrated into new business models, such as electrification and provision of local heating over time. **However, more than just reducing CO_2 emissions, we need to activate the various gears of innovation, working in tandem, in order to create changes in behavior.** An eco-friendly lifestyle is not necessarily an austere one. Rather, it should be able to improve the quality of life of consumers. To realize such lifestyle, companies should design their services in the ways consumers welcome them.

Risks and Opportunities in Light of NEC's Current Issues

■ **Shimizu** Although NEC has a detailed action plan extending to 2025, the challenge is figuring out how to make a path beyond that time frame. This means that NEC needs to clarify its road map, laying out the areas where it intends to contribute while also moving forward with investments. **If the Company wants to aspire toward decarbonization for its customers and society as stated in the NEC 2030VISION, it is all the more important to "greenify" its existing businesses even further.** What perspectives should we take in light of its current issues?

■ **Nagai** To reduce risk, NEC needs to proactively set out to achieve its net zero target. The Company should also consider making the target year earlier. Since achieving these goals will require a corresponding investment, NEC also needs to verify whether these investments can be carried out reliably.

Creating and expanding opportunities requires initiatives aimed at raising awareness. These initiatives include getting the commitment of senior management and raising public awareness. The important point in this regard is understanding how to maximize the impact of products and services, and how to seize opportunities. There are many subtle signs of change that are difficult to pick up on from a company's perspective. This means that companies need to put out feelers far and wide, then determine if a change in the external environment will affect business, and if so, to what extent, and decide how to respond to such change now and in the future.

■ **Machiba** The current challenge seems that investment cannot keep up with the rapid pace of technological development. **To address this gap, NEC can attract more investment by plan for neutral carbon business.** When companies spread their focus too evenly across multiple businesses, they run the risk of getting stuck in a quagmire. If focus matches need, as in the cases of the city OS and other information platforms provided by NEC, opportunity expands rapidly. NEC looks to focusing on its resource aggregation services, but its next step should be to incorporate these services into its main business. Seizing sustainability opportunities will help boost profits.

Tomoo Machiba
Partner, ERM Japan Ltd.

■ **Pedersen** The biggest threats to companies are a drop in information sensitivity and a lack of skills, so management should look out to the world and see what is on the cutting edge.

Some examples of opportunities are climate smart cities, and climate smart agriculture, which is essentially farming using ICT but which includes urbanized agriculture. Moreover, resource matching in the circular economy using ICT is an area where NEC can show its initiative. Additionally, **vigorous efforts should be made to promote a green transition to investors.**

■ **Arai** To reduce risk, **companies should strive for internal knowledge sharing,** which will increase understanding for both management and employees. There are also documents that summarize promising technologies and business areas in an easy-to-understand manner. These documents are aimed at addressing the need for achieving carbon neutrality worldwide. It is only when this kind of knowledge is shared that a company, from management to employees, can put forth a serious effort.

■ **Fujikawa** We can expand our business by following global rules. For that, we are currently looking into what steps to take going forward. Since business sectors like ICT and agriculture follow different timelines, we want to set a standard for continuing investments.

NEC has many opportunities because of its variety of technologies. In addition, we should also take advantage of the knowledge and efforts of KMD A/S,[2] which is highly regarded in Europe, and apply them in a variety of ways. I would like to reframe them from the perspective of climate change.

■ **Shimizu** Everyone, from management to employees, recognizes the importance of the environment, but we are still developing an understanding of what the negative impact will be if serious action is not taken. **We should take an integrated approach to ESG that goes beyond vertical efforts,** and I would like us to have a central focal point to help direct our efforts as a Group.

Another issue is figuring out how much we can contribute toward that goal when we put carbon neutrality on our business road map. It is not something we can achieve overnight, but I would like to create opportunities to realize it.

■ **Pedersen** We more or less know what the future has in store for us. Frankly speaking, NEC needs to face this future with more ambitious efforts. In the future, there can be no innovation devoid of green and sustainable aspects. I expect a serious shift in gears in light of the future that we know is on its way.

Once we have an outlook on what is coming, it is important that we not see constraints first—rich innovation is not born without rich imagination.

■ **Fujikawa** After listening to experts, we reconfirmed that we should assess the risks and opportunities from the financial side as well, and recognize the impact on the business, regarding the initiatives of the climate change related to the mid-term management plan. I would like to accelerate efforts throughout NEC and create more value.

Masaru Arai
Chair, Japan Sustainable Investment Forum (JSIF)

Shigeki Shimizu
Senior Vice President and CSCO
NEC

Osamu Fujikawa
Executive Vice President, CFO and Member of the Board (Representative Director)
NEC

[1] International Sustainability Standards Board, newly established under the International Financial Reporting Standards Foundation (IFRS Foundation)
[2] KMD Holding ApS, member of the NEC Group and Denmark's largest IT company

Participation in International Initiatives

True to its Purpose, NEC has committed itself to 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. In 2005, we became a signatory to the United Nations Global Compact (UNGC), and have therefore promoted business activities based on the Ten Principles of the UN Global Compact, pertaining to the four fields of human rights, labour, the environment, and anti-corruption. We are also taking part in a variety of initiatives in pursuit of our goal to help achieve the SDGs and create a sustainable society.

■ Governments and International Organizations

United Nations Global Compact (UNGC)
Became a signatory in 2005

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

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

30% Club Japan
Joined in October 2020

RE100
Joined in May 2021

The Valuable 500
Became a signatory in 2019

SBTi
Has committed to setting greenhouse gas emissions as SBTs since 2017, with targets certified as at the "SBT 1.5℃ level" in May 2021

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

Business Ambition for 1.5℃
Became a signatory in September 2021

Priority Management Themes from an ESG Perspective—Materiality

NEC considers "materiality" as a priority management theme 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.

As part of our financial strategies for the Mid-term Management Plan 2025, formulated in fiscal 2022, 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 our materiality-centered initiatives, coupled with the level of praise from society and capital markets for promoting these initiatives, will secure our inclusion in these ESG indices and foster Company pride and motivation among employees, while also having a positive impact on financial performance.

👉 Mid-term Management Plan 2025
👉 External Ratings and Evaluations (Inclusion in ESG Indices)

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 KPIs of officers in order to enhance effectiveness. Moreover, we will utilize the evaluations and feedback from a variety of stakeholders, garnered through ESG research, direct dialogue, and other methods, in our efforts to build financial and non-financial measurement methodologies that will be resilient over the medium to long term.

🌐 Main materiality-related initiatives, targets, and progress in the Mid-term Management Plan 2025
🔍 "ESG-Related Objectives, Achievements and Progress, and Degree of Completion"

Definition Process

NEC Corporation defined its materiality in fiscal 2019 and first redefined it in fiscal 2021. Our current materiality was redefined in fiscal 2022 upon the reformulation of the Mid-term Management Plan 2025. This materiality was determined with reference to ISO 26000, the GRI Standards, the principles of the UN Global Compact, the SDGs, and the SASB Materiality Map, among others, and through dialogues with experts in various fields and with representative stakeholders.

Defining Materiality through the Years

Fiscal 2019—Defining Our Materiality

In fiscal 2019, we defined our materiality. When doing so, we were highly mindful of the dialogues we held with experts in a variety of fields and with representative stakeholders, as well as the connection it would have with our mid-term management plan. As a first step, we created a list of social issues that could potentially be priority themes, with reference to global guidelines and taking into account NEC's particular business characteristics. We then conducted a survey of employees to determine the impact NEC could have on these issues, and what impact they would have on NEC. We then drew up a materiality matrix that centered on these impacts and the importance of these social issues. After this process, we highlighted issues that had a high level of importance, and therefore a high level of impact, on both NEC and society and tentatively defined these issues as materiality—issues that NEC should tackle with a high priority. In addition, we consulted with external experts regarding this approach.

After doing so, we set non-financial indicators to measure the progress of our materiality initiatives, aiming to best quantify outcomes in terms of the level of positive value provided to society. We also engaged in dialogues with external experts at this stage in order to organize our materiality, after which the materiality and the corresponding indicators were reported to the Board of Directors, which then decided upon them.

Defining process for fiscal 2019 materiality
👉 "Sustainability Management" on page 3 of *Sustainability Report 2018*.

Fiscal 2021—Redefining Our Materiality

In 2020, we revised the NEC Way, a common set of values that form the basis for how the entire NEC Group conducts itself. In keeping with this change, we removed "Dialogue and Co-Creation with Our Stakeholders," "Innovation Management," and "Governance and Compliance" as materiality, as these were incorporated into the NEC Way. The six remaining themes were reported to the Board of Directors as materiality, which then decided upon them.

Materiality Reset in Fiscal 2021
👉 "Priority Management Themes from an ESG Perspective—Materiality" on page 8 of *Sustainability Report 2020*

Fiscal 2022—Reviewing Our Materiality

We reviewed the materiality set within the Mid-term Management Plan 2025 based on the materiality defined in fiscal 2019. This review was conducted in light of changes in the business environment and social demand, after holding workshops for managers of growth businesses under the Mid-term Management Plan 2025 to examine the social and environmental value created by their businesses, and after dialogues with external experts. Materiality was then defined according to 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 decided to exclude the two themes categorized under "2020 Growth Focus to Create Social Value," which are both business themes, and to continue to work on the four themes categorized under "Sustainable Growth Enablers." Furthermore, at the aforementioned workshops 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, and for gaining the trust of society. Accordingly, the seven following themes were reported to the Board of Directors as materiality for the Mid-term Management Plan 2025.

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

	Key Themes (Materiality)	Main Initiatives	FY2026 KPIs
E	Climate change (Decarbonization)	1. Acceleration of environmental management toward achievement of SBT[1] 1.5℃ by 2030 2. Contribution to CO_2 reduction through customer DX	1. 33.6% reduction[2] (compared with FY2018)
S	Security AI & human rights Diverse human resources	1. Development of human resources in advanced security to handle social infrastructure 2. AI provision and utilization prioritizing respect for human rights	1. Doubling of internationally certified personnel 2. Incorporated initiatives based on the AI and Human Rights Principles
G	Corporate governance Supply chain sustainability Compliance	1. Further improvement of transparency of corporate governance 2. Strengthening of collaboration with suppliers from a human rights/environmental perspective 3. Eradication of serious compliance incidents	2. Suppliers agreeing to procurement guidelines: 75%[3] 3. No. of serious incidents: 0

[1] Science Based Targets   [2] Scope 1, 2   [3] Ratio based on procurement amount

Analysis of the Relationship between Non-financial Indicators and Financial Indicators

In fiscal 2022, NEC Corporation continued to be included in major ESG indexes, such as the Dow Jones Sustainability Indices and FTSE4Good Index Series, as part of targets set forth in the Mid-term Management Plan 2025. Generally, most ESG indexes are evaluated from a risk management perspective, so that we believe ESG indexes are not sufficient to assess whether we are connecting ESG and sustainability to our business opportunities and growth. Furthermore, we cannot measure how our non-financial initiatives directly impact our financial performance through inclusion in these indexes.

Therefore, we initiated measures to analyze how non-financial efforts affect Price-to-Book Ratio (P/B), an indicator of financial performance, using "Digital ESG Data Analytics," an ESG management support system provided by ABeam Consulting Ltd., to visualize the data.

In fiscal 2022, we analyzed 273 non-financial indicators that the NEC Group is working on from their fifth year of implementation to their 10th year and looked for correlations with the P/B. The results of this analysis showed a positive correlation between 25 of these indicators and the P/B. In addition, more than half of these 25 were related to human capital.

Analyzing the impact of non-financial indicators on financial indicators (P/B)

Financial indicators
Results of corporate activities

IMPACT

Initiatives in non-financial capitals
Manufacturing Intellectual
Human Natural Social & relationships

Collaboration with ABeam to analyze*
273 non-financial indicators
within the NEC Group An average amount of data for 7.34 years

Analysis

25 non-financial indicators contribute to increase of the P/B

Indicators related to human capital were the most positively correlated with the P/B

* Source: Adapted from "Yanagi Model," R. Yanagi (2020), "CFO Policy 2nd Edition," Chuo Keizai-Sha, 2021
Analysis conducted by Digital ESG Data Analytics, ABeam Consulting Ltd.

For example, NEC Corporation is monitoring the progress of the number of female department heads or higher as an index of diversity initiatives. According to this analysis, a 1% increase in this indicator would result in a 3.3% increase in the P/B after seven years. Moreover, a 1% increase in the number of training days per employee, an indicator of human resource development, would yield a 7.24% increase in the P/B after five years.

Indicators related to human capital	Financial indicators
Increase the number of female department heads or higher* by 1%	3.3% increase in P/B in 7 years
Increase the number of training days* per employee by 1%	7.24% increase in P/B in 5 years
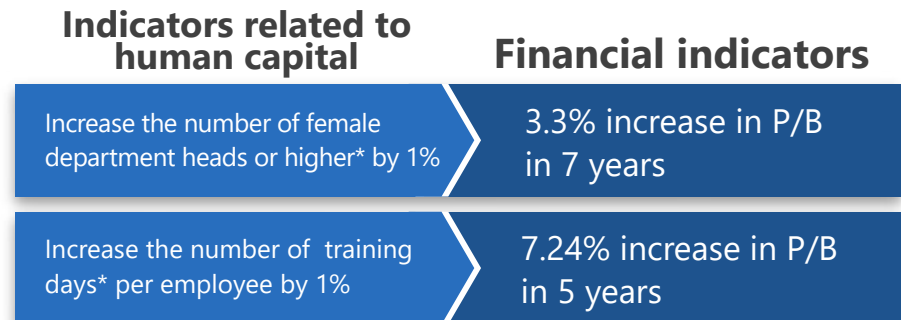
* Figures for NEC Corporation on a non-consolidated basis

Continuing this analysis into the future will help us to identify non-financial initiatives that will lead to greater corporate value, to properly allocate investment toward these initiatives, and to review materiality as appropriate.

It takes some time for non-financial initiatives to make a concrete impact on financial performance, and management that integrates financial and non-financial aspects can be difficult. Even so, these initiatives are crucial to creating more solid non-financial measurement methodologies that will ultimately lead to the creation of a strong and resilient financial base for the medium to long term. Moreover, they are necessary for NEC to continue creating social value. By providing value to society, that is, by materializing our Purpose, we believe that we can contribute toward sustainable growth—not only for NEC but also for society.

Main Materiality-related Initiatives, Targets, and Progress under the Mid-term Management Plan 2025

Materiality	Mid-term Management Plan 2025: Main Initiatives	KPIs for Fiscal 2026	Results for Fiscal 2022	Related Pages
Environmental Action with a Particular Focus on Climate Change (Decarbonization)	We are accelerating environmental management toward achievement of SBT 1.5°C by 2030 and, in addition to reducing CO_2 emissions at our businesses, we will reduce emissions at customer businesses by implementing DX. We have declared our intention to reducing CO_2 emissions from our supply chains to net zero by 2050. As milestones toward our 2050 goal, we acquired the certification of our targets aimed at reducing CO_2 emissions to the SBT 1.5°C level, as set by the Science Based Targets initiative, and joined the global initiative RE100. ☞ NEC Eco Action Plan 2025	Reduce Scope 1 and Scope 2 CO_2 emissions by 33.6% compared with fiscal 2018	31.1% reduction	🌐 Topic: Climate Transition Plan 🍃 Response to Climate Change
Security to Maximize ICT Possibilities	We aim to 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. We will 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.	Double the number of CISSP[1] certification holders compared with fiscal 2021, 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 to conduct "security by design"	The number of CISSP certification holders: Approx. 200 (30% increase)	📄 Information Security Report 👥 Information Security and Cyber Security
Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)	In accordance with the NEC Group AI and Human Rights Principles, 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	Apply the NEC Group AI and Human Rights Principles in our business activities	Apply the NEC Group AI and Human Rights Principles in our business activities	🌐 Topic: Respecting Human Rights 👥 AI and Human Rights 👥 Personal Information Protection and Privacy
Diverse Human Resource Development and Cultural Transformation	We will bolster diversity as a source of innovation and implement workstyle reforms supporting diverse talent.	• Achieve a 50%[2] employee engagement score by transforming our culture and how we work, including the transformation of people and culture • Ratio of female or non-Japanese to Directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers 20% (When the Mid-term Management Plan 2025 was announced, we set a target for the percentage of officers ranked corporate officer or higher who are female or non-Japanese [excluding Audit & Supervisory Board Members (KANSAYAKU) (A&SBMs)]. This target originally did not include A&SBMs, and we have now decided to include them, believing that the A&SBMs should have a target for diversity as well.) • Ratio of female to all managers 20% • Ratio of female to all employees 30%	• Employee engagement score 35% • Ratio of female or non-Japanese to Directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers (as of June 30, 2022) 9.4% (as of April 1, 2022) 9.1% • Ratio of female or non-Japanese to Directors and corporate officers (as of April 1, 2022) 8.0% • Ratio of female to all managers (as of April 1, 2022) 8.1% • Ratio of female to all employees (as of April 1, 2022) 20.3%	👥 Human Resource Development and Training 👥 Inclusion and Diversity 👥 Creating a Diverse Workstyle Environment
Corporate Governance	Further improvement of transparency of corporate governance	Promote timely and appropriate initiatives to enhance transparency	• Enhanced the Board of Directors System • Increased the percentage of independent directors, non-executive directors, and women and foreign nationals	✏️ Corporate Governance
Supply Chain Sustainability	We will continue to promote activities to ensure that all suppliers are aware of the "Guidelines for Responsible Business Conduct in Supply Chains" and submit declarations, pledging to uphold its contents.	Acquire declarations from suppliers which account for 75% of the total consolidated procurement amount	Acquired declarations from suppliers which account for 80% of the total consolidated procurement amount	✏️ Supply Chain Management
Compliance	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.	Build on daily practices and continue to aim for zero cases of serious involvement with cartels and/or bid-rigging	Had 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 🌐 Topic: Respecting Human Rights Initiatives related to the environment, quality, and the supply chain 🍃 Environment 👥 Ensuring Quality and Safety ✏️ Supply Chain Management

*1 Certified Information Systems Security Professional (CISSP) is an internationally recognized information security professional qualification certified by International Information System Security Certification Consortium, Inc. (ISC)².
*2 Based on the Kincentric Survey of a 50% score, which is Tier 1 level and in the global top 25 percentile

Topic: Climate Transition Plan 🌿

We are ramping up global efforts aimed at achieving carbon neutrality by 2050. NEC has positioned Environmental Action with a Particular Focus on Climate Change (Decarbonization) as one of its priority management themes from an ESG perspective—materiality. Therefore, NEC will reduce the environmental footprint of its products and services while helping customers decarbonize through the use of ICT.

In 2017, NEC committed to the "Course of Action for Climate Change Toward 2050," declaring its intent to reduce the Company's CO_2 emissions to net zero as a long-term environmental goal. In 2018, its targets were certified by the Science Based Targets initiative (SBTi) as Science Based Targets (SBTs) "well below 2°C," and later, certified as "SBT 1.5°C" in May 2021 as a result of the Company committing to more stringent targets. Furthermore, in October 2021, we declared our intention to reduce Scope 1, Scope 2, and Scope 3 CO_2 emissions to net zero (including the entire supply chain) by 2050, joining the Business Ambition for 1.5°C campaign, and committing to receiving net zero certification from the SBTi by January 2024.

We will also contribute toward carbon neutrality for our customers and society as part of our business expansion efforts. We will do this by implementing energy-saving ICT infrastructure and other solutions that visualize CO_2 emissions, by operating resource aggregation businesses and through other means.

👉 Course of Action for Climate Change Toward 2050 (Japanese only)
👉 NEC upgrades its greenhouse gas reduction target to SBT 1.5°C and joins RE100, a global renewable electricity initiative
👉 NEC signs the "Business Ambition for 1.5°C Pledge"
👉 Briefing on ESG: "NEC's Efforts to Achieve Carbon Neutrality and Business Deployment"

Corporate Bonds: NEC Issues Japan's First Three-Tier Sustainability-linked Bonds

On July 12, 2022, NEC simultaneously issued sustainability-linked bonds with three different redemption periods with a total amount of ¥110 billion through a public offering in the domestic corporate bond market. Sustainability-linked bonds are bonds for which conditions change depending on whether or not predetermined sustainability/ESG targets (KPIs) are achieved. The issuance of this bond is an example of NEC using financing to show its strong commitment to one of its materiality, "environmental action with a particular focus on climate change (decarbonization). We have set the CO_2 emission reduction rates for Scope 1 and Scope 2 emissions (linked to targets recognized under SBT 1.5°C) and the CDP climate change score as KPIs with the issuance of this bond and put the NEC Group's "Purpose" into practice while further promoting management for sustainability through dialogue and co-creation with various stakeholders.

Note: The three redemption periods have been set at five, seven, and 10 years after issuance.

👉 Sustainability-linked Bonds (Japanese only)

Climate Transition Plan

NEC has formulated a climate transition plan that combines existing guidelines and initiatives to transition to a business model with carbon neutrality by 2050 in line with the goals of the Paris Agreement. The process involves a PDCA cycle that includes future forecasting via scenario analysis, clarification of business risks and opportunities, formulation of a medium- to long-term plan, and implementation and evaluation of measures. As part of this process, we will continue to disclose progress in line with TCFD recommendations.

NEC's Climate Transition Plan
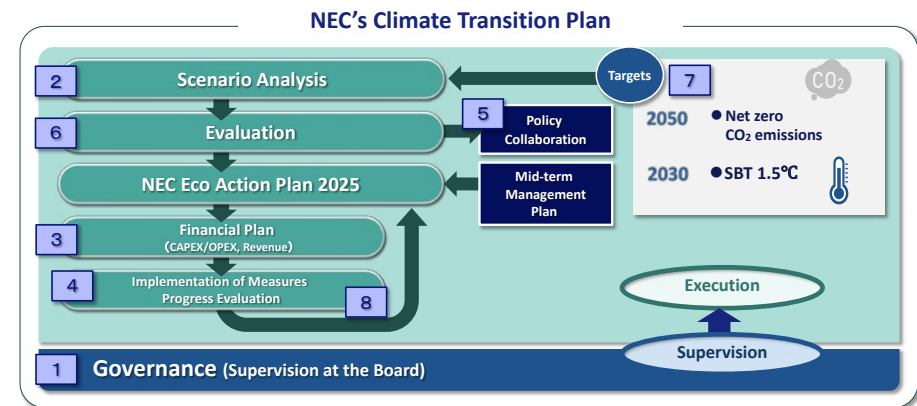
Item within TCFD Recommendations	Elements	Description	Related Items
Governance	1. Governance	Oversee the progress of the plan at the Board level to ensure achievement of goals. Ensure governance and management through the environmental management promotion system and other means	P.36, 41
Strategy and Business Model	2. Scenario analysis	Conduct Companywide and business-specific scenario analyses	P.41–43
	3. Financial plan	Create a financial plan with a set deadline to achieve net-zero emissions	In progress through fiscal 2023
	4. Implementation of measures (Value chain engagement and low-carbon initiatives)	As part of the NEC Eco Action Plan, manage KPIs aimed at "SBT 1.5°C," set in connection with the mid-term management plan, with the goal of decarbonization throughout the supply chain	P.31–33
	5. Policy collaboration	Engage with climate change-related public policy as a Group and through its industry associations	In progress
Risks and Opportunities	6. Evaluation (Risks and opportunities)	Formulate a business plan to minimize climate-related risks and maximize opportunities identified in scenario analyses	P.43, 44
Outcomes and Key Performance Indicators	7. Targets	Achieve net zero CO_2 emissions by 2050, SBT 1.5°C	P.29, 30
	8. Progress evaluation (Scope 1, Scope 2, and Scope 3 emissions with verification)	Measure the NEC Group's Scope 1, Scope 2, and Scope 3 emissions and acquire third-party verification	P.45, 94, 95, 101

❚ Topic: Respecting Human Rights 👥

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, we believe that we can provide the social values of safety, security, fairness and efficiency.

Guided by the NEC Way's Principles, which express the behavior that we value as a company, NEC is dedicated to "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. NEC has also detailed its policy for respecting human rights across its entire value chain in the NEC Group Human Rights Policy.

In addition, as an ICT provider, 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 Group Human Rights Policy
In 2015, NEC formulated the NEC Group Human Rights Policy, declaring its intention to advance initiatives to promote respect for human rights across its entire value chain through dialogue and consultation with stakeholders and by implementing human rights due diligence.[1] Furthermore, in June 2022, the policy was revised and these revisions clearly show senior management's commitment to respecting human rights as well as its governance system, as required by the United Nations Guiding Principles on Business and Human Rights (UNGPs). The policy was reported to the Board of Directors held in fiscal 2023.

The NEC Group Human Rights Policy applies to all officers and employees of NEC and its consolidated subsidiaries, including fixed-term contract employees, temp employees, and part-time employees. We also encourage our suppliers, business partners, and customers to understand this policy and share our commitment to respecting human rights. This policy as well as our initiatives for promoting respect for human rights based on this policy will be reviewed periodically and updated or revised as necessary.

The policy supports international human rights standards relevant to NEC's businesses and technologies, including those established in the United Nations' International Bill of Human Rights,[2] the International Labour Organization (ILO) Core Labour Standards that consist of eight fundamental conventions in four categories,[3] the UNGPs, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Moreover, the policy stipulates that where national laws in the relevant jurisdiction conflict with internationally recognized human rights, we will seek ways to respect the principles of internationally recognized human rights.

☞ NEC Group Human Rights Policy (revised in June 2022)

Respect for the Rights of Children
NEC strives to prevent or mitigate adverse impacts of its products and services on children in support of the United Nations Convention on the Rights of the Child and the Children's Rights and Business Principles,[4] which mentions the rights of vulnerable children, in addition to the international standards embedded in the NEC Group Human Rights Policy. In accordance with the Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labour from its supply chains and promote business activities and corporate citizenship activities that are based on consideration for human rights—including the rights of children.

[1] 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

[2] This refers collectively to the Universal Declaration of Human Rights, 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.

[3] The ILO Core Labour Standards that consist of eight fundamental conventions in four categories

Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	Convention concerning Freedom of Association and Protection of the Right to Organise (No. 87) Convention concerning the Application of the Principles of the Right to Organise and Bargain Collectively (No. 98)
Elimination of All Forms of Forced or Compulsory Labour	Convention concerning Forced or Compulsory Labour (No. 29) Convention concerning the Abolition of Forced Labour (No. 105)
Effective Abolition of Child Labour	Convention concerning Minimum Age for Admission to Employment (No. 138) Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (No. 182)
Elimination of Discrimination in Respect of Employment and Occupation	Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (No. 100) Convention concerning Discrimination in Respect of Employment and Occupation (No. 111)

[4] Established by UNICEF, the UNGC, and Save the Children in 2012

■ Promoting Human Rights Due Diligence
To heighten the effectiveness of its human rights due diligence, NEC has conducted evaluations of its impact on human rights, beginning in fiscal 2019.

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, we 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, three salient 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, and employee safety and health.

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

Based on interviews conducted in fiscal 2021, we conducted a gap analysis at the corporate level in fiscal 2022 with the UNGPs and leading global companies as part of efforts to visualize issues at NEC.

Results of the analysis made it clear that, to prevent and mitigate human rights risks according to global trends, NEC needs to clarify its system for governing respect for human rights as well as its policy regarding human rights initiatives, and it must also respond to risks from the impact of conflicts and in high-risk countries and regions, which are general issues within NEC.

■ Enhancing Efforts to Address Risks of Human Rights Violations in the Value Chain
In fiscal 2023, based on discussions within the Sustainability Advisory Committee regarding human rights associated with geopolitical risks, the Risk Control and Compliance Committee furthered these discussions and made the following resolutions as part of an effort to improve NEC's system for preventing and mitigating human rights violations in the value chain, which were then reported to the Board of Directors.
• Revise the NEC Group Human Rights Policy
• Newly identify "human rights risks related to geopolitical situations and conflicts" as a salient human rights issue

Going forward, we will continue to engage in dialogues and consultation with stakeholders, promote further efforts regarding respect for human rights, and disclose information in a timely and appropriate manner.

Salient Human Rights Issues
• New technology and human rights (AI and human rights)
• Human rights risks related to geopolitical situations and conflicts
• Labour in supply chains
• Employee safety and health

Implementation Framework

The CEO of NEC Corporation oversees its human rights initiatives. NEC promotes human rights initiatives in accordance with the UNGPs, with the Sustainability Promotion Department managing progress as secretariat. The corporate officer in charge of sustainability promotion regularly presents status reports on initiatives to the Board of Directors, which monitors the progress of the initiatives.

The Corporate Human Rights Promotion Committee, established in 1997, has continued its work to promote activities that raise awareness of human rights, such as the elimination of discrimination and the prevention of harassment.

■ Human Rights Due Diligence Initiatives throughout the Value Chain

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 guidance 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.

In addition, NEC 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, we or its international subsidiaries immediately consult with the Export Control Division at the head office.

The NEC Europe Group conducts due diligence, including with support of third parties, and engages with partners and customers to confirm whether the human resources and labour management, procurement, and other operational processes of its own operations and supply chain comply with recognized international standards and applicable laws. The results of these monitoring activities are then reported to the board of directors of relevant subsidiaries and NEC Europe, and corrective actions are taken as necessary. Further, NEC Europe has confirmed that the human rights-related policies of the NEC Europe Group 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

■ Grievance Mechanism

In the event of a violation or suspected violation of human rights, NEC will immediately and accurately investigate the facts and the causes of the incidents and strive to take appropriate measures to resolve the matter.

We have a whistleblowing system that allows stakeholders to report information anonymously. We will keep the identity of any whistleblower and the content of any whistleblowing reports confidential. We ensure that whistleblowers are protected effectively against unfair treatment or retaliation of any form. Aside from NEC Group employees, this system serves as a contact point for a wide range of stakeholders, including temporary workers, business partners, and local communities.

To further strengthen the grievance mechanism, we have participated in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) at the investigation stage, a cross-industry initiative launched by the Japan Electronics and Information Technology Industries Association (JEITA) and the Business and Human Rights Lawyers Network (BHRL), an association of lawyers.

Human Rights Hotline (for employees in Japan, including temporary workers)
The Human Rights Hotline is intended for use by all those working for NEC, including dispatched and part-time workers. The system comprises an anonymous consultation desk operated by a third-party organization, as well as a point of contact set up in the Human Resources Division of each business site and in each business unit, with reports possible by phone or by email, in Japanese and English.

Hotline for Employees Outside of Japan (including temporary workers)
For NEC's consolidated subsidiaries outside of Japan, Regional Headquarters 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).

✎ Compliance and Risk Management

Compliance Hotline (for business partners)
NEC receives human rights-related reports from suppliers through the Compliance Hotline, which is operated by a third-party organization.

☞ Compliance Hotline
✎ Supply Chain Management

Customer Communications Center (for customers and local residents)
NEC receives human rights-related reports from customers and residents of local communities through the Customer Communications Center.

☞ NEC Customer Communications Center
👥 CS (Customer Satisfaction) Initiatives

Examples in EMEA region

Employees at each subsidiary in the EMEA region can report witnessed or suspected fraud-related wrongdoing including modern slavery, through Safecall, a third-party 24/7 confidential reporting line. Suppliers' concerns can be reported either via contact points that are operated internally by subsidiaries in the EMEA region, the Legal Division of NEC Europe, or Safecall.

An internal committee consisting of members from the legal, HR, finance, and sustainability divisions reviews every report submitted to Safecall thoroughly. If there are any human rights claims, their resolution will be confirmed with the claimant. If necessary, this internal committee can request a third party to assist in its investigations and in any remedial actions that are taken.

Measures and Main Fiscal 2022 Activities

■ Initiatives Related to Salient Human Rights Issues

- AI and Human Rights
- Personal Information Protection and Privacy
- Supply Chain Management
- Health and Safety

■ 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 and fiscal 2022, with the approval of the Board of Directors, NEC Corporation and 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.

Training at NEC Corporation	• Training to spread awareness of human rights are held annually for all employees, including dispatched workers and non-temporary workers (fixed-term and part-time workers). This training follows themes such as "Companies and Human Rights," "Human Rights Issues in the Biometrics Business and NEC Initiatives," and "Diversity and Human Rights." The training also includes an explanation of the NEC Group Human Rights Policy. Companywide training (online): 20,768(completion rate 88%) Training for new employees: 568	
	For newly appointed department managers	We used case studies to provide training on the key points of labour management and harassment prevention.
	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 700 people.
Training at NEC Corporation and its Group Companies in Japan	• We held training on "Harassment and Human Rights" for newly appointed corporate officers, and 68 people attended.	
Training at NEC Group Companies	• NEC Corporation provides access to the human rights training program to its group companies in Japan, including security contractors. • 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 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.

■ Operational Status of the Human Rights Hotline

In October 2020, we established a consultation desk operated by a third-party organization for employees of NEC Corporation in addition to the human rights hotline already existed at NEC Corporation and its Group companies. In April 2021, we expanded the scope of this service, to include employees at our Group companies in Japan.

We are working to raise awareness of the hotline with efforts that include officer messaging for eliminating harassment and online training.

Under such a situation, in fiscal 2022, 169 cases were reported to the Human Rights Hotline including harassment and human relations and work environment-related cases. There were no reports related to forced labour or human trafficking.

Related divisions work together to improve and resolve the contents of the consultations with the human rights hotline, and they are reported to the Risk Control and Compliance Committee in order to continue to raise awareness to prevent recurrence.

Topic: Risks and Opportunities ✍

In addition to financial risks, NEC works to gain a proper understanding of non-financial (ESG) risks, that if realized, may cause NEC to negatively impact the environment or society. As well as effective and efficient measures to mitigate these risks, NEC is taking steps to turn these risks into new business opportunities. As part of this initiative, we intend to direct our efforts according to materiality, which is a set of priority management themes from an ESG perspective. These efforts will maximize the value provided while minimizing risk, which in turn will improve future financial performance and contribute to achieving the SDGs.

Priority Risks and Countermeasures

Every fiscal year NEC Corporation identifies Priority Risks as risks that should be taken and they are reported to the Board of Directors, which puts countermeasures in place for them. In fiscal 2022, "risks in obeying the law regarding new technologies and new fields" and "risk management systems in response to changes in risks" were selected as Priority Risks.

Concerning "risks in obeying the law regarding new technologies and new fields," in fiscal 2022 we worked to visualize risks related to new technologies and new fields. In addition, we listed laws that would potentially be applicable and available consultation opportunities, and disseminated this information within NEC.

Risk Map

Impact / Urgency

As for "risk management systems in response to changes in risks," NEC adjusted its comprehensive risk management system and compiled a list of risks that NEC should be aware of. We assessed the risks from the perspective of urgency and their impact on NEC and prepared a risk map visualizing the priority of each risk.

Based on this risk map, "risks of human rights violation in the value chain" was selected as a Priority Risk to be addressed in fiscal 2023, which was then reported to the Board of Directors. Revision of the NEC Group Human Rights Policy is one of the efforts aimed at addressing this risk.

✍ Compliance and Risk Management
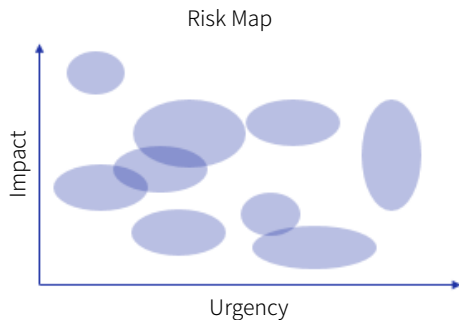
Major Risks, Opportunities, and Related Initiatives

The following are major risks and opportunities that NEC recognizes, as well as the key initiatives aimed at addressing them. We will review these risks as necessary to facilitate a flexible response to any sudden changes that may occur.

Financial

	Risks (●) and Opportunities (○)	Initiatives (Corresponding page in *Integrated Report 2021*)
Trends in economic environment and financial markets	● Impacts from economic trends and market fluctuations ● Fluctuations in exchange rates and interest rates ● Adverse effects of infectious diseases, man-made disasters, and natural disasters ○ Greater expectations for ICT as a solution to social issues	P.46 Living Harmoniously with the Earth to Secure the Future P.52 Business Overview

	Risks (●) and Opportunities (○)	Initiatives (Corresponding page in *Integrated Report 2021*)
NEC Group's management policies	● Financial fluctuations and fluctuations in revenue ● Failures on company acquisitions and withdrawal from businesses, etc. ● Difficulty in maintaining relationships with strategic partners ● Inability to participate in certain markets and country-related risks ○ New growth from implementing the Mid-term Management Plan 2025	P.22 Mid-term Management Plan 2025 P.30 CFO Message P.34 R&D and Business Development P.40 NEC, for Those Who Seek Challenge P.46 Living Harmoniously with the Earth to Secure the Future
NEC Group's business activities	● Dependence on the NEC Group's primary customer base ● Difficulties with respect to new businesses, intensifying competition ○ Increase in business opportunities	P.52 Business Overview

Non-Financial

Materiality	Risks (●) and Opportunities (○)	Initiatives (Corresponding page in *Integrated Report 2021* Ⓘ or *Sustainability Report 2022* Ⓢ)
Environmental action with a particular focus on climate change	● System failure from natural disasters ● Increased costs related to CO_2 emissions ○ Provision of ICT solutions	Contribute to reducing CO_2 emissions, not only from NEC, but also from customers' businesses and the entire supply chain Promote thorough energy conservation and increased use of renewable energy based on the NEC Eco Action Plan 2025, to achieve SBT 1.5°C Ⓘ P.46 Living Harmoniously with the Earth to Secure the Future Ⓢ P.40 Climate Change
Security to maximize ICT possibilities	● Information leaks, unauthorized access, system failure ○ Development of security professionals ○ Provision and operation of robust information systems	Promote information security measures in a sound manner Provide products and services that incorporate security measures Develop information security professionals Ⓘ P.34 R&D and Business Development Ⓢ P.69 Information Security and Cyber Security
AI and human rights	● Invasion of privacy-related risks accompanying new technologies ● Risks of human rights violations in the value chain (designated as a Priority Risk in fiscal 2023) ○ Strengthening competitiveness	Promote appropriate utilization of AI, develop advanced technology and talent, and engage with a range of stakeholders to build partnerships and collaborate with closely in accordance with the NEC Group AI and Human Rights Principles Revise and disseminate the NEC Group Human Rights Policy Ⓘ P.34 R&D and Business Development, P.60 Respecting Human Rights Ⓢ P.17 Respecting Human Rights, P.64 AI and Human Rights, P.66 Personal Information Protection and Privacy, P.77 Innovation Management
Diverse human resource development and cultural transformation	● Harassment ● Risks of human rights violations in the value chain (designated as a Priority Risk in fiscal 2023) ● Difficulty in securing and developing human resources ○ Greater organizational strength through improved employee engagement	Bolster diversity as a source of innovation and implement workstyle reforms supporting diverse talent Ⓘ P.40 NEC, for Those Who Seek Challenge Ⓢ P.56 Human Resource Development and Training, P.53 Inclusion and Diversity, P.59 Creating a Diverse Workstyle Environment
Corporate governance	● Inadequate accounting processes ● Mismanagement of confidential information ● Inadequate group governance ● Risk management systems in response to changes in risks (designated as a Priority Risk in fiscal 2022) ○ Acquisition of trust from society	Increase the transparency of corporate governance further Ⓘ P.6 Message from the President, P.22 Mid-term Management Plan 2025, P.30 CFO Message, P.64 Corporate Governance Ⓢ P.80 Corporate Governance
Supply chain sustainability	● Environmental and human rights risks ● Risks of human rights violations in the value chain (designated as a Priority Risk in fiscal 2023) ○ Collaboration and co-creation with suppliers	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 Ⓘ P.62 Supply Chain Sustainability Ⓢ P.88 Supply Chain Management
Compliance	● Compliance breaches (illegal acts, fraudulent acts) ● Reputation risks ● Quality of products and services, defects ● Risks in obeying the law regarding new technologies and new fields (designated as a Priority Risk in fiscal 2022) ○ Acquisition of trust from society	Ensure NEC Group members, from officers to employees, conduct themselves in accordance with the NEC Group Code of Conduct every day Ⓘ P.58 Risks and Opportunities Ⓢ P.80 Corporate Governance, P.81 Compliance and Risk Management, P.17 Respecting Human Rights, P.64 AI and Human Rights, P.66 Personal Information Protection and Privacy, P.88 Supply Chain Management, P.71 Ensuring Quality and Safety

Ⓘ: NEC *Integrated Report 2021*, Ⓢ: NEC *Sustainability Report 2022*

20

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" as 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 2022.

Meeting in Davos: AI on the Street
Source: World Economic Forum

	Themes and Objectives	Communication Method		Reference
Customers	• Contribution to resolving social issues through business activities • CS activities aligned to customer characteristics • Disclosure of appropriate information about products and services	• Sales activities • Established NEC Customer Communication Centers • Holding of NEC Visionary Week	• CS activities • Advertising, PR	👉 Implementation Examples (Contributions to SDGs, Environmental Solutions Website (Japanese only)) 👉 NEC's Activities to Improve Customer Satisfaction (CS) 👥 CS (Customer Satisfaction) Initiatives 👉 Advertising and PR
Shareholders and investors	• Timely, appropriate provision of information • Promotion of understanding of the Company, acquisition of feedback from capital markets • ESG activity reports and exchanges of opinions	• Financial results presentation meeting (quarterly) • IR events • Individual meetings with analysts	• General Meeting of Shareholders (annually) • Briefing on ESG • Sustainability Advisory Committee	👉 IR documents 👉 Briefing on ESG 🌐 Sustainability Advisory Committee
Business partners	• Strengthening of partnerships • Construction of better supply chains • Fair procurement activities	• Partner exchange meetings • Document Check • Declaration of commitment to Guidelines for Responsible Business Conduct in Supply Chains	• Policy briefings • Supplier Visit Records (SVRs) • Compliance Hotline	🌐 Topic: Respecting Human Rights ✏️ Supply Chain Management
Employees	• Understanding the status of employee engagement • Exchange of opinions between employees and management • Human resource development and evaluation • Promoting appropriate treatment and occupational health and safety	• One NEC Survey (annual) • Holding of the NEC Way Day • Town hall meetings with the NEC President • Health and safety committees	• Pulse Survey (every three months) • Environment Month • One-on-one meetings between supervisors and team members • Labour-management councils	🌿 Environmental Management 👥 Creating a Diverse Workstyle Environment 👥 Health and Safety
United Nations and international institutions, national and local governments	• Sustainable growth of society and companies • Sustainable development of international society and contribution to the SDGs • Compliance with laws and regulations	• Participation in global initiatives for strengthening sustainability • Public-private sector collaboration projects	• Policy declaration	🌐 Message from the President 🌐 Participation in International Initiatives 🌿 NEC Environmental Targets 2030 👉 NEC actions to achieve the SDGs 👉 Co-creation Activities with International Organizations
NPOs and NGOs, civil society	• Understanding feedback from society • Co-existence with local communities • Development of young social entrepreneurs	• 4Revs • Stakeholder dialogue • NEC Social Entrepreneurship School	• Environmental communication • NEC Make-a-Difference Drive corporate citizenship activity • NEC Pro Bono Initiative	🌐 Sustainability Advisory Committee ✏️ Toward Further Development of Human Rights Initiatives in Procurement 👥 Cooperation with Local Communities
Students	• Understanding feedback from society • Supporting the learning of the next generation	• NEC Future Creation Program	• e-Net-Caravan	👉 NEC RECRUITING SITE (Japanese only) 👥 Inclusion and Diversity

ESG Data

This section contains the Company's ESG policy, implementation framework, measures, and the results of major ESG-related activities from fiscal 2022.

Policy

Specific policies, guidelines, stances, and other relevant information regarding initiatives pertaining to each item

Implementation Framework

Implementation framework for each initiative pertaining to a particular item

Measures and Main Fiscal 2022 Activities

The Company's goals and the measures implemented to achieve them, as well as results of major activities from fiscal 2022

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

M : Major non-financial indicators related to "materiality"
- Listed in accordance with the contents page of the report.
- The goals put forth in the Mid-term Management Plan 2025 targets for fiscal 2022 to fiscal 2026.

Scope: NEC Corporation when not explicitly stated

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

Management for Sustainability	2025 Medium-term Goals	FY2022 Goals	FY2022 Achievements and Progress	Degree of Completion	FY2023 Goals
M : Priority Management Themes from an ESG Perspective —Materiality P.13	Please refer to page 15.				
Respecting Human Rights P.17	Promote employee understanding of the latest developments in global human rights	For employees (including dispatched workers): Continue to hold online training on Companies and Human Rights, and maintain a 90% completion rate	• Held online training on "Business and Human Rights" for employees with an 88% completion rate (including dispatched workers) • Implemented quarterly training for Human Rights Hotline staff	○	For employees (including dispatched workers): Continue to hold online training on Companies and Human Rights, and maintain a 90% completion rate
	Promotion of Due Diligence in Human Resources	Promote human rights impact assessments and human rights initiatives	• Conducted gap analysis in comparison with the UNGPs with an external expert and identified issues • A committee including CLCO and CHRO verified human rights risks and management of these risks on a regular basis	○	• Revise the NEC Group Human Rights Policy based on the UNGPs and spread awareness of policy throughout value chain • Enhance governance system for addressing risk of human rights infringements in the value chain and implement due diligence measures in high risk regions from a human rights standpoint

Environment	2025 Medium-term Goals	Indicators		FY2022	FY2026 Goals
Response to Climate Change P.40	Reduce risk and impact to NEC Corporation and the supply chain	NEC Corporation	**M** : Reduction rate of energy-related CO_2 emissions (absolute value) due to efficiency improvements	−31.1%	−33.6%
			Expand use of renewable energy (usage in MWh)	71,714MWh	78,000MWh
		Supply Chain	Scope 3 Category 1 Rate of CO_2 emissions reduction from purchased goods and services (compared with FY2018)	3.0%	−6.0%
			Scope 3 Category 11 Percentage of improved energy efficiency for sold products (compared with FY2014 products)	61.0%	90.0%

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Social	2025 Medium-term Goals	FY2022 Goals	FY2022 Achievements and Progress	Degree of Completion	FY2023 Goals
Inclusion and Diversity P.53	**M** Ensure diversity among leadership • Achieve the targets below by FY2026 - 20% ratio of women and foreign nationals among directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers - 20% ratio of women in all management positions - 30% ratio of women among all employees	• Introduce Steering Committee and strengthen system for promoting Inclusion and Diversity (I&D) • Manage pipeline to officer and management executive positions	• Promoted women's empowerment and success - 9.4% ratio of women and foreign nationals among directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers (as of June 30, 2022) - 8.1% ratio of women in all management positions (as of April 1, 2022) - 20.3% ratio of women among all employees (as of April 1, 2022) • Established the I&D Promotion Committee chaired by the CEO of NEC. The committee convened twice during the year to discuss topics related to female employees, made decisions on priority measures, and decided to hire an equal percentage of men and women among new college graduates in FY2026 • Selected approximately 100 elite personnel as management candidates with an eye on diversity ratios at each level of the organization, and commenced on-the-job training	◎	• Set goals for ratio of women as part of the succession plan for division general manager positions and higher • Identify female human resources who are keen to take action • Offer diverse career paths
	Recruit and employ people with disabilities • Continue to maintain statutory employment rate (including special subsidiary companies)	• Develop special subsidiaries and enter new occupational areas • Strengthen recruitment with new graduate internships • Utilize fee-based job placement agencies	• NEC Corporation exceeded the legally mandated employment ratio of 2.3% for people with disabilities as of 2022. However, some Group companies are below this ratio, and we are therefore working to increase this employment ratio throughout the Group • As a measure to expand occupational fields in the IT domain, we carved out operational work from administrative work conducted by development divisions for AI and DX businesses related to generating large amounts of learning data, and conducted trials at a special subsidiary • Created compelling content and implemented programs for new college graduate internship events • Began using consultants with specialized knowledge for employing people with psychological and developmental disorders at two companies that charge a fee for job information	○	• Enhance external promotions for inclusion of people with disabilities, including special subsidiaries • Establish system for hiring people who have psychological or developmental disabilities and welcoming them to the workplace, as well as providing retention support • Improve information accessibility at online events for people with disabilities
	Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title	• Launch Employee Resource Groups for women and foreign nationals • Hold regular in-house awareness-building events to further advance and entrench I&D culture	• Launched Employee Resource Groups for women and foreign nationals and implemented voluntary activities • Around 13,000 NEC Group employees around the world participated in NEC Inclusion & Diversity Day, an internal online event held on International Women's Day	◎	• Spread factual knowledge and information to employees through webinars held throughout the year on I&D topics • Implement unconscious bias training
Human Resource Development and Training P.56	Cultivate leadership and strengthen management capabilities in order to sustain a successful presence in the global market	Strengthen succession planning pipeline (Diversify human resources and cultivate global leaders)	• Promoted two women to corporate officer positions • Selected approximately 1,300 promising employees as candidates for the next generation of leaders, and gave them experience and training opportunities aimed at accelerating their growth (thirty-five percent of nominees were women and foreign nationals, in a bid to diversify human resources)	○	• Update training program for talent pool and promote higher-paced and more advanced training • Enhance training centered on challenging cross-organization assignments
	Professional development to foster a successful business transformation	Train 10,000 human resources involved with DX by FY2026	• Created the definition of "human resources involved with DX," and re-established requirements and training targets in order to strengthen personnel • Updated training program for human resources involved with DX and continued to strengthen measures to shift and polish skills - Conducted training focused on thought and behavior patterns (completed by 262 people) - Conducted training focused on digital technologies (completed by 21,305 people)	○	• Further update and add sophistication to training programs based on the definition of "human resources involved with DX" • Shift internal personnel toward digital technologies in keeping with advances in DX business
Creating a Diverse Workstyle Environment P.59	Utilize motivation-building model to generate real-world effects in workers	Increase motivation • Achieve yearly 5% increase on Pulse Survey score - Job fulfillment score - Productivity score - Condition score	• Scores in Pulse Surveys improved at NEC and its consolidated subsidiaries (June 2021 to March 2022) Job fulfillment score +1.8%, productivity score +12.2%, condition score +6.2%	△	2022 One NEC Survey engagement score: +5 points year on year
	Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance • Provide the experience necessary for employees to facilitate their own growth • Implement office reforms that foster trust and co-creation • Provide a workplace that allows for seamless execution of duties that overcome time and space restrictions • Foster a work culture that encourages a diverse range of human resources to provide value	Promote self-determination of an ideal workplace and time to support well-being • 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 • Introduce rules for working from remote locations	Reformed offices to build trust and spur co-creation • Implemented new teamwork-focused designs to establish offices as Communication-Hubs - Created floor layouts and concept guides • Remodeled employee cafeterias into Innovation-Hub FIELDs and opened them up as spaces where employees can interact with external customers and partners while dining • Introduced rules for remote work in November 2021. Updated guidelines for remote work as a way of working while at home or places far removed from assigned worksites. Applied these rules to employees who have compelling reasons for working remotely from home and are able to do their job adequately while at home	○	• Accelerate building of Communication-Hubs and roll out Innovation Hub FIELDs to several bases • Accelerate Group consolidation and implement these hubs at multiple bases • Expand systems to enable application of remote work rules regardless of whether an employee has a compelling reason
		Promote initiatives to improve productivity and engagement with the organization • Assess organizational soundness via data analysis • Introduce productivity assessment • Introduce "Thanks" platform	• Continued development of two dashboards that visualize workloads of employees in terms of their mental and physical condition, by using data accumulated in data platforms for diagnosing organizational soundness • Introduced a Group-wide "Thanks/Praise" system at NEC in November 2021, for the purpose of fostering a culture where employees mutually commend and build up each other through positive feedback by showing gratitude (Thanks) and admiration (Praise) (implemented at 100% of companies)	△	• Expand data types subject to analysis and analysis angles (productivity and effects of work) in health checkups • Expand active users of Thanks/Praise system within the NEC Group (20,000 people)

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

Social	2025 Medium-term Goals	FY2022 Goals	FY2022 Achievements and Progress	Degree of Completion	FY2023 Goals
Health and Safety P.61	Maintain OH&S levels in a diverse work environment	• Raise the completion rate of Companywide online health and safety education (90% or higher) • Stay ahead of danger by conducting proactive risk assessments of safe construction processes	• Increased Companywide completion ratio of online occupational health and safety training to 91.0% (19,259 people)	○	• Raise the completion rate of Companywide online health and safety training (90% or higher)
	Utilize health data (regular health checkup results, stress check results, etc.) strategically to clarify organizational issues and build a cycle for implementing and evaluating measures	• Establish indicators to evaluate health across the organization • Maintain designation as a Health and Productivity Management Organization (White 500)	• Added and standardized questions about mental and physical condition in Pulse Surveys • Maintained status as a Certified Health and Productivity Management Organization (White 500) and certification as a Health & Productivity Stock	○	• Increase established indicators (up 5%) • Maintain certification as a Health & Productivity Stock
AI and Human Rights P.64	**M** : Promote business activities that respect human rights as AI becomes a part of society	• Understand changes in Japanese and international laws and regulations and trends in social acceptability, and respond with suitable human rights initiatives	Grasped trends in human rights and privacy issues inside and outside Japan in a timely manner, and reflected this understanding in operations while sharing knowledge with business divisions	◎	Strengthen AI governance based on trends in laws and regulations around the world
		• Implement AI governance in accordance with the NEC Group AI and Human Rights Principles	• Continued to mitigate human rights risks related to AI utilization and clarified items that must be confirmed in employee guidelines • Implemented employee training • Deepened management's understanding of international trends related to AI and human rights and invited experts to give presentations on making business decisions that are mindful of human rights	◎	• Maintain dialogues with a variety of stakeholders
		• Maintain dialogues with a variety of stakeholders	• Continued to acquire knowledge from experts through the Digital Trust Advisory Council • Utilized the Company's knowledge and know-how to provide opinions and suggestions about processes for formulating and evaluating laws, regulations, and guidelines in Japan and abroad	◎	
Personal Information Protection and Privacy P.66	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	• Created guidelines for protecting personal information at overseas consolidated subsidiaries • Rolled out guidelines to major overseas consolidated subsidiaries, and started to rebuild and reinforce data privacy and compliance systems from a risk management approach based on how each company handles personal information	○	• Establish the Center of Excellence (CoE) group in the Compliance Department at the head office to supervise data compliance at overseas subsidiaries • Finish rebuilding personal information protection system and install data privacy and compliance managers at overseas subsidiaries that handle high-risk personal information in accordance with personal information protection guidelines for overseas consolidated subsidiaries • Implement training and education for data privacy and compliance managers assigned at overseas consolidated subsidiaries
	Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers	• Train Personal Information Protection Professionals to strengthen risk management when handling personal information in each business unit • Introduce Personal Information Protection Professionals and New PIICO at major consolidated subsidiaries in Japan	• Have attorneys hold business point seminars for all employees regarding the 2020 revision to the Personal Information Protection Law • Implement the following training and education programs throughout the year for Personal Information Protection Administrators and Personal Information Protection Professionals in all business divisions: (1) Human rights and privacy education (2) Training on business compliance with the 2020 revision to the Personal Information Protection Law (3) Guidance through individual consultations (4) Foundational courses on personal information protection (5) Courses to acquire certifications in personal information protection • Assign and train Personal Information Protection Administrators and Personal Information Protection Professionals at eight major consolidated subsidiaries in Japan (NEC Solution Innovators, Ltd., NEC Platforms, Ltd., NEC Fielding, Ltd., NEC Nexsolutions, Ltd., NEC Networks & System Integration Corporation, NEC Management Partner, Ltd., NEC Livex, Ltd., and NEC Life Career, Ltd.), and launch a new personal information protection management ledger system (New PIICO) (operations to commence in FY2023)	○	• Continue the training and education of Personal Information Protection Administrators and Personal Information Protection Professionals assigned to all business divisions • Expand the number of subsidiaries that have assigned Personal Information Protection Administrators and Personal Information Protection Professionals, and introduce New PIICO system
Information Security and Cyber Security P.69	**M** : Strengthen measures against cyber attacks	Respond to national threats • Establish zero trust security compatible with DX • Increase awareness and innovate control system	Responded to national-level threats - Achieved NIST CSF[*1] level, strongly improved BitSight score[*2] • Implemented zero trust security compatible with DX • Transformed awareness and discipline - Revised basic policy, cyber rules, and other rules ☞ Refer to the Information Security Report for details.	◎	Respond to national-level threats - Achieve NIST CSF level, strongly improve BitSight score for the NEC Group Realize zero trust security compatible with DX Transform awareness and discipline - Enhance security implementation for in-house systems
	M : Establish and operate a zero trust platform • Talent management and deployment (double the number of CISSP certified employees) • Strengthen supply chain security management • Establish a safe System Integration process	Reform processes to include built-in security as part of business proposals Release vulnerability management dashboard	• Released vulnerability management dashboard • Increased CISSP certification: approximately 200 people obtained certification (30% increase) • Revised cyber security rules for proposing and installing information systems for customers • Revised inspection checklists used before shipping to customer environments	○	• Normalize use of vulnerability management system • Encourage employees to obtain advanced security professional certifications (e.g., CISSP) • Start using standards for suppliers based on international standards • Establish and deploy Companywide cyber security management rules

*1 NIST Cyber Security Framework
*2 A cyber security risk score rating service provided by BitSight Technologies

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Social	2025 Medium-term Goals	FY2022 Goals	FY2022 Achievements and Progress	Degree of Completion	FY2023 Goals
Information Security and Cyber Security P.69	**M** : Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cyber security measures	Enhance standards inspections • Increase number of companies subject to standards management from 1,500 to 2,000 and improve document inspection • Consider increasing number of company bases subject to on-site inspections from 40 to 100, increase efficiency by utilizing online tools	• Expanded scope of management to 2,000 companies, improved document inspections • Expanded on-site inspections utilizing online tools to 100 companies	◎	• Increase efficiency of remote on-site inspections further, expand from 100 to 200 companies • Improve reconsignment management (set three-tier restriction rules) and monitor conditions
		Strengthen cyber security measures • Revise information security standards (including document inspection items) to conform with NIST SP800 from FY2023 • Hold information security briefing sessions to request security measure implementation from partner companies, and provide security improvement support	• Revised information security standards to conform with NIST SP800-171 • Held information security briefing sessions; requested compliance from partner companies (with support provided for improvements as necessary)	◎	• Spread new information security standards (based on NIST SP800) • Conduct self-assessment of system security plans (SSP) and share gap (80% SSP collection ratio)
CS (Customer Satisfaction) Initiatives P.73	Continue to be customers' company of choice by earning their unwavering trust	• Continue to engage in activities to improve customer satisfaction based on the voice of the customer (VoC) and in keeping with the characteristics of each business	• Continued to make improvements based on the VoC and in keeping with the characteristics of each business area	◎	• Continue to engage in activities to improve customer satisfaction based on the VoC and in keeping with the characteristics of each business
		• 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	• Achieved a result for the Customer Satisfaction Survey higher than the industry average (i.e., an average of "Total satisfaction") in market surveys		• 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
Cooperation with Local Communities P.74	Aim for 10,000 new registrants with the NEC Volunteer Support Service database by FY2026 Expand range of corporate citizenship	Increase the number of new employee registrations with the NEC Volunteer Support Service database of employee volunteers by 1,200 per year (increase of 100 per month)	NEC has created various opportunities, mainly online, for all employees in Japan to easily and proactively participate. As a result, the number of newly registered employees in NEC Volunteer Support Service (an employee volunteer database) increased sharply, by 2,943 people	◎	• Increase the number of new employees registered for NEC Volunteer Support Service (a database of employees with high social awareness) by 1,500 people • Officially launch the new NEC Future Creation Program (SDGs training program for the next generation of employees)
	Utilize corporate citizenship as a launching point for social value creation	Create new businesses and strengthen cooperation with local communities through corporate citizenship initiatives such as the NEC Social Entrepreneurship School and the NEC Pro Bono Initiative	• Concluded a comprehensive partnership agreement between NEC and Kakogawa City (Hyogo Prefecture) for advancing smart cities through regional co-creation and launched initiatives to resolve regional issues on a pro bono basis as a central part of this agreement • Concluded agreements with the Tokyo metropolitan government to assist with digital technologies in elementary and junior high schools within the city, and continued to have employees assist GIGA School classrooms at elementary and junior high schools	◎	Create new businesses from a corporate citizenship standpoint, support marketing activities and forge relationships with local communities (reach comprehensive partnership agreements, etc.)

Governance	2025 Medium-term Goals	FY2022 Goals	FY2022 Achievements and Progress	Degree of Completion	FY2023 Goals
Compliance and Risk Management P.81	**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	Number of cases of serious involvement with cartels and/or bid-rigging: 0	Number of cases of serious involvement with cartels and/or bid-rigging: 0	○	Number of cases of serious involvement with cartels and/or bid-rigging: 0
		Raise the completion rate of online compliance training (completion rate: 98% or higher)	Raised the completion rate of web-based compliance training (completion rate: 99%)		• Raise the completion rate of web-based compliance training (completion rate: 98% or higher) • Ensure awareness of Compliance Hotline (awareness rate: 90%)
		Number of reports submitted to the Compliance Hotline: 80 cases or more	Number of reports submitted to the Compliance Hotline: 62		
	Conduct appropriate risk management • Select important risks that affect business execution and both plan and implement effective measures	Establish and implement effective measures for Priority Risks	• Strengthened Companywide risk management by creating risk maps, etc. • Reinforced in-house systems for legal compliance risks related to new technologies and businesses	○	Establish and implement effective measures for Priority Risks
Business Continuity P.87	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	• Implemented training at each business site with an eye on post-pandemic conditions • Implemented online training and workplace conferences about actions to take in the event of a natural disaster while teleworking	○	Continue to implement training and education with an eye on post-pandemic conditions
	Contribute to increasing corporate value through disaster prevention and business continuity activities	Cooperate with sales support staff to contribute to business	• Supported marketing by holding seminars and introducing case studies of the Company's measures • Supported marketing with in-house deployment of the Company's services (MCA Advance)	○	Support marketing with field tests and aggressively roll out NEC services in-house
Supply Chain Management P.88	**M** : Acquire declarations from suppliers which account for 75% of the total consolidated procurement amount (by end-FY2026)	Acquired declarations from suppliers which account for 72% of the total consolidated procurement amount	Acquired declarations from suppliers which account for 80% of the total consolidated procurement amount	◎	Continue acquiring declarations from suppliers which account for 75% of the total consolidated procurement amount

Environment

Policy and Targets

Policy

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

NEC Environmental Policy

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

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

Position of Environmental Management

At NEC, we have set medium- and long-term environmental targets based on the NEC Way that align with trends both inside and outside the Company. We are currently defining activities for the NEC Eco Action Plan 2025, a five-year plan from fiscal 2022 through fiscal 2026, and encouraging all of our employees to take action.
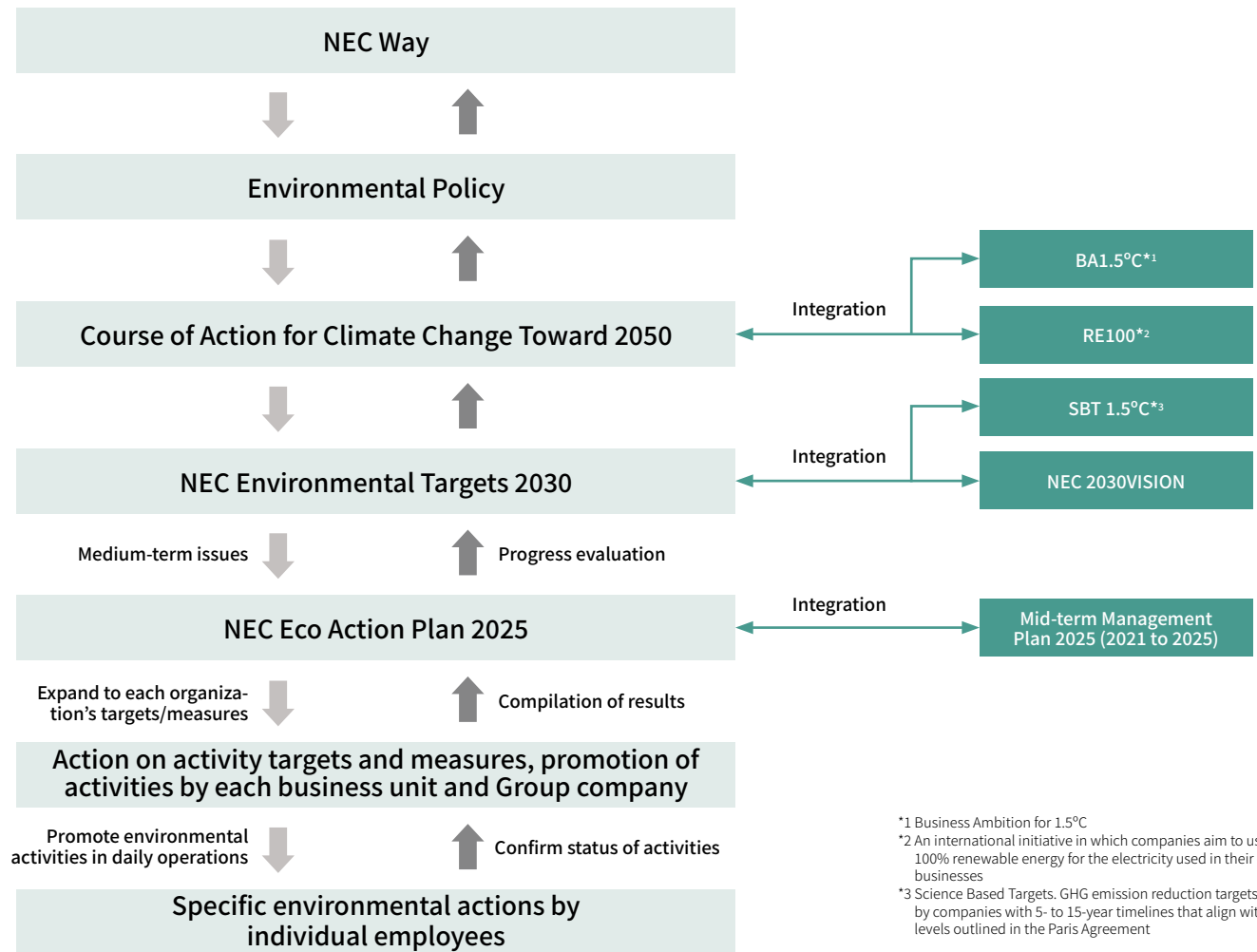
*1 Business Ambition for 1.5°C
*2 An international initiative in which companies aim to use 100% renewable energy for the electricity used in their own businesses
*3 Science Based Targets. GHG emission reduction targets set by companies with 5- to 15-year timelines that align with levels outlined in the Paris Agreement

Targets

■ Net Zero Emissions by 2050

In September 2021, NEC became a signatory to Business Ambition for 1.5°C (BA1.5°C) and declared that it will target net zero CO_2 emissions from Scope 1, 2, and 3 by 2050. In addition to its previous target for the Company's business activities (Scope 1 and 2), NEC targets net zero emissions for Scope 3, which includes its entire supply chain.

Before then, in May 2021, NEC changed its SBT from well below 2°C to 1.5°C and was recertified as such. We are taking action to achieve our targets to reduce CO_2 emissions for Scope 1 and 2 by 55% as well as for Scope 3 by 33% by fiscal 2031 (both compared with fiscal 2018 levels). In particular, NEC is advancing activities to reduce emissions along with its suppliers and sellers because Scope 3 accounts for 95% of the entire Group's greenhouse gas emissions.

NEC's SBT 1.5°C target

Scope 1 and 2:
Reduce GHG emissions by 55% by fiscal 2031 compared with fiscal 2018 level

Scope 3:
Reduce GHG emissions by 33% by fiscal 2031 compared with fiscal 2018 level in Category 1 (purchased goods and services), Category 3 (fuel and energy activities not included in Scope 1 and 2), and Category 11 (use of products sold)

Scope 3 coverage: 35% of Category 1, 100% of Category 3, 100% of Category 11

"Effectively zero" CO_2 emissions from supply chains
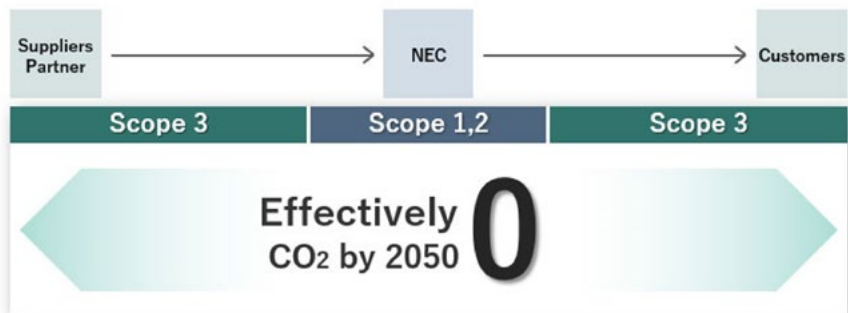
SCIENCE BASED TARGETS

■ Course of Action for Climate Change Toward 2050

In 2017, we formulated the Course of Action for Climate Change Toward 2050 as our long-term stance on climate change. This policy has four quadrants for mitigating and adapting to climate change, and expresses NEC's ambition to co-create a sustainable society with customers and reinforce its business foundation into a more sustainable one.

I. Building a sustainable management foundation
To reduce CO_2 emissions from our supply chain to zero, we are taking steps with our suppliers to reduce CO_2 emissions and improve the energy efficiency of our products. Additionally, NEC is advancing measures to counter risks in its supply chain while mitigating the impact of climate change on its supply chain.
- Aiming for zero CO_2 emissions from supply chains
- Implementing strict countermeasures against climate change risks in supply chains

II. Achieving a sustainable society by collaboration
Through the provision of ICT solutions, NEC helps its customers and society reduce CO_2 emissions. We aim to realize a safe and secure society by supporting preparations for disasters, and predicting and forecasting potential natural disasters.
- Realizing a low-carbon society as a goal for the planet
- Realizing a safe, secure society that is resilient to climate change risks

■ NEC Environmental Targets 2030

NEC Environmental Targets 2030 calls on the Company both to continuously reduce its own environmental footprint and risks and to increase its contributions through businesses with an eye on 2030. Further, NEC will increase environmental contributions through its businesses by providing value not only in the area of climate change countermeasures, which has been the focus of its 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 these targets, NEC has backcasted from the 2030 targets to prepare the NEC Eco Action Plan 2025, a five-year action plan that the entire NEC Group is advancing.
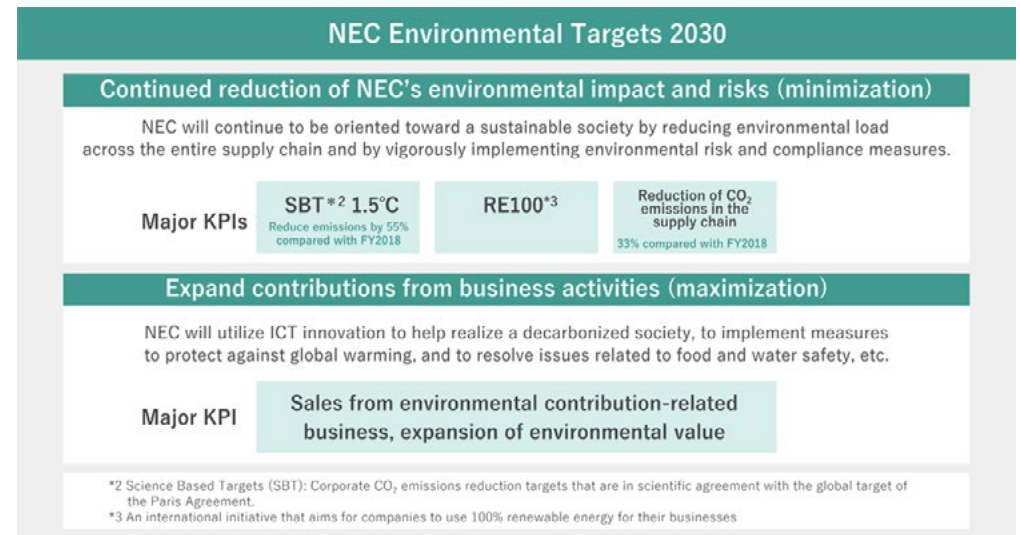
Achievements

SBT

Fiscal 2022 Results

Scope 3 CO₂ emissions increased in fiscal 2022 compared with the previous fiscal year due to an increase in shipments of mobile infrastructure equipment and an increase in the value of raw materials procured as a result of business expansion.

	Fiscal 2022 emissions	Compared with fiscal 2018
Scope 1, 2	324,000 tons	Down 31.1%
Scope 3*[1]	3,788,000 tons	Down 26.6%
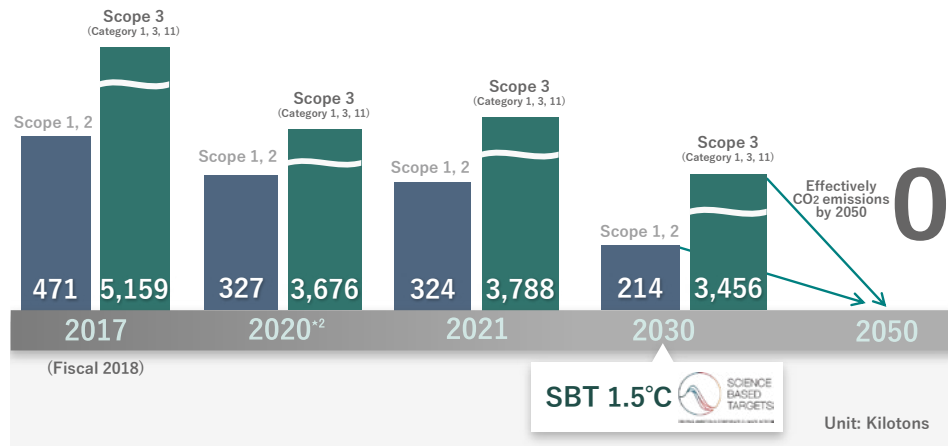
*1 Scope 3 coverage: 35% of Category 1, 100% of Category 3, 100% of Category 11
*2 Scope 3 figures for fiscal 2021 (2020 above) were revised due to an error in the figures disclosed for fiscal 2022. We will work to improve the accuracy of Scope 3 disclosures.

Reduction Measures

Scope 1 and 2	Use more LED lighting, upgrade power facilities, optimize hours of air conditioner operation, install additional solar power
Scope 3 Category 1*[1]	Engage suppliers to reduce emissions, share the state of improvements at energy conservation, survey actual conditions
Scope 3 Category 11*[2]	Improve energy efficiency through assessments during product development stage

*1 Scope 3 Category 1: CO₂ emissions of purchased products and services
*2 Scope 3 Category 11: CO₂ emissions of sold products

RE100*

In May 2021, NEC joined RE100, which aims for a significant increase in the use of renewable energy globally. NEC aims to use only renewable electricity by 2050. We are moving forward with activities based on a policy of installing solar power generation equipment on roofs wherever possible. We are also procuring more green electricity. In fiscal 2022, 9.5% of the electricity we used was renewable energy.

Bases and Companies with 100% Renewable Energy

Japan	NEC headquarters, NEC Cloud IaaS Data Center, and NEC Solution Innovators, Ltd. headquarters and Shinkiba Center Building
International	KMD A/S (Denmark), NEC Corporation of America (U.S.), and NEC Scandinavia AB (Sweden, Norway, and Finland)

* RE100: This initiative is based on a partnership with the CDP and The Climate Group, an international NGO. It consists of companies that aim to derive 100% of the energy they use from renewable energy.

Renewable Energy Results / Plan

FY	Renewable energy results / Plan (Solar power)
FY2020	NEC Abiko Plant: 1.2MW
	NEC Platforms Thai Co., Ltd.: 1.4MW
FY2021	NEC Abiko Plant: 0.3MW
FY2022	NEC Platforms Kofu Plant: 1.2MW
FY2023	NEC Platforms Nasu Plant: 0.3MW (Scheduled to start operation)
	NEC Abiko Plant: 2.6MW (Scheduled to start operation)
	NEC Platforms Kakegawa Plant: 0.7MW (Plan)
FY2024	NEC Sagamihara Plant: 0.4MW (Plan)
	NEC Fuchu Plant: 1.0MW (Plan)
	NEC Platforms Kakegawa Plant: 0.3MW (Plan)
	NEC Platforms Otsuki Plant: 0.5MW (Plan)

NEC Eco Action Plan 2025

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

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

■ Priority Items

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

1. Reduce own risks and environmental footprint

2. Increase contributions through businesses

3. Build foundations to promote environmental management

1. Reduce own risks and environmental footprint
We aim to reduce our environmental footprint.

			Themes	Indicator	Fiscal 2022 results	Fiscal 2026 targets
(1)	Reduction of CO$_2$ emissions	In-house	Reduce total emissions (absolute value) (SBT)	Reduction rate of energy-derived CO$_2$ emissions (absolute value) (compared with FY2018)	−31.1%	−33.6%
(2)			Expand use of renewable energy	Amount of electric power used from renewable energy	71,714MWh	78,000MWh
(3)		Supply chain	Reduce Category 1 emissions (SBT)	Reduction rate of energy-derived CO$_2$ emissions from purchased goods and services (compared with FY2018)	3.0%[*1]	−6.0%
(4)			Reduce Category 11 emissions (SBT)	Improvement rate of product energy efficiency (compared with FY2014 products)	61.0%[*2]	90.0%
(5)	Reduce water usage			Reduction rate (compared with FY2019)	−22.7%[*3]	−3.5%
(6)	Reduce waste emissions			Reduction rate (compared with FY2019)	661.7%[*4]	−4.8%

[*1]: (3) Due to an increase in the procurement of raw materials in tandem with business growth
[*2]: (4) Due to an increase in CO$_2$ emissions in accordance with the growth in shipments of mobile infrastructure equipment
[*3]: (5) Decreased due to measures implemented to reduce water usage, business restructuring, and employees working from home during the pandemic
[*4]: (6) Due to an increase in waste associated with the dismantling of structures at business sites

2. Increase contributions through businesses
We are clarifying the environmental value of existing businesses and creating solutions that are focused on environmental issues.

	Themes	Fiscal 2022 results	Fiscal 2026 targets
(7)	Create a system to expand environmental value (reducing CO$_2$ emissions by promoting DX among customers, etc.) and sales from environmental contribution-related business (green revenue, etc.)	Created definition of businesses that contribute to the environment	Define businesses that contribute environmental value; set targets for fiscal 2031
(8)	Manage environmental business assets and encourage eco appeal	Launched website and published 30 solutions for environmental business assets	Update environmental business assets (each year)
(9)	Create new environmental solutions and create new themes for R&D	Conducted one workshop for evaluating environmental businesses	Evaluate environmental businesses Hold workshops

3. Build foundations to promote environmental management
We strive to raise the environmental awareness of each of our employees.

	Themes	Indicator		Fiscal 2022 results	Fiscal 2026 targets
(10)	Increase environmental awareness among all employees	Environmental education class completion rate	Japan	98%	95% or more
			International	90%	95% or more

■ **Management Items**

Areas	Themes		Management contents	Targets
Reduction of own environmental impact	Preventing global warming	1	Reduction rate of energy usage (consumption intensity)	Achieve 1% decrease year on year
		2	Reduction rate of energy usage intensity from logistics	Achieve 1% decrease year on year
	Promoting effective use of resources	3	Zero emissions	Continue to meet target
		4	Amount of paper purchased (copy paper, EDP paper)	Maintain or reduce levels from FY2006 (by subsidiary)
		5	Reuse of collected used products	Achieve reuse rate of 90% or more
	Preventing pollution (air and waste quality)	6	NOx and SOx emissions	Reduce by 1% or more compared with FY2018
		7	BOD and COD emissions	Reduce by 1% or more compared with FY2018
	Reducing chemical substance usage	8	Amount of chemical substances purchased	Reduce by 1% or more compared with FY2018
		9	VOC emissions	Reduce by 1% or more compared with FY2018
Risk countermeasures	Legal compliance (for notification, reporting, and emissions)	10	Chemical substance balance management	Achieve 100% implementation rate
		11	Chemical substance purchasing regulations	Achieve 100% implementation rate
	Compliance with RoHS rules	12	Conformance status of all products	Achieve 100% compliance
	Environmental assessments	13	Preliminary evaluation of 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	—
		17	Continued acquisition of Eco Symbol Star certification	Achieve 100% implementation rate
	Software products	18	Implementation rate of environmental assessments	Achieve 100% implementation rate
		19	Implementation rate of products subject to environmental impact evaluation	Achieve 100% implementation rate
	Hardware and software	20	Applications for Eco Symbol Star certification	—
		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 measures implemented to preserve biodiversity	Conduct 10 or more activities per year

Environmental Business   NEC's GX (Green Transformation) Business for Carbon Neutrality

Our Approach

Around the world, climate change and other environmental issues are having a major impact on the safety and security of our lifestyles as well as the continuity of business. Leveraging its accumulated strengths in digital technology, NEC helps resolve various environmental issues to move toward a carbon-free society and circular economy. In the priority businesses under the mid-term management plan, including digital government, core DX and global 5G, NEC is expanding scale and strengthening businesses related to carbon neutrality, such as resource aggregation, while advancing green initiatives.

NEC's Environmental Solutions

NEC has a long list of solutions that help solve environmental issues.

Regarding decarbonization, in particular, we offer various solutions tailored to industry and business types for improving visibility, changing workflows, increasing work efficiency, and utilizing renewable energy. In addition to our solutions, we combine with other solutions and consulting services to provide the optimal solution to our customers from various perspectives. This chart shows NEC's solutions that support initiatives in decarbonization. Starting with the visualization of CO_2 emissions, NEC provides complete ongoing support to its customers, from clarifying the areas in need of CO_2 reduction and related issues to setting and achieving targets.
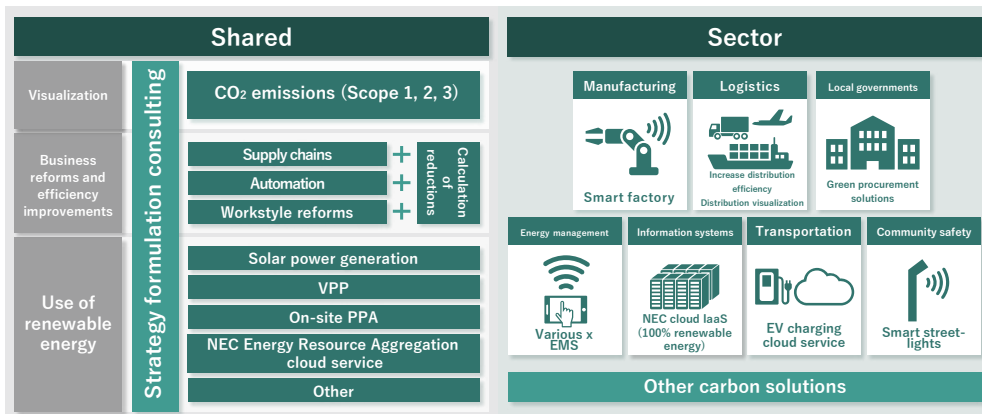
List of Environmental Solutions

Category	Solution	Description
Visualization	Environmental performance management solution (GreenGlobeX)	Collect, manage, and visualize environmental data on CO_2, water, and waste
Support for certifications / Compliance with strict laws	Energy, environmental management analysis, reporting support	Provide support for energy and environmental management in order to assist operations of ESG real estate
Energy conservation	Smart streetlights	Reduce environmental load and size of disasters with smart streetlights
	Energy solutions	Optimize total energy management in construction of plants and offices and equipment installation
	ZEB solutions	One-stop support for ZEB,* from planning to design, construction, and operational management * Net zero energy building
Renewable energy / Distributed energy	Solar power generation business (PPA)	On-site energy services
	Off-site PPA	Off-site energy services
	Renewable energy solutions for in-house energy consumption	Installation and operation of facilities suitable for renewable energy solutions for in-house energy consumption
	Solar power generation x Storage battery systems	Systems for decarbonization during normal times and responding to long power outages
	Supply–demand adjustment solutions	Resource aggregation services
	Microgrid system	System for reliably supplying electricity and responding to regional power outages with distributed power sources
Adaptation	IoT monitoring system for river water levels	Installation and maintenance of river water level measurement equipment, integrated systems for transmission of data
	Satellite communications system	Provision of integrated systems, from building to maintenance, including broadcasting systems that use satellites and disaster prevention systems
Resource circulation	Cellulose-based bioplastics	High-performance biomaterial ("NeCycle") derived from cellulose
	Regional resource recycling services	Visualization of recycled resource collection and participation of local residents, services to promote intra-regional recycling of resources and energy

■ Greenification of Priority Businesses and Green ICT Infrastructure

NEC aims to provide value from an environmental standpoint in digital government, digital finance, core DX, and global 5G, the priority businesses in our mid-term management plan. NEC is working closely with partner companies and universities on the development of innovative infrastructure devices, for example, as those based on the IOWN concept, in addition to ongoing efforts to conserve electricity in O-RAN/ICT infrastructure in a bid to make ICT infrastructure greener.

Greenification of Priority Businesses: Strengthening and Expanding Scale of Businesses Related to Carbon Neutrality

2021 — 2025 — 2030 — 2050

DIGITAL GOVERNMENT DIGITAL FINANCE	Financial	ESG risk assessment	Carbon credit
	National and local governments	Green Digital Governments / Green Smart Cities	
CORE DX	Industry	Green DX (visualization and optimization within companies)	Green DX (supply chain optimization)	Cross-domain total optimization
GLOBAL 5G	ICT infrastructure	O-RAN Conserve electricity in ICT infrastructure	Innovative ICT infrastructure and devices
Other (RA,* etc.)	1 Strengthen existing DX that accelerated decarbonization	Businesses related to carbon neutrality	
	2 Develop new businesses that facilitate decarbonization	

*RA: Resource aggregation

Realization of Innovative, Green ICT Infrastructure

Conserve electricity in O-RAN/ICT infrastructure | Innovative ICT infrastructure and devices

- Differentiate in O-RAN market with green technologies
- Create innovative networks with ecosystems
- Innovative green materials

Networks / IT		Power supply	All optical / Electric + Optical	Ultra-low power consumption / Large capacity / Ultra-high speed / 5G / B5G / Ultra-high reliability / Ultra-multi-connectivity / Ultra-low latency	Recycling
Autonomous operations of ICT infrastructure	Base station resource optimization	NanoBridge (R)	IOWN, APN opto-electric conversion	Beyond 5G	Materials informatics
Integrated control of networks and IT	Autonomous optimization of O-RAN	Nonvolatile devices (NBS)	Halve ICT electricity consumption (NTT)	Next-generation networks (Osaka University)	Materials innovation

■ CO$_2$ Visualization: Environmental Performance Management Solution GreenGlobeX

NEC provides the cloud-based service GreenGlobeX (GGX) as a solution for efficiently managing the environmental performance of plants and offices of corporate groups in Japan and around the world. By unifying the management of collected environmental data, the solution links data with target management and the visualization of CO$_2$ emissions. The solution enables more efficient management by significantly reducing the number of processes involved in data collection, collation, and progress management.

Moreover, in the past, customers had problems visualizing their Scope 1 and Scope 2 CO$_2$ emissions, and they have been trying in recent years to visualize CO$_2$ emissions (Scope 3) in their supply chains. In light of this situation, NEC aims to enhance the functionality of GGX in stages to handle Scope 3 emissions from fiscal 2023.

Deployment track record
Since launching operations in 2012, our solution has been adopted by 37 companies and is in operation at more than 4,000 bases in Japan and around the world, thanks to customer satisfaction with our environmental business know-how and support services.

Diverse range of companies that have adopted our solution
Auto parts manufacturers, heavy industry manufacturers, industrial equipment makers, electric equipment makers, precision equipment makers, office equipment makers, oil wholesalers, chemical manufacturers, cosmetic manufacturers, food companies, beverage companies, and pharmaceutical manufacturers
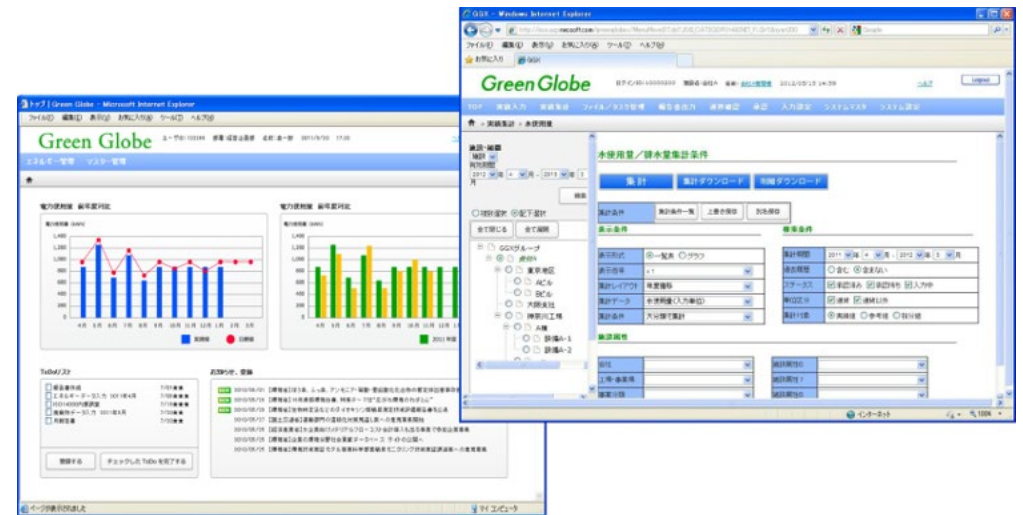
Environmental Management

Framework

■ Environment-oriented Management Implementation Framework

NEC has put into place a system for advancing environmental management that contributes to the creation of a sustainable society through business activities that consider the environment. NEC has also formulated and implemented rules for environmental management to clarify the roles, responsibilities, and authorities of each organization that puts environmental management into practice.

At the Business Strategy Council (consisting of executive officers, among others), which discusses management issues at NEC, discussions are held regarding strategies and the impact of important environmental issues, including climate change, on business execution. Matters to be discussed by the Business Strategy Council are debated beforehand by the environmental management committees in each business unit and unit, as well as by special sub-groups for each topic; and depending on their importance, matters are also deliberated on by the Environmental Management Promotion Council, which comprises managers in charge of the environment in each business unit. Matters that have a significant impact on NEC's operations are discussed 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, devised by the Business Strategy Council and Board of Directors, consistent environment-oriented management can be implemented throughout NEC.
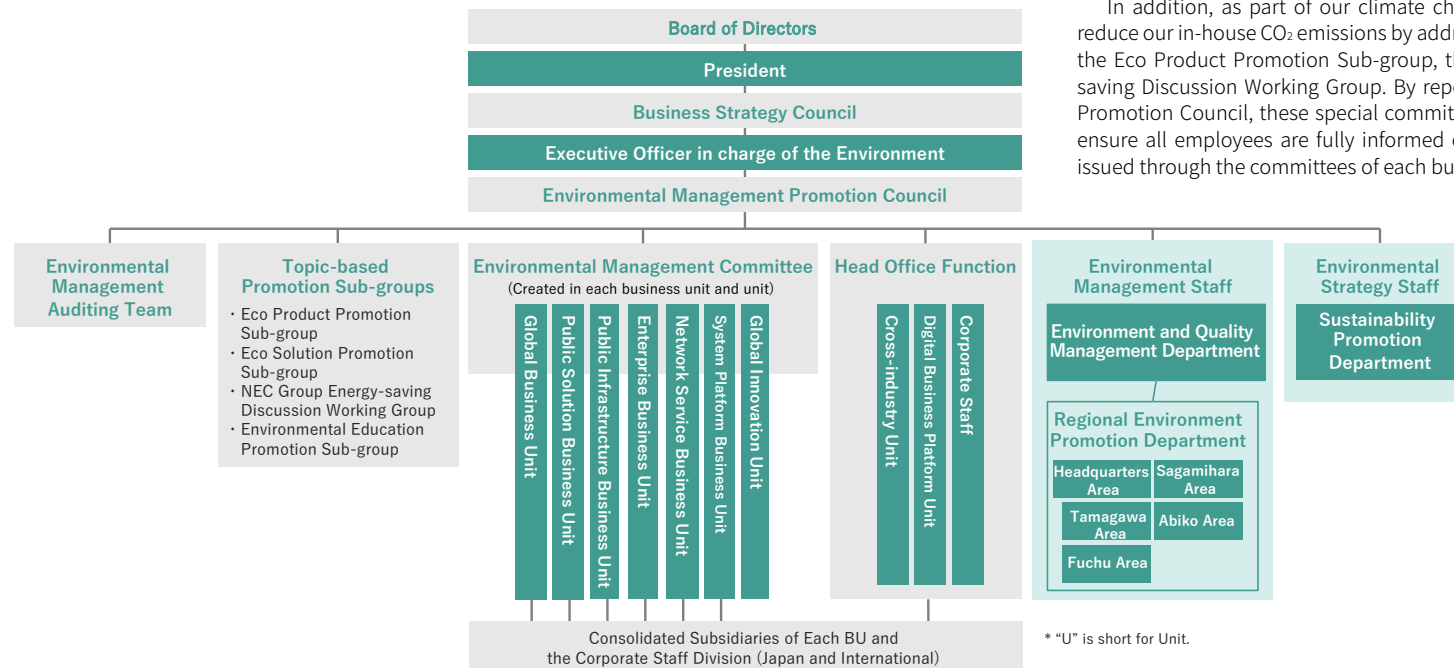
■ Framework for Climate Change Countermeasures

With 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 & 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 2022, NEC became a signatory to Business for Ambition 1.5°C (BA1.5°C), and this 1.5°C-compliant business model was adopted by the Business Strategy Council and the Board of Directors as a long-term target for reaching net zero emissions by 2050.

In addition, as part of our climate change countermeasures, we are advancing Group-wide measures to reduce our in-house CO_2 emissions by addressing specific aspects of the issue through three special committees: the Eco Product Promotion Sub-group, the Eco Solution Promotion Sub-group, and the NEC Group Energy-saving Discussion Working Group. By reporting and submitting proposals to the Environmental Management Promotion 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.

NEC's Environmental Management Promotion Structure (as of April 2022)

* "U" is short for Unit.

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 particularly focus on the relationship between each division's operations and environmental strategy, the 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.

■ ISO 14001 Certification

ISO 14001: 2015 Certification (as of April 2022)

Japan	International	Total
37	16	53

☞ NEC Group Companies List with ISO 14001 Certification
☞ ISO 14001 Certification Registrations in the NEC Group

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 in the European Union 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 & Compliance Committee. If a risk is identified that may have a significant effect on businesses, the Risk Control & 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.

■ Legal Violations, Accidents, and Complaints

Since fiscal 1999, NEC has used its website to disclose any fines or penalties levied on the Company related to the environment. In both fiscal 2021 and fiscal 2022, NEC was not subject to any fines or penalties related to the environment inside or outside the Company, unchanged from the previous fiscal year. There were no accidents that affected the areas beyond the perimeters of our sites; there were nine environmental accidents that were contained within our sites; and three 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 abroad, 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.

In fiscal 2022, we conducted independent surveys of the soil and groundwater at our Tamagawa Office in Kawasaki, Kanagawa Prefecture, and at our Sagamihara Office in Sagamihara, Kanagawa Prefecture.

The surveys found specified hazardous substances at levels exceeding the legal limit, and we reported the results to the administrative agency with jurisdiction. We finished remedial work (excavation and removal of soil, cleaning of original site) under the guidance of the administrative agency.

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 will continue taking appropriate measures.

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.

Item	Details and fiscal 2022 results	Target
Environmental training for all employees	NEC conducts environment-related web-based training (in five languages) for employees at offices around the world. Targets for course completion in the NEC Eco Action Plan were achieved, at 98% in Japan (95% target) and 90% overseas (85% target).	All employees
Training of environmental auditors	NEC conducted auditor training remotely by group on law revisions, audit policy, and other matters.	NEC environmental auditors
Environment Month (June)	Fiscal 2022 topic: "Environment Month" for personally thinking about and taking action on climate change and biodiversity We asked employees to make a MY Action Declaration to protect biodiversity after listening to presentations and panel discussions by outside experts. A total of 13,000 employees participated in Environment Month.	All employees

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.

■ 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_2 emissions compared with that of conventional products.

In fiscal 2022, two items, comprising two 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 on product catalogs and on websites.

☞ Eco Symbol Star Products (Hardware)
☞ Eco Symbol Star Products (Software and Services)

Eco Symbol System

Eco Symbol Star — Creation of environmental top-runner products
· Must be environmental top-runner products
· Must meet the Eco Symbol Star standards

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

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

Environmental Compliance of Products

■ 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 comply with global regulations such as the European Union's Restriction of Hazardous Substances (RoHS) Directive and Registration, Evaluation, Authorisation and Restriction on Chemicals (REACH) regulations, 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[1] and chemSHERPA-AI,[2] which are operated by JAMP.[3]

*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 (SVHC), 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 SVHC 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 abroad to comply with regulations on chemical substances contained in products applicable to each respective country, including China and the United States.

Environmental Initiatives in Supply Chains

NEC aims to reduce the environmental footprint of its products throughout their life cycles. NEC asks its suppliers to behave responsibly as corporations by the NEC Group Procurement Policy and Guidelines for Responsible Business Conduct in Supply Chains. 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 to build 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.

About the "essential requirements" for suppliers, purchased goods 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 requirements (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

☞ NEC Green Procurement Guidelines for Suppliers (Japanese) (5th edition)
Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products (Ver. 10) (Japanese)

■ Enhancing Engagement with Suppliers

In fiscal 2022, throughout its supply chains, NEC identified and assessed risks by conducting a survey of about 1,000 suppliers 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_2 emissions, water consumption, and waste generation.

In March 2022, NEC held a briefing for suppliers about its initiatives to combat climate change, and asked suppliers for their cooperation in battling climate change. While collaborating with suppliers, we are advancing activities to reduce environmental risks to assess environmental issues and correct any risks found in the entire supply chain.

Briefing for suppliers
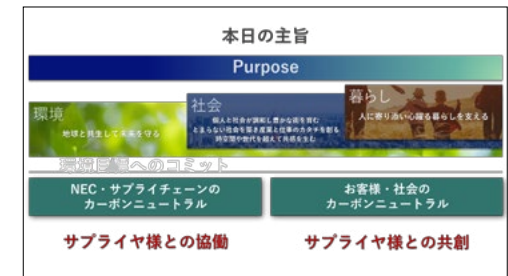
Climate Change

Our Approach

Toward the realization of carbon neutrality by 2050, NEC is expected to fulfill an increasingly large number of roles and responsibilities. In response, NEC has positioned climate change (decarbonization) as a core response to environmental issues and 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 Toward 2050, our climate change countermeasures are providing value both in terms of mitigation and adaptation. In 2021, NEC drafted NEC Environmental Targets 2030 and declared an objective to achieve net zero emissions of CO_2 (Scope 1, Scope 2, and Scope 3) in its supply chain by 2050. In 2022, NEC formulated a climate transition plan and expanded its strategic activities through business and initiatives to reduce its environmental burden by setting more targets toward a decarbonized society.

NEC also reports on its CO_2 emission reduction activities based on Japan's Act on the Rational Use of Energy and Act on Promotion of Global Warming Countermeasures.

Disclosure in Line with the TCFD*

In 2018, NEC announced its endorsement of the 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.

* Task Force on Climate-related Financial Disclosures

Outline of Initiatives Based on TCFD Recommendations

Item	Description	Related pages
Governance	• Report to the Board of Directors important issues related to the environment, including climate change • Based on environmental management rules, clarify roles, responsibilities, and authorities of organizations related to promoting environmental management	> Framework (page 36) > Environment-related reports for main committees (page 41)
Strategy	• Set key material issues for management of climate change • Examine countermeasures and identify risks and opportunities over the short, medium, and long term caused by climate change, based on multiple scenarios • Mitigation (decarbonization) leads to business opportunities/Develop appropriate solutions and expand provision • Implement measures toward decarbonization, manage outcomes	> Climate transition plan (page 16) > Scenario analysis (pages 34–35) > Risks and opportunities (page 44) > Introduction of internal carbon pricing (page 44)
Risk management	• Assess risks under Environment-oriented Management Implementation Framework and with Risk Control & Compliance Committee • Advance activities to address potential and materialized risks, understand results and issues, and examine future plans to reduce and prevent risks	> Climate transition plan (page 16) > Systems (page 36) > Environmental risk (page 37) > Risks and opportunities (page 44) > Compliance and risk management (pages 81–83)
Indicators and results	2050 targets • Net zero CO_2 emissions (Scope 1, 2, and 3) • 100% renewable energy 2030 targets • Setting of SBT 1.5ºC Scope 1 and 2: 55% reduction (compared with fiscal 2018); Scope 3 (Categories 1, 3, and 11): 33% reduction (compared with fiscal 2018)	> Targets (pages 29–30) > Greenhouse gas emissions (page 31) > Planning and introduction of renewable energy (page 31) > Targets and results (page 45) > Data compilation (page 94)

Environment-related Reports for Main Committees

Since climate change is an important materiality, committees attended by managers deliberate, supervise and report on initiatives and risks related to the environment, including climate change. In fiscal 2022, in addition to engaging in dialogue with stakeholders, NEC set up the Sustainability Advisory Committee to broaden discussions between management and outside experts.

Key Discussions, Audits, and Reports

Forum		Fiscal year	Frequency	Key discussions, audits, and reports
Board of Directors		FY2020	One time	May: Sustainability promotion policy
		FY2021	Four times	June: Report on sustainability promotion activities December: Environmental perspectives in next mid-term management plan February: Report on sustainability promotion activities March: NEC Eco Action Plan 2025 (including investment and spending plans)
		FY2022	Four times	May: Report on sustainability promotion activities December: Participation in BA1.5°C, report on ESG briefings January: NEC's initiatives to become carbon neutrality February: Environmental risks (part of Companywide risk countermeasure evaluations)
Dialogue between management and outside experts	Dialogue with stakeholders	FY2020	One time	Response to environmental issues centered on climate change
		FY2021	One time	What initiatives should NEC take now to create environmentally beneficial businesses
	Sustainability Advisory Committee	FY2022	One time	Understanding global trends related to climate change and NEC's risks and opportunities

Scenario Analysis

NEC's Vision for 2030/2050: Our Future Lifestyles and Local Governments

NEC believes that a company cannot continue to exist and grow without analyzing scenarios for climate change. Among recent global risks, climate change risks are numerous and could have an extremely large impact on not only corporate business activities and earnings but also our livelihoods. No matter what future is in store for us, based on multiple scenarios, NEC will examine steps that should be taken to realize a safe and secure society while surviving and growing itself. In 2019, we conducted a Companywide scenario analysis, and in two different scenarios, we analyzed potential changes in risks and opportunities for NEC.

Our Future Lifestyles and Local Governments—A focal point in 2021

The NEC Group engages in a variety of businesses globally, from the floor of the ocean to the far reaches of outer space. The risks and opportunities related to climate change differ by business field, so talking about future risks and opportunities related to climate change for NEC as a whole is not necessarily the best approach. In fiscal 2022, NEC conducted a scenario analysis to shine the light on how our lifestyles and local governments will change in the future, as they pertain to the businesses of NEC and the state of measures to combat climate change in Japan and around the world.

In light of the Paris Agreement, governments around the world have drawn up policies that target the 1.5°C scenario. Japan has declared a goal of reducing GHG emissions by 46% by 2030 compared with the level in fiscal 2014, on the path to becoming carbon neutrality by 2050, and this has encouraged the national and local governments to move more quickly toward decarbonization. For a long time, NEC has been involved in many projects to build core systems for government agencies and government services, and NEC can lend its strengths in digital technologies in this field because it also has experience in smart city projects. Under the NEC 2030VISION, we described a future society in terms of the environment, local communities and livelihoods, all of which are close to people's lifestyles. In fiscal 2022, our scenario analysis focused on the state of regions, including the private sector, while concentrating our analysis on local governments.

Selection of Business Domains for Scenario Analysis

Trends in measures to combat climate change in Japan and around the world

NEC's Vision, Purpose, and business strategies

Select applicable businesses (degree of impact, urgency, etc.)

Examination Steps

External environment	Identify drivers of society (axis)
	Creation of scenarios for 2050
	Creation of scenarios for 2030
Impact on NEC	Opportunities, risks, strengths, weaknesses
	Awareness of business environment
	Evaluation of strategic options
Strategy	Creation of specific strategies
	Confirmation of fairness of strategies
	Reconciliation with current strategies

■ Results of Scenario Analysis (2030): World Envisioned by NEC in 2030 and 2050
Our Future Lifestyles and Local Governments

NEC created scenarios for 2030 and 2050 to envision the impact of climate change on the future of regions and local governments (core cities and small-scale cities). We evaluated four scenarios, with the 1.5°C and 4°C scenarios in the transition to a carbon-free society on the vertical axis, and the relationship of citizens with their governments and the state of government systems, separated by enforced actions and voluntary actions, on the horizontal axis. In each scenario, we used some items related to climate change and decarbonization, with assumptions for 2050 in the following scenarios.
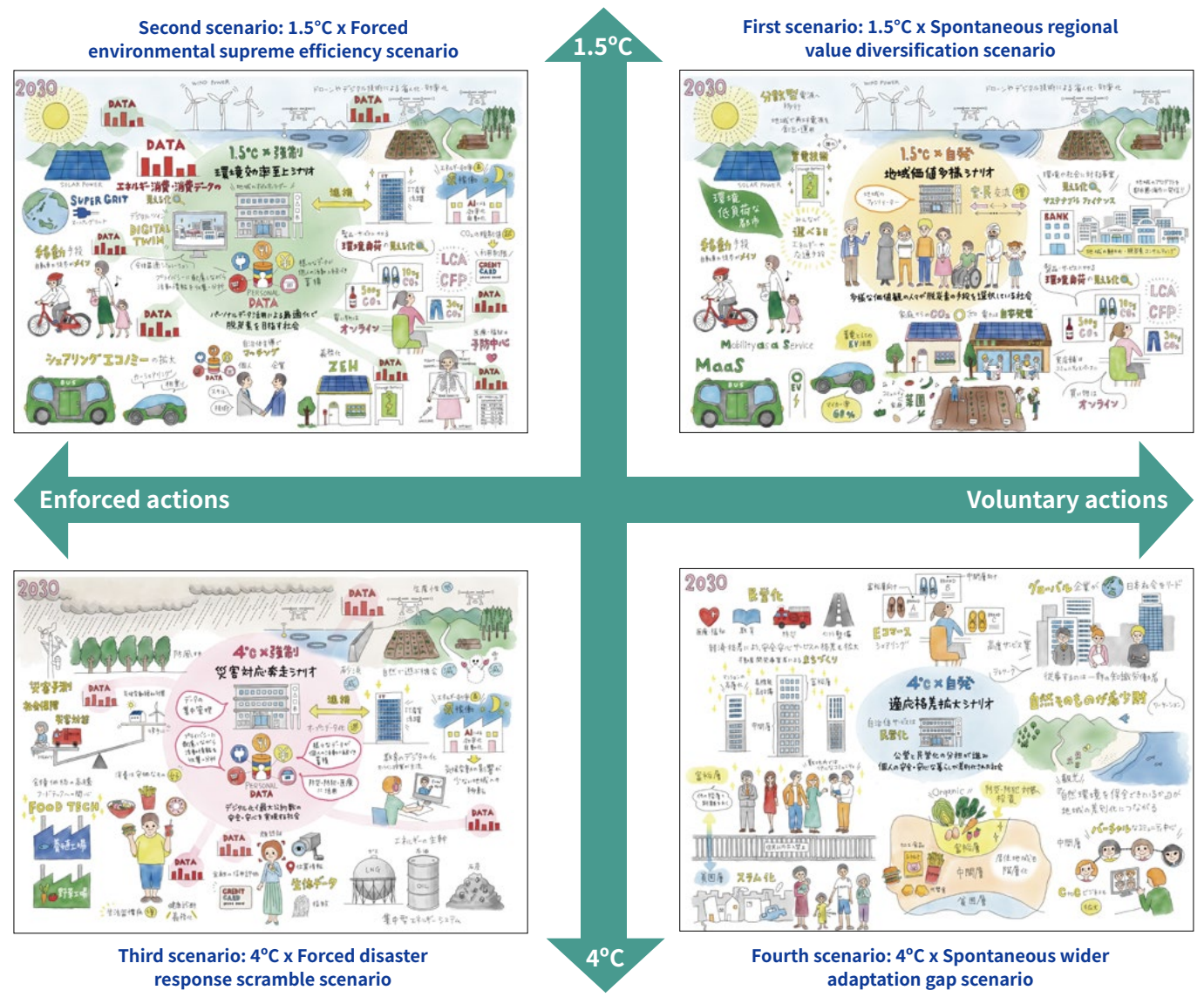
Referenced Published Scenarios

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

Second scenario: 1.5°C x Forced environmental supreme efficiency scenario

First scenario: 1.5°C x Spontaneous regional value diversification scenario

1.5°C

Enforced actions

Voluntary actions

4°C

Third scenario: 4°C x Forced disaster response scramble scenario

Fourth scenario: 4°C x Spontaneous wider adaptation gap scenario

Vertical axis: Realization of 1.5°C carbon society (global temperature up 1.5°C in the year 2100) and 4°C failure (global temperature up 4°C in the year 2100)
Horizontal axis: Forced and spontaneous aspects of relationships between residents and governments and state of government systems

■ Risks and Opportunities Based on Scenario Analysis

Section	Summary	Key words	Risks	Opportunities	2030 NEC Business Examples
First scenario: 1.5°C x Spontaneous	In this scenario, unique local government services and ordinances are decided based on regional resources and cultures, with companies and communities leading regional revitalization and efforts to decarbonize. Residents and social populations increase in regions that successfully create cities with low environmental loads, and the revitalization of industry leads to sounder government finances. However, local governments that do not take these initiatives will see an outflow of population and industry, creating regional disparities.	Inter-regional competition, regional recycling economy, decentralization, diversity, zero emissions from households, spontaneous actions to reduce emissions	• Emergence of and increase in rivals and new entrants • Market monopolies and oligopolies • Increase in information security risks	• Stronger needs for regional energy management systems (local production for local consumption) • Increase in regions promoting smart cities/greater needs to use urban OS • Increase in needs for differentiation of each region • Increase in sustainable incentive usage	• Energy x MaaS business • Service for discovering attractive qualities of regions • Sustainable incentives that promote changes in behavior
Second scenario: 1.5°C x Forced	In this scenario, there is unified awareness of climate change, and powerful government policies to counter climate change are acceptable. Governments are allowed to gather and use the necessary data, and take a lead in decision-making to optimize resources in each region. It becomes common to share things and restrict consumption, and policies are put into place for more economical living and mobility. Government agencies use private-sector resources and begin to develop comprehensive data-driven services.	Uniformity, government-led reengineering of society, wide area collaboration, data usage, restrictions on emissions of individuals, zero emissions from households	• Decline in number of local government entities • Market oligopolization • Emergence of and increase in new entrants • Increase in information security risks • Emergence and increase in ethical and human rights problems	• Increase in regions promoting smart cities/greater needs to use urban OS • Increase in needs to manage and use personal data • Increase in needs to visualize and utilize CO_2 data	• Resource aggregation • Automated environmental load data collection and analysis system • Comprehensive data-sharing platform
Third scenario: 4°C x Forced	In this scenario, governments increase measures to prevent disasters as the transition to a carbon-free society is derailed. Government control strengthens; cities, towns, and villages merge together; and administrative districts become more rigid in rezoning. Communities begin to realign, and unseen discrimination among citizens and surveillance becomes more prevalent. Primary industry and tourism are impacted by climate change, industrial competitiveness declines, and unemployment rates increase. Digitalization progresses for healthcare, disaster forecasting, and education.	Organize districts prone to natural disasters, investment in reconnaissance measures, streamlining of local governments, fiscal troubles at local governments, decline in tourism industry, surveillance society	• Decline in number of local government entities • Emergence of and increase in rivals and new entrants • Privacy ignorance and resistance to forced collection of personal data • Dysfunction of business bases due to natural disasters	• Increase in government measures to prevent disasters • Increase in needs for wide-area collaboration and review of administrative districts • Increase in government needs to diagnose aging infrastructure • Increase in needs for standardized platform services in wide-area collaboration	• Urban planning with digital twins/simulations • Infrastructure monitoring and diagnosis services • Remote management and control services for disaster prevention • Biometric identification services (verify survivors in emergency situations, purchase essential items)
Fourth scenario: 4°C x Spontaneous	In this scenario, temperatures increase and disasters occur, but governments have trouble responding, and selective concentration begins for much of infrastructure and services, while privatization progresses. Disparities and stratification increase between people who have and people who cannot maintain current comforts, such as spending, education, healthcare/welfare, and living environments. People and companies relocate to areas with lower risks of natural disasters. Regions that failed to privatize and entice private-sector companies experience an outflow of population and a worsening tax base, threatening their existence.	Privatization of government services, widening disparities in incomes and regions, hierarchical communities, digital and virtual spaces, insolvency in social infrastructure	• Decline in number of local government entities • Emergence of and increase in rivals and new entrants • Dysfunction of business bases due to natural disasters	• Privatization of infrastructure and public services • Increase in needs to rebuild urban infrastructure • Increase in needs from private sector for disaster prevention and disaster prediction • Increase in heatstroke countermeasures, acceleration in digital healthcare	• Customizable weather forecast systems and apps • Resilient communications infrastructure services • Health management services for heatstroke

Risks and Opportunities for All of NEC

NEC identifies and classifies impacts arising from climate change as short-term, medium-term, and long-term risks and opportunities. Under the examination process, NEC evaluates the future impact of climate change based on scenarios after existing businesses are reorganized from a climate change perspective. At the same time, we confirm assets for addressing risks and taking advantage of opportunities. Major risks and opportunities are reflected in mid-term management plans.

Risks	Description	Countermeasures
Transition risk	Risks from carbon pricing • Assuming all of NEC's Scope 1 and Scope 2 emissions (about 210,000 tons) when SBTs are achieved in fiscal 2031 are subject to carbon pricing ($100/t-$CO_2$), costs will increase by ¥2.3 billion (assuming ¥110/$) • Assuming impact from higher costs in upstream and downstream supply chains	Increase use of renewable energy and achieve thorough gains in efficiency to realize each target for SBTs (2030 and zero CO_2 emissions [2050]) (ongoing efforts in supplier engagement and to improve energy conservation performance of products)
Physical risk	Possible 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 (installing flood gates and moving power supply equipment) with provisions for weather-related disasters, such as river flooding, and strengthening of power generation in data centers

Opportunities	Description	Creation and expansion of opportunities
Value toward transition risk countermeasures (mitigation)	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 use	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.)
Value toward physical risk countermeasures (adaptation)	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 infection	Infectious disease countermeasure solutions, preparation of a logistics information management platform in the event of a global infectious disease, remote work, telemedicine support, education clouds, etc.

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_2 emission reductions that would result from a given capital investment into a monetary value, which we can then use as a reference when making investment decisions.

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.

Greenhouse Gas Emissions: Targets and Results

Emissions in fiscal 2022 were as follows. All figures have been certified by third parties.

Item	Target	Results
Scope 1 and 2	16.8% reduction (compared with fiscal 2018)	31.1% reduction (compared with fiscal 2018)
Scope 3	—	26.6% reduction (compared with fiscal 2018)

Greenhouse Gas Emissions, Scope 1 to 3

Other (excluding Category 13, 14, 15) **8%**

Emissions from purchased goods and services (Category 1) **50%**

6,859,000 tons (fiscal 2022)

| Scope 1, 2 (NEC's emissions) | 5% |
| Scope 3 | 95% |

Emissions from use of sold products (Category 11) **37%**
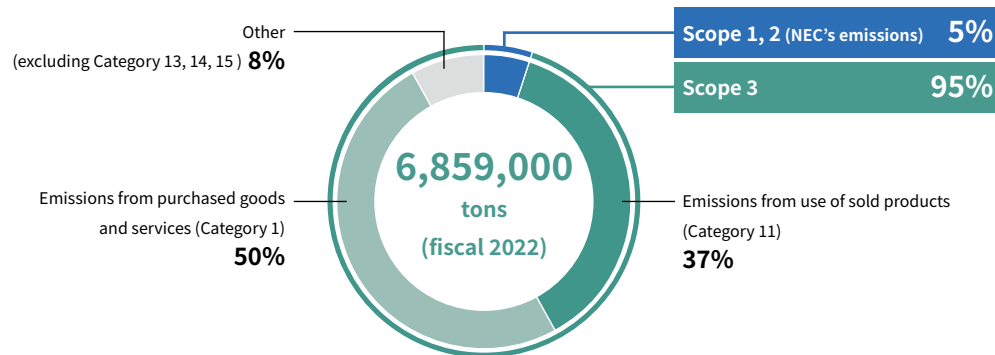
Coverage: NEC Group

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

Unit: Kilotons

	Emissions
Scope 1	22

Scope 2	302

Scope 3	6,535
Category 1 Purchased goods and services	3,439
Category 2 Capital goods	152
Category 3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	56
Category 4 Upstream transportation and distribution	353
Category 5 Waste generated in operations	9
Category 6 Business travel	15
Category 7 Employee commuting	4
Category 8 Upstream leased assets	2
Category 9 Downstream transportation and distribution	0.01
Category 10 Processing of sold products	0.2
Category 11 Use of sold products	2,504
Category 12 End-of-life treatment of sold products	0.3
Category 13 Downstream leased assets	—
Category 14 Franchises	—
Category 15 Investments	—

Water

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 reduction efforts in our water usage and environmental impact. We are also employing water risk management practices, which include addressing the issues of water shortages, water pollution, and flooding.

The Environmental Management Promotion Council meets 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 harm business if they affect certain facilities. In such cases, the division overseeing the supply chain predicts the impact of these risks and formulates countermeasures. These countermeasures are reported to and discussed 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 domestic 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 include suppliers, we conduct environmental risk surveys on their water usage and wastewater output. This allows us to calculate totals for these figures, better understand their situation and take steps to ensure business continuity in the event of wind or water damage, while engaging 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 2022.

■ Measures in Water-stressed Area

NEC Platforms Thai Co., Ltd.—a production base for NEC products—is located in a water-stressed area in terms of baseline water stress.* Based on the results from the Aqueduct survey, NEC Platforms Thai has 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. Moreover, during normal times NEC engages in regular communication with industrial zone groups and nearby conglomerates that entails sharing information about measures to prevent flooding. We prepare for emergencies by maintaining a system of cooperation with these parties.

* 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^3, 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 its available supply on average every year.

■ Internal Water Pricing System

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

■ Finding Risks and Opportunities

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

■ Prevention of Water Pollution and Wastewater

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

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

■ Targets and Results

Item	Targets	Achievements
Water usage	1.5% reduction (compared with fiscal 2019)	Achieved 22.7% reduction (compared with fiscal 2019)
BOD and COD emissions (absolute values)	At least 1% reduction (compared with fiscal 2018)	Achieved

Action: Take thorough measures to expand use of recycled coolant water, operate production facilities more efficiently, and conserve water

☞ Example of initiatives to reduce water usage

Resource Circulation and Pollution Prevention

Our Approach

To help realize a sustainable society, NEC strives for the effective use of limited resources and is committed to activities based on our Environmental Policy, which affects 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

■ Finding Risks and Opportunities

Risk / Opportunity	Description	Risk reduction measures / Specific opportunities
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 before the enactment of regulations to facilitate an early response
Opportunity (economic value)	Market expansion of circular economy-related businesses continues to progress and new markets continue to open up.	Growing demand for NEC bioplastic products, and AI tools for food loss countermeasures

■ Waste with High Environmental Impact

NEC engages in the sale and manufacture of information equipment such as servers, routers, and wireless communications equipment. These products are made using a wide variety of chemical substances, and if these substances are not disposed of properly after use, they could 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.

■ Response to the Issue of Marine Plastics

NEC is working to resolve the issue of marine plastics through its business activities and 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.

☞ Development of microplastic analysis technologies
☞ Recycling of home gateway products
☞ NEC regional resource recycling services
☞ NeCycle®, a gorgeous and highly functional cellulose-based biomaterial

■ Targets and Results

Item	Target	Results
Waste volume	2.0% reduction (compared with fiscal 2019)	661.7% increase (compared with fiscal 2019) Not achieved
Recovery volume of used information communications products	—	Recovered volume 1,698 tons, recycling rate[1] 99%, resource-reuse rate[2] 91%

Factors behind increase in fiscal 2022 waste emissions: Increase in construction waste associated with streamlining of NEC's business sites (about 271,000 tons); excluding the streamlining of business sites, waste emissions were about 38,000 tons, a reduction of 6.7% compared with fiscal 2019.

Actions: Expand conversions of waste to sellable materials, enhance waste separation, reduce paper use through digitalization, reuse cushioning materials, and administer on-site checks targeting contractors to ensure that outsourced industrial waste goes through an appropriate disposal process

[1] Recycling rate: The ratio of the weight of reused, material-recycled, and thermal-recycled items to the total weight of 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 collected IT devices (defined by the Law for the Promotion of Effective Utilization of Resources)

■ Waste
Breakdown of Waste Generation   (Unit: Tons)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total waste	42,593	38,318	38,589	35,886	308,460
General waste	2,251	2,156	2,328	1,823	1,781
Industrial waste	36,611	35,030	31,993	26,772	303,457
Specially controlled industrial waste	3,380	633	2,756	5,755	1,795
International waste	351	499	1,512	1,536	1,427
Recycling	36,686	34,504	36,612	29,057	291,668
Recycling rate	86.1%	90.0%	94.9%	81.0%	94.6%

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 replace harmful substances with safer ones.

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

NEC discloses the results of managing the inputs and outputs of chemical substances used by the NEC Group that are subject to the PRTR System (Class I Designated Chemical Substances: 462 substances).

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: 29,409 kg	Low concentration: 71,932 kg

Scope: NEC Corporation

Targets and Results

Item	Target	Results
Chemical substance procurement volume[1]	1% reduction (compared with fiscal 2018)	Achieved
Emissions of volatile organic compounds (VOCs)[2]	At least 1% reduction (compared with fiscal 2018)	Achieved

[1] Substances subject to the PRTR System
[2] Substances subject to voluntary action plans in the electrical equipment and electronics industries

Preliminary Evaluation Process for Chemical Substances

Chemical Substance Balance Control Chart (FY2022)

Total chemical substances handled
173 t
(-22%)

Substances removed in treatment process (through decomposition, etc.)
0.1 t
(±0%)

Released into the atmosphere
22 t
(-20%)

Recycled
19 t
(+223%)

Discharged into sewage system
0 t

Released into public water bodies
0 t

Dispose of as waste
8 t
(+208%)

Used in products and other items
123 t
(-34%)
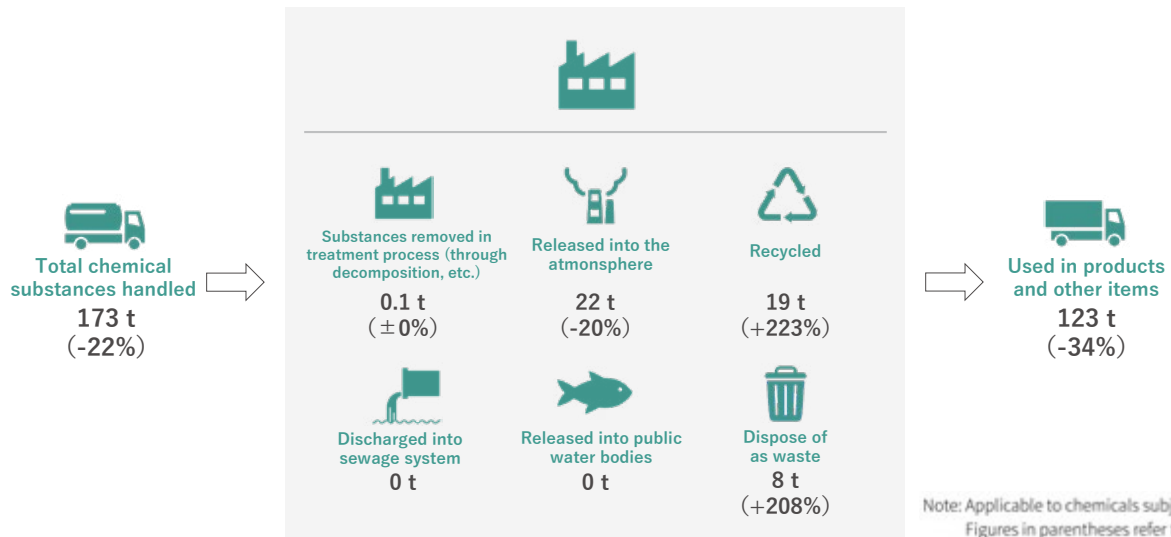
Note: Applicable to chemicals subject to the PRTR Act
Figures in parentheses refer to year-on-year difference.

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.

What We Do

■ Finding Risks and Opportunities

Risks / Opportunities	Description	Risk reduction measures / Specific opportunities
Risks	Alterations to the land at production sites, as well as underground and surface water usage, wastewater, and gas emissions and waste at 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 wastewater, the atmosphere, and soil.
Opportunities (social value)	Efforts to protect biodiversity around bases and neighboring areas will lead to cooperation with a variety of stakeholders and improve brand value, which might create business opportunities.	Engage in activities to conserve biodiversity such as the protection of endangered species, and paddy field development through local exchange.

■ Participation in International Initiatives (SBTs for Nature[1]/TNFD[2])

In recent years, a variety of initiatives related to nature and biodiversity have been launched around the world amid climate change, and such initiatives are likely to be rolled out further and gain momentum over the next few years. In fiscal 2022, NEC participated as a corporate member in the framework evaluation stage for two international initiatives that might have an impact on the business world. By participating in discussions and the prototyping of frameworks at the idea stage, NEC stands at the forefront of global trends, searching for solutions that will help create a society in tune with nature.

Under the frameworks being examined, it will be important for companies to identify and disclose risks related to biodiversity. Based on international standards, NEC has already identified such risks and their potential impact on its own activities, by utilizing ENCORE, a risk management tool for biodiversity.

[1] SBTs for Nature: Corporate participation program
　Nature SBTs are science-based targets for companies and local governments to act upon within the scope of their operations and jurisdictions. It is the nature version of SBT for the 1.5°C climate change scenario. Target-setting methods are scheduled to be made public in 2022.
[2] TNFD: Taskforce on Nature-related Financial Disclosures, TNFD Forum
　TNFD creates a framework for disclosing nature-related financial information for the purpose of directing the flow of global capital to activities that preserve and restore nature. Plans call for the framework to be published in 2023.

Flowchart of Dependency on Natural Capital Based on ENCORE* (For information equipment businesses)
This chart shows the flow of water, atmosphere, and ocean geomorphology and their dilution dependencies for information equipment companies.
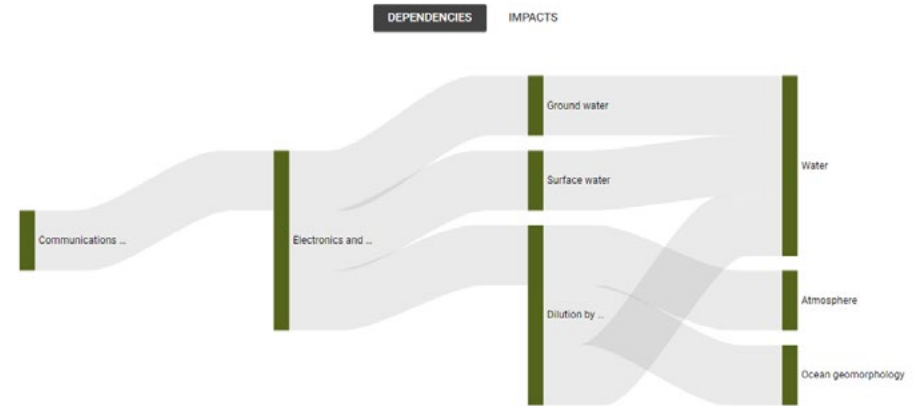
* ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. A United Nations Environment Programme, ENCORE is a risk assessment tool for biodiversity developed by the World Conservation Monitoring Centre (UNEP-WCMC) that facilitates research into dependencies and impacts on ecological services based on the characteristics of each business sector.

■ Responding to 30 by 30* and OECM

Discussions are currently being held around the world about indicators to measure the impact on nature and biodiversity. One potential quantitative target is known as 30 by 30, by the Convention on Biological Diversity. In order to contribute to this target, NEC participates as an initial member of the 30 by 30 Alliance (led by the Ministry of the Environment). As a company, NEC also aims to help expand natural environmental areas and intends to register some of its land as an area of other effective area-based conservation mechanism (OECM).

* 30 by 30 is a worldwide initiative for governments which was agreed upon at the G7 Summit in 2021, to designate 30% of the earth's land and ocean areas as protected areas by 2030.

■ 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 (Copera 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 2022, 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.

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 2022, we will release some of the Acheilognathus typus to Yotsuike and observe the effects of the change in habitat.

Photographer: Kazuhiro Tamegai

We also hold an annual "Biodiversity Dialogue" to go over results and discuss future efforts with the Teganuma Aquatic Organism Research Association, the city of Abiko, and experts in the field. Our activities spanning more than 10 years were recognized in fiscal 2022 with Select Committee's Special Award 2022 from the Nature Conservation Society of Japan, which is given to companies that make major contributions to the preservation of biodiversity and the protection of nature in Japan. NEC will continue activities to realize a sustainable society through collaboration with diverse stakeholders.

☞ Japan Nature Conservation Award 2022 (Japanese only)

Removal of invasive species from Yotsuike

Biodiversity event with university students

■ 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)

● Targets and Results

Item	Target	Results
Biodiversity preservation activities	At least 10 times per year	27 times

Overview of Environmental Impact

Market

INPUT

Energy usage   7,246 TJ
- Electricity   6,805 TJ
- Gas   357 TJ
- Fuels and oil   66 TJ
- Heating   17 TJ
- Renewable energy[1]   715 TJ

Renewable energy introduced   659 TJ
through certificate or credit
(out of the above figure)

Water 2,131 thousand m^3
- Municipal supply
  water   929 thousand m^3
- Ground water   1,014 thousand m^3
- Industrial water   188 thousand m^3
- Recycled water   4 thousand m^3

Volume of chemical substances
used[4] 0.17 thousand tons

Electricity used for
sold products and
services
16,245 TJ

Collected products 1,698 t
- PCs   589 t
- Mainframes   152 t
- Servers   56 t
- Printers   155 t
- Other   747 t

Product recovery and
recycling rate   99%
Product recovery and
resource reuse-rate   91%

Resource collection → **Suppliers** → Raw material usage volume 40,000 tons → **NEC** → **Logistics** → **Customers** → **Waste**

OUTPUT

- Scope 3 Category 1: Purchased goods and services
  3,439 kilotons
- Scope 3 Category 3: Upstream fuel used in processing- and energy-related activities
  56 kilotons
- Scope 4 Category 3: Upstream transportation and distribution
  353 kilotons

Greenhouse gas emissions
(Scope 1 + Scope 2)   324 kilotons
- Scope 1   22 kilotons
- Scope 2   302 kilotons

- Scope 3 Category 2: Capital goods   152 kilotons
- Scope 3 Category 5: Waste generated in operations   9 kilotons
- Scope 3 Category 6: Business travel   15 kilotons
- Scope 3 Category 7: Employee commuting   4 kilotons
- Scope 3 Category 8: Upstream leased assets   2 kilotons

Wastewater   1,643 thousand m^3
- Sewage   1,309 thousand m^3
- Public water   334 thousand m^3
- BOD   37 t

Atmosphere
- NOx   13.9 t
- SOx   0.01 t
- VOC   80 t
- HAP   22 t
- POPs   0 t
- PM   − t

Chemical substances
released/transported[4]   173 t
- Volume consumed   123 t
- Recycled   19 t
- Released into atmosphere   22 t
- Transported as waste   8 t

Total waste   308 kilotons
- General waste   1.8 kilotons
- Industrial waste[2]   303 kilotons
  − Mixed construction waste   281 kilotons
  − Waste plastic   5 kilotons
  − Metal waste   4.5 kilotons
  − Other[3]   12.7 kilotons
- Specially controlled
  industrial waste   1.8 kilotons
- International waste   1.4 kilotons

Scope 3 Category 9: Downstream transportation and distribution
0.01 kilotons

- Scope 3 Category 10: Processing of sold products   0.2 kilotons
- Scope 3 Category 11: Use of sold products and services 2,504 kilotons
- Scope 3 Category 12: End-of-life treatment of sold products 0.3 kilotons

Greenhouse gas emissions
(Scope 3)   6,535 kilotons

Landfill disposal amount
0.5 kilotons

Recycled amount
- General waste recycling amount / Recycling rate   1.7 kilotons / 97.0%
  − Material recycling amount / Recycling rate   1.0 kilotons / 59.0%
  − Thermal recycling amount / Recycling rate   0.7 kilotons / 38.0%
- Industrial waste recycling amount / Recycling rate (including specially controlled industrial waste)   288.6 kilotons / 94.5%
  − Material recycling amount / Recycling rate   279.2 kilotons / 91.5%
  − Thermal recycling amount / Recycling rate   9.4 kilotons / 3.1%

Legend:
- Greenhouse gases
- Resources
- Water
- Chemical substances

*1 Renewable energy is not included in total energy consumption.
*2 Totals do not include specially controlled industrial waste.
*3 Discarded plastic, wood chips, sludge, etc.
*4 Substances subject to the PRTR system

Social

Inclusion and Diversity

Policy

The NEC Group Code of Conduct strictly prohibits people at NEC from acting with prejudice on the grounds of race, belief, age, social position, family origin, nationality, ethnicity, religion, gender, sexual orientation, and gender identity, as well as physical or mental disability, and strictly prohibits actions that belittle individuals, including bullying, harassment, child labour, and forced labour. Furthermore, the NEC Group Human Rights Policy sets out and advocates detailed policies for 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 innovation, 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
🌐 Topic: Respecting Human Rights
👥 Human Resource Development and Training Implementation Framework

Implementation Framework

The Inclusion & Diversity Group, led by a corporate executive, works with related departments within NEC to promote a variety of measures, which include providing support for and promoting the understanding of women's career advancement and active participation, and the employment of people with disabilities and sexual minorities (LGBTQ). This group is also engaged in measures related to smooth onboarding of non-Japanese employees working in Japan 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.

To ramp up these efforts one step further, in fiscal 2022 NEC established the I&D Steering Committee chaired by the CEO, and the I&D Acceleration Team as Companywide entities. Under the strong leadership of senior management, managers, and other personnel in charge gather to hold theme-based discussions where participants propose ideas to promote I&D, and then decide upon and implement specific actions. The committee posts the contents of its meetings via the company intranet and discloses decision-making processes of senior management internally.

Measures and Main Fiscal 2022 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.

Hiring of non-Japanese employees in each division	• In addition to accepting international students as new graduate hires, NEC also conducts recruiting activities targeting researchers at overseas universities. (Number of new non-Japanese graduate hires in fiscal 2022: 8)
Employee interaction	• We work proactively to recruit employees of international subsidiaries for employment at the NEC head office, to facilitate interactions with these personnel and to develop human resources.
October entry system	• This system enables international students, Japanese students enrolled in universities abroad, and other students studying abroad to join the Company in October instead of April, when new employees usually join Japanese companies.
Establishment of a prayer room	• A prayer room has been established in the head office building for employees who need to make religious observances.

📄 New employees who are new graduates with non-Japanese citizenship (Data collection)
👥 Human Resource Development and Training

■ Promoting Women's Career Advancement and Active Participation in the Workplace

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 (to achieve by April 1, 2026)	2022
Targets and progress	1. Ratio of women or foreign nationals among directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers: 30% by fiscal 2026	9.4% (as of June 30, 2022)
	2. Ratio of women in all management positions: 20% by fiscal 2026[*1]	8.1% (as of April 1, 2022)
	3. Ratio of women among all employees 20%: by fiscal 2026	20.3% (as of April 1, 2022)
Measures	• Actively hire women for all job types and employee ranks • Foster readiness and awareness • Steadily implement promotion through talent management	

Scope: NEC Corporation
*1 Managers, employee data, corporate governance, etc. (Data collection)

Joining the 30% Club Japan

NEC joined the 30% Club Japan in 2020 with the goal of improving the gender balance among our corporate officers. This goal also coincides with NEC's 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.

Talent Management Program for Female Employees

The goal of this program is to identify promising human resources from a wide range of female employees and increase the number of women in all management positions.

Therefore, we have developed and implemented a systematic, position-based development program for our human resources, with the aims of encouraging their further contribution as leaders who epitomize our Code of Values and producing corporate officers in-house.

• Providing our human resources at the assistant manager level with leadership development programs, forums, panel discussions with women in senior positions, and workshops for their supervisors
• Making a conscious effort to ensure a strong percentage of promising female employee participation in our human resource development programs at every level
• Holding roundtable discussions with officers and the CHRO regarding promising human resources

Events, Training, and Promotion Activities Inside and Outside NEC

In-house online event for International Women's Day	• On March 8, 2022, NEC held its NEC Inclusion & Diversity Day to coincide with International Women's Day. The in-house event, which was held online and themed on inclusion and diversity, expressed our goal to be a company that supports and appreciates the active participation of female employees as well as one that will continue to spark innovation through the active participation of a diverse group of human resources. • NEC also held an associated event in conjunction with HuffPost Japan that dealt with the theme of "Diversity and Careers." The event featured guest speaker Keiko Kojima, a Japanese television and radio personality and essayist on a broad range of topics. This event was held in addition to the monthly CEO Town Hall Meeting, which provides an opportunity for employees and NEC CEO Takayuki Morita to engage in dialogue. • NEC also held a panel discussion by CEO Morita and leaders from overseas subsidiaries and Group companies titled "Driving Innovation for the Future." • Approximately 13,000 NEC Group employees joined the event in real time from around the world.
Unconscious bias training	• In fiscal 2020, we started implementing unconscious bias training for corporate officers and business division managers. • In fiscal 2021, we conducted online training to deepen understanding of unconscious bias and the importance of diversity-driven management. • In addition, in fiscal 2022 the number of employees engaged in marketing-related work who received unconscious bias training from external experts expanded to approximately 300. In addition to these efforts, we held a course on utilizing visual content that incorporates diversity, among other activities, to deepen understanding.
"Welcome Back" seminars—Design your workstyle and career	• Since fiscal 2015, NEC has conducted seminars for employees returning from childcare leave. • In fiscal 2020, these seminars were expanded to include members from affiliated companies in Japan. • In fiscal 2022, the seminars were held online over the course of two days, with a total of 115 participants from eight companies. As the number of men taking childcare leave also continues to rise, we are telling management to anticipate that their male team members will be taking childcare leave going forward and that managers should maintain proper communication with their team.
Career development for women in sales	• In fiscal 2022, a nationwide networking and leadership training event for female sales personnel, which we have held since fiscal 2016, brought together 47 personnel from across the country to participate in a world café and discussion. In a breakoff session of this event, a total of 27 participants were grouped by generation to discuss "the female body and health." • In fiscal 2022, 97 junior female sales personnel from different industries participated in an online networking event, which has been held by five companies, including NEC, since fiscal 2019.

Activities to promote diversity led by women in management positions	• Since fiscal 2014, we have held dialogue events and study sessions for female employees through Scarlet Elegance in NEC (SELENE), an association of volunteer women in management positions at NEC.
Involvement of senior management	• In September 2021, CEO Morita, two senior-level female leaders, and 55 Group employees participated in the International Conference for Women in Business, held online.

Efforts to Promote the Use of Childcare Leave Among Male Employees

We are working to encourage male employees to take advantage of childcare leave by conducting interviews with both employees who have taken leave and their supervisors and then sharing their experiences within the Company.

Creating a Diverse Workstyle Environment

■ Promoting Employment of People with Disabilities

NEC currently employs 399 people with disabilities, which is the total for NEC Corporation, NEC Friendly Staff, Ltd., and NEC Management Partner, Ltd., as of June 1, 2022. 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." As of 2022, NEC Corporation exceeds the statutory employment rate of 2.3%, but some Group companies have yet to reach this rate.

Employment liaison service for people with disabilities	• Established an employee liaison service for people with disabilities to promote a barrier-free recruitment process • During the selection process, every attempt is made to ensure applicants can understand information during online exams or interviews through descriptive audio, braille exams, or other means. In addition, we make efforts to ascertain each candidate's disability through cooperation with a specialized agency and then investigate reasonable accommodations.[2] • Before a prospective employee with a disability joins the Company, they receive special support according to their disability that includes being accompanied to their assigned workplace and other frequented locations by existing employees to ensure that these places are barrier free.
Measures for recruiting new graduates for fiscal 2024	• Held online seminar run jointly by NEC Group companies • Seminars were aimed at helping attendees with disabilities understand the work they would engage in and the support they would receive upon joining the Company. To help them envision working for us with peace of mind, we explained our various businesses, hosted informal gatherings attended by NEC employees with disabilities, and circulated an email newsletter.
The NEC Group I&D Promotion Meeting	• Confirms the NEC Group's progress in employing people with disabilities as well as the nature of related initiatives • We encourage the exchange of information among those in charge of hiring people with disabilities at each Group company, and promote joint projects such as seminars and tours.

[2] Measures to improve conditions that are barriers for disabled workers so that they can exercise their abilities effectively

Creating a Diverse Workstyle Environment

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, Ltd.

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, 2022, the company employs 145 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. In addition, as a long-term expansion measure, the subsidiary has been tasked with carrying out operational work related to the large amount of learning data created by the development division of the Group's AI/DX business. 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.

■ Supporting Diverse Workstyles for Seniors

Extended employment	• 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 operated a personnel recruiting system for those extending their employment that works to match the needs of individuals and hiring organizations, based on the type of work, job description, employment terms, and other conditions.
Dispatch and placement arrangements to locations inside and outside the Group	• Beginning from fiscal 2022, NEC launched an initiative for dispatching and arranging the placement of highly experienced personnel. Under this initiative, we send project managers and other personnel with skills and qualifications based on advanced technical expertise or longtime experience to workplaces inside and outside the NEC Group. This initiative creates 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"[*3] are top priorities. Also, to provide LGBTQ employees with equal opportunities to use our systems, since fiscal 2020, we have provided training for management to better understand LGBTQ issues as well as training for employees who work at our primary consultation desk to ensure LGBTQ employees who use the service can do so with a sense of safety and peace of mind.

*3 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 five employees has 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 Diversity and Human Rights web-based training for all employees heightens awareness of the importance of harassment prevention and outing[*4] prevention.
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 DIVERSITY CAREER FORUM 2021 as a sponsor	• In 2021, for the fifth consecutive year, we exhibited at DIVERSITY CAREER FORUM 2021. The fiscal 2022 forum was held online, and university students with a high level of interest in diversity issues 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 PRIDE Index 2021	• Repeating our achievement in fiscal 2021, we received a "Gold" rating—the highest rating—in PRIDE Index 2021, 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 five out of five of the evaluation criteria with respect to a declaration of conduct, a community of concerned parties, awareness-raising activities, human resource systems and programs, and social contributions and liaison activities.
Toward fair recruitment activities	• 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. 　- Absolutely do not conduct interviews that discriminate or violate human dignity from the perspective of human rights 　- Even if a person comes out as LGBTQ, for example, during an interview, do not ask questions only concerning LGBTQ issues 　- Judge a candidate only by the person's capabilities and suitability for the job

*4 Publicly stating a person's sexuality to a third party without consent of said person

■ Inclusion of Mid-career Hires

We hired roughly 600 new graduate hires on par with the previous fiscal year. In light of the increasing number of mid-career hires, we are implementing the following initiatives.

Training for employees responsible for conducting interviews	• Since fiscal 2021, we have been providing web-based training on interviewing to employees responsible for conducting interviews with prospective mid-career hires. • The program includes a variety of interactive training methods designed to improve the interviewing skills of employees by deepening their understanding of the entire process from recruitment strategies through to actual interviewing methods. • The program encourages participants to understand the importance of conducting interviews in a manner that ascertains suitability, eliminates bias, and recruits diverse personnel.
After joining NEC	• Mid-career hires join an online orientation. • We distribute onboarding manuals to departments to which mid-career hires are assigned. • We collect employee feedback via a questionnaire after a fixed period upon joining NEC.

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

Cooperation with Local Communities
Human Resource Development and Training

■ 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.

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.

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

To be "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.

HR Policy "NEC, for Those Who Seek Challenge"

■ NEC Way

The foundation of the reforms that take place within this workplace environment and culture 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.

■ Target Employee Engagement Score

Through these reform efforts, we hope to raise the employee engagement score to 50% by fiscal 2026.*1

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

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.

■ Human Resources 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. The Company has therefore unified its 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.

Measures and Main Fiscal 2022 Activities

■ Talent Acquisition

Initiatives to hire new graduates	In addition to en masse hiring of new graduates as full-time employees, we implement initiatives aimed at acquiring a variety of talent. • In order to acquire a wider range of talent, we select and hire new graduates for our sales personnel, general staff, and system engineer employment tracks using an open application process that does not test humanities content or scientific background. • For technical-track positions, we select university students enrolled in science faculties via a job-matching system that matches them to their business area of choice. • Since fiscal 2021, we have utilized a system that entails hiring new graduates for specific jobs. Rather than paying talented new employees starting salaries based on their academic background, the new system provides remuneration based on the roles that the new employees assume. • In an effort to acquire and develop top-level R&D talent, we have introduced the Selective Compensation Program for Professional Researchers targeting leading young researchers (including new graduates), with no upper limit on compensation for non-managerial employees.
Increase in mid-career hiring	To assign personnel to appropriate positions in a timely manner, we have conducted a wide-ranging review of the way we utilize human resources. We are hiring more mid-career personnel, who enable us to implement business strategies immediately. This includes the utilization of external human resources. Thanks to our initiatives in this regard, in fiscal 2022 we hired approximately 600 such personnel, which is roughly a 1:1 ratio with new graduate hires, which is helping speed up job-specific human resource management. • In fiscal 2021, we launched a referral recruitment system that uses the personal networks of NEC employees. In fiscal 2022, we brought in approximately 50 employees. • In fiscal 2022, we introduced a direct sourcing service for directly contacting prospective employees, bringing in approximately 60 mid-career hires that fiscal year.

■ Develop Talent

Next-generation leadership development	① Human resource discovery	• We have clarified the target profiles of next-generation leaders as well as the capabilities they are likely to need and compiled a list of approximately 1,300 promising personnel from our operations worldwide. • We 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 in order to accelerate the achievement of business results and maximize the effectiveness of training.
	② Training program for the next generation of leaders	• We have developed a stratified leadership program to train the next generation of leaders. The program, which is conducted sequentially, was offered to approximately 100 promising personnel out of roughly 1,300 who applied. • In 2021, 13 employees took part in the Executive Leadership Program, 16 took part in the Advanced Leadership Program, and 14 took part in the Beginning Leadership Program, all of which featured feedback from corporate officers.
	③ Global human resource development	• We conduct global leadership programs to ensure that we assign the most globally competent personnel to leadership positions. • We conduct the Senior Leader Program and the Rising Leader Program.
	④ Roundtable with corporate officers	• Held a roundtable discussion with executives and approximately 100 personnel with particular promise • Provided opportunities for all promising personnel to engage in dialogue with executive officers
Development of line managers		• 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. • As of fiscal 2022, approximately all management-level employees have undergone this training. Approximately 70% of responses to a questionnaire by participants and their superiors and subordinates conducted after the training indicated changes in the participants' behavior.
Development of personnel conversant with digital technologies		• We have revised the definition of "human resources involved with DX" as well as the requirements and training goals for these human resources in an effort to enhance them. In keeping with this effort, we have developed a training program for these human resources and constantly improve measures to shift and improve their skill sets. In fiscal 2022, 262 people participated in training focusing on mindset and behavior, and 21,305 people participated in training focusing on technology. • We have developed a program to ingrain a DX mindset in employees. In fiscal 2022, all employees attended online training and 676 young employees attended workshops.
Provision of diverse learning opportunities through LinkedIn Learning		• In fiscal 2021, NEC introduced LinkedIn Learning, an online video service that can be used in combination with reskilling, management, and other programs. In fiscal 2022, employees took an average of 9.6 courses via the service, with an average study time of three hours and 25 minutes.
Social Issue Experience Human Resource Development Programs (SENSE)		• SENSE is a group of leadership development programs that provides personnel with opportunities to visit areas that are dealing with social issues and experience them with all five senses. • In fiscal 2022, 114 employees participated in the programs, which help cultivate personnel with a deep understanding of social issues, an understanding and passion for social value creation, and a willingness to take on challenges to grow and realize the NEC Purpose.

Training Framework

■ Utilize Talent

Stronger Support for Employees' Independent Career Development

As part of its Human Resources Policy, "NEC, for Those Who Seek Challenge," NEC established the Career Design Workshop to help employees take greater ownership of and realize their career plans. The workshop is spearheaded by NEC Life Career, Ltd., which was established in October 2020, and was conducted for 3,100 employees ranging from 30 to 50 years old. In addition, we held individual career consultations with over 2,000 employees who applied for the service.

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

Introduction of an AI-enabled Recommendation Service to "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 Talent 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"

Development of Information Security Professionals

Developing specialists who implement security by design	• NEC's system integration service not only incorporates security from the implementation phase but utilizes the "security by design" practice in the system planning phase. • We have fostered specialists who implement security by design and have assisted the security managers[*2] of business divisions since fiscal 2020. • Specialists play a pivotal role in efforts to oversee all processes related to system development and implement appropriate security—enabling us to deliver safe and secure systems to our customers. • In fiscal 2022, we introduced a new course aimed at sales personnel. This, in addition to providing incident case reports and other security-related offerings, is part of our ongoing efforts to ensure that our employees have the skills to put forth their own security proposals.
Training for taking practical safety measures	• We use a 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 stage. • In fiscal 2021, we made this virtual environment available remotely, which allowed our engineers to strengthen the security technologies that underpin our clients' systems even during the COVID-19 pandemic.
Developing highly skilled 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. • 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 (CSRT) and risk hunting.
Widening our pool of cyber security human resources	• To raise the overall level of security skills across the NEC Group, we offer web-based training on the basic cyber security knowledge required by sales personnel and system engineers. • Since fiscal 2016, NEC has held the NEC Security Skill Challenge, an in-house event for all employees aimed at building and reinforcing security skills that employees can use in their work. To date, over 6,000 employees have participated in the event on a voluntary basis. • We strongly encourage employees to acquire public security qualifications, such as the internationally recognized Certified Information Systems Security Professional (CISSP) qualification and the Registered Information Security Specialist national qualification.

[*2] Individuals responsible for providing information, project support, and incident response related to cyber security for each business unit

■ Initiatives Aimed at Heightening Motivation with Respect to Career Development

NEC Corporation has prepared retirement allowances calculated based on a bonus-linked point system and defined contribution pension plans as retirement benefit and pension programs. We have transitioned away from a defined benefit pension plan, which was premised on long-term employment, to focus on our defined contribution plan, so as not to limit the range of career options open to employees, to ensure that new graduate hires and mid-career hires are treated fairly, and to motivate employees to develop long-term careers in a variety of directions, be it inside or outside the Company.

Outcomes

■ Initiative Outcomes Revealed by the One NEC Survey

Our annual One NEC Survey of employees of NEC Corporation and consolidated Group subsidiaries showed the following improvements in human resource-related scores versus those of fiscal 2021.

Employee engagement score (Data collection)

Engagement increased **+10%**
Year on year, to 35% (2025 target: 50%[*3])

Diversity increased **+2%**

Level of human resource utilization increased **+3%**

Management increased **+5%**

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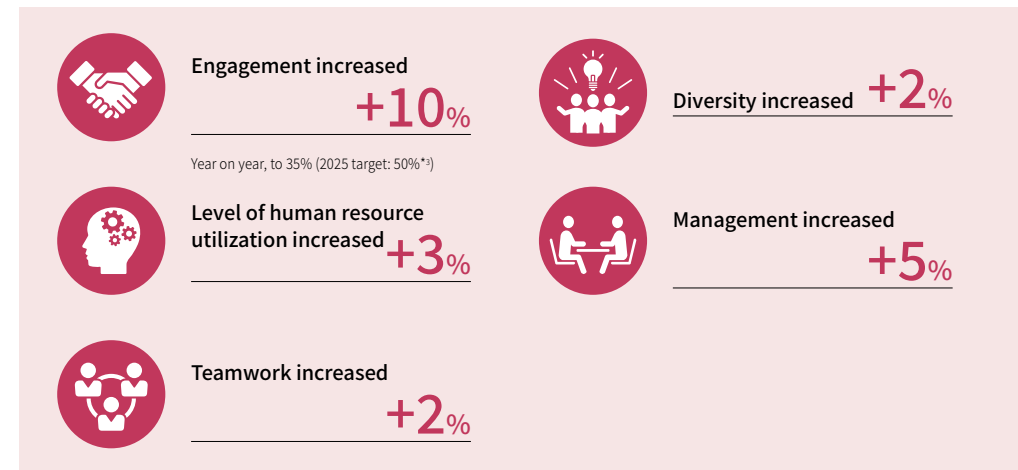
[*3] According to a survey by Kincentric, a global human resources consulting firm. A score of 50% roughly corresponds to the global top 25th percentile, Tier 1 level.

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 work to create an environment where employees can work with ease and comfort and thereby display a high level of performance.

Aiming to realize fair assessments, NEC has established a system that evaluates employees based on their contributions to businesses, regardless of such attributes as age or gender. 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 a retirement lump-sum plan and a defined contribution 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 rewarding 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.

☞ Target Engagement Score

Implementation Framework

The Human Resources Division and business units play a leading role in liaison and coordination between workers and management. Making reference to the various guidelines put forth by the International Labour Organization (ILO) and other bodies, the NEC Group Human Rights Policy acknowledges employees' three primary labour rights—the right to organize, the right to collective bargaining, and the right to collective action. In addition, the labour agreement that NEC has concluded with NEC labour unions guarantees the right of workers to bargain collectively and stipulates that management must consult with workers if any changes are to be made to important labour conditions, such as wages and work hours. 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 2022 Activities

■ Promoting Smart Work 2.0

NEC is working to create an environment where employees can work with ease and comfort and thereby display a high level of performance. In particular, to facilitate business continuity and spur performance amid the COVID-19 pandemic free of the requirement of commuting to the workplace, we have implemented a hybrid workstyle that combines remote and on-site workstyles.

Establishment of workplaces	• Since fiscal 2020, we have established internal "BASE" co-working spaces at the NEC head office building and the Tamagawa, Fuchu, and Abiko plants, and have expanded operations to 400 external satellite offices across Japan. • Expanded operations of BASE co-working spaces to 400 external satellite offices across Japan • Since fiscal 2022, we have shifted away from a workstyle that assumes the idea of commuting to a workplace and are redefining the value of the office by expanding our Communication Hubs and Innovation Hubs. • Innovation Hub FIELD has been established as a space that combines meal and office settings, and transcends the lines between the Company and its external partners and between organizations.
Introduction of super flex	• In October 2019, we introduced a flextime system without core working hours ("super flex"). • This system, used in combination with telework, encourages individual employees to design their work hours and location autonomously. We expect individuals and teams to achieve better productivity as a result.
Establishment of guidelines for long-distance work	• In fiscal 2021, we established guidelines for long-distance work to facilitate a workstyle for people who reside in locations far from their traditional workplace. • From fiscal 2022 onward, this will be available regardless of whether there is a "reasonable reason" for wanting to reside in a distant location.

Five Star Rating in the Nikkei Smart Work Survey

NEC received a five star rating in the 2021 Nikkei Smart Work Survey in recognition of its implementation framework for promoting diversity and flexible workstyles. Of the 807 companies that responded to the survey, only 21 companies were awarded a five star rating.

■ Evaluations That Promote Personal Growth

NEC conducts two-way dialogues between managers and their supervisors to serve as the basis for personnel evaluation and development. These one-on-one meetings, which are held between all employees and their supervisors help align the goals of each employee in their roles with the goals of the Company's business strategy. Presently, about half of NEC employees have these one-on-one meetings at least once a month.

- To achieve business goals, supervisors provide coaching aimed at business management and help employees with growth and career development.
- In fiscal 2018, 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 increased emphasis on conduct.
- The Company introduced "Feedback from Others," a system for receiving multifaceted, 360-degree feedback. We provide managers with training to increase their managerial capabilities and help them to elicit independence, creativity, motivation, and autonomy from the members of their team and maximize team performance.

In cases other than employee preference, where it is necessary for work, workplaces and workstyles 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.

■ Introduction of "Thanks/Praise" Platform

In November 2021, we introduced the "Thanks/Praise" platform, which is aimed at facilitating light, positive feedback in an effort of fostering a culture of mutual acknowledgment and enhancement.

■ Work–Life Balance

At NEC, labour and management are working together to implement flexible workstyles, prevent overwork, and encourage employees to take leave in compliance with the relevant legal systems of each country.

Fiscal 2016 onward	• Following workers union and management deliberations, NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime, requiring a health check at 70 hours of overtime work, down from the previous 80 hours. • We have also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the above standard. • Work status is confirmed by workers union–management committees in each business unit and office and efforts are made to shorten work hours through workstyle reforms, ensure employee health, and encourage workers to use paid leave.
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 allow them to receive medical treatment or recover from cancer and other intractable diseases.
April 2019	• NEC Corporation and affiliated companies in Japan updated their work hour management systems in line with the revision of the Labour Standards Act. • The Company put systems in place to properly ascertain work hours, rigorously manage overtime, identify potential risks that could lead to accidents during work hours at an early stage, and implement countermeasures as necessary to prevent such accidents.

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

Employee Data

Average annual salary of employees	¥8,144,905
Average length of service	18.5 years
Average overtime per month	21.6 hours

📝 Employee data (Data collection)

Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows employees, including contract, temporary, and part-time workers, to select and design their own benefits rather than following a benefits and welfare system prepared by the Company based on an assumed model life plan. Under this benefits and welfare system, employees are granted a certain number of points, and they can select various benefits and welfare services within the scope of their points, according to their needs. 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, we increased the penetration of existing systems and encouraged their use by introducing popular, oft-used plans, among other efforts. We also expanded the user base of the Group's *NEC Karada Care* healthcare service and its FIELD service. These measures were part of our efforts to better meet the needs of our employees. As of March 31, 2022, approximately 21,000 people applied for these services online.

We provide employees who are providing childcare and nursing care with special points that are separate from their basic earned points.

NEC Pension Plan

In October 2020, NEC switched to a single defined contribution pension plan. Defined contribution pension plans have grown in importance due to recent revisions to the pension law and a review of the pension system. Therefore, we have worked to organize our existing defined contribution investment products by formulating a basic policy for selecting products—one that pursues profits for its beneficiaries—and reviewing a portion of these products based on the policy.

As part of this review, we made efforts to improve investment literacy and foster autonomous asset formation among employees by utilizing online training to provide them with a summary of the review and its purpose, as well as product information and an explanation of investment methods. We are also working to improve existing investment education to meet diversifying employee needs as they relate to asset formation. These efforts include education for creating a financial plan for one's senior years, which has been newly established for employees middle-aged and older.

In addition, meetings of the NEC Group Defined Contribution Pension Committee are convened by the labour–management councils of the Company to ensure continuous, employee-oriented monitoring over the provision of defined contribution investment products.

Support for Childcare

NEC Corporation supports employees who are balancing work with childcare with benefits such as childcare leave and reduced working hours. In addition to these benefits and 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. As a result of these measures, NEC Corporation acquired the "Platinum Kurumin" certification in 2018.

📝 Evaluations from external organizations

Nursing Care Support

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

In addition, a nursing care plan has been set up within "Will be," the "cafeteria-style" benefits and welfare system, to provide employees with a variety of support to meet their needs as they balance nursing care and work. Please refer to the link below to see trends related to users utilizing childcare and nursing care leave.

From fiscal 2020, the number of employees working reduced hours to fulfill their childcare and nursing care responsibilities will decrease. We believe that this is because the spread of telework and super flextime has led to an increase in the number of employees who are able to balance work without having to work shorter hours for childcare or nursing care. In addition, as a result of encouraging male employees to take childcare leave, the number of male employees taking childcare leave is increasing.

📝 Healthy work–life balance (Data collection)

Number of People Utilizing Childcare and Nursing Care Leave

		FY2022
Childcare leave	Men	83
	Women	283
	Total	⊘ 366
Reduced working hours for childcare	Men	7
	Women	482
	Total	489
Nursing care leave	Men	9
	Women	7
	Total	⊘ 16
Reduced working hours for nursing care	Men	0
	Women	7
	Total	7

Scope: NEC Corporation
Note: The data marked with a check ⊘ has been verified by a third party.

■ Initiatives to Design and Grow Your Own Career

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

👥 Human Resource Development and Training

Health and Safety

Policy

■ 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.

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 carry out a variety of health promotion activities driven by the slogan "Better Condition, Better Life." These activities are conducted along the axes of Literacy, Practice, and Technology, and we seek to reform health awareness, change behavior, and support people in maintaining their changes.

In recognition of such initiatives, NEC received certification as a Health and Productivity Management Organization (White 500) and was included in the 2022 Health & Productivity Stock Selection. 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 Department 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 People Success Group and Wellness Promotion Center of the Human Resources and Administration Department, 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, these 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

NEC Corporation and its domestic consolidated subsidiaries' human resources and general affairs departments & Employees of each company and their families

Healthcare Business Unit

CEO
CHRO

Labour Union

Related departments

Health Management Promotion Team
· Data collection (health checkups, operations, receipt data, etc.)
· Data analysis / Tentative planning
· Implementation and evaluation of health management measures
· Compliance

Health Insurance Association
· An approach to dependents and families

"People Success" (Well-being Design)
· Coordination with management policy
· Involvement of relevant departments

NEC Life Career, Ltd.
· Assistance for employees absent for mental health reasons with returning to work and following up with employees and their supervisors after their return

Wellness Promotion Center
· Health guidance and consultation desk
· Employer support (approaches to organizational issues)

NEC Livex, Ltd.
· Providing specific health guidance
· Supporting the management of awareness-raising events

At each business site and base, health and safety committees meet each month in line with laws and regulations to take action on ensuring health and safety and promoting comfortable workplace environments. Committee members include health and safety commissioners and labour union representatives selected by each division, along with employee representatives, and industrial physicians and healthcare nurses from wellness promotion centers. 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, labour union members also participate in a monthly worksite inspection conducted by an industrial physician, exchanging opinions with workplace representatives and gathering opinions. When new risks arise regarding health and disasters, the information is quickly gathered and discussed by the committee.

These initiatives are overseen by the Human Resources and General Affairs Department, 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 2022 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."

Initiatives to address Companywide issues	• Formulated the Companywide "OH&S Policy" in fiscal 2011 • Formulated the "Occupational Health & Safety Management Regulations" in fiscal 2013 • Conducted "Companywide Occupational Health and Safety Training" online as an initiative to increase OH&S awareness among all NEC Corporation employees
Initiatives to address specific issues reflecting unique conditions faced by individual group companies and business sites	Initiatives based on OH&S Management System • Conducted activities at NEC's four main business sites and six NEC Group companies based on OHSAS 18001 until fiscal 2021 • Established the NEC Group OH&S Management System and began implementing such activities under the new system from fiscal 2022 • Acquired ISO 45001 certification for NEC Solutions (China) Co., Ltd. and NEC (UK) Ltd.

In addition, the employees receive various types of OH&S training.

Companywide OH&S training participants (percentage)	19,259 (91.0%)
Employees completing the Basic Lifesaving Workshop	120

Scope: NEC Corporation

📄 Health and Safety (Data collection)

■ Health Promotion

Health checkups	• We provide blood tests for all employees of NEC Corporation and 24 affiliated companies in Japan, including all items covered in the regular health examination, with the goal of identifying lifestyle diseases at an early stage and responding quickly. This enables us to implement comprehensive countermeasures against lifestyle diseases right through from joining the Company to retirement.
Health Checkup Forecast Simulation usage rate	• Since 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 learn what would happen if they improved their current lifestyle. This service uses the software NEC Health Checkup Forecast Simulation,[1] which is based on heterogeneous mixture learning technology.[2]

Health promotion events	• We regularly hold such events as exercise seminars conducted by professional trainers and lectures on diet and sleep held by experts.
	  - Theme: Health issues when teleworking and increasing cancer literacy
	  - Number of participants: 20,590 (Scope: NEC Corporation and consolidated subsidiaries in Japan)
	  - In the post-lecture questionnaire, several participants replied that they were highly satisfied with the event and that they were willing to improve their lifestyle.

Smoking cessation measures	• NEC supports employees who wish to quit smoking, as it has been scientifically proven that smoking is harmful to one's health and runs counter to health promotion. • NEC Corporation and affiliated companies in Japan will phase in a full smoking ban covering all NEC Group sites. • In July 2019, we announced the Company's policy to vigorously promote 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. • 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 for its "No Smoking for Only a Half Day" program, and undertakes other related activities. • 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 quitting smoking.

*1 NEC Health Checkup Forecast Simulation is developed by NEC Solution Innovators, Ltd., an NEC Group company.

*2 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. It is one of the technologies produced by NEC the WISE, NEC's group of advanced AI technologies.

Mental health-care 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: 96.8% (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: Newly hired employees receive a "freshers" interview—a talk given by an industrial physician soon after joining the Company, and health guidance provided by health nurses and clinical nurses after assignment. • 27-year-olds: All 27-year-olds are interviewed. • 30-year-olds: 30-year-olds join "Health College 30" participatory group training.
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 labour union email magazine, and various other media and forums such as the health and safety committee meetings. • In fiscal 2022, we provided information regarding COVID-19, hyperglycemia, fatty liver, and weight gain. Other themes include sleep as a means to improve immunity and intestinal health.

Initiatives for preventing lifestyle-related diseases	We implement the following initiatives to prevent lifestyle-related diseases at NEC Corporation and 24 affiliated companies in Japan. • Industrial physicians and healthcare professionals provide healthcare guidance, both for employees whose overall health checkup results indicate a need for treatment and those who need to improve their lifestyles. • For employees whose specific diagnostic results indicate metabolic syndrome 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. • 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. • To further enable self-treatment and encourage 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.
Addressing women's health	• Since 2019, we have conducted seminars on general women's health, and seminars to spread awareness of types of cancer that affect women in particular. • In fiscal 2022, we provided video content and discount coupons that can be used at various medical institutions for fertility treatments or other items. These services have been introduced in response to the three policies put forth by the Ministry of Economy, Trade and Industry to support diversity in health management (improvement of literacy, establishment of a consultation desk, and a comfortable work environment). • We will add upon the aforementioned initiatives by establishing a consultation desk dedicated to women's health issues within the Company.

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)

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 2022, efforts to raise awareness of cancer included inviting industrial physicians to conduct four seminars to 2,826 attendees on themes ranging from cancer prevention through to treatment and support for employees receiving treatment.

To support those working while concurrently receiving treatment, 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, wellness promotion centers, and the Human Resources and General Affairs Department.

Results and Medium-term Targets as of March 31, 2022

	Results for FY2022	Targets for FY2026
Employees absent for mental health reasons[3]	0.92%	0.80%
Percentage of smokers[4]	16.8%	10.0%
Obesity percentage (BMI≧25) Men (Aged 20–69)[4]	35.1%	28.0%
Obesity percentage (BMI≧25) Women (Aged 40–69)[4]	22.3%	19.0%
Percentage who have had cancer screening[5]	34.7%	50.0%

[3] Scope: NEC Corporation
[4] Scope: NEC Corporation and 24 consolidated subsidiaries in Japan
[5] 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 wellness promotion centers, 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. In addition, we pay careful attention to employees' health management after their return to Japan.

Response to COVID-19

Please refer to the section on business continuity.

✎ 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. As such, there have been no major accidents. In addition, we have not identified any instances of serious violations of laws and regulations from related organizations.

When a labour accident occurs, the person responsible for monitoring labour accidents checks on the status of the person or persons affected by the accident, determines the cause, and implements measures to prevent a recurrence as needed, as laid out in the Company's escalation rules. Even for minor labour accidents such as tripping or falling, the details and countermeasures are shared throughout the Company via the OH&S Committee, the intranet, and other means. We strive to prevent labour accidents that could be caused by natural disasters, for example, calling on employees to remain at home or to return home early if a typhoon or heavy snowfall is forecast.

📋 Labour Accidents and Disasters (Data collection)
☞ Frequency and Severity

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 (hereinafter 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:

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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

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Furthermore, based on the Companywide principles, NEC defined "Provision and Utilization of AI with Respect for Human Rights (AI and Human Rights)" as one of its "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 Department 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 promotes business operations with respect for human rights through ways that include the establishment of internal systems and training for employees to incorporate the Companywide principles into our business operations, while also strengthening links with relevant divisions such as the research divisions. NEC also established the Digital Trust Advisory Council in fiscal 2020 with the aim of utilizing diverse opinions from external experts with specialized knowledge on legal systems, human rights and privacy, and ethics to strengthen our ability to deal with new issues arising from AI utilization.

Policies and Results from Major Activities in Fiscal 2022

Based on Companywide policies, Digital Trust Business Strategy Department, and related corporate departments work together to confirm that efforts to utilize AI are conducted in compliance with the law and with respect for human rights.

■ Risk Mitigation Initiatives

Changes in laws, regulations, and society are the topics of lively discussion in Japan and abroad. In response, we have worked to understand and analyze market trends in a timely manner, and then share this information with business units and reflect it in our operations.

Another initiative, intended to promote appropriate AI utilization, involved using our know-how and knowledge to help support the publication of guidelines and usage goals for service operators. This initiative was carried out to assist customers and partners in addition to the NEC Group.

We conducted the following training for employees and officers 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.

Web-based training	• All employees attend annual web-based training where they learn about Companywide principles and important points related to human rights and privacy as they pertain to AI utilization. In fiscal 2022, 29 affiliated companies in Japan attended this training. (Completion rate in fiscal 2022: 96%)
Internal lectures	• We held internal lectures where employees involved in the AI business learned about the importance of ethics in AI, the latest laws and policies, and social acceptability of AI. • We invited outside experts to deliver lectures on these topics using examples in which AI received social criticism from the perspectives of fairness, privacy, accountability, among other aspects. • From the advice we received from outside experts, we introduced a new measure in the form of lectures aimed at management. These lectures, delivered by experts, are meant to deepen understanding of international trends related to AI and human rights as a way to ensure that respect for human rights is a fundamental component of our decision-making.

Management for Sustainability

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

Environment

Social

Governance

Appendices and Data Collection

■ Stakeholder Engagement

Digital Trust Advisory Council

At this year's meeting, of the Digital Trust Advisory Council, the latest trends in laws and regulations were actively discussed in Japan and abroad, as well as social expectations and demands. The council also discussed initiatives that could be effective in eliminating consumer doubts and anxieties about AI.

Formulation of the Guidebook on Corporate Governance for Privacy in Digital Transformation (DX) ver. 1.2 in Collaboration with the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs

We participated in the formulation of the Guidebook on Corporate Governance for Privacy in Digital Transformation (DX) ver. 1.2, which gives an overview of what actions companies should take to establish privacy governance.

Public Comment Submitted Regarding the Regulatory Framework Proposal on AI

We submitted a public comment containing our opinions on the European Commission's proposal for a comprehensive regulatory framework for AI, the first of its kind in the world. In the public comment, we stated our agreement with the proposal's advocacy of human-centered rules and respect for basic rights, as well as its push to clarify measures to be implemented as part of utilizing AI. We also stated the importance of discussing an international framework.

🌐 Feedback from NEC Regarding the European Commission's Regulatory Framework Proposal on AI

Grievance Filing Mechanism

The NEC Customer Communication Center (CCC) has been established as a comprehensive contact point in Japan for inquiries regarding NEC products, systems, and services.

👥 CS (Customer Satisfaction) Initiatives

Management for Sustainability

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

Environment

Social

Governance

Appendices and Data Collection

Personal Information Protection and Privacy

Policy

The NEC Group Code of Conduct stipulates respect for human rights and privacy and the management of personal information, and NEC has positioned "Provision and Utilization of AI with Respect for Human Rights (AI and Human Rights)," including personal information protection initiatives, as a priority management theme from an ESG perspective—materiality. From this perspective, we are tackling prevention of any privacy-related issues stemming from the handling of personal information in addition to undertaking other personal information protection measures.

■ Personal Information Protection

In October 2005, NEC Corporation received "PrivacyMark" certification, recognizing it as a business operator with systems in place to ensure appropriate protection measures for personal information in conformance with Japanese industrial standard JIS Q 15001 (personal information protection management systems—requirements). Since receiving the certification, we have stipulated within the NEC Privacy Policy that personal information must be handled in accordance with JIS Q 15001 standards.

In cooperation with its consolidated subsidiaries in Japan and overseas, NEC Corporation has also built an implementation framework for personal information 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 third parties with which we share data or outsource the handling of 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 or mishandling of data.

■ Privacy

The General Data Protection Regulation (GDPR), which became effective in 2018 in the Europe Economic Area, is one example of the privacy protection laws and regulations currently being established in several countries and regions. As enforcement of these laws and regulations become more stringent, the roles and responsibilities placed on companies to protect privacy are increasing.

NEC Corporation aims to maximize social value and minimize the negative impact on society by developing and providing products and services with consideration for privacy issues, which may be perceived differently depending on the country, region or culture, and also with consideration for discrimination and other human rights issues that could be exacerbated with the use of AI. To clarify our stance, the NEC Group Code of Conduct stipulates that business activities aimed at resolving social issues using ICT must not give rise to human rights issues, including invasion of privacy.

NEC Corporation acquired PrivacyMark certification in October 2005 and subsequently renewed it for the ninth time in October 2021. As of the end of March 2022, NEC Corporation and its 31 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 one's birthplace, or highly private information such as mobile telephone numbers without the principal's prior consent.

🌐 Topic: Respecting Human Rights
👥 AI and Human Rights
☞ NEC Privacy Policy
☞ NEC Group AI and Human Rights Principles

PrivacyMark

Implementation Framework

At NEC Corporation, the head of the department responsible for protecting personal information serves as the Personal Information Protection Administrator, the person in charge of implementing the personal information protection management system. This person is responsible for protecting specific personal information with respect to the Social Security and Tax Number System as well.

The Compliance Department 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 the protection of the 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.
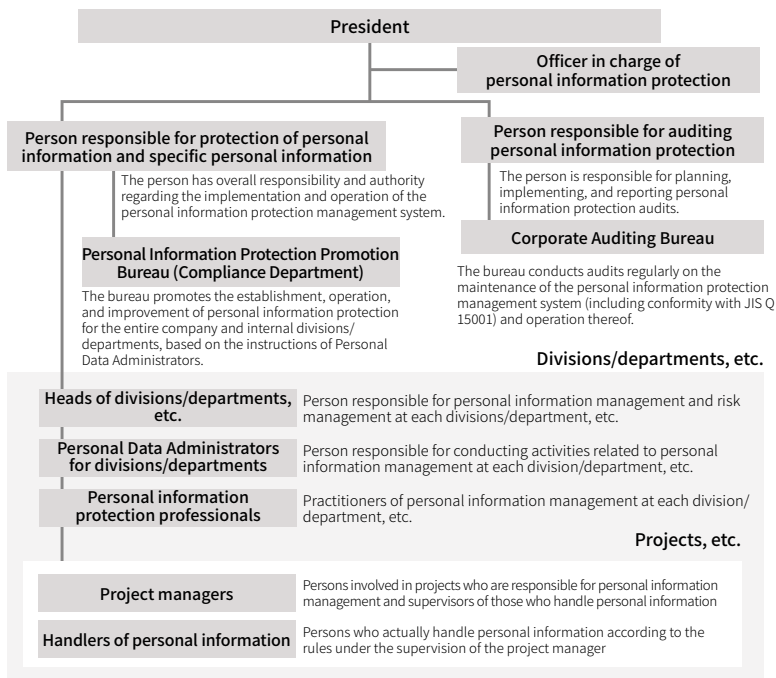
■ Consolidated Subsidiary Management Framework

At our consolidated subsidiaries in Japan, we have built systems to comply with the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures, the so-called My Number Act, which is related to the numbers used to identify individual residents of Japan for administrative procedures, and we use these systems to promote the protection of personal information. Furthermore, 30 consolidated subsidiaries in Japan have acquired PrivacyMark certification as of March 31, 2022.

At our consolidated overseas subsidiaries, we are tackling compliance with the laws and regulations in each jurisdiction as a matter of course, and we have appointed a Personal Data Administrator at each of our major subsidiaries to promote the protection of personal information.

■ Response in an Emergency Such as Leakage of Personal Information
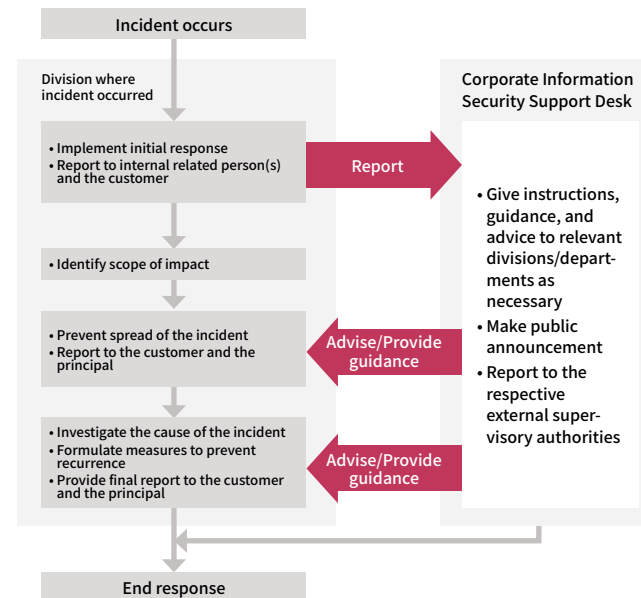
NEC maintains systems for responding swiftly if an incident occurs involving the loss, outflow or leak, etc., of personal information. If an incident should occur, the response is coordinated quickly and systematically based on standardized procedures. Specifically, if an incident occurs related to personal information or an event takes place for which the occurrence of such an incident is a possibility, the discoverer or the employee involved in the incident contacts their manager and the NEC Group contact window for information security incidents. The person at the 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 a government or law enforcement agency of a country to provide personal information that the Company holds, the general manager of the division that receives the request reports to and consults with the Personal Information Protection Administrator as necessary. In such cases, the Personal Information Protection Administrator reports to and consults with the executive officer in charge of personal information protection and management. Premised upon respect for the human rights of the person in question, the Company will then determine the necessity of providing such information and undertake the appropriate procedures and measures pursuant to the applicable laws.

Measures and Main Fiscal 2022 Activities

■ Personal Information Protection Training

Training for all officers and employees (NEC Corporation)	• The Company conducts web-based information security training once a year. (Completion rate of Companywide training in fiscal 2022: 98%)
Education for personal information protection professionals (NEC Corporation, all business units)	• Textbooks have been prepared on risk management in the handling of personal information, in addition to education through 16 classroom lectures. • Practical education through three assignments that must be submitted • Courses aimed at acquiring personal information protection qualifications • Human rights and privacy education • Education related to the Act on the Protection of Personal Information, amended in 2020 • Lectures by an external lawyer • Course for dealing with the Act in practice (held eight times)
Training for newly hired employees and transferred employees (NEC Corporation and its consolidated subsidiaries in Japan)	• Created a textbook on personal information protection as an introductory training material; used textbook to train newly hired and transferred employees • When there is a request from a division/department, or when it is otherwise deemed necessary by the Personal Information Protection Promotion Bureau, awareness training is conducted as appropriate at business units 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. • 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. • 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. • In fiscal 2021, there were no incidents involving the loss, outflow or leak, etc., of personal information at NEC as a result of the above efforts. • There were 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	• NEC Corporation and its consolidated subsidiaries in Japan establish data protection standards (personal data safety management measures and so on) for contractors that handle personal information, 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. • 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 an online test to verify their knowledge. These steps help ensure rigorous management of personal information. • In fiscal 2021, there were no incidents involving the loss, outflow or leak, etc., of personal information as a result of the above efforts. • We make sure to handle "My Number" data carefully and securely since it is Specific Personal Information. 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	• We appoint Personal Data Administrators at our consolidated overseas subsidiaries to maintain a global management framework. At the same time, we create personal information management ledgers at each subsidiary to have an understanding of the information being handled by each company and the risks involved. We also work to ensure that the procedures to manage these risks as well as common safety measures that need to be observed are disseminated thoroughly. • We also ensure that consolidated overseas subsidiaries implement personal information management rules that comply with personal information protection laws and regulations in the country or region in question as well as any applicable laws and regulations from outside the country or region in question. In addition, NEC Group companies obtain the principal's consent and enter into any required data transfer contracts based on the laws and regulations in each country or region to facilitate any cross-border transfer of personal information for employees or otherwise.

■ 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 Number" data, 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 Number" data.

Verification of the operation of information security measures	• The implementation of security measures carried out by all employees is verified once a year. If there are cases of non-compliance, improvement plans are formulated and carried out at the organization level.
Verification of the status of personal information management	• Control forms registered in the Personal Identifiable Information Control System are reviewed at least once a year to validate the status of information management. • In addition, once a year the general managers of each business unit implement management reviews to confirm the status of personal information management to allow for corrective action to be taken when needed, and to maintain appropriate management conditions.
Verification of operations during emergencies	• Operation of the above information security measures is thoroughly reviewed 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

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, accurately referring to both information security and cyber security, as one of the critical subjects of "materiality," its priority management theme 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 impacts and that need to be addressed. With these risks in mind, we are deploying measures to counter cyber attacks that are becoming increasingly sophisticated, while complying with the U.S. 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 below) 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 comprises the Information Security Strategy Committee, its subordinate organizations, and the people in charge of information security management and promotion at each Group company. Under the direction of the Chief Information Security Officer (CISO), the NEC Group devises information security measures based on cybersecurity analysis, and NEC Group companies cooperate to promote these measures. In addition, we conduct annual penetration tests via a third-party organization in order to assess vulnerability risks. We also conduct regular audits of all Internet servers four times a year. These actions ensure that vulnerabilities are dealt with in a timely manner. The corporate executive who assists the CISO oversees the office of the CISO, which promotes information security measures, and the PSIRT, which monitors for cyberattacks and resolves incidents quickly whenever they occur.

In light of recent geopolitical conditions, we have established the Economic Security Management Office. The office investigates and analyzes across the NEC Group cybersecurity, export restrictions, and other risks from an economic perspective, formulates strategies, and addresses these risks.

The NEC Group's Information Security Implementation Framework
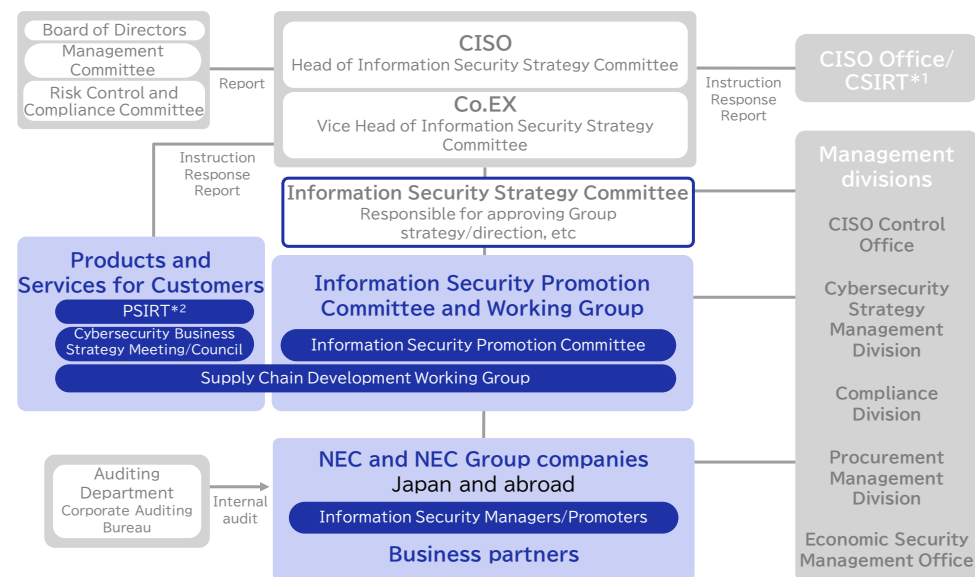
*1 Computer Security Incident Response Team
*2 Product Security Incident Response Team

Measures and Main Fiscal 2022 Activities

■ Information Security Management

To facilitate the establishment of a variety of Group-wide measures, we have introduced an information security management system and security policy, both of which we make every effort to maintain and improve.

Information Security Risk Assessment

The NEC Group conducts risk assessments and implements countermeasures by analyzing deviations from baseline criteria and carrying out detailed risk analysis, with both methods conducted in a proper manner. First, we ensure that security is implemented in line with criteria that serve as a baseline, and when more advanced management is necessary, we conduct a detailed risk analysis based on the Information Security Risk Assessment Criteria and implement finely tuned countermeasures.

Risk Management for Information Security Incidents

Information security incidents are subject to mandatory reporting. The contents of these reports are analyzed and the results are put through a PDCA cycle for risk management assessment. Incident information is centrally managed for the entire NEC Group, and changes in the number of incidents, trends by organization and type of incident, and other data are analyzed. From there, NEC reflects this analysis in Group-wide measures while also measuring the impact of these incidents.
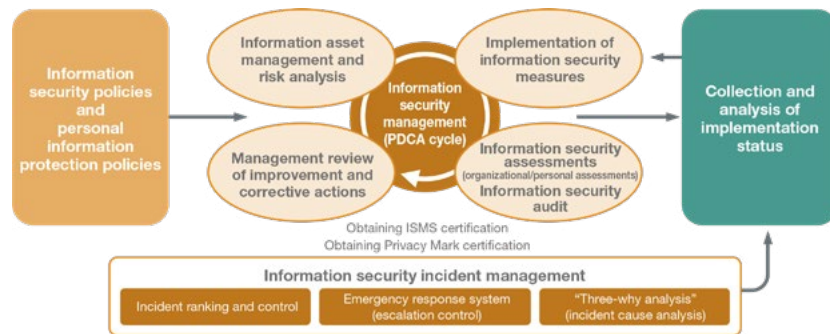
■ Measures against Cyber Attacks

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).

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"	• The NEC Group utilizes "Red Team" to conduct regular cyber risk assessments with the aim of improving cyber resilience and accountability. • Red Team conducts a global assessment consisting of three investigations on 1) the management status of critical information, 2) risks that allow us to perform a three-pronged investigation into management of important information and that include public server vulnerabilities and data leakage, and 3) internal and external security breaches from an attacker's point of view. We can then make a global assessment, identify security risks we overlooked in our security measures and operations, and take actions for implementing improvements. • We employ audit organizations and security specialists to conduct third-party attack diagnoses.
Generating and utilizing threat intelligence	• Our team of Cyber Threat Intelligence specialists possesses an understanding of the threats facing NEC, detects their early signs as well as their precursors, and implements advanced proactive defense measures. • The NEC Group conducts hunts for threats by using Group-wide endpoint detection and response (EDR) tools deployed across the Group and an integrated log analysis platform. • We have also built up an investigation environment aimed at enhancing our active and unique CTI generation efforts, in addition to detailed threat analysis.
Enhancing organizational security resilience	• We conduct training that addresses targeted email attacks to ensure that employees are prepared for ransomware and other global threats. • We have developed a manual that provides the basis for comprehensive training exercises to ensure a rapid response if a ransomware attack occurs. • Relevant departments and specialists hold training exercises at least every six months in preparation of a security incident. • A third party evaluates the resilience of important systems to ensure high-level business continuity.
Critical information management	• To minimize the impact of information leaks, we have defined "critical information" as information that would have a huge impact on our business management and performance if stolen or exposed externally. • We have established a scheme for storing and handling critical information according to its importance, and are committed to taking stringent information management and countermeasures.

☞ Information Security Report

■ Providing Secure Products, Systems, and Services

NEC has established a security implementation organization structure to facilitate secure development and operations of the products, systems, and services it provides to customers. This structure comprises information security managers assigned to each business unit and follows the concept of security by design (SBD) to ensure security comprehensively from the planning phase through to the operation phase.

☞ Information Security Report

■ 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. In addition to the measures stated above, we conduct document security survey checks and on-site inspections for business partners. Every year we review inspection items in light of any incident trends or in consideration of the business partner, issue a report of the inspection results and provide the business partner with feedback, and follow up on any issues that require improvement.

☞ Information Security Report

Ensuring Quality and Safety

Policy

To realize our founding philosophy of "Better Products, Better Services," we have implemented a steady stream of initiatives aimed at improving quality. These include the introduction of quality control, zero defect (ZD) movement,[*1] a quality strategy,[*2] and software quality control[*3] (SWQC).

As a Social Value Innovator, we hope that all employees will continue to improve the quality of their own work, the products they create, and the services they provide, and that customers will favor NEC as the provider of trusted "NEC Quality."

Specifically, we have set up the Quality and Safety Action Policy, and we are conducting activities such as complying with quality and safety laws and regulations, improving safe, reliable technologies, standardizing key components, sharing expertise, and taking steps to prevent defects and recurring issues.

[*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

We have defined our "Quality and Safety Philosophy" and "Action Guidelines" as follows to enforce our initiatives.

Quality and Safety Philosophy
NEC strives to continue improving quality and safety based on the Principles in the 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

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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.

Code of Conduct for Health and Safety in Construction
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.

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 standard operating procedures, and to improve quality and safety. This effort is headed by the Environment and Total Quality Management Department and the Total Quality Management departments set up in business units and at consolidated subsidiaries, and the quality/safety management officers appointed in each of the business departments and at consolidated subsidiaries under the business units.

In regard to risk management related to quality and safety, we have built a Companywide framework and ensure that it is thoroughly implemented. If a customer's system or 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 fast-tracked to management. The business department in charge and specialist staff confer and reach a swift decision on how the customer should be treated, the response of those in authority, and whatever other PR measures might be appropriate. The consultations are swift 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.

System for Compliance and OH&S in Construction Work
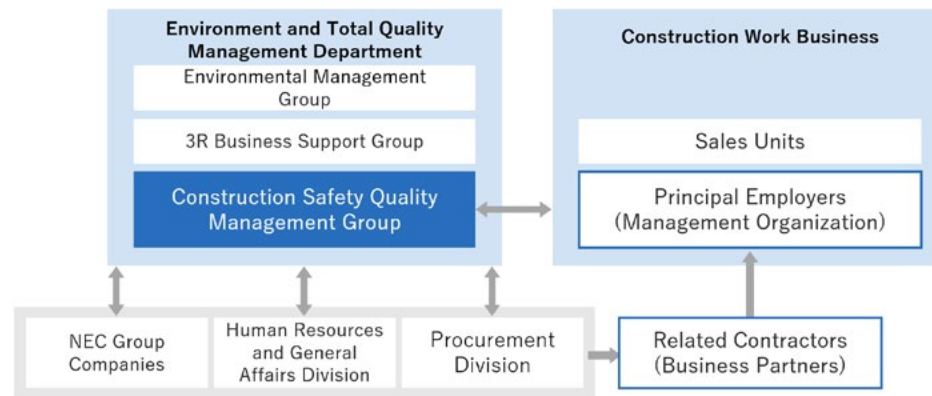
Measures and Main Fiscal 2022 Activities

■ Thorough Compliance for Quality and Safety

Compliance with Relevant Laws and Regulations

To visualize the technical laws and regulations with which NEC products must comply, NEC developed a "map of technology laws and regulations" to make it easier to identify what kind of laws and regulations are applied to which departments' products. By using this map, we strive to comply with those technical laws and regulations by precisely conforming with various countries' domestic laws and regulations, including Japan's Electrical Appliances and Materials 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 its products and services. If violations are found or suspected, NEC will properly address the problem by following the direction of the relevant ministries and agencies. We also keep up to date our knowledge of technology laws and regulations in advanced technology and new business domains.

In fiscal 2022, 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 complies 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 standards to reinforce these standards, and we also perform risk assessments to ensure product safety.

If product safety issues arise, we provide information on the NEC website and swiftly notify our customers.

■ Quality Management System

Today, as society's focus shifts from manufacturing physical products to creating intangible services, quality controls are also changing. At NEC, we have created quality management systems that we implement to realize high-quality products and services that satisfy customers' demands and expectations. In line with our basic stance that "quality is built in through processes," we aim to make continuous improvements to make our processes even better.

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.

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 AI models 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 assurance alone. We have applied these guidelines to the design and development of important AI systems. While continuing with scheduled upgrades, we aim to increase the sophistication of the latest models to improve AI security and ensure that issues related to AI and human rights are verified.

Medical and Healthcare Fields

NEC Ethical Review Committee for the Life Sciences	NEC Corporation carries 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.
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.
Initiatives 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, aiming to establish commercial businesses in the medical and healthcare fields. • Regarding relevant laws and regulations, for the Pharmaceuticals and Medical Devices Act[4] 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. • 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 as well as the European Union's Medical Devices Directive and Medical Devices Regulation.

[4] Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

■ Human Resource Development

We believe that developing human resources and improving their skills are extremely important to improve the safety and quality of our products.

Developing personnel who realize safety and security	• NEC conducts training programs for specific jobs and fields of specialization with the aims of improving practical design and construction skills and providing basic and specialist knowledge on quality and safety management standards as well as technical standards. • In our "Safety Review Workshops," which is one of the aforementioned specialized programs 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 the Project Management 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 senior management and experts from inside and outside the Company conduct seminars and dialogues aimed at ensuring that employees are always highly conscious of quality and safety as they work. • In fiscal 2022, we raised employees' awareness of quality assurance activities with examples of in-house case studies and panel discussions comprising AI experts and quality professionals from each business unit.

■ Construction Work Project Management

We strive to prevent occupational injuries and to improve health and safety standards through our Occupational Health and Safety Management System. In particular, using our construction work project management system, we have achieved 100% implementation of risk assessments and fixed-term Industrial Accident Compensation Insurance. There were no serious occupational accidents in fiscal 2022.

CS (Customer Satisfaction) Initiatives

Policy

In keeping with the spirit of "Better Products, Better Services" embedded in our Principles, in 1992 NEC formulated its "Customer Satisfaction Management (CSM) concept." The CSM concept consists of "Significance," "Activity System," "Goal," and "CS Action Plan."

☞ CSM Concept

In our advertising and PR activities, we observe laws and regulations and have prepared various guidelines, such as the "NEC Visual Identity Guidelines," the "NEC Group Advertising Activity Guidelines," and the "NEC Group Website Guidelines," detailing caution points for design, accessibility, and production. We are also making an effort to employ fair and appropriate language and expressions; in fact, we began disseminating our "Social Media Policy" outside the Company well 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 2022, there were no incidents of non-compliance concerning marketing communications.

☞ 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. Furthermore, the CS Promotion Division at each Group company shares information with one another on a regular basis in an effort to improve activities across the entire Group.

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 2022 Activities

■ Advancing Activities Based on Customer Feedback

In fiscal 2022, we conducted the NEC Group Customer Questionnaire, a biannual CS survey. Drawing from the results, we made use of causal analysis, one of NEC's AI services, to identify issues in a move to meet the expectations of customers. The results of the AI-driven analysis were shared with related divisions, and measures to resolve these issues were put into effect. As for specific measures, we built a system that would facilitate the effective use of knowledge to boost our ability to generate proposals and speed up response time. Other efforts included sharing examples of best practices in order to encourage collaboration between Group companies.

■ Remaining the First Choice of Customers

To create lasting relationships with our existing customers, we asked customers in all of our business areas how they perceive their relationship with NEC as part of the fiscal 2022 NEC Group Customer Questionnaire.

In addition, we conducted an analysis looking at the relationship between the results of the Employee Brand Survey and the results of the NEC Group Customer Questionnaire. This analysis confirmed a positive relationship between divisions that scored high on "understanding and empathy with the NEC Purpose" and "brand engagement" and that received a high satisfaction rating from their customers. In light of this relationship, we implemented initiatives to raise employee awareness.

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, among other entities, to promote "Life," "Society," and the "Environment," the three layers of our vision for an ideal society, laid out in the NEC 2030VISION. NEC recognizes 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 that 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 Group of the NEC Corporate Communications Department and the department in charge of promoting corporate citizenship activities of each NEC Group company;
- Activities for contributing to local communities planned and participated in by NEC Group employees around the world;
- Various grants by foundations

Corporate Citizenship Activities

In fiscal 2022, total corporate citizenship activity expenses for the NEC Group were approximately 444 million yen. We promoted activities in a variety of fields, 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).

☞ Social Contribution Activities (Data collection)

Fiscal 2022 Activity Expenses Breakdown

- Others 5.8%
- Environment 2.4%
- Social Welfare 9.2%
- Disaster Prevention / Town Planning and Crime and Prevention 22.3%
- Arts, Culture and Sports 17.1%
- Academia, Research and Education 43.2%
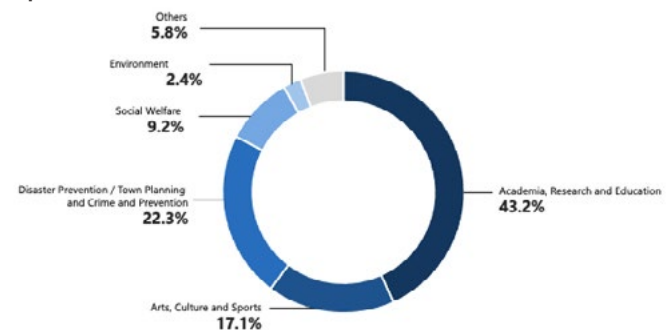
Note: The fields of activity used in the above expenses breakdown correspond to the fields of activity used in surveys of social contribution activities conducted by the Japan Business Federation.

Measures and Main Fiscal 2022 Activities

■ Humanitarian Aid for Ukraine

The NEC Group has donated 500,000 euros (approx. 65 million yen) to the World Food Programme (WFP) in light of the dire situation in Ukraine. This donation will be used to provide humanitarian aid to those affected in Ukraine and the surrounding areas. In response to NEC's donation, the top advisors of the WFP Parliamentary League visited the NEC headquarters on May 16, 2022 and offered a letter of appreciation. In addition, employees at NEC Group companies worldwide made donations to the WFP, the Red Cross, the United Nations High Commissioner for Refugees (UNHCR), and UNICEF using the Group's "cafeteria points" system and other methods.

☞ The NEC Group's response to the situation in Ukraine

■ 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 2021, 66 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 January 2022, 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 employees 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 innovation. Two hundred employees who are either currently engaged in solving social issues or intending to tackling them, participated in the program.

Four social entrepreneurs explained global social issues that they are tackling before discussing the potential for using ICT to resolving them. We continued examining the use of ICT after the dialogues.

☞ NEC Social Entrepreneurship School

■ NEC Pro Bono Initiative

In fiscal 2011, NEC introduced the NEC Pro Bono Initiative, a program that helps NPOs and social entrepreneurs address their target issues with assistance from the professional skills of NEC employees. In doing so, NEC became the first Japanese company to start pro bono activities. Under this initiative NEC began collaboration with Kawasaki City in fiscal 2021, and subsequent collaborations below.

Collaboration with Kakogawa City	NEC and Kakogawa City signed a comprehensive collaborative agreement to promote the creation of a smart city through digital technology and co-creation. Part of this agreement involves using pro bono activities to solve issues in the region. • A team of 35 employee volunteers from the NEC Pro Bono Club took part in a course held at Kakogawa Higashi High School. As part of the course, aimed at thinking about and making proposals on the design of the city, high school students shared issues and solutions with the volunteers. • The volunteers, many of whom participated online from locations across Japan, offered feedback on how to improve these issues from a corporate perspective and shared corrective measures and methods. From there, the volunteers and the students worked together on practical co-creation activities for approximately two months. • In February 2022, their research findings were presented at an event held at the Kakogawa City Hall, attended by the mayor and both city and local officials. One participant remarked, "These are terrific proposals that can be started on right away, and I would like to keep working to make these ideas a reality."
Collaboration with JANPIA[*1]	• A team of 11 employees belonging to the NEC Pro Bono Club participated in an activity that supports the Japan Independence Preparation Home Council.[*2] • The NEC employee team provided support for online distribution, video editing, and in other areas for a workshop held by the council in October 2021. • Provided support for keynote speech and symposium held in March 2022 to commemorate the establishment of the Japan Independence Preparation Home Council • In response to this assistance, we received the following message from the council: "Our keynote speech, symposium, and workshop would not have been possible without the support of NEC employees. Their assistance has not only helped prevent recidivism and increased the range of our preventive efforts, it allowed those who could not be present in person to take part in our inaugural event, and for that we are truly thankful. This support will stay with us as we go forward."

*1 Japan Network for Public Interest Activities (JANPIA), a Designated Utilization Organization for the utilization of funds from dormant accounts

*2 "Independence preparation homes" are facilities that help people who have left prisons or juvenile detention centers get back on their feet. These homes are operated by over 400 NPOs and other business operators across Japan, and in March 2022, the Japan Independence Preparation Home Council was established as a nationwide organization. Upon its establishment, the council held a commemorative keynote speech and symposium.

■ NEC Future Creation Program

In line with the revision of high school curriculum guidelines from fiscal 2023, NEC has developed the NEC Future Creation Program in collaboration with the educational consulting company Careerlink Co., Ltd. This education program, aimed at high school students, draws upon the SDGs as themes to learn about creating an ideal future. Trials of the program have been conducted in two high schools in Tokyo, with a total of 18 employees participating online.

In this program, students will take advantage of analysis tools and video content that introduces cases of NEC's contributions to the SDGs while thinking about their own ideal image of the future and coming up with solutions for social issues. Employees will also help these students refine their ideas through dialogue.

In fiscal 2023, we will develop this program further and aim to start full-scale operation.

■ Initiatives in Local Communities Worldwide

NEC leverages its corporate citizen activities to promote inclusion and diversity worldwide and within local communities and to solve local issues.

Initiatives in Japan

Wheelchair tennis	• NEC has supported wheelchair tennis since 1991, spanning a period of over 30 years. • NEC employees participate in volunteer activities, such as by serving as linespersons at national competitions.
NGO-related initiatives	• NEC has implemented e-Net Caravan, which offers awareness-raising activities and guidance for elementary school students (third and fourth grade) through to high school students as well as guardians and educational professionals to teach them how to use the internet safely and securely. This initiative is meant to address the rights of children set out in the Children's Rights and Business Principles developed by Save the Children (NGO), the UN Global Compact, and UNICEF. • Nationwide, 300 of our employees currently participate in this initiative as certified instructors.

In December 2021, NEC Corporation India Private Limited received the CSR Leadership Award in recognition of a series of humanitarian initiatives.

NEC Corporation India's Initiatives

"Gift the Warmth Drive"	• In fiscal 2022, NEC Corporation India distributed 1,100 thermos bottles to senior citizens living in harsh circumstances due to COVID-19 at the satellite center of the Kanti Devi Dental College & Hospital in Mathura, Uttar Pradesh, India.
Radhakund Ashram	• Since 2015, through the local community NEC Corporation India has been contributing to the health of the women at a residential facility for widows, called Radhakund Ashram, by distributing nutritious food such as fruit and milk. • The subsidiary also conducts health checkups twice a week.
NGO Krish	• In cooperation with the NGO Krish, the subsidiary supports the education of underprivileged girls at two rural schools so that they can acquire the knowledge, skills, and self-confidence that will help them avoid economic and social insecurity. • The subsidiary is also working on efforts to protect the environment, create jobs and provide digital infrastructure in rural areas, and promote digitalization in these areas through digital literacy.

NEC Corporation of America's Initiatives

Collaboration with NPO Catch Up & Read	• NEC Corporation of America has been a partner of Herbert Marcus Elementary School in Dallas, Texas for the past six years and has developed an instructional program from first to third grade in collaboration with educational NPO Catch Up & Read. • Many children who attend Herbert Marcus Elementary School come from families suffering from economic hardships or have difficult situations academically, but thanks to the school's six-year program, it has become highly recognized as a breakthrough campus. • NEC Corporation of America participates in the leadership program at Herbert Marcus Elementary School, where children learn to be leaders by engaging with collaborators from various regions.

☞ Wheelchair tennis
☞ e-Net Caravan

Governance

Innovation Management

Policy

In a VUCA era of complexity and uncertainty, we are faced with the question of how we can achieve the NEC 2030VISION. We believe that a key part of the answer lies in the idea of "seizing the future together," multiplied by "technology."

Our belief is that there are four keys important to actually implementing technology in society: market intelligence, technology development, business development, and social acceptance.

Therefore, NEC is working to expand R&D co-creation and open innovation, venturing into new domains to create businesses that can impact society, and acting as thought leaders.

■ 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, and 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 the Company 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 2022, R&D expenses were 4.2% of revenue.

R&D Expenses

(Billions of yen)

- R&D expenses (left axis)
- Ratio to revenue (right axis)

	FY2020	FY2021	FY2022	FY2023 (Forecast*)
R&D expenses	109.8	114.6	126.3	132.0
Ratio to revenue	3.5	3.8	4.2	4.3

IFRS
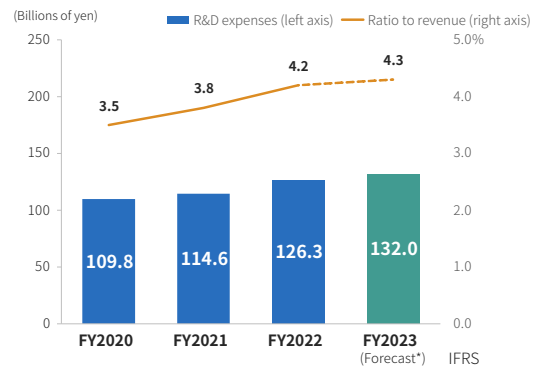
Scope: The NEC Group
* Forecast as of April 28, 2022

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:
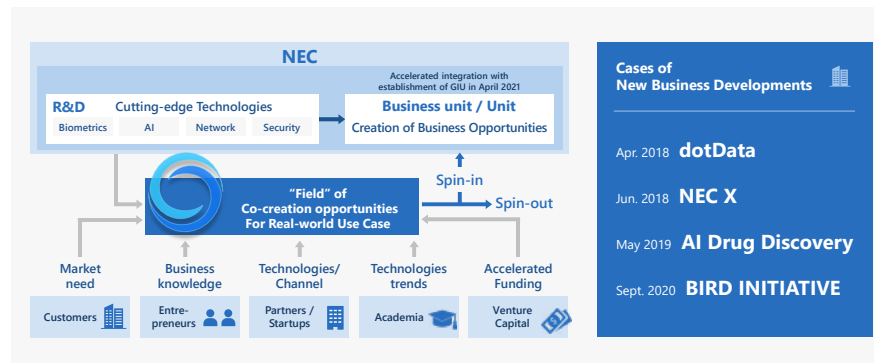
Concentrated Investment in Strong Technology Areas

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.

☞ Integrated Report R&D
☞ 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

NEC is particularly strengthening its intellectual property in technology areas that drive growth businesses and create future growth pillars toward the realization of the NEC 2030VISION.

Moreover, intellectual property is positioned as an important management asset for advancing business competitiveness, business stability, and co-creation with customers and partners.

For this reason, in addition to its patent rights and knowledge, the Company is reinforcing and utilizing its copyrights and trademark rights to support its global brand.

■ 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.

■ 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 corporate, government, and community points of view. To address these needs, it is imperative to find ways to increase 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 across the Company, and link its corporate strategy with the planning of collaboration strategies with others. The CTO has overseen the creation of a technology development promotion framework for examining and promoting technology development strategies in cooperation with business units and the R&D Division.

We have established the Global Innovation Unit, which integrates our R&D, engineering, and business development capabilities to unify efforts at innovative business development and create new value for society with the world as our stage, by combining diverse knowledge that breaks through existing stereotypes.

In addition, NEC is ramping up 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.

Internally, 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.

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.
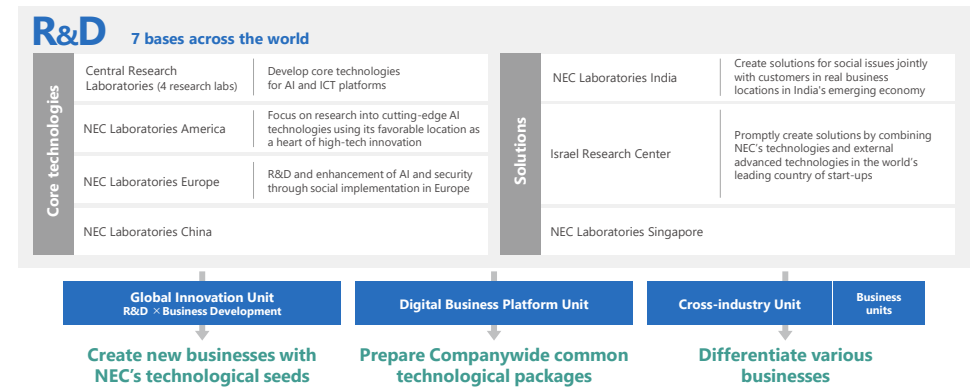
Intellectual Property Management Division: Strengthening NEC's Intellectual Property Capability

- Installed IP managers in business units, non-business units, and Group companies in order to build and utilize a patent portfolio of growth businesses and cutting-edge technology
- Built a seamless system for collaboration between businesses and the R&D department
- Established intellectual property centers in North America, Europe, and China to build and strengthen a global patent portfolio aimed at creating social value worldwide
- We are building an IP support system to facilitate the execution of co-creation-based R&D business and the creation of new businesses, with the goal of co-creating social value as part of the NEC 2030VISION.
- We are working with corporate divisions and IP managers to promote communication of NEC's brand statement and the promotion of product design and other intellectual property rights.

Human Resource Development and Training

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

Training and acquir-ing top researchers	• Utilized compensation systems with no upper limit for researchers with specialized expertise (Research Specialist Program, Selective Compensation Program for Professional Researchers for non-managerial positions) • Enhanced hiring for applicants with PhDs • Boosted hiring for researchers in data science, biometrics, networks, and security fields (Training and Acquisition of Human Resources Who Can Use Core Technologies to Create Social Value) • Trained project leaders and technological architects via personnel exchanges between business units and research divisions • Expanded business developer training to include researchers • Enhanced mid-career hiring centered on research engineers and domain specialists
Diversity	• Cultivated researchers in Japan capable of tackling advanced global issues (70% of researchers have overseas work experience either through North American graduate schools or training programs inside or outside the Company) • Actively recruited top talent from overseas research laboratories • Recruited from leading international universities, such as the Indian Institute of Technology
Cultivation of human resources to gener-ate new business	• Appointed personnel with highly specialized knowledge and ability pertaining to business development (Business Development Specialist Program) • Established a human resource development system for business development professionals (organization of skills and competencies for business development professionals, creation of practical training system)

Measures and Main Fiscal 2022 Activities

■ 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.

☞ Transgene and NEC announce positive preliminary data from Phase I studies of TG4050, a novel individualized neoantigen cancer vaccine
☞ NTT and NEC have developed Supply Chain Security Risk Reduction Technology for ICT infrastructure
☞ AI start-up, eCommerceInsights.ai, graduates from NEC X, and Alchemist Accelerator during "Class XXIX Demo Day"
☞ NEC establishes new US$150 million CVC fund

■ Major Research Achievements for No. 1/Only 1 Core Technologies
☞ NEC iris recognition technology ranks first in U.S. National Institute of Standards and Technology (NIST) accuracy testing
☞ NEC's AI supports doctors to detect neoplasia in Barrett's esophagus during endoscopic procedures—the world's first CE mark-compliant software of its kind

☞ NEC develops the world's first unit cell facilitating scaling up to a fully connected quantum annealing architecture
☞ NEC develops and demonstrates the world's first example of fundamental technology to increase the capacity of optical submarine cables using multi-core fibers

■ Results of Intellectual Property Activities
• NEC receives the Top 100 Global Innovator Award for an 11th consecutive year from Clarivate Analytics (Only 21 companies have been awarded for such recognition for 11 consecutive years)

Top 100 Global Innovator 2022
ⓒ Clarivate

• NEC ranks first in total patent power for Japanese patents in 2021 survey report on facial recognition technology, published by Patent Result Co., Ltd.

Circle size: Number of valid patents
horizontal axis: MAXIMUM SCORE
Maximum patent score value by right holder
→ Indicates "strength of individual patents"
Vertical axis: RIGHT HOLDER SCORE
Total value of patent scores by right holder (50 and over)
→ Indicates "overall strength"
No. of targets for score calculation: 1,404
No. of right holder: 713
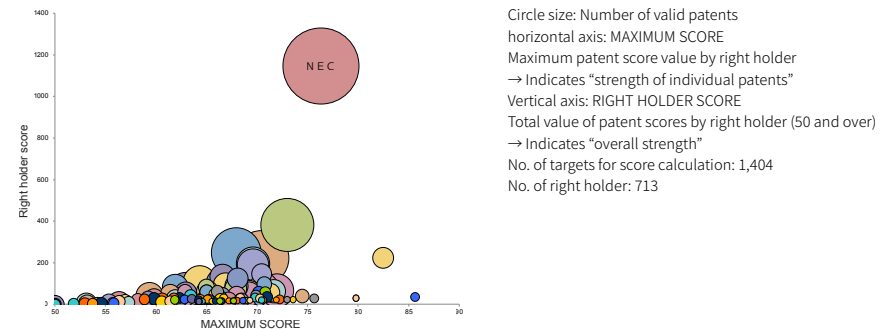
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• NEC ranks No. 1 in the world in the number of international patent applications in the technology areas of "face recognition" and "biometrics + video analytics + AI"
(Number of international patent applications: According to our research, cumulative number of applications published since 2001, as of May 2022)

The number of patents held by NEC is as follows:

Number of patents held (As of March 31, 2022)	Approx. 45,000 (including approximately 22,000 Japanese patents)

📄 Number of patents (Data collection)

Corporate Governance

For details, please refer to the NEC Corporate Governance Guidelines and our Corporate Governance Report.

Policy

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
☞ NEC Corporate Governance Guidelines

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. In order to strengthen a company-wide strategy, the Company has introduced Chief Officers to delegate substantial authority from the President to Chief Officers, aiming to strengthen the corporate functions of the NEC Group.
4. The Company has established the Nomination Committee and the Compensation Committee to enhance objectivity, fairness and transparency of nomination of Directors, representative Directors, the A&SBMs, Chairman of the Board and the President including succession planning for the President, and remuneration of Directors and corporate officers.

☞ Corporate Governance System

■ Board of Directors

The Board of Directors is responsible for making important decisions for the Company's business execution, including decision on its basic management policies, as well as supervising overall business execution. To effectively fulfill its role and responsibilities, the Board of Directors is comprised with consideration given to the balance between diversity, in such factors as career background, specialist field, internationality and gender, and appropriate size.

■ Nomination Committee

The majority of the members of the Nomination Committee are Independent Outside Directors. The Company ensures independence by appointing the chairperson from among such Independent Outside Directors.

■ Compensation Committee

The majority of the members of the Compensation Committee are Independent Outside Directors. The Company ensures independence by appointing the chairperson from among such Independent Outside Directors.

■ Audit & Supervisory Board (KANSAYAKU-KAI, the "A&SB")

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 comprises corporate officers, and the Business Progress Committee, which comprises corporate officers, managing directors, and other members.

☞ Directors and Audit & Supervisory Board Members (KANSAYAKU)
☞ Reasons for nomination and attendance at meeting of Outside Directors and Audit & Supervisory Board Members
☞ Career Skill Matrix for Directors
☞ Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU)
☞ Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)

Corporate Governance System
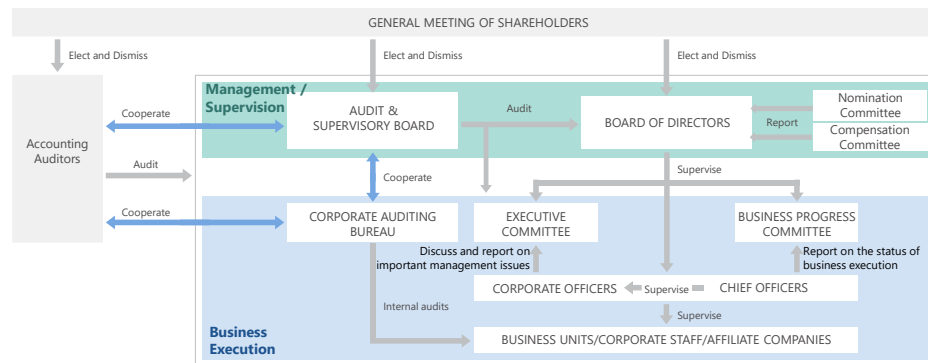
Evaluation of the Effectiveness in Fiscal 2022

The Company conducts evaluations of the effectiveness of the Board of Directors, the Nomination and Compensation Committee and the A&SB every year. The Company discloses a summary of the results of such analysis and evaluation in its Corporate Governance Report.

☞ Corporate Governance Report
☞ Evaluation of the Effectiveness of the Board of Directors

Compliance and Risk Management

Policy

In its Principles, NEC subscribes to "Uncompromising Integrity and Respect for Human Rights," and conducts continuous Companywide activities involving everyone from officers to employees with management firmly based on compliance.

■ Compliance

NEC aims to establish compliance within its corporate culture by ensuring that each officer and employee 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. If a violation is found, the person or persons associated with the infraction will be dealt with according to employee regulations, and consideration will be given toward reflecting the violation in the performance evaluation of the relevant department.

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 and/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 evaluate risks in terms of their urgency and impact on the NEC Group and create a risk map that visualizes the importance of each risk. Using this map, we identify risks whose materialization would have a particularly large impact on the NEC Group'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 senior management.

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, it regularly confirms the effectiveness of risk management, including prevention of corruption and fraud and the operational status of internal control systems.
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.
Audit & Supervisory Board Members (KANSAYAKU)	• The Audit & Supervisory Board Members (the "A&SBMs") 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.
Chief Legal & Compliance Officer (CLCO)	• The CLCO chairs the Risk Control and Compliance Committee and oversees Companywide compliance promotion activities.
Risk Control and Compliance Committee	• The Risk Control and Compliance Committee, whose members are officers, investigates the underlying causes of serious compliance breaches, studies plans for the 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 audits the management of Companywide risks. It 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.
Compliance Department	• The Compliance Department formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. In addition, the department provides the necessary support, coordination, and guidance to ensure that risk management in the business and corporate staff departments is implemented systematically and effectively. For example, the department 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 department regularly listens to 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.
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.
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 Department, corporate departments, 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 the Headquarters in Japan.

Compliance Implementation Framework
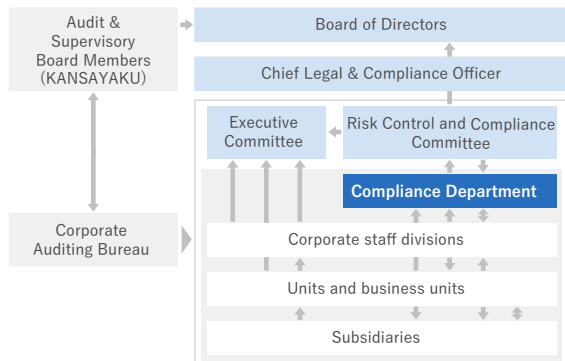
👉 Basic Policy on Internal Control Systems

Measures and Main Fiscal 2022 Activities

■ Compliance

For the third consecutive fiscal year, in fiscal 2022 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

Every November 18, NEC holds its NEC Compliance Day, marking the date on which we received an on-site inspection by the Japan Fair Trade Commission in connection with sales of firefighting emergency radio systems. On this day, NEC reaffirms the importance of compliance with a variety of activities meant to spread awareness and ingrain compliance as part of NEC's corporate culture.

Messages from senior management	• Officers, including the president, CLCO, all department managers (about 140 people), and the presidents of consolidated subsidiaries in Japan and abroad, communicate messages to underscore the importance of compliance to all employees. This includes adherence to the NEC Group Code of Conduct.
Compliance Action Declaration	• Each employee of NEC Corporation makes a "Compliance Action Declaration" to show initiative toward making compliance part of the corporate culture.
NEC Business Ethics Forum and award	• NEC Corporation holds an annual forum for the Company and its consolidated subsidiaries in Japan. • The forum features lectures from NEC's president and an external compliance expert. In addition, the Company presents the Compliance Excellence Award. • 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.
Lectures	• NEC Corporation holds online lectures as a way to recollect and reflect upon the three Antimonopoly Act violations committed by the Company in the past.
Compliance quiz	• We conduct activities using a quiz format to increase employee understanding of relevant compliance topics.
Online NEC Compliance Day portal	• An online NEC Compliance Day portal is set up on the company intranet to enable employees to browse activities and information related to the event at any time.

✎ Promoting Fair Commercial Transactions

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 (including dispatched employees) once a year (completion rates in the training period—NEC Corporation: 99.0%; consolidated subsidiaries in Japan: 98.5%). Those unable to take the course within the period must commit 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 collect 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 a 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. In addition, whistleblowers will never suffer retaliation for having made a report. In the unlikely event that such retaliation takes place and is confirmed, necessary corrective measures will be taken.

As a response to the Amendment of the Whistleblower Protection Act, we have strengthened the system in place for protecting whistleblowers, which includes the designation of workers dedicated to responding to whistleblowing reports. Another response is the newly established "A&SBM Hotline," an internal reporting system that allows whistleblowers to report fraudulent officer activity to the A&SBMs. We will continue to ensure the protection of whistleblowers and work to establish a system that allows employees and other parties to make reports with peace of mind.

NEC and its consolidated subsidiaries in Japan have taken steps to ensure the protection of confidentiality and 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 2022, the number of reported cases was 62. 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 reports related to COVID-19, such as the handling of vaccination information and other similar situations, the facts were confirmed and attention was brought to the matter at hand in addition to other necessary actions.

For NEC's consolidated subsidiaries abroad, Regional Headquarters (RHQ) also set up multilingual 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.

A new Global Hotline has also been established as an additional contact point, aimed at early detection and resolution of fraudulent activities involving executives at consolidated overseas subsidiaries. Accordingly, this hotline functions independent of these executives, and we are working to expand the number of companies that can take advantage of this new contact point.

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 A&SBMs.

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 divisions' 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 2022 the Compliance Department held an exchange of opinions with approximately 60 business divisions and subsidiaries. Through active discussions on the latest compliance-related topics, the Compliance Department was able to understand the situations of each division and subsidiary, and they are all 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 results of risk assessment for each division, which were 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.

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.

The following are examples of responses to emerging risks.

Risks Related to the Prevalence of COVID-19

Description	The spread of COVID-19 or the emergence and unexpected spread of a novel, unknown infectious disease could lead to volatile social, economic, financial, and working conditions. The extent of the impact on NEC is both extremely unclear and difficult to predict, as much depends on how the situation unfolds going forward.
Impact on business	If customers such as governments shift their focus to addressing COVID-19, it could cause orders from these customers to fall below expectations. The spread of the infection could also cause a drop in IT-related investment from customers, a rise in the prices of procured items due to customer and supplier factory closures, as well as a drop in supply. These factors could have a negative impact on the NEC Group's business, performance, and financial condition. Furthermore, the act of working from home, a measure to prevent infection and protect employees, may increase the risk of unauthorized access, cyberattacks, and leaks of personal and confidential information related to the NEC Group, customers, and third parties.
Countermeasures	The NEC Group has taken great care to ensure that all Group employees adopt behavior that prevents infection and the spread of the pandemic and has issued in-house guidelines on measures to prevent such risk. These measures include rigorous implementation of temperature checks for all employees each morning, enforcing handwashing and mouth rinsing, staggering shifts and encouraging teleworking, utilizing web conferencing, and ensuring that people do not come to work when feeling unwell. Furthermore, the Group has established rigorous reporting rules for when employees are feeling unwell and has quickly developed systems and measures for infection prevention as a company. In addition to providing employees with work-sponsored vaccinations, we also provide the use of company facilities as a large-scale inoculation venue to facilitate a smooth vaccination process for local communities.

Risks Related to Climate Change

Description	Climate change has brought with it an increase in unexpected natural disasters that could cause difficulties with business continuity for NEC, its customers, and their supply chains. The introduction and expansion of carbon pricing worldwide, aimed at reducing CO_2 emissions, could lead to higher costs as NEC works to reduce the emissions produced through its business activities.
Impact on business	If customers experience trouble with business continuity, it could cause orders from these customers to fall below expectations. In addition, carbon pricing may have an adverse effect on NEC's business, performance, and financial position. For example, if NEC achieves its SBT for fiscal 2031, it would see higher costs of ¥2.3 billion per year (using ¥110/$), assuming carbon pricing ($100/t-$CO_2$) was applied to its Scope 1 and Scope 2 emissions (about 210,000 tons).
Mitigation measures	We conduct scenario analyses that envision 2030 and 2050 and cover the entire supply chain and the future of our lifestyles and government. We have also joined RE100 and are working to expand renewable energy use. Moreover, we have set an internal carbon price with the aim of improving energy efficiency and promoting the introduction of low-carbon facilities and equipment. This price allows us to convert the CO_2 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. This mechanism will drive our initiatives going forward with an eye on potential increases in carbon taxes and emissions trading in a future carbon-free society. In addition, we provide customers with a variety of ICT solutions to help them reduce their CO_2 emissions while setting environmental management goals aimed at reducing overall CO_2 emissions and improve business succession measures.

■ Participation in the 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 at other companies obtained through BERC in the enforcement and planning of measures to promote compliance.

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

We take 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, and broadly disseminates information about this policy within NEC and its consolidated subsidiaries in Japan and abroad. Furthermore, NEC has distributed a portable and business card-sized "NEC Group Competition Policy Card" to NEC Corporation and its consolidated subsidiaries in Japan to make the policy further well known.

☞ NEC Group Competition Policy (English translation)

Implementation Framework

■ Competition Law Compliance

NEC Corporation promotes compliance with competition laws through cooperation and coordination among the multiple divisions involved in each of these areas, with the Compliance Department and the Legal Department serving as co-supervising divisions.

■ Prevention of Corruption

The Compliance Department and the Legal Department act as co-supervising departments in NEC's efforts to enforce the Anti-Bribery Policy, producing related manuals and disseminating them within NEC and to its consolidated subsidiaries in Japan and abroad. They also provide instruction, support, direction and training for the internal divisions of NEC Corporation and its consolidated subsidiaries in Japan and abroad. Checking on routine operations is an important part of preventing corruption, and therefore guidelines and rules have been established by the Human Resources and General Affairs Department for hospitality, gifts, and donations, such as political donations, the planning divisions of each business unit for operating expenses, and the Sourcing and Purchasing Department for procurement expenses; expenditures requested by the Company's divisions are checked to ensure there are no problems.

Measures and Main Fiscal 2022 Activities

■ Our Response to Past Incidents of Violations

In July 2016, NEC was notified by the Japan Fair Trade Commission of violations of the Antimonopoly Act, related to business transactions with Tokyo Electric Power Co., Ltd. (now Tokyo Electric Power Company Holdings, Inc.) in electric power security communications equipment. NEC was notified again of similar violations in February 2017 related to digital wireless communications equipment for fire rescue, and also for business transactions with Chubu Electric Power Co., Ltd. in electric power security communications equipment. In order to keep these three 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.

■ 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 use 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 Department. In addition, for business divisions that face high risks related to antimonopoly laws, we provide training for each division with support from the Compliance Department.

✎ Compliance and Risk Management

■ Rule-Making and Monitoring

Based on the aforementioned initiatives, NEC makes rules and monitors compliance. As a result of these efforts, there were no major incidents within NEC related to either violations of competition laws or bribery that warranted a public announcement in fiscal 2021.

As an initiative for preventing corruption, in fiscal 2022 we conducted an internal audit regarding corrupt areas, including bribery, covering 10 consolidated subsidiaries in Japan and 12 abroad.

Prevention of Violations of Competition Laws

In initiatives to prevent violations of competition laws, we established "Rules for Prevention of Cartels, Bid-Rigging, and Bid Obstruction" for NEC and certain consolidated subsidiaries in Japan. 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 raise awareness, provide training and give instruction about rules, such as the NEC Group Competition Policy, to the internal divisions of NEC Corporation and consolidated subsidiaries in Japan and abroad.

We have also implemented email monitoring utilizing AI for early detection of signs of competition law violations.

Prevention of Bribery

For bribery prevention, in addition to its Anti-Bribery Policy, NEC Corporation has created an "Anti-Bribery Manual," which is distributed to NEC and its consolidated subsidiaries in Japan and abroad. It stipulates the roles of general managers and specific methods for preventing bribery. These roles and methods include bribery risk assessment regarding a 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.

Additionally, NEC mandates that contracts include provisions about preventing bribery and has changed the scope of monitoring that is performed in order to counter the risk of bribery in business transactions conducted by retained parties or partners. Retained parties enlisted to assist with sales promotions and winning orders are made aware that there may be additional procedures to take, including with related staff divisions, in accordance with the type of risk.

Furthermore, as the world's nations work on strengthening their anti-bribery laws, NEC has also developed a "Guideline for Provision of Gifts, Hospitality, Travel Expenses and Donations," which describes cautions that consolidated subsidiaries in Japan and abroad should note.

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 Department. The Headquarters maintains senior 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 2022 Activities

■ Response to COVID-19

NEC has taken the following measures to prioritize the lives and safety of its employees in response to COVID-19, which has been a pandemic since 2020.

- All employees take thorough precautions against COVID-19, including:
  Temperature checks each morning, handwashing, gargling, staggered work hours, telework, online meetings, staying home when sick, etc.
- Thorough measures to prevent COVID-19 within NEC include:
  Following rules for reporting when not feeling well, checking movement history around time of testing, main-

taining distance from other people, disinfecting surfaces, etc.
- NEC publishes internal guidelines for dealing with COVID-19, which include:
  Taking precautions at worksites, limiting business trips, setting rules for internal and external events, etc.
- NEC provides on-site vaccinations to NEC Group employees:
  About 10,000 people affiliated with the NEC Group received their first/second vaccinations; employees eligible for a third vaccination can also have family members receive a third vaccine shot.
- NEC provides large venues for COVID-19 vaccinations, which entail:
  Supporting the smooth rollout of vaccines to people in the region; protecting the safety and health of local residents, thereby helping businesses remain open in local communities and regions.

■ Education, Exercises, and Training on Disaster Prevention and Business Continuity

Online training and workplace discussion events	NEC and affiliated companies in Japan conduct the following training and drills every year to prepare for large-scale natural disasters with the aim of minimizing damage and resuming operations as quickly as possible. • NEC conducts drills to confirm disaster response procedures at workplaces, which had relatively few employees in attendance because most employees were teleworking as a COVID-19 countermeasure. • NEC holds online training and workplace discussions that served as opportunities to think about how to act during a natural disaster, what can be done beforehand, and the necessary preparations for dealing with a large-scale earthquake, while drawing up specific natural disaster scenarios.
Enhancing the degree of completion of BCPs	• 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 refine the system to cement a business continuity mindset as part of our organizational culture and continue making improvements across the entire NEC Group to enable each division and employee to think and act autonomously during disasters.

■ 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 prepare 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 establishing periphery flood barriers at facilities that would require considerable time to restore.

■ ISO 22301:2019 Certification Acquisition

NEC has acquired ISO 22301:2019 certification, mainly in its system maintenance divisions and datacenter operation divisions. ISO 22301:2019 is an international standard for Business Continuity Management Systems (BCMS). Moreover, divisions that have not acquired ISO 22301 certification are complying with the international standard as far as possible and have put in place efficient and effective countermeasures to prepare for potential threats to business continuity, including earthquakes, floods, typhoons, and other natural disasters; system faults; pandemics; power outages; and fires.

☞ ISO 22301:2019 Certification

Supply Chain Management

Policy

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, with the intention of gaining the trust of society and helping to create sustainable social value.

Specifically, NEC formulated the NEC Group Procurement Policy based on its concepts of Management for Sustainability and on the ISO 26000 and ISO 20400 international guidance standards for social responsibility and sustainable procurement. We are developing a policy 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 and Labour Practices
- ·Health and Safety
- ·Environmental Requirements
- ·Fair Trading and Ethics
- ·Product Quality and Safety
- ·Information Security

With regard to human rights, the NEC Group Procurement Policy clearly rejects slavery and human trafficking, and the Guidelines for Responsible Business Conduct in Supply Chains prohibit forced labour and child labour, while respecting workers' right to organize. The policy and guidelines also require appropriate wages and management of work hours.

Moreover, we perform due diligence on human rights in accordance with the Guidance from the OECD, identify and evaluate risks, and take steps to mitigate risks.

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 compliance with industry regulations on chemicals in products.

Regarding 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*1 and sustainability, and continuing in efforts to nurture partnerships from a long-term perspective.

*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

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 Senior Director of the Sourcing and Purchasing Department.

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. Regional headquarters in North America, Latin America, EMEA, China, and ASEAN 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 the qualitative improvement of CSR practices in corporations.

Measures and Main Fiscal 2022 Activities

We implement various measures to counter the above six priority risks at each stage of basic contracts, dissemination, document check, on-site assessment, and human rights due diligence. 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 and suppliers.

■ Activities Based on Policy

NEC designates critical suppliers as suppliers that account for a large procurement amount, suppliers of rare products, and suppliers that cannot be easily replaced, and focuses on engaging in sustainable procurement measures.

We are strengthening initiatives to deal with identified risks in each region, sector, and procurement category.

Central and South America **1%**
EMEA **2%**
North America **11%**
Asia **12%**
Fiscal 2021 Procurement Amount **1,372.6 billion yen**
Japan **74%**
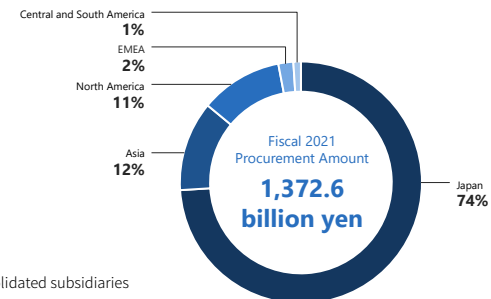
Scope: NEC Corporation and consolidated subsidiaries

Basic Contracts

NEC enters into basic contracts and obtains declarations that demonstrate their commitment to responsible business conduct in supply chains. These declarations were 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. We ask our new suppliers to submit their declarations prior to the commencement of business transactions.

As of the end of fiscal 2022, NEC has received these declarations from approximately 10,000 suppliers in Japan and around the world (80% of the total procurement amount). We aim to keep this declaration ratio above 75% in the context of total procurement amounts.

Dissemination

NEC presents the NEC Group Procurement Policy, the Guidelines for Responsible Business Conduct in Supply Chains, and various other guidelines to its suppliers. We also hold exchange meetings with strategic supply chain partners and Sustainability/Information Security Sessions, where we explain our policies and guidelines directly to suppliers and ensure dissemination of the latest measures.

NEC disseminated information to suppliers about its sustainable procurement policies and measures at the Sustainability/Information Security Sessions, held in June 2021 with 1,792 companies participating, and at exchange meetings with strategic supply chain partners, held in December 2021 with 194 companies participating.

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 ethics, and information security.

Document checks are implemented through two inspections: sustainable procurement self-check sheets (human rights, OH&S, the environment, fair trade and ethics) and information security check sheets, which utilize a special system.

In the sustainable procurement self-check sheets, in addition to the inspection themes for human rights, OH&S, the environment, and fair trade, we newly added important inspection themes for foreign national technical intern programs and COVID-19 countermeasures. We received responses from 956 companies out of the 1,015 companies we queried, 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."*2

*2 Critical points are questions that NEC has identified as potential risks, in light of the Guidelines for Responsible Business Conduct in Supply Chains, issued by NEC in July 2020, and other regulations, if initiatives remain unaddressed.

Evaluation Categories	Criteria	Description
A	Score rate between 80% and 100%	Implemented outstanding initiatives
B	Score rate between 60% and 80%	Implemented standard initiatives
C	Score rate between 50% and 60%	Implemented initiatives but only for some issues
D	Score rate of 50% or below	Initiatives themselves are insufficient
Z	Unable to clear critical points	Risks expected

We plan to issue feedback sheets to all of the suppliers that responded, indicating their score for each inspection theme and comparison to the average score for each product type, and share the evaluation results with them. Furthermore, in this survey 39 suppliers received Z ratings, which determined the existence of potential risks.

We will implement support for suppliers that received Z ratings aimed at correcting these issues during the first half of fiscal 2023 through supplier engagement, such as understanding the conditions and providing correctional guidance.

NEC conducted document checks on 1,779 companies with the information security check sheet. Information security is an essential issue for us as a system integrator of information systems that serve as 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 level for the project when outsourcing tasks.

Information Security and Cyber Security

On-site Assessment

When the Procurement Division makes an inspection of sustainable procurement requirements during regular 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, it is important to disseminate instructions and requirements even to employees of suppliers. Information security incidents may occur if these are not followed by workers on the front line; therefore, NEC representatives visit supplier operation sites to conduct interviews, check supporting documents, and carry out inspections.

For both kinds of on-site assessment, NEC shares the items that require improvement with its suppliers and supports them in implementing improvement measures.

In fiscal 2022, we performed SVR assessments of primarily critical suppliers in areas that present high risks. We collected data on 79 on-site assessments to confirm that there were no issues.

For information security, suppliers are selected for on-site assessment based on comprehensive criteria that include not only the scale of transactions but also the criticality of handled information, the level of confidentiality, and results of self-assessment. In fiscal 2022, we carried out online on-site assessments at 100 companies. We did not observe any major deficiencies during the on-site assessments; however, we gave improvement guidance to suppliers that required improvement on minor issues (main areas for improvement: regulation of private possessions, designation of confidential labeling, management of disposal and return of confidential items, and cyber security measures).

Human Rights Due Diligence

In October 2020, the Japanese government formulated and published the National Action Plan on Business and Human Rights, and legal frameworks for preventing human rights abuses in supply chains have been updated abroad. With labour in supply chains being identified as a salient human rights issue, NEC improved its efforts at due diligence in human rights, in addition to its ongoing initiatives.

🌐 Topic: Respecting Human Rights

NEC is taking the following steps in accordance with OECD Due Diligence Guidance for Responsible Business Conduct.

Step 1	• Gather and evaluate information about risks specific to the ICT sector, regions, and NEC companies based on the ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, the International Trade Union Confederation (ITUC)'s 2020 ITUC GLOBAL RIGHTS INDEX, other external research reports, and internal analysis of our procurement structure
Step 2	• Identify high-priority business domains while referencing results of international NPO BSR's evaluations of human rights impact (human rights risks to workers in manufacturing processes at overseas plants of suppliers, including outsourced production, human rights risks to foreign national apprentice interns in technical trainee programs in manufacturing processes at domestic plants of suppliers, and overtime work risks in software development)
Step 3	• Conduct third-party audits by an external auditing firm that specializes in human rights. We have selected three suppliers based on evaluation of scope and nature of potential impacts, while mapping the aforementioned risks across suppliers. • Nonconformance incidents identified in these audits (i.e., foreign national employees have not received employment rule handbooks or explanations; no human rights policy) will be subject to risk mitigation measures based on assessments of the impact from such risks while seeking counsel from outside experts.

■ **Stakeholder Engagement**

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.

For personnel in charge of procurement	• Implemented regular training programs • In March 2022, we held an online lecture led by outside speakers about human rights in supply chains during global SCM manager meetings.
For all employees of NEC Corporation	• Held online training in November 2021 to educate about the importance of sustainable procurement
For suppliers	• NEC invited more than 900 suppliers to participate in seminars (in July 2021 and February 2022) for improving understanding of responsible corporate behavior sponsored by Japan Electronics and Information Technology Industries Association (JEITA), and an NEC employee participated as a presenter.

Dialogue for Strengthening Initiatives on Respecting Human Rights

NEC continued to engage in dialogue with stakeholders for the purpose of furthering initiatives to respect human rights in the supply chain, in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). We also engaged in dialogue with an NGO to work toward resolving human rights issues, as well as with another international organization and legal specialist in March 2022.

✏️ Toward Further Development of Human Rights Initiatives in Procurement

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, labour, OH&S, the environment, and information security. Moreover, during the meetings, NEC bestows Sustainability Awards on suppliers that make significant contributions to advancing sustainability initiatives.

The meeting in December 2021 was held online as a preventive measure against the spread of COVID-19, and 426 members of the management at 194 suppliers from around the world participated.

Recognized by CDP on Supplier Engagement Leaderboard

Through the CDP Supply Chain Program run by the CDP, an environmental NGO that NEC partnered with in 2019, NEC surveyed the climate change initiatives of 70 companies, mainly hardware suppliers, in fiscal 2022, and provided feedback on the results of the survey.

NEC has been acknowledged on the Supplier Engagement Leaderboard, the highest rating in the Supplier Engagement Rating[*3] conducted by the CDP.

We recognize that our various efforts to aim for zero CO_2 emissions from supply chains under NEC's long-term environmental goal, Course of Action for Climate Change Toward 2050, have been highly evaluated.

*3 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.

📄 External Ratings and Evaluation

Update to Grievance Mechanism

NEC has given access to its Compliance Hotline, a means of reporting incidents and seeking consultation, to suppliers since 2003. In August 2021, NEC changed the hotline to include consultations about responsible procurement, including human rights, labour, OH&S, and other topics. The privacy of the hotline users is protected by third-party involvement, while allowing for the voicing of grievances in business transactions and other consultations.

In fiscal 2022, a total of six reports were issued via the Compliance Hotline about procurement issues. After verifying the relevant facts, all six reports were dealt with appropriately.

Since fiscal 2018, with the objective of rapidly identifying and rectifying compliance violations by NEC employees, NEC has disseminated to its suppliers a "Request for Cooperation toward Thorough Compliance," seeking their cooperation in reporting any suspected violations in order to rapidly identify and rectify any problems. In fiscal 2022, we updated this to a "Request for Cooperation toward Thorough Compliance and Responsible Procurement," seeking the cooperation of suppliers, thereby clarifying that the hotline can be used for issues related to responsible procurement in addition to compliance issues.

From fiscal 2023, NEC is using an industry-wide initiative for a collective complaint-handling mechanism (JaCER) to increase the transparency of procedures and accept consultation requests from NGOs and labour unions, improving the effectiveness of the system in accordance with UNGP requirements.

🌐 Topic: Respecting Human Rights
👉 Compliance Hotline (Whistleblowing system for employees and business partners)

Management for Sustainability

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

Environment

Social

Governance

Appendices and Data Collection

■ Addressing the Issue of Conflict Minerals

NEC seeks the understanding and cooperation of its suppliers for dealing with the problem of conflict minerals based on its Responsible Mineral Procurement Policy. Using CMRT and CRT,[4] NEC conducts surveys of its suppliers to verify information about smelters and their use of tin• tantalum• tungsten• gold (3TG), and cobalt. In fiscal 2022, CMRT surveys were conducted at 80% of the top-ranked suppliers in terms of procurement value in 2021 (excluding transactions with affiliates).

[4] CMRT and CRT: Survey and report templates of the Responsible Materials Initiative

☞ The NEC Group's Responsible Mineral Procurement Policy
Note: Included within Guidelines for Responsible Business Conduct in Supply Chains

NEC continues to collaborate with industry as a member of the Responsible Mineral Trade Working Group led by JEITA. NEC participates in the Working Group's Education and PR Team. In this capacity, we work to promote the understanding of conflict-mineral issues among our suppliers.

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.

🍃 Green Procurement Policy (Environment)
☞ Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products
☞ Scope 3

Toward Further Development of Human Rights Initiatives in Procurement

NEC has designated "supply chain sustainability" as its materiality and is enhancing cooperative ties with its business partners through collaboration and co-creation. In this dialogue, participants looked back on sustainable procurement activities over the past year and discussed issues related to human rights initiatives. Experts also gave their opinion on what initiatives are needed going forward and their expectations of NEC over the medium to long term amid ongoing legislation regarding human rights centered mainly in the United States and Europe.

Note: This dialogue was held online.

Asako Nagai (Facilitator)
Please refer to page 8 for Ms. Nagai's profile.

Daisuke Takahashi
Partner, Shinwa Sohgoh 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 the Ministry of Foreign Affairs' Working Group on the National Action Plan on Business and Human Rights (BHR). Daisuke also serves as the Vice Chair of the BHR Committee at the International Bar Association; Steering Committee Officer of BHR Lawyers Network Japan; and Consultant for OECD Centre for Responsible Business Conduct.

Ryusuke Tanaka
Programme Officer, International Labour Organization (ILO) Office for Japan

Ryusuke Tanaka is the Programme Officer at the ILO Office for Japan. In that capacity, he assumes the role of contact point for tripartite constituents in Japan and foreign embassies for various countries 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 and a member of the Ministry of Foreign Affairs' Working Group on the National Action Plan on Business and Human Rights (BHR). 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).

Responsible Procurement in Fiscal 2022

Okimi   In fiscal 2022, we conducted activities focused on due diligence in a way that was closely tied to our business partners. We set the signatory rate declaring compliance with the Guidelines for Responsible Business Conduct in Supply Chains as a materiality KPI and obtained signed declarations from business partners covering 80% of the procurement amount. Self-assessment questionnaires (SAQs) identified potential risks in 36 companies. We followed up these results by carefully explaining our requirements to these companies once again, assessing their actual situation one by one; and in the case of a company that needed correction, we provided corrective guidance and improvements. We also went forward with risk identification in accordance with OECD guidance for due diligence and conducted audits of business partners in high risk areas using third-party organizations.

Daisuke Takahashi
Partner, Shinwa Sohgoh Law Offices

Takahashi   NEC has implemented new initiatives that go beyond Step 1 of this guidance and focus on Step 2, document inspection and auditing using a risk-based approach, and Step 3, use of its leverage for corrective efforts. This progress is worthy of praise.

Tanaka   Worker interviews as a part of the auditing process is a highly effective method for it can be a wellspring of information when it comes to identifying human rights impacts. I recommend continuing to listen to workers' feedback to analyze the underlying workplace challenges and social issues. Aside from conducting SAQs, it is also good to hear that NEC has closely engaged with suppliers to provide support and to promote collaboration when it comes to reviewing workplace rules and practices.

Nagai   Setting KPIs is also a big step forward. Though it can be difficult to commit the necessary resources, it ensures the undertaking of more assiduous activities going forward.

Okimi   I feel that if we want to have a sustainable supply chain we need to visualize the human rights risks that exist at Tier 2, Tier 3, or further upstream in the supply chain, and I would like to hear some thoughts on suitable approaches to this issue.

Takahashi   My advice would be to focus on high-risk products, countries, and regions upstream in the supply chain. It is important to map routes from Tier 1 suppliers and confirm responses at control points to ensure traceability.

Tanaka   What is also important is to collect information directly from stakeholders upstream in the supply chains, in addition to conducting SAQs and using contract leverage. Dialogues with trade unions and NGOs are necessary.

Obata   We are also concerned about the growing demand for information disclosure regarding human rights in the supply chain.

Nagai   The Sustainable Stock Exchanges Initiative has agreed to promote human rights disclosure. Information disclosure should be taken one step further in terms of both quality and quantity. In terms of quality, the most important points for stakeholders are the results of SAQs and audits, specifically what risks were discovered and how they could be mitigated.

Tanaka   Existence of human rights-related risks somewhere in business operations should not be a matter of shame for businesses. Instead, companies should be attentive to how they can address and mitigate those risks. NEC's efforts to expand the scope of its remedy mechanisms, e.g., the compliance hotline, are noteworthy in terms of risk mitigation. Ideally, there should be active disclosure on how the received complaints have been resolved.

Enhancing Initiatives in Light of the Latest Global Trends

Tanaka   The Government of Japan has established a new administrative unit, the Business and Human Rights Policy Office in the Ministry of Economy, Trade and Industry. Meanwhile, major challenges remain in promoting responsible business among small and medium-sized enterprises (SMEs) in Japan. SMEs sometimes have limited knowledge and scarce resources to fulfill the requirements of domestic legal compliance as well as of corporate social responsibility aligned with international standards. Large companies have roles to play in supporting SMEs' efforts toward upgrading entire supply chains.

Takahashi   There is a growing movement in Europe to make human rights due diligence mandatory. The European Commission's draft of its Corporate Sustainability Due Diligence Directive as it relates to human rights and the environment is more in-depth than similar laws and regulations, and makes it the duty of company directors to maintain due diligence. In countries around the world, there is also an emphasis on sustainable governance and management that is mindful of sustainability.

Nagai   NEC should also keep an eye on U.S. import restrictions, which are growing tighter based on concerns over forced labour and other human rights

Asako Nagai
Managing Director
BSR (Business for Social Responsibility)

violations. NEC should further look into issues related to foreign technical intern trainees at domestic suppliers. Also, as major changes in legislation, social demands, and geopolitical risks take place, and as things around us progress at a breakneck pace, NEC must proactively employ backcasting with a view to its goals three to five years in the future; otherwise, the Company will be left behind. Responsible procurement needs a strategy. Management needs to make decisions—it needs to ascertain the essential resources for executing the Company's strategic plans and invest if there are not enough resources available.

Obata   NEC has positioned human rights in the supply chain as an important management issue, and we are focusing our efforts in kind. We would like to ramp up these efforts as they relate to management, particularly with regard to regular monitoring and follow-up activities conducted by the Risk Control and Compliance Committee and increased discussion at Board meetings.

Shinobu Obata
Senior Advisor*
NEC

Creating Social Value through Collaboration with Business Partners

Tanaka   There is a trend in the U.S. and Europe to introduce mandatory legislation for businesses with penalties incurred. Although being affected by the laws and regulations, the business community generally seeks a market environment where business activities aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) can receive legitimate recognition. Companies should increase accountability of their own business activities showing adherence with the UNGPs and meaningful collaboration with stakeholders, which eventually contributes to improved business sustainability.

Ryusuke Tanaka
Programme Officer, International Labour Organization (ILO) Office for Japan

Takahashi   It is very important to promote both "compliance with rules" and "voluntary efforts by companies" rather than choosing just one. The more we incorporate due diligence, the more we tend to lean into monitoring of corrective actions and contract clauses, but the purpose of due diligence is respecting stakeholders' human rights. I would like NEC to value the concepts of collaboration and co-creation and emphasize communication with stakeholders. Creating a guidebook aimed at suppliers that explains why sustainability efforts will increase their corporate value will help facilitate co-creation and collaboration with them.

Tanaka   I expect NEC to convey a message to its suppliers—tell them how business can bring about a positive impact on human rights. For instance, how supplier diversity can reduce gender inequality, and how workers' skill development can improve productivity and lead to a better working environment. From a medium- to long-term perspective, it is important to pursue engagement with trade unions, NGOs, and other stakeholders in earlier stages of human rights due diligence, such as when designing measures to ensure respect for human rights. That is because awareness of trade unions and worker representatives is still not sufficient, and thus I recommend helping to increase awareness through labour-management dialogue. Aiming for co-creating social value working hand-in-hand with diverse stakeholders is a key to success.

Shimizu   As always, I'm pleased with the wide variety of proposals. At NEC, our starting point for thinking about human rights is the NEC Way, which aims for a "world where everyone has the chance to reach their full potential" under our Purpose, and calls for "respect for human rights" under our Principles. From there we establish measures related to laws, social conditions, and geopolitical risks. Therefore, instead of making judgments based on risk alone, we want to look to the NEC Way as the basis for working with management at business partners and using backcasting to scale up our activities.

* NEC Senior Vice President and CLCO when the dialogue was held

Shigeki Shimizu
Senior Vice President and CSCO
NEC

Appendices and Data Collection

Data Collection

環境　Environment

エネルギー・温室効果ガス排出量 Energy and Greenhouse Gas Emissions		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022	留意点および算出方法詳細 Notes and Calculation Method
温室効果ガス 排出量（千t）　合計 Greenhouse gas emissions (Thousand tons)　Total		⊘ 8,129	⊘ 7,483	⊘ 6,485	⊘ 6,859	• 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。 • 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。 • 温室効果ガスとは、CO₂（二酸化炭素）、CH₄（メタン）、N₂O（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）、SF₆（六フッ化硫黄）、NF₃（三フッ化窒素）を指します。 • 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。 • Scope別は以下のGHGプロトコルイニシアチブの分類に沿って算出。 　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カテゴリー1の係数を見直したことにより、2017年以降のScope 3全体の排出量を修正しています。そのため、合計と各Scopeの総和が異なります。 • TJ：テラジュール • エネルギー使用量合計値には再生可能エネルギーは含みません。 • Energy consumption: Calculated based on Japanese law • Greenhouse gas emissions: Calculated based on Japanese law • Greenhouse gases include CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen monoxide), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF₆ (sulfur hexafluoride), NF3 (nitrogen trifluoride). • Greenhouse gas emissions intensity is calculated by dividing (Scope 1 + Scope 2) emissions (the numerator) by sales (the denominator). • Calculated by scope according to the following GHG Protocol Initiative classification 　Scope 1: Direct emissions of greenhouse gases generated from emission sources owned or controlled by businesses 　Scope 2: Indirect emissions of greenhouse gases from the use of electricity, steam, and heat 　Scope 3: Except for Scope 1 and Scope 2, other indirect emissions covering the upstream and downstream processes of the Company • All Scope 3 emissions since 2017 have been revised to reflect changes in Scope 3 Category 1 emission coefficients. For this reason, the total is not the same as the sum of each scope. • TJ: Terajoule • Renewable energy is not included in total energy consumption.
	Scope 1	⊘ 52	⊘ 26	⊘ 22	⊘ 22	
	Scope 2	⊘ 277	⊘ 347	305	⊘ 302	
	Scope 3	7,585	6,996	⊘ 6,158	⊘ 6,535	
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)		11.3	12.1	10.9	10.7	
エネルギー使用量（TJ・MWh）　合計 Energy usage (TJ・MWh)　Total		6,746 863,564	7,642 853,536	7,137 794,510	7,246 805,120	
	電気 Electricity	5,712 576,337	7,140 723,001	6,694 671,371	6,805 682,545	
	ガス Fuel (gas)	931 258,749	396 100,945	357 99,119	357 99,296	
	燃料（重油・灯油など） Fuels (heavy oil and kerosene, etc.)	81 22,629	87 24,234	66 18,436	66 18,461	
	熱（蒸気・温水・冷水） Steam/heating/cooling	21 5,849	19 5,356	20 5,585	17 4,818	
	再生可能エネルギー Renewable energies	4 426	528 55,420	632 63,381	715 71,714	
製品のエネルギー効率改善（%） Improvement in energy efficiency of products (%)		74	71	65	61	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.

🌱 NECエコ・アクションプラン2025実績報告　NEC Eco Action Plan 2025

水　Water		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022	留意点および算出方法詳細 Notes and Calculation Method
水使用量（千m³）　合計 Water usage (Thousand m³)　Total		⊘ 2,193	⊘ 2,550	⊘ 2,117	⊘ 2,131	水使用量合計値には、再利用水は含みません。 Recycled water is not included in the total amount of water usage.
	上水道 Waterworks	⊘ 1,062	⊘ 1,293	⊘ 913	⊘ 929	
	地下水 Ground water	⊘ 825	⊘ 998	⊘ 1,001	⊘ 1,014	
	工業用水 Industrial water	⊘ 306	⊘ 259	⊘ 203	⊘ 188	
	再利用水 Recycled water	10	7	4	4	
排水量（千m³） Discharged water (Thousand m³)	合計 Total	⊘ 1,483	⊘ 2,084	⊘ 1,683	⊘ 1,643	
	下水系 Sewage-related	⊘ 1,076	⊘ 1,720	⊘ 1,334	⊘ 1,309	
	公共水域系 Public water-related	⊘ 407	⊘ 364	⊘ 349	⊘ 334	
水原単位（km³／億円） Water consumption rate (km³/100 million yen)		0.075	0.082	0.071	0.071	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	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022	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)	⊘ 38.3	⊘ 38.6	⊘ 35.9	⊘ 308	事業場再編工事により排出された271千tを除くと38千t。 Excluding 271,000 tons emitted by the restructuring of business sites, 38,000 tons
再資源化量（千t） Recycling (Thousand tons)	34.5	36.6	29.1	292	事業場再編工事による260千tを除くと32千t。 Excluding 260,000 tons emitted by the restructuring of business sites, 32,000 tons 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.
廃棄物原単位（t／億円） Waste disposal intensity (t/100 million yen)	1.42	1.25	1.20	10.23	廃棄物原単位は、分子を廃棄物排出量、分母を売上高とし、除して算出。 Waste disposal intensity is calculated by dividing waste emissions by sales.
NOx排出量（t） NOx emissions (t)	22.5	13.8	11.5	13.9	
SOx排出量（t） SOx emissions (t)	0.4	0.01	0.01	0.01	
VOC大気排出量（t） VOC emissions (t)	335	⊘ 68	⊘ 82	⊘ 80	
PRTR法対象化学物質取扱量（千t） Volume of chemicals subject to Pollutant Release &Transfer Registers (Thousand tons)	3.5	0.3	0.2	0.2	

環境データ対象範囲

NECグループ84社（国内37社、海外47社）一覧

Data Collection Scope: 84 companies comprising NEC Group companies (37 in Japan and 47 abroad)

No.	Company Name (Japan)
1	NEC Corporation
2	OCC Corporation
3	NEC Nexsolutions, Ltd.
4	SHIMIZU SYNTEC Corporation
5	Sunnet Corporation
6	Bestcom Solutions Inc.
7	YEC Solutions Inc.
8	KIS Co., Ltd.
9	NEC Space Technologies, Ltd.
10	NEC Network and Sensor Systems, Ltd.
11	NEC Aerospace Systems, Ltd.
12	Cyber Defense Institute, Inc.
13	Japan Aviation Electronics Industry, Limited
14	JAE Hirosaki, Ltd.
15	JAE Yamagata, Ltd.
16	JAE Fuji, Ltd.
17	JAE Shinshu, Ltd.
18	NEC Facilities, Ltd.
19	Forward Integration System Service Co., Ltd.
20	LIVANCE-NET Ltd.

No.	Company Name (Japan)
21	JN System Partners Co., Ltd.
22	NEC Networks & System Integration Corporation
23	NEC Magnus Communications, Ltd.
24	Infosec Corporation
25	ABeam Consulting Ltd.
26	NEC Solution Innovators, Ltd.
27	NEC Communication Systems, Ltd.
28	NEC Embedded Products, Ltd.
29	NEC Embedded Technology, Ltd.
30	NEC Fielding, Ltd.
31	NEC Patent Service, Ltd.
32	NEC Platforms, Ltd.
33	NEC Friendly Staff, Ltd.
34	NEC Management Partner, Ltd.
35	NEC Livex, Ltd.
36	Institute for International Socio-Economic Studies
37	TAKASAGO, Ltd.

* 連結対象内データのみ（連結対象内の社名で表記）
  Only data within the scope of consolidation (indicated by the names of companies within the scope of consolidation)

No.	Company Name (Abroad)
1	NEC Corporation of America
2	NEC Canada, Inc.
3	NEC Laboratories America, Inc.
4	NEC Latin America S.A.
5	NEC Argentina S.A.
6	NEC Chile S.A.
7	NEC de Colombia S.A.
8	NEC de Mexico, S.A. de C.V.
9	NEC Europe Ltd.
10	NEC Deutschland GmbH
11	NEC Eastern Europe Kft.
12	NEC France S.A.S.
13	NEC Iberica S.L.
14	NEC Italia S.p.A.
15	NEC Laboratories Europe GmbH
16	NEC Portugal-Telecomunicacoes e Sistemas, S.A.
17	NEC Scandinavia AB
18	NEC Telecommunication & Information Technology Ltd.
19	NEC (UK) Ltd.
20	Joint-Stock Company NEC Neva Communications Systems
21	NEC XON Holdings (Proprietary) Limited
22	NEC Saudi Arabia, Ltd.
23	日電（中国）有限公司 (NEC (China) Co., Ltd.)
24	日電信息系統（中国）有限公司 (NEC Solutions (China) Co., Ltd.)
25	NEC Hong Kong Limited

No.	Company Name (Abroad)
26	NEC Taiwan Ltd.（台湾恩益禧股份有限公司）
27	NEC Asia Pacific Pte. Ltd.
28	NEC Corporation of Malaysia Sdn. Bhd.
29	NEC Corporation (Thailand) Ltd.
30	NEC Corporation India Private Limited
31	NEC Philippines, Inc.
32	NEC Vietnam Company Limited
33	PT. NEC Indonesia
34	NEC Australia Pty Ltd
35	NEC New Zealand Limited
36	NetCracker Technology Corporation
37	KMD A/S
38	台湾航空電子股份有限公司 (JAE Taiwan, Ltd.)
39	JAE Oregon, Inc.
40	JAE Tijuana, S.A. de C.V.
41	JAE Philippines, Inc.
42	航空電子（無錫）有限公司 (JAE Wuxi Co., Ltd.)
43	航空電子（呉江）有限公司 (JAE Wujiang Co., Ltd.)
44	日電卓越軟件科技（北京）有限公司 (NEC Advanced Software Technology (Beijing) Co., Ltd.)
45	NEC 軟件（済南）有限公司 (NEC Soft (Jinan) Co., Ltd.)
46	日電平台科技（蘇州）有限公司 (NEC Platform Technologies (Suzhou) Co., Ltd.)
47	NEC Platforms Thai Co., Ltd.

社会　Social

対象期間は、注釈がない場合は、2019年、2020年、2021年、および2022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 2020, 2021, and 2022) 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.

人権尊重　Respecting Human Rights

人権尊重　Respecting Human Rights		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
人権啓発研修了者数 Number of people who have completed a human rights awareness training session	全社研修*1 Companywide training	20,936	21,150	20,592	20,768
	新入社員研修 New employee training	441	537	614*2	568*2
人権ホットライン相談窓口相談件数 Human rights hotline: Number of consultations	日本電気（株） ＋国内連結子会社 NEC Corporation and consolidated subsidiaries in Japan	48*3	42*3	23*3	169

*1 派遣社員を含む全従業員を対象としたWeb研修（受講必須）は原則、毎年実施。本研修は「NEC Group Human Rights Policy」の説明も含む
　 In principle, all employees including dispatched workers are required to take web training every year. This training includes the explanation of the NEC Group's Human Rights Policy.
*2 オンラインで実施　　Training was held online.
*3 日本電気（株）　　NEC Corporation

🌐 トピックス　人権の尊重　Topics　Respecting Human Rights

従業員構成　Employee Composition

従業員構成　Employee Composition		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
連結地域別従業員数（比率） Consolidated number of employees by region (ratio)	合計 Total	110,595 (100.0%)	112,638 (100.0%)	114,714 (100.0%)	117,418 (100.0%)
	日本 Japan	76,799 (69.4%)	76,180 (67.6%)	75,923 (66.2%)	76,773 (65.4%)
	アジア太平洋地域 Asia Pacific	11,772 (10.6%)	14,114 (12.5%)	13,904 (12.1%)	16,389 (14.0%)
	中国• 東アジア China/East Asia	4,614 (4.2%)	4,782 (4.2%)	4,706 (4.1%)	4,951 (4.2%)
	欧州• 中東• アフリカ EMEA	9,797 (8.9%)	10,505 (9.3%)	12,415 (10.8%)	12,940 (11.0%)
	北米 North America	2,769 (2.5%)	2,734 (2.4%)	2,348 (2.0%)	2,389 (2.0%)
	中南米 Latin America	4,844 (4.4%)	4,323 (3.8%)	5,418 (4.7%)	3,976 (3.4%)

ダイバーシティ　Diversity

ダイバーシティ　Diversity		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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	20,252	20,125	20,589*4	21,350*4
	男性 Male	16,643	16,381	16,551	17,018
	女性 Female	3,609 (17.8%)	3,744 (18.6%)	4,038 (19.6%)	4,332 (20.3%)
外国籍従業員数 Number of employees with non-Japanese citizenship		268	290	251	239
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） （各年4月1日現在） Ratio of female employees in STEM-related positions (As of April 1 of each fiscal year)		—	—	12.3%	12.8%

*4 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.

ダイバーシティ　Diversity

ダイバーシティ　Diversity		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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	117,418
	男性 Male	83,895	84,533	84,592	85,880
	女性 Female	26,700 (24.1%)	28,105 (25.0%)	30,122 (26.3%)	31,538 (26.9%)

管理職　Managers

管理職　Managers		2019年 2019	2020年 2020	2021年 2021	2022年 2022
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	6,099	6,138	7,534	7,892
	男性 Male	5,740	5,743	6,992	7,249
	女性 Female	⊘359 ⊘(5.9%)	⊘395 ⊘(6.4%)	⊘542 ⊘(7.2%)	⊘643 ⊘(8.1%)
部長級以上の女性人数（比率） （全部長級以上に占める女性の割合） 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)		102 (4.8%)	116 (5.4%)	140 (5.5%)	161 (6.0%)
課長級の女性比率（全課長級に占める女性の割合） 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%	9.4%
プロフィットセンター部門の女性管理職比率 （プロフィットセンター部門の全管理職に占める女性の割合） Ratio of female managers in revenue generating function (Ratio of women in all management positions in revenue generating function) （各年4月1日現在） (Aa of April 1 of each fiscal year)		—	—	5.4%	5.6%
連結女性管理職数（比率）*5 Consolidated number and ratio of female managers*5		2,121 (7.8%)	⊘2,105 ⊘(7.8%)	⊘2,435 ⊘(9.2%)	⊘2,535 ⊘(9.6%)

*5　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		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
雇用形態別従業員数 Number of employees by employment type	正規 Regular	16,643	16,381	20,589*4	21,350*4
	非正規 Temporary	50	46	45	49
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	117,418
	非正規 Temporary	—	8,703	7,350	7,038

採用　Hiring		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	2021年度 FY2022	2022年度 FY2023
採用数 Number of new employees	合計 Total	449	703	1,012	1,196	
	新卒（各年4月1日入社者。前年度通年採用含む） New graduate hires (Employees who joined the Company on April 1 of each year, including those who joined through year-round recruitment of the previous year)	—	—	630	577	660
	中途 Mid-career hires	—	—	382	619	
男女別採用数（比率） Number of new employees by gender (ratio)（中途含む） (Including mid-career hires)	合計 Total	449	703	1,012	1,196	
	男性 Male	317	515	721	872	
	女性 Female	132 (29.4%)	188 (26.7%)	291 (28.8%)	324 (27.1%)	
外国籍新卒採用人数 Number of new employees who are new graduates with non-Japanese citizenship		31	17	11	5	

障がい者雇用　Hiring of People with Disabilities		2019年 2019	2020年 2020	2021年 2021	2022年 2022
単独障がい者雇用数（比率） Non-consolidated number of employees with disabilities (ratio) （各年6月1日現在） (As of June 1 of each year)	日本電気（株）、NECフレンドリースタフ（株）、NECマネジメントパートナー（株） NEC Corporation, NEC Friendly Staff, Ltd., NEC Management Partner, Ltd.	372 ✓2.33%	383 ✓2.38%	387 ✓2.37%	399 2.39%
連結障がい者雇用数（比率） Consolidated ratio of employees with disabilities (ratio) （各年6月1日現在） (As of June 1 of each year)	国内連結子会社 Consolidated Group in Japan	— ✓1.99%*6	— ✓2.18%*7	608 ✓2.27%*7	611 2.25%*7

※障害者雇用促進法に基づく
Under the Act for Promotion of Employment of Persons with Disabilities

※日本電気（株）、NECフレンドリースタフ（株）、NECマネジメントパートナー（株）および国内連結子会社13社合計の従業員数は、2021年6月1日現在約63,000人です。
As of June 1, 2021, the total number of employees at NEC Corporation, NEC Friendly Staff, Ltd., NEC Management Partner, Ltd., and 13 consolidated Group companies in Japan is approximately 63,000.

*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12社
At 12 wholly owned subsidiaries in Japan, excluding application to affiliates under the Act for Promotion of Employment of Persons with Disabilities

*7 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		2019年 2019	2020年 2020	2021年 2021	2022年 2022
従業員平均年齢（歳） Average age of employees (Years old)	全体 Total	✓43.4	✓43.7	✓43.7	✓43.6
	男性 Male	✓43.9	✓44.2	✓44.2	✓44.3
	女性 Female	✓41.5	✓41.8	✓41.5	✓41.4
年齢層別従業員数 Number of employees by age group	合計 Total	20,252	20,125	20,589*4	21,350*4
	0–18歳未満 Between 0-18	0	0	0	0
	18–30歳未満 Between 18–30	2,146	2,202	2,527	2,780
	30–50歳未満 Between 30–50	10,654	9,847	9,473	9,592
	50歳以上 Above 50	7,452	8,076	8,589	8,978
従業員平均勤続年数（年） Average length of employment (Years)	合計 Total	✓19.0	✓19.2	✓18.9	✓18.5
	男性 Male	✓19.2	✓19.4	✓19.2	✓18.9
	女性 Female	✓18.1	✓18.3	✓17.8	✓17.3

勤務状況　Length of Employment		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
定着状況*8 New graduate hire retention*8 （学歴に関係なく、新卒入社全員） All new graduate hires, regardless of academic history	全体 Total	—	89.1%	90.7%	93.6%
	男性 Male	—	88.0%	90.6%	92.7%
	女性 Female	—	91.7%	91.2%	95.5%
離職率 Turnover rate		6.0%	3.5%	2.5%	2.9%

*8 FY2022の数値は、2019年4月1日新卒入社者の3年後（2022年4月1日）の在籍割合
2019年度、2020年度の数値も同様に算出
The fiscal 2022 figures are the percentages of the new graduates hired on April 1, 2019, who were still employed by the Company three years later (April 1, 2022). The fiscal 2020 and 2021 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		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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		67.5%	67.6%	55.8%	59.0%
育児休職取得者数 Number of people utilizing childcare leave	合計 Total	⊘ 381	⊘ 354	⊘ 374	⊘ 366
	男性 Male	33	40	67	83
	女性 Female	348	314	307	283
育児休職復職率*9 Ratio of people returning to work after childcare leave*9		97.3%	97.5%	98.5%	99.0%
育児短時間勤務者数 Number of people working shorter hours due to childcare	合計 Total	845	781	765	489
	男性 Male	21	14	5	7
	女性 Female	824	767	760	482
介護休職取得者数 Number of people utilizing nursing care leave	合計 Total	⊘ 24	⊘ 15	⊘ 12	⊘ 16
	男性 Male	9	7	8	9
	女性 Female	15	8	4	7
介護短時間勤務者数 Number of people working shorter hours due to nursing care	合計 Total	23	26	20	7
	男性 Male	4	10	5	0
	女性 Female	19	16	15	7
従業員月平均残業時間（時間） Average monthly overtime (Hours)		16.2	19.0	19.9	21.6

*9　前々年度に育児休職を開始した従業員が復職した割合
　　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		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
平均年間給与（百万円） Average annual salary (Million yen)		7.99	8.15	8.29	8.14
男女差（女性：男性） Female to male ratio	管理職 Management	—	—	96.8%	97.8%
	主任クラス Assistant managers	—	—	97.9%	99.3%
	担当者 Other employees (without job titles)	—	—	101.6%	100.7%

人材育成　Human Resource Development		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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	5.8	5.1	6.6
	日本電気（株）＋国内連結子会社 NEC Corporation and consolidated subsidiaries in Japan	4.9	5.0	4.8	5.0
	連結（NECグループ全体） NEC Group	—	—	3.2	3.3
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	146,230
	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	96,388
	連結（NECグループ全体） NEC Group	57,299	62,564	50,839	65,791
人材の投資収益率（%）*10 Human capital return on investment	連結（NECグループ全体） NEC Group	3.44	3.63	3.55	3.38

*10　人材の投資収益率は、(売上高−(販売費及び一般管理費−人件費))／人件費で算出
　　　Revenue – (Selling, general and administrative expenses – Personnel expenses) / Personnel expenses

従業員エンゲージメント　Employee Engagement		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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%[11]	20%	25%	35%
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	84%[12]	87%[13]	86%[14]	88%[15]
	海外連結子会社 Consolidated subsidiaries abroad	72%[16]	75%[17]	80%[18]	76%[19]

*11　2018年度は国内連結　The figure for fiscal 2019 is the consolidated figure for Japan.
*12　対象：23社　　　Scope: 23 companies
*13　対象：21社　　　Scope: 21 companies
*14　対象：21社　　　Scope: 21 companies
*15　対象：27社　　　Scope: 27 companies
*16　対象：48社　　　Scope: 48 companies
*17　対象：43社　　　Scope: 43 companies
*18　対象：52社　　　Scope: 52 companies
*19　対象：55社　　　Scope: 55 companies

👪 人材開発・育成　Human Resource Development and Training

労働災害発生状況　Labour Accidents and Disasters			2018年 2018	2019年 2019	2020年 2020	2021年 2021
労働災害*20 Labour accidents and disasters	度数率 Frequency rate	日本電気（株）Non-consolidated	⊘0.1904*20	⊘0.2600*20	⊘0.0300	⊘0.0600
		国内連結子会社 Consolidated subsidiaries in Japan	0.0800	0.0800	0.0600	0.1300
	強度率 Severity rate	日本電気（株）Non-consolidated	⊘0.0071*20	⊘0.0037*20	⊘0.0000	⊘0.0026
		国内連結子会社 Consolidated subsidiaries in Japan	0.0000	0.0100	0.0000	0.0000

*20 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 2018 and 2019 of non-consolidated are those of each fiscal year starting in April.

安全衛生　Occupational Health and Safety	2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
全社安全衛生研修了者数（比率）Companywide OH&S training participants (ratio)	—	18,688 (89.0%)	18,380 (90.9%)	19,259 (91.0%)
普通救命講習会修了者数 Employees completing the Basic Lifesaving Workshop	—	142	109	120

👥 安全と健康　Health and Safety

社会貢献活動　Social Contribution Activities		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
連結社会貢献支出額（百万円）Consolidated expenditure of social contribution (Million yen)	合計 Total	613	493	336	444
	金銭支出（政治寄付含む）Cash contributions including political donations	588	467	320	405
	施設開放・現物寄贈 Use of Company premises / Contributions of products and equipment	13	10	10	30
	工数他 Volunteer hours and others	12	16	5	9
社会貢献活動マネジメント費用（百万円）Management overheads of social contribution activities (Million yen)		—	—	—	27
政治寄付*21（百万円）Political donations*21 (Million yen)		15	15	15	15

*21 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 a political organization, 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

ガバナンス　Governance

コーポレート・ガバナンス　Corporate Governance		2019年 2019	2020年 2020	2021年 2021	2022年 2022
取締役数*22 Number of directors*22 （各年6月30日現在）(As of June 30 of each fiscal year)（うち執行役員数）(Of whom, the number of corporate officers)	合計 Total	11	11	12 (5)	10 (4)
	男性 Male	10	10	10 (5)	8 (4)
	女性 Female	1	1	2 (0)	2 (0)
社外取締役数（比率）Number of outside directors (ratio)　（各年6月30日現在）(As of June 30 of each fiscal year)		5 (45.5%)	5 (45.5%)	6 (50.0%)	5 (50.0%)
外国籍取締役数（比率）Number of directors with non-Japanese citizenship (ratio)　（各年6月30日現在）(As of June 30 of each fiscal year)		—	0	1 (8.3%)	1 (10.0%)
執行役員数 Number of corporate officers （各年4月1日現在）(As of April 1 of each fiscal year)	合計 Total	5	44	45	43*23
	男性 Male	4	44	45	41*23
	女性 Female	1	0	0	2
外国籍執行役員数 Number of corporate officers with non-Japanese citizenship　（各年4月1日現在）(As of April 1 of each fiscal year)		—	0	0	0
監査役数 Number of Audit & Supervisory Board Members (KANSAYAKU) （各年6月30日現在）(As of June 30 of each fiscal year)	合計 Total	5	5	5	5
	男性 Male	4	4	4	4
	女性 Female	1	1	1	1
外国籍監査役数 Number of Audit & Supervisory Board Members (KANSAYAKU) with non-Japanese citizenship　（各年6月30日現在）(As of June 30 of each fiscal year)		0	0	0	0
取締役、監査役および執行役員に占める女性または外国人の割合 Ratio of female or non-Japanese to Directors, Audit & Supervisory Board Members (KANSAYAKU) and corporate officers	（各年6月30日現在）(As of June 30 of each fiscal year)	—	—	—	9.4%
	（各年4月1日現在）(As of April 1 of each fiscal year)	—	—	—	9.1%
女性 あるいは外国人が執行役員以上の役員（監査役を除く）に占める比率 Percentage of officers ranked executive officer or higher who are female or non-Japanese (excluding Audit & Supervisory Board Members)	（各年4月1日現在）(As of April 1 of each fiscal year)	—	—	—	⊘8.0%

*22 任期中の退任・選任はありません。
　　There were no appointments or dismissals during the term of office.
*23 2022年6月30日時点で執行役員ではない代表取締役1人を含む
　　Includes one representative director who was not a corporate officer as of June 30, 2022

✏ 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		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	2021 年度 FY2022
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（株） Non-consolidated	98.4%	98.8%	99.0%	99.0%
	国内連結子会社 Consolidated Group in Japan	98.6%	98.9%	98.5%	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		121	90	76	62
個人情報保護を含む情報セキュリティ研修修了率 Completion ratio for information security training, including personal information protection		100.0%	98.0%	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		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
NECグループにおける情報セキュリティ点検実施社数 Number of NEC Group companies with information security assessments	国内 Japan	46	47	44	45
	海外 Abroad	31	31	46	63
サステナビリティ・情報セキュリティ説明会への調達取引先の出席社数（人数） Number of suppliers (people) that attended the sustainability and information security measures briefing		1,320 (1,758)	1,343 (1,804)	1,436 (1,436)	1,792 (2,131)
戦略サプライチェーンパートナー交流会への調達取引先の出席社数（人数） Number of suppliers (people) that attended the exchange meeting with strategic supply chain partners		—	188 (444)	181 (385)	194 (426)
調達取引先への書類点検への回答社数 Number of suppliers that responded to document check		—	—	696	956
Supplier Visit Record（SVR）実施件数 Number of Supplier Visit Records (SVRs)		77	104	55	79
調達取引先の情報セキュリティ対策の訪問点検社数 Number of suppliers whose information security measures were inspected and reviewed	訪問点検 On-site assessment	37	28	38*24	100*24
	書類点検 Document check	1,423	1,465	1,456	1,779
「サプライチェーンにおける責任ある企業行動ガイドライン」を遵守する旨の、宣言書取得会社の連結調達金額カバー率 Percentage of consolidated procurement amount covered by companies that have submitted declarations to comply with the Guidelines for Responsible Business Conduct in Supply Chains		—	—	68%	80%

*24 オンラインで実施
　　Held online

👥 情報セキュリティとサイバーセキュリティ　Information Security

👥 個人情報保護とプライバシー　Personal Information Protection and Privacy

🖊 サプライチェーン・マネジメント　Supply Chain Management

イノベーション・マネジメント　Innovation Management		2018年度 FY2019	2019年度 FY2020	2020年度 FY2021	FY2022 FY2022
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	109.8	114.6	126.3
特許件数 Number of patents	連結（NECグループ全体） NEC Group	約 Approx. 49,000	約 Approx. 47,000	約 Approx. 46,000	約 Approx. 45,000

🖊 イノベーション・マネジメント　Innovation Management

‖Third-party Assurance

The environmental data presented in *NEC Sustainability Report 2022* has received the following third-party verification.

JQA

No.1811004402

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 FY2021* Scope 3 GHG emissions in the Report was correctly measured and calculated, in accordance with the "Scope3 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 2021 of the Company ended on March 31, 2022.

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 FY2021 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, Kandasudacho, Chiyoda-ku, Tokyo, Japan
June 17, 2022

JQA

No.1811004382

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 FY2021* energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage, waste discharge and renewable energy consumption 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 2021 of the Company ended on March 31, 2022.

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, waste discharge and renewable energy consumption, respectively. The scope of this verification assignment covers energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage, waste discharge and renewable energy consumption. 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 36 production sites and 371 non-production sites in 37 companies in Japan and 47 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 emissions; VOC usage, water usage, drainage, waste generation and renewable energy consumption; 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, waste discharge and renewable energy consumption 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, waste discharge and renewable energy consumption 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, Kandasudacho, Chiyoda-ku, Tokyo, Japan
June 21, 2022
*Please refer to the attached annex.

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JQA

No.1811004382

Independent Verification Report
ANNEX（1/2）

To: NEC Corporation

The organizational boundaries - Japan

1	NEC Corporation
2	OCC Corporation
3	NEC Nexsolutions, Ltd.
4	SHIMIZU SYNTEC Corporation
5	Sumet Corporation
6	Bestcom Solutions Inc.
7	YEC Solutions Inc.
8	KIS Co., Ltd.
9	NEC Space Technologies, Ltd.
10	NEC Network and Sensor Systems, Ltd.
11	NEC Aerospace Systems, Ltd.
12	Cyber Defense Institute, Inc.
13	Japan Aviation Electronics Industry, Limited
14	JAE Hirosaki, Ltd.
15	JAE Yamagata, Ltd.
16	JAE Fuji, Ltd.
17	JAE Shinshu, Ltd.
18	NEC Facilities, Ltd.
19	Forward Integration System Service Co., Ltd.
20	LIVANCE-NET Ltd.
21	JN System Partners Co., Ltd.
22	NEC Networks & System Integration Corporation
23	NEC Magnus Communications, Ltd.
24	Infosec Corporation
25	ABeam Consulting Ltd.
26	NEC Solution Innovators, Ltd.
27	NEC Communication Systems, Ltd.
28	NEC Embedded Products, Ltd.
29	NEC Embedded Technology, Ltd.
30	NEC Fielding, Ltd.
31	NEC Patent Service, Ltd.
32	NEC Platforms, Ltd.
33	NEC Friendly Staff, Ltd.
34	NEC Management Partner, Ltd.
35	NEC Livex, Ltd.
36	Institute for International Socio-Economic Studies
37	TAKASAGO, Ltd.

*Please refer to the main report

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JQA

No.1811004382

Independent Verification Report
ANNEX（2/2）

To: NEC Corporation

The organizational boundaries – Overseas:

1	NEC Corporation of America
2	NEC Canada,Inc.
3	NEC Laboratories America, Inc.
4	NEC Latin America S.A.
5	NEC Argentina S.A.
6	NEC Chile S.A.
7	NEC de Colombia S.A.
8	NEC de Mexico,S.A.de C.V.
9	NEC Europe Ltd.
10	NEC Deutschland GmbH
11	NEC Eastern Europe Kft.
12	NEC France S.A.S.
13	NEC Iberica S.L.
14	NEC Italia S.p.A.
15	NEC Laboratories Europe GmbH
16	NEC Portugal-Telecomunicacoes e Sistemas,S.A.
17	NEC Scandinavia AB
18	NEC Telecommunication & Information Technology Ltd.
19	NEC (UK) Ltd.
20	Joint-Stock Company NEC Neva Communications Systems
21	NEC XON Holdings (Proprietary) Limited
22	NEC Saudi Arabia,Ltd.
23	日電(中国)有限公司 （NEC (China) Co., Ltd.）
24	日電信息系統(中国)有限公司 （NEC Solutions (China) Co.,Ltd.）
25	NEC Hong Kong Limited
26	NEC Taiwan Ltd.（台灣恩益禧股份有限公司）
27	NEC Asia Pacific Pte. Ltd.
28	NEC Corporation of Malaysia Sdn.Bhd.
29	NEC Corporation (Thailand) Ltd.
30	NEC Corporation India Private limited
31	NEC Philippines, Inc.
32	NEC Vietnam Company Limited
33	PT. NEC Indonesia
34	NEC Australia Pty Ltd.
35	NEC New Zealand Limited
36	NetCracker Technology Corporation
37	KMD A/S
38	台灣航空電子股份有限公司 （JAE Taiwan, Ltd.）
39	JAE Oregon, Inc.
40	JAE Tijuana, S.A. de C.V.
41	JAE Philippines, Inc.
42	航空電子(無錫)有限公司 （JAE Wuxi Co., Ltd.）
43	航空電子(呉江)有限公司 （JAE Wujiang Co., Ltd.）
44	日電系統軟件科技(北京)有限公司 （NEC Advanced Software Technology(Beijing)Co.,Ltd.）
45	NEC 软件(济南)有限公司 （NEC Soft (Jinan) Co., Ltd.）
46	日電平台科技(蘇州)有限公司 （NEC Platform Technologies (Suzhou) Co., Ltd. ）
47	NEC Platforms Thai Co., Ltd.

*Please refer to the main report.

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NEC Sustainability Report 2022 has been assured by a third party for the social-related data items listed in the following assurance statement.

SGS

ASSURANCE STATEMENT

SGS Japan's Report on Sustainability Activities in the NEC Corporation Sustainability Report 2022

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 2022(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, average length of employment, frequency and severity rate of labor accidents and disasters, Percentage of officers ranked executive officer or higher who are female or non-Japanese 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 organization is responsible for the preparation and fair presentation of the scope of the assurance.

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 2021. 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 though 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. 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
13 June, 2022
Signed: Yuji Takeuchi

AA1000 Licensed Report 000-8/V3-UKKHL

The details of the scope of verification

	The scope	The boundary and period	The assertion
1	Number and ratio of female managers	NEC Corporation 1 April 2022	643/8.1%
		NEC Corporation and its consolidated subsidiaries (Excluding group companies of Japan Aviation Electronics Industry, Limited) 31 March 2022	2,535/9.6%
2	Ratio of employees with disabilities	NEC Corporation 1 June 2021	2.37%
		※Domestic consolidated subsidiaries (13 wholly owned subsidiaries in Japan excluding affiliated companies based on the Act for Promotion of Employment of Persons with Disabilities) 1 June 2021	2.27%
3	Average age of Employees	NEC Corporation 31 March 2022	Total : 43.6 Male : 44.3 Female : 41.4
4	Average years of employment	NEC Corporation 31 March 2022	Total : 18.5 Male : : 18.9 Female : 17.3
5	Number of people utilizing childcare leave	NEC Corporation 1 April 2021~31 March 2022	366
6	Number of people utilizing nursing care leave	NEC Corporation 1 April 2021~31 March 2022	16
7	Frequency and severity rate of labor accidents and disasters	NEC Corporation 1 January 2021~31 December 2021	Frequency rate : 0.0600 Severity rate : 0.0026
8	Percentage of officers ranked executive officer or higher who are female or non-Japanese (excluding Audit & Supervisory Board Members)	NEC Corporation 1 April 2022	8.0%

External Ratings and Evaluations (As of August 2022)

NEC is included in world-renowned Environmental, Social, and Governance (ESG) indices.

Dow Jones Sustainability Indices (DJSI)

In 2020 and 2021, 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.

🌐 MSCI ESG INDEXES

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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 has been rated "Prime" since 2018.

🌐 ISS ESG Corporate Rating

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

With its inclusion in 2021, NEC has been included in "A List" for both Climate Change and Water Security for three years in a row. Furthermore, NEC has been listed in the "Supplier Engagement Leader" of the Supplier Engagement Rating on climate issues for two consecutive years.

🌐 CDP

EcoVadis

Since 2012 NEC has been awarded the "Gold" sustainability ranking, placing it among the top 5% of companies assessed be EcoVadis; and in 2020 and 2021, we were awarded "Platinum," which places NEC among the top 1% of companies assessed worldwide.

🌐 EcoVadis

NEC Corporation has received external evaluations of its working environment.

"L-boshi" Certification

In April 2016, NEC became the first company to receive the "3-star" mark, the highest level under the "L-boshi" certification program, by meeting all five criteria for certification: recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses.

Next-generation Support Certification Mark "Platinum Kurumin"

NEC received the "Kurumin" certification 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.

Health & Productivity Stock Selection

NEC Corporation was included in the Health & Productivity Stock Selection for the first time in 2022.

Certified Health and Productivity Management Organization Recognition Program

NEC Corporation has been certified as a health and productivity management company from 2018 to 2022, and was certified as a health and productivity management "White 500" company in 2018, 2019, and 2021.

NEC Awarded "Gold" in Pride Index 2021

NEC was awarded the highest rating of "Gold" in Pride Index 2021.

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).

Other External Evaluations

👉 Main awards, Accreditation in Corporate Citizen Activities

👉 Environmental Ratings by External Organizations (Latest Rating/Ranking)

Comparison Table: Global Reporting Initiative (GRI) Standards

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 / Activities for Controlling Chemical Substances in Products
		102-12	※	External initiatives	Participation in International Initiatives / Dialogue and Co-creation with Our Stakeholders
		102-13	※	Membership of associations	Participation in International Initiatives / Dialogue and Co-creation with Our Stakeholders
	2. Strategy	102-14	※	Statement from senior decision-maker	Message from the President
		102-15		Key impacts, risks, and opportunities	Integrated Report / Priority Management Themes from an ESG Perspective—Materiality
	3. Ethics and integrity	102-16	※	Values, principles, standards, and norms of behavior	Code of Conduct
		102-17		Mechanisms for advice and concerns about ethics	Topic: Respecting Human Rights / Compliance and Risk Management
	4. Governance	102-18	※	Governance structure	Corporate 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	Management for Sustainability / 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 / Sustainability Advisory Committee / The Progress of Sustainability Promotion and Our Response to the Human Rights Risks under Purpose-driven Management / Understanding Global Trends in Climate Change and the Risks and Opportunities for NEC / Toward Further Development of Human Rights Initiatives in Procurement
		102-30		Effectiveness of risk management processes	Management for Sustainability
		102-31		Review of economic, environmental, and social topics	Management for Sustainability
		102-32		Highest governance body's role in sustainability reporting	Management for Sustainability
		102-33		Communicating critical concerns	Compliance and Risk Management
		102-34		Nature and total number of critical concerns	Compliance and Risk Management
		102-35		Remuneration policies	Remuneration for Directors and Audit & Supervisory Board Members
		102-36		Process for determining remuneration	Remuneration for Directors and Audit & Supervisory Board Members
		102-37		Stakeholders' involvement in remuneration	—
		102-38		Annual total compensation ratio	—
		102-39		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
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
		103-3		Valuation of the management approach	Management for Sustainability / 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)
		201-4		Financial assistance received from government	—
	202 Market Presence	202-1		Ratios of standard entry level wage by gender compared to local minimum wage	—
		202-2		Proportion of senior management hired from the local community	Innovation Management
	203 Indirect Economic Impacts	203-1		Infrastructure investments and services supported	Cooperation with the Local Communities
		203-2		Significant indirect economic impacts	NEC actions to achieve SDGs
	204 Procurement Practices	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 / Supply Chain Management
		205-3	◯	Confirmed incidents of corruption and actions taken	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	Overview of Environmental Impact
		301-2		Recycled input materials used	Overview of Environmental Impact
		301-3		Reclaimed products and their packaging materials	Resource Recycling and Pollution Prevention Initiatives / Overview of Environmental Impact / Data Collection "Environment"
	302 Energy	302-1		Energy consumption within the organization	Overview of Environmental Impact / Data Collection "Environment"
		302-2		Energy consumption outside of the organization	Overview of Environmental Impact / Data Collection "Environment"
		302-3		Energy intensity	Overview of Environmental Impact / Data Collection "Environment"
		302-4		Reduction of energy consumption	Overview of Environmental Impact / Data Collection "Environment"
		302-5		Reductions in energy requirements of products and services	Policy and Targets / Achievements / Response to Climate Change / Overview of Environmental Impact / Data Collection "Environment"

300: Environment	303 Water and Effluents	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	Achievements 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 Recycling 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	Policy and Targets Achievements Response to Climate Change Overview of Environmental Impact Data Collection "Environment"
		305-2	○	Indirect (Scope 2) GHG emissions	Policy and Targets Achievements Response to Climate Change Overview of Environmental Impact Data Collection "Environment"
		305-3	○	Other indirect (Scope 3) GHG emissions	Policy and Targets Achievements 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	Achievements 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	Achievements 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 Recycling and Pollution Prevention Initiatives Overview of Environmental Impact Data Collection "Environment"
		306-3		Significant spills	Environmental Management Resource Recycling and Pollution Prevention Initiatives
		306-4		Transport of hazardous waste	Resource Recycling and Pollution Prevention Initiatives
		306-5		Water bodies affected by water discharges and/or runoff	Water Risk Management and Effective Water Usage Resource Recycling and Pollution Prevention Initiatives
	307 Environmental Compliance	307-1		Non-compliance with environmental laws and regulations	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	Environmental Management Supply Chain Management
400: Social Topics	401 Employment	401-1		New employee hires and employee turnover	Data Collection
		401-2		Benefits provided to full-time employees that are not provided to temporary or part–time employees	Creating a Diverse Workstyle Environment
		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		Occupational health and safety management system	Health and Safety

400: Social Topics	403 Occupational 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	Health and Safety 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	Human Resources Development and Training Data Collection
		404-2		Programs for upgrading employee skills and transition assistance programs	Human Resources Development and Training
		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 Workstyle Environment
	406 Non-discrimination	406-1	○	Incidents of discrimination and corrective actions taken	Topic: Respecting Human Rights Compliance and Risk Management CS (Customer Satisfaction) Initiative 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	Topic: 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	Topic: 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	Topic: Respecting Human Rights
	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	Topic: Respecting Human Rights
		412-2	○	Employee training on human rights policies or procedures	Topic: Respecting Human Rights Data Collection
		412-3	○	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Topic: 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 the 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	Supply Chain Management Guidelines for Responsible Business Conduct in Supply Chains
		414-2		Negative social impacts in the supply chain and actions taken	Compliance and Risk Management Supply Chain Management
	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) Initiative
	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

Comparison Table: Global Compact

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.	Topic: Respecting Human Rights Inclusion and Diversity
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	AI and Human Rights Supply Chain Management
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Topic: Respecting Human Rights Inclusion and Diversity
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Creating a Diverse Workstyle Environment Health and Safety Supply Chain Management
	Principle 5	Businesses should uphold the effective abolition of child labour.	
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	Policy and Targets 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 Recycling 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

Comparison Table: SASB Standards

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CODE	CORRESPONDING PAGE
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed (2) Percentage of grid electricity (3) Percentage of 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) Initiative
	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 Resource Development and Training Data Collection
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	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	TC-SI-520a.1	Compliance and Risk Management Promoting Fair Commercial Transactions
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues; (2) service disruptions; and (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 of cloud-based	TC-SI-000.A	—
(1) Data processing capacity (2) Percentage of outsourced	TC-SI-000.B	—
(1) Amount of data storage (2) Percentage of outsourced	TC-SI-000.C	—

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Comparison Table: ISO 26000

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	Topic: Respecting Human Rights Inclusion and Diversity Creating a Diverse Workstyle Environment Compliance and Risk Management Supply Chain Management
Labour Practices	1. Employment and employment relationships 3. Social dialogue 5. Human development and training in the workplace	2. Conditions of work and social relationships 4. Health and safety at work	Inclusion and Diversity Human Resource Development and Training Creating a Diverse Workstyle Environment Health and Safety

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
			Policy and Targets
			Environmental Management
			Response to Climate Change
			Water Risk Management and Effective Water Usage
			Resource Recycling and Pollution Prevention Initiatives
			Initiatives for Biodiversity
			Overview of Environmental Impact

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	Compliance and Risk Management Promoting Fair Commercial Transactions Supply Chain Management
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	Topic: Respecting Human Rights AI and Human Rights Personal Information Protection and Privacy Ensuring Quality and Safety CS (Customer Satisfaction) Initiative
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	Management for Sustainability Dialogue and Co-creation with Our Diverse Stakeholders Cooperation with the Local Communities Innovation Management Activities for Contributing to Society