NEC ESG Databook
2025

NEC \Orchestrating a brighter world

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NEC is a signatory to the United Nations Global Compact.

WE SUPPORT UN GLOBAL COMPACT

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Information Disclosure Policy

Basic Policy

NEC uses its sustainability website and the ESG Databook (PDF) as stakeholder communication tools, disclosing sustainability initiatives and their results as viewed from an environmental, social, and governance (ESG) perspective.

In addition, in the NEC Integrated Report, NEC presents a comprehensive picture of its financial and non-financial initiatives (ESG/future financial) from the perspective of management for sustainability, with a focus on initiatives for addressing materiality.

Scope of This Report

This publication focuses on initiatives during fiscal 2025 (April 1, 2024 to March 31, 2025), but also covers certain events and activities outside that period.

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

NEC Sustainability Website and NEC ESG Databook

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

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

Reference Guidelines

With the aim of conforming with international reporting initiatives, NEC reports on its sustainability activities using the following guidelines as references. In addition, the report was created with reference to the four thematic areas of the ISSB and SSBJ.

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

Third-party Assurance

The environmental and social data published in NEC ESG Databook 2025 (PDF) has been verified by a third party. Applicable environmental data is denoted with a ⊘. Relevant social data is provided in the corresponding notes.

Date of Issue

September 2025

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This databook uses the following navigation tools.

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XXXXX **Go to corresponding page in databook**

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Open external site

Click a topic under the Index on the right side of the PDF to go to the corresponding topic page.

Management for Sustainability

Management Framework for Sustainability GRI 2-12, 2-13, 2-14 , 2-17, 2-18

At NEC, we promote management for sustainability under a corporate governance framework that clearly separates oversight and execution.

■ Roles of Management

• Oversight by the Board of Directors

The Board of Directors oversees the implementation of materiality initiatives and responses to sustainability issues by receiving reports from the Chief Financial Officer (CFO), who is in charge of promoting sustainability, and other officers involved in sustainability promotion (hereinafter referred to as "officers involved in sustainability promotion"). These reports are based on matters discussed or approved by the executive bodies described in "Execution Framework" below.

• Execution Framework

The CFO and officers involved in sustainability promotion work together to address sustainability issues centered on materiality, using appropriate committees for discussion and deliberation depending on the topic. Opportunities are mainly addressed through the CEO-led Executive Committee and the CFO-led Business Strategy Committee, while risks are handled through the Risk Control and Compliance Committee led by the Chief Risk and Compliance Officer (CRCO). In addition, the CFO and officers involved in sustainability promotion have established the NEC Sustainability Advisory Committee, which consults with external experts. This committee engages in objective and expert discussions on NEC's sustainability policies and initiatives in light of the latest trends, helping the Company clarify its direction and make improvements in a rapidly changing and uncertain environment.

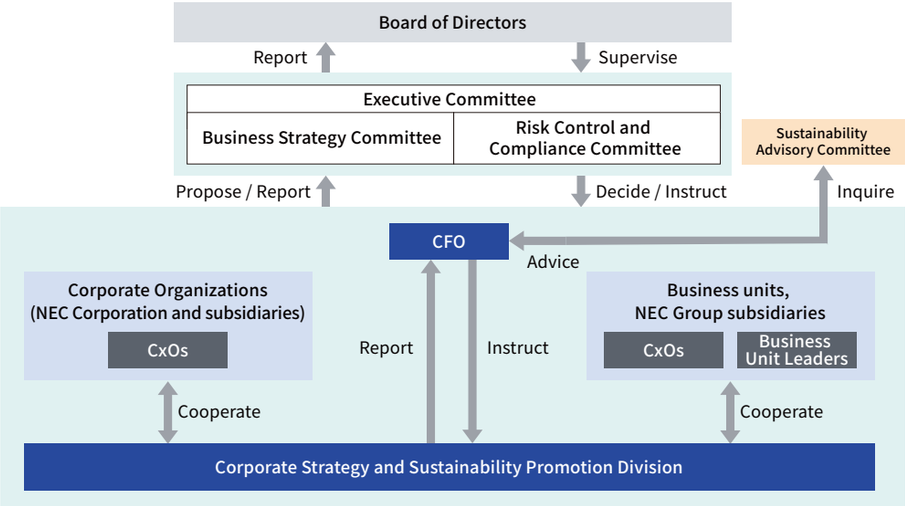
NEC Sustainability Advisory Committee

The Corporate Strategy and Sustainability Promotion Division, composed of departments responsible for corporate strategy, IR, and communications, works in close collaboration with the corporate organizations of NEC and its subsidiaries, including departments responsible for people management, general affairs, people and organizational development, risk and compliance, management information systems, environment, customer satisfaction, quality assurance, and procurement, under the leadership of the corporate officer in charge of promoting sustainability, to advance management for sustainability. Additionally, NEC is advancing initiatives in collaboration with our suppliers.

■ Materiality and Sustainability-Related Performance Indicators and Remuneration for Directors

The implementation of materiality initiatives is clearly defined in the job descriptions of internal directors as "Companywide Organizational and Talent Development Based on the NEC Way" and "Priority Management Themes from an ESG Perspective—Materiality." These responsibilities are also incorporated into the performance evaluation of KPIs of officers involved in sustainability promotion to clarify accountability and enhance effectiveness. Additionally, engagement scores are used as a bonus calculation metric for Corporate SVPs and above (excluding outside directors).

Management Implementation Framework for Sustainability



CxOs: Chief x Officer

Participation in International Initiatives GRI 2-28

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

Participation in International Initiatives

Dialogue and Co-creation with Our Stakeholders GRI 2-6, 2-28, 2-29

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

Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of "Orchestrating" as stated in our Purpose, "Orchestrating a brighter world," within the NEC Way. The following page includes examples of the main dialogue and co-creation initiatives that we conducted in fiscal year 2025.

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Main Types of Dialogue and Co-creation Cases with Our Stakeholders

	Themes and objectives	Communication method		Reference
Customers	• Contribution to resolving social issues through business activities with customers • Customer satisfaction (CS) activities aligned to customer characteristics • Disclosure of appropriate information about products and services	• Sales activities • CS activities • NEC Customer Communication Centers • Advertising, PR • Holding the NEC Executive Summit		Implementation Examples (Contributions to SDGs, Environmental Solutions Website (Japanese language only)) NEC's Customer Satisfaction Enhancement Activities Customer Relationship Management Advertising
Shareholders and investors	• Timely, appropriate provision of information • Promotion of understanding of the Company, acquisition of feedback from capital markets • ESG activity reports and exchanges of opinions	• Financial results presentation meetings (quarterly) • General Meeting of Shareholders (annually) • NEC IR Day • Briefing about Environmental Management • Briefing about Human Capital Management	• NEC Innovation Day • Individual meetings with analysts • NEC Sustainability Advisory Committee	Financial Documents Management Strategy Meeting / Business Briefing NEC Sustainability Advisory Committee
Business partners	• Strengthening of partnerships • Construction of better supply chains • Fair procurement activities	• Implementation of Guidelines for Responsible Business Conduct in Supply Chains • Partner exchange meetings • Policy briefings	• Document checks • On-site assessments • Third-party audits • NEC Compliance & Integrity Hotline	Supply Chain Management Respect for Human Rights
Employees	• Understanding the status of employee engagement • Exchange of opinions between employees and management • Human resource development and evaluation • Promoting appropriate treatment and occupational health and safety	• One NEC Survey (annually) • Pulse Survey (every three months) • The NEC Way Day • Town hall meetings with the NEC president (at least once a month)	• One-on-one meetings between supervisors and team members • Health and safety committees • Labour-management councils • NEC Compliance & Integrity Hotline	CEO Town Hall Meetings (Japanese language only) Environmental Management Human Capital Management Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
United Nations and international institutions, national and local governments	• Sustainable development of international society and contribution to the SDGs • Compliance with laws and regulations	• Participation in global initiatives to enhance sustainability • The 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) • The 16th Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD-COP16) • The World Economic Forum Annual Meeting (2025) • Public-private sector collaboration projects • Policy declarations		Message from the President and CEO Participation in International Initiatives Environmental Management Climate Change Measures NEC Actions to Achieve SDGs Co-creation with International Organizations
NPOs and NGOs, civil society	• Understanding feedback from society • Co-existence with local communities • Development of young social entrepreneurs	• NEC Sustainability Advisory Committee • Collaboration with international NPOs and NGOs • NEC Make-a-Difference Drive corporate citizenship activity	• NEC Social Entrepreneurship School • NEC Pro Bono Initiative	NEC Sustainability Advisory Committee Corporate Citizenship Activities
Students	• Understanding feedback from society • Supporting the learning of the next generation	• NEC Future Creation Program • e-Net-Caravan		NEC CAREERS (Japanese language only) NEC Future Creation Program (Japanese language only) Inclusion and Diversity

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Approach and Initiatives for Management for Sustainability GRI 2-22

Since its founding in 1899, NEC has continued to grow by contributing to the realization of a more prosperous society through the provision of mission-critical systems that support infrastructure using information and communication technology (ICT). We remain committed to thorough compliance and aim to maintain and strengthen the trust we have built by meeting the expectations of diverse stakeholders within society. At the same time, we strive to maximize long-term profits through the creation of social value, as stated in our Purpose.

Guided by our Purpose, we identify key management issues with significant impacts, both risks and opportunities, in the areas of environment, people, and finance as materiality and work actively to address them.

Message from the President and CEO

Our Journey toward Management for Sustainability

■ Basic Principles on Management for Sustainability

To maintain and strengthen trust with diverse stakeholders and maximize long-term profit through the creation of social value, NEC implements materiality initiatives based on the following three basic policies of sustainability management, as guided by the NEC Way.

1. Contribute to Solving Social Issues through Our Business

As part of its Purpose, NEC declares its intention to create the social values of safety, security, fairness and efficiency through its business activities. The SDGs pledge to "leave no one behind " is aligned with the NEC Purpose, "to promote a more sustainable world where everyone has the chance to reach their full potential." In order to fulfill its Purpose, NEC has put together NEC 2030VISION as a compass to indicate the direction and path for the Company to follow.

NEC 2030VISION

2. Strengthen Risk Management and Enforce Compliance

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

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

3. Promote Communication with Stakeholders

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

This commitment also helps fulfill the requirements of SDG 17, "Partnerships for the goals."

Approach to Materiality GRI 3-2

NEC identified its materiality by evaluating environmental and human-related issues, which had been listed based on global guidelines such as ISO 26000, GRI Standards, the UN Global Compact, SDGs, and SASB, for their level of impact across NEC's value chain and their financial implications. To determine these materiality items, NEC engages in dialogue with experts from various fields and stakeholder representatives, using their input to validate and refine the direction of its initiatives. Materiality is determined under the oversight of the Board of Directors during the formulation of the Mid-term Management Plan and is reviewed annually in response to changes in the Company's business environment and evolving societal expectations.

In Mid-term Management Plan 2025, NEC has identified five "Growth Materiality" areas aimed at value creation, opportunity generation, and increasing growth rates, as well as seven "Fundamental Materiality" areas focused on risk reduction and sustained growth.

Through its efforts in these areas of materiality, NEC aims to meet the expectations of various stakeholders, including employees, business partners, and customers, and maintain inclusion in ESG indices, which reflect trust from society and capital markets.

External Ratings and Evaluations (Inclusion in ESG Indices)

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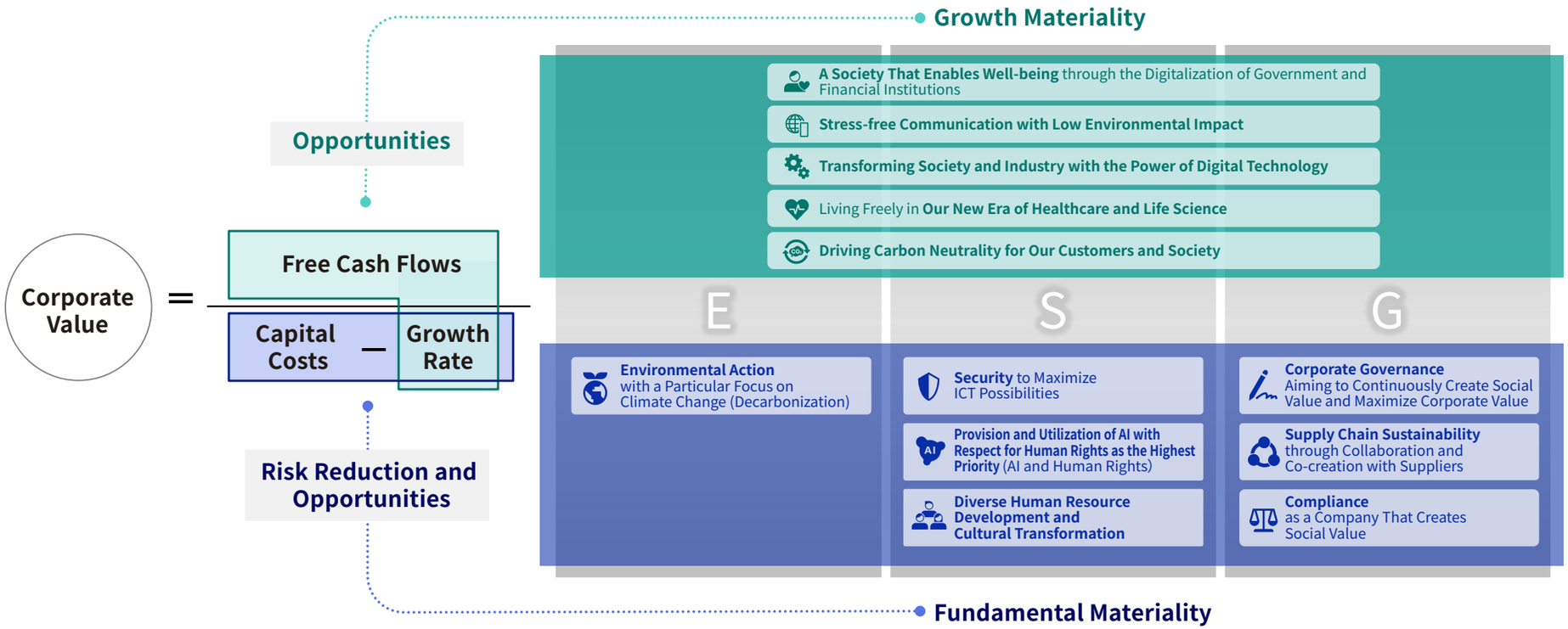
Corporate Value Formula and Materiality



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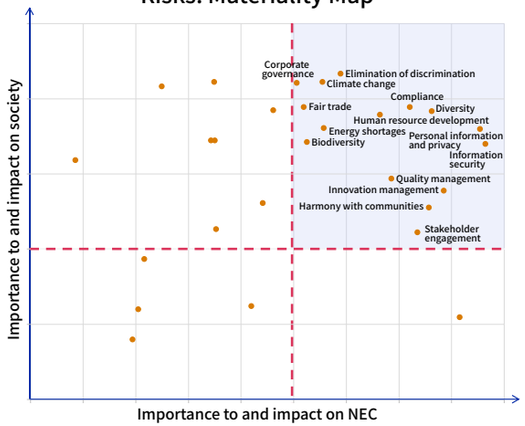
Evolution of the Materiality Identification Process

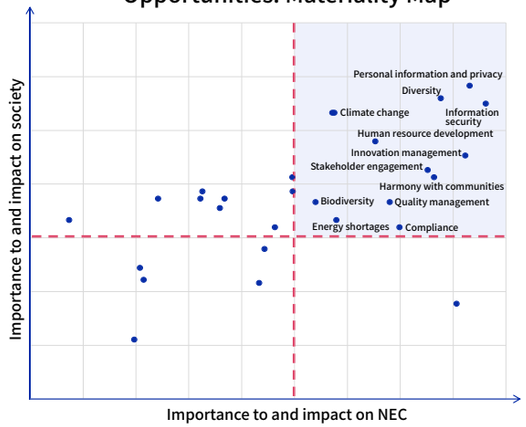
1. Fiscal Year 2019—Identifying NEC's Materiality GRI 3-1

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

Risks: Materiality Map



Opportunities: Materiality Map



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

Identification Process for Fiscal Year 2019 Materiality

"Sustainability Management" on page 3 of Sustainability Report 2018

2. Fiscal Year 2021— Re-identifying NEC's Materiality

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

Materiality Reset in Fiscal Year 2021

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

3. Fiscal Year 2022—Reviewing NEC's Materiality in Formulating Mid-term Management Plan 2025

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

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

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

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

4. Fiscal Year 2024—Studies to Review Materiality

NEC believes that in addition to reducing risk, ESG drives the generation of growth and opportunities. As such, NEC expects to increase corporate value by integrating and managing these two aspects of ESG. Therefore, in order to clarify the themes for generating growth and opportunities, since fiscal year 2024, the social and environmental themes to be created by the growth businesses in Mid-Term Management Plan 2025 have been organized into "Growth Materiality" to create growth and opportunities and improve the growth rate. In addition, the seven priority management themes have been positioned as "Fundamental Materiality" with the goal of reducing risk and improving the NEC Group's growth rate.

Growth Materiality

5. Fiscal Year 2025—Launch of NEC's Materiality Re-identification Project

In fiscal year 2025, NEC launched an internal project with the aim of identifying the risks and opportunities—along with their social and financial impacts—for the next Mid-term Management Plan starting in fiscal year 2027, more clearly than ever before, and incorporating them into our management strategy. This project involves re-identifying materiality by evaluating environmental and human impacts, financial implications, risks, and opportunities, while also seeking input from various stakeholders, including the NEC Sustainability Advisory Committee.

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Identifying Key Risks and Opportunities for Each Materiality Item GRI 3-3

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

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Initiatives to Address Growth Materiality

Growth Materiality

A Society That Enables Well-being through the Digitalization of Government and Financial Institutions

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

NEC IR Day 2024

Stress-free Communication with Low Environmental Impact

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

Transforming Society and Industry with the Power of Digital Technology

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

NEC IR Day 2024

Living Freely in Our New Era of Healthcare and Life Science

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

Driving Carbon Neutrality for Our Customers and Society

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

Briefing about Environmental Management (February 17, 2025)

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

Mid-term Management Plan 2025

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Initiatives to Address Fundamental Materiality

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

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

Briefing about Environmental Management (February 17, 2025)

Climate Change Measures

Security to Maximize ICT Possibilities

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

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

As part of this effort, NEC is increasing the number of people recognized as Certified Information Systems Security Professionals by the International Information System Security Certification Consortium (ISC2) of the United States.

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

Information Security and Cybersecurity

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

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

- Ensure that AI is utilized appropriately by NEC, customers, and partners
- Continue to develop advanced technology and talent to further promote AI utilization, with respect for human rights as the highest priority
- Promote engagement and collaboration with a range of stakeholders in using AI

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

AI and Human Rights

Diverse Human Resource Development and Cultural Transformation

Based on the NEC Way and NEC's HR Policy, "transformation of people and culture" is a tenet of Mid-term Management Plan 2025. NEC will accelerate diversity, which is the source of innovation, and implement workstyle reforms that support the working styles of diverse talent.

Briefing about Human Capital Management 2025 (March 17, 2025)

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

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

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

1. Assurance of transparent and sound management
2. Realization of prompt decision-making and business execution
3. Clarification of accountability
4. Timely, appropriate and fair disclosure of information

Corporate Governance

Supply Chain Sustainability through Collaboration and Co-creation with Suppliers

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

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

Supply Chain Management

Compliance as a Social Value Innovator

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

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

Compliance

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Governance Strategy **Risk Management** Metrics and Targets

Sustainability-related risks at NEC are managed as part of the companywide risk management framework, with each system manager and business manager overseeing their respective areas. These risks are regularly monitored by the Risk Control and Compliance Committee.

The companywide risk management items, "Cybersecurity," "Respect for Human Rights," "Occurrence of Serious Misconduct," and "Human Capital Management," have been designated as "Fundamental Materiality" due to their significant impact on both society and NEC's financial performance. They are categorized as: "Security to Maximize ICT Possibilities," "Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)," "Compliance as a Social Value Innovator," and "Diverse Human Resource Development and Cultural Transformation," respectively.

For opportunity creation, in addition to initiatives under Fundamental Materiality, NEC also monitors progress on "Growth Materiality" as part of the progress tracking for Mid-term Management Plan 2025. Furthermore, NEC positions itself as the initial client ("client zero"), meaning it first addresses risk reduction internally. The know-how gained through this internal implementation is then applied in services offered to clients, turning risk mitigation into a source of business opportunities. For example, in the area of cybersecurity, NEC leverages the experience and knowledge gained from practicing security management internally to offer services that support clients in managing security risks.

Governance Strategy Risk Management **Metrics and Targets**

In Mid-term Management Plan 2025, NEC has established KPIs for fiscal year 2026 as benchmarks to measure progress on materiality. Results and challenges are reviewed annually, and additional measures or revisions to targets are considered as needed.

The KPIs for each materiality item in fiscal year 2026 and the results of initiatives implemented in fiscal year 2025 are as follows. For "Supply Chain Sustainability," the achievement rate was 87% as of the end of fiscal 2025, once again surpassing the fiscal year 2026 KPI target of 75%, as it did in the previous fiscal year. This figure may fluctuate as it is based on procurement value. NEC will therefore continue working to ensure the target is achieved by the end of fiscal year 2026 as well.

	Materiality	KPIs for Fiscal Year 2026	Results for Fiscal Year 2025
Growth Materiality	A Society That Enables Well-being through the Digitalization of Government and Financial Institutions	• DGDF revenue: 315.0 billion yen Adjusted operating profit margin: 12.1%[1]	• DGDF revenue: 320.7 billion yen Adjusted operating profit margin: 6.7%
	Stress-free Communication with Low Environmental Impact	–[2]	–[2]
	Transforming Society and Industry with the Power of Digital Technology	• NEC BluStellar revenue: 624.0 billion yen Adjusted operating profit margin: 13.2%[3] • Total human resources involved with DX: 12,000	• NEC BluStellar revenue: 542.4 billion yen Adjusted operating profit margin: 12.2% • Total human resources involved with DX: 11,935
	Living Freely in Our New Era of Healthcare and Life Science	• Continuously create new businesses in healthcare and life sciences to achieve a business value of 500 billion yen by fiscal year 2031	• Launched a demonstration experiment for hospital management services utilizing generative AI • Verified the effectiveness of using LLMs to streamline clinical trial patient registration • Steadily progressed clinical trials to verify the efficacy of personalized neoantigen cancer vaccines
	Driving Carbon Neutrality for Our Customers and Society	• Business expansion in areas such as carbon management to support corporate decarbonization	• Expanded focus beyond climate change measures to include resource circulation and natural capital • Promoted external collaboration and trials with customers and industry organizations • Advanced the environment "client zero" strategy, linking internal initiatives to customer problem-solving
Fundamental Materiality	Environmental Action with a Particular Focus on Climate Change (Decarbonization)	• 25.0% reduction in Scope 1 and Scope 2 CO_2 emissions (compared with fiscal year 2021) to achieve carbon neutrality by 2040	• Approximately 44.7% reduction in Scope 1 and Scope 2 CO_2 emissions (compared with fiscal year 2021)
	Security to Maximize ICT Possibilities	• Three times the number of internationally certified personnel[4] (compared with fiscal year 2021)	• More than a total of 560 internationally certified personnel[4], approximately 3.7 times the number in fiscal year 2021
	Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)	• Application of the NEC Group AI and Human Rights Principles	• Application of the NEC Group AI and Human Rights Principles
	Diverse Human Resource Development and Cultural Transformation	• Engagement score: 50% • Ratio of female managers to all managers: 20%[5] Ratio of female and non-Japanese officers to all officers: 20%[6]	• Engagement score: 42% • Ratio of female managers to all managers: 10.6%[7] Ratio of female and non-Japanese officers to all officers: 16.9%[8]
	Corporate Governance Aiming to Continuously Create Social Value and Maximize Corporate Value	• Increase sophistication of governance by transitioning to a company with a Nomination Committee, etc., with a majority of independent outside directors	• Strengthened the monitoring function of the Board of Directors • Ratio of independent outside directors: 61.5%
	Supply Chain Sustainability through Collaboration and Co-creation with Suppliers	• Suppliers agreeing to the Procurement Guidelines: 75%[9]	• Suppliers who have agreed to the Procurement Guidelines: 87%
	Compliance as a Social Value Innovator	• Zero cases of serious involvement with cartels and/or bid-rigging	• Zero cases of serious involvement with cartels and/or bid-rigging

1. Target changed in fiscal year 2026.
2. Removed from KPIs due to changes in the external environment.
3. Changed from Core DX in fiscal year 2025, with KPIs also revised.
4. CISSP (Certified Information Systems Security Professional)
5. Includes transfers effective April 1, 2026 determined within fiscal year 2026.
6. Directors, executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents of the Company as of March 31, 2026 (including executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents whose appointment is determined during fiscal year 2026 and transfer is scheduled for April 1, 2026).
7. As of March 31, 2025. The ratio of female managers to all managers was 11.7% as of April 1, 2025.
8. Directors, executive officers, corporate senior executive vice presidents, corporate executive vice presidents and corporate senior vice presidents as of March 31, 2025. The ratio of female and non-Japanese officers to all officers was 20.0% as of April 1, 2025.
9. Percentage based on procurement amount. Although the target was achieved as of the end of fiscal year 2025, the ratio based on procurement value fluctuates each year, so the previous year's KPI target of 75% has been maintained.

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Environmental Management Promotion Framework

■ Overview

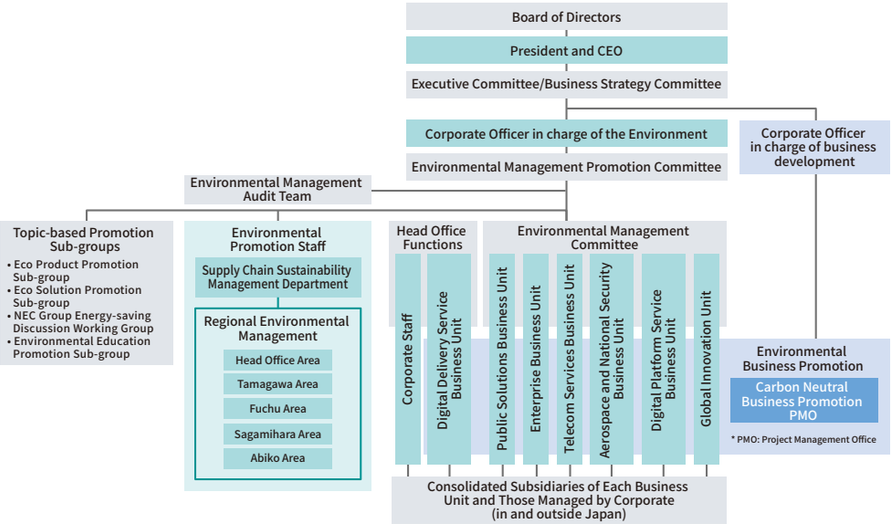
Important environmental matters are discussed by either the Executive Committee or the Business Strategy Committee. Discussions are limited to those deemed important based on deliberations by the environmental management committees in each business unit, special sub-groups for each topic*, and the Environmental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

Each business unit has established environmental management committees. In addition, a system has been established for carrying out specific measures by each business unit, its divisions, affiliated companies, and subsidiaries of NEC around the world. By formulating and implementing specific action plans based on the environmental strategy devised by either the Executive Committee or by the Business Strategy Committee, we can implement consistent environmental management throughout the NEC Group under the supervision of the Board of Directors.

For business development activities in which the environment is a new business opportunity, we have established a dedicated team called the Carbon Neutral Business Promotion Project Management Office (PMO) to promote collaboration among all companies, including Group companies, and to accelerate commercialization.

* The Eco Product Promotion Sub-group, the Eco Solution Promotion Sub-group, the NEC Group Energy-saving Discussion Working Group, and the Environmental Education Promotion Sub-group.

Environmental Management Promotion Framework Diagram



■ Pollution Prevention and Chemical Substance Management

Each NEC plant conducts a preliminary assessment of the chemical substances used and the facilities and equipment that generate wastewater or exhaust gases to assess the potential environmental impact. We have also established environmental analysis and measurement regulations to appropriately monitor the environmental load of exhaust gases, wastewater, odors, and other substances to prevent pollution.

■ Water Resource Management

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

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

■ Resource Circulation and the Circular Economy

We have established circular economy activity sharing meetings to improve synergy between the circular-related businesses of each business unit and create new business opportunities.

Participation in Initiatives

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

Category	Initiatives		Description
Natural capital	The TNFD Forum/ Early Adopter	TNFD Taskforce on Nature-related Financial Disclosures	NEC is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and has registered as an Early Adopter to implement TNFD disclosures at an early stage.
Water resource management	Water Project	Water Project	NEC participates in initiatives aimed at creating sustainable local communities through the consideration of the relationship between people and water, as well as the use and conservation of sound water environments, in collaboration with various stakeholders including government, academia, and the public.
Biodiversity and ecosystems	30by30 Alliance	30by30	NEC participates as a founding member of the "30by30 Alliance[1]" in Japan.
	Biodiversity Working Groups	電機・電子4団体 生物多様性WG	NEC participates in biodiversity preservation activities as a member of a biodiversity working group made up of four organizations[2] from the electrical and electronics industries.
Resource circulation and the circular economy	CLOMA	CLOMA	NEC participates in the "Japan Clean Ocean Material Alliance" and promotes initiatives to address the global issue of marine plastic waste.
	Circular Partners (CPs)	Circular Partners	NEC collaborates with national and local governments, universities, companies, industry associations, and related organizations and agencies as part of Circular Partners (CPs), which ambitiously and proactively promote the circular economy and develop necessary policies for its realization in Japan.

1. An alliance to achieve the biodiversity goal of conserving at least 30% of land and ocean areas as natural environments by 2030. Committed to at the G7 Summit in 2021 and formally structured at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15) in 2022.
2. The four organizations are The Japan Electrical Manufacturers' Association (JEMA), Japan Electronics and Information Technology Industries Association (JEITA), Communications and Information Network Association of Japan (CIAJ) and Japan Business Machine and Information System Industries Association (JBMIA).

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■ Involvement with Industry Associations

To ensure consistency between NEC's own position and that of industry associations, NEC participates in various organizations as a committee member and engages in active discussions. In discussions, we keep in mind whether the position aligns with NEC's values and whether it follows global initiatives such as the Paris Agreement. If any discrepancies arise, the matter is brought back internally and adjustments are made through the Environmental Management Promotion Committee and other relevant bodies, based on the environmental management system, to clarify NEC's position. Through this process, NEC aligns its climate change initiatives with the activities of industry associations.

Organization (Secretariat)	Committee name	Activities
Japan Business Federation (Keidanren)	Committee on Energy and Resources: Planning Subcommittee Committee on Environment and Safety: Subcommittee on Global Environment / Working Group on Global Environment Strategy / Subcommittee on Waste & Recycling / Subcommittee on Environmental Risk Response Nature Conservation Council	NEC's Corporate Officer in charge of the Environment participates as a committee member in the Committee on Environment and Safety and the Committee on Energy and Resources, providing policy proposals for global warming countermeasures and energy measures utilizing IT.
Japan Electronics and Information Technology Industries Association (JEITA)	Environmental Subcommittee, Environmental Promotion Committee, Environmental Management Committee, Sustainable IT Promotion Committee, Impact Assessment Committee, Advanced Topics Study Group	This is the primary environmental organization for IT companies. It covers a wide range of topics including chemical substances and climate change.
Japan Environmental Management Association for Industry, Japan LCA Forum	LIME3[3] Utilization Working Group	NEC will utilize LIME3 to conduct environmental impact assessments that include natural capital.
Four electrical and electronic industry associations: JEITA, JEMA, JBMIA, CIAJ	Environmental Strategy Liaison Committee, Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention, Steering Committee, Product Contribution Expert Committee, etc.	These committees and working groups examine and guide strategies from a managerial and strategic perspective to address global issues in the electrical and electronics industry and make policy proposals to governments in Japan and abroad.

3. Life cycle Impact assessment Method based on Endpoint modeling 3. A method for analyzing global environmental impacts, such as effects on human health and species extinction.

• Policy Engagement

NEC Europe's Brussels office plays a central role in monitoring and responding to environmental trends in the EU, such as climate change, chemical substance management, and the circular economy. In coordination with the NEC head office, it has long been actively involved in the policymaking process for major environmental regulations such as the Waste Electrical and Electronic Equipment (WEEE) Directive, Restriction of Hazardous Substances (RoHS) Directive, REACH Regulation, and Eco-design as a chair or member of related committees in the Japan Business Council in Europe (JBCE) and DIGITALEUROPE. Furthermore, it provides support to the NEC head office in interpreting new regulations such as the EU taxonomy regulation, Corporate Sustainability Reporting Directive (CSRD), and Corporate Sustainability Due Diligence Directive (CSDDD) and assessing their impact on NEC. It also works to ensure Japan's views are reflected in the EU's environmental policy process, promotes understanding of EU laws and requirements through communication with Japanese electronics industry associations, and engages in advocacy (the protection of rights) with EU institutions.

These efforts contribute to the advancement of EU environmental policies and position NEC as a bridge between Japan and the EU through collaborations with the NEC head office and Japanese industry associations.

For more details, please see the following web page.

Policy Engagement

NEC Environmental Policy

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

NEC Environmental Policy

Environmental Education and Awareness

■ Environmental Training for All Employees

NEC conducts environment-related web-based training (in Japanese, English, Chinese, Spanish, and Portuguese) for all employees at offices around the world. We present specific examples of our proposals with eco-related appeal, an initiative to highlight environmental value, in an effort to raise awareness of CO_2 emissions reduction not only within the Company and suppliers, but also among customers and society at large. Another objective of this education is to raise awareness of the NEC Environmental Policy and other goals and ensure thorough compliance with laws and regulations. Completion rates for the NEC Group in fiscal year 2025 were 96.9% in Japan (target: at least 95%) and 95.4% outside Japan (target: at least 95%).

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

■ Training for Environmental Auditors

NEC provides environmental auditors with annual classroom training in areas that include legal revisions and audit policies.

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

■ Environment Month

We have designated June as NEC Group Environment Month, for which we plan and conduct environment-related educational events. The theme for fiscal year 2025 is "Let's Act for a Sustainable World! Taking Action Now, as One NEC, for the Future."

Under the One NEC theme, we shared examples of environmental initiatives from NEC Group companies in Japan and abroad, alongside our annual biodiversity conservation event at the NEC Abiko Plant and cafeteria-based activities. These efforts encourage each employee to reflect on how their work connects to environmental issues. Many employees in Japan and around the world participated.

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Environmental Management Strategy

NEC promotes and strengthens environmental management from two angles: by reducing our own environmental footprint and by helping customers reduce their environmental impact through the use of NEC Group products and services.

To reduce our environmental footprint, the NEC Group conducts a wide range of activities, including reducing CO_2 emissions across the supply chain, expanding the use of renewable energy, cutting water consumption and waste output, promoting resources circulation, preserving endangered species, and ensuring compliance with environmental laws. We are also involved in creating environmental rules and policy proposals in collaboration with government, academia, and industry.

Starting in fiscal year 2025, we are placing special emphasis on the "Client Zero" initiative, which leverages our NEC BluStellar value creation model to solve customer issues while reducing environmental impact through our products and services. "Client Zero" is the idea of using NEC Group itself as the initial client field to test and implement the latest technologies, driving internal transformation and using the firsthand knowledge and experience gained to create solutions that help customers tackle environmental challenges. NEC BluStellar is a value creation model that starts with the customer's management challenges and provides end-to-end business solutions to help solve them.

■ NEC's Environmental Client Zero Strategy

In the past, addressing environmental issues was hindered by problems such as overly individualized know-how and reliance on manual processes. NEC is taking the lead in using digital transformation (DX) to quantify data and reform operations, aiming to resolve these challenges and tackle environmental issues. We aim to integrate non-financial data with financial data through DX, embedding environmental perspectives into all supply chain processes as a matter of course, and ensuring access to necessary information to achieve sustainable, data-driven management. The knowledge gained through this initiative will also help customers overcome challenges in advancing their own environmental management.

With the introduction of various environmental regulations and carbon taxes, customers are facing increasingly complex environmental management challenges. In Japan, some companies are beginning to see regulations and decarbonization as business opportunities and are placing sustainability at the core of their management strategies. Since around 2021, the number of inquiries we receive from customers about environmental issues has surged. Initially, demand focused on visualization tools for Scope 3 emissions, but over time, customer needs have shifted toward visualizing CO_2 emissions at the product level and identifying non-financial risks and opportunities linked to financial affairs, which cannot be addressed with tools alone.

As an ICT company, NEC sees business opportunities in helping customers address their management challenges. We offer services tailored to each customer's stage of progress, leveraging the know-how gained as Client Zero in our consulting services, and work alongside customers to solve their challenges.

■ Briefing about Environmental Management for Investors

NEC is publicly communicating how we are linking our advanced environmental initiatives to business and accelerating efforts to benefit our customers, while actively engaging with institutional investors, securities analysts, and the media on our Environmental Client Zero strategy.

In February 2025, we held an online briefing on environmental management for investors and the media, where the Chief Supply Chain Officer (CSCO) presented NEC Group's environmental strategy, our approach to linking internal initiatives to business under the Client Zero concept, and specific examples of these efforts. A total of 82 participants, including securities analysts, institutional investors, financial institutions, and members of the press, attended the event. Attendees commented that the session helped deepen their understanding of NEC's environmental initiatives and the Environmental Client Zero approach. In addition, we received requests for quantitative information such as environmental business targets and timelines. Investors expressed expectations for NEC, noting the importance of building experience in market development and solving customer challenges, and that few companies are capable of delivering value through DX and AI.

● Key Points from the Briefing

1. Environmental issues are characterized by uneven distribution and inequality, making them complex. Visualization and countermeasures are crucial for solving these problems, and ICT plays an essential role.
2. NEC has a strong track record of using ICT for both visualizing environmental data and implementing countermeasures, earning high external recognition. Moving forward, we must pursue further quantification and operational reform through DX, ultimately embedding environmental perspectives across all supply chain processes.
3. By taking the lead in addressing challenges, NEC will apply the knowledge it gains to enhance its environmental business for customers through the Client Zero strategy.
4. To accelerate this process, we are restructuring the functions of the CSCO and strengthening our internal organizational framework.

Briefing about Environmental Management (February 17, 2025)

Scene from the briefing session

Supplier Engagement / Customer Engagement

■ Enhancing Engagement with Suppliers

NEC conducts annual assessments of its suppliers to evaluate and identify risks across the entire supply chain. Through the Sustainable Procurement Self-Assessment, we confirm the status of environmental management system implementation and proper management of chemical substances. The Survey on Decarbonization and Natural Capital Initiatives reviews efforts to reduce environmental burdens such as CO_2 emissions, water use and discharge, and plastic consumption. Details of these assessments are provided in the "Supply Chain Management (Risk Management)" section. Climate change measures are outlined on page 21, and water risk measures on page 30.

■ Initiatives to Reduce Scope 3 Category 11 Emissions

NEC uses estimated CO_2 emissions for its products (Scope 3, Category 11) based on catalog values and scenario-based calculations. As a result, it is difficult to reflect actual customer usage conditions in the CO_2 emissions figures. Meanwhile, some customers have already begun using renewable energy, leading to an actual decline in CO_2 emissions. Such information is increasingly being published on each company's website.

NEC proposed at the Product Contribution Expert Committee and the Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention that Scope 3 Category 11 calculations reflect actual customer conditions. The calculation methods were included in the fiscal year 2025 report.

Going forward, we will conduct trial calculations of CO_2 emissions that reflect customer usage based on the calculation report, and publish the results.

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Green Procurement

Compliance with environmental regulations is essential for risk management within the supply chain. Regulations differ depending on the requirement, including the EU RoHS Directive banning certain chemical substances, the EU REACH Regulation requiring disclosure of specified chemical substance content in products, and the EU ESPR Regulation mandating eco-design features. NEC positions products that fully comply with these environmental laws and regulations as environmentally friendly products, and has established the NEC Green Procurement Guidelines to promote the green procurement necessary for manufacturing environmentally friendly products. Items (V-1) to (V-14) defined as environmental codes of conduct in the Guidelines for Responsible Business Conduct in Supply Chains constitute NEC's Green Procurement Guidelines. To comply with regulations that cover chemical substances, we ask our suppliers to properly manage the chemical substances contained in the products they deliver, and to cooperate in surveys for verifying the information on chemical substances contained in the products they deliver. For proper chemical substance management in products, please also refer to the "Managing Chemical Substances Contained in Products" section.

Guidelines for Responsible Business Conduct in Supply Chains

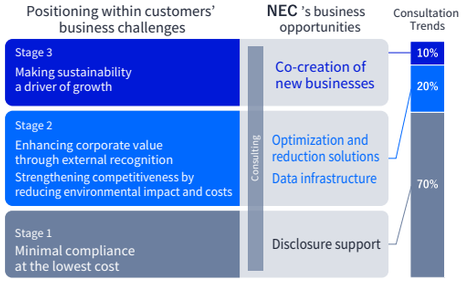
Contribution through Our Businesses

■ Contributing to Customers' Environmental Management Challenges

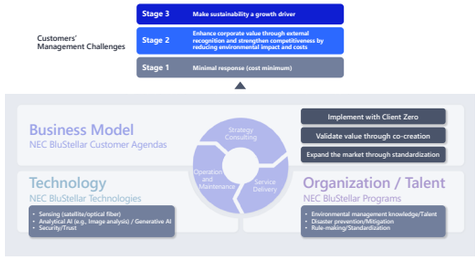
In the Environmental Strategy section, we outlined NEC's approach and goals in addressing environmental management challenges, and we recognize that our customers face similar issues. NEC is still in the process of advancing its environmental management, and we believe customers are also at varying stages: Stage 1, where they are responding with minimal cost to meet customer demands and regulatory requirements; Stage 2, where they aim to reduce environmental impact and improve competitiveness while earning external recognition and enhancing corporate value amid rising carbon taxes and energy costs; and Stage 3, where environmental initiatives are integrated into their growth strategies, going beyond cost savings and value enhancement. NEC believes it can contribute in various ways tailored to each customer's stage, drawing on its own experience.

In 2024, NEC introduced NEC BluStellar, an end-to-end business model that creates value starting from customers' management challenges. NEC applies the NEC BluStellar values creation model in its environmental business as well. By leveraging technologies such as sensing, AI, and security, along with highly regarded external experts and knowledge, we visualize and analyze complex environmental issues to clarify the challenges that need to be addressed. Through the Client Zero approach, which treats NEC itself as the first client for value verification, and co-creation with clients, we clarify issues and effects, contributing to the establishment of industry standards.

Understanding the Environmental Business Market



Solving Environmental Management Issues Through the NEC BluStellar Model



■ Topic: Advancing and Streamlining TNFD Reporting Using Agentic AI

NEC is advancing its Client Zero initiative, applying cutting-edge technologies with itself as the first customer. We are developing Agentic AI functions for TNFD Report preparation that handle five tasks: research, risk/opportunity identification, risk assessment, drafting/review, and public relations.

■ Key Environmental Solutions

Category	Solution (including those not yet commercialized)	Description
Consulting	SX/GX consulting services	Consulting to support strategy roadmap formulation, management, and implementation of priority measures
Carbon management and CO_2 visualization	Environmental performance management solution (GreenGlobeX, KMD CarbonKey, and EnergyKey)	Collect, manage and visualize CO_2, water, waste and other environmental data (for companies and local governments)
Energy conservation / GHG emissions reduction	Green data centers	Data centers operated using effectively 100% renewable energy (Kawasaki Data Center, Nagoya Data Center, Kanagawa Data Center & Kobe Data Center)
	Energy efficiency support for plants and buildings	Optimize total energy management in construction of plants and offices and equipment installation
	Net Zero Energy Building (ZEB) solutions	One-stop support for ZEB, from planning to design, construction and operational management
	Logistics efficiency improvement through optimization technology	Optimization of delivery order and routes, support for shared logistics and transportation
Renewable energy / Distributed energy	Solar power generation x Storage battery systems	Systems for decarbonization during normal times and responding to long power outages
	EV charging infrastructure services	Authentication of EV users, charge volume management, and coordinated control of multiple chargers
Adapting to climate change	NEC digital adaptation finance	Digital technology based visualization of disaster mitigation and environmental benefits enabled by adaptation measures
	Smart streetlights	Reduce environmental impact and magnitude of disasters with smart streetlights
Resource circulation	Plastic information distribution platform	Platform for the distribution of material information contained in plastics
	Recycled plastic manufacturing efficiency	Use of AI to stabilize the quality and distribution volume of recycled plastics
	Aluminum recycling AI	AI-enabled upcycling of aluminum
Nature Positive (water, etc.)	Agricultural ICT solution CropScope	Ensuring yields while minimizing irrigation water and fertilizer use
Finance	ESG portfolio management (Avaloq)	Services for managing ESG-oriented equity portfolios

NEC Group Environmental Solutions (Japanese language only)

NEC Technical Journal: Special Issue on Green Transformation (NEC Technical Journal Vol. 18 No. 1)

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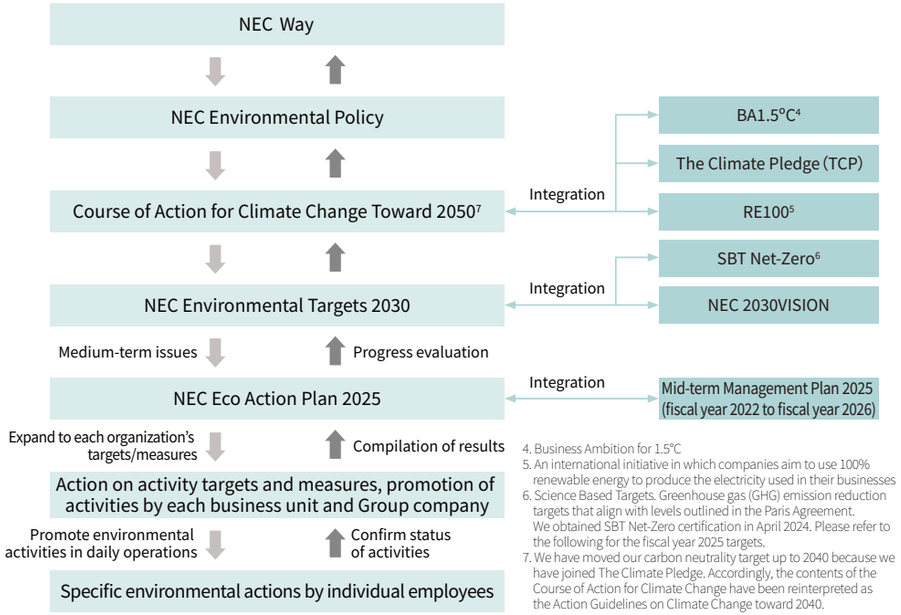
Environmental Management Promotion Process

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

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

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

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



4. Business Ambition for 1.5°C
5. An international initiative in which companies aim to use 100% renewable energy to produce the electricity used in their businesses
6. Science Based Targets. Greenhouse gas (GHG) emission reduction targets that align with levels outlined in the Paris Agreement. We obtained SBT Net-Zero certification in April 2024. Please refer to the following for the fiscal year 2025 targets.
7. We have moved our carbon neutrality target up to 2040 because we have joined The Climate Pledge. Accordingly, the contents of the Course of Action for Climate Change have been reinterpreted as the Action Guidelines on Climate Change toward 2040.

Other Risk Management Processes

NEC has established a Risk Control and Compliance Committee under the supervision of the Board of Directors to manage risks based on its directives. The committee fulfills a supervisory function for specific risk measures by monitoring the results of activities, problems, and future plans and by issuing directives on where measures should focus.

Additionally, within the companywide environmental management system, risks and opportunities are identified annually based on internal and external trends, and these are reflected in revisions to the Eco Action Plan 2025.

■ Pollution Prevention and Chemical Substance Management

When an incident with potential for environmental pollution occurs, the party who discovers it must contact the environmental manager of the relevant management unit. The environmental manager takes emergency measures and prevents escalation, and reports the incident to the companywide environmental management officer and the site manager of each office, in accordance with the Criteria for Determining the Necessity of Information Escalation in an Emergency Situation. Upon receiving the report, the companywide environmental management officer contacts the police, fire department, or relevant authorities as necessary, and reports to the Corporate Officer in charge of the Environment. Concurrently, the environmental manager of the management unit investigates the cause and implements corrective actions. Once corrective actions are completed and confirmed to be effective, thorough measures are taken to prevent recurrence.

■ Water Resource Management

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

■ Resource Circulation

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

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Development of Environmentally Friendly Products and Services

■ Framework for Developing Eco Products

NEC is working to reduce the environmental footprint of its products over their entire lifecycles, from the procurement stage through to customer use and disposal. In these activities, in addition to our long-standing emphasis on quality, cost, and delivery, we have added an emphasis on compliance and environmentally friendly, including resource circulation, global warming prevention, and environmental awareness. Environmentally friendly products, software, and services that meet NEC's environmental standards are certified and registered at three levels. Level one Eco Products are products that have been confirmed as meeting all of the Eco Product standards—which are basic requirements—in product assessments conducted by each business division during new product development. Eco Symbol Products (level 2) are Eco Products that meet the Eco Symbol standards, which require products to be even more environmentally advanced and environmentally friendly. The Eco Symbol Star (level 3) is assigned to Eco Symbol products that are regarded as leading environmental products that conform to stringent standards, such as a 50% reduction in CO_2 emissions compared with that of conventional products. Products conforming to the aforementioned standards feature the Eco Symbol Star mark in product catalogs and on websites.

Details of Eco Symbol System and Product Assessments

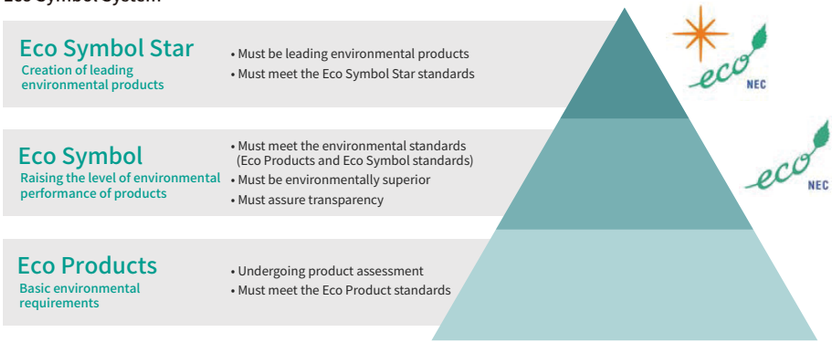
List of Eco Symbol Star Products (Hardware)

List of Eco Symbol Star Products (Software and Services)

Environmentally Friendly Product List (Japanese language only)

Eco Symbol System

Eco Symbol System



■ Managing Chemical Substances Contained in Products

NEC established the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products (For Suppliers) in response to the global expansion of chemical substance regulations. We have specified banned substances that we do not allow our products to contain, as well as conditionally banned substances that must not exceed maximum defined values, and we require suppliers to comply with our restrictions. Through these initiatives, NEC has set forward on making all NEC brand products compliant with the EU RoHS Directive, while ensuring zero violations of regulations for chemical substances contained in products. In January 2025, UV-328 and Dechlorane Plus, designated as Class I Specified Chemical Substances under the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (the Chemical Substances Control Law), and in May of the same year, perfluorohexane sulfonic acid (PFHxS), its salts, and PFHxS-related compounds, designated as prohibited substances under the EU POPs Regulation, were added to NEC's list of banned substances. We updated and issued the 15th edition of the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products (For Suppliers). We use chemSHERPA-CI[8] and chemSHERPA-AI[9] provided by chemSHERPA[10] for surveys to verify regulated substances contained in procured items. We do so in consideration of reducing supplier response times. The international standard IEC 62474[11] is being adopted for the chemSHERPA-AI (Compliance Information) De-clarable Substance List (DSL). The DSL is updated in a timely manner in line with revisions to laws and regulations, so studies using chemSHERPA-AI can always be used to comply with the latest laws and regulations.

Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 15 (For Suppliers; Japanese)

Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 15 (For Suppliers; English)

Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, Ver. 15 (For Suppliers; Chinese)

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

8. Sheet for entering information on the chemical substances contained in a material or prescription to ensure compliance with laws and regulations
9. Sheet for entering information on the chemical substances contained in formulated products to ensure compliance with laws and regulations
10. chemSHERPA: A common communication scheme for information on chemical substances contained in products, developed by the Ministry of Economy, Trade and Industry and provided by the Joint Article Management Promotion-consortium (JAMP). It offers a framework usable throughout the entire supply chain.
11. International standards for material declaration issued by the International Electrotechnical Commission (IEC)

JAMP (Joint Article Management Promotion-consortium)

International standard IEC 62474

Environmental Audit and ISO 14001 Inspection

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

ISO 14001 Standard for Environmental Management Systems: Certification (As of April 2025)

Consolidated subsidiaries in Japan	Consolidated subsidiaries outside Japan	Total
23 companies	8 companies	31 companies

NEC Group Companies with ISO 14001 Certification

ISO 14001 Certification Registrations in the NEC Group

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Environmental Management Promotion Plan GRI 302-5, 305-1, 305-2, 305-3, 305-5

■ Progress and Revisions of NEC Eco Action Plan 2025

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

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

1. Reduce own risks and environmental footprint

	Themes			Indicators		Fiscal 2025 targets	Fiscal 2025 results	Evaluation	Fiscal 2026 targets
(1)	Reduce CO_2 emissions	Scope 1, 2	Reduce total emissions (absolute value) (SBT)	Reduction rate of energy-derived CO_2 emissions (absolute value) (compared with FY2021)		-20%	-44.7%	Achieved	-25%
(2)			Expand use of renewable energy	Amount of electric power used from renewable energy (MWh)		110,000	150,272	Achieved	114,000
(3)		Scope 3	Reduce Category 1 emissions (SBT)	Implement supplier engagement (thoroughly communicated to all major suppliers)		• Emissions Disclosure (Scope 3) • Target Setting (SBT 1.5°C-aligned)	Identified managed suppliers; conducted visualization workshops and provided SBT support for SMEs	Achieved	Implement reduction measures
(4)			Reduce Category 11 emissions (SBT)	Proportion of products with improved energy efficiency (Newly developed successor models. Comparison with previous models)		100%	100%	Achieved	100%
(5)				Ratio of proposals with eco-related appeal		10%	16.1%	Achieved	15%
(6)	Reduce water consumption			Reduction rate (compared with FY2019)		-10%	-29.3%	Achieved	-10.5%
(7)	Reduce waste emissions			Reduction rate (compared with FY2019)		-4.1%	-37.5%	Achieved	-4.8%
(8)	Encourage recycling of plastic resources (newly added)			Reduce plastic waste output[12]	Reduction targets (compared with FY2020)	-3.5%	-52.7%	Achieved	-4.2%
					Information disclosure	Disclosure	Disclosure	Achieved	Disclosure

	Themes	Indicators	Fiscal 2025 targets	Fiscal 2025 results	Evaluation	Fiscal 2026 targets
(9)	Create a system to expand environmental value (reducing CO_2 emissions by promoting DX among customers, etc.) and sales from environmental contribution-related business (green revenue, etc.)	• Establish processes for each business unit and Group company to understand green revenue and manage results • Set targets for FY2026			In Progress	(Ongoing targets)

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

2. Build foundations to promote environmental management

	Themes	Indicators		Fiscal 2025 targets	Fiscal 2025 results	Evaluation	Fiscal 2026 targets
(10)	Increase environmental awareness among all employees	Completion rate	Japan	At least 95%	96.9%	Achieved	At least 95%
			Outside Japan	At least 95%	95.4%	Achieved	At least 95%

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Environmental Management Promotion Plan GRI 305-7, 306-1

■ **Management Items**

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

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

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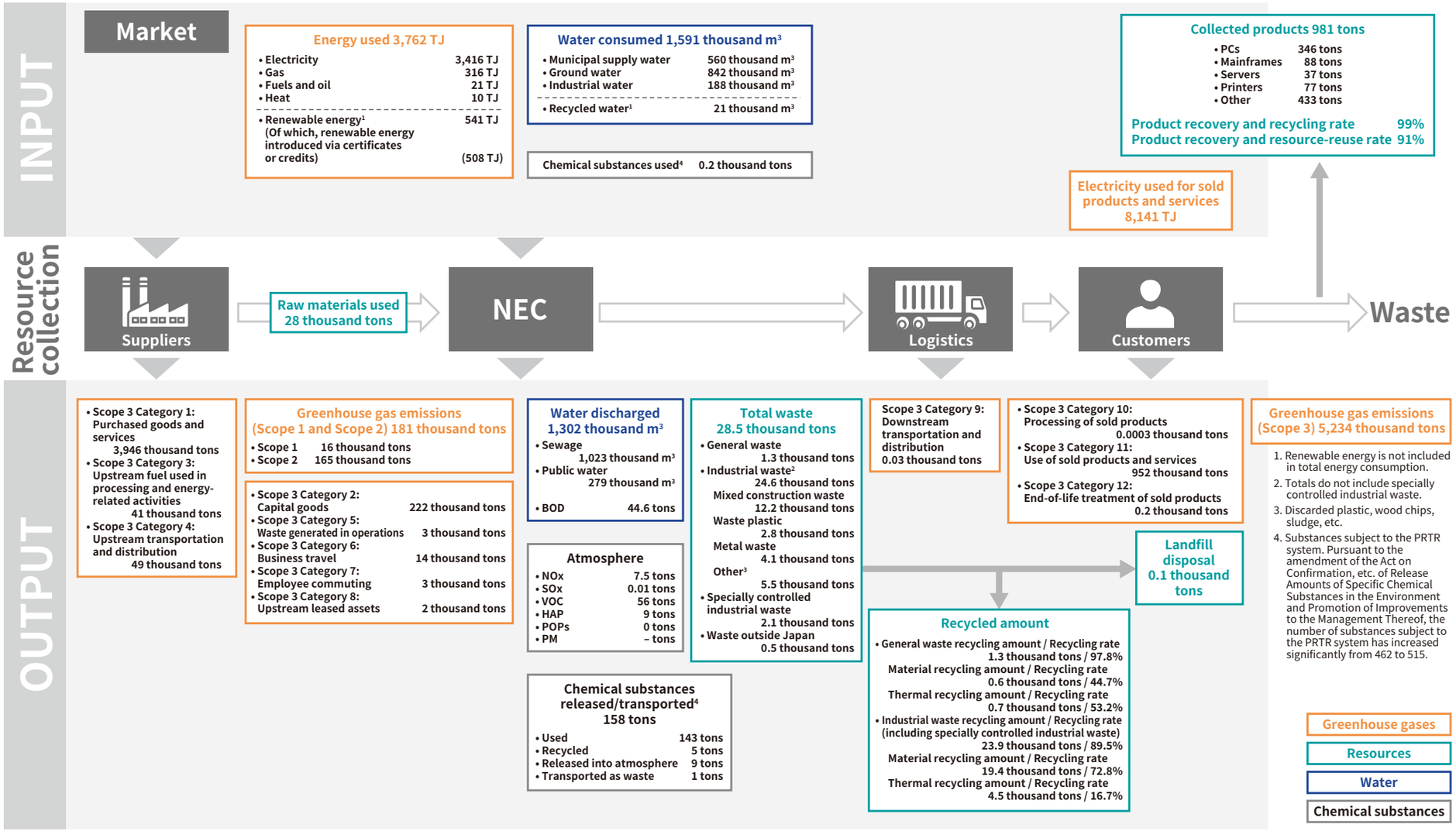
Overview of Environmental Impact

GRI 301-1, 301-2, 301-3, 302-1, 302-2, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-5, 306-3, 306-5

■ **Overview of Environmental Impact**



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Environmental Data

GRI 302-1, 302-2, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-5, 306-3, 306-5

Greenhouse gas emissions[1]		FY2022	FY2023	FY2024	FY2025
	Scope 1	⊘22	⊘21	⊘20	⊘16
	Scope 2	⊘302	⊘238	⊘206	⊘165
	Scope 3[2]	⊘6,535	⊘6,894	⊘5,738	⊘5,234
Total greenhouse gas emissions (Thousand tons)		⊘6,859	⊘7,152	⊘5,964	⊘5,415

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

Energy used[3]			FY2022	FY2023	FY2024	FY2025
	Electricity	TJ	6,805	5,411	4,172	3,416
		MWh	682,545	542,732	482,869	395,321
	Fuel (gas)	TJ	357	329	326	316
		MWh	99,296	91,339	90,546	87,682
	Fuels (heavy oil and kerosene, etc.)	TJ	66	60	53	21
		MWh	18,461	16,608	14,716	5,802
	Heat (steam/hot water/cold water)	TJ	17	13	13	10
		MWh	4,818	3,677	3,683	2,840
	Total energy used	TJ	7,245	5,813	4,564	3,762
		MWh	805,120	654,356	591,814	491,646

3. Calculations are based on Japanese law.

Renewable energy used	FY2022	FY2023	FY2024	FY2025
Amount used (MWh)	71,714	180,072	245,448	150,272

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

Data collection scope

Water consumed		FY2022	FY2023	FY2024	FY2025
	Public water supply	⊘929	⊘901	⊘867	⊘560
	Ground water	⊘1,014	⊘985	⊘966	⊘842
	Industrial water	⊘188	⊘181	⊘206	⊘188
	Recycled water	4	4	⊘21	⊘21
Total water used (Thousand m^3)		⊘2,131	⊘2,067	⊘2,040	⊘1,591

- Recycled water is not included in total water consumed.

Water discharged		FY2022	FY2023	FY2024	FY2025
	Sewage-related	⊘1,309	⊘1,370	⊘1,393	⊘1,023
	Public water-related	⊘334	⊘288	⊘263	⊘279
Total water discharged (Thousand m^3)		⊘1,643	⊘1,658	⊘1,656	⊘1,302

Waste generated	FY2022	FY2023	FY2024	FY2025
Total waste emissions (Thousand tons)	⊘308.5	⊘42.2	⊘38.5	⊘28.5
Recycling (Thousand tons)	291.7	36.7	28.1	25.6

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

Air pollutant emissions	FY2022	FY2023	FY2024	FY2025
NOx emissions (Tons)	13.9	13.7	11.6	7.5
SOx emissions (Tons)	0.01	0.01	0.01	0.01
VOC emissions (Tons)	⊘80	⊘86	79	56

Chemical substances handled	FY2022	FY2023	FY2024	FY2025
Chemicals subject to PRTR (Thousand tons)	0.2	0.2	0.2	0.2

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Climate Change Countermeasure

Climate Change Countermeasure Implementation Framework

Within the framework described in Environmental Management Promotion Framework, we are also implementing climate change measures. The NEC Group's environmental policies and goals regarding climate change are discussed and formulated by the Environmental Management Promotion Committee, which is made up of the managers in charge of the environment from each business unit. The Corporate Officer in charge of the Environment confirms the council's proposals and reports them to the Business Strategy Committee, an organization that is further up the organizational hierarchy. Risks related to climate change are also shared at the Environmental Management Promotion Committee. The Corporate Officer in charge of the Environment confirms those risks that could have a significant impact on businesses and, as necessary, deliberates these risks at the Risk Control and Compliance Committee in accordance with the risk management process. In particular, climate risks and opportunities that could significantly affect businesses are also reported to the Board of Directors, as necessary. Through deliberation, the Board of Directors gives instructions on relevant measures, thereby providing supervision that ensures that NEC advances appropriate climate change measures. In addition, as part of our climate change measures, we are advancing groupwide measures to reduce our in-house CO_2 emissions by addressing specific aspects of the issue through special committees. By reporting and submitting proposals to the Environmental Management Promotion Committee, these special committees facilitate the groupwide pursuit of energy-saving initiatives. Decisions made at the Environmental Management Promotion Committee are reported and instructed at each business unit and plant committee, and are then communicated to and thoroughly implemented by all employees.

■ Reports and Deliberations by the Major Meetings

Since climate change is positioned as one of the issues in NEC's materiality, committees attended by the President deliberate, supervise and report on initiatives, risks and opportunities related to the environment, including climate change. The committees met twice in fiscal year 2025.

- July 2024 Ranked 2nd in TIME's "World's Most Sustainable Companies of 2024" Report on our initiatives in the Adaptation Finance Business
- January 2025 World Economic Forum Annual Meeting in Davos (Report on NEC's President taking the stage and discussing the topic of environmental pollution)

In addition, since fiscal year 2022 NEC executives have engaged in dialogue with outside experts through the Sustainability Advisory Committee.

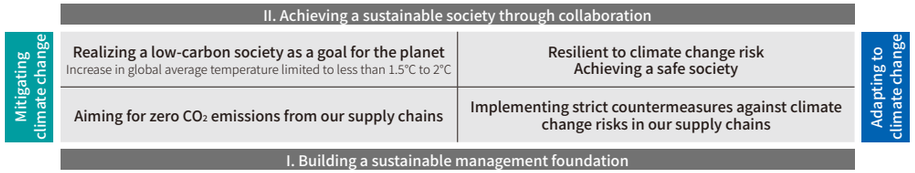
Participation in Initiatives

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

Category	Initiatives		Description
Climate change	TCFD (Endorsed in 2018)	TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	Disclose information in line with the TCFD recommendations regarding risks and opportunities related to climate change, and anticipate and manage their potential financial impacts on future business.
	SBT Net-Zero (Approved April 2024)	SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	Aim to reduce Scope 1, Scope 2, and Scope 3 by 50% or more compared to fiscal year 2021 by fiscal year 2031, and by 90% or more by fiscal year 2041. Initially, this reduction will be given top priority, and residual emissions that are very difficult to reduce will be neutralized with absorption credits to achieve Net-Zero.
	RE100 (Joined in May 2021)	CLIMATE GROUP RE100	Switch to renewable energy for 100% of the electricity consumed at locations inside and outside Japan by 2040
	BA1.5°C (Became a signatory in September 2021)	BUSINESS AMBITION FOR 1.5°C	Net zero greenhouse gas emissions from the entire supply chain by 2050
	The Climate Pledge (Became a signatory in September 2022)	THE CLIMATE PLEDGE	Net zero greenhouse gas emissions from the entire supply chain by 2040

Climate Change Countermeasure Policy

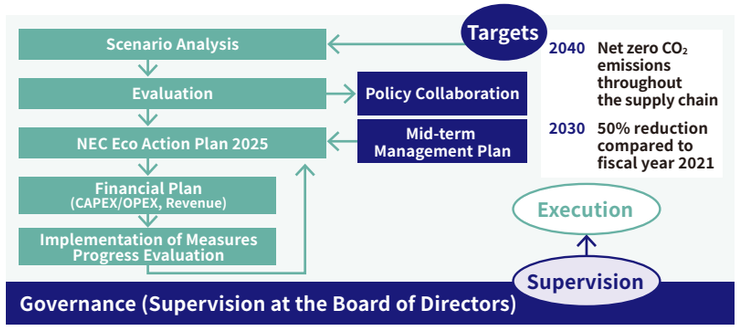
NEC has positioned "Environmental Action with a Particular Focus on Climate Change (Decarbonization)" as one of its priority management themes from an ESG perspective—materiality. As a result, NEC will not only make efforts to reduce the environmental impact of its products and services, but will also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



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

■ Climate Transition Plan

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



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NEC Initiatives

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

■RE100

In May 2021, NEC joined RE100, which aims for a significant increase in the use of renewable energy globally. Aiming to use only renewable electricity, we are moving forward with activities based on a policy of installing solar power generation equipment on roofs wherever possible while procuring more green electricity. In fiscal year 2025, renewable energy was used to generate 28% of the electricity we consumed. We aim to increase this ratio to approximately 50% by fiscal year 2031 and to 100% by fiscal year 2041.

Bases and Companies with 100% Renewable Energy

Solar power generation equipment installations and plans

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

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

■ Internal Validation of Product Carbon Footprint (CFP) Calculation Begins

In light of the urgent need across governments, municipalities, and companies to visualize product-related CO_2 emissions to achieve the carbon neutrality target by 2050, NEC conducted internal validation for the development of a CFP calculation solution. NEC launched an internal CFP validation working group comprising members from departments responsible for internal application to NEC products, solution design, calculation tool development, and manufacturing, and began validation efforts.

A product comprising around 8,000 parts from approximately 160 suppliers was selected for the calculation. We adopted the "CO_2 Visualization Framework Edition 2.0"[1] developed by the Green x Digital Consortium, for which JEITA serves as the secretariat, as the reference guideline. The scope of calculation covered from raw material procurement to production and shipment, as defined in the framework. A part of the calculation, a lifecycle flowchart was first created to map the defined scope. CO_2 emissions sources were comprehensively identified across all processes such as part receipt locations, processing steps, and transport routes. For each process, activity volume (per product) was multiplied by emission factors, and the totals were aggregated to calculate the product's CFP. The internal validation revealed that more man-hours than expected were required to assign emission factors to all components listed in the bill of materials (BOM). To address this issue, we are currently working with our internal digital transformation (DX) division to streamline the preprocessing steps for CFP calculation.

While many current market solutions focus on calculating and visualizing CFP, few simplify the process of linking scattered internal data with emission factors. NEC's internally validated CFP tool is expected to help address those challenges.

Additionally, to conduct hotspot analysis based on CFP results and formulate reduction measures, it is essential to increase the proportion of primary data that reflects supplier efforts. We aim to work closely with suppliers on this moving forward.

1. A document outlining CO_2 data calculation methods and data quality disclosure approaches for visualizing CO_2 emissions across the supply chain.

Supply Chain Initiatives

NEC is strengthening collaborative initiatives with suppliers to reduce Scope 3 Category 1 emissions, which account for a significant share of the Company's total greenhouse gas emissions. Starting in fiscal year 2025, NEC has identified suppliers with high CO_2 emissions and significant environmental impact within its supply chain as priority engagement targets. CO_2 reduction activities are being promoted in line with the steps outlined in the Guidelines for Responsible Business Conduct in Supply Chains (V-6).

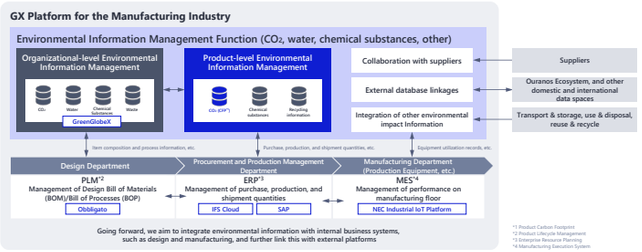
In fiscal year 2025, NEC held five workshops on emission visualization for suppliers, with a total of 28 companies participating. NEC also provided hands-on support to small- and medium-sized suppliers seeking SBT certification. As a result of these efforts in fiscal year 2025, two companies obtained certification, and one is currently in the application process (with certification expected).

NEC Stories (Supply Chain Sustainability)

Contribution through Our Businesses

■ Climate Change Mitigation (Decarbonization): Product-Level Environmental Information Management

Until now, CO_2 emissions have typically been visualized at the corporate level to comply with regulations. Going forward, visualizing CO_2 emissions at the product level will become essential to translate CO_2 reduction efforts into product competitiveness. As a result, environmental information management, including CO_2 emissions, will expand from organizational-level management for disclosure to product-level management that supports product competitiveness. In the previous fiscal year, NEC conducted a product-level CO_2 management trial at a Group factory as part of its Client Zero initiative. The trial helped identify challenges in operational processes and supplier collaboration that cannot be resolved by introducing management tools alone. NEC is now working on developing appropriate solutions.



■ Climate Change Adaptation: NEC Digital Adaptation Finance

Climate change measures must address not only decarbonization but also adaptation areas such as disaster prevention and mitigation. One of the main issues in the adaptation domain is insufficient funding, caused by the regional and temporal unevenness of climate-related causes and damages. At COP28 in 2023, NEC proposed "NEC Digital Adaptation Finance," a framework that quantifies the effects of adaptation measures using digital technologies to encourage funding. NEC has since established the Japan Consortium for Adaptation Finance and is working with its members and global partners to develop various financial instruments. The adaptation finance initiative was also introduced at COP29 in 2024, where it received numerous inquiries from organizations around the world. NEC's expertise in digital transformation (DX) for disaster prevention has enabled the Company to pioneer initiatives like this new business for many years.

Japan Consortium for Adaptation Finance established

Progress report at COP29 on Climate Change

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Climate Change Countermeasure Implementation Framework

Risks and Opportunities GRI 201-2

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

In fiscal year 2025, we utilized AI for the first time to reassess companywide and business-specific risks.

Risks and Opportunities Presented by Scenario Analysis

Risks	Scenarios (1.5°C or 4.0°C)[2]	Description	Timeline[3]	Financial impact/Year	Countermeasures
Transitional[4]	1.5°C	Cost increases due to carbon pricing	Medium term	4.4 billion yen	Increase use of renewable energy and achieve thorough gains in efficiency to achieve net zero CO_2 emissions target by 2040
		Lower sales due to reputation risk	Short term	3.6 billion yen	SBT Initiative[5] certification, increased use of renewable energy, and purchases of green electricity
Physical[6]	4.0°C	Decrease in sales due to business suspension resulting from the impact of weather disasters (floods, landslides, water shortages, etc.) on data centers	Short term	3.3 billion yen	Reinforce emergency power supply facilities and other power generation facilities (stockpiling fuel for 5 days of operation, etc.)
		Sales decline due to production halt caused by flooding at manufacturing sites	Medium term	8.2 billion yen	Raise floor height, install flood barriers and watertight doors, and stockpile sandbags
Opportunities	**Scenarios (1.5°C or 4.0°C)[2]**	**Description**	**Timeline[3]**	**Financial impact/Year**	**Creation and expansion of opportunities**
Adaptation	4.0°C	Increased revenue from demand for funding driven by greater transparency in adaptation value	Medium term	-	Provide "NEC Digital Adaptation Finance" to visualize disaster mitigation and environmental benefits using digital tech
Adaptation & mitigation	4.0°C	Increased sales due to growing need for disaster-resistant, GHG-efficient data centers	Medium term	13.3 billion yen	Improvement of data center energy efficiency (greening of data centers)
Mitigation	4.0°C	Increased revenue from growing demand for reducing excess inventory in manufacturing	Medium term	-	Reduction of waste using demand forecasting technology

2. 1.5°C: A scenario in which society decarbonizes and temperatures have risen by 1.5°C in 2100
   4.0°C: A scenario in which society does not sufficiently decarbonize and temperatures have risen by 4.0°C in 2100
3. Short-term = 0-3 years, medium term = 4-10 years, long term = 11-20 years
4. Risks arising from changes in policies, laws, technological innovations, and market preferences during the transition to a decarbonized society
5. An initiative established by four organizations: Carbon Disclosure Project (CDP), United Nations Global Compact (UNGC), World Resources Institute (WRI), and World Wide Fund for Nature (WWF). The initiative encourages companies to set science-based targets for reducing CO_2 emissions
6. Acute risks from events caused by abnormal weather (floods, landslides, etc.) and chronic risks from long-term changes in weather patterns (rise in sea level, heat waves, changes in suitable land for cultivation, etc.)

Scenario analysis

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

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

Referenced Published Scenarios
Past scenario analysis results

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Risks and Opportunities Related to Climate Change

■ Identifying Climate Scenarios

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

Referenced Published Scenarios

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

■ Timeline

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

■ Analysis Steps

In fiscal year 2025, we utilized AI for the first time to reassess companywide and business-specific risks, through the following steps.

Step1	Identification of Core Businesses	Based on business overview materials, identify the core businesses of each business unit
Step2	Risk importance assessment First screening	Taking market and technology trends into account, select businesses with significant climate change impact from among the core businesses (qualitative assessment by the Environment Management Department)
Step3	Risk importance assessment Second screening	Using AI, evaluate high-priority businesses selected in Step 2 ⇒ Decide on target businesses for scenario analyses
Step4	1.5°C/4.0°C scenario creation	NEC creates our own scenarios by incorporating future projections specific to each business, such as key customer and competitor trends, into international climate-related scenarios
Step5	Scenario analysis	Using NEC's unique scenarios, we assess detailed business models, financial impacts, and countermeasures for the risks to the targets businesses (qualitative + quantitative analysis)

As a result of the steps shown on the left, we identified carbon pricing as a companywide risk, and the data center and telecom services businesses as business-specific risks.

Type		Description	Timeline
Companywide risk		Increased costs due to implementation of carbon pricing	Short, medium, and long term
Business-specific risk	Telecom services business	Meeting customer demands for 100% renewable energy-based production	Short to medium term
	Data center business	Revenue loss due to data center shutdowns	Short term

■ Summary

In fiscal year 2025, NEC conducted a scenario analysis-based risk assessment across all its businesses. By applying AI for the first time and screening by the Environment Management Department, NEC identified companywide and business-specific climate-related risks that could reasonably be expected to impact the Company's outlook. The Environment Management Department led the assessment, and confirmed that NEC could continue and grow its business under any scenario by taking appropriate measures. The climate change risk measures identified will be sequentially incorporated into the long-term strategies of each business unit.

At the same time, envisioning diverse future scenarios for customers from a climate change perspective is a necessary step to uncover NEC's business opportunities, and analysis of such opportunities will be carried out in the coming years.

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Objectives of Climate Change Measures

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

Year achieved	Initiatives	Indicator	
2040	The Climate Pledge, SBT Net-Zero and RE100	Scope 1, 2, and 3	Zero
		Green electricity	100%
2030	SBT Net-Zero	Scope 1 and 2	50% (compared to FY2021)
		Scope 3	50% (compared to FY2021)
FY2026	The Climate Pledge, SBT Net-Zero and RE100	Scope 1 and 2	25% (compared to FY2021)
		Electricity from renewable energy	114,000 MWh

Scope 1, 2 and 3 Emissions GRI 305-1, 305-2, 305-3

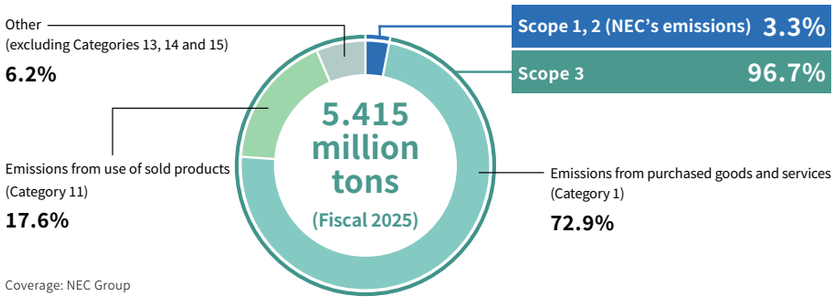
(Thousand tons)

					Emissions
Scope 1					16
Scope 2 (market-based)					165
Scope 2 (location-based)					218
Scope 3					5,234
Category 1	Purchased goods and services	3,946	Category 9	Downstream transportation and distribution	0.03
Category 2	Capital goods	222	Category 10	Processing of sold products	0.0003
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	41	Category 11	Use of sold products	952
Category 4	Upstream transportation and distribution	49	Category 12	End-of-life treatment of sold products	0.2
Category 5	Waste generated in operations	3	Category 13	Downstream leased assets	—
Category 6	Business travel	14	Category 14	Franchises	—
Category 7	Employee commuting	3	Category 15	Other	—
Category 8	Upstream leased assets	2			

Third-party Assurance

Scope of Environmental Data

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



Coverage: NEC Group

■ Calculation Method

We determine greenhouse gas emissions for the NEC Group on a consolidated basis. Scope 2 market-based calculations are based on Japanese law, and location-based calculations are based on the country-specific emission factors in International Energy Agency (IEA) Emissions Factors 2024.

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

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

■ Progress towards Our SBT Net-Zero Goal

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

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

	FY2025 Emissions Results	Compared to FY2021
Scope 1 and 2	181,000 t	44.7% reduction
Scope3	5,234,000 t	15.0% reduction

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Assets and Business Activities Exposed to Physical Risks

NEC operates data centers in 11 locations throughout Japan, including Kobe and Kanagawa. Data centers provide cloud services and data warehousing services to government agencies and companies, and are important facilities that operate multiple information systems. The operational continuity of data centers is critical to providing uninterrupted services to customers.

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

With this in mind, NEC builds data centers in areas that are less susceptible to flooding and tsunamis to prevent water damage to facilities. Our data centers are equipped with emergency power sources with enough fuel to operate generators for at least 72 hours. This would allow information systems to continue to operate even in the event of a power outage. We have concluded priority fuel supply contracts with fuel suppliers to ensure that we receive priority fuel supplies in the event of an emergency.

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

Performance of Data Centers in Japan and Goals for Fiscal Year 2026

Item \ Fiscal year	FY2022	FY2023	FY2024	FY2025	FY2026 Targets
Average power usage efficiency (PUE)	1.38	1.45	1.44	1.47	1.50
Total energy usage (MWh)	129,556	147,910	145,727	134,505	137,643
Renewable energy usage rate (%)	9.3	18.3	41.9	45.7	47.4

* Data for NEC data centers only.
* NEC Cloud IaaS uses 100% renewable energy.

Internal Carbon Pricing

With the aim of improving energy efficiency and promoting the introduction of low-carbon facilities and equipment, we have set internal carbon pricing. This pricing allows us to convert the CO_2 emission reductions that would result from a given capital investment into a monetary value, which we can then use as a reference when making investment decisions.

The aforementioned carbon pricing mechanism will drive our decarbonization activities going forward and reduce the risk associated with potential increases in carbon taxes and emissions trading in a decarbonized society of the future. NEC has set its internal carbon price at 3,000 yen/t-CO_2.

Reflecting Climate Change in Executive Compensation

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

The CSCO is responsible for the entire supply chain. NEC has formulated climate change guidelines with a long-term perspective to 2040, determined medium-term goals to 2030, and integrated short-term and medium-term goals that are reviewed annually. The CSCO is responsible for the NEC Group's medium- to long-term goals, and is working on functional reforms to promote environmental management. Progress toward these goals factors into bonus assessment in the annual performance evaluation to reflect the significance of progress towards achieving the emission goals of the NEC Group. The impact is 10%.

• Carbon Credits

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

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Natural Capital (TNFD)

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

According to "The Future of Nature and Business," a report published by the World Economic Forum in 2020, approximately half of the world's GDP depends on natural capital, and a report by the World Bank estimates that the collapse of ecosystem services could result in an annual economic loss of 2.7 trillion dollars. NEC has participated in the TNFD Forum, the Nature-related Data Catalyst, the SBT for Nature Corporate Engagement Program, and other initiatives, and has contributed to the creation of global mechanisms in the field of natural capital. Furthermore, in the still-evolving field of international rulemaking on natural capital, NEC has been selected as a lead company for the following two projects and has begun participating.

- Selected as a pilot company for data utilization in the "Nature Data Value Chain," which aims to build a global database of nature-related information.
- Selected as a guidance development company for the technology sector in the "Nature Positive Transitions initiative" led by the World Economic Forum.

NEC has published the second edition of the NEC TNFD Report (hereinafter, TNFD Report Second Edition) in June 2024, with reference to "TNFD Framework v1.0" issued in September 2023.

After its release, NEC presented at various international conferences, including the Korea TNFD Forum and the CBD-COP16, sharing examples of its disclosures.NEC is actively discussing current challenges and possible improvements in TNFD-aligned disclosure, contributing to the broader adoption of such disclosures and the policy recommendations that support them.

This ESG Databook provides excerpts from the TNFD Report Second Edition, particularly its Strategy section. It also includes a preview of the main updates planned for the third edition of the TNFD Report, which is scheduled for release in 2025.

Governance and risk and opportunity management	Environmental Management Promotion Framework and Environmental Policy, Human Rights Policy
Strategy	Risks and opportunities listed below
Indicators and targets	NEC Eco Action Plan 2025 (see the Environmental Management Promotion Plan)

TNFD Report Second Edition

1. Risks (Direct Operations)

Using ENCORE, which was developed by the United Nations Environment Programme and others, NEC comprehensively identified nature-related dependencies and impacts for its diverse business activities and granularly identified risks. In the third edition, we are updating the content based on the latest ENCORE results.

Understanding Dependencies and Impacts

Step 1: Make a thorough list of NEC's business activities
Based on the Global Industry Classification Standard (GICS), we thoroughly listed a wide range of business activities that the NEC Group is conducting (150 activities).

Step 2: Extraction of business activities that are considered to have significant dependencies and impacts on natural capital
Using ENCORE, we created a heat map of the degree of dependence of each business activity on ecosystem services (21 types) and the degree of impact of impact drivers (11 types). We then extracted business activities that were considered to have a high degree of dependence or impact.

Step 3: Identifying of significant business activities based on NEC's actual situation
We identified business activities that should be subject to in-depth risk assessment based on the scale of sales, importance in Mid-term Management Plan 2025, and the specifics of NEC's business. Even for businesses not identified in ENCORE and businesses with small sales, we selected those that we considered important based on our own knowledge and examples disclosed by other companies, and conducted a comprehensive evaluation.

Risk analysis for identified business activities

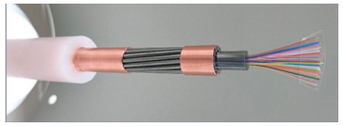
Through the above steps, we identified the optical submarine cable business, data center business, and equipment manufacturing business (communications & aerospace) as focus areas.

■ Optical Submarine Cable Business Risks and Countermeasures

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

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

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



OCC SC530 LW Cable

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

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Natural Capital (TNFD)

■ Data Center Business Risks and Countermeasures

		Dependency and Impact	Risks considered
Physical	Acute & Chronic	Water consumption	Halt due to inability to operate cooling towers due to drought
Transitional	Policy		Decreased sales in case that water withdrawal restrictions become more severe and the company is unable to properly react it
	Market		Decrease in sales in the event that customer requirements become more demanding and cannot be met
	Technology		In case that technological development is delayed, competitiveness will be reduced
	Reputation		In case that the company causes regional drought, the company's brand value will decrease

Among NEC's major data centers, only the Kanagawa Data Center and Kobe Data Center utilize water-consuming cooling towers. The locations of these data centers have been analyzed using WRI Aqueduct and confirmed to have a low risk of drought. Furthermore, these data centers have a redundant configuration for surface and ground water.

In the third edition of the TNFD Report, we introduce a new method for quantitatively analyzing regional water stress, allowing for a more in-depth assessment of each site. We have also expanded the scope of analysis to include data centers operated by our Group companies in and out of Japan.

■ Equipment Manufacturing Business (Communications & Aerospace) Risks and Countermeasures

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

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

Furthermore, for production sites located in high-risk locations, we conducted detailed questionnaire and interview surveys to assess the actual situation. The assessment results and measures are presented on page 30.

Regarding waste from production sites, NEC has been working for over 20 years to reduce landfill waste to 0.5% or less.

Further, we are rigorous in managing waste appropriately and preventing illegal dumping through electronic manifest management.

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

2. Risks (Upstream Supply Chain)

According to a report by the Alliance for Water Stewardship, water consumption in the ICT and electrical and electronics industries is greater in upstream supply chains than in direct operations. NEC is using WRI's Aqueduct to assess the water risk of approximately 2,000 production sites from its primary suppliers of hardware that are considered to have a comparatively high impact on natural capital, and is currently conducting interview surveys at the 2% of sites assessed as having a high risk.

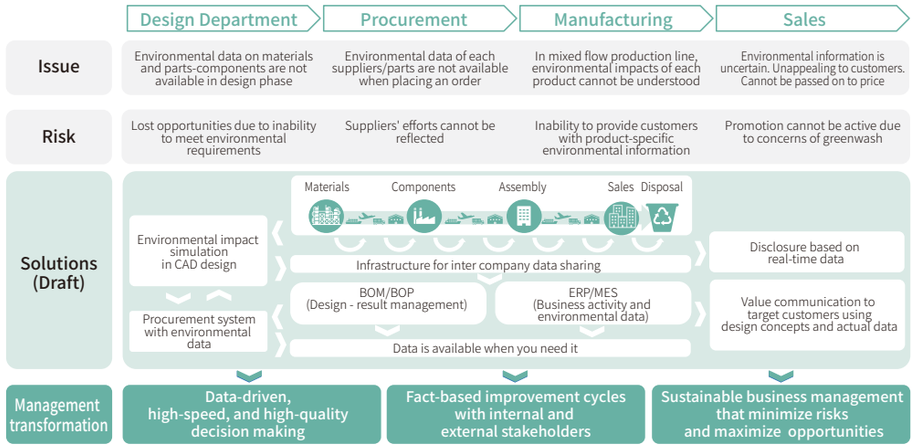
3. Risks (Downstream Supply Chain)

NEC is involved in collecting used equipment. Please see "Initiatives to Reduce Risk" under "Resource Circulation and the Circular Economy" for details. We also rigorously manage the chemical substances contained in our products. Please see "Managing Chemical Substances Contained in Products" under "Environmental Management" for details.

4. Opportunities to Contribute through ICT Solutions

As companies transition toward nature-positive management, they must visualize their dependencies and impacts on natural capital, quantify risks and opportunities, and integrate them into business activities such as product planning, design, procurement, manufacturing, logistics, and sales. In addition, coordination is needed both across internal functions and between companies along the supply chain. NEC's ICT solutions can support companies across industries in advancing this kind of transformation.

Currently, many companies face challenges with data managed by individual departments. This not only prevents efforts to reduce environmental impact—by the company or its suppliers—from translating into added value, but also disrupts the improvement cycle across departments and with stakeholders both inside and outside the company. We presented a framework and case examples of how ICT can help address these challenges.



Through "NEC BluStellar," NEC supports customers in solving environmental management challenges and contributes to the transition toward a nature-positive society. NEC also engages in Thought Leadership activities, identifying key issues and proposing solutions to help shape policies and societal systems that facilitate corporate transformation.

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Pollution Prevention and Chemical Substance Management

Initiatives for Risk Reduction GRI 303-2, 305-6, 306-1, 306-2

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

■ Conformance to the Pollutant Release and Transfer Register (PRTR) System

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

■ Preliminary Evaluation System

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

■ Strict Control of Equipment and Parts Containing PCBs

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

The amount of PCBs held by NEC (as of March 31, 2025) is as follows.

High concentration: 0 kg Low concentration: 56,552 kg Scope: NEC Corporation

■ Initiatives in Response to the Act on Rational Use and Appropriate Management of Fluorocarbons

NEC has established internal regulations based on the Act on Rational Use and Appropriate Management of Fluorocarbons, and strives to properly manage Class 1 Specified Products (commercial air conditioners, refrigerators, and freezers) and track fluorocarbon leakage volumes.

In fiscal year 2025, the calculated amount of fluorocarbon leakage was under 1,000 t-CO_2, which is below the threshold requiring reporting to the competent minister.

NEC will continue working to prevent leaks—such as through reinforced inspections— and, during equipment upgrades, promote the use of non-fluorocarbon or low-GWP (Global Warming Potential) refrigerants to reduce fluorocarbon emissions.

■ Ozone-depleting Substances

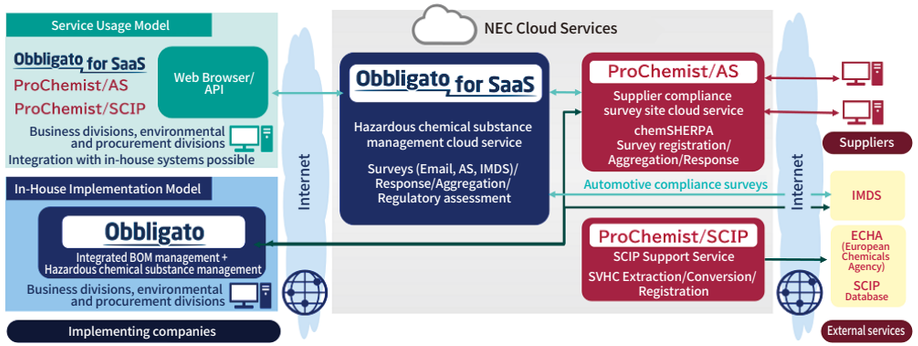
The use of all specific chlorofluorocarbons as a cleaning agent in manufacturing processes was discontinued in 1993. By the end of fiscal year 2011, efforts to totally discontinue the use of specific chlorofluorocarbons for refrigerant in air conditioners and specific halons used in fire extinguishers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

Contribution through Our Businesses

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

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

1. Chemical substance management solutions: Obbligato and Obbligato for SaaS
2. ProChemist/AS supplier research site
3. ProChemist/SCIP SCIP support service



■ President Appears in WEF Panel Discussion "Tech's Answer to Pollution"

The President of NEC participated in the World Economic Forum Annual Meeting 2025 (in Davos) and spoke at the panel discussion titled "Tech's Answer to Pollution." He delivered messages on pollution issues that, despite increasing global attention, still lack effective international measures, such as plastic pollution and the contamination of air, water, and soil, highlighting Japan's history of pollution countermeasures, the role of technology, and recommendations for the international community. One reason modern pollution issues remain unresolved is the increasing complexity and globalization of supply chains.

He emphasized the importance of visualizing supply chains using ICT, and explained that technologies such as advanced satellite systems and traceability tools are already available. He also stressed the importance of environmental literacy, noting that consumer behavior and changes in investment flows can influence companies and drive behavioral changes in businesses.

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Water Resource Management

Policy for Water Resource Countermeasures GRI 303-1, 303-2

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

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

Initiatives for Risk Reduction

■ Risk Assessments and Countermeasures

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

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

The site in China uses only 6,000 m^3 of water per year, so we consider water shortage risk to be low. In addition, this site is located on the second floor and above a leased building. The wastewater system is connected to a sewage treatment plant, so we judge flooding and sewage risks to be low as well.

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

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

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

For drought and flood risks, we are advancing risk assessments using advanced methods that enable high-resolution analysis, in cooperation with external organizations. We are also conducting on-site watershed surveys for our own facilities. Details will be disclosed in the third edition of our TNFD Report.

Enhancing Engagement with Suppliers

For water risk, we target hardware-related suppliers because they are considered to have a relatively high impact on natural capital. We regularly assess the risks of approximately 2,000 production sites using Aqueduct and identify those located in areas with high water risk. In addition, during self-assessment document checks that suppliers take on (details provided in Supply Chain Management), we also check for water risk, and request individual improvement efforts from suppliers deemed to require action.

We will continue to cooperate with suppliers to reduce environmental risks by working to understand the actual state of environmental issues throughout the entire supply chain and taking corrective action. We are also conducting advanced-method analyses of supplier sites, just as we do for our own locations, and plan to disclosure the details in the third edition of our TNFD Report.

Risks and Opportunities Related to Water Resources

■ Internal Water Pricing System

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

■ Example of Water consumption Reduction Initiatives

We take on various initiatives to reduce water consumption at each business office and factory.

Please see below for more details.

Water Risk Management and Effective Use of Water Resource

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

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Biodiversity and Ecosystems

Biodiversity Policy GRI 304-2

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

For more on assessing and addressing natural capital risks and opportunities, please see the TNFD Report.

Biodiversity Action Guidelines: Basic Policy

TNFD Report Second Edition

Risks and Opportunities

Risk Assessment

For our own production sites and hardware-related suppliers considered to have relatively high impact on natural capital, we are collecting information using the Integrated Biodiversity Assessment Tool (IBAT) on regions around each site that are important for biodiversity conservation, as well as the presence of endangered species.

Based on information such as the distance of each site from protected areas and the number of endangered species present, we are working to identify sites that warrant deeper investigation. Going forward, we plan to conduct interviews and surveys to confirm the status of biodiversity risk reduction efforts and consider appropriate actions.

Opportunities

We believe that efforts to protect biodiversity around plants and neighboring areas will lead to cooperation with a variety of stakeholders and improve brand value, which might create business opportunities.

At the Abiko Plant, NEC Solution Innovators hosted a workshop led by Mr. Frantz Dhers of the nonprofit organization Nelis, where NEC Group employees explored "Biodiversity x Business Idea Generation." We are seeking ways to coexist with nearby nature and make ecosystem conservation economically sustainable.

Biodiversity Conservation Efforts at the NEC Abiko Plant GRI 304-1, 304-3, 304-4

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

Since 2009, NEC has cooperated with the Teganuma Aquatic Life Study Group to promote conservation activities in this area, aimed at the protection of the Oomonosashi Tombo (Copera tokyoensis) species of dragonfly. Yotsuike is a habitat for this dragonfly, which is classified as EN (endangered IB Class) by the Ministry of the Environment. Furthermore, since 2015 NEC has been protecting Zenitanago (Acheilognathus typus species of bitterling-like cyprinid) that is classified as CR (endangered IA Class) in an artificial pond on the premises. We also hold an annual Biodiversity Dialogue to go over results and discuss plans going forward with the Teganuma Aquatic Life Study Group, experts in the field and the city of Abiko, Chiba Prefecture. In 2023, the Yotsuike area at the Abiko Plant was certified as a Nature Coexistence Site by the Ministry of the Environment.

Yotsuike at the NEC Abiko Plant

NEC is working to preserve the Yotsuike area, and is contributing to ecosystem protection in the region by sharing its experience with local governments, civic organizations, and other companies. In addition to hosting site visits, NEC participates in the "Biodiversity Chiba Company Network," where it shares information about its Yotsuike initiatives with the Chiba Biodiversity Center and other member companies engaged in ecosystem protection within Chiba Prefecture.

NEC Paddy Making Project

Since 2004, in collaboration with the authorized NPO Asaza Fund, we have been conducting the NEC Paddy Making Project with the aim of restoring abandoned farmland and preserving biodiversity in the Lake Kasumigaura basin. The project is a nature-oriented program where participants can experience a series of rice-related jobs, from rice planting to sake brewing, throughout the year. In 2023, the project's paddy in Ushiku City, Ibaraki Prefecture was certified as one of the Ministry of the Environment's Monitoring Sites 1000.

We are also using the rich natural environment of Yotsuike and the rice fields in the area as testing grounds for ICT solutions. NEC Solution Innovators is currently conducting a species diversity survey using environmental DNA. NEC will continue to work toward the realization of a sustainable society through collaboration with a variety of stakeholders.

NEC Paddy Making Project

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

Participation in the Japan Food & Agriculture Summit (JAFAS)[1]

NEC is the only IT company participating in JAFAS, working to address sustainability challenges. We strongly support JAFAS's mission to bring together stakeholders in food and agriculture, including companies, government agencies, agricultural institutions, non-profits, academia, and consumers, to share knowledge on sustainable food and agriculture from Japan to Asia and the world, establish a highly implementation-oriented network, and promote and support innovation in participating companies' business activities. Members from our agricultural ICT solutions business are participating and collaborating with Japanese food and beverage companies to explore regenerative agriculture.

1. A corporate-led initiative that emerged from the activities of 4Revs, an innovation platform provided by the nonprofit organization Nelis (Next Leaders Initiatives for Sustainability)

At the Japan Food & Agriculture Summit 2024

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Resource Circulation and the Circular Economy

Circular Economy Guidelines GRI 306-2

In March 2025, NEC established its Circular Economy Guidelines. These guidelines address circular economy challenges such as natural resource shortages, which pose global risks on part with climate change and impacts on natural capital. They outline NEC's commitment to promoting resources circulation in its business activities and contributing to a sustainable circular economy society through technological innovation and the creation of new business models.

NEC will advance its circular economy initiatives guided by these principles.

Circular Economy Guidelines

Initiatives for Risk Reduction GRI 306-2

■ Collection and Recycling of Used Products

Since 1969, NEC has been collecting used IT devices such as computers from corporate customers for reuse and recycling. In 2001, amendments to the Law for the Promotion of Effective Utilization of Resources mandated the collection and recycling of used personal computers (PCs) discarded by companies. As a certified processor of industrial waste, NEC was a leader among electronics manufacturers in collecting PCs when the amendments went into force. In fiscal year 2025, we collected about 701 tons of computers, PCs, printers, and other IT devices from corporations, a decrease of about 10% compared with the previous fiscal year. The recycling rate[1] was 99%, about the same as in the previous fiscal year. In addition, the resource-reuse rate[2] as defined by the Law for the Promotion of Effective Utilization of Resources was 91%, also about the same as in the previous fiscal year. Going forward, we will promote further improvements in resource recycling through the recycling of plastics and other resources.

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

Used-IT-Product Collection and Recycling Rates

■ State of Collection and Recycling of PCs

In 2001, amendments to the Law for the Promotion of Effective Utilization of Resources mandated the collection and recycling of used PCs discarded by companies. In 2003, the law mandated the collection and recycling of used PCs discarded by households. In fiscal year 2025, NEC collected approximately 56,000 used PCs, including desktop PCs, notebook PCs, CRT displays and liquid crystal displays, a decrease of approximately 16% compared with the previous fiscal year. We achieved the effective resource utilization rate prescribed by law (as a target to be achieved by 2003) for all of our products.

State of Collection and Recycling of PCs

■ Responding to the Plastic Resource Circulation Act

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

- Fiscal year 2026 target: Reduce waste plastic generated by 4.2% compared with fiscal year 2020 (per unit of sales)
- Fiscal year 2025 result: 53% reduction per unit of sales (target achieved)
- Fiscal year 2025 waste plastic generated: 571 tons

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

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Resource Circulation and the Circular Economy

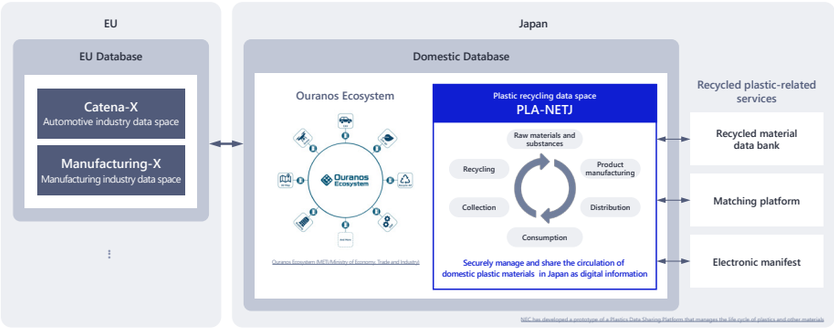
Construction of the Plastic Information Distribution Platform (PLA-NETJ)

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

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

■ PLA-NETJ Features

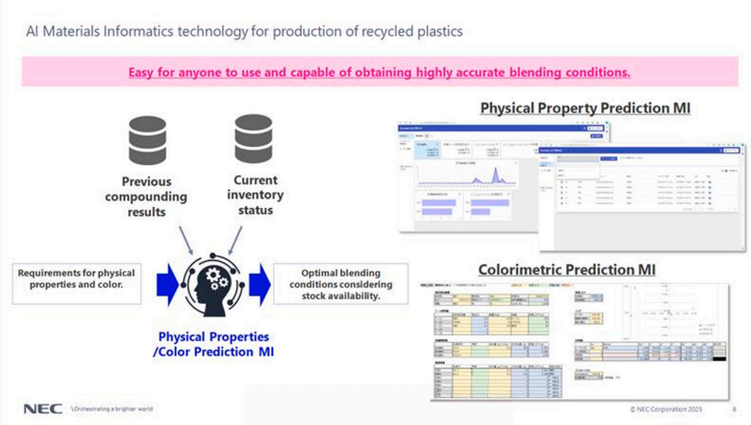
Since PLA-NETJ manages data based on the material of the product, it can manage the physical properties of plastic materials, both virgin and recycled, in cooperation with the material informatics system used in material development and the recycled materials data bank developed in this SIP, and can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



The Role of Digital Product Passports (DPPs) in Plastic Recycling and the Technologies That Support It (NEC Technical Journal Vol. 18 No. 1)

Streamlining Recycled Plastic Production Using Materials Informatics

NEC and MARUKI SANGYO Co., Ltd. conducted a proof-of-concept experiment applying materials informatics, an AI-driven technology for efficient material development, to streamline the production of recycled plastic. The results confirm that even inexperienced workers could cut production time in half when blending and coloring recycled plastic.



The plastic recycling process starts with the collection and sorting of waste plastic, followed by crushing, blending, coloring, and pelletizing before shipping the final product known as pellets. The blending process is especially demanding, as it requires determining the optimal mix each time from small, diverse batches of waste plastic received daily, based on customer demands for strength, thermal fluidity, color, and quantity. This task heavily relies on the skills and experience of seasoned workers.

Based on blending data accumulated by MARUKI SANGYO since its founding, NEC applied its expertise in materials development, including bioplastics, along with materials informatics technology to develop a system that proposes optimal blending and coloring options for waste plastic. The system allows users to input their desired performance and color requirements, then suggests optimal combinations based on the constantly changing inventory of waste plastic.

Building on these results, the two companies have begun discussions to develop a solution that enables efficient recycled plastic production. Targeting 2025, both companies aim to offer consulting-based solutions to businesses involved in plastic recycling, thereby promoting efficient and circular use of waste plastics. By making parts of the recycled plastic manufacturing data publicly accessible, they aim to enhance the added value of recycled materials through AI and expand their applications.

Together, the two companies will lead cross-industry co-creation efforts to accelerate the circular economy—a socioeconomic system that promotes efficient resource circulation—and address social issues.

NEC and MARUKI SANGYO demonstrate efficient recycled plastic production using materials informatics

Driving the Circular Society Forward: MARUKI SANGYO and NEC Collaborate on Digital Transformation in Recycled Plastic Production (Japanese language only)

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Respect for Human Rights

Framework for Respect for Human Rights GRI 2-24

NEC's CEO oversees initiatives based on the NEC Way and the NEC Group Human Rights Policy. In addition, the corporate officer in charge of sustainability promotion and officers involved with promoting sustainability management (officers involved in sustainability promotion) presents status reports on initiatives in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) to the Board of Directors, which monitors the progress of the initiatives.

NEC identifies salient human rights issues by continuously assessing actual or potential adverse impacts across the entire value chain. For each identified issue, a responsible corporate officer and relevant departments are assigned to advance human rights due diligence.

In addition, NEC has established grievance mechanisms for a wide range of stakeholders, including all employees of the NEC Group, including fixed-term contract employees, temporary employees, and part-time employees, as well as business partners, customers, and local residents.

NEC Way

Compliance (Whistleblowing System)

Approach to Human Rights GRI 2-23, 2-24

The NEC Group believes that conducting corporate activities with respect for human rights is essential to fulfill its Purpose. With this in mind, it has positioned respect for human rights as one of our guiding Principles. The NEC Group Code of Conduct clearly defines it as a standard that every individual, from officers to employees, is required to uphold.

In addition, 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. We ensure that this policy is thoroughly communicated to all officers and employees (including fixed-term contract employees, temporary employees, and part-time employees) of NEC Corporation and its consolidated subsidiaries.

■NEC Group Human Rights Policy

NEC established the NEC Group Human Rights Policy in 2015. Furthermore, in 2022, the policy was revised, and these revisions clearly show senior management's commitment to respect for human rights as well as its governance system, as required by the UNGPs. The revision was approved by our President and reported to the Board of Directors in the same year. After the revision, the President issued a message to all NEC Group officers and employees regarding the update to the human rights policy. In formulating the revised version of the policy, NEC held talks with a wide range of internal and external stakeholders, including labor unions, experts from the International Labour Organization (ILO), international NPOs, investors, and lawyers specializing in human rights and business.

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. In 2023, the Company revised the policy to reflect the addition of "a safe and healthy working environment" to the ILO Core Labour Standards. In 2024, the Risk Control and Compliance Committee confirmed that no revisions were needed.

The NEC Group Human Rights Policy applies to all officers and employees of NEC and its consolidated subsidiaries, including all employees of the NEC Group, including fixed-term contract employees, temporary employees, and part-time employees. The NEC Group also encourages its suppliers, business partners, and customers to understand this policy and share our commitment to respect for human rights. The policy elaborates the following principles:

- The NEC Group respects fundamental human rights in every aspect of its corporate activities and will not allow any act that may be prejudicial on the grounds of race, beliefs, age, social position, family origin, nationality, ethnicity, religion, gender and sexual orientation, gender identity, or disability. We also do not tolerate any act that may offend the dignity of any individual, such as bullying, harassment, child labour, or forced labour.
- The NEC Group also recognizes its responsibility for the potential impacts that its corporate activities may have on human rights of all people, including vulnerable groups. In addition, the NEC Group, as an ICT provider, also strives to promote data protection and privacy, respect for freedom of expression, and the proper use of new technologies. Through the development and provision of products and services that take into consideration human rights issues such as invasion of privacy and discrimination, the NEC Group aims not only to prevent and mitigate adverse impacts on society but also to maximize the social value that it provides.
- The NEC Group upholds international human rights standards relevant to its businesses and technologies, including those established in the following documents. Where national laws in the relevant jurisdiction conflict with internationally recognized human rights, the NEC Group will seek ways to respect the principles of internationally recognized human rights.
  - International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights
  - The International Labour Organization (ILO) Core Labour Standards that consist of ten fundamental conventions in five categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment and occupation, a safe and healthy working environment
  - United Nations Guiding Principles on Business and Human Rights (UNGPs)
  - The Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
  - International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprise Declaration

NEC Group Human Rights Policy

■ Respect for the Rights of Children

NEC strives to prevent and mitigate adverse impacts of its products and services on children based on its support of the United Nations Convention on the Rights of the Child and the Children's Rights and Business Principles[1], which mentions the rights of vulnerable children, in addition to the international standards embedded in the NEC Group Human Rights Policy.

In accordance with the Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labor from its supply chains and promote business activities and corporate citizenship activities that are based on consideration for human rights—including the rights of children.

1. Established by UNICEF, the UNGC, and Save the Children in 2012

Guidelines for Responsible Business Conduct in Supply Chains

■ Responding to the Modern Slavery Act

With approval from the Board of Directors, since fiscal year 2019, NEC Corporation, NEC Europe including NEC (UK) Ltd., NEC Software Solutions UK Limited, and Netcracker Technology EMEA Limited have published statements to the effect that they will report on measures related to the United Kingdom's Modern Slavery Act 2015, which is aimed at preventing slave labour and human trafficking.

NEC Group Statement for Modern Slavery Acts

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Human Rights Due Diligence GRI 2-24, 412-1

Human Rights Impact Assessment

NEC has been conducting human rights impact assessments since fiscal year 2019 in order to further improve the effectiveness of its human rights due diligence. Since fiscal year 2020, it has also been promoting initiatives focused on salient human rights issues.

Process for Identifying Salient Human Rights Issues

Fiscal Year 2019

Together with Ernst & Young ShinNihon LLC, the Company conducted a quantitative human rights impact assessment for the NEC Group's main businesses in accordance with the UNGPs.

Fiscal Year 2020

Based on the results of the fiscal year 2019 evaluation, the Company utilized the human rights risk data of international NPO Business for Social Responsibility (BSR) to compile a list of NEC's human rights issues. Through dialogue with multiple external experts, including NPOs and other organizations in the social sector, NEC identified salient human rights issues: new technologies and human rights (AI and human rights); labour in supply chains; and employee health and safety. These were reported at a fiscal year 2021 meeting of the Board of Directors.

Fiscal Year 2021

BSR conducted interviews with 22 divisions, mainly business divisions, from a third-party perspective. These were conducted to confirm the specific details of issues including business activities, management systems, and workplace issues. The list of human rights issues was updated to better reflect the actual situation.

Fiscal Year 2022

Based on the fiscal year 2021 interviews, BSR conducted a gap analysis at the corporate level that compared practices at the NEC Group with the UNGPs and practices at leading global companies. This provided a visualization of issues within the NEC Group. NEC newly identified "human rights risks related to geopolitical situations and conflicts" as a salient human rights issue.

Fiscal Year 2025

To evaluate initiatives related to the salient human rights issue of employee health and safety and identify future challenges, BSR conducted a fact-finding survey of the NEC Group based on the UNGPs.

For the four themes based on salient human rights issues (listed to the right), initiatives are being promoted under the leadership of the respective corporate officers and relevant departments. Progress is reported to and discussed by the Risk Control and Compliance Committee as part of companywide risk management. NEC engages in ongoing dialogue with stakeholders and discloses information in a timely and appropriate manner. Please refer to the linked pages for details on each initiative.

• New Technology and Human Rights (AI and Human Rights)

In executing its AI business, NEC has formulated companywide regulations covering policies for the appropriate protection of basic human rights such as privacy, their structure, planning, implementation, inspection and revision. The Company is working to ensure the implementation and operation of these regulations.

AI and Human Rights

Personal Information Protection and Privacy

• Human Rights Risks Related to Geopolitical Situations and Conflicts

There is a risk that products and services could be used to violate human rights in conflict regions. For that reason, the Company identifies high-risk regions with respect to human rights based on the OECD States of Fragility 2025[2] list, and it screens information of customers in those regions with regard to human rights and corruption, as well as confirming the intended use of products and services prior to engaging in transactions. NEC also reviews sanctions lists, which include organizations and individuals that are subject to human rights-related sanctions, of the United Nations, the U.S. Department of the Treasury's Office of Foreign Assets Control, and other countries. The Company contractually or otherwise requires customers without a human policy to implement measures equivalent to the NEC Group Human Rights Policy through contracts or other means, thereby working to prevent human rights risks from arising.

2. OECD States of Fragility 2025: The OECD evaluates each country's risk status and response capability across six dimensions: economic, environmental, political, security, societal and human

• Labour in Supply Chains

NEC is promoting activities with a risk-based approach, in accordance with the steps set out in OECD Due Diligence Guidance for Responsible Business Conduct.

Supply Chain Management

• Employee Health and Safety

The NEC Group is committed to ensuring the health and safety of its employees, while striving to maintain and improve a comfortable and supportive work environment. NEC Group prohibits all forms of harassment, including power harassment and sexual harassment, and aims to foster a culture of mutual acceptance of diversity. In addition, NEC refers to international standards and ensures proper wage payment, working hour management, and the protection of leave rights for employees in accordance with the laws and regulations of the relevant jurisdiction.

Inclusion and Diversity

Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

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Stakeholder Engagement on Human Rights

■ Dialogue with Stakeholders GRI 2-24, 2-26, 2-29

Please see the linked pages below for further details on dialogue.

• NEC Sustainability Advisory Committee

Since fiscal year 2022, the Sustainability Advisory Committee has been held at NEC Corporation for the CFO and the officers in charge of sustainability management promotion. It conducts regular discussions with external sustainability experts. At committee meetings, Ms. Asako Nagai from Business for Social Responsibility (BSR) shares the latest trends regarding responses to human rights-related risks, and each participant shares their awareness of various issues before discussing response measures.

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

6th meeting, Jun. 2024: Sustainability Strategies That Contribute to Corporate Value Enhancement

7th meeting, Mar. 2025: Sustainability Management in an Era of Rapid Change

• Engagement Related to AI and Human Rights

NEC has opportunities to engage with external experts at the NEC Digital Trust Advisory Council, whose members include lawyers and social sector representatives including international NPOs. The Company also maintains regular dialogue with the European Parliament and Japanese government agencies.

AI and Human Rights

• Supplier Engagement

NEC provides opportunities for dialogue with suppliers on human rights initiatives through exchange meetings and study sessions.

Supply Chain Management

• Engagement with Employees

Through initiatives such as cross-industry networking events for women aimed at career development and unconscious bias training, employees are given opportunities to personally reflect on understanding and embracing diverse values and cultures. In addition, to ensure health and safety and promote comfortable workplace environments, health and safety committee members selected by each division, labor union representatives, and employee representatives meet every month at health and safety committees to discuss new safety and health measures and health-related policies.

Inclusion and Diversity

Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

■ Participation in Initiatives on Human Rights GRI 2-24

NEC Corporation and NEC Europe participate in the Working Group on Human Rights Due Diligence run by the UNGC Local Network. NEC also joined The Valuable 500, a global initiative promoting the inclusion and empowerment of people with disabilities, in 2019. Since 2020, NEC became a member of BSR, which has a strong record of supporting response to human rights issues in the global ICT industry. The Company acquires information on the latest trends and examples from seminars and study sessions, which inform its activities to improve and enhance initiatives on global human rights issues.

■ Human Rights Training and Awareness-Raising GRI 2-24, 412-2

NEC provides awareness-raising activities including training for all officers and employees responsible for respect for human rights, in order to deepen their awareness in terms of respect for human rights and to promote their understanding of global trends on human rights issues. Please see the linked pages for future details.

• Training for Employees

(1) Promoting Awareness of the Human Rights Policy and Business and Human Rights

Annual web-based training is provided on business and human rights (previously diversity and human rights; renamed in fiscal year 2026). In fiscal year 2025, the training was conducted for employees, dispatched workers, and contract employees of NEC Corporation and its 15 consolidated subsidiaries in Japan, with completion rates of 90.8% for NEC Corporation and 95.5% for the subsidiaries. The human resources departments of all consolidated subsidiaries outside Japan distribute training material with the same content.

Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

(2) Inclusion and Diversity Awareness

- Implemented talent management programs for female employees and development programs for potential female managers.
- Held cross-industry networking events for women to support career development.
- Introduced unconscious bias training into onboarding and new manager training programs.

Inclusion and Diversity

(3) AI and Human Rights Awareness

Annual web-based training is conducted for NEC Group officers and employees. In fiscal year 2025, the training was provided to NEC Corporation and its 14 consolidated subsidiaries in Japan. The completion rate was 97%.

AI and Human Rights

• Training for Suppliers

- In March 2025, a workshop was held for participants to experience the “risk identification” process of human rights due diligence. Thirty-two critical suppliers of NEC participated. The participant satisfaction rate was 97%, according to post-event surveys.
- We held seminars featuring lectures and online exercise sessions to promote well-being. A total of 125 companies attended the lectures, and 14 participated in the exercise sessions, targeting key software suppliers. In surveys, all lecture attendees found the sessions meaningful, and 91% expressed interest in implementing similar initiatives in their own companies.

Supply Chain Management

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Respect for Human Rights

Grievance Mechanism GRI 2-25, 2-26

In the event of a violation or suspected violation of human rights, NEC will immediately and accurately investigate the facts and the causes of the incident and strive to take appropriate measures to resolve the matter. The Company has whistle blowing systems that allow stakeholders to report information anonymously. It will keep the identity of any whistleblower and the content of any whistleblowing report confidential. The Company ensures that whistleblowers are protected against unfair treatment or retaliation in any form. Aside from NEC Group employees, these systems serve as contact points for a multitude of stakeholders, including business partners and local communities. To further strengthen the grievance mechanism, NEC has participated in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) at the investigation stage, a cross-industry initiative launched by the JEITA and the Business and Human Rights Lawyers Network (BHRL), an association of lawyers.

NEC Compliance & Integrity Hotline

In October 2024, we launched a whistle blowing system using NAVEX's third-party reporting system to accept reports from employees of NEC Corporation and its business partners. Starting in April 2025, the scope of the hotline has expanded to include Group companies and their business partners in and outside Japan.

Measures to protect whistleblowers are in place, and anonymous reporting is also supported.

Please see below for more details.

Compliance (Whistleblowing System)

HR Hotline for Employees in Japan, Including Contract Employees

The Human Resources (HR) Hotline is intended for use by all those working for the NEC Group, including dispatched workers and contract employees. The system comprises an anonymous consultation desk operated by a third-party organization, as well as a point of contact set up at the human resources departments of each business office and at each business unit, with reports possible by phone or by email in Japanese and English.

NEC expanded the scope of reporting since fiscal year 2025 to include consultations regarding harassment, discrimination such as human rights violations, as well as violations of labour-related laws and regulations and violations of internal personnel-related regulations. The name of the whistle blowing system was therefore changed from the Human Rights Hotline to the Human Resources (HR) Hotline.

The Company is working to raise awareness of the whistle blowing system through various efforts that include officer messaging for eliminating harassment and web-based training. As of October 2024, functions have been integrated into the NEC Compliance & Integrity Hotline. Now, affiliates in and outside Japan are gradually being incorporated into this unified hotline.

Hotline for Employees Outside of Japan, Including Contract Employees

For NEC's consolidated subsidiaries outside Japan, regional headquarters also set up whistle blowing systems operated by third parties in each region. These systems are available for officers and employees to use in the local language (English, Spanish, Portuguese or Chinese).

Employees at each subsidiary in the EMEA region can report witnessed or suspected wrongdoing, including modern slavery, through Safecall, a third-party 24-hour confidential reporting line.

As of April 2025, reports can also be submitted via the NEC Compliance & Integrity Hotline.

Compliance Hotline for Business Partners

NEC collects human rights-related reports from suppliers through the Compliance Hotline, which is operated by a third-party organization. EMEA suppliers can report concerns via contact points that are operated internally by subsidiaries in the EMEA region, the Legal Division of NEC Europe, or Safecall. As of October 2024, we have integrated the functions of the Compliance Hotline into the NEC Compliance & Integrity Hotline. This integration is also being rolled out in phases across Group companies in and outside Japan starting in April 2025. Reports submitted via JaCER are also accepted.

Compliance (Whistleblowing System)

Supply Chain Management

Customer Communications Center for Customers and Local Residents

NEC collects human rights-related reports from customers and residents of local communities through the Customer Communications Center.

NEC Customer Communications Center

Customer Relationship Management

Whistle Blowing Systems' Operational Status GRI 2-26, 406-1

In fiscal year 2025, a total of 150 cases were reported to the HR Hotline including harassment, human relations and work environment-related cases.

Relevant divisions work together to resolve the contents of consultations to the HR Hotline, which are also reported to the Risk Control and Compliance Committee for the ongoing enhancement of awareness so as to prevent recurrence.

In fiscal year 2025, no reports related to forced labour or human trafficking were made to the HR Hotline, Hotline for Employees Outside of Japan, the Compliance Hotline, the Customer Communications Center, or through JaCER concerning human rights issues.

Number of hotline consultations and reports (Data Collection)

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Respect for Human Rights

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

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

- Regularly review the NEC Group Human Rights Policy and spread it throughout the Group.
- Implement human rights due diligence in line with the UNGPs for each significant human rights issue at NEC
- Upgrade grievance mechanisms
- Promote stakeholder engagement, including dialogue with experts at the NEC Sustainability Advisory Committee and the NEC Digital Trust Advisory Council

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Promotion of employee understanding of the latest developments in global human rights
   - For employees of NEC Corporation and its subsidiaries in Japan (including dispatched workers and contract employees): Continue to hold web-based training on business and human rights. Target completion rate: 96%.

2. Promotion of human rights due diligence
   - Regularly review the NEC Group Human Rights Policy and spread it throughout the Group.
   - New technologies such as AI and human rights: Strengthen the AI governance framework.
   - Human rights risks associated with geopolitical conditions and the impact of conflict: Continue customer due diligence.
   - Labour in supply chains: Continue to conduct document inspections and third-party human rights audits using a risk-based approach; acquire declarations from suppliers; maintain a coverage rate of at least 75%.
   - Employee health and safety: Publicize and thoroughly implement various policies, strengthen training for executives and employees as an anti-harassment measure, set upper limits on overtime hours for non-hourly employees, and continue to administer SAQ.

■ Progress, Achievement, and Issues

1. Promotion of employee understanding of the latest developments in global human rights
   - For employees of NEC Corporation and its subsidiaries in Japan (including dispatched workers and contract employees): Held web-based training on business and human rights with a completion rate of 93.8%.

2. Promotion of human rights due diligence
   - Regularly reviewed the NEC Group Human Rights Policy and spread it throughout the Group.
   - New technologies such as AI and human rights: Strengthened the AI governance framework in line with legal and regulatory trends in and outside Japan, and conducted training for employees.
   - Human rights risks associated with geopolitical conditions and the impact of conflict: Continued customer due diligence.
   - Labour in supply chains: Conducted document inspections and third-party human rights audits using a risk-based approach and implemented second-party human rights audits by the Company and third parties. Acquired declaration from suppliers with a coverage rate of 87%.
   - Employee health and safety: Publicized and thoroughly implemented various policies, strengthened training for officers and employees as an anti-harassment measure, and continued to administer SAQ.

■ FY2026 Goals

1. Promotion of employee understanding of the latest developments in global human rights
   - For employees of NEC Corporation and its subsidiaries in Japan (including dispatched workers and contract employees): Continue to hold web-based training on business and human rights. Target completion rate: 96%.

2. Promotion of human rights due diligence
   - Regular review of the NEC Group Human Rights Policy in line with the UNGPs and further penetration within the Group. Target completion rate: 80%.
   - Conduct in-house awareness events on the theme of human rights in conjunction with NEC Compliance Day.
   - Human rights risks associated with geopolitical conditions and the impact of conflict: Continue customer due diligence.
   - Periodic review of salient human rights issues.

3. Increase awareness of the NEC Compliance & Integrity Hotline

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For individual frameworks related to human capital management, please refer to the sections below.

Inclusion and Diversity

Hiring, Retention, and Compensation

Human Resource Development

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Under the "Management Implementation Framework for Sustainability" described in "Management for Sustainability (Governance)," the NEC Group's Chief Human Resources Officer (CHRO) oversees the development of the implementation framework for human capital management.

Roles of Management

Oversight by the Board of Directors

The Board of Directors receives reports from the CHRO on key material issues, such as human capital management, that significantly impact the NEC Group's businesses. It oversees how these issues are being addressed and provides guidance as needed based on the discussions or approvals made through the decision-making bodies described under "Execution Framework."

Execution Framework

The People and Culture Division, which comprises specialized departments for human resources, organizational transformation, general affairs, labour, and human resource development, promotes human capital management for NEC under the leadership of the CHRO. Depending on the agenda, the Executive Committee, the Business Strategy Committee, or the Risk Control and Compliance Committee discusses and deliberates on important matters related to human capital management.

Strategy

The NEC Group regards "people" as its most important management resource and considers human capital management a critical theme that contributes to both risk reduction and opportunity creation.

In 2019, the NEC Group established its Human Resources (HR) Policy, "NEC, for Those Who Seek Challenge," to provide diverse opportunities for challenge and growth to every employee, ensure fair evaluation, and foster an environment and culture where those who take on challenges can do their best. In 2021, the Group also formulated the HR Mid-term Management Strategy 2025 to implement Mid-term Management Plan 2025 from a human capital management perspective. This strategy is built on four pillars: empowering diverse talent, reforming workstyle mindsets, realizing the "right person at the right job and the right time," and talent management—all aimed at the "transformation of people and culture."

The HR policy and HR Mid-term Management Strategy 2025, along with their specific initiatives, are outlined below.

HR Policy

Diverse Opportunities for Challenge

Since establishing NEC Life Career, Ltd. in fiscal year 2021, NEC has been enhancing support for employees' career ownership and skill development. Specific initiatives include career design workshops with around 6,000 annual participants, career consultations used by over 3,000 employees per year, and reskilling programs to accelerate skill updates and behavioral change, all designed to support employees in building their careers autonomously.

Unlimited Growth Opportunities

NEC runs the NEC Talent Acceleration Program (NTAP) to develop future executive leaders who can lead the NEC Group with transfor-mational leadership grounded in fresh ideas, flexible perspectives, and a wealth of experience and achievements. The Group is also cultivating strong executive leaders and teams capable of winning in global markets.

Fair Evaluation and Forward-Looking Rewards

As part of a broad effort to implement job-based human resources management, NEC revised its job grade structure and compensation system in April 2024. The Company is transitioning to a competitive compensation system that reflects market value and ensures thorough performance-based evaluation and feedback. To further promote the "right person at the right job and the right time" across the Group, these systems are being rolled out to six Group companies (including NEC Corporation), covering approximately 49,000 employees starting in April 2025.

Creating an Environment and Culture Where Employees Can Perform at Their Best

NEC is working to create an environment in which every employee not only finds their work comfortable but also fulfilling, enabling them to perform at a high level and pursue self-realization autonomously.

Risk Management

Ever since establishing the Corporate Human Rights Promotion Committee in 1997, the Company continues its activities to promote human rights awareness, including the prohibition of discrimination and the prevention of harassment. Furthermore, under the direction of the President, the CHRO oversees activities related to occupational health and safety, including risk management, and reports on these activities to the Board of Directors.

To advance the "transformation of people and culture," a tenet of Mid-term Management Plan 2025, the Company has established the I&D Steering Committee, chaired by the President, and the I&D Acceleration Team. These bodies evaluate and implement various inclusion and diversity-related initiatives. Furthermore, in fiscal year 2024, NEC established job-specific human resource development committees for different job functions—such as sales, business design, marketing, services, systems engineering, and consulting—chaired by corporate executives and officers at the corporate SVP level or above. This created a structure for systematic talent development across the entire NEC Group.

Metrics and Targets

Main Initiatives

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Governance Strategy Risk Management Metrics and Targets Main Initiatives

■ Realizing Mid-term Management Plan 2025

In its Mid-term Management Plan 2025, the NEC Group has adopted the integrated approach of purpose, strategy, and culture as a core management policy aimed at maximizing corporate value, with engagement scores serving as a key indicator from the cultural perspective. To accelerate this effort, NEC has formulated HR Mid-term Management Strategy 2025 based on its HR policy, focusing on four priority themes: empowering diverse talent, reforming workstyle mindsets, realizing the "right person at the right job and the right time," and talent management.

• Leveraging Diverse Talent

NEC believes that creating a culture where diverse talent can thrive and where a broad range of perspectives and ideas are respected is essential and strategic for driving innovation. To that end, the Company is advancing initiatives such as global talent utilization, expanding mid-career hiring, promoting women's advancement, encouraging the employment of people with disabilities, and fostering understanding and support for sexual minorities.

• Reforming Workstyle Mindsets

Starting in fiscal year 2025, NEC has been accelerating its transformation into a purpose-driven organization that aims to realize its Purpose by maximizing team performance based on the health and integrity of each employee. Specifically, the Company encourages face-to-face interaction at least 40% of the time (equivalent to two days per week) and promotes a shared commitment between the Company and employees to act with integrity.

• Realizing the "Right Person at the Right Job and the Right Time"

Realizing the "right person at the right job and the right time" is key to creating social value and remaining competitive globally. To respond flexibly and quickly to changing markets, NEC designs the necessary organizations and positions from a strategic perspective and assigns the most suitable talent from both inside and outside the Company.

NEC has been working toward job-based human resources management, beginning with a reform of its evaluation system in fiscal year 2019 and progressively implementing related systems and mechanisms. As of April 2024, job-based human resources management has been applied to all employees.

• Talent Management

To realize the transformation of the IT business in Japan outlined in Mid-term Management Plan 2025, NEC has set a target to secure 12,000 digital transformation (DX) professionals[1,2] who will continuously create and implement social value, and is strengthening efforts to develop such talent. NEC is also accelerating the growth of promising next-generation leaders by offering them a variety of development opportunities such as tough assignments and training.

1. Refers to consultants, data scientists, cybersecurity professionals, and other roles defined by NEC. This includes the Company and the following consolidated subsidiaries:
   NEC Platforms, Ltd., NEC Solution Innovators, Ltd. NEC Communication Systems, Ltd., NEC Nexsolutions, Ltd., NEC Business Intelligence, Ltd., NEC Network and Sensor Systems, Ltd., NEC Space Technologies, Ltd., NEC Aerospace Systems, Ltd., NEC Life Career, Ltd., NEC Patent Service, Ltd., and the NEC Corporate Pension Fund.
2. The target number was raised from 10,000 in fiscal year 2025.

In addition, NEC has identified "diverse human resource development and cultural transformation" as a material issue. For details, refer to "Sustainability Management (Strategies)."

Governance Strategy Risk Management Metrics and Targets Main Initiatives

To achieve its business goals, the NEC Group must secure and retain talented employees. If a large number of capable employees leave or if the NEC Group fails to attract new talent, it could have a significant impact on business operations. These risks are identified as material risks under "human capital management" and are addressed as part of companywide risk management. Led by the CRCO, NEC evaluates the impact and urgency of such risks quarterly, builds relationships with external agencies and universities, and continually monitors gaps between initially budgeted staffing plans and actual results to mitigate these risks.

Risks and corresponding countermeasures are as follows.

■ Talent Acquisition and Development

In recruitment, NEC is actively pursuing talent through methods beyond recruitment agencies, including direct scouting, branding, and public relations. As a result, in fiscal year 2025, NEC Corporation and two of its major subsidiaries, NEC Solution Innovators, Ltd. and ABeam Consulting Ltd., collectively hired 1,034 mid-career professionals in the IT services domain.

In terms of development, NEC classifies DX professionals into eight categories, such as cloud, data science, and cybersecurity, and has established specialized training programs for each. A system is in place to continuously monitor DX talent and training progress across organizations. The retention rate in the IT services domain stands at a high level of 97%.

■ Long Working Hours That Compromise Health and Safety

NEC conducts regular monitoring and analyzes departments with high overtime to identify root causes, addressing the issue from both individual work styles and cross-organizational perspectives.

■ Occupational Safety and Harassment

Under the NEC Group Safety and Health Policy, which outlines the Group's fundamental principles and guidelines, NEC identifies and addresses risks through the NEC Group Occupational Health and Safety Management System. NEC conducts regular online training for all employees and holds workshop-based sessions for managerial staff.

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Initiatives aimed at creating opportunities are outlined below.

■ Introduction of Job-based Human Resources Management and Flexible Talent Allocation Aligned with Business Strategy

Through the initiatives outlined in the "Strategies" section, NEC aims to build and optimal talent portfolio that can adapt to change, realizing the "right person at the right job and the right time." This enables rapid response to shifts during strategy execution.

■ Promotion of Inclusion and Diversity

The NEC Group sees diversity as a source of innovation. By turning individual differences into strengths and building a resilient and winning organization, it promotes "diverse human resource development and cultural transformation."

■ Enhancing Employee Engagement

Under the NEC Way, the NEC Group strives to be a company where diverse talent gathers, innovation thrives, and employees choose to work. To achieve this, NEC reviews the results of its annual engagement score surveys to assess progress, identify issues, and consider further actions.

Engagement scores are measured across three dimensions: Say[3], Stay[4], and Strive[5]. The NEC Group recognizes that while Stay scores are high, improving Say and Strive remains a challenge. To address this, we are focusing on the two factors highly correlated with Say and Strive: "embedding companywide policies and strategies" and "evaluation, compensation, promotion, and career." Centered on NEC, we are implementing various initiatives, including those outlined in the "Strategies (HR Policy)" section, to enhance communication for deeper strategic alignment, foster self-directed learning and career development, and ensure fair evaluations, promotions, and market-competitive compensation. In particular, NEC promotes employee engagement by creating opportunities for cross-hierarchy dialogue and building mutual trust between management and employees, aiming to reduce risks and unlock new opportunities.

3. Say: Speak positively about the Company to others.
4. Stay: Strong desire to remain with the Company.
5. Strive: Go above and beyond job expectations.

Targets have been established under Mid-term Management Plan 2025 and corresponding HR Mid-term Management Strategy 2025.

(1) Culture-Related Target in Mid-term Management Plan 2025: Engagement Score of 50% in Fiscal Year 2026

The goal is to achieve a 50% engagement score[6] in fiscal year 2026. The engagement score for fiscal year 2025 was 42% and continues to improve.

(2) HR Mid-term Management Strategy 2025: Advancing Diverse Talent

NEC accelerates diversity, the source of innovation, through proactive appointment and planned development of diverse talent, including women and non-Japanese employees. The targets set for the end of fiscal year 2026 and the actual results as of the end of fiscal year 2025[7] are as follows.

Category	Target for end of FY2026	Results at end of FY2025
Ratio of women or non-Japanese among officers[8] (%)	20	16.9
Ratio of women in all management positions (%)[9]	20	10.6

(3) HR Mid-term Management Strategy 2025: Talent Management

NEC aims to reach 12,000 digital transformation (DX) professionals in fiscal year 2026 through development and recruitment. As of the end of March 2025, the cumulative number of DX professionals is 11,935.

6. Based on results from the One NEC Survey, a global survey conducted by Mercer, covering NEC Corporation and its 45 consolidated subsidiaries in fiscal year 2025. The 50% target engagement score corresponds to the top 25th percentile of global companies at the time Mid-term Management Plan 2025 was formulated in May 2021.
7. These initiatives do not cover all consolidated Group companies; thus, the targets and actual results shown reflect only NEC's figures.
8. Officers in the target for the end of fiscal year 2026 refer to directors, corporate senior executive vice presidents, and corporate executive vice presidents of the Company as of March 31, 2026 (including executive officers, corporate senior executive vice presidents, corporate executive vice presidents, and corporate senior vice presidents whose appointment is determined during fiscal year 2026 and transfer is scheduled for April 1, 2026).
9. The ratio of women in all management positions is calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The target for the end of fiscal year 2026 also includes personnel changes effective April 1, 2026, as determined within fiscal year 2026.

Employee Survey

■ One NEC Survey

To realize the NEC Group's Purpose, the Company believes highly motivated employees are essential, and it has been conducting initiatives aimed at transforming into an employer of choice. Once a year, a global survey is conducted targeting all NEC Group employees, with a goal of achieving a 50% engagement score in fiscal year 2026.

By achieving this score, the Company believes it will achieve its target of becoming a highly engaged team corresponding to Tier 1 at the global level. The whole Company is continuing to undertake these initiatives.

Employee engagement index (Data Collection)

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Inclusion and Diversity

Governance Strategy Risk Management Metrics and Targets Main Initiatives

Framework for Inclusion and Diversity

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

We believe that fostering an inclusive culture is essential for creating an environment in which diverse talent can come together and continually generate sustainable innovation through "new combinations of knowledge." This is why we put "inclusion" before "diversity."

In April 2025, we established our I&D Policy, which is guided by the mission: "The NEC Group will continue creating social value by leveraging the power of diverse talent and technology based on its policy of equity and fairness."

Female corporate officers have participated as speakers in career development programs for women, and officers other than those in charge of HR have been appointed as executive sponsors for promoting I&D, advancing these efforts with support from top management.

NEC appoints a lot of local talent to important positions including the presidents of local subsidiaries.

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

Management

Governance Strategy Risk Management Metrics and Targets Main Initiatives

NEC believes that creating a culture where diverse talent can thrive and where a broad range of perspectives and ideas are respected is essential and strategic for driving innovation. To that end, the Company is advancing initiatives such as global talent utilization, expanding mid-career hiring, promoting women's advancement, encouraging the employment of people with disabilities, and fostering understanding and support for sexual minorities. Furthermore, the NEC Group established its I&D Policy in fiscal year 2026 to ensure workforce diversity.

The NEC Group's I&D Policy states: "The NEC Group will continue creating social value by leveraging the power of diverse talent and technology based on its policy of equity and fairness." We have defined five pillars to realize this policy.

(1) An equitable environment empowering everyone

(2) Fair systems and rules

(3) Organizations where individuality flourishes

(4) Responsible execution and communication

(5) Creation of social values by tackling social issues

Governance Strategy Risk Management Metrics and Targets Main Initiatives

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

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

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

We regularly compile results on women-related indicators and monitor gaps between actual performance and our targets. We are taking the following measures to close these gaps.

- Conducting unconscious bias training for the predominantly male director and senior director levels to ensure fair, unbiased evaluations

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Inclusion and Diversity

See below for indicators on inclusion and diversity, such as the promotion of women's active participation in the workplace and the employment of people with disabilities.

Inclusion and Diversity (Data Collection)

Promoting Women's Active Participation in the Workplace GRI 405-1

Initiatives to Enhance External Presence

- Joined the 30% Club Japan and signed the Women's Empowerment Principles (WEPs)

Education, Awareness, and Promotion Activities in and Outside the Company

- Implemented a talent management program for female employees to secure and develop high-potential talent
- Conducted a development program for potential female managers
- Held cross-industry networking events for women as part of their career development
- Operated diversity promotion initiatives led by female employees such as "Scarlet Elegance in NEC" (SELENE) and W-Canvas
- President Morita, Corporate SVP Shigesawa (Chief Diversity Officer), and Corporate SVP Aoyama spoke at the International Conference for Women in Business held in July 2024
- Conducted unconscious bias training

Initiatives to Reduce Gender Disparities

We are promoting paternity leave for men and working to reduce gender pay gaps.

- Addressing the social issue of "enhancing child-rearing support," we have set a management strategy goal of achieving a 100% paternity leave take-up rate among male employees in fiscal year 2026 to help normalize paternity leave and foster a corporate culture where this is standard practice.
- In October 2024, we introduced a new program called the NEC Baby Smile Package, which supports all phases from pregnancy through return from parental leave, regardless of gender.
- In order to increase the proportion of women in senior positions (management and above, decision-making levels), the Company has made improved female hiring and promotion a KPI for executives and other leaders.
- In April 2024, the Company introduced a job-based compensation system that determines compensation based on position, eliminating the influence of personal attributes such as gender and years of service.

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

ESG Databook HTML Version (Inclusion and Diversity)
Inclusion and Diversity
Hiring, Retention, and Compensation

Promoting Employment of People with Disabilities GRI 405-1

NEC currently employs 477 people with disabilities, which is the total for NEC Corporation, NEC Friendly Staff, Ltd., and NEC Business Intelligence, Ltd., as of June 1, 2025. These employees work based on the principle of "each individual employee taking ownership of their career, regardless of any disability, and bringing innovation to the world by expressing their individuality (values, experience and strengths)." As of June 2025, NEC Corporation exceeded the statutory employment rate of 2.5%, but some Group companies have yet to reach this level. NEC will promote an increase in the employment rate for the overall Group through the following initiatives.

Groupwide Committee for Promoting the Employment of People with Disabilities

The committee shares employment challenges and initiatives among NEC Corporation and its affiliates in Japan to enhance the expertise and organizational capabilities of those in charge of employing people with disabilities, while also planning and developing groupwide measures.

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, the Company will also strive to realize safety, security, fairness and efficiency to enable a rich range of social activities by promoting the active participation of people with disabilities through employment and contributing to society through support for para-sports.

NEC Joins The Valuable 500

Other Specific Initiatives

- As part of our efforts to promote inclusion through technology, we are enhancing the internal experience for employees by linking digital employee ID cards with Mirairo ID (a digital certificate for people with disabilities).
- In line with our initiatives in the employment liaison service for people with disabilities, we offer information accessibility measures during the hiring process (such as visualized audio, braille, and enlarged print for test questions), as well as tailored support after joining the Company.
- Introduced "Challenge Points" in the cafeteria-style benefits program "Will be" to better support employees with disabilities in maximizing their performance

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

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Inclusion and Diversity

Promoting Global Recruitment of Human Resources

To achieve global business expansion, NEC is hiring foreign nationals in its research, technology, sales, and administrative categories.(In fiscal year 2025, we hired 11 new graduate foreign nationals.) We also promote diversity and enhance global competencies by welcoming employees from international subsidiaries.

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

ESG Databook HTML Version (Inclusion and Diversity)
Inclusion and Diversity
Human Resource Development

Inclusion of Mid-career Hires

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

Inclusion and Diversity
Hiring, Retention, and Compensation (Hiring)

LGBTQ Initiatives

We believe the most effective way to ensure a safe and inclusive workplace where LGBTQ individuals can be themselves is to foster greater understanding of LGBTQ issues and to increase the number of "Allies"[1].

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

■ Efforts to Increase Allies

- Corporate Executive Vice President (Executive Officer) Amemiya appointed as LGBTQ Ally Community Executive Sponsor
- Establishment of a visible Ally consultation desk within the Company to provide a direct consultation channel
- A volunteer Ally community (ERG) within the NEC Group actively works to increase the number of allies

■ Participation in DIVERSITY CAREER FORUM 2024 as a Sponsor

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

■ NEC Awarded "Gold" in PRIDE Index 2024

For the fifth consecutive fiscal year (since fiscal year 2021), NEC received the highest "Gold" rating in the PRIDE Index 2024, developed by the organization "work with Pride," which evaluates initiatives for LGBTQ and other sexual minorities at companies and organizations in Japan. NEC met all the evaluation criteria for the five indicators: "declaration of conduct," "community of concerned parties," "awareness-raising activities," "human resource systems and programs," and "social contributions and liaison activities."

Inclusion and Diversity

■ Revision of Internal Regulations

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

Hiring, Retention, and Compensation

■ Fair Recruitment Practices

The Company added the following items regarding LGBTQ issues in interview manuals. Since then, it has been promoting awareness so that recruiters can carry out interviews appropriately. The Company also took out the field for stating gender on the entry form.

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

ESG Databook HTML Version (Inclusion and Diversity)

Supporting Diverse Workstyles for Employees with Many Years of Experience

■ Continued Employment

- Introduced a continued employment system for employees who wish to work beyond the age of 60. The system's maximum age for continued employment increased to 70 in fiscal year 2024.
- NEC has operated a recruiting system and flexible treatment based on the system for continued employment that matches the needs of individuals and hiring organizations, based on the type of work, job description, employment terms, and other conditions.
- From fiscal year 2025, we revised the evaluation system for continued employment and integrated it into the same annual evaluation process used for regular employees. By standardizing the processes from goal setting to performance evaluation and bonus decisions, we strengthened performance management for continued employment and ensured that evaluations are reflected in employee treatment.

■ Provide Support for Job Assignment and Placement both within and Outside the Company

Launched in fiscal year 2022, NEC Life Career, Ltd. provides a career consultation and matching service to boost employees' sense of career ownership through a lifelong career at NEC, creating opportunities for employees with many years of experience to make long-term contributions to society in ways suited to their lifestyles.

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Inclusion and Diversity

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

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

M: Indicates the main non-financial targets related to materiality.

1. M: Ensure diversity among leadership

Achieve the numerical targets below by the end of fiscal year 2026 (including decisions on transfers that are to take place on April 1, 2026)

- 20% ratio of women and non-Japanese among officers[2]
- 20% ratio of women in all management positions
- 30% ratio of women among all employees

2. Recruit and employ people with disabilities

- Continue to maintain statutory employment ratio (including special subsidiaries)

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

2. Directors, executive officers, Corporate SEVPs, Corporate EVPs, and Corporate SVPs

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ **FY2025 Goals**

1. Ensure diversity among leadership
   - In order to achieve the 20% ratio of female managers set in Mid-term Management Plan 2025, set goals for number of female managers for fiscal year 2025 and set goals for executive manager roles or higher
   - Set goals for the ratio of diverse human resources among new manager appointments for positions of executive manager and above
   - Expand the sponsorship management program to junior levels
   - Increase the ratio of female mid-career hires

2. Recruit and employ people with disabilities
   - Promote employment of people with disabilities throughout the NEC Group to meet the increase in the statutory rate in 2026 and work to raise the rates for Group companies that have not yet achieved the statutory employment rate through the Groupwide Committee for Promoting the Employment of Persons with Disability and by sharing knowledge and experience
   - As a Valuable 500 company, promote inclusion of people with disabilities using the Company's own technology and promote businesses that connect the employment of people with disabilities to the creation of social value
   - Further promote the development of job categories that are "unique to NEC" at the special subsidiary
   - Develop promotions that merge recruitment activities, para-sports and other forms of branding, and connect to acquisition of high-quality talent

3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title
   - Continue to provide opportunities to make people aware of unconscious bias
   - Promote knowledge and awareness of inclusion and diversity among directors
   - One NEC Survey Diversity Score: Achieve 45% or higher

■ **Progress, Achievement, and Issues**

1. Ensure diversity among leadership
   - Set targets for the number of female managers and a target diversity ratio among new manager appointments for positions of executive manager and above. As of April 1, 2025, women accounted for 31% of newly appointed managers. The youngest new manager was 27 years old, and 9% of new managers were 34 or younger, accelerating appointments regardless of age or background.
   - The ratio of women among mid-career hires increased 0.3 points year on year to 24.9%

2. Recruit and employ people with disabilities
   - While NEC's employment rate for people with disabilities was 2.57% as of June 1, 2025, achieving the statutory employment rate, and 10 of 13 major Group companies achieved the statutory employment rate, employment initiatives will continue to be promoted across the NEC Group
   - Began examining an internal service that links NEC's digital employee ID with the Mirairo ID (a digital certificate for people with disabilities) as a technology-driven initiative
   - Introduced "Challenge Points" in the cafeteria-style benefits program "Will be" to better support employees with disabilities in maximizing their performance

3. Ensure that opinions can be expressed without fear of discrimination regardless of gender, age, career path, or job title
   - Incorporated unconscious bias into training curricula for new employees and new managers
   - In fiscal year 2025, conducted an external survey measuring I&D knowledge and awareness among 1,400 directors
   - Achieved a One NEC Survey Diversity Score of 46%

■ **FY2026 Goals**

1. Ensure diversity among leadership
   - In order to achieve the 20% ratio of female managers set in Mid-term Management Plan 2025, set goals for number of female managers for fiscal year 2026 and set goals for executive manager roles or higher
   - Set goals for the ratio of diverse human resources among new manager appointments for positions of executive manager and above
   - Increase the ratio of female mid-career hires

2. Recruit and employ people with disabilities
   - Strengthen the promotion framework for employment of people with disabilities throughout the NEC Group to meet the increase in the employment statutory rate in 2026 (2.7%)
   - Expand job categories by carving out tasks in business support areas and internalizing work previously outsourced
   - Roll out the Mirairo ID integration service across the NEC Group using a "Client Zero" approach (applying cutting-edge technology to NEC itself first), creating new social value

3. Further Enhance I&D Literacy
   - Continue to provide opportunities to make people aware of unconscious bias
   - Make I&D training mandatory in web-based training for all employees
   - Conduct I&D training for executive managers and above

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Hiring, Retention, and Compensation

Framework for Hiring, Retention, and Compensation GRI 2-30

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

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

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

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

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

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

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

NEC has taken harassment incidents very seriously during its 2025 new graduate recruitment activities. We are working to prevent any recurrence and are striving to ensure greater transparency in our hiring practices.

To ensure that students can feel secure in their job-hunting process, we have all employees involved in new graduate hiring sign a pledge to follow our recruitment activity guidelines, and we are thoroughly reinforcing adherence to these rules. We have thoroughly communicated the rules for meetings between students and employees. When meeting with students, employees are required to submit prior notice and post-meeting reports to their direct supervisors and the HR recruitment team.

Hiring Indicators and Goals

The Company plans to hire 800 new graduates in fiscal year 2027 and 600 mid-career personnel in fiscal year 2026.

Number of New Employees (Data Collection)

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Hiring, Retention, and Compensation

Hiring GRI 401-1

■ Initiatives to Hire New Graduates

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

Starting with the new graduate hires who joined in April 2024, the Company has been implementing job-matching hiring consisting of division- and job-specific hiring[1] in which the division and job type to which a prospective employee will be assigned are determined at the time of employment offer, as well as open-division hiring in which only the job type is determined at the time of employment offer.

We are also expanding our Division-Based Internship Program, where various NEC divisions set themes and accept students by role or division. In fiscal year 2025 (combining summer and winter sessions), more than 1,000 students participated across approximately 150 themes.

1. About 50 job descriptions are published during recruitment, and students apply by selecting their preferred division/role combination. Successful applicants are guaranteed to be initially assigned to the division and role for which they applied. Division- and job-specific hiring accounts for approximately 70% of hiring.

■ Initiatives for Mid-Career Hires

To realize "the right person at the right job and the right time," NEC has conducted a wide-ranging review of the way it utilizes human resources. We are promoting mid-career recruitment (662 hires in fiscal year 2025) to enable immediate execution of our business strategy and accelerate job-based human resources management, including the use of external talent.

- In fiscal year 2025, the Company hired 127 employees through direct sourcing methods, such as referral recruitment that leverages employee networks and direct scouting.

■ Inclusion of Mid-career Hires

In light of the increasing number of mid-career hires, the following initiatives are being implemented.

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

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

Human Resource Development

Attrition

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

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

Turnover Data (Data Collection)

Employee Evaluations GRI 404-3

■ Evaluations that Lead to Individual Growth

NEC has implemented an evaluation system which is based on dialogue between employees and their managers to promote individual growth. All employees hold one-on-one meetings with their managers to confirm whether their goals are aligned with the organizational strategy and their individual roles, and also to discuss plans for individual growth and career development. We require one-on-one meetings quarterly to discuss goals, their progress, and career development, and encourage holding them monthly.

Human Capital Management

NEC is also implementing the following initiatives to promote individual growth.

- We evaluate performance, and also provide feedback and guidance on behavior in accordance with NEC Group's universal "Code of Values"
- We implement 360-degree feedback called "Feedback From Others" to encourage multi-perspective input
- We provide management enhancement training designed to empower managers to cultivate their team members' autonomy, creativity, motivation, and proactive behavior, thereby maximizing team performance
- When there is a business necessity, assignments such as changes in job roles might be carried out even if it is not the employee's intention. However, the assignment should be explained to the employee by the 10th of the month before the official announcement to allow time for preparation and transition

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Hiring, Retention, and Compensation

Compensation GRI 405-2

NEC aims to be an "Employer of Choice," striving for global business growth by establishing a mutual relationship where both the Company and employees choose each other. As a continued act of "investment in people," we aim to attract, engage, and retain highly marketable talent and strengthen our global competitiveness by implementing market-competitive compensation based on job-based human resources management and differentiated rewards aligned with each individual's expected role and contributions. Based on this approach, we plan to implement a salary increase of approximately 7% in fiscal year 2026 and significantly raise total compensation, including stock-based incentives, for strategic positions. We will also raise the starting salary for new university graduates[2] to 294,000 yen and strengthen investment in the next generation of talent (approximately 9,000 young employees) to ensure sustainable growth. In addition, to better utilize the deep expertise of our senior employees (about 6,600), we plan to increase compensation levels under the re-employment system based on the principles of "Pay for Performance / Pay for Job."

Compensation for non-managerial personnel is determined based on consultations with the labor union and requests raised during the annual spring labour-management negotiations. Bonuses, which are calculated based on the Company's performance and individual evaluations, are paid once annually for managers and twice annually for non-managerial personnel. Both groups are also eligible for overtime pay at premium rates.

2. The starting monthly salary for new graduate hires exceeds Tokyo's minimum wage as of October 2024 (1,163 yen/hour).

■ Wage Disparity Between Men and Women (Female to Male Ratio)

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

Details on the Wage Disparity between Men and Women (Data Collection)

For initiatives to close the gender pay gap, please refer to the following.

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Hiring, Retention, and Compensation

Retirement Benefit System and Stock Compensation Program (NEC Value Shares)

In addition to offering a retirement benefit system for regular employees, we are introducing a new employee stock compensation program called "NEC Value Shares" starting in fiscal year 2026, including enhancements to the existing NEC Employee Stock Ownership Plan (ESOP). This system also applies to certain contract employees in line with the principle of "equal pay for equal work."

■ Retirement Benefits System (Retirement Allowance System and Pension Plan)

NEC's retirement benefits system has two components: a retirement allowance system that accumulates funds during employment and pays them at retirement, and a corporate defined contribution pension (DC pension) plan. A fixed percentage of annual income is contributed monthly as a part of the retirement benefit to create a compensation-linked and market-competitive retirement benefit system. In light of workforce diversity, we have eliminated the traditional Japanese practice of basing retirement benefits on years of service or age.

We have built a DC pension governance framework through constructive collaboration between the workers union and management within the NEC Group. This has enabled us to create a competitive investment lineup, enhance ongoing investment education, offer free consultations with financial experts, and disclose DC pension utilization status to employees in comparison with competitors. These initiatives support employees' career ownership while strengthening the mutual relationship between NEC and its people as they choose each other.

■ Stock Compensation Program (NEC Value Shares)

As part of efforts to build a highly engaged workforce and continuously strengthen global competitiveness, we are introducing the NEC Value Shares stock compensation program for employees starting in fiscal year 2026. Through this program, we aim to share NEC Group's core values with employees and enhance awareness of our business performance and stock value, thereby driving sustainable growth and corporate value over the medium to long term.

Specifically, beginning in fiscal year 2026, the program will cover around 400 employees in strategic positions such as executive managers. The program will be expanded to include more than 6,000 employees of NEC Corporation and select NEC Group companies who are expected to make significant medium- to long-term contributions, with stock compensation awarded strategically. We also plan to expand the ESOP system starting in fiscal year 2027. About 60,000 employees (roughly 80% of the total workforce including consolidated subsidiaries in Japan) at NEC Corporation and select Group companies will be eligible to receive free company shares upon joining the plan.

The ESOP is open to employees of NEC and select subsidiaries. Employees may voluntarily join and purchase NEC shares by contributing a set amount from their monthly salary or bonuses. The ESOP encourages participation by offering a matching incentive based on the contribution amount. Setting aside a fixed amount each month enables asset formation for plan members over the medium to long term.

The ESOP fosters a greater sense of employee participation in company management. In addition, these initiatives help enhance corporate value, leading to higher stock prices and growth in ESOP members' assets.

Benefits and Welfare System

■ "Cafeteria-Style" System (Will be)

In April 2020, NEC Corporation introduced a new "cafeteria-style" benefits and welfare system called "Will be" for employees and contract employees. Unlike traditional benefit and welfare systems designed around fixed models, this program provides employees with a set amount of points they can use to choose from a wide variety of services tailored to their individual needs.

In fiscal year 2025, we expanded subsidies for self-investment in growth and health promotion services to more powerfully support employee actions aligned with the benefits program's concept of Growth & Well-being.

Furthermore, separate from basic earned points, the Company provides employees engaged in childcare and nursing care with special points that can be used for each of those activities to support work-life balance. Starting in fiscal year 2026, we have introduced "Challenge Points" for employees with disabilities to support improvements in their daily lives and work efficiency.

■ Asset Formation Service "Shines" for Employees

NEC has introduced the "Shines" service for NEC Group companies. "Shines" is an asset formation service that combines the independent financial advisory (IFA) business of our Group company Japan Asset Management Co., Ltd. with NEC's digital finance technologies. Financial professionals provide optimal asset formation and investment advice to NEC Group employees, tailored to NEC's human resources and retirement benefit systems. As of February 2025, over 16,000 employees attended seminars, and nearly 3,300 used the consultation services. We are also expanding the service to clients based on our in-house success.

Please see below for more details.

Asset Formation Service "Shines" for Employees (Japanese language only)

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Human Resource Development

Governance Strategy Risk Management Metrics and Targets Main Initiatives

Framework for Human Resource Development

With a view to realizing our Human Resources (HR) Policy, we are rapidly responding to change and accelerating the establishment of systems that realize the "right person at the right job and the right time."

■ 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 resources business partner (HRBP), shared service center (SSC), and center of excellence (CoE). The center of excellence plays a leading role in formulating human resource strategies and establishing optimal programs, systems, and policies, and works with human resource business partners to implement measures for human resource development and training throughout the Company.

■ Training System to Enhance Expertise

- Established the Learning & Development (L&D) Department within the People and Culture Division
  We consolidated the previously decentralized human resource development functions across the organization by establishing the L&D Department. This department plans and designs shared policies and measures for human resource development for all job types, with the aim of optimizing and enhancing groupwide human resource development.
- Establishment of job-specific human resource development committees
  We have established cross-organizational job-specific human resource development committees to strengthen specialized skills by job type and to enhance human resource development throughout the NEC Group. NEC officers representing each job type chair respective committees, and executives and experts selected from each organization work with their human resources divisions to formulate and implement various human resource development strategies and policies.

■ Human Resource Foundations for One NEC

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

Governance Strategy Risk Management Metrics and Targets Main Initiatives

To realize the transformation of the IT business in Japan outlined in Mid-term Management Plan 2025, NEC has set a target to secure 12,000 digital transformation (DX) professionals who will continuously create and implement social value, and is strengthening efforts to develop such talent. NEC is also accelerating the growth of promising next-generation leaders by offering them a variety of development opportunities such as tough assignments and training.

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Human Resource Development

NEC offers a range of human resource development programs for employees, including contract employees and dispatched workers.

Our goal is to "foster professionals who align with the NEC Way and practice the Code of Values." To achieve this, we are developing training programs and environments focused on employees' career ownership and proactive learning, centered around the following four areas.

(1) Cultivating business leaders to compete in global markets

(2) Enhancing management talent to maximize organizational power

(3) Training professionals to realize business transformation

(4) Strengthening foundational skills and mindsets as the basis for NEC talent

NEC Way

■ **Training Framework**

Details of the training framework are provided below.

Training is provided to appropriate participants by domain and program, regardless of employment type.

Human Resource Development (Training Framework Diagram)

Human Resource Development Programs GRI 404-1, 404-2

The five following themes have been positioned as important themes for human resource development, and we are engaging in a variety of initiatives.

■ **Cultivating Business Leaders to Compete in Global Markets (Next-Generation Leadership Development)**

● **Talent Pool Management (Identifying Talent)**

- Approximately 1,100 diverse individuals from across the NEC Group were selected as talent candidates for future executive leadership, regardless of age, nationality, or gender
- Of them, 118 particularly promising individuals, including 25% of whom are women, were designated as "Top of Top," with all receiving Individual Development Plans (IDPs)
- This program is deployed globally, including Japan, and has been implemented at all seven key consolidated subsidiaries outside Japan
- In fiscal year 2026, NEC will reinforce this process based on the next-generation leadership profile, aiming to enhance the quality and scale of its talent pool

● **Measures for Developing Next-Generation Leaders**

- For selected talent pool members, the individual, their manager, and HR work together to create an Individual Development Plan (IDP) and provide tailored development support aligned with individual needs.
- The following development options are available to meet these diverse development needs:
- The One NEC Global Leadership Program (in English) is offered to next-generation leaders aiming to achieve continued success in the global marketplace.
- Acquisition of fundamental business knowledge through online training.
- Enhancement of business English skills as needed.
- Career interviews with HR based on IDPs.
- Tough assignments across Group companies to provide diverse experiences tailored to the individual.
- Roundtable discussions with current officers that offer opportunities to learn through dialogue on management issues.

■ **Enhancing Management Talent to Maximize Organizational Power**

● **Enhancing the Management Skills of People Managers**

People managers are key to achieving organizational business reinforcement and growth based on strategy, and to enabling employees to become autonomous professionals, through the use of job-based human resources management.

In fiscal year 2025 NEC worked to strengthen the management capabilities of people managers through a variety of training programs and the implementation of behavioral change programs that promote self-awareness and proactive learning regarding management behaviors.

- Performance management skills training (approx. 300 new managers participated)
- Basic management literacy training in finance and risk management (approx. 2,400 people managers participated)
- Developed and delivered a recommended training lineup based on NEC's standard management skills as a foundation for proactive learning
- Launched a behavioral change program for enhancement of independent management skills that encourages self-reflection and development planning through multi-source feedback and peer dialogue (Approx. 700 managers participated, with 86% reporting behavioral change in post-program surveys)

■ **Training Professionals to Realize Business Transformation**

● **Professional Talent Development through Job-Specific Human Resource Development Committees**

In the six areas of marketing; sales and business design; services, SE, and consulting; technology development; SCM; and research and development, NEC officers representing each area serve as chairs of their respective committees. Through job-specific human resource development committees, where executives and experts selected from each organization collaborate with the human resources division, they lead the development of professional talent required for business growth. In fiscal year 2025, the first year of implementing the job-specific personnel system, we conducted a review of job roles to better align with business strategies while assessing the status of the system's introduction by job type. In addition, we focused on strengthening specialized training required for each job type and fostering talent capable of contributing to the business. These efforts were discussed and implemented in each committee. Based on the data from the skill assessment (participation rate: 95%) conducted with the new system, we identified job-specific challenges (such as cases where skill levels did not meet expectations) and developed countermeasures in collaboration with business leaders selected from the business divisions as committee members.

■ **Development of Personnel Conversant with DX**

NEC incorporated its own unique elements into the Ministry of Economy, Trade and Industry's framework to develop and strengthen a shared DX development framework for NEC Corporation and its consolidated subsidiaries in Japan. Over 200 specialized DX talent development programs were created and implemented, targeting foundational DX literacy (basic knowledge, mindset and culture change) and tailored to the defined roles, requirements, and development goals for DX professionals. A total of 104,907 people participated in the basic DX literacy training, and 43,811 in the specialized DX training across NEC Corporation and its 16 consolidated subsidiaries in Japan.

As of March 31, 2025, NEC had a cumulative total of 11,935 DX professionals for fiscal year 2025. Their credentials were made visible internally through digital certificates (Open Badges) and internal disclosure via "By name." Each organization's DX talent status is disclosed at all times, ensuring ongoing development and output of high-level DX professionals aligned with business growth.

We aim to achieve the goals of Mid-term Management Plan 2025 by continuing to enhance measures to shift and improve skill sets through this training program based on a systematic DX talent development implementation framework linked to the growth of the DX business.

Total Number of Human Resources Involved with DX (Data Collection)

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Developing Talent in Key Focus Areas

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

Training and Acquiring Top Researchers / Diversity

- Introduced a job-specific personnel system to flexibly set compensation for researchers with advanced expertise
- In January 2023, established the NEC R&D Doctor's Pass program for industry-academia collaboration to support the careers and finances of doctoral students, with the aim of enhancing hiring of personnel with PhDs
- Boosted hiring of researchers in AI, biometrics, networks, and security fields
- Training and acquisition of research personnel who can link core technologies to social value
- Training project leaders and technological architects utilizing personnel exchanges between business divisions and research divisions
- Expanded business developer training to include researchers
- Developing global human resources in cooperation with locations outside Japan (over 40% of our R&D team is based abroad)
  - Actively recruited top talent from research laboratories outside Japan
  - Recruited from leading universities outside Japan, such as the Indian Institute of Technology

Cultivation of Human Resources to Generate New Business

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

Intellectual Property Specialists

- Strengthened recruitment of global legal/IP professionals and talent to build business models that enhance IP utilization

Development of Information Security Professionals

Development of Specialists who Implement Security by Design

- NEC has been promoting a "security by design" (SBD) concept whereby security is taken into consideration for integration of products, systems, and services from the planning and design stages.
- Since fiscal year 2020, NEC has been training specialists to assist Cybersecurity Managers[1] and implement SBD
- NEC offers an Assistant Training Course for staff who support Cybersecurity Managers, and a Sales Course for sales personnel to lead practical security proposals, enabling acquisition of necessary implementation skills

1. Individuals responsible for providing information, project support, and incident response related to cybersecurity within the department.

Training in Practical Security Measures

- NEC has provided training for all employees involved in customer systems, covering skills such as risk assessment and appropriate communication related to security.
- We use a virtual environment that simulates an e-commerce website, thereby providing a location where system engineers can practice taking practical security measures and acquiring skills that increase the robustness of systems at their construction stage.

Developing Highly Skilled Cybersecurity Personnel

- To strengthen top-tier security professionals, NEC offers a six-month intensive program (NEC Cyber Security Analyst) targeting personnel with technical knowledge of security, enabling them to acquire practical skills required for advanced services such as Computer Security Incident Response Team (CSIRT) operations and risk hunting.

Widening Our Pool of Cybersecurity Human Resources

- All employees involved in customer-facing proposal and implementation processes took a survey to assess their understanding of the responsibilities defined by the cybersecurity management rules enacted in October 2023. Education was provided according to each individual's understanding level.
- Since fiscal year 2016, NEC has held the NEC Security Skill Challenge, an in-house event for all employees aimed at building and reinforcing security skills that employees can use in their work. Through fiscal year 2025, a total of over 9,300 employees have participated voluntarily in this event.
- We strongly encourage employees to acquire public security qualifications, such as the internationally recognized Certified Information Systems Security Professional (CISSP) qualification and the Registered Information Security Specialist national qualification. As of the end of fiscal year 2025, approximately 560 employees had earned CISSP certification, ranking NEC among top Japanese companies.
- In fiscal year 2025, NEC formed a strategic partnership with ISACA to strengthen development of professionals versed in risk management and IT governance, capable of implementing information security management across broader scopes. NEC has launched certification training programs for Certified Information Systems Auditor (CISA) and Certified Information Security Manager (CISM) for NEC Group employees, enhancing the development of professionals who are well-versed in risk management and IT governance and capable of practicing information security management on a broader scale.

Information Security and Cybersecurity

Cybersecurity Management Report

Development of Generative AI Personnel

- In order to quickly train generative AI personnel amid rapid market changes, we launched the Generative AI SkillUP STUDIO in June 2024.
- We are implementing a program to train generative AI personnel who will support the entire DX lifecycle of our customers, from acquiring business to consulting and delivery. As of the end of fiscal year 2025, a total of 993 people have participated in the program, and we plan to continue promoting the development of AI personnel in the future.

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NEC believes that fostering a mindset that encourages proactive career development and providing mechanisms that promote proactive career development are essential for securing talented personnel and enhancing their execution capabilities.

Strengthening Foundational Skills and Mindsets as the Basis for NEC Talent GRI 404-2

■ Training for New Graduates and Young Employees

A roadmap of learning and growth opportunities for young employees has been organized to help them cultivate habits of initiating change early in their careers. Programs range from voluntary to mandatory, encouraging mutual inspiration and continuous development for both individuals and the organization. One example is the voluntary "reverse mentoring session," in which 35 new graduate hires tackled executive-level challenges using DX and even developed apps as part of the process. A mandatory program titled RISE Fast for Early Career is held for second-year employees. RISE Fast is NEC's original problem-solving program designed to foster initiatives, problem-solving skills, and transformational leadership. In the last iteration, 570 second-year employees participated while balancing their regular duties, working with department heads to tackle real organizational challenges.

■ Digital Transition Program for Employees

At NEC, we provide a variety of training programs and manuals to ensure that all employees can use digital tools safely and efficiently in their work. We also offer training on the use of emerging technologies, including AI.

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

To enable each employee to grow and be happy by pursuing a career in line with their values, NEC provides an environment where employees can think about and act on career plans. We have put in place systems that support and encourage the efforts of employees to take the initiative in improving their skills and in pursuing challenging professional roles. Specifically, in fiscal year 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. To further enhance these functions and support employee career ownership, we established NEC Life Career Ltd. in fiscal year 2021.

● Stronger Support for Employees' Independent Career Development

As part of its Human Resources Policy, "NEC, for Those Who Seek Challenge," NEC established the Career Design Workshop to help employees take greater ownership of and realize their career plans. The workshop is spearheaded by NEC Life Career, Ltd. (established in fiscal year 2021), and was conducted for 13,000 employees in the NEC Group ranging from their 20s to their 50s. We also held individual career consultations with over 8,500 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.

Employee Transition Assistance Program GRI 404-2

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

We are strengthening our internal job posting system to provide an environment and opportunities for all employees to map out their careers, take on new challenges, and grow to become who they want to be. Since the update of the previous system in fiscal year 2020, there has been a total of approximately 3,800 applicants and over 1,500 have successfully transitioned to new positions with new career challenges. Since fiscal year 2023, divisions that are recruiting have regularly held NGC Meetup! events, which are live-streamed internal programs that showcase the appeal of particular organizations and the positions they are recruiting for, as well as the people who work there. Furthermore, in fiscal year 2025, some Group companies began offering job postings, and by fiscal year 2026, major Group companies in Japan will join, broadening career opportunities across the NEC Group and further supporting employees' proactive career development.

● Introduction of NEC's Proprietary AI-enabled Recommendation Service

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

Investing in Human Resource Development GRI 404-1

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

Training Days and Training Costs (Data Collection)

■ Measuring the Effects of Human Resource Development

Human capital return on investment is as follows.

Human Capital Return on Investment (Data Collection)

● Initiative Outcomes Revealed by the One NEC Survey

Our annual One NEC Survey targeting employees of NEC Corporation and consolidated subsidiaries in Japan showed a 6% increase in the rate of positive responses to questions regarding career and self-development, compared with fiscal year 2024.

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Human Resource Development

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

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

1. Cultivate leadership and strengthen management capabilities to sustain a successful presence in the global market
2. Professional development to foster a successful business transformation

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Cultivate leadership and strengthen management capabilities to sustain a successful presence in the global market
   - Identify more global and junior talent, and accelerate their development
   - Establish and implement a common global talent development program framework
   - Enhance training centered on challenging cross-organization assignments
     - More strategic and systematic planning and implementation based on activities up to 2023
2. Professional development to foster a successful business transformation
   - Promote human resource development more closely linked to businesses through job-specific human resource development committees
   - Accelerate development of human resources involved with DX, a companywide priority measure across job categories

■ Progress, Achievement, and Issues

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

   <Progress and Achievements>
   - Introduced a process to broadly identify diverse potential future executive leaders from a Group management perspective, regardless of age, nationality, or gender.
   - Completed organizing a unified "One NEC" talent development program framework; In fiscal year 2026, will introduce a new, two-tiered One NEC Leadership Programs as a starting point.
   - Conducted transfers and appointments to key strategic positions across the NEC Group as tough assignments, focusing on the most promising talent pool (Top of Top) expected to be next-generation leaders

   <Issues>
   - While the process to identify a wide range of diverse talent has advanced, challenges remain in linking the talent pool with actual appointments and succession planning.
   - Although individual cases of diverse experience and tough assignments have been successful, there is a need to institutionalize these efforts on a companywide scale.
2. Professional development to foster a successful business transformation
   - Utilized skill assessments (with a 94.5% completion rate) to identify talent essential for business growth and clarify key development areas
   - Expanded and rolled out training content through the development of a DX development framework, enabling greater visibility of talent
     - DX Literacy (Basic) Training: 104,907 participants completed
     - DX Talent (Advanced) Training: 43,811 participants completed
     - Motivated employees to acquire skills through Open Badge awards and by announcing recipients "By name" in-house

   <Issues>
   - Expanding initiatives across the Group
   - Clarifying DX talent needs for each business and ensuring sufficient quantity and quality of personnel

■ FY2026 Goals

1. Cultivate leadership and strengthen management capabilities to sustain a successful presence in the global market.
   - Establish a shared, business-aligned standard ("next-generation leadership profile") and link the processes of identification, development, and appointment.
   - Strengthen selection and management of talent based on the next-generation leadership profile to enhance both quality and quantity of the talent pool.
   - For selected members from the talent pool, have the individual, their manager, and HR jointly create Individual Development Plans (IDPs) for the member and provide tailored development support aligned with individual needs.
   - Strengthen the linkage between the talent pool and succession plans, and maintain highly effective and feasible succession planning across the global Group.
2. Professional development to foster a successful business transformation
   - Strengthen highly specialized talent in digital transformation (DX), strategic consulting, AI, security, and other fields leading our key business areas
   - Accelerate human resource development more closely linked to business through job-specific human resource development committees

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Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

Occupational Health and Safety Framework GRI 403-4

NEC's General Affairs Department formulates Occupational Health and Safety Management, as well as targets and key measures for each fiscal year. Also, in promoting these initiatives and with the goal of realizing these targets and measures, we operate a management system for preparing and implementing specific measures for each business site and consolidated subsidiaries in Japan, and for conducting internal audits and reviews. In addition, 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 labor union representatives selected by each division, along with employee representatives, and industrial healthcare staff (industrial physicians, public health nurses, and registered nurses). They share information on the status of labour accidents and the targets for each fiscal year. They also discuss new health and safety countermeasures and health-related measures, among other matters.

In promoting anti-harassment measures for NEC Group employees, a dedicated team established in 2022 within the Employee Relations Department is working with the Risk Management and Compliance Department and other departments to foster an organizational culture of ethical standards, and is striving for early detection, early resolution, and the development of measures to prevent recurrence, as well as working to prevent problems from occurring in the first place. The status of initiatives is reported to the Risk Control and Compliance Committee chaired by the CRCO for discussion.

NEC Group Occupational Health and Safety Management System Organizational Chart

Health and Productivity Management Framework

At NEC, under the direction of the President, the CHRO oversees activities related to occupational health and safety companywide, including risk management, and reports on these activities to the Board of Directors and other organizations. Each company is working independently to promote health at NEC Corporation and its consolidated subsidiaries in Japan by pooling and utilizing their data and expertise, with the Employee Relations Department, NEC Health Insurance Association, and NEC Business Intelligence, Ltd. at the core of the health promotion efforts.

To achieve the goals of the Mid-term Management Plan 2025, KPIs have been established in consultation with the CHRO to reduce individual and organizational health risks and improve performance.

The NEC Group's Health and Productivity Management Implementation Framework

Work-Life Balance Framework

In order to enhance the implementation of management strategies, NEC is promoting initiatives to improve employee productivity and job satisfaction by designing work systems that include support for balancing work with childcare and nursing care, creating mechanisms and systems to encourage employees to make behavioral changes, setting and monitoring KPIs, and providing training, etc., in consultation with the labor union.

Occupational Health and Safety GRI 403-8

NEC is working to secure, maintain, and improve a working environment where people can work safely and healthily as a foundation for realizing its Purpose. To promote these efforts, we have established the NEC Group Safety and Health Policy. This policy, which was formulated based on dialogue with the labor union and approved by the CHRO, the executive officer in charge, applies not only to NEC Group officers and employees, but also to all people involved with NEC's businesses and any other parties whose health and safety should be considered, in an effort to foster a culture of safe and healthy work. In addition, the action guidelines under this policy stipulate that the company and employees shall actively consult with each other regarding the employees' intentions for the smooth operation of the business and improvement of the employees' lives.

NEC Group Safety and Health Policy and Action Guidelines

Furthermore, NEC has established the Occupational Health & Safety Management Regulations with the aim of enhancing the quality of its health and safety activities, and has established the NEC Group Occupational Health and Safety Management System. It also conducts related risk assessment and monitoring, as well as preventive measures and countermeasures. In the wider NEC Group, NEC Solutions (China) Co., Ltd., NEC (UK) Ltd., NEC Australia Pty Ltd, NEC Iberica S.L., NEC Nederland B.V., Networks & System Integration Saudi Arabia Co. Ltd., and PT NEC Indonesia have acquired ISO 45001 certification.

In addition, in 2023, NEC established the Harassment and Discrimination Prevention Regulations, which define prohibited harassment and discrimination and clarify its policy of taking strict action against violators. Furthermore, we strive to prevent harassment and discrimination by making these rules known to all employees and taking necessary measures and actions.

■ **Ensuring the Soundness of Construction Work**

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

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About Health and Productivity Management

In order to realize our Purpose, NEC is focusing on "achieving an optimal talent portfolio to increase our strategy execution capabilities" and "transforming people and culture to draw out the maximum potential of employees" based on job-based human resources management from the perspective of human capital management. Underlying this is the mental and physical health of our employees and their families, and we believe that only when each individual is in good mental and physical condition can we maximize our organizational performance and enhance our ability to execute strategies. Rather than simply focusing on the prevention of illness, the NEC Group Health Declaration established in fiscal year 2020 calls for efforts to improve the health of employees so that they can work with mental and physical vitality and achieve self-actualization. In this way, the Group aims to create even more social value.

NEC Group Health Declaration

We carry out a variety of health promotion activities driven by the slogan "Better Condition, Better Life." Based on three policies—Literacy, Practice, and Technology—we seek to reform health awareness, make behavioral change, and help people maintain healthier behavior. In recognition of these initiatives, NEC was included in the 2022 KENKO Investment for Health Stock Selection (2022), a certification program of Japan's Ministry of Economy, Trade and Industry, and received certification as a Outstanding Organizations of KENKO Investment for Health in 2025 (White 500, 2025) from the Ministry of Economy, Trade and Industry. Since fiscal year 2022, to achieve the Mid-term Management Plan 2025 goal of becoming "an employer of choice," we have been enhancing the physical and mental condition of our employees and raising our employee engagement score through health and productivity management.

About Work-Life Balance

Based on the NEC Way, NEC Corporation and its consolidated subsidiaries in Japan have established the work systems necessary to enable employees to balance their work and personal lives and to demonstrate their capabilities fairly, even when under certain constraints, and are promoting educational and awareness-raising activities to make the most of these systems.

Risk Management in Occupational Health and Safety GRI 403-1, 403-2, 403-3

■ Evaluation and Identification of Occupational Health and Safety Risks

Every year, NEC evaluates the risks of our facilities and equipment based on the NEC Group Occupational Health and Safety Management System. In addition, every month, industrial physicians and the labor union conduct workplace patrols, exchange opinions with workplace representatives, and gather information through listening to opinions to identify risks. Also, important matters such as a major disaster or global pandemic are handled by the Business Continuity and Disaster Recovery Headquarters attended by corporate management, such as NEC's President or directors. The headquarters decides on important themes each year, reviews the flow for countermeasures, and conducts drills. (See our response to the pandemic in the section on "Risk Management (Crisis Management and Business Continuity).")

Risk Management (Business Continuity Management)

■ Risk Management in Occupational Health and Safety

NEC's General Affairs Department oversees risk management for NEC as a whole, while the Regional Affairs Department oversees risk management for each region. The General Affairs Department's internal organization, the Regional Affairs Department, serves as a regional center handling routine matters in the role of promotion office. Specifically, the Regional Affairs Department holds health and safety committee meetings in each region and communicates details of their discussions and deliberations internally. It also receives inquiries from a wide range of employees and organizations as the internal contact desk, leading to improvements.

We provide a channel for exchanging information with subsidiaries outside Japan to share safety confirmation information during disasters.

■ Initiatives to Optimize Working Hours

NEC aims to maximize team performance and enhance the ability to execute strategies by creating a work environment where each employee can work in good mental and physical condition and be healthy and energetic. Therefore, we have positioned the constant long working hours as an important risk theme and are overseeing risk management to optimize working hours.

- Improving work literacy by issuing Work Style Guidelines and a Work Rule Hand Book that outlines the duties and rules that the company and employees must fulfill in order to properly manage work and health, as well as by conducting web-based training
- Labour management training for people managers
- Promoting proper understanding of working hours through visualization of PC operation status and linkage with work management systems
- Sending out alert emails and displaying PC pop-up messages reminding workers of overtime and holiday work
- Establishing and operating a monitoring process for organizations and individuals who are found to be working long hours in order to understand the causes of high workloads and implement measures to eliminate them

■ Status of and Measures for Labour Accidents and Disasters GRI 403-9, 403-10

Labour accidents at NEC Corporation and its consolidated subsidiaries in Japan are mostly minor, such as tripping on stairs at train stations or falling on the street during business trips or sales calls. 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. Furthermore, even for minor labour accidents such as tripping or falling, the details and countermeasures are shared throughout the Company via health and safety committees, 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.

In fiscal year 2025, we have not identified any instances of serious labour accidents or serious violations of laws and regulations from related organizations.

Labour Accident Frequency Rate and Severity Rate (Data Collection)

Trends in Frequency Rate and Severity Rate (Graph)

■ Training and Awareness-Raising for Occupational Health and Safety GRI 403-5

Occupational health and safety trainings and training completion rates are as follows.

Training and Awareness-Raising for Occupational Health and Safety (Data Collection)

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Risk Management Related to Human Rights

■ Evaluation, Identification, Training and Awareness-Raising of Harassment Risks

At NEC, we use a questionnaire from a web-based training program conducted for all employees on the topics of compliance and business and human rights to identify risks of harassment in the workplace. Workplaces considered to be of high risk are reported to the CHRO and CRCO, and follow-up measures to prevent recurrence are conducted through face-to-face training.

Trainings on harassment are as follows.

Target	Name of training	Purpose
Executives	Risk Compliance Training for Executives (Lecture)	Updating common knowledge about risks surrounding executives
New management	Labour Management Training for New Management (Web-based training)	Correctly understanding the roles and responsibilities of management regarding harassment and how to deal with it
Manager level and above	Labour Management Training (Group training)	Correctly understanding the duty of care, and correctly understanding the roles and responsibilities of management regarding harassment and how to deal with it

We have been promoting the above initiatives for some time. Following the incident in fiscal year 2025 when an NEC employee committed a misconduct against a student seeking employment, the CHRO sent an email message regarding the incident to NEC Group employees to raise awareness. In addition, at a town hall meeting for all employees, the President, CHRO, and CRCO strongly demonstrated the NEC Group's corporate stance of zero-tolerance approach against misconduct and taking strict and decisive action, in order to thoroughly instill an awareness of integrity.

■ Conduct Human Rights Due Diligence on Affiliated Companies

The NEC Group has identified "employee health and safety" as one of its salient human rights issues based on the human rights impact assessment with reference to the UNGPs, and the CHRO is responsible for addressing this issue. Recognizing that employees are also stakeholders in the value chain, we conduct periodic annual written surveys of labour practices and the status of health and safety initiatives at our sub-subsidiaries in Japan and overseas. Survey items are developed with reference to JEITA's Responsible Business Conduct Guidelines and the Responsible Business Alliance (RBA) Code of Conduct. In the fiscal year 2025 survey, although there were eight companies that had not been made aware of the NEC Group Human Rights Policy, we have confirmed that there are no significant risks regarding child labour, freedom of association, collective bargaining rights, etc. across all companies surveyed.

- Number of companies surveyed: 48 in Japan and 49 overseas
- Employee coverage rate through document survey: Approx. 74.9%

■ Implementation of Business and Human Rights Training

We conduct web-based training on business and human rights in both Japanese and English to raise awareness of business and human rights and to prevent harassment.

In the post-training questionnaire for fiscal year 2025, 35.2% of the respondents answered that they were aware of the NEC Group Human Rights Policy but had never read it, so we plan to take measures to make the policy known to all employees in fiscal year 2026.

Target	Name of training	Completion rate
NEC Corporation and 15 consolidated subsidiaries in Japan	Business and Human Rights Web-based Training	93.8%

● Participation in programs for the development of professional personnel within the company for respect of international human rights and labour standards

Our staff participated in a professional development program on business and human rights jointly organized by the Global Compact Network Japan and the ILO.

Response to Serious Global Health and Safety Issues

■ Infection Countermeasures

At NEC and our 24 consolidated subsidiaries in Japan, we have set up a consultation desk for health issues (including infectious diseases) at the Wellness Promotion Center, and we also use our intranet to provide information about how to prevent infection and to remind people to exercise caution. In addition, we provide financial assistance for seasonal influenza vaccinations and various other types of vaccination as part of infection prevention measures.

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

Management of Health Risks

NEC conducts periodic health checkups, stress checks, monitoring of working hours, etc., and identifies and manages employee health risks in the Employee Relations Department based on the resulting data. As a result, high-risk employees are interviewed by industrial physicians. In addition, health guidance and recommendations to see a medical specialist are also provided to prevent illness and prevent it from becoming serious.

■ Implementation of Mental Health Measures

At NEC, we position mental healthcare as a key risk theme in healthcare management of employees, and we are creating a healthy workplace by maintaining the mental health of our employees. Specifically, we conduct stress checks twice a year as an opportunity to become aware of one's own stress, and mental health measures are implemented, such as improving the workplace environment using the results of group analysis of stress checks and interviews with industrial physicians for high-stress employees, with the aim of reducing the ratio of employees taking leave from work.

Health Risk Management Indicators (Data Collection)

We also offer programs for mental health support and assistance with returning to work, as well as set up consultation desks (in-house/outside the company).

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Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

Implementation of Health Checkups

At NEC, we consider ensuring and improving physical health as a major issue and are committed to promoting health. 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, in order to detect and manage lifestyle diseases at an early stage. In addition, in cooperation with the NEC Health Insurance Association, we have established a system to provide free health checkups and cancer screenings.

Initiatives for Promoting Health GRI 403-6

It is people who support further growth towards realizing the NEC Group's Purpose. To enable employees to maintain their physical and mental health and maximize their potential, we offer a variety of health promotion programs, including individual consultations, support with quitting smoking, and the provision of health information.

In addition, as part of our efforts to support the health of NEC Group employees, we introduced our own health point service app WoLN in October 2024. As part of this service, walking events have been held using the app's features (5,276 people installed the app in fiscal year 2025).

Please see below for details on our health promotion initiatives.

ESG Databook (HTML version) (Occupational Health and Safety, Health and Productivity Management, Work-Life Balance)

Results and Mid-term Goals for Health Management Initiatives (as of March 31, 2025)

Work-Life Balance: Support for Those Balancing Work with Family Commitments GRI 401-3

Childcare Support

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

- In the "Will be" cafeteria-style benefits and welfare system, employees with children of elementary school age or younger are awarded additional childcare points.
- In addition to the postpartum parental fund (a payment of 550,000 yen to employees who have a new baby), a pre-natal parental fund (a payment of 100,000 yen to employees who submit a childcare leave plan sheet at least three months before the expected date of birth) will be established.
- To increase the number of employees taking childcare leave, we created a system that promotes communication within the family and improves understanding by people managers (partners enter comments on the childcare leave plan sheet, and people managers meet with employees before the plan is submitted).

NEC Corporation acquired the "Kurumin" Next-generation Support Certification Mark from Japan's Ministry of Health, Labour and Welfare in 2007, 2012, and 2015 in recognition of the Company's initiatives for childcare. We implemented a series of measures, including measures that are not incorporated in the action plan, and further improved the work-life balance of our employees. As a result of these measures, NEC Corporation acquired "Platinum Kurumin" certification in 2018. The Company is encouraging greater understanding and utilization of childcare leave among male employees by issuing a Guide for Childcare Leave for Men in line with post-natal paternity leave (childcare leave at the time of childbirth) under the revised Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members and by publishing stories about the experiences of men who have taken childcare leave.

Third-party Assurance, External Ratings and Evaluations

Nursing Care Support

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

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

- Childcare and Nursing Care Overall

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

Indicators Related to Childcare Support and Nursing Care Support (Data Collection)

Promotion of Updating Workstyle

NEC is evolving into a purpose-driven organization that strives to realize its Purpose by maximizing team performance based on the health and integrity of each employee. Since fiscal year 2025, we have introduced a new policy to make face-to-face communication at least 40% of the time (two days a week), in order to improve the quality of communication while strengthening our ability to execute strategies.

- As a result of promoting activities to establish work rules through dialogue within teams based on the Work Style Guidelines, the implementation rate was 97%. (As of September 2024)
- Organizations that strictly enforce team rules have higher scores for teamwork and manager evaluations in the engagement survey, while organizations that responded "not practicing" had scores that were 5 points lower than the companywide average (as of December 2024). Formulating and implementing workstyle rules contributes to improving team engagement.
- We have continued to promote diverse workstyles and collaboration by developing a Communication Hub and Innovation Hub as workplaces that foster team connections and co-creation.

Establishing a Paid Leave System and Encouraging Employees to Take Vacation

At NEC, in addition to providing paid leave, we also provide five days of family-friendly leave per year (which can be accumulated to a maximum of 20 days) that can be taken for reasons such as childcare, children's school events, caring for family members, personal medical treatment, volunteer activities, and self-improvement. We also provide paternity leave (10 days), career design leave (up to 10 days according to age and number of years of service), and other leave to promote work-life balance for employees.

In addition, since fiscal year 2025, we have set recommended days for taking paid leave, and are working to create an environment in which it is easier for employees to take leave.

Average monthly overtime work hours and number of paid leaves taken per employee are presented below.

Indicators for Work-Life Balance (Data Collection)

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

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

1. Maintain occupational health and safety levels in a diverse work environment
2. Utilize health data (regular health checkup results, stress check results, etc.) strategically to clarify organizational issues and build a cycle for implementing and evaluating measures
3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance
   - Providing the experiences employees need to evolve autonomously
   - Transforming the office to foster trust and co-creation
   - Providing a workplace that enables seamless activities beyond time and space
   - Fostering a culture where diverse talent comes together to pursue value creation

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Maintain occupational health and safety levels in a diverse work environment
   - Raise the completion rate of occupational health and safety training (90% or higher)
   - Increase the number of near-miss report submissions (10% increase)
   - Monitor the Group's global health and safety activity status (once a year)
   - Set a limit on overtime hours for non-hourly employees
2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle
   - Reduce stress through an organizational approach using stress checks
   - Promote "client zero" (implementing cutting-edge technology with NEC itself as the initial client)
3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance
   - Provide workplaces that address societal and business changes
     - Continuously improve workplace conditions, including network infrastructure and office functions, to accommodate the increase in office attendance and face-to-face communication opportunities
     - Reallocate workplace space to align with business characteristics and job functions, and expand Communication Hubs and Innovation Hubs

■ Progress, Achievement and Issues

1. Maintain occupational health and safety levels in a diverse work environment
   - Completion rate of occupational health and safety training: 88.4% Topics covered included risks from excessive work and the use of health examination results.
   - Number of near-miss report submissions: Down 20% compared with the previous fiscal year
   - Percentage of employees who completed business and human rights training: 93.8%
   - Conducted a written survey on labour practices and health and safety of NEC Group companies: 48 companies in Japan and 49 companies outside Japan. Participated in the program for the development of professional personnel within the company for respect of international human rights and labour standards jointly organized by GCNJ and the ILO. (October 2024 to February 2025)
   - Formulated workstyle policies and communicated messages from the CHRO. In addition, implemented web-based training to ensure thorough penetration.
   - Monitored employees with long working hours who are concerned about health risks, considered improvement measures to eliminate long working hours, and followed up accordingly.
2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle
   - Created an environment where stress check results are displayed on a dashboard, enabling managers to understand the state of their own organizations. The results of the stress checks (overall health risk) for NEC companywide remained stable. (Scope: NEC Corporation)
   - Introduced our own solution, the health point service app WoLN (Scope: NEC Corporation and companies affiliated with the NEC Health Insurance Association). In just six months, over 5,000 people have registered and are using the service to improve their daily health.

■ FY2026 Goals

1. Maintain occupational health and safety levels in a diverse work environment
   - Enhance understanding of training on workstyle rules and health and safety (90% or more)
   - Continue to conduct self-assessment checks of working practices and health and safety for NEC Group employees.
   - Continue to monitor (once a year) and follow up on the Group's global health and safety activity status
   - Strengthen measures to combat excessive work for employees of NEC Corporation and its consolidated subsidiaries in Japan
   - Strengthen governance by activating communication with Group companies
   - Promote the NEC Group Occupational Health and Safety Management System
2. Utilize health data strategically to clarify organizational issues and implement countermeasures, and build an evaluation cycle
   - Utilize health data, as well as data on employee engagement and workstyles, to stimulate communication within organizations and teams, create a healthier work environment, and promote improved productivity
   - Verify the effectiveness and develop case studies of "client zero" (implementing cutting-edge technology with NEC itself as the initial client)
3. Establish conditions that provide the optimal place and the optimal time in striving to elicit optimum performance
   - Provide workplaces that address societal and business changes

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AI and Human Rights

Implementation Framework for AI and Human Rights

NEC has formulated the NEC Group AI and Human Rights Principles (the "Companywide Principles") in line with the NEC Group Human Rights Policy to guide employees in recognizing respect for privacy and human rights as the highest priority in its business operations in relation to social implementation of AI and utilization of biometrics and other data ("AI utilization").

NEC Group Human Rights Policy

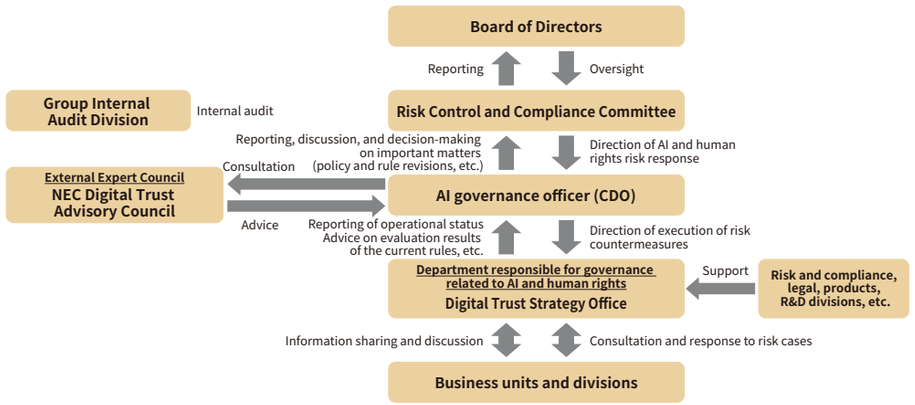
NEC Group AI and Human Rights Principles

NEC incorporates initiatives based on the Companywide Principles into corporate governance, and under the direction of the Risk Control and Compliance Committee overseen by the Board of Directors, it has established a governance framework centered on the Chief Digital Officer (CDO: the AI governance officer) and the CDO Office Digital Trust Strategy Office.

As the department responsible for governance related to AI and human rights, the Digital Trust Strategy Office oversees an internal system that sets out the basic matters that officers and employees must comply with to ensure respect for human rights in business activities related to AI utilization.

The Company has also established the NEC Digital Trust Advisory Council composed of external experts as an advisory framework for themes related to human rights and new technologies such as AI.

Implementation Framework



AI and Human Rights Strategy

In addition to facilitating compliance with relevant laws and regulations around the globe, the Companywide Principles guide employees in recognizing respect for human rights as the highest priority in each and every stage of business operations in relation to AI utilization, and enable them to take action accordingly.

In accordance with the Companywide Principles, the NEC Group is committed to the following three initiatives:

- Ensure that AI is utilized appropriately by NEC Group employees, customers, and partners
- Continue to develop advanced technology and talent to further promote AI utilization with respect for human rights as the highest priority
- Engage with a range of stakeholders to build partnerships and to collaborate with closely in relation to AI utilization

Furthermore, based on the Companywide Principles, NEC has defined "Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)" as one of its priority management themes from an ESG perspective—materiality, and has also identified it as a salient human rights issue.

NEC's Management for Sustainability (Approach to Materiality)

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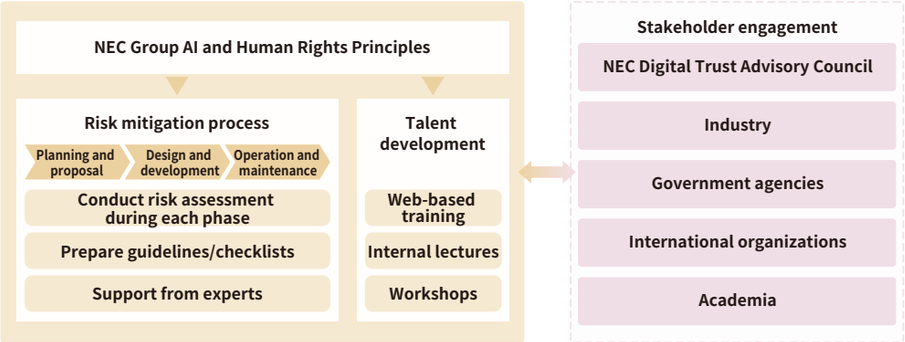
AI and Human Rights

Risk Mitigation Initiatives

NEC understands that the social implementation of AI and the utilization of biometrics and other data can enrich people's lives, but also recognizes that it may give rise to human rights issues such as privacy infringement and discrimination depending on how it is used or if used unintentionally. Furthermore, while the expansion of AI utilization is expected to lead to business growth, there is also a possibility that it will damage NEC's reputation or result in a decline in sales if privacy violations occur. In line with the Companywide Principles, in the execution of business, NEC is working on a risk mitigation process, which involves identifying risks and implementing countermeasures, talent development to improve employees' risk literacy, and stakeholder engagement to incorporate diverse external opinions into Company activities.

NEC is implementing these initiatives in accordance with Japanese and international laws, regulations, and guidelines. In particular, the Company is flexibly reviewing its internal rules and operations in response to changes in the external environment in accordance with the agile governance approach set out in the Governance Guidelines for Implementation of AI Principles announced by the Ministry of Economy, Trade and Industry in July 2021, and the AI Guidelines for Business announced by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry in April 2024 as the successor to these. Specifically, the Company is conducting risk assessments and reviewing measures based on an understanding of trends in AI-related laws, regulations, and guidelines in Japan, the United States, Europe, and other countries, along with other issues including consumer acceptance of the use of AI.

Overview of Risk Mitigation Initiatives



■ Risk Mitigation Process

NEC identifies significant human rights risks arising from AI and biometric authentication technologies and concerns in the use of AI and biometric authentication technologies, and establish companywide rules that stipulate the governance framework and fundamental compliance issues. The Company also prepares guidelines, manuals, and risk checklists that stipulate countermeasures and operational flows. During each phase from planning to operation, the Digital Trust Strategy Office collaborates with relevant departments to implement measures according to the severity of the human rights risks posed by AI utilization. Documents and operational processes for risk responses are continuously revised to reflect the expanding use of generative AI and biometric authentication, as well as changes in relevant laws and regulations in Japan and abroad. In addition, NEC aims to promote the appropriate use of AI throughout society by providing practical know-how and insights gained through our risk mitigation initiatives to our customers and partners. These efforts include offering consulting on the development of risk mitigation processes, providing design samples for disclosing the purposes of AI use, and organizing educational workshops for customers and partners.

■ Talent Development

NEC has created definitions outlining work related to AI and human rights and clarified the required skills and proficiencies.

Furthermore, the following training is conducted for officers and employees of NEC Corporation and affiliated companies in and outside Japan so that they can act appropriately with respect for human rights in business operations, in accordance with the Companywide Principles.

Completion Rate for Training on AI and Human Rights (Data Collection)

● Web-based Training

NEC provides web-based training once a year for employees, including contract employees and dispatch workers, covering basic matters including the importance of AI technology and AI ethics, trends in related laws and regulations, human rights and privacy considerations associated with AI utilization, and the Companywide Principles and operations. (Completion rate in fiscal year 2025: 97%)

● Internal Lectures

- NEC invites external experts to give lectures for persons in the Company involved in promoting the AI business. At these lectures, examples that have given rise to social criticism and other case studies are shared, and participants can learn more about points to keep in mind when providing services, and how to address them.
- Since fiscal year 2022, NEC has held lectures by external experts to deepen management's understanding of international trends related to AI and human rights as a way to ensure that respect for human rights is a component of the Company's decision-making.

Materials and videos related to web-based training and internal lectures are published on the internal website, allowing employees to access the content at any time and deepen their understanding.

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■ Stakeholder Engagement

NEC is collaborating and cooperating with various stakeholders to address social trends such as legal regulations and social acceptability.

● NEC Digital Trust Advisory Council (External Expert Council)

To strengthen the NEC Group's response to emerging challenges associated with AI utilization, the AI Governance Officer convenes the NEC Digital Trust Advisory Council. This Council engages external experts with specialized knowledge in legal systems, human rights, privacy, and ethics to provide guidance on the Group's initiatives. Since 2019, the Council has met twice annually, fostering continuous dialogue with its members to advance and enhance NEC's efforts in responsible AI governance.

At the Council meeting held in July 2024, discussions focused on approaches to mitigating human rights risks in global AI and biometric authentication businesses, as well as effective messaging strategies for communicating these businesses. Council members shared the following insights and recommendations.

- To effectively identify human rights risks specific to each country or region, it is essential to understand not only data- and AI-related laws, but also the broader legal systems and cultural contexts of that society. In particular, understanding the relationship between constitutional frameworks and legal systems, as well as the cultural values rooted in constitutional principles, is especially important.
- In risk responses, it is important for the head office to actively participate in the governance of local subsidiaries and to establish mechanisms that enable swift and appropriate information gathering and response in the event of an incident.
- In communicating as a social value innovator, it is essential to tailor our services and messaging to reflect the diverse values across countries and regions. For example, in Japan, social value and the resolution of societal issues are emphasized, whereas in Europe and the United States, individual values tend to be prioritized.

At the Council meeting held in March 2025, discussions focused on potential human rights risks associated with the introduction of AI agents and the necessary measures to address them. Council members shared the following insights and recommendations.

- Excessive reliance on AI may undermine human responsibility and moral judgment. Considering the risk that humans could become nominal figures who merely bear responsibility for AI-generated outcomes, it is essential to thoughtfully design the relationship between humans and AI systems.
- Even when the goals assigned to AI are appropriate, it is important to recognize that the optimal means selected by AI to achieve those goals may still result in unintended human rights violations.
- When multiple AI agents move in cooperation, it is important to clarify where responsibility lies in the event that issues arise.

Based on the insights gathered through the Council meetings held in fiscal year 2025, we will work to mitigate human rights risks and communicate our message in a manner that takes into consideration the characteristics of each country and region when developing AI and biometric authentication businesses. NEC will also endeavor to promote AI utilization with respect for human rights as the highest priority by advancing measures to address potential risks arising from new applications of AI, such as AI agents.

Advisory Council Members (Japanese language only)

Implementation Report (Japanese language only)

■ Collaboration with Various Stakeholders

● Knowledge Sharing on AI, Human Rights, and Privacy

Since 2018, Keio University Global Research Institute (KGRI) and NEC have engaged in joint research to investigate and analyze the foundational philosophies and political processes underlying data protection legislation across various countries and regions, drawing on their respective constitutional frameworks and cultures. In fiscal year 2025, NEC collaborated on the publication of a book to widely disseminate the outcomes of this research and co-hosted a symposium to further promote public understanding. Additionally, since July 2024, NEC has joined the Keio University X Dignity Center as a corporate supporter. The Center was established to explore the evolving meaning and value of "dignity" in the age of AI and to share insights with the global community. NEC will continue to advance collaborative research through this partnership.

● Contribution to the Formulation and Revision of the AI Guidelines for Business

NEC participated as a member of the Ministry of Internal Affairs and Communications' Conference toward AI Network Society and its affiliated AI Governance Review Committee, actively contributing to the formulation and subsequent revisions of the AI Guidelines for Business. These guidelines were jointly published by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry in April 2024, with updates released in November 2024 (Version 1.01) and March 2025 (Version 1.1).

● Active Engagement in Knowledge Exchange and Collaborative Problem Solving through Industry Associations

NEC actively engages in the activities of industry associations such as the Data Society Alliance and the AI Governance Association, contributing to cross-company knowledge exchange and collaborative discussions aimed at addressing issues related to AI risks and governance. In addition, NEC supports the development of policy proposals concerning the future direction of AI-related regulations and systems.

NEC Endorses the AI Guidelines for Business (Japanese language only)

● Grievance Mechanism

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

Customer Relationship Management

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

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

M: Indicates the main non-financial targets related to materiality.

M: Promote business activities that respect human rights as AI becomes a part of society

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals	■ Progress, Achievement, and Issues	■ FY2026 Goals
1. Continue strengthening governance in response to evolving legal and regulatory trends in Japan and abroad	1. Continue strengthening governance in response to evolving legal and regulatory trends in Japan and abroad • Analyzed trends in laws, regulations, and guidelines in Japan, the United States, and Europe, shared insights with relevant internal stakeholders, and incorporated them into operations. • Provided explanations on the latest legal and regulatory trends through web-based training and internal lectures	1. Continue strengthening governance in response to evolving legal and regulatory trends in Japan and abroad
2. Continue engaging in dialogue with a diverse range of stakeholders	2. Continue engaging in dialogue with a diverse range of stakeholders • Continued to gain insights from experts through the NEC Digital Trust Advisory Council and incorporated them into initiatives • Leveraged the Company's expertise to offer input and recommendations during the formulation of laws, regulations, and guidelines in Japan and abroad • Introduced the Company's initiatives to customers and external stakeholders	2. Continue engaging in dialogue with a diverse range of stakeholders
3. Enhance responsiveness to emerging risks driven by technological advancement	3. Enhance responsiveness to emerging risks driven by technological advancement • Assessed potential human rights risks posed by AI agents and explored appropriate response measures • Revised and expanded documents and reviewed operational processes to address risks arising from the growing use of generative AI and biometric authentication	3. Enhance responsiveness to emerging risks driven by technological advancement

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Personal Information Protection and Privacy

Implementation Framework for Personal Information Protection and Privacy

NEC has appointed a Chief Legal Officer (CLO) as the corporate officer in charge of personal information protection, and has established the position of Personal Information Protection Administrator as well as the Personal Information Protection Promotion Office to promote personal information protection at the corporate level.

The head of the department responsible for protecting personal information serves as the Personal Information Protection Administrator, and is the person in charge of implementing the personal information protection management system. This person is also responsible for protecting specific personal information related to the numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number).

The Risk Management and Compliance Department plays a central role in promoting the protection of personal information within the NEC Group under the leadership of the Personal Information Protection Promotion Office Manager appointed by the Personal Information Protection Administrator.

In the Group Internal Audit Division, this is handled by the Chief Personal Information Protection Auditor, who conducts regular audits of privacy protection in conformance with Japanese Industrial Standard JIS Q 15001 (Personal information protection management systems—Requirements).

The general managers of each department are responsible for directing personal information protection in their respective departments. Each general manager appoints a Personal Information Protection Administrator, who is responsible for carrying out personal information protection management for the department, and a Personal Information Protection Professional, who possesses expert insight regarding personal information protection. The personal information protection management system operates based on each division's inspection of the status of personal information handling to identify risks, including human rights and privacy issues, and improvement in handling rules based on the inspection results.

The person responsible for each project ensures that persons who handle personal information undertake thorough personal information protection measures.

Implementation Framework for Personal Information Protection

■ Privacy Mark

In October 2005, NEC Corporation received Privacy Mark certification, recognizing it as a business operator with systems in place to ensure appropriate protection measures for personal information in conformance with JIS Q 15001.

■ Consolidated Subsidiary Management Framework

Our consolidated subsidiaries in Japan have built systems to comply with the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (also known as the My Number Act). In addition, just as with NEC Corporation, they have built a personal information protection management system to conform with JIS Q 15001. As of the end of March 2024, 27 NEC Group companies (in Japan) have obtained Privacy Mark certification.

At our consolidated subsidiaries outside Japan, we have appointed a Personal Information Protection Administrator at each major subsidiary to promote the protection of personal information. In addition, we have established common personal information protection guidelines and introduced personal information protection rules that comply with the laws and regulations of each country and region applicable to each company, such as personal information protection laws.

Policy on Personal Information Protection and Privacy

The NEC Group Code of Conduct stipulates respect for human rights and privacy and the management of personal information, and NEC has positioned "Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (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.

The NEC Privacy Policy stipulates that personal information must be handled in accordance with JIS Q 15001.

Consolidated subsidiaries in Japan set their personal information protection policies using NEC Corporation's Privacy Policy as the standard.

Consolidated subsidiaries outside Japan set their policies to conform with the applicable local laws of their respective countries, and those policies are then checked by NEC Corporation.

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Personal Information Protection and Privacy

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

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

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
   - Introduce the new personal information protection management ledger system at major consolidated subsidiaries outside Japan that have not yet implemented it
   - Enhance monitoring of personal information protection at consolidated subsidiaries outside Japan, and supplement rules
   - Continue to provide training for employees of consolidated subsidiaries outside Japan
   - Continue to establish management systems equivalent to those of NEC by appointing Personal Information Protection Administrators and Personal Information Protection Professionals at all consolidated subsidiaries in Japan, and enhance monitoring
2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Continue the training and education of Personal Information Protection Administrators and Personal Information Protection Professionals assigned to all departments

■ Progress, Achievement, and Issues

1. Strengthen governance in the fields of data privacy and compliance at consolidated subsidiaries in and outside Japan
   - Completed introduction of the Personal Identifiable Information Control System at 45 major consolidated subsidiaries outside Japan
   - Implemented inspections of the status of implementation of laws and regulations of each country and data privacy and compliance systems of consolidated subsidiaries outside Japan, and provided guidance on improvements
   - Provided data privacy training for employees of consolidated subsidiaries outside Japan
   - Newly introduced management systems equivalent to those of NEC in consolidated subsidiaries in Japan (21 subsidiaries and 7 sub-subsidiaries)
   - Implemented inspections of data privacy and compliance systems of consolidated subsidiaries in Japan
2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Provided education for Personal Information Protection Administrators and Personal Information Protection Professionals
   - Issued a monthly e-mail newsletter introducing topics and practical tools related to the protection of personal information for Personal Information Protection Administrators and Personal Information Protection Professionals

■ FY2026 Goals

1. Strengthen governance in the fields of data privacy and compliance
   - Continue to implement monitoring of personal information protection at consolidated subsidiaries in and outside Japan
   - Continue to provide training for all employees including those of consolidated subsidiaries in and outside Japan
   - Continue to establish management systems equivalent to those of NEC by appointing Personal Information Protection Administrators and Personal Information Protection Professionals at all consolidated subsidiaries in Japan
2. Deepen risk management pertaining to the handling of personal information, based on the risk ownership of general managers
   - Continue the training and education of Personal Information Protection Administrators and Personal Information Protection Professionals assigned to all departments
   - Implement training for staff in charge of personal information protection at consolidated subsidiaries in and outside Japan

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Personal Information Protection and Privacy

Personal Information Protection Initiatives GRI 418-1

■ Personal Information Protection and Management Initiatives

● Personal Information Protection Management System

We have documented standard procedures and operate a personal information protection management system at NEC Corporation and its consolidated subsidiaries in Japan. As necessary, operational rules are created at the individual company and department level and by type of personal information, and strict adherence is enforced.

In addition, the personal information management manual for our personal information protection management system stipulates the following:

- When obtaining personal information from sources including documents, email, and websites, the person to whom the information pertains must be notified in advance in writing and the person's consent must be obtained in writing.
- When providing personal information, the consent of the person to whom the information pertains must be obtained, except in cases required by law.
- Security control measures of personal information must be taken.
- Secondary use of personal information without the prior consent of the person to whom the information pertains is prohibited.
- The rights of the person to whom the information pertains, including the rights to access, amend and delete their personal information, must be respected.

In addition, we also enter into agreements with third parties with whom we share or to whom we entrust the handling of data, stipulating that the above rules must be observed. We have established escalation rules and emergency response procedures in the event of a leak or inappropriate handling of personal information.

● Management of Personal Information

- NEC Corporation runs the Personal Identifiable Information Control System, a ledger-based system to manage personal information and make its management more transparent.
  We create personal information management ledgers at each consolidated subsidiary outside Japan to gain an understanding of the information being handled by each company and the risks involved. We also work to ensure that the procedures to manage these risks, as well as common security control measures that need to be observed, are thoroughly disseminated.

● Initiatives to Address Cross-border Transfers of Personal Information

- We require consolidated subsidiaries outside Japan to obtain individual consent based on the laws and regulations in each country or region to facilitate any cross-border transfer of personal information for employees or otherwise and enter into any required data transfer contracts to enable cross-border transfer and processing of personal information between Group companies in and outside Japan.

■ Initiatives for Customers and Business Partners

- When outsourcing personal information, NEC Corporation and its consolidated subsidiaries in Japan establish security control measures for contractors according to the risk involved, stipulate in agreements with contractors with which data is shared that they must comply with these measures, requiring privacy management equivalent to that of the NEC Group.
- We request the contractors engaged in work for NEC Corporation or its consolidated subsidiaries in Japan submit a pledge on the Basic Rules for Customer-Related Work and trade secrets to help ensure rigorous management of personal information throughout the supply chain.
- We make sure to handle Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number) carefully and securely, as it is classed as Specific Personal Information in compliance with personal information protection laws in Japan. We deploy technical measures such as controlling access, blocking unauthorized external access, and preventing information leaks, while moving forward with initiatives to maintain sufficient privacy protection levels in each system.

Information Security and Cybersecurity

■ Monitoring and Improvement

NEC Corporation appropriately manages personal information by executing plan–do–check–act (PDCA) cycles on an autonomous basis through various inspection activities.

Also, NEC Corporation and its consolidated subsidiaries in Japan conduct regular internal audits based on internal audit check items stipulated in JIS Q 15001. Furthermore, for operations related to the handling of Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number), we use security control measure checklists prepared based on Japan's guidelines for the My Number Act and self-checklists during re-entrustment in order to monitor divisions and subcontractors handling Numbers to identify a specific individual in administrative procedures (Individual Number which is called My Number).

● Verification of the Operation of Security Control Measures

- The implementation status of security control measures carried out by all employees is verified once a year. If there are cases of non-compliance, improvement plans are formulated and carried out at the organization level.

● Verification of the Status of Personal Information Management

- Control forms registered in the Personal Identifiable Information Control System are reviewed at least once a year to confirm the status of personal information management.
- In addition, once a year the general managers of each division implement management reviews to confirm the status of personal information management, enabling corrective action to be taken as needed, and to maintain appropriate management conditions.

● Verification of Operations During Emergencies

- In the event of an incident involving the loss, outflow or leak, etc., of personal information, operation of the above information security control measures is thoroughly reviewed as needed.

■ Details of Personal Information Protection-related Incidents, Accidents, or Complaints, and Measures Taken

In fiscal year 2025, there were no incidents involving the loss, outflow or leak, etc., of personal information at NEC, and no incidents involving secondary use of personal information without prior consent of the person to whom the information pertains.

There were no external complaints regarding personal information in fiscal year 2025.

We have not received any claims or complaints regarding invasion of the privacy of customers from any third-party organizations, including the Ministry of Economy, Trade and Industry, which is the competent government agency, and the Personal Information Protection Commission of Japan.

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Personal Information Protection and Privacy

■ Response to Requests from National Governments for Personal Information Provision

If NEC Corporation's departments 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 department 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 corporate officer in charge of personal information protection. Premised upon respect for the human rights of the person to whom the information pertains, the Company will then determine the necessity of providing such information and undertake the appropriate procedures and measures pursuant to the applicable laws. There were no requests from government or law enforcement agencies for personal information held by NEC in fiscal year 2025.

Privacy in Business Activities

Privacy protection laws and regulations such as the General Data Protection Regulation (GDPR), which came into effect in the European Economic Area in 2018, are being established in many countries and regions, and the roles and responsibilities required of companies to protect privacy are increasing as enforcement of these laws and regulations becomes more stringent.

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

Furthermore, as stated in the description of management systems of consolidated subsidiaries, NEC Corporation and its 27 Group companies in Japan have acquired Privacy Mark certification. In principle, without the prior consent of the person to whom the information pertains, we forbid the acquisition of information that could have an economic impact such as bank account or credit card numbers, sensitive information such as one's birthplace, or highly private information such as mobile telephone numbers.

Respect for Human Rights

AI and Human Rights

NEC Privacy Policy

NEC Group AI and Human Rights Principles

Response in an Emergency Such as Leakage of Personal Information

NEC maintains systems for responding swiftly if an incident occurs involving the loss, outflow or leak, etc., of personal information. If an incident should occur, the response is coordinated quickly and systematically based on standardized procedures.

If an incident occurs related to personal information or an event takes place for which the occurrence of such an incident is a possibility, the discoverer or the employee involved in the incident contacts their manager and the NEC Group contact desk for information security incidents.

In coordination with the Personal Information Protection Promotion Office and relevant divisions, the person at the contact desk then takes necessary actions in accordance with applicable laws, ordinances, ministry guidelines, and other regulations, while considering the risk of infringing on the rights and interests of the people involved. These responses may include promptly notifying the people involved, making a public announcement, and taking corrective measures appropriate to the incident.

Personal Information Protection Training and Awareness-Raising

To raise awareness of personal information protection and information security in general among employees, the Basic Rules for Handling Customer-Related Work and Trade Secrets have been established, and NEC Corporation rigorously disseminates these rules.

Various training is also provided to all employees.

■ Training for All Officers and Employees Including Dispatched Workers (NEC Corporation)

The Company conducts web-based information security training once a year. The completion rate of companywide training was 94.3% in fiscal year 2025.

Completion rate for information security training, including personal information protection (Data Collection)

■ Education for Personal Information Protection Professionals (NEC Corporation, All Departments)

The following education is provided for Personal Information Protection Professionals.

- Textbooks have been prepared on risk management in the handling of personal information, in addition to education through 15 lectures
- Courses aimed at acquiring personal information protection qualifications
- Held practical training course for business lines (3 times)
- Conducted training (2 times) to improve practical skills for collective response based on actual cases

■ Training for Graduates and Mid-career Hires (NEC Corporation and Its Consolidated Subsidiaries in Japan)

In fiscal year 2025, we created a textbook on personal information protection as introductory training material, and conducted training.

When a request is received from a department, or when it is otherwise deemed necessary by the Personal Information Protection Promotion Office, awareness training is conducted at individual departments or consolidated subsidiaries in Japan.

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Information Security and Cybersecurity

Information Security and Cybersecurity Framework

The NEC Group's information security implementation framework comprises the Information Security Strategy Committee, its subordinate organizations, and related organizations.

Chaired by the Chief Information Security Officer (CISO) of NEC Corporation, the Information Security Strategy Committee discusses, evaluates, and improves information security measures, investigates the causes of incidents, sets the direction of recurrence prevention measures, and discusses how to apply the results of its activities in the information security business. The committee also regularly briefs the President of NEC Corporation on the status of measures adopted by the committee to obtain approval. In addition, we conduct annual penetration tests via a third-party organization to assess vulnerability risks. We also conduct audits of all external servers four times a year. These actions ensure that vulnerabilities are dealt with in a timely manner.

The CISO oversees the Corporate CISO Office, which promotes information security measures, and the Computer Security Incident Response Team (CSIRT), which monitors for cyberattacks and resolves incidents quickly whenever they occur. The Information Security Promotion Committee and Working Groups plan and promote security implementation, discuss and coordinate implementation measures, ensure that all instructions are followed, and manage the progress of measures, among other things.

General managers at NEC Corporation have responsibility as information security managers for ensuring information security for the relevant organizations, including the Group companies under their supervision. They work to ensure that rules are understood within their organizations, introduce and deploy measures, while continuously checking and reviewing the implementation progress to improve the situation.

In fiscal year 2025, CSIRT's Cyber Threat Intelligence (CTI) team gathered and analyzed over 46,000 items of data (IP addresses, file hashes, web addresses and domain names) related to cyber threats within NEC Group to generate threat intelligence. Furthermore, by using CTI to hunt threats, the CTI team is proactively reducing risks.

We have introduced cyber risk assessments (CRA) carried out by the "Red Team,"[1] and are enhancing our capabilities as an organization by building greater organizational resilience to cyberattacks and expanding reporting requirements for security management practices. We have designed attack scenarios based on threats to the NEC Group, ICT usage conditions, incident status and levels of information handled, for which the Red Team conducts surveillance and controlled attacks to assess resilience and risks.

1. A team that conducts simulated cyberattacks mimicking real-world threats against companies and organizations, assesses the organization's resilience to attacks and risk levels, and recommends improvements and additional countermeasures.

The NEC Group's Information Security Promotion Organization

Cybersecurity Management Report

NEC evaluates risks from various perspectives including the need for countermeasures as well as possible impacts both on corporate management and on society, and selects Priority Risks that it has evaluated as having major impacts and that need to be addressed. With these risks in mind, we are deploying measures to counter cyberattacks that are becoming increasingly sophisticated, while complying with the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0 and Cybersecurity Management Guidelines Ver. 3.0 by Japan's Ministry of Economy, Trade and Industry.

Risk Management

At NEC, we leverage the insights and know-how gained from in-house initiatives to create opportunities, providing expertise in security measures to help strengthen customer security strategies.

As a specific example, together with NEC Security, Ltd., NEC offers services that visualize vulnerabilities in externally exposed IT assets at high risk of attacks, as well as authentication information such as IDs and passwords that may have been leaked to the dark web[2], all without altering customer IT environments. These services help reduce risks and enhance security.

2. Websites that are not displayed by general search engines, and require special tools or browsers.

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Information Security Management

To facilitate the establishment of a variety of groupwide measures, we have introduced an information security management system and security policy, both of which we continuously work to maintain and improve.

■ Information Security Risk Assessments

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

■ Risk Management for Information Security Incidents

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

■ Critical Information Management

Based on the Three Lines Model, the NEC Group establishes a scheme to manage critical information by clarifying the roles of the three lines.

The NEC Group has a framework to classify and manage the corporate secrets it handles based on the security level. Each organization checks details of all the information it handles, and clearly identifies its security level to ensure that all necessary information is properly managed. We also have rules for handling, storing and managing critical information according to importance, as well as thorough measures to prevent information leaks.

Addressing Security Risks Arising from Increasing Geopolitical Risks

As the geopolitical situation changes and digital transformation advances rapidly, private companies are also becoming targets of national cyberattacks, and companies that possess critical information such as advanced technological information are facing increasing security risks. The rapidly increasing sophistication and complexity of cyberattacks, along with external factors such as geopolitical risk, may hamper timely mitigation of security risks. These are treated as emerging risks.

In the event that personal or confidential information held by NEC or contained in its products, services, or systems is leaked or exposed through unauthorized access or cyberattacks and used fraudulently, NEC may be subject to disciplinary action by regulatory authorities due to its position of legal responsibility. As a result, NEC may not only lose the trust of its customers as a Social Value Innovator, but its business performance may also be adversely affected. The risk of unauthorized access and cyberattacks exists not only for NEC's own products, services and systems, but also for those of its customers, contractors, suppliers, business partners and other third parties.

As a mitigation measure, we are implementing robust and flexible measures throughout the Group based on the US Cybersecurity & Infrastructure Security Agency (CISA) Zero Trust Maturity Model. Based on Cybersecurity Management Guidelines Ver. 3.0 formulated by the Ministry of Economy, Trade and Industry and the NIST Cybersecurity Framework (Version 2.0), we are strengthening intelligence (proactive defense) and resilience (ability to recover from attacks) against cyberattacks. In addition, presenting security risks to all employees on a cybersecurity dashboard as part of our data-driven transformation is supporting quick management decisions and autonomous front-line actions. Thus, we are transforming the expertise and countermeasure doctrines developed through our front-line experience into solutions that we offer to our customers. Furthermore, based on Security by Design, which considers security from the design stage, we are enhancing measures that include our supply chain in order to provide safe, high-quality services. Please refer to our Cybersecurity Management Report for details about our initiatives.

Cybersecurity Management Report

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Information Security and Cybersecurity

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

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

M: Indicates the main non-financial targets related to materiality.

1. Strengthen measures against cyberattacks

2. Establish rules and governance for security proposal implementation

M: Human resource development: Triple the number of Certified Information Systems Security Professionals (CISSP)

- Strengthen supply chain security management
- Establish a safe system integration process

3. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ **FY2025 Goals**

1. Drive information security transformation
   - Counter nation-state-level threats
     - Comply with NIST Cyber Security Framework (version 2.0) and improve third-party evaluation results
     - Have AI Red Team automate attack diagnostics
     - Enhance threat intelligence performance
   - Realize zero trust security to support digital transformation (DX)
     - Reinforce global authentication platforms
     - Enhance internal fraud prevention measures
     - Automate vulnerability management and other information security operations
   - Evolve awareness and control
     - Implement information security surveys
     - Strengthen the risk assessments of Group companies
     - Visualize critical information management status

2. Establishing, practicing and enhancing governance for security proposal implementation
   - Establish security implementation framework and processes at Group companies in and outside Japan
   - Ensure thorough vulnerability management and correction processes for NEC Group products and services
   - Develop and deploy human resources who can make security proposals and implement them based on appropriate knowledge and skills

■ **Progress, Achievement, and Issues**

1. Drive information security transformation
   - Counter nation-state-level threats
     - Implemented additional audits through outside audits
     - Implemented self-diagnostics of VPN equipment
     - Optimized the utilization of external intelligence
   - Realize zero trust security to support digital transformation (DX)
     - Constructed Hub & Spoke global authentication platforms
     - Enhanced internal fraud prevention measures and implemented risk behavior monitoring
     - Automated vulnerability management and other information security operations through Tanium x ServiceNow
   - Evolve awareness and control
     - Implemented new measures for improving security awareness
     - Strengthened the risk assessments of Group companies
     - Realized understanding and visualization of important information through file labeling
   - Received “Special Award” at 2024 Japan DX Awards and “Grand Prize” at 2024 Japan Security Awards

2. Establishing, practicing and enhancing governance for security proposal implementation
   - Completed formulation of security rules and assignment of security personnel to major Group companies in Japan
   - Completed formulation of security rules and assignment of security personnel to four Group companies outside Japan as model cases for application of security rules to Group companies outside Japan
   - Completed modernization of vulnerability management system, eliminated the dependency on specific individuals for Product Security Incident Response Team (PSIRT) operations and realized earlier notification of high-risk vulnerability information (43% reduction)
   - 560 people have obtained CISSP certification in the NEC Group (as of March 31, 2025). Furthermore, we entered into a partnership agreement with ISACA in the United States to develop human resources with knowledge and certification in information security auditing in our business divisions.

Number of employees taking CISSP (Data Collection)

■ **FY2026 Goals**

1. Drive digital security transformation (DSX)
   - DX security
     - Reinforce global security platforms
     - Reinforce AI security (Security for AI)
     - Prevent leaks of important information through AI labeling and data loss prevention (DLP)
   - Cybersecurity
     - Enhance global SOC/CSIRT
     - Generate intelligence through deception
     - Automate diagnostics through attack diagnostic AI agents
   - Rules and governance
     - Optimize security rules in and outside Japan (risk assessment, rules for overseas subsidiaries, etc.)
     - Enhance internal fraud prevention measures
     - Respond to security clearance systems (responses for facilities, people and organizations)

2. Establishing, practicing and enhancing governance for security proposal implementation
   - Creation of a PSIRT system in coordination with Group companies in Japan
   - Establishment of a security implementation framework and processes at Group companies outside Japan
   - Mobility of security personnel and reskilling of personnel responsible for security

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Information Security and Cybersecurity

Details are described in the Cybersecurity Management Report.

Cybersecurity Management Report

Establishment of Information Security Rules

NEC has released the NEC Group Information Security Statement and established and streamlined a variety of rules, including overall information security rules, rules for managing corporate secrets, and IT security rules.

Information Security Education and Awareness Training

NEC provides a web-based training course on information security for all NEC Group employees (including dispatched workers, contractors, and workers with a de facto mandate), in addition to holding quarterly micro-theme talks in small groups after watching original videos, in an effort to increase information security knowledge and skills. The content of the training is updated every year to reflect information security trends, including information management, external security measures, and subcontractor management. In addition, NEC conducts information security surveys to measure awareness of information security in a questionnaire format for all NEC Group employees (including dispatched workers) to foster a high level of information security culture.

Enhancing Information Security Management at Partner Companies

Please see below for more details.

Cybersecurity Management Report

Supply Chain Management

Information Security Certification

The NEC Group has aligned its overall information security rules with the international standard ISO/IEC 27001 (main standard and control measures) and manages information security in accordance with these rules. It has also acquired ISMS certification (ISO 27001) for almost all of its medical, financial, cloud and government and public business units, for which information security is critical.

Providing Secure Products, Systems, and Services

NEC has structured a security implementation framework for secure development and operation of the products, systems and services it provides to customers. This framework involves the Cybersecurity Strategy Department and information security managers in each business division at NEC, and security implementation processes are stipulated in the Cybersecurity Management Rules. NEC Group companies are also promoting the establishment of a security implementation framework and the formulation of cybersecurity management rules similar to those of NEC.

NEC implements security spanning from the planning and proposal phase to the operation and maintenance phase based on the concept of “security by design” (SBD) to ensure security. In the development of products, systems, and services, we create and utilize checklists to confirm that security tasks are being implemented in each phase. Based on these checklists, operational projects are managed and the status of security measures is efficiently inspected and monitored through the Cybersecurity Checklist Management Security Implementation Assessment System developed to centrally manage and visualize the implementation status of security tasks. In the operation and maintenance phase, we ensure security by collecting and distributing information on vulnerability in a centralized manner and by providing it to business divisions and customers.

Furthermore, as a measure to address security vulnerabilities, we have established the Product Security Incident Response Team (PSIRT) to collect and handle information on vulnerability related to NEC Group products. We appropriately handle such undisclosed information by having a point of contact for external inquiries and publishing a vulnerability disclosure policy.

NEC has also established a cloud-based software development platform as our standard internal environment for system development. This platform utilizes security vulnerability testing tools and other tools that streamline and automate security implementation to improve the productivity, quality, and security of system development. In addition, by consolidating the development environments of our supply chain, including operational projects and subcontractors, into this platform, we have centralized security management for those development environments to address risks such as information leaks during development and copyright issues arising when using generative AI.

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Measures against Cyberattacks

As cyberattacks grow increasingly complex and sophisticated, the NEC Group focuses on the protection of information assets entrusted by customers and business partners as well as its own. To this end, the Group has implemented comprehensive cybersecurity management by conducting uniform and advanced measures worldwide based on cybersecurity analysis, and established an incident response framework with CSIRT.

Given that the NEC Group creates and provides social solutions for countries worldwide, an information security incident caused by a cyberattack or any other factor could diminish the social credibility of the entire NEC Group and significantly impact its business management. For this reason, the Group considers a comprehensive and global approach to cybersecurity risks to be essential for business continuity.

The NEC Group is strengthening its global measures against increasingly sophisticated cyberattacks while using generative AI and other technologies based on a multilayered defense approach.

■ Cyber Risk Assessments by the "Red Team"

- Regular cyber risk assessments are conducted with the aim of improving the NEC Group's cyber resilience and accountability.
- A global assessment consisting of three investigations on 1) the management status of critical information, 2) risks that include public server vulnerabilities and data leakage, and 3) internal and external security breaches from an attacker's point of view, are conducted to identify security risks that have been overlooked in security measures and operations, and actions are taken to implement improvements based on these.
- Audit organizations and security specialists are employed to conduct third-party attack diagnoses.

■ Generating and Utilizing Threat Intelligence

- The NEC Group's cyber threat intelligence (CTI) team consists of specialists who possess an understanding of the threats facing NEC, detects their early signs as well as their precursors, and implements advanced proactive defense measures.
- The CTI team leverages the endpoint detection and response (EDR) tools deployed at all NEC Group companies, the network detection and response (NDR) that CSIRT independently developed, and a log analysis platform to hunt for unknown threats.
- The team has also created a research environment to enhance its ability to generate unique CTI proactively, analyze threats in detail and enhance organizational security resilience.

■ Enhancing Organizational Security Resilience

- We have developed a manual to ensure rapid responses to ransomware attacks.
- Management, relevant departments and specialists hold training exercises for security incidents at least once every six months.

■ Advanced Cybersecurity Measures Using AI

- We promote the use of AI, including generative AI, and also achieve automation, efficiency, and sophistication in a wide range of fields, including cyber risk assessment diagnostics, threat intelligence generation and utilization, NDR detection, incident investigation, and targeted attack email training.

■ Cybersecurity Dashboard Drives Culture Change

- In order to improve the security awareness of employees, we have made available our cybersecurity dashboard, which visualizes the status of cyberattacks on the NEC Group, threat intelligence information, and the security risk status of each company and division.
- The cybersecurity dashboard is utilized at meetings attended by members of senior management and by all subsidiaries outside Japan to help enable swift management decisions and help security personnel manage more effectively.

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Customer Relationship Management

Governance Thought Process Risk Management Metrics and Targets Main Initiatives

Customer Relationship Management System

NEC continuously seeks customer feedback from various points of contact and promptly reflects it in business management. As part of these efforts, we conduct the biannual NEC Customer Survey.

The results of each survey are analyzed from the perspective of customers and are reported to top management. We also share the findings with businesses' operating divisions/units in related fields and proceed through PDCA cycles aimed at improving customer engagement. In addition, the CRM Promotion Divisions at major Group companies share information with one another on a regular basis in an effort to improve activities across the entire Group.

Governance Thought Process Risk Management Metrics and Targets Main Initiatives

The significance of NEC's existence can be measured by its continued provision of value to society through its business activities. The NEC Group is determined to serve as a company that is embraced by and essential to society. By having each employee listen to the opinions of customers and the voices of society, the company can strengthen its ability to create value while working towards solving social issues.

The value that customers and society seek and expect from NEC is constantly changing. To enable a continued response to customer expectations, NEC feels it is critical to build and maintain a relationship of trust by understanding the essential issues faced by customers and society.

From this perspective, NEC's CS activities promote our business by looking at not only our direct customers but also our customers' customers (consumers and citizens) and the society in which they live. NEC is engaged in CS activities with the aim of obtaining trust and positive feedback from its customers—"We want NEC to work with us again next time."

NEC's Customer Satisfaction Enhancement Activities

Governance Thought Process Risk Management Metrics and Targets Main Initiatives

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

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

Continue to be customers' company of choice by earning their unwavering trust

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Continue to engage in activities to improve customer engagement based on the VoC and in keeping with the characteristics of each business
2. Achieve a result for the Customer Relationship Survey (NEC Customer Survey) higher than the overall IT industry value obtained from market research conducted in-house (intention to continue using services)

■ Progress, Achievement, and Issues

1. Continued to engage in activities to improve customer engagement based on the VoC and in keeping with the characteristics of each business
2. Achieved a result for the Customer Relationship Survey (NEC Customer Survey) higher than the overall IT industry value obtained from market research conducted in-house (intention to continue using services)

■ FY2026 Goals

1. Continue to engage in activities to improve customer engagement based on the VoC and in keeping with the characteristics of each business
2. Maintain the previous fiscal year's level for the indicator on relationships with customers in the results of NEC's Customer Relationship Survey (NEC Customer Survey)

Violations in Advertising and PR Activities

If there is a violation or potential violation in our advertising and PR activities, we deal with it appropriately according to the guidance of the relevant government agency. In fiscal year 2024, there were no incidents of non-compliance concerning marketing and communications.

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Customer Relationship Management

Customer Relationship Management

■ Advancing Activities Based on Customer Feedback

Seeking to clarify customer expectations for NEC's products and services and to help us respond appropriately, in fiscal year 2025 we asked customers open-ended questions on themes and areas of interest to them in the biannual NEC Customer Survey, and then used generative AI to analyze the results and apply them to related business areas such as sales and product divisions.

In addition, we expanded this survey to include customers outside Japan, and incorporated some of the same questions into surveys for seminars and other events hosted by NEC to confirm the status of customer engagement more broadly.

■ Remaining the First Choice of Customers

To create lasting relationships with our existing customers, in fiscal year 2025 we continued building systems that will enable effective use of in-house knowledge aligned with our customers' expectations. We ran an internal education program for employees throughout the year to meet the expectations of customers by increasing our proposal capabilities in the DX field, where we saw particularly strong interest from customers. We have upgraded and expanded our range of knowledge to enable follow-up aligned with customer expectations based on responses to the open-ended questions included in the NEC Customer Survey.

■ Responsible Advertising and PR Activities

In our advertising and PR activities, we observe laws and regulations and have prepared various guidelines, such as the "NEC Visual Identity Guidelines," the "NEC Group Advertising Activity Guidelines," and the "NEC Group Website Guidelines," detailing points of caution in relation to design, accessibility, and production.

■ Communication Utilizing Digital Technology

We communicate the NEC Group's various initiatives on NEC's official social media accounts and the corporate blog (NEC Stories).

Furthermore, we are also making an effort to employ fair and appropriate language and expressions in the communication of information, and we began disseminating our Social Media Policy externally well before the spread of social media.

NEC Group Social Media Policy

Response to Customer Complaints and Feedback

To facilitate communication with customers, various types of contact desks have been provided for individual and corporate customers and for each type of product. Through these, we consult with customers and listen to their feedback and requests. Moreover, the NEC Customer Communication Center ("CCC") has been established as a general contact desk in Japan to provide consultation on NEC products, systems and services.

We provide an inquiry form on the NEC global website to enable customers outside Japan to consult with us by email.

Contact Us

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Quality and Safety

Quality and Safety Framework GRI 403-7

■ Quality and Safety Implementation Framework and Quality and Safety Risk Management Framework

NEC positions ensuring the quality and safety of our products, system and services and preparing for related risks as one of our most important management issues.

NEC's CSCO is responsible for managing the Company's quality and safety. Furthermore, we are working to clarify our system of activities by defining companywide rules and standard operating procedures, and to improve quality and safety. This effort is headed by the SCM Strategy Division, the quality promotion organizations established at business units and at consolidated subsidiaries, and the quality/safety management officers appointed in each department and at consolidated subsidiaries under the business units.

In regard to risk management related to quality and safety, we have built a companywide framework and ensure that it is thoroughly implemented. If a customer's system or a system with significant social impact were to experience a serious issue, or a major product incident or infringement of technology laws and regulations were to occur, the matter would be promptly escalated to management. The relevant department and specialist staff would confer and reach a swift decision on the response policy such as responses to the customer, the relevant local/regional authority, and PR measures.

■ Ensuring the Soundness of Construction Work

As a Social Value Innovator, NEC garners trust and contributes to realizing a better society by ensuring the health and safety of workers through safe construction initiatives that comply with relevant laws and regulations, such as safely installing NEC-developed products and systems.

With the mindset that health and safety is a priority in all work, including health management for all NEC employees and workers involved in construction work, we contribute to building an extremely safe society that provides peace of mind, and work to ensure the safety of our installation procedures in compliance with relevant laws and regulations and the soundness of construction work.

System for Compliance and OH&S in Construction Work (in Japan)

To realize "Better Products, Better Services," which is one of the Principles in our founding philosophy, we have implemented a steady stream of initiatives aimed at improving quality. These include the introduction of quality controls that broke new ground in Japan, ZD Activities[1], the quality-operation strategy[2], and Software Quality Control (SWQC).

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

Specifically, we have set up the Quality and Safety Action Policy, and we are conducting activities such as complying with product and service quality and safety laws and regulations, improving safety and reliability technologies, strengthening project management, sharing expertise learned from past failures and taking steps to prevent defects and their recurrence.

1. ZD (Zero Defects) Activities: Designed to stimulate each employee's autonomy and passion to eliminate defects from their work through creative thinking, cost reductions, and improvements in quality and service
2. An initiative to achieve companywide improvement in the 7 Qs denoting quality in 1) management, 2) products and services, 3) human behavior, 4) workplace environment, 5) relationships with the local community, 6) business results, and 7) corporate image

Quality and Safety Philosophy and Action Guidelines

Construction work at NEC is strictly managed to ensure compliance with the Construction Industry Act, the Industrial Safety and Health Act and other laws in order to ensure that we provide customers with social value. In addition, our philosophy is to advance OH&S by establishing an OH&S culture among employees. With this in mind, we have set out the following code of conduct.

Code of Conduct for Health and Safety in Construction

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Quality Management System

At NEC, we have created quality management systems that we implement to create social value in the form of safety, security, fairness and efficiency and realize high-quality products and services that satisfy customers' demands and expectations. In addition, we aim to build quality into the process phase, and make continuous improvements to management systems to make our processes even better.

■ Quality Audits

Based on an approach to internal controls with three lines of defense, business divisions are the first line, management divisions are the second line, and internal audit divisions are the third line. As part of the second line, the SCM Strategy Division regularly audits each business unit to ensure that it is operating its quality management system properly, and works to make improvements.

■ Pre-order Screening

Before embarking upon a new project, we conduct a pre-order screening, and the person in charge and specialized staff in each department identify the risks involved in executing it and check that sufficient countermeasures are in place. The screening is multifaceted, covering aspects such as technological risks and safety risks related to quality as well as the development scale and timeframe and the project framework.

■ Quality Assurance Guidelines for Machine Learning-based Artificial Intelligence

In 2019, NEC addressed this issue by formulating Guidelines to Quality Assurance for Machine Learning-based Artificial Intelligence, designed to ensure the quality of AI systems that cannot be handled using conventional software quality assurance alone. We have applied these guidelines to the design and development of important AI systems. We make updates to the guidelines on a regular basis, and aim for increased sophistication with improvements to checklists related to generative AI.

Initiatives in Medical and Healthcare Fields

■NEC Ethical Review Committee for the Life Sciences

We conduct research and development in the field of life sciences with the goal of commercialization.

When conducting proof of concept or research involving human subjects or information and data related to people, we follow guidelines issued by organizations including Japan's Ministry of Education, Culture, Sports, Science and Technology and the NEC Ethical Review Committee for the Life Sciences, which includes external experts, deliberates on the ethical validity of the research, including the purpose of the research and consideration for the human rights and dignity of the subjects.

■ Initiatives to Ensure Transparency in Relationships with Medical Institutions

NEC is working to ensure the transparency and soundness of its relationships with medical institutions, with a view to gaining a wider understanding of the medical device industry's contribution to the development of life sciences as well as the high ethical standards that companies in that industry adhere to in conducting their corporate activities.

■ Initiatives in the Medical and Healthcare Fields

We have been establishing a management framework and moving forward with Quality Management System activities and compliance with relevant laws and regulations, with the aim of establishing commercial businesses in the medical and healthcare fields.

Quality and Safety (Details of Initiatives in the Medical and Healthcare Fields)

Thorough Compliance for Quality and Safety

■ Compliance with Relevant Laws and Regulations

At NEC, by using an internal generative AI system specialized in learning technology laws and regulations that each product should comply with, we strive to comply with laws and regulations in Japan, including the Electrical Appliances and Materials Safety Act, Radio Act and Telecommunications Business Act, and with laws and regulations in various other countries related to our products for international markets.

NEC is enforcing compliance with relevant acts and internal rules for instructions and labeling related to the quality and safety of its products and services. If violations are found or suspected, NEC will properly address the problem by following the direction of the relevant ministries and agencies. We also keep up-to-date knowledge of technology laws and regulations in advanced technology and new business domains, and check on the status of implementation of quality management systems through quality audits.

■ Ensuring Product Safety

NEC complies with the product safety standards IEC 62368-1 (JIS C 62368-1) and IEC 60950-1 (JIS C 6950-1), and we have also established our own Group safety standards adding unique safety measures. In addition, we also perform risk assessments to ensure product safety.

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

Important Notices from NEC (Japanese language only)

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Quality and Safety

Training and Awareness Raising on Quality and Safety

We believe that developing personnel and improving their skills are extremely important measures for improving the safety and quality of our products, and are therefore implementing the following initiatives.

■ Employee Training and Development of Specialists

- NEC conducts training programs for specific jobs and fields of specialization with the aims of improving practical design and construction skills and providing basic and specialist knowledge on quality and safety management standards as well as technical standards.
- We provide rigorous education on technology laws and regulations, such as the Radio Act and the Telecommunications Business Act, which are needed for operating telecommunications businesses, and develop engineers by fostering a correct understanding of laws and regulations and a safety-oriented mindset.
- Web-based training on NEC's approach to quality, safety, and technology laws and regulations is conducted once annually for employees of NEC Corporation and consolidated subsidiaries in Japan.

■ Project Management Award

- The Project Management Award provides awards and other commendations to raise awareness of the importance of project risk management among employees of NEC Corporation and its consolidated subsidiaries in Japan, and to demonstrate the significance of challenging high-risk projects, accomplishment and recovering from setbacks.
- NEC holds an annual presentation of outstanding cases and presents a Project Management Award to the organization or group that demonstrated the most beneficial project support, or the project team that tackled a difficult project and achieved a particularly outstanding result.
- NEC also recognizes that increasing awareness of award-winning cases throughout the Group helps to prevent risks from materializing in new projects through the horizontal spread of risk management best practice.

■ Increasing Awareness of Quality through "Quality Month" Activities

- In November, which we have designated "Quality Month," members of senior management and experts from inside and outside the Company conduct seminars and dialogues aimed at ensuring that employees are always highly conscious of quality and safety as they work.
- In fiscal year 2025, talks were held in each workplace using video materials on the topic of quality fraud and inappropriate behavior to raise awareness of creating an open and communicative work environment.

Construction Work Project Management

We strive to prevent occupational injuries and to improve health and safety standards through our Occupational Health and Safety Management System. In particular, using our construction work project management system, we have achieved 100% implementation of risk assessments and fixed-term Industrial Accident Compensation Insurance. There were no serious occupational accidents in fiscal year 2025.

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Corporate Citizenship Activities

Corporate Citizenship Activity Framework

NEC's corporate citizenship activities are conducted under the following three main implementation frameworks:

- Social contribution programs planned and executed under the initiative of the NEC Corporate Communications Department and the department in charge of promoting corporate citizenship activities of each NEC Group company;
- Activities for contributing to local communities participated in by NEC Group employees around the world; and
- Various grants from foundations

In our Purpose, NEC has committed itself to creation of the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Guided by this concept, each member of NEC, from directors to employees, acts as a good corporate citizen by carrying out NEC Make-a-Difference Drive corporate citizenship activities aimed at resolving social issues over the medium to long term.

Through NEC Make-a-Difference Drive, we work with local communities, NPOs and NGOs, local governments and universities, among other entities, to promote "Life," "Society," and the "Environment," the three layers of our vision for an ideal society, laid out in the NEC 2030VISION. NEC believes that local communities are responsible for, or otherwise play a leading role in, solving social issues, and that sustainable local communities enable business activities to be carried out in those areas. As members of communities, we want to proactively support them in achieving the necessary solutions.

This thinking is also connected to "coexistence with local communities" in the NEC Group Code of Conduct.

In addition, NEC has positioned the NEC Make-a-Difference Drive as one of the foundations of its efforts to promote diverse human resource development, which is one of the Company's priority management themes from an ESG perspective—materiality. Through NEC Make-a-Difference Drive activities, officers and employees engage in dialogue and co-creation with various stakeholders, such as local communities and the social sector. This provides them with opportunities to experience social issues that merit NEC's attention as a Social Value Innovator.

We believe that through these activities, employees can acquire a mindset for volunteerism and co-creation, enabling them as highly socially literate personnel to sensitively grasp the true nature of issues facing customers and society so that they can play a leading role in creating businesses inspired by social issues.

The social contribution programs and collaborating NPOs under the NEC Make-a-Difference Drive are selected based on the following policies and guidelines.

Basic Policy of Social Contribution Program Creation

Guidelines for Coordination with NPOs

Furthermore, we have established an evaluation system for social contribution programs, and we regularly confirm their social impact and promote program improvements and revisions.

Social Contribution Program Assessment System

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Corporate Citizenship Activities

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

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

1. Expand range of corporate citizenship (Aim for 10,000 new registrants with the NEC Volunteer Support Service database by FY2026)
2. Utilize corporate citizenship as a launching point for social value creation

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ FY2025 Goals

1. Expand range of corporate citizenship
   - Increase the number of new employees registered for the NEC Volunteer Support Service by 1,200 people per year
   - Increase the number of employee participants (compared to the previous fiscal year)
2. Utilize corporate citizenship as a launching point for new business creation, support business activities and forge relationships with local communities (reach comprehensive cooperation agreements, etc.)

■ Progress, Achievement, and Issues

1. Expand range of corporate citizenship
   - FY2025: The number of newly registered employees increased by 923
   - FY2025: The number of employee participants was 17,000 (increased by 4,000 compared to FY2024)
2. Utilize corporate citizenship as a launching point for new business creation, support business activities and forge relationships with local communities (reach comprehensive cooperation agreements, etc.)
   - Based on a comprehensive partnership agreement signed between NEC and Fukushima Prefecture, we collaborated with Fukushima Prefecture to implement multifaceted initiatives such as pro bono workations
   - As part of the 100th anniversary of Kawasaki City's municipal government, we collaborated with Kawasaki City to implement a variety of initiatives focused on SDGs and next-generation education. The Company received an award from Kawasaki City.

■ FY2026 Goals

1. Expand range of corporate citizenship
   - Increase the number of employee participants (compared to the previous fiscal year)
2. Utilize corporate citizenship as a launching point for new business creation, support business activities and forge relationships with local communities (reach comprehensive cooperation agreements, etc.)

Social Contribution Activity Expenses

In fiscal year 2025, total corporate citizenship activity expenses for the NEC Group were approximately 886 million yen. We promoted activities in a variety of fields, including "Academia, Research, and Education" and "Arts, Culture, and Sports."

Social Contribution Activity Expenses (Data Collection)

Measuring the Effectiveness of our Corporate Citizenship Activities

Please see below for more details.

Output of Corporate Citizenship Activity (Data Collection)

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Corporate Citizenship Activities

The NEC Group conducts a variety of corporate citizenship activities. Please see below for more details on each of the initiatives.

ESG Databook HTML Version (Corporate Citizenship Activities)

Disaster and Recovery Support

■ Disaster Relief for Noto Peninsula

To support victims of the heavy rainfall that occurred on the Noto Peninsula in September 2024, the NEC Group conducted an employee fundraising campaign using online donations and cafeteria points contributed by NEC Group employees, and donated an equivalent amount matching the total amount raised.

We also implemented various initiatives to support disaster relief efforts on the Noto Peninsula.

■ Fukushima Recovery Support

NEC has conducted a variety of initiatives in collaboration with Fukushima Prefecture based on the "Comprehensive Cooperation Agreement to Promote Digital Transformation (DX) and Local Products" entered into with Fukushima Prefecture in February 2024.

NEC Social Entrepreneurship School

In fiscal year 2003, we began the NEC Social Entrepreneurship School, a project for nurturing young social entrepreneurs that we launched in cooperation with the NPO ETIC. As of fiscal year 2025, 74 groups have graduated from the school. The project has been called a gateway for the success of social innovators because of the large number of celebrated young social innovators that it has produced.

In fiscal year 2025, we supported Oyashiru Co., Ltd., which operates Oyashiru Interview, a service that supports families in preparing for retirement, and Estlaughtive Co., Ltd., which developed soundefine, a music service application that connects each person with the music they need right now.

Furthermore, we held the NEC Social Entrepreneurship Forum and its subcommittee meeting for the first time and are holding discussions with NEC Social Entrepreneurship School graduates and others to work together in creating problem-solving businesses.

In January 2025, the NEC Social Entrepreneurship School was recognized by the Keizai Doyukai (Japan Association of Corporate Executives) as a leading example of collaboration between businesses and the social sector.

NEC Social Entrepreneurship School

NEC Pro Bono Initiative

In fiscal year 2011, NEC introduced the NEC Pro Bono Initiative, a program that helps NPOs and social entrepreneurs address their target issues with assistance from the professional skills of NEC employees. In doing so, NEC became the first Japanese company to start pro bono activities. In fiscal year 2025, 244 employees participated in joint activities with Kawasaki City and social entrepreneurs who have graduated from the NEC Social Entrepreneurship School as pro bono partners.

In 2024, NEC collaborated with Kawasaki City in a project for the 100th anniversary of its becoming a municipality. A team of NEC employees from the NEC Pro Bono Club (a pro bono community made up of volunteer employees of the NEC Group) planned and ran a variety of initiatives in collaboration with Kawasaki City and others. In addition, based on issues identified through the pro bono work, we have begun a demonstration project utilizing apps for regional revitalization.

In collaboration with social entrepreneurs, a team of employees from the NEC Pro Bono Club has assisted BANSO-CO Inc., a venture company originating from Institute of Science Tokyo, formed by a graduate of the NEC Social Entrepreneurship School that engages in online mental healthcare projects, in conducting sales, marketing and PR activities since fiscal year 2024. With this support, sales in the company's B2B business have doubled most recently.

In addition, the NEC Pro Bono Club has supported the business collaboration between the healthcare service NEC Body Care, which began in 2022, and BANSO-CO Inc., through pro bono activities.

■ STEAM Education at a Community Kitchen for Children

NEC has partnered with Minato Kodomo Shokudo, a nonprofit organization providing a community kitchen for children based in Minato-ku, Tokyo, to conduct a program as part of Minato Kodomo Shokudo's educational support initiatives. Through pro bono activities, NEC held workshops from October 2024 to March 2025 for 16 elementary school students in grades 4–6 who use the community kitchen, with focus on STEAM education, including the creation of mini-games using a visual programming language developed by the MIT Media Lab.

NEC Pro Bono Initiative

NEC Future Creation Program

In line with the revision of high school curriculum guidelines from fiscal year 2023, NEC has developed the NEC Future Creation Program in collaboration with the educational consulting company Careerlink Co., Ltd. This education program, aimed at high school students, draws upon the SDGs as themes to learn about creating an ideal future. It was implemented at three high schools in Kanagawa and Fukushima prefectures in fiscal year 2025, with a total of 104 students and 72 NEC Corporation employees participating in hybrid lessons.

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Corporate Citizenship Activities

Promoting Employees' Volunteer Activities

The NEC Group promotes volunteer activities by employees through its benefits and welfare system.

- Under the cafeteria-style benefits and welfare system, "Will be," provided "support volunteer activity expenses" and "donate to volunteer groups and areas affected by disasters"
- Through the NEC Group's intranet site and internal social media, a range of volunteering opportunities, including online, were introduced to promote active participation in volunteer activities by employees
- In December and January of each year, we promote collection activities for items including Bellmark symbols from sponsored products, used books and used postcards, as an activity that is easy for employees to participate in to promote activities to collect items leading to donations and recycling for the support of developing countries and disaster and recovery support

Initiatives in Local Communities Worldwide

Through its corporate citizenship activities, NEC works on initiatives to promote inclusion and diversity worldwide and within local communities, and on community support activities to help solve local issues.

■ Initiatives in Japan

● e-Net Caravan

- NEC has implemented e-Net Caravan, which offers awareness-raising activities and guidance for elementary school students (third and fourth grade) through to high school students, as well as for guardians and educational professionals, to teach them how to use the internet safely and securely. This initiative is meant to address the rights of children set out in the Children's Rights and Business Principles developed by Save the Children (NGO), the UN Global Compact, and UNICEF.
- Nationwide, 328 of our employees currently participate in this initiative as certified instructors.

● Para-sports Initiatives

NEC has been actively involved in various activities to promote para-sports, including supporting wheelchair tennis for over 30 years, promoting boccia, and cooperating to provide volunteers to run events such as the Tokyo Metropolitan Sports Tournament for the Disabled, which is organized by the Tokyo Metropolitan Government.

Wheelchair Tennis Sponsorship

Para-sports initiatives

■ Global Initiatives

● NEC Corporation India's initiatives

NEC Corporation India Private Limited conducts support activities for children in rural areas, elderly people with financial difficulties, and women who have lost their husbands. In 2021, NEC Corporation India received the India CSR Leadership Award in recognition of a series of related humanitarian initiatives.

- Gift the Warmth Drive (activities gifting warmth to the elderly)
- Radhakund Ashram (health support activities for women who have lost their husbands)
- Activities supporting girls' education in collaboration with the NGO Krish
- Support for establishment of Shiksha Pratham Center and education for underprivileged children in collaboration with the center

● NEC Corporation of America's initiatives

We work with elementary schools and non-profit organizations in Texas to provide educational support for students and life support for the homeless.

- Supporting the learning of the next generation in collaboration with NPO Catch-Up and Read
- Supporting the learning of the next generation in collaboration with Dallas Education Foundation
- Breast cancer awareness campaign in collaboration with Susan G. Komen
- Activities supporting girls' education in collaboration with the Young Women's Preparatory Network
- Homeless support activities in collaboration with Haven for Hope

● NEC Platforms Thai's initiatives

- Kathin activities to protect Thai culture and Buddhism
- Environmental conservation and biodiversity conservation efforts around plants
- Exchange activities with children in collaboration with local elementary schools on Thailand's Children's Day

● NEC Europe's initiatives

- Activities supporting next-generation education through participation in various charity events such as charity runs

● Initiatives at NEC Telecommunication & Information Technology (Türkiye)

- Holding tree-planting events to help all employees reaffirm the importance of environmental protection and sustainability

Details of each activity follow below.

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Data Collection (Social)

1. Respect for Human Rights

		FY2022	FY2023	FY2024	FY2025
Number (percentage) of employees who completed business and human rights training	NEC Corporation	20,768	20,993	22,555 (92.0%)	22,354 (90.8%)
	Consolidated subsidiaries in Japan	—	—	19,923 (97.5%)	41,824 (95.5%)

			FY2025
Implementation rate of human rights assessments	NEC Corporation (Based on percentage of employees)	Implementation rate	74.9%
		Ratio of risks identified	0.9%
		Implementation rate of mitigation measures	100%
	Suppliers (Based on the total consolidated procurement amount)[1]	Implementation rate	68.3%
		Ratio of risks identified	2.2%
		Implementation rate of mitigation measures	99.2%

1. Based on the total consolidated procurement amount: The total procurement amount for FY2024 from suppliers that underwent assessment during the three-year period from FY2023 to FY2025, divided by the consolidated procurement amount.

2. Human Capital Management

		FY2022	FY2023	FY2024	FY2025
Employee survey response rate (number of companies targeted)	NEC Corporation and consolidated subsidiaries in Japan	88% (17 companies)	85% (16 companies)	85% (16 companies)	84% (16 companies)
	Consolidated subsidiaries outside Japan	76% (55 companies)	82% (23 companies)	84% (28 companies)	87% (28 companies)
	NEC Group	86%	85%	85%	84%
Employee engagement index	NEC Group	35%	36%	39%	42%
Positive response rate to questions regarding the management team in a survey by global human resources consulting firm Mercer Japan		—	31%	34%	38%

3. Inclusion and Diversity

			2022	2023	2024	2025
Number of managers[2]	Non-consolidated (ratio)[3] (As of April 1 of each year)	Total	9,025	9,162	9,223	9,269
		Male	8,317	8,345	8,278	8,185
		Female	708 (7.8%)	817 (8.9%)	945 (10.2%)	1,084 (11.7%)
	Consolidated (ratio)[3] (As of March 31 of each year)	Female	2,535 (9.6%)	2,805 (10.3%)	3,162 (11.1%)	3,533 (12.8%)
Number of female department heads or higher (Ratio to all personnel in positions of department head or higher) (As of April 1 of each year)		Total	3,097	3,234	3,368	3,461
		Male	2.920	3,016	3,130	3,196
		Female	177 (5.7%)	218 (6.7%)	238 (7.1%)	265 (7.7%)
Ratio of female managers in first level of management (As of April 1 of each year)			9.0%	10.1%	12.1%	14.1%
Ratio of female managers in revenue generating function (Ratio to all managers in revenue generating function) (As of April 1 of each year)			5.5%	6.4%	8.4%	9.2%
Ratio of female employees in STEM-related positions (As of April 1 of each year)			13.5%	12.8%	12.6%	13.5%

2. The number of managers of non-consolidated excludes corporate officers (2022), executive officers (from 2023), temporary employees, advisors and those seconded from other companies to NEC, and includes those seconded from NEC to other companies.
The number of managers of consolidated excludes officers under the corporate law, contract employees and those seconded from NEC to other companies and includes those seconded from other companies to NEC.
3. Number and ratio of female managers for NEC Corporation and consolidated subsidiaries in Japan since 2023 have been calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). In addition, the figures have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

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		2022	2023	2024	2025
Number of employees with disabilities (ratio)[4]	NEC Corporation, NEC Friendly Staff, Ltd., NEC Business Intelligence, Ltd. (As of June 1 of each year)	399 (2.39%)	411 (2.40%)	451 (2.54%)	477 (2.57%)
	Consolidated Group in Japan (The above three companies and consolidated subsidiaries in Japan[5]) (As of June 1 of each year)	1,010 (2.31%)	1,063 (2.39%)	1,169 (2.58%)	1,334 (2.63%)

4. The calculation is based on the Act for Promotion of Employment of Persons with Disabilities. In addition, the calculation is based on the number of employees including those seconded from NEC to other companies but excluding those seconded from other companies to NEC. Ratios for 2022 through 2024 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.
5. The number of wholly owned subsidiaries in Japan, excluding application to subsidiaries and affiliates defined under the Act for Promotion of Employment of Persons with Disabilities, was 13 in 2022, 12 in 2023, 12 in 2024, and 13 in 2025.
The number of employees of NEC Corporation and consolidated subsidiaries based in Japan was approximately 63,000 in 2022, approximately 64,000 in 2023, approximately 65,000 in 2024, and approximately 70,900 in 2025 (as of June 1 for each year).

		FY2022	FY2023	FY2024	FY2025
Number of employees with non-Japanese citizenship	Total	239	239	246	266
	Male	131	127	130	143
	Female	108	112	116	123

			FY2022	FY2023	FY2024	FY2025
Consolidated number of employees by region (ratio)[6]	Total		117,418 (100%)	118,527 (100%)	105,276 (100%)	104,194 (100.0%)
	Japan		76,773 (65.4%)	77,424 (65.3%)	74,751 (71.0%)	75,382 (72.3%)
	Asia Pacific		16,389 (14.0%)	17,825 (15.0%)	12,112 (11.5%)	12,504 (12.0%)
	China/East Asia		4,951 (4.2%)	4,936 (4.2%)	3,424 (3.3%)	3,194 (3.1%)
	EMEA		12,940 (11.0%)	12,365 (10.4%)	12,468 (11.8%)	10,701 (10.3%)
	North America		2,389 (2.0%)	2,344 (2.0%)	1,262 (1.2%)	1,088 (1.0%)
	Central and South America		3,976 (3.4%)	3,633 (3.1%)	1,259 (1.2%)	1,325 (1.3%)
Number of employees by employment type	Non-consolidated	Regular	21,350	22,036	22,210	22,271
		Temporary	49	44	41	1
	Consolidated	Regular	117,418	118,527	105,276	104,194
		Temporary	7,038	6,408	5,508	4,750
Number of employees by gender (ratio)	Total		21,350	22,036	22,210	22,271
	Male		17,018	17,391	17,408	17,571
	Female		4,332 (20.3%)	4,645 (21.1%)	4,802 (21.6%)	4,700 (21.1%)
Consolidated number of employees by gender (ratio)	Total		117,418	118,527	105,276	104,194
	Male		85,880	86,117	79,012	77,689
	Female		31,538 (26.9%)	32,410 (27.3%)	26,264 (24.9%)	26,505 (25.4%)
Number of employees by age group	Total		21,350	22,036	22,210	22,271
	0–17		0	0	0	0
	18–29		2,780	3,065	3,278	3,637
	30–49		9,592	9,757	9,802	9,798
	50–59		8,155	8,141	7,782	7,204
	60–69		819	1,066	1,341	1,623
	70 and over		4	7	7	9
Average age of employees[7]	Total		43.6	43.5	43.3	42.6
	Male		44.3	44.2	44.0	43.6
	Female		41.4	41.2	40.9	39.4

6. Excludes directors, corporate officers (until fiscal year 2023), executive officers (from fiscal year 2024), contract employees and those seconded from NEC to other companies, but includes those seconded from other companies to NEC.
7. Calculations are based on the number of employees including those seconded from NEC to other companies, but excluding those seconded from other companies to NEC. The totals since fiscal year 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

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4. Hiring, Retention, and Compensation

	FY2022	FY2023	FY2024	FY2025
Turnover rate[8]	2.9%	3.6%	3.4%	3.9%

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

		FY2022	FY2023	FY2024	FY2025	FY2026
Number of new employees	Total	1,196	1,256	1,243	1,348	
	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)	577	660	600	686	795
	Mid-career hires	619	596	643	662	
Number of new employees by gender (ratio)	Total	1,196	1,256	1,243	1,348	
	Male	872	912	887	925	
	Female	324 (27.1%)	344 (27.4%)	356 (28.6%)	423 (31.4%)	
Number of new employees who are new graduates with non-Japanese citizenship		5	4	8	11	

		FY2022	FY2023	FY2024	FY2025
Three-year retention rate of new graduate hires[9]	Total	93.6%	94.9%	91.8%	94.5%
	Male	92.7%	93.1%	90.8%	94.3%
	Female	95.5%	98.6%	93.6%	95.0%
Average length of employment (years)[10]	Total	18.5	18.1	17.5	16.6
	Male	18.9	18.5	18.0	17.3
	Female	17.3	16.8	16.2	14.3

9. Fiscal year 2025 figures are the percentages of new graduates hired on April 1, 2022, who were still employed by the Company three years later (April 1, 2025). Figures for fiscal year 2022–fiscal year 2024 have been calculated in the same manner.
10. Calculations are based on the number of employees including those seconded from NEC to other companies, but excluding those seconded from other companies to NEC. The totals since fiscal year 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

		FY2022	FY2023	FY2024	FY2025
Average annual salary (million yen)[11]	Total	8.14	8.43	8.80	9.63
	Male	—	8.92	9.33	10.17
	Female	—	6.61	7.02	7.79

11. Calculations are based on the number of employees including those seconded from NEC to other companies, but excluding those seconded from other companies to NEC. The average annual salary is shown as a gross amount, including overtime pay and bonuses. In April 2024, NEC revised its compensation structure by adjusting the ratio of monthly salary to bonuses within annual employee compensation, increasing the proportion of monthly salary. The June bonus for the fiscal year under review was paid on the previous year's compensation structure (prior to increasing the monthly salary ratio), resulting in a temporary increase in the average annual salary for the fiscal year under review compared to the previous fiscal year.

		FY2022	FY2023	FY2024	FY2025
Wage disparity between men and women (female to male ratio)[12]	All workers	—	73.7%	75.3%	75.9%
	Of which, regular workers	—	73.0%	74.6%	74.8%
	Of which, part-time and limited-term workers	—	87.2%	80.7%	82.9%

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

		FY2022
Wage disparity between men and women (female to male ratio)[13]	Management	97.8%
	Assistant managers	99.3%
	Other employees (without job titles)	100.7%

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

		2022	2023	2024	2025
Starting monthly salary (yen) New graduate hires in April	Doctoral program graduates	304,500	314,500	361,300	379,400
	Master's degree graduates	251,000	261,000	299,400	314,400
	Bachelor's degree graduates	227,000	237,000	280,000	294,000

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5. Human Resource Development

		FY2022	FY2023	FY2024	FY2025
Total human resources involved with DX	NEC Corporation and consolidated subsidiaries in Japan	5,874	7,609	10,376	11,935
Number of training days per employee	NEC Corporation	6.6	8.0	6.8	7.0
	NEC Corporation and consolidated subsidiaries in Japan	5.0	4.4	5.1	5.4
	NEC Group	3.3	2.9	3.6	3.9
Training cost per full-time employee (yen)[14]	NEC Corporation	146,230	161,282	150,428	182,614
	NEC Corporation and consolidated subsidiaries in Japan	96,388	109,850	112,373	123,358
	NEC Group	65,791	74,371	83,466	95,284
Human capital return on investment (%)[15]	NEC Group	3.38	3.51	3.57	3.64

14. Includes fees for facility usage and transportation associated with training, as well as fees associated with acquiring qualifications needed for the organization's business strategy
15. Revenue – (Selling, general and administrative expenses – Personnel expenses) / Personnel expenses

6. Occupational Health and Safety, Health and Productivity Management, Work-Life Balance

	FY2022	FY2023	FY2024	FY2025
Absenteeism (absenteeism rate) Index of days lost to absence per year (fiscal year 2020 = 100)	89.8%	107.5%	102.9%	104.9%
Presenteeism Average score of responses to the question "Work performance in the last 4 weeks (out of 100)" in the online training survey	73.7	69.9	70.7	69.8

	FY2022	FY2023	FY2024	FY2025
Mental health-related leave of absence rate	0.79%	1.05%	1.00%	1.15%

		FY2022	FY2023	FY2024	FY2025
Number of employees taking childcare leave[16]	Total	187	204	292	328
	Male (ratio)	71	99	176 (40.6%)	215 (50.6%)
	Female	116	105	116	113
Childcare leave return rate		99.0%	98.6%	99.6%	99.1%
Number of employees working shorter hours for childcare	Total	489	421	361	318
	Male	7	8	11	12
	Female	482	413	350	306
Number of employees taking nursing care leave[17]	Total	16	17	17	13
	Male	9	7	9	7
	Female	7	10	8	6
Number of employees working shorter hours for nursing care	Total	7	10	13	11
	Male	0	3	5	4
	Female	7	7	8	7
Average monthly overtime work hours per employee		21.6	22.1	23.1	23.7
Number of days of annual paid leave (Average for all employees, excluding carryover)		21.5	21.5	21.5	21.5
Annual paid leave utilization ratio		59.0%	62.5%	62.7%	63.1%
Number of family-friendly leave days (Average for all employees, excluding carryover)		5	5	5	5
Family-friendly leave utilization ratio		—	33.9%	33.8%	32.9%

16. Number of employees who started childcare leave in the relevant fiscal year, excludes corporate officers (until fiscal year 2023), executive officers (from fiscal year 2024), temporary employees, advisors and those seconded from other companies to NEC, and includes those seconded from NEC to other companies.
Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of employees taking childcare leave, etc. is calculated under Article 71-6, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25 of 1991). Therefore, spousal maternity leave has not been included.
The totals of number of employees taking childcare leave since fiscal year 2023 and the ratio of male employees taking childcare leave since fiscal year 2024 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.
17. Number of employees who took nursing care leave in the relevant fiscal year, excludes corporate officers (until fiscal year 2023), executive officers (from fiscal year 2024), temporary employees, advisors and those seconded from other companies to NEC, and includes those seconded from NEC to other companies.
The totals of number of employees taking nursing care leave since fiscal year 2023 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

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			2021	2022	2023	2024
Labour accidents and disasters	Frequency rate	NEC Corporation	0.0600	0.0600	0.1700	0.0600
		Consolidated subsidiaries in Japan	0.1300	0.1600	0.1004	0.0700
	Severity rate	NEC Corporation	0.0026	0.0002	0.0001	0.0003
		Consolidated subsidiaries in Japan	0.0000	0.0000	0.0011	0.0010

Note: The calculation methodology for indicators related to labour accidents and disasters is as follows.
Data collection period: From January 1 to December 31 each year
1) Frequency rate Lost time injury frequency rate = (Number of lost time injuries / Total number of work hours) × 1,000,000
Total number of work hours is based on actual work hours.
2) Severity rate Labour accident and disaster severity rate = (Number of lost work days / Total number of work hours) × 1,000
Number of lost work days: In the case of death or serious injury = 7,500 days. In the case of temporary disability = The number of calendar days taken off work × 300/365
The figures of NEC Corporation since 2022 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

	FY2022	FY2023	FY2024	FY2025
Companywide occupational health and safety training participants (ratio)	19,259 (91.0%)	18,516 (85.3%)	20,719 (91.0%)	20,061 (88.4%)
Employees completing the Basic Lifesaving Workshop	120	251	289	316
Completion rate for web-based mental health training (Number of companies targeted)	96.8% (16companies)	96.2% (16companies)	97.4% (12companies)	96.6% (16companies)

7. AI and Human Rights

		FY2022	FY2023	FY2024	FY2025
Completion rate for training on AI and human rights	NEC Corporation and consolidated subsidiaries in Japan	96%	92%	95%	97%

8. Personal Information Protection and Privacy

	FY2022	FY2023	FY2024	FY2025
Completion rate for information security training, including personal information protection	98.0%	98.0%	98.6%	94.3%

9. Information Security and Cybersecurity

		FY2022	FY2023	FY2024	FY2025
Number of employees taking CISSP	NEC Group	Approx. 200	Approx. 300	Approx. 450	Approx. 560

10. Corporate Citizenship Activities

		FY2022	FY2023	FY2024	FY2025
Social contribution activity expenses (Percentage by activity type)	Total	100%	100%	100%	100%
	Academia, research and education	43.2%	70.3%	32%	32%
	Arts, culture and sports	17.1%	13.0%	52%	53%
	Disaster/Humanitarian Relief	22.3%	1.9%	2%	2%
	Social welfare	9.2%	5.6%	5%	2%
	Environment	2.4%	2.1%	2%	2%
	Others	5.8%	7.1%	7%	9%
Social contribution activity expenses (million yen) (By expenditure type)	Total	444	697	828	886
	Cash contributions including political donations	405	685	810	864
	Use of Company premises/Contributions of products and equipment	30	3	6	6
	Volunteer hours and others	9	9	12	16

Note: The fields of activity in the expenses breakdown above correspond to the fields of activity in surveys of social contribution activities conducted by the Japan Business Federation. In addition, expenses for social contribution activities include 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).

			FY2023	FY2024	FY2025
Output of corporate citizenship activity	NEC Social Entrepreneurship School (Cumulative total)	Number of NEC Social Entrepreneurship School graduates (cumulative total)	70 organizations	72 organizations	74 organizations
		Business continuation rate among graduates	80%	81%	81%
		Average growth rate of business scale	Approximately 300%	Approximately 300%	Approximately 300%
		Number of organizations that have had an impact on national or local government policy and businesses (among the 50 organizations who had graduated by fiscal 2020)	17 organizations (at the national level) 31 organizations (at the local government level)	17 organizations (at the national level) 31 organizations (at the local government level)	17 organizations (at the national level) 31 organizations (at the local government level)
		Ratio of organizations with experience in transferring their know-how and business model to other regions and organizations (among the 50 organizations who had graduated by fiscal year 2020)	45%	45%	45%
		Number of organizations that have used this project as a role model to develop similar initiatives in other organizations	4 organizations (companies) 1 organization (local government)	4 organizations (companies) 1 organization (local government)	4 organizations (companies) 1 organization (local government)
	NEC Pro Bono Initiative	Number of participating employees (cumulative total)	1,653	1,769	2,013
		Number of beneficiaries[18] (cumulative)	6,421	6,103	7,323
	e-Net Caravan	Number of lessons conducted at elementary and junior high schools, etc. nationwide (cumulative total)	610	772	959

18. Number of general attendees and participants (including online) in courses and awareness-raising events supported by the NEC Pro Bono Initiative; for business plan development support, the number of people associated with the supported organization, etc.

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Corporate Governance

Corporate Governance System GRI 2-9, 2-10, 2-11, 405-1

NEC Corporation has adopted the structure of a "company with a Nominating Committee, etc." By clearly separating the oversight and execution functions, the Board of Directors strengthens its oversight function, while delegating substantial authority to executive officers to accelerate decision-making and business execution. In line with this, the Company is also strengthening governance on the execution side. Details are available in the Company's Corporate Governance Report.

Corporate Governance Report

Corporate Governance System

Board of Directors (Oversight)

The Board of Directors is responsible for overseeing the execution of duties by executive officers and directors as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy.

Executive Officers (Execution)

Executive officers execute Company business delegated to them by the Board of Directors.

Details of the Corporate Governance System (Data Collection)

Basic Views on Corporate Governance

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social value and the maximization of corporate value, the Company is committed to strengthening its corporate governance practices in terms of both oversight and execution through the following basic policies:

1. Assurance of transparent and sound management
2. Realization of prompt decision-making and business execution
3. Clarification of accountability
4. Timely, appropriate and fair disclosure of information

NEC Corporate Governance Guidelines

Independence of the Board of Directors

From the perspective of ensuring independence, the majority of the Board of Directors is composed of independent outside directors.

Independence Criteria for Outside Directors

Reasons for Nomination of Outside Directors, etc.

Effectiveness of the Board of Directors

The Company conducts an analysis and evaluation on the effectiveness of the Board of Directors once a year, and improves the function of the Board of Directors. The Company discloses a summary of the results of such analysis and evaluation. Also, if necessary, the Company utilizes a third-party evaluation organization to assess the effectiveness of the Board of Directors. The Company discloses a summary of the results of such evaluations along with meeting attendance in the Corporate Governance Report.

Corporate Governance Report

Meeting Attendance

Evaluation of the Effectiveness of the Board of Directors

Remuneration for Directors

Remuneration for Directors and Executive Officers

The ratio of the total amount of remuneration of the Company president to the average yearly employee salary is 29.9:1.

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Risk Management

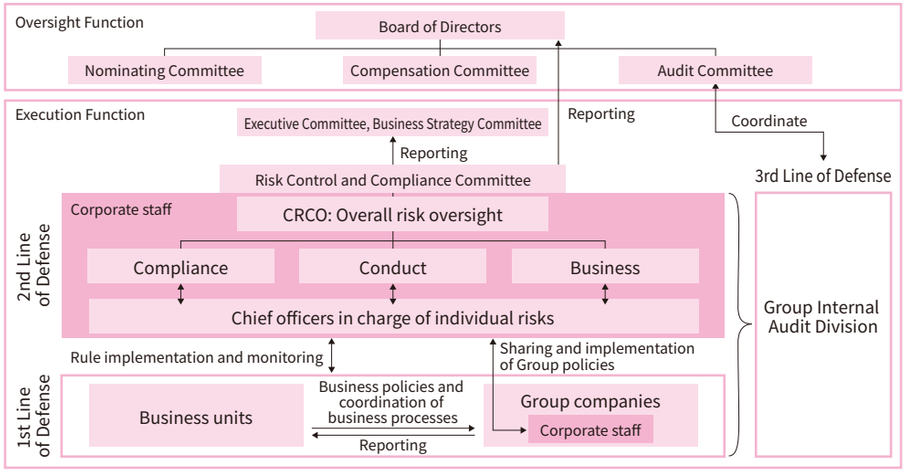
Risk Management Framework GRI 2-16

The NEC Group has a companywide cross-sectional risk management system centered on the Risk Control and Compliance Committee and the CRCO to accurately comprehend and to respond appropriately to both internal and external risks related to NEC Group's businesses. An overview of this system is shown in the diagram on the right.

In NEC Corporation, important matters related to companywide risk management, including a risk management policy and selection of and response policies to "Priority Risks" that requires countermeasures across the NEC Group, as well as measures to address risks that require companywide management in response to changes in risk environment during the fiscal year, are discussed at the Risk Control and Compliance Committee and then reported to the Business Strategy Committee and the Board of Directors on a regular basis.

The Company has the CRCO to monitor and address companywide risks centrally and cross-functionally and to manage possibilities to make losses. The CRCO takes a lead in the companywide risk management by detecting and analyzing risks that are diversifying and becoming more complex in constantly changing social and business environment, and evaluating impacts, while prioritizing countermeasures and closely collaborating with other chief officers in charge of each risk.

Risk Management Framework

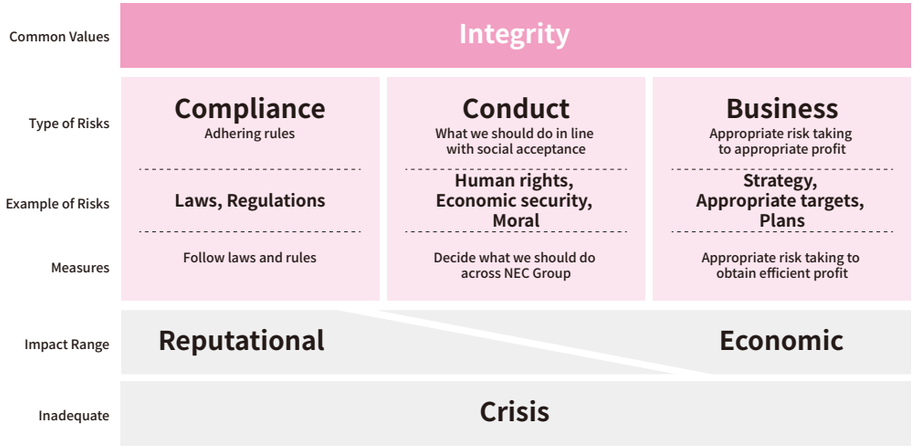


Policies, Processes, and Operational Status for Risk Identification GRI 2-16

Policies

The NEC Group refers to the Enterprise Risk Management - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and ISO 31000 which is a standard that provides principles and guidelines for risk management. On this basis, the NEC Group, in order to pursue returns through appropriate risk management, has categorized the risks associated with the NEC Group's businesses into a Risk Total Picture and has decided on responsible divisions and response policies for each risk. In the Risk Total Picture, integrity is recognized as the foundation of all risk management activities and risks are classified into three categories according to their nature. The Company has developed a response flow in case such risk should materialize, especially in the event of a crisis that threatens the existence of the Company.

Risk Total Picture



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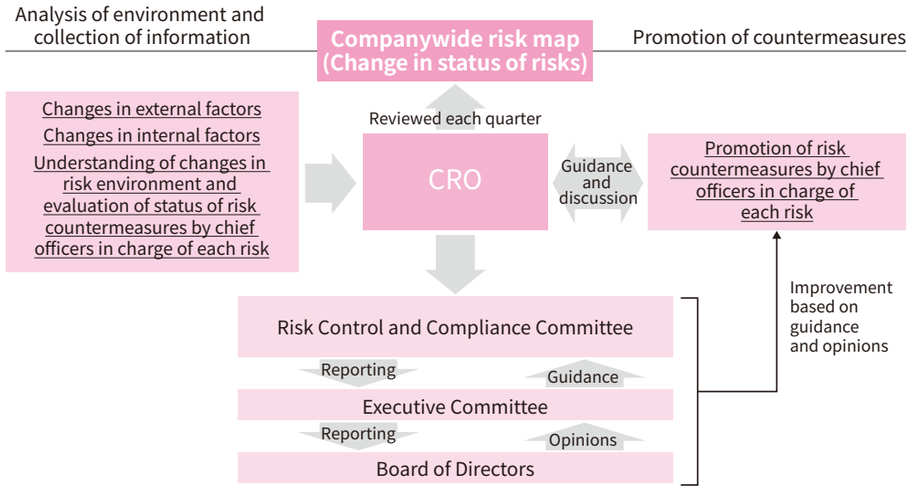
Risk Management

■ **Processes**

Based on a comprehensive list of risks that the NEC Group should be aware of, the CRCO engages in dialogue with the other chief officers in charge of managing each risk and conducts risk assessments. The CRCO creates a risk map that visualizes risk priorities by evaluating impact on a five levels and urgency on three levels taking into consideration changes in the external and internal environment and the status of each risk countermeasure.

Visualization of Risk Management



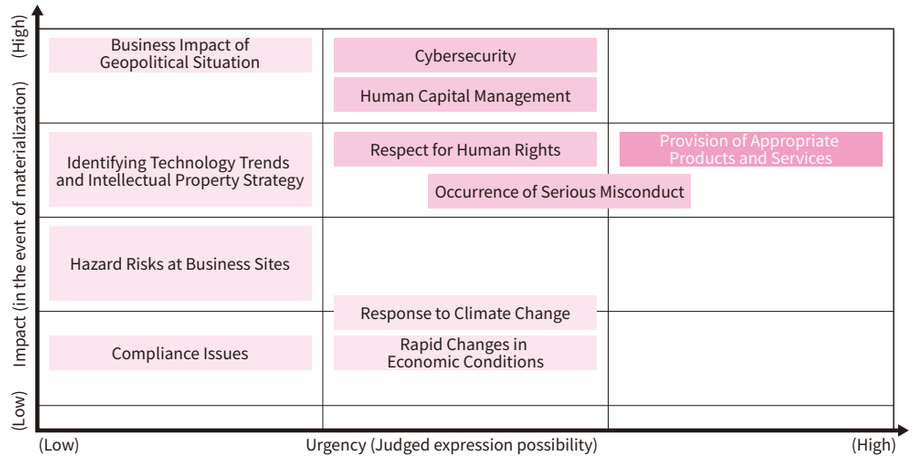
■ **Operational Status**

Through the process shown on the left, the CRCO updates the risk map through the review of the Risk Control and Compliance Committee on a quarterly basis, and regularly reports to the Business Strategy Committee and the Board of Directors.

The current risk map is shown below.

Among these, the NEC Group considers "Provision of Appropriate Products and Services" to be particularly important, and "Cybersecurity ," "Respect for Human Rights," "Occurrence of Serious Misconduct," and "Human Capital Management" to be the next most important risks, which referred to and decided below as priority risk and significant risks. For more information, please refer to the specific risk management details.

Risk Map



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Long-term Risk

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Risk Management

Risk Management Status

The management status of significant risks is provided below. Please see the linked pages for further details on countermeasures.

■ Priority Risk: Provision of Proper Products and Services

● Risk Awareness

The NEC Group conducts business offers a wide variety of products, systems, and services, and conducts business in Japan and abroad with a globally supply chain. If the NEC Group is unable to maintain quality control and safety management in the NEC Group and unable to maintain the trust of a wide range of stakeholders, including suppliers, it may result in legal liabilities and social reputational harm, which may have a material adverse impact on the NEC Group's business.

● Countermeasures

• Quality and safety implementation framework and quality and safety risk management framework

Quality and Safety (Framework)

• Evaluation framework for new projects

Quality and Safety (Quality Management System)

• Supply chain management framework

Supply Chain Management (Framework)

■ Significant Risk: Cybersecurity

● Risk Awareness

Now that the entire world is openly connected and the use of AI is increasing, the NEC Group is exposed to various risks, including the sophisticated and commercialized cyberattacks, the growing risk of information leakage stemming from the extensive use of cloud services, and challenges in information management in view of economic security. If the NEC Group is unable to appropriately address cybersecurity risks, not only for the NEC Group itself but also for our customers and business partners, it may result in legal liabilities and social reputational harm, which may have a material adverse impact on the NEC Group's business.

● Countermeasures

Information Security and Cybersecurity (Risk Management)

■ Significant Risk: Respect for Human Rights

● Risk Awareness

By continuously assessing the actual or potential negative impacts across the value chain, the NEC Group identifies salient human rights issues that it considers having a particularly high impact. If the NEC Group is unable to address these salient human rights issues appropriately, it may result in legal liabilities, economic sanctions and social reputational harm, which may have a material adverse impact on the NEC Group's business.

● Countermeasures

• NEC Group Human Rights Policy

• Salient human rights issues

1. New technology and human rights (AI and human rights)
2. Human rights risks related to geopolitical situations and conflicts
3. Labour in supply chains
4. Employee safety and health

Respect for Human Rights

For information on the occurrence of serious misconduct, please refer to "Compliance." For details on human capital management, please refer to "Human Capital Management."

Compliance

Human Capital Management

Business Continuity Management

NEC has prepared a business continuity plan (BCP) and is promoting business continuity management so that the Company can fulfill its social responsibilities based on the continued stable supply of products and services even when risks materialize in the form of earthquakes, typhoons, or other natural disasters; global pandemics; wars; or terrorist attacks.

Our goal is to be able to continue NEC Corporation's business to the greatest extent possible, and to restore operations quickly if they are interrupted.

Basic Disaster Response Policies

■ Business Continuity Management Framework

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

1. Business Continuity and Disaster Recovery Headquarters
This function is headed by the president and comprises corporate divisions. The headquarters maintains senior management's decision-making function and prepares an environment that will facilitate the recovery of operations.

2. Business Unit BCP Teams
These teams are formed in each business unit. They confirm the safety of NEC Group employees and 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 ensure the safety of workplaces and bases, quickly restore infrastructure, support employees' lives, assist those who wish to return home, and coordinate with the community.

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

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Initiatives to Foster a Risk Culture GRI 2-26

■ Internal Feedback Process for Latent Risks

The Risk Control and Compliance Committee and officers exchange and discuss information about latent and emerging risks to enhance the Company's ability to address risks. We also continuously improve our risk management methodology.

■ Risk Management Training and Education

Each year, NEC conducts training for all employees as part of its risk management training, covering topics such as compliance, the environment, human rights, and information security.

In addition, training is provided for management to enhance awareness and understanding of risk management.

As part of the onboarding process for new outside directors, we conduct training under the theme of NEC's risk management.

■ Risk Management Evaluation Indicators and Monetary Incentives

NEC Corporation's Employee Disciplinary Regulations stipulate that employees who cause damage to the Company intentionally or through negligence will be liable for damages in addition to being subject to disciplinary action.

■ Confirmation and Reporting of Latent Risks by Employees

Compliance (Whistleblowing System)

We also strive to detect potential risks at an early stage by conducting annual risk assessments that capture insights and concerns at the operational level.

Education, Exercises and Training on Disaster Prevention and Business Continuity

■ Education and Web-based Training

NEC and affiliated companies in Japan conduct the following training and drills every year to prepare for large-scale natural disasters with the aim of minimizing damage and resuming operations as quickly as possible.

- Conduct training to review disaster response procedures tailored to different work styles.
- Hold web-based training and workplace discussions 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.

■ Enhancing the Degree of Completion of BCPs

- NEC visualizes the business continuity status for each company and division by using indices such as "organizational state in regular times and at the time of disaster," "leadership," "disaster preparedness and business continuity plan," "support status," "effective operation," and "evaluation and improvement."
- We will evaluate and refine our initiatives to instill a business continuity mindset and disaster preparedness and continue making improvements across the entire NEC Group to enable each division and employee to think and act autonomously during disasters.

Response to Large-scale Disasters, Incidents and Accidents, and Infectious Diseases

■ Addressing Natural Disaster Risks such as Earthquakes and Storm and Flood Damage

NEC has constructed a system in which the Company's internal disaster information sharing system automatically receives disaster information from the Japan Meteorological Agency. This allows us to understand at a glance information regarding the suppliers and other stakeholders located within that range.

Furthermore, we use the latest hazard maps to evaluate risk. Based on these evaluations, we implement countermeasures with due consideration of the balance between the impact of a disaster and cost.

■ ISO 22301:2019 Certification Acquisition

NEC has acquired ISO 22301:2019 certification, mainly in its system maintenance divisions and datacenter operations divisions.

ISO 22301:2019 is an international standard for Business Continuity Management Systems (BCMS).

Moreover, divisions that have not acquired ISO 22301 certification are complying with the international standard as far as possible and have put in place efficient and effective countermeasures to prepare for potential threats to business continuity, including earthquakes, floods, typhoons, and other natural disasters; system faults; pandemics; power outages; and fires.

ISO 22301:2019 Certification

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Compliance Framework GRI 2-16

The NEC Group has established the NEC Group Compliance Policy, under which the CRCO takes a comprehensive view of all compliance issues and, through the Risk Control and Compliance Committee, deliberates on and promotes specific measures to address these issues.

In addition, the Group formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. Furthermore, the Group provides the necessary support, coordination, and guidance to ensure that risk management in the business and corporate staff departments is implemented systematically and effectively.

■ Group Internal Audit Division

Members of the Group Internal Audit Division include experts in internal audits. The division conducts audits to ensure that NEC is operating lawfully, properly, and efficiently. It also points out problems and proposes improvements.

■ Compliance Promotion at Consolidated Subsidiaries

- The presidents of our consolidated subsidiaries take ownership of drafting and implementing compliance measures with guidance and support from the Risk Management and Compliance Department, corporate departments and business units.
- In regard to consolidated subsidiaries outside Japan, the five Regional Headquarters (RHQ) around the world further strengthen compliance, including among local subsidiaries.
- NEC has also established channels for reporting compliance-related issues regularly, and as the need arises, from the consolidated subsidiaries in and outside Japan to the Headquarters in Japan.

Basic Policy on Internal Control Systems

Compliance Policy

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

■ Compliance

NEC aims to establish compliance within its corporate culture by ensuring that each officer and employee acts with integrity (judgment and behavior) in accordance with the NEC Group Code of Conduct. Moreover, the Code is available in Japanese, English, Chinese, Portuguese, and Spanish. By promoting the Code at consolidated subsidiaries outside Japan, we are creating a corporate culture worldwide that puts compliance on top priority. Also, we recognize that the Code must be reviewed regularly to confirm whether revisions need to be made. If a violation is found, the person or persons associated with the violation will be dealt with according to employee regulations, and consideration will be given to reflecting the violation in the performance evaluation of the relevant division.

In order to realize effective compliance measures, the general managers of every division have taken leadership and responsibility for discussing and implementing the optimal measures for their divisions with support from the corporate divisions.

Furthermore, identifying compliance as one of NEC’s priority management themes from an ESG perspective—materiality—Mid-term Management Plan 2025 sets forth a KPI of zero cases of serious involvement with cartels and/or bid-rigging.

Tax Policy GRI 207-1, 207-2, 207-3

In the NEC Group Code of Conduct, all officers and employees promise that they will:

- In addition to complying with international rules, relevant laws and regulations, and internal policies including this code of conduct, we act with integrity by understanding the cultures and customs of each country and region and adhering to a high standard of ethics and social norms.; and
- Maintain accurate and fair records in all areas, including finance and accounting, and strictly refrain from any fraudulent accounting practices or actions that may cause harm to the company.

We adopt the same fundamental approach to tax matters and are striving to optimize our tax position from a medium- to long-term perspective.

Furthermore at NEC, we provide the basic structure of corporate taxation and other related matters on our intranet. When new tax laws and regulations or rules are announced, we promptly notify the relevant departments and conduct training sessions as necessary.

With the aim of establishing a common framework for managing tax risk and tax policies, NEC has formulated the NEC Group Tax Governance Policy, which sets out the principles of tax governance that should be followed. We do not undertake tax planning solely for the purpose of tax avoidance without any business purpose or business substance. Similarly, we do not use tax havens solely for the purpose of tax avoidance.

The CFO of NEC Corporation is responsible for tax governance across the NEC Group. The CFO, who is a member of the Board of Directors, reports to the Audit Committee about any updates to the NEC Group Tax Governance Policy and any significant tax risk that arises.

The results of our tax filings and tax audits are reported to the CFO as appropriate, and we take necessary actions on tax-related issues while continuously working to prevent misconduct.

NEC Group Tax Governance Policy

Taxes Paid by Region GRI 207-4

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■ Transactions between Affiliated Companies

To ensure thorough management of tax risk in response to globalization, NEC decides prices for transactions between related companies based on the arm's length principle with reference to the approach advocated by the Organization for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. In accordance with the purpose of the generally accepted rules and guidance in relation to international taxation, such as the Action Plan on Base Erosion and Profit Shifting (BEPS), NEC pays taxes in a timely and appropriate manner based on tax laws, regulations and treaties for each jurisdiction, by reflecting its business results, and does not undertake any activities for the purpose of inappropriate tax avoidance.

■ Relationship with Tax Authorities

NEC endeavors to reduce tax uncertainties by sincerely engaging in advance consultation with tax authorities and disclosing relevant information requested by tax authorities.

■ Transparency

NEC complies with the Financial Instruments and Exchange Act and all applicable laws and regulations in preparing and disclosing its Annual Securities Report. Tax-related disclosures required by applicable laws and regulations are also included in the Annual Securities Report.

Starting from fiscal year 2017, NEC has disclosed its consolidated financial results in accordance with International Financial Reporting Standards (IFRS). By adopting IFRS, NEC aims to enhance the international comparability of financial information in capital markets and further improve the transparency of its financial disclosures.

Preventing Bribery and Corruption GRI 2-15, 205-1

The NEC Group Code of Conduct covers prevention of bribery and corruption; response to entertainment, gifts, donations, and political activities; prohibition against involvement in antisocial acts; prohibition on insider trading; and prohibition of any act contrary to the Company's interests. In this way, NEC strives to prevent all forms of bribery and corruption.

In addition, the Legal and Compliance Division has formulated the Anti-Bribery Policy and the Anti-Bribery Manual and disseminates/shares them throughout the Company. The manual stipulates the roles of general managers and specific methods for preventing bribery. These roles and methods include bribery risk assessments regarding a division's business and operations, including procedures if risk is deemed to be high, and due diligence regarding retained parties[1] or partners employed in the Company's business activities.

For due diligence, NEC stresses the importance of evaluating bribery risk through communication and collection of information by retained parties or partners on behalf of the Company or as its agent, as well as the importance of continued monitoring due to the possibility of risks related to retained parties or partners changing with the passage of time.

Additionally, to counter the risk of bribery in business transactions conducted by retained parties or partners, NEC mandates that contracts include provisions about preventing bribery and has changed the scope of monitoring that is performed.

Retained parties enlisted to assist with sales promotions and winning orders are made aware that there may be additional procedures to take, including with related staff divisions, in accordance with the type of risk.

Furthermore, as nations around the world work on strengthening their anti-bribery laws, NEC has also developed a "Guideline for Provision of Gifts, Hospitality, Travel Expenses and Donations," and provides guidance, support, instructions and the like to relevant internal divisions and consolidated subsidiaries in and outside Japan.

Checking on routine operations is an important part of preventing corruption, and therefore guidelines and rules have been established by the General Affairs Department for hospitality, gifts, and donations, such as political donations; the planning divisions of each business unit for operating expenses; and the Supply Chain Conductor Department for procurement expenses. At the same time, expenditures requested by Company divisions are checked to ensure there are no problems.

In addition, to thoroughly enforce the prohibition of any act intended for personal benefit or third-party interests contrary to the legitimate interests of the Company, NEC has established and operates necessary procedures, such as guidelines for required procedures in the event of conflicts of interest.

In fiscal year 2025, we conducted training focused on anti-bribery and anti-corruption in multiple languages (English, Arabic, Portuguese, Spanish, Italian, French, and German), primarily for employees of subsidiaries outside Japan operating in EMEA regions. The completion rate was 95.6%. This training promoted understanding of the risks of bribery and corruption and how to address them.

1. Our Anti-Bribery Policy follows a risk-based approach. It defines enlisted agents, intermediaries or other third parties involved in certain operations that are assumed to have a relatively high risk of bribery as "retained parties."

Competition Law Compliance

One of the initiatives to eliminate serious compliance violations is the reinforcement of non-financial measurement methodologies to underpin sustainable growth of the Company and society, a goal of Mid-term Management Plan 2025. To this end, we are working to prevent cartels, bid-rigging, and other violations of competition laws. Furthermore, in the NEC Group Code of Conduct the Company has stipulated guidelines for fair competition and strives to thoroughly prevent violations of competition laws. In addition, the Company has established the NEC Group Competition Policy, formulating basic considerations on compliance with competition laws in and outside Japan to reduce the risk of violations, and broadly disseminates information about this policy within NEC Group companies around the world.

Competition Policy

In addition, we monitor email to detect signs of competition law violations at an early stage.

Furthermore, we confirm the competition risk status of each NEC Group company, and according to the risks relevant to each company, we implement regulations and measures necessary for preventing violations of competition laws.

In fiscal year 2025, we conducted training focused on competition law together with anti-bribery and anti-corruption training in multiple languages (English, Arabic, Portuguese, Spanish, Italian, French, and German), primarily for employees of subsidiaries outside Japan operating in EMEA regions. The completion rate was 95.6%. This training promoted understanding of the risks of violating competition law and the measures required for compliance.

■ Response to Past Incidents of Violations

In July 2016, NEC was notified by the Japan Fair Trade Commission of violations of the Antimonopoly Act related to business transactions with Tokyo Electric Power Co., Ltd. (now Tokyo Electric Power Company Holdings, Inc.) involving electric power security communications equipment. NEC was notified again of similar violations in February 2017 involving wireless digital emergency firefighting equipment, and also for business transactions with Chubu Electric Power Co., Ltd. involving electric power security communications equipment. In order to keep these three events fresh in mind and to use them as a basis for reflection, we established NEC Compliance Day on November 18, being the date on which we received an on-site inspection by the Japan Fair Trade Commission regarding the transaction involving wireless digital emergency firefighting equipment . In order to promote fair commercial transactions, we consider the commitment of executives to be the most important element in promoting fair commercial transactions. For this reason, every year on NEC Compliance Day, executives issue a message to all employees to help reaffirm the importance of compliance, including promoting fair commercial transactions.

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Preventing Accounting Fraud

To prevent accounting fraud, NEC operates in accordance with the regulations such as those that are based on the Certified Public Accountants Act, as outlined below.

- 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.

Response to Political Activities GRI415-1

Please see below for more details.

Major Contributions to Political Organizations (Data Collection)

Compliance Training and Education GRI 205-2

NEC Corporation and its consolidated subsidiaries in and outside Japan conduct compliance training for all officers and employees (including dispatched workers) once a year (completion rates for NEC Corporation, consolidated subsidiaries in Japan and consolidated subsidiaries outside Japan for fiscal year 2025: 99.3%, 96.9% and 94.5%, respectively).

Furthermore, officers and employees participating in this training pledge to consistently maintain unwavering integrity based on the Principles of the NEC Group and act in accordance with the Group's Code of Conduct. They also announce their own initiatives to ensure a corporate culture of compliance. Furthermore, NEC Corporation uses training for new employees and trainings for each management layer for new officers and new division general managers as opportunities to emphasize the importance of conduct that complies with the NEC Group Code of Conduct.

■ Conducting Various Initiatives for NEC Compliance Day

Every November 18, NEC holds NEC Compliance Day for NEC Corporation and all subsidiaries worldwide to reaffirm the importance of compliance, marking the date on which it received an on-site inspection by the Japan Fair Trade Commission in connection with sales of wireless digital emergency firefighting equipment. NEC raises employee awareness by posting activities and information related to NEC Compliance Day on the portal dedicated to the event.

● Messages from Senior Management

Officers, including the president, corporate officers, division general managers, and the presidents of consolidated subsidiaries in and outside Japan, communicate messages to underscore the importance of compliance to all employees. This includes adherence to the NEC Group Code of Conduct. NEC also ensures the passing down of lessons learned from past incidents by holding sessions led by the presidents of NEC Group companies and distributing video interviews with executives.

● Survey on Compliance Promotion Initiatives

We conduct a survey of all corporate officers and employees in conjunction with compliance training in order to evaluate the status of initiatives on compliance promotion and awareness of compliance. The results of the questionnaire surveys were posted as feedback on the intranet portal and have been useful for proposing and implementing measures to further enforce compliance.

● Study Sessions by Corporate Divisions

Webinars are held to promote awareness of laws and internal rules by using real-world examples to clearly explain related risks.

● Integrity Theme Talks

As a coordinated initiative alongside the NEC Compliance Day broadcasts, groupwide theme talks are held to deepen understanding of integrity across the entire NEC Group.

● Compliance Quizzes and Integrity Senryu

Activities such as compliance quizzes and calls for submissions of integrity-themed senryu poems (comical forms of haiku) are held to make compliance and integrity feel more familiar and to promote deeper understanding.

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Whistleblowing System GRI 2-16, 2-26

■ **NEC Compliance & Integrity Hotline (Whistleblowing System for Employees and Business Partners)**

We have established a whistleblowing system covering compliance matters, including the prevention of corruption. The reporting channel under this system, the NEC Compliance & Integrity Hotline, was created by integrating multiple previous hotlines (the Compliance Hotline and the HR Hotline) to improve user convenience. The integrated hotline continues to support early response to a wide range of risks by using a third-party service provider capable of handling reports in multiple languages as a contact point, and it accepts reports not only from NEC employees but also from its consolidated 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 may choose to report anonymously, and they 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.

In fiscal year 2025, the number of reported cases was 230. The reported cases included ethical behavior violations, violations of the NEC Group Code of Conduct or Company rules and fraud. All 230 cases have been appropriately handled.

In addition, we have established the “Audit Committee Hotline,” a whistleblowing system that allows whistleblowers to report fraudulent corporate officer activities to the Audit Committee.

NEC and its consolidated subsidiaries in Japan have taken steps to ensure the protection of confidentiality and the prevention of retaliation by establishing internal rules regarding the whistleblowing system and promote employee awareness through training programs and other means.

For NEC’s consolidated subsidiaries outside Japan, Regional Headquarters (RHQ) also set up multilingual whistleblowing systems operated by third parties in each region. They are available for local officers and employees to use in multiple languages (English, Spanish, Portuguese, and Chinese). The consulted/reported cases and their handling by consolidated subsidiaries outside Japan are shared with NEC Corporation. This has also been integrated as a part of the NEC Compliance & Integrity Hotline since April 2025.

The Global Hotline had also been established as an additional contact point, aimed at early detection and resolution of fraudulent activities involving executives at consolidated subsidiaries outside Japan, and accordingly, this hotline functioned independently of these executives. However, this has been integrated with the NEC Compliance & Integrity Hotline as of April 2025. 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.

The status of enhancement and operation of the NEC Compliance & Integrity Hotline (including the whistleblowing systems of NEC Corporation subsidiaries) is regularly reported by the Group Internal Audit Division to the Board of Directors and the Audit Committee.

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

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

M: Indicates the main non-financial targets related to materiality.

M: Engage in thorough compliance

Establish a groupwide culture that puts compliance on top priority and promotes fair commercial transactions, drawing from the NEC Group Code of Conduct

FY2025 Goals, Progress, Achievements and Issues, and FY2026 Goals

■ **FY2025 Goals**

Engage in thorough compliance

- Eliminate serious compliance violations (number of serious violations: 0)
- Raise the completion rate of compliance training for all employees (98% or higher)
- Ensure awareness of the Compliance Hotline (90% awareness)

■ **Progress, Achievement, and Issues**

- Number of serious compliance violations: 0
- Completion rate of compliance training for all employees: 99.3%
- Awareness of the Compliance Hotline: 95.8%

■ **FY2026 Goals**

- Eliminate serious compliance violations (number of serious violations: 0)
- Implement compliance training for all employees
- Increase awareness of the whistleblowing system

Number of, Details on and Measures for Handling Compliance Violations GRI 2-27, 205-3, 206-1

Compliance violations in fiscal year 2025 were as follows:

- There were zero cases of serious involvement with cartels and/or bid-rigging.
- There were zero major issues regarding bribery or competition law violations requiring public disclosure.
- There were zero criminal penalties imposed on the Company due to accusations of insider trading from the Securities and Exchange Surveillance Commission.

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Supply Chain Management

Supply Chain Management Framework

At NEC, the Chief Supply Chain Officer (CSCO) is responsible for sustainable procurement across the entire NEC Group, and decisions are made through a decision-making body chaired by the head of procurement in the SCM Strategy Division.

At NEC and its major consolidated subsidiaries in Japan, individuals appointed as compliance promoters for purchasing-related laws and regulations ensure strict compliance within their respective companies and divisions. In addition, compliance promoter conferences are held twice a year, during which compliance promoters share responses to changes in the sustainable procurement landscape, training programs for procurement personnel, and web-based training materials.

For affiliated companies abroad, NEC works with procurement managers at regional headquarters in North America, Latin America, Europe, and ASEAN and major local subsidiaries directly controlled by NEC Corporation to conduct periodic operational reviews in line with their annual activity policies and plans, and to promote sustainable procurement in accordance with the culture and business practices of each country, as well as with the basic policies and guidelines mandated by NEC Corporation.

In addition, NEC endeavors to enhance governance both in and outside Japan based on reports at these meetings.

Risks and Opportunities with Supply Chain Management

In terms of implementation among suppliers, the NEC Group Procurement Policy and the Guidelines for Responsible Business Conduct in Supply Chains identify the following six priority risks:
human rights and labour, occupational health and safety, environment, product quality and safety, information security, and fair trade and ethics.

NEC requires its suppliers, including Tier 2 suppliers and further upstream, to implement responsible business conduct.

Supply Chain Management Policy

In the course of doing business, NEC endeavors to work not only internally, but also through collaboration and co-creation with suppliers while paying careful attention to its impacts on the environment and society as a whole, with the intention of gaining the trust of society and helping to create sustainable social value.

Specifically, NEC formulated the NEC Group Procurement Policy based on its concept of Management for Sustainability and on the ISO 26000 and ISO 20400 international guidance standards for social responsibility and sustainable procurement. We are developing a policy for internal control pertaining to sustainable procurement, and rolling it out among suppliers. Regarding internal controls such as purchasing ethics, NEC has established the Basic Rules for Procurement and ensures that all employees comply with these rules. Furthermore, to strengthen internal controls, NEC has also devised concrete operational rules for its procurement processes and conducts regular training to ensure that the rules are disseminated among procurement-related personnel.

Managing Risk with Supply Chain Management

NEC manages the identified risks as outlined below.

With regard to human rights, the NEC Group Procurement Policy clearly rejects slavery and human trafficking, and the Guidelines for Responsible Business Conduct in Supply Chains prohibit forced labour and child labour, while respecting workers' right to organize. The policy and guidelines also require appropriate wages and management of work hours. Moreover, we perform due diligence on human rights in accordance with OECD's guidance process, identify and evaluate risks, and take steps to mitigate risks.

With regard to the environment, our Guidelines for Responsible Business Conduct in Supply Chains call for a combined effort between NEC and its suppliers to realize environmental management. At the same time, we have also set out the Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products, which require compliance with regulations on chemical substances in products in and outside Japan.

Regarding information security, NEC sets out security measures to be observed by companies we outsource to in Basic Rules for Customer-Related Work. We ensure thorough implementation by requiring these workers to formally pledge to abide by these requirements.

At NEC, we promote activities in close collaboration with our suppliers based on procurement and security policies and guidelines, working to deepen mutual understanding. In addition to evaluating suppliers based on quality, cost and delivery (QCD), we also assess them from a sustainability perspective in an integrated manner, continuously striving to build stronger long-term partnerships.

Through these supply chain management activities, we are working to improve the value we provide to our customers through our business.

NEC Group Procurement Policy

Guidelines for Responsible Business Conduct in Supply Chains

Environmental Management (Development of Environmentally Friendly Products and Services)

Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products

Information Security and Cybersecurity

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Supply Chain Due Diligence

■ **Due Diligence Steps in a Risk-based Approach**

● **Risk-based Approach**

The Japanese government published the Guidelines on Respect for Human Rights in Responsible Supply Chains, and legal frameworks for preventing human rights abuses in supply chains have been updated abroad. With labour in supply chains being identified as a salient human rights issue, NEC has improved its efforts in human rights due diligence.

● **Supply Chain Due Diligence**

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

● **Step 1**

Collect and evaluate information on each risk from the perspectives of the ICT sector, region, and business characteristics, 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**

Combining the insights from Step 1 with the results of a human rights impact assessment conducted by BSR, an international NPO, we identify high-priority risks within key business domains. Examples include human rights risks to workers in manufacturing processes at plants of suppliers outside Japan (including outsourced production), human rights risks to foreign technical intern trainees in manufacturing processes at plants of suppliers in Japan, risk of long working hours in software development, and occupational health and safety risks during construction, maintenance and inspection.

● **Step 3**

Map suppliers related to the above risks, evaluate the nature and scope of potential impacts, and conduct third-party audits by an external auditing firm specializing in human rights and occupational health and safety, as well as second-party audits conducted by NEC, for selected suppliers (22 companies from fiscal year 2022 through fiscal year 2025). Incidents of nonconformance identified in these audits (long working hours or inadequate evacuation routes, etc.) are evaluated and ranked according to the following four categories from the viewpoints of human rights and occupational health and safety under Japanese law and global standards. We provide feedback to suppliers and request corrective action.

Minor	1. Response not required
↓	2. Items for improvement
	3. Items for improvement (high priority)
Major	4. Items for correction

For suppliers identified with high-risk items for correction in the fiscal year 2024 audit, we provided corrective guidance and follow-up until correction was completed.

NEC Stories (Supply Chain Sustainability)

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Supply Chain Risk Assessment Results and Corrective Action GRI 205-2, 414-2

Document Checks

NEC continuously conducts document checks to assess the sustainability initiatives of its suppliers. In fiscal year 2025, we conducted the following checks.

Name of document checks	Description	Number of responding companies in FY2025
Sustainable Procurement Self-assessment	Assessment of risks related to human rights, occupational health and safety, environment, fair trade, and other factors	1,212 (total for Tier 1 and Tier 2)
Survey on Decarbonization and Natural Capital Initiatives	Annual review of environmental initiatives by suppliers identified as having significant environmental impact	969
Information Security Check Sheet	Assessment of how contractors handling critical information (including personal data) manage information security	1,838

In the fiscal year 2025 Sustainable Procurement Self-assessment, we focused on higher-risk areas by re-evaluating the progress of suppliers that scored low in past assessments and newly surveying approximately 400 suppliers that had not been assessed over the past four years. The suppliers assessed in fiscal year 2024 and fiscal year 2025 account for 60% of our consolidated procurement value. The assessment also covers details on the acceptance of foreign technical intern trainees and the handling of human rights issues by Tier 2 suppliers and further upstream.

In the fiscal year 2025 review, we received responses from 1,206 out of 1,354 Tier 1 suppliers approached. Each supplier's efforts were evaluated on a five-point scale (A, B, C, D, Z) for each inspection theme—human rights, occupational health and safety, environment, fair trade, and other—based on their "score rate" and "critical points"[1] evaluation criteria.

We issued feedback sheets to all suppliers that provided responses, indicating their score for each inspection theme and comparison to the average score for each procurement category, and shared the evaluation results with them. In the fiscal year 2025 survey, 36 suppliers received a Z rating, indicating the existence of potential risks. Through supplier engagement, such as NEC's understanding of the conditions and provision of correctional guidance, we will support suppliers that received the Z rating, with the aim of completing the correction of identified issues during the first half of fiscal year 2026.

For suppliers identified with high-risk items for correction in the fiscal year 2024 surveys, we provided corrective guidance and follow-up until correction was completed.

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

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

Furthermore, we carried out inspections of six Tier 2 suppliers with the cooperation of five Tier 1 suppliers to enhance our ability to address upstream supply chain risks.

Regional headquarters and key local subsidiaries outside Japan reviewed the inspection themes of "human rights" and "occupational health and safety" with 26 local suppliers.

For suppliers identified as having a significant environmental impact within NEC's supply chain, we conduct an annual Survey on Decarbonization and Natural Capital Initiatives to confirm progress on CO_2 reduction and other efforts related to natural capital. The survey results are used to strengthen support and collaborative initiatives with suppliers on environmental issues, including decarbonization, as part of our efforts to reduce the negative environmental impact of NEC's businesses.

We implemented document checks for 1,838 companies through a dedicated inspection system using information security check sheets. Information security is essential for NEC, which is responsible for building information systems that are the foundation of society. In our supplier relationships, we place importance not only on technical capabilities but also on whether suppliers meet NEC's standards for information security. Therefore, we have adopted a system in which we classify the information security levels of suppliers according to the status of their information security measures based on the results of the document checks, and select and entrust work to appropriate suppliers in line with NEC's standards.

Information Security and Cybersecurity

Number of Suppliers that Responded to Document Checks/Number of Companies Targeted (Data Collection)

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● On-site Assessments

Since fiscal year 2019, the Procurement Division has implemented the Supplier Visit Record (SVR) initiative, in which sustainable procurement requirements, such as those related to human rights, labour, occupational health and safety, and the environment, are assessed when visiting suppliers in high-risk regions. The results are recorded and accumulated. In fiscal year 2025, 93 records were collected, and no issues were identified.

Number of Supplier Visit Records (SVRs) (Data Collection)

In the field of information security, we select suppliers for on-site assessments not only based on transaction volume, but also by comprehensively evaluating the importance and confidentiality of the information handled and the results of document checks. In fiscal year 2025, we conducted on-site assessments or remote inspections of 350 suppliers. During these inspections, we verified that supplier employees comply with NEC's information security instructions and requests through interviews, confirmation on internal regulations, and on-site observations, in order to prevent information security incidents. Although no major deficiencies were found, corrective guidance was provided to suppliers where minor improvements were deemed necessary in areas such as subcontractor management, labeling of confidential information, disposal and return of confidential materials, and countermeasures against cyberattacks.

Number of Suppliers Whose Information Security Measures were Inspected (Data Collection)

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

Initiatives for Responsible Mineral Procurement

NEC seeks the understanding and cooperation of its suppliers for responsible mineral procurement based on its Responsible Mineral Procurement Policy. Using the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT),[2] NEC conducts surveys of its suppliers to verify information about smelters and their use of tin, tantalum, tungsten and gold (3TG), cobalt and mica. In fiscal year 2025, CMRT and EMRT surveys were conducted at suppliers representing approximately 60% of consolidated procurement amount.

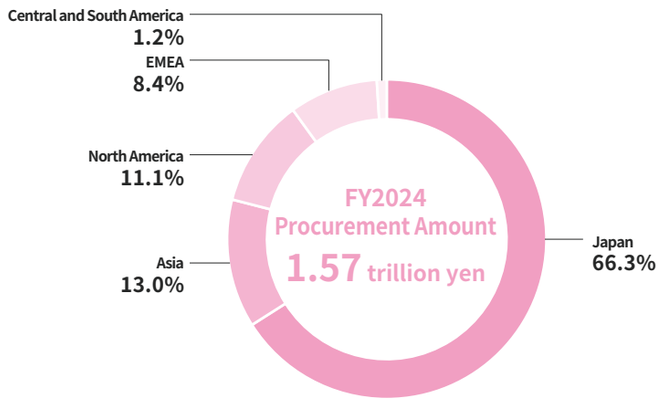
NEC continues to participate in industry cooperation initiatives as a member of the Responsible Mineral Trade Working Group led by JEITA, including participation in the working group's Education and PR Team, to help promote supplier understanding of responsible minerals sourcing.

2. Survey and report templates of the Responsible Materials Initiative

Included within NEC Group's Responsible Mineral Procurement Policy "Guidelines for Responsible Business Conduct in Supply Chains"

Supply Chain Status

Procurement Amount by Region



* Based on location of suppliers' headquarters

■ Critical Suppliers

NEC designates suppliers that account for a high total value in procurement transactions, suppliers of rare products and suppliers that cannot be easily replaced as critical suppliers, and focuses on engaging in sustainable procurement measures. We are strengthening initiatives to deal with the risks we have identified in each region, sector and procurement category.

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Supplier Engagement

■ Dissemination

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

NEC disseminated information to suppliers about its sustainable procurement policies and measures at an exchange meeting with strategic supply chain partners held in June 2024, and at the Sustainability/Information Security Sessions, held in July 2024.

■ Evaluation Prior to the Start of Procurement

Prior to initiating procurement, we assess the prospective company's financial health, product and service quality and pricing, delivery timelines, and technical capabilities, as well as sustainability-related risks such as environmental impact and issues related to human rights, labour, and occupational health and safety. We also confirm the company's intention to comply with the contents of the Guidelines for Responsible Business Conduct in Supply Chains and to sign the declaration form. Based on these factors, we make a comprehensive decision on whether to proceed with the new transaction.

■ Initiatives for the Environment

NEC has been recognized on CDP's Supplier Engagement Leader, the highest Supplier Engagement Rating,[3] for the fifth consecutive year. We recognized that this certification reflects recognition of our various initiatives aimed at reducing CO_2 emissions from our supply chain to achieve net zero.

3. The Supplier Engagement Rating is given by CDP based on an examination of a company's initiatives for climate change and reduction of greenhouse gas emissions across the entire supply chain.

Third-party Assurance / External Ratings and Evaluations

■ Signing of Declarations by Suppliers

NEC requires suppliers to enter into master contracts and to sign declarations stating their commitment to the Guidelines for Responsible Business Conduct in Supply Chains. As an indicator for the materiality item "supply chain sustainability," we set a target of having suppliers who have signed declarations account for 75% of our total procurement amount by the end of fiscal year 2026. We also require all prospective suppliers to submit a declaration prior to commencing any business transactions.

As of the end of fiscal year 2025, we have obtained declarations from approximately 14,000 suppliers in and out of Japan, covering 87% of our consolidated procurement value. We aim to continue covering at least 75% of procurement value in subsequent years.

■ Strategic Supply Chain Partner Exchange Meetings

NEC holds exchange meetings with its main strategically important supply chain partners each year. We require these suppliers to understand and cooperate with the NEC Group's sustainable procurement activities, centered mainly on human rights, labour, occupational health and safety, the environment and information security. Moreover, during the meetings, NEC presents Sustainability Awards to suppliers that have made particularly significant contributions to advancing sustainability initiatives.

A total of 388 members of executive management at 200 suppliers in Japan and around the world participated in the meeting held in June 2024.

■ Supplier Education and Awareness Training Activities GRI 205-2

To support sustainability initiatives among its suppliers, NEC provides training opportunities and conducts awareness-raising activities on key topics such as human rights, labour, occupational health and safety, the environment, and information security.

• Human Rights

In Japan, awareness of the need for human rights due diligence is gradually increasing among small and medium-sized enterprises. However, due to limited resources, it remains difficult for individual companies to undertake such initiatives on their own. In response, NEC held a workshop in March 2025, with the support of an external lecturer, that allowed participants to experience the "risk identification" process of human rights due diligence based on the Japanese government's Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains. Thirty-two of NEC's critical suppliers participated in this workshop, and the satisfaction rate based on participant surveys was 97%.

NEC also provides information about seminars on "business and human rights" hosted by international organizations, government bodies, and industry associations on its supplier portal.

• Occupational Health and Safety

To support health management among suppliers, NEC hosted lectures and online exercise seminars in fiscal year 2025 for key software suppliers as part of its Well-being promotion efforts. A total of 125 companies attended the lectures, and 14 companies participated in the online exercises. In participant surveys, all respondents found the lectures "meaningful" and 91% expressed an interest in applying the initiatives at their own companies.

• Environment

NEC continues to hold briefing sessions and provide information related to climate change measures, and also offers educational materials that suppliers can use to train their employees on environmental topics.

Climate Change (TCFD) (Supply Chain Initiatives)

• Information Security

We hold Sustainability/Information Security Sessions for our suppliers, where we share the latest trends in information security and personal information protection, along with key considerations for business operations. These sessions also include training on cybersecurity measures and awareness activities to prevent information security incidents.

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■ **Enhancing Information Security Management at Partner Companies**

The NEC Group requires suppliers to implement information security measures classified into seven categories: 1) contract management, 2) subcontracting management, 3) staff management, 4) information management, 5) technical deployment, 6) security implementation, and 7) the execution of assessments. Especially regarding subcontracting management, the basic contract stipulates that suppliers may not subcontract to third parties without prior written approval from NEC .

In addition, the Group has clarified the framework for each project by obligating business partners to submit subcontractor confirmation documents. If subcontracting is unavoidable, the Group requires the same level of security for subcontractors that it requires for business partners in order to reduce the risk of information security incidents.

In 2022, NEC revised its information security standards based on NIST SP800-171, which requires the establishment of incident response capabilities, in order to strengthen its cybersecurity measures. Suppliers are required to prepare system security plans to confirm their compliance with NEC's information security standards.

For aspects that are difficult for suppliers to handle alone, NEC hosts cybersecurity training sessions and discloses third-party evaluation results to critical suppliers with the aim of reducing attack risks and improving security levels to support their efforts in reducing risks.

Cybersecurity Management Report

Engagement with Employees

NEC and its consolidated subsidiaries conduct regular training programs for procurement personnel in accordance with internal procurement regulations. In addition, targeted training sessions on specific topics are held as needed to address new regulations or emerging risks, helping maintain proper operational execution.

■ **Training for All Employees of NEC and Consolidated Subsidiaries**

To raise awareness of sustainable procurement, NEC conducts web-based training on "business and human rights" and "environmental education" that informs employees about human rights and environmental risks in the supply chain and NEC's sustainable procurement initiatives.

Respect for Human Rights (Human Rights Training and Awareness-Raising)

Environmental Management (Environmental Education and Awareness)

■ **Awareness Programs for Procurement Staff of NEC and Consolidated Subsidiaries in Japan**

In February 2025, NEC invited an external lecturer to conduct a human rights workshop for senior procurement staff at NEC and its consolidated subsidiaries in Japan to deepen their understanding of human rights issues in the supply chain. Thirty participants attended the workshop, and both the comprehension and satisfaction rates in the post-event survey were 100%.

■ **Training for Consolidated Subsidiaries Outside Japan**

NEC provided training on sustainable procurement to procurement staff (or in some companies, all employees) at its regional headquarters and major local subsidiaries abroad. A total of 1,040 employees received the training, and the post-training survey showed a 97% comprehension rate.

Participation in Stakeholder Engagement Initiatives

■ **Participation in Activities with Other Companies**

As a member of the Supply Chain Working Group of Global Compact Network Japan, we frequently discuss the ideal form of sustainable procurement with various members such as companies in different industries and NGOs, to define best practices in sustainable procurement and improve the quality of related initiatives.

NEC is also a lead company in the task force under the JEITA CSR Committee, working to launch the Sustainable Procurement Partnership (SPP), which promotes responsible corporate behavior across the electrical and electronics industries. In fiscal year 2025, the task force launched a small-scale pilot project called the SPP Trial, offering support menus to assist small and medium-sized enterprises in developing human rights policies.

Grievance Mechanism

NEC has established a multilingual whistleblowing system that suppliers can use to consult not only on compliance issues, but also on matters related to responsible procurement more broadly, including human rights, labour, and occupational health and safety. To protect the privacy of whistleblowers, NEC allows anonymous reporting and has developed a system for responding to complaints and inquiries related to transactions. Additionally, every year, NEC Corporation sends a written Request for Cooperation toward Thorough Compliance and Responsible Procurement to our suppliers to request their cooperation in reporting potential compliance violations by NEC employees so that violations can be detected early and corrected, and to let them know NEC has a whistleblowing system available to provide consultation on responsible procurement in general.

In fiscal year 2025, a total of six reports regarding procurement issues were accepted via the NEC whistleblowing system. After verifying the relevant facts, all six reports were dealt with appropriately.

From fiscal year 2023, NEC has been participating in an industry-wide initiative for a collective grievance mechanism (JaCER) and working to improve the effectiveness of the system in accordance with UNGP requirements.

Respect for Human Rights

Consultation of Procurement Compliance Issues for Social Responsibilities

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

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

M: Indicates the main non-financial targets related to materiality.

1. M: Percentage of suppliers agreeing to procurement guidelines[4]: 75% (by the end of FY2026)
2. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures

4. Percentage based on the total consolidated procurement amount

FY2025 Goals and Progress, Achievements, and FY2026 Goals

■ **FY2025 Goals**

1. Suppliers agreeing to procurement guidelines: Maintain at least 75%

2. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures
   (1) Strengthening cybersecurity measures
   - Strengthen activities for compliance with information security standards based on NIST SP 800-171 (FY2025 is the final year for transitioning to the new standards)
   - Expand the use of third-party evaluation (BitSight).
     - Inculcate improvement activities at NSP events. Add newly participating companies.
     - Consider introducing alarm functions in areas other than development subcontracting.

   (2) Strengthening information security for partners abroad
   - Base operational preparations in China, India, and Vietnam on new standards
   - Confirm progress through document checks and on-site assessments

■ **Progress, Achievement, and Issues**

1. Percentage of suppliers agreeing to procurement guidelines: 87% (as of the end of FY2025)

2. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures
   (1) Strengthening cybersecurity measures
   - End of the transition period for the new standards
   - A 30% increase in the number of companies subscribed to BitSight

   (2) Strengthening information security for partners abroad
   - Conducted on-site assessments of key partners in China and confirmed that preparations for operations based on the new standards have been completed

■ **FY2026 Goals**

1. Suppliers agreeing to procurement guidelines: Maintain at least 75%

2. Eliminate security-related incidents caused by partner companies by inspecting their standards and enhancing cybersecurity measures
   (1) Strengthening cybersecurity measures
   - Strengthen activities for compliance with information security standards based on NIST SP 800-171
     - Conduct document checks and on-site assessments based on the new standards
   - Visualize supply chain risk through expansion of suppliers subject to BitSight
     - Further expand to NSP event members and establish continuous improvement activities
     - Consider expansion to software development outsourcing partners
   - Improve the efficiency of cybersecurity measures using AI

   (2) Strengthening information security for partners abroad
   - Fully transition to the new information security standards for key partners in China
     - Implement operations based on the new standards in China.
     - Conduct document checks and on-site assessments based on the new information security standards.

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Innovation Management

Innovation Management Framework

NEC has created the position of Chief Technology Officer (CTO) to help establish a companywide perspective in its effort to optimize technology development investment across the Company and link its corporate strategy with the planning of collaboration strategies with others. The CTO has overseen the creation of a framework for examining and promoting technology development strategies in cooperation with business units and the Research & Development Division. In addition, NEC is ramping up research and development by deploying technologies outside the Company earlier and engaging external partners.

Our Global Innovation Business Unit brings together research and development functions to create new value demanded by society and customers, business development functions to deliver that value, and intellectual property strategy functions to generate and utilize valuable IP. By integrating capabilities in R&D, engineering, and business development, the unit drives innovative business creation through diverse, unconventional combinations of knowledge. It aims to create new social value through innovation with the ideas of seizing the future together with technology.

The unit also collaborates with other internal units, leveraging core technologies to accelerate commercialization efforts aimed at social value creation.

Additionally, NEC X, Inc., established in Silicon Valley, promotes open innovation by leveraging NEC's talent and technologies in collaboration with the local ecosystem, aiming to create impactful new businesses. We are also accelerating value creation and new business development through initiatives such as the joint venture BIRD INITIATIVE, Inc., a co-creative R&D project with seven companies from different industries, our Corporate Venture Capital (CVC) function, and business contests.

■ R&D Bases Tasked with Creating Social Value Globally

To generate research results globally, we have established R&D bases in North America, Europe, Singapore, China, India, and Israel, promoting research and development that leverages the unique advantages of each region.

NEC's R&D Bases

Innovation Management Policy

Under Mid-term Management Plan 2025, the NEC Group aims to realize growth by integrating its R&D capabilities, which continually generate cutting-edge technology, with business development capabilities. This integration strengthens the link between technology and business, converts technological prowess into customer value, and drives growth through global business focus (including Japan), transformation of our IT business in Japan, and the creation of the next core growth businesses.

Technology Development Strategy

The NEC Group 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. To realize this vision, we aim to develop technologies that will enhance our existing businesses, which are the core of our social value creation, and create advanced technologies for future businesses that can provide new value to society. Accelerating the commercialization of such technologies underpins the NEC Group's sustainable growth.

We have newly established the AI Technology Service Business Division to provide an integrated approach to research, product development, and business development related to generative AI, which is rapidly being implemented in society. This aims to significantly reduce the lead time for bringing cutting-edge new technologies to market.

■ Concentrated Investment in Strong Technology Areas

Our research and development efforts are centered on key technological areas like AI, security, and networks, in which we possess many world-class technologies. In the AI domain, we are enhancing technologies such as secure biometric authentication usable anytime, anywhere, multimodal foundational models that leverage strengths in image recognition to understand external environments in depth, and generative AI technologies that streamline customer operations with industry-leading speed and accuracy. By combining these technologies, we are developing Agentic AI (AI agents) that can operate autonomously in response to complex instructions and demands, contributing to overall optimization across organizations. In the security domain, we are working on automating security operations using AI and developing technologies to enhance the reliability of AI itself. In the network domain, we are pursuing research and development of technologies that ensure high reliability in application quality and real-time performance, working toward the realization of safe, secure, and efficient ICT infrastructure.

Furthermore, as part of our initiative to revolutionize scientific computing through AI, we are taking on the challenge of creating new business opportunities in AI-driven drug discovery with the development of high-speed simulation technologies, which aims to transform the drug development process.

Integrated Report Innovation: R&D and Business Development
Research and Development (R&D)
Accelerate Transformation with Responsible AI
Biometric Authentication

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Innovation Management

New Business Development Strategy

Since its founding, NEC has pursued sustainable growth by placing innovation at its core and creating social value. In 2013, we established a dedicated division for new business development and have since been working to create multifaceted value starting from social issues.

To accelerate these efforts, in February 2025, we systematized our open innovation functions and activities under the name "NEC Open Innovation". Positioned as a growth engine, our open innovation strategy on two fronts: the inbound model of incorporating external technologies and ideas, and the outbound model of sharing NEC's technologies and expertise to others. These approaches are driving the development of new businesses rooted in social issues.

Specifically, we are focusing on co-creation with a wide range of stakeholders, particularly in the fields of sustainability and marketing, to generate innovative businesses that have the potential to become NEC's core businesses.

NEC Open Innovation

Examples of Major Research Achievements Contributing to Increased Corporate Value

NEC develops Agentic AI to boost productivity through automation of advanced specialized tasks

NEC develops compact face and iris multimodal biometric authentication technology that can be deployed for a wide range of applications

NEC Announces Interim Results from Phase 1 Clinical Trial of NECVAX-NEO1, an AI-Driven Personalized Oral Cancer Vaccine, at ESMO Immuno-Oncology Congress 2024

Realizing rapid disaster situation assessment through satellite image analysis and LLM

Open Innovation

To balance social and corporate value, we are advancing an open innovation strategy known as NEC Open Innovation. This is a core framework that connects internal and external knowledge, technologies, and talent to continuously generate new businesses that address a range of social issues.

Key Functions of NEC Open Innovation

- Startup investment (e.g., NEC Orchestrating Future Fund):
  Strategic investments into startups to co-create new business opportunities and social value
- NEC Innovation Challenge:
  A business contest for global startups and entrepreneurs that creates opportunities for co-developing innovative ideas
- NEC X:
  NEC X, Inc. support early-stage startups and entrepreneurs by combining NEC's latest technologies with the Silicon Valley ecosystem
- Advanced Technology Consulting:
  Researchers support companies with digital transformation and advanced technology implementation, helping to realize social application of technology

NEC leverages these comprehensive open innovation capabilities to promote flexible and multifaceted co-creation both in and out of Japan. Backed by broad technological and business domains and a systematic knowledge and support framework, we aim to create new businesses that address pressing social issues.

NEC strengthens Open Innovation! Report on "NEC Open Innovation Night" with three announcements demonstrating its commitment

NEC Orchestrating Future Fund invests in Sakana AI to promote development of generative AI

NEC Innovation Challenge awards Canada's Prevu3D Inc. with the NEC Award and NOFF Award

NEC X & CARBIDE VENTURES PARTNER TO RAPIDLY ACCELERATE EARLY-STAGE STARTUPS

Save Mothers and Children in Ghana: NEC in a three-way cross-industry co-creation project to improve maternal and child health and nutrition

NEC and MARUKI SANGYO demonstrate efficient recycled plastic production using materials informatics

NEC Launches "BestMove," a Marketing Strategy Solution Leveraging Generative AI

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Intellectual Property Initiatives

■ Intellectual Property Management and Rule Making/Standardization Division: Strengthening NEC's Intellectual Property Capabilities

NEC's Intellectual Property Management and Rule Making/Standardization Division has established a framework to advance its intellectual property strategy by collaborating with IP managers in business units and Group companies, as well as with IP centers located at international sites, to develop and utilize a global IP portfolio. In addition, the division has established a structure to actively engage in rulemaking and provide policy recommendations to strategically utilize standards for expanding business opportunities through IP.

■ Intellectual Property Strategy

NEC is placing a particular focus on expanding its intellectual property in technology areas which will drive current growth, as well as create the next pillars of growth. IP is regarded as a vital management resource that supports business competitiveness, stability, and promotes co-creation. The company is working to apply IP in sales activities, strengthen its IP licensing activities, and expand and utilize design and trademark rights that support NEC brand. Through the use of IP, NEC promotes innovation and contributes to enhancing corporate value. NEC is also reinforcing its global governance framework to manage IP risks across the entire NEC Group.

■ Standardization Strategy

NEC strategically promotes standardization activities that enhance the social acceptance and spread of advanced technologies, thereby expanding business opportunities. In key technology fields such as AI, biometric authentication, information and communications, and quantum computing, NEC takes on key leadership roles in the industry, such as chairing standardization committees and playing a leading role in both Japanese and international standardization efforts. The company is also working to increase and utilize standard-related patents to further strengthen its business.

• Examples of Initiatives to Promote Standardization Activities

At the World Telecommunication Standardization Assembly (WTSA-24) held in New Delhi, India in October 2024 held by the International Telecommunication Union (ITU) Telecommunication Standardization Sector (ITU-T), NEC's Miho Naganuma and Toru Yamada were appointed vice-chairs of the Telecommunication Standardization Advisory Group (TSAG) and Study Group 20 (SG20), respectively, for the 2025-2028 study period. Through these standardization activities, NEC contributes to the development of global standards and the resolution of issues aimed towards creating more open standardization processes.

■ Policy Declaration Activities Related to Intellectual Property

Several NEC members serve in various government-related IP positions, contributing to the advancement of Japan's intellectual property policies.

- Endo Nobuhiro, Special Advisor: Member of the Expert Panel of the Intellectual Property Strategy Headquarters, Committee Member of the Vision Committee, Chair of the International Standards Strategy Subcommittee, and Chair of both the Japanese Industrial Standards Committee and the Information Communications Council
- Wada Shigeki, Corporate SVP: Committee Member of the Intellectual Property Subcommittee of the Industrial Structure Council and Member of the JPO Policy Promotion Roundtable
- Imoto Fumio, Head of Intellectual Property Management and Rule Making/Standardization Division: Committee Member of the Patent System Subcommittee under the Intellectual Property Subcommittee of the Industrial Structure Council

■ Results and Achievements Related to Intellectual Property Activities

- NEC received the Top 100 Global Innovator Award for the 14th consecutive year from Clarivate Analytics (only 16 companies worldwide have achieved this feat).
- NEC named among the 2024 Asia IP Elite by Intellectual Asset Management (IAM), an intellectual property media platform run by Law Business Research Limited

NEC named among IAM's 2024 Asia IP Elite

- As part of its support for startups tackling social issues, NEC has transferred one patent each to three companies through the Piece Future's IP Hatch program.

Additionally, NEC transferred one patent to a startup working to advance decarbonization and improve quality of life by analyzing electricity data using AI.

NEC Supports U.S.-based Startup Addressing Rare Disease Monitoring with Patent Transfer

NEC Facilitates the Global Expansion of a Startup Focusing on the Advanced Use of Energy-Related Data Through Intellectual Property Transfer

For more information on NEC's intellectual property activities, please see below.

Intellectual Property

R&D Expenses and Number of Patents Held

• R&D Expenses

Investments in research and development are concentrated in key business areas and also include collaborations with external research institutions. R&D expenses for fiscal year 2025 totaled 99.2 billion yen.

• Number of Patents Held

NEC is working to enhance the value of its entire patent portfolio by conducting activities aimed at increasing the ratio of high-quality patents, acquiring new patents, and regularly reviewing and managing the portfolio in order to make certain that the appropriate number of patents in the appropriate jurisdictions are maintained according to the company's utilization policy.

The NEC Group held approximately 43,000 patents as of fiscal year 2025.

■ Emphasis on Focus Areas (Proportion in Focus Areas)

Applications[1]: 45% of all applications (end of FY2018) → 80% (end of FY2025)

Patents held[2]: 44% of total patents held (end of FY2018) → 66% (end of FY2025)

1. Includes NEC Group's applications in Japan and direct PCT applications
2. Includes all patents held by the NEC Group

Number of patents registered in Japan (by field)[3]: Computer technology - 579 (Ranked 1st)

Number of patents registered in Japan (by field)[3]: Digital communications - 329 (Ranked 3rd)

Number of patents registered in Japan (by field)[3]: Business methods - 213 (Ranked 3rd)

3. Number of patents registered in 2023. Source: 2024 Annual Report on Patent Administration. Fields are defined by the Japan Patent Office.

Number of Patents Held (Data Collection)

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1. Corporate Governance

		2022	2023	2024	2025
Number of directors[1] (Of whom, executing persons[2]) (As of July 1, 2023, and as of June 30 for each year)	Total	10 (4)	12 (3)	13 (3)	11 (2)
	Male	8 (4)	10 (3)	10 (3)	8 (2)
	Female	2 (0)	2 (0)	3 (0)	3 (0)
Number of independent outside directors (Ratio[3]) (As of July 1, 2023, and as of June 30 for each year)		5 (50.0%)	7 (58.3%)	8 (61.5%)	8 (72.7%)
Number of non-Japanese directors (Ratio[3]) (As of July 1, 2023, and as of June 30 for each year)	Total	1 (10.0%)	1 (8.3%)	1 (7.7%)	0 (0.0%)
	Male	0	0	0	0
	Female	1	1	1	0
Number of executive officers (As of July 1, 2023, and as of June 30 for each year)	Total	–	21	20	19
	Male	–	19	18	18
	Female	–	2	2	1

1. Numbers through 2024 are the same as for April 1 of the following year, as there were no appointments or dismissals during the term of office.
2. Number of corporate officers through 2022. Number of executive officers from 2023. (As a result of the transition to a company with a Nominating Committee, etc. in July 2023, corporate officer positions were abolished and executive officer positions were newly established.)
3. Ratio to total directors.

		2022		2023		2024		2025	
			As of June 30		As of July 1		As of June 30		As of June 30
Number of officers who are corporate SVPs or above[4] (Of whom, non-Japanese officers) (As of April 1 of each year, unless otherwise noted)	Total	43 (0)	42 (0)	50 (2)	50 (2)	48 (2)	49 (2)	47 (4)	47 (4)
	Male	41 (0)	40 (0)	46 (2)	45 (2)	43 (2)	44 (2)	41 (3)	41 (3)
	Female	2 (0)	2 (0)	4 (0)	5 (0)	5 (0)	5 (0)	6 (1)	6 (1)

4. Number of corporate officers through 2022. Number of executive directors, corporate SEVPs, corporate EVPs and corporate SVPs as of April 1, 2023. Number of executive officers, corporate SEVPs, corporate EVPs and corporate SVPs from July 1, 2023.

As a result of the transition to a company with a Nominating Committee, etc. since the June 2023 Ordinary General Meeting of Shareholders, the Company no longer has Audit & Supervisory Board members (KANSAYAKU).

		2022	2023
		As of June 30	As of April 1
Number of Audit & Supervisory Board members (KANSAYAKU) (Of whom, non-Japanese members)	Total	5 (0)	5 (0)
	Male	4 (0)	4 (0)
	Female	1 (0)	1 (0)

	2022		2023		2024		2025	
		As of June 30		As of July 1		As of June 30		As of June 30
Ratio of female and non-Japanese to all officers[5, 6] (As of April 1 of each year, unless otherwise noted)	9.1%	9.4%	14.8%	15.3%	15.8%	16.9%	20.0%	20.7%

5. As of April 1 and June 30, 2022, directors, Audit & Supervisory Board members (KANSAYAKU), corporate officers.
As of April 1, 2023, directors, Audit & Supervisory Board members (KANSAYAKU), corporate officers, corporate SEVPs, corporate EVPs and corporate SVPs.
From July 1, 2023, directors, executive officers, corporate SEVPs, corporate EVPs and corporate SVPs.
6. Under Mid-term Management Plan 2025, we have designated this figure as a KPI and set a target of increasing it to 20% by the end of fiscal year 2026 (including appointments already approved to take effect on April 1, 2026). This KPI was "Ratio of female or non-Japanese to directors, Audit & Supervisory Board members (KANSAYAKU), and corporate officers" in 2022, but the name of the KPI has changed to reflect the transition to a company with a Nominating Committee, etc.
From 2023, figures for April 1 have been assured by KPMG AZSA Sustainability Co., Ltd. as an independent third party.

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3. Compliance

		FY2022	FY2023	FY2024
Number of Compliance Hotline consultations	NEC Corporation	62	109	58
Number of HR Hotline consultations and reports[7]	NEC Corporation and consolidated subsidiaries in Japan	169	109	184
Human rights (discrimination and harassment) Total		—	—	109
Violation of laws or company regulations		—	—	20
Severe warning		—	—	9
Disciplinary action[8]		—	—	11
No violation and other		—	—	89
Labour and other[9] Total		—	—	75
Violation of laws or company regulations		—	—	8
Severe warning		—	—	6
Disciplinary action		—	—	2
No violation and other		—	—	67

7. Reports regarding issues such as harassment were integrated into the HR Hotline since fiscal year 2024.
8. Disciplinary action: Includes reprimands, suspension, demotion, and dismissal; includes cases in which enforcement will take place in the following fiscal year or later.
9. Labour and other: Includes long working hours, workplace accidents, and attendance management.

		FY2025
Number of hotline consultations and reports[10]	NEC Corporation and consolidated subsidiaries in Japan, and their business partners	230
Compliance Total		27
Violation of laws or company regulations		2
Severe warning		2
Disciplinary action		0
No violation and other		25
Human rights (discrimination and harassment) Total		150
Violation of laws or company regulations		43
Severe warning		34
Disciplinary action		9
No violation and other		107
Labour and other Total		53
Violation of laws or company regulations		6
Severe warning		4
Disciplinary action		2
No violation and other		47

10. Number of hotline consultations and reports: Total for Compliance Hotline, HR Hotline and NEC Compliance & Integrity Hotline. Cases involving a combination of compliance, human rights, and labour and other matters are tabulated according to the matter of greater severity.

		FY2022	FY2023	FY2024	FY2025
Compliance training completion rate	NEC Corporation	99.0%	98.4%	99.1%	99.3%
	Consolidated subsidiaries in Japan	98.5%	97.6%	97.4%	96.9%
	Consolidated subsidiaries outside Japan	—	—	96.1%	94.2%
Major contributions to political organizations[11] (People's Political Association) (million yen)		15	18	18	18

11. NEC makes donations to political organizations, giving due consideration to necessity and appropriateness, as well as complying with relevant laws and ensuring transparency.
In addition, major contributions to sustainability-related organizations include 40,000 US dollars to BSR and 1.55 million yen to the UNGC.

4. Supply Chain Management

		FY2022	FY2023	FY2024	FY2025
Number of suppliers that responded to document check/ Number of companies targeted[12]	Number of responding companies	956	1,009	1,194	1,501
	Number of companies targeted	1,015	1,081	1,294	1,686
Number of Supplier Visit Records (SVRs)		79	67	120	93
Number of suppliers whose information security measures were inspected	On-site assessment[13]	100	202	330	350
	Document check	1,779	1,785	1,766	1,838
Number of suppliers that attended the Sustainability/Information Security Sessions		1,792	1,777	1,770	1,839
Percentage of suppliers agreeing to procurement guidelines[14]		80%	83%	86%	87%
Number of suppliers (people) that attended the exchange meetings with strategic supply chain partners		194 (426)	204 (418)	202 (398)	202 (388)
Number of Compliance Hotline consultations related to procurement issues		6	7	6	6

12. Total number of companies that were requested to and responded to at least one of the following: Sustainable Procurement Self-assessment or Survey on Decarbonization and Natural Capital Initiatives.
13. Some assessments were conducted online.
14. Percentage based on the total consolidated procurement amount.

5. Innovation Management

		FY2022	FY2023	FY2024	FY2025
R&D expenses (billion yen)	NEC Group	126.3	121.4	115.8	99.2
Number of patents held	NEC Group	Approx. 45,000	Approx. 42,000	Approx. 41,000	Approx. 43,000

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Third-party Assurance GRI 2-5

The environmental and social data presented on the NEC ESG Databook 2025 web page (https://www.nec.com/en/global/sustainability/guidelines/data.html) has received third-party assurance.
The Certificate of Assurance is available below.

Certificate of Assurance

External Ratings and Evaluations

NEC is included in world-renowned Environmental, Social, and Governance (ESG) indices. NEC has also received recognition from various ministries and organizations for its ESG initiatives (as of July 2025).

Dow Jones Best-in-Class Indices (World, Asia Pacific)

Dow Jones Best-in-Class Indices

ISS ESG Corporate Rating

ISS ESG Corporate Rating

MSCI ESG Leaders Indexes

MSCI ESG Leaders Indexes

Euronext Vigeo World 120

Half-year review Euronext Vigeo Eiris ESG indices

FTSE4Good Index Series

FTSE4Good Index Series

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

NEC has been included on the "A List" for both Climate Change and Water Security for six years in a row. Furthermore, NEC has been listed as a "Supplier Engagement Leader" in the Supplier Engagement Rating on climate issues for five consecutive years.

CDP

EcoVadis

NEC has been awarded the "Gold" sustainability ranking every year since 2012, placing the Company among the top 5% of companies assessed by EcoVadis. Since 2020, we have been awarded the "Platinum" ranking, which places NEC among the top 1% of companies assessed worldwide.

EcoVadis

NEC has received the following external recognition for its work environment:

"L-boshi" Certification

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

KENKO Investment for Health

NEC Corporation was included in the KENKO Investment for Health by Japan's Ministry of Economy, Trade and Industry for the first time in 2022.

NEC Awarded "Gold" in PRIDE Index 2024

The PRIDE Index is an evaluation system established by work with Pride Association in Japan. NEC received the highest rating of "Gold" in PRIDE Index 2024.

Next-generation Support Certification Mark "Platinum Kurumin"

A certification system by the Ministry of Health, Labour and Welfare. Having already received "Kurumin" certification in 2018, NEC Corporation has been recognized with "Platinum Kurumin" certification as a company that has made significant progress in implementing and promoting work-life balance support systems at a high level.

Outstanding Organizations of KENKO Investment for Health

A certification system by the Ministry of Economy, Trade and Industry. As a particularly outstanding company among the Outstanding Organizations of KENKO Investment for Health in 2025, NEC Corporation has been recognized as a member of the White 500.

Sports Yell Company

In 2017, the Japan Sports Agency established a certification system to support companies that are actively promoting measures to improve employees' health through sports. NEC received certification in 2017, 2021 and 2023.

Other External Evaluations

Main Awards and Accreditation for Corporate Citizenship Activities

Environmental Ratings by External Organizations (Latest Rating/Ranking)

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Comparison Table: GRI Standards

NEC has reported the information listed in this GRI Content Index for the period from April 1, 2024, to March 31, 2025, with reference to the GRI Standards.
For more details: https://www.globalreporting.org/

	ID	Required reporting item	Corresponding data
GRI 1: Foundation 2021 (GRI 1 does not include disclosures)			
General Disclosures			
GRI 2: General Disclosures 2021	**1. Organizational profile**		
	2-1	Organizational details	About NEC > Corporate Profile > Profile Corporate Profile>NEC Worldwide
	2-2	Entities included in the organization's sustainable reporting	Annual Securities Report (Japanese language only) About NEC > Corporate Profile > NEC Worldwide
	2-3	Reporting period, frequency and contact point	About NEC > Sustainability > Information Disclosure Policy
	2-4	Restatements of information	No change from previous report
	2-5	External assurance	Third-party Assurance
	2. Activities and workers		
	2-6	Activities, value chain and other business relationships	Management for Sustainability
	2-7	Employees	Data Collection (Social)
	2-8	Workers who are not employees	-
	3. Governance		
	2-9	Governance structure and composition	Corporate Governance
	2-10	Nomination and selection of the highest governance body	Corporate Governance
	2-11	Chair of the highest governance body	Corporate Governance About NEC > Corporate Profile >Management
	2-12	Role of the highest governance body in overseeing the management of impacts	Management for Sustainability
	2-13	Delegation of responsibility for managing impacts	Management for Sustainability
	2-14	Role of the highest governance body in sustainability reporting	Management for Sustainability
	2-15	Conflicts of interest	Compliance Corporate Governance Report
	2-16	Communication of critical concerns	Risk Management Compliance
	2-17	Collective knowledge of the highestgovernance body	Management for Sustainability
	2-18	Evaluation of the performance of the highest governance body	Management for Sustainability Corporate Governance Report
	2-19	Remuneration policies	About NEC > Corporate Profile > Corporate Governance > Management > Remuneration for Directors and Executive Officers
	2-20	Process to determine remuneration	About NEC > Corporate Profile > Corporate Governance > Management > Remuneration for Directors and Executive Officers
	2-21	Annual total compensation ratio	-

	ID	Required reporting item	Corresponding data
GRI 2: Disclosures 2021	**4. Strategy, policies and practices**		
	2-22	Statement on sustainable development strategy	About NEC > Sustainability > Message from the President and CEO Management for Sustainability
	2-23	Policy commitments	NEC Group Human Rights Policy Respect for Human Rights
	2-24	Embedding policy commitments	Respect for Human Rights
	2-25	Processes to remediate negative impacts	Respect for Human Rights
	2-26	Mechanisms for seeking advice and raisingconcerns	Respect for Human Rights Risk Management Compliance
	2-27	Compliance with laws and regulations	Compliance
	2-28	Membership associations	Management for Sustainability
	5. Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Management for Sustainability Respect for Human Rights
	2-30	Collective bargaining agreements	Annual Securities Report (Japanese language only) Hiring, Retention, and Compensation
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Management for Sustainability
	3-2	List of material topics	Management for Sustainability
	3-3	Management of material topics	Management for Sustainability
200: Economic			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated anddistributed	Investor Relations > Financial Documents
	201-2	Financial implications and other risks andopportunities due to climate change	Climate Change Countermeasures
	201-3	Defined benefit plan obligations and otherretirement plans	Annual Securities Report (Japanese language only)
	201-4	Financial assistance received from government	-
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Corporate Citizenship Activities
	203-2	Significant indirect economic impacts	NEC actions to achieve SDGs
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	-

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	ID	Required reporting item	Corresponding data
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Compliance
	205-2	Communication and training about anticorruption policies and procedures	Compliance Supply Chain Management
	205-3	Confirmed incidents of corruption and actions taken	Compliance
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance
GRI 207: Tax 2019	207-1	Approach to tax	Compliance
	207-2	Tax governance, control and risk management	Compliance
	207-3	Stakeholder engagement and management concerns related to tax	Compliance
	207-4	Country-by-country reporting	Compliance
300: Environment			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Overview of Environmental Impact
	301-2	Recycled input materials used	Overview of Environmental Impact
	301-3	Reclaimed products and their packaging materials	Overview of Environmental Impact
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Overview of Environmental Impact Environmental Data
	302-2	Energy consumption outside of the organization	Overview of Environmental Impact Environmental Data
	302-3	Energy intensity	-
	302-4	Reduction of energy consumption	Overview of Environmental Impact Environmental Data
	302-5	Reductions in energy requirements of products and services	-
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Resource Management
	303-2	Management of water discharge-related impacts	Pollution Prevention and Chemical Substance Management Water Resource Management
	303-3	Water withdrawal	Overview of Environmental Impact Environmental Data
	303-4	Water discharge	Overview of Environmental Impact Environmental Data
	303-5	Water consumption	Overview of Environmental Impact Environmental Data
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity and Ecosystems
	304-2	Significant impacts of activities, products, and services on biodiversity	Natural Capital (TNFD) Biodiversity and Ecosystems
	304-3	Habitats protected or restored	Biodiversity and Ecosystems
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity and Ecosystems

	ID	Required reporting item	Corresponding data
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Management Overview of Environmental Impact Environmental Data Climate Change Countermeasures
	305-2	Indirect (Scope 2) GHG emissions	Environmental Management Overview of Environmental Impact Environmental Data Climate Change Countermeasures
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Management Overview of Environmental Impact Environmental Data Climate Change Countermeasures
	305-4	GHG emissions intensity	-
	305-5	Reduction of GHG emissions	Environmental Management Overview of Environmental Impact Environmental Data
	305-6	Emissions of ozone-depleting substances (ODS)	Pollution Prevention and Chemical Substance Management
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx),and other significant air emissions	Environmental Management
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Management Pollution Prevention and Chemical Substance Management
	306-2	Management of significant waste-related impacts	Pollution Prevention and Chemical Substance Management Resource Circulation and the Circular Economy
	306-3	Waste generated	Overview of Environmental Impact Environmental Data
	306-4	Waste diverted from disposal	-
	306-5	Waste directed to disposal	Overview of Environmental Impact Environmental Data
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management
400: Social			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Hiring, Retention, and Compensation
	401-2	Benefits provided to full-time employees that are not provided to temporary or part–time employees	-
	401-3	Parental leave	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-

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	ID	Required reporting item	Corresponding data
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-3	Occupational health services	-
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-5	Worker training on occupational health and safety	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-6	Promotion of worker health	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Quality and Safety
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-9	Work-related injuries	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	403-10	Work-related ill health	Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Human Resource Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Inclusion and Diversity Corporate Governance
	405-2	Ratio of basic salary and remuneration of women to men	Hiring, Retention, and Compensation
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Respect for Human Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	-
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	NEC Group Modern Slavery and Human Trafficking Statement

	ID	Required reporting item	Corresponding data
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Excluded – not a materiality
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Excluded – not a materiality
GRI412: Human Rights Assessments 2016	412-1	Business locations that have been subject to human rights reviews or impact assessments	Respect for Human Rights
	412-2	Employee training on human rights policies and procedures	Respect for Human Rights
	412-3	Significant investment agreements and contracts that include human rights clauses or have undergone human rights screening-	-
GRI 413: LocalCommunities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Excluded – not a materiality
	413-2	Operations with significant actual and potential negative impacts on local communities	Excluded – not a materiality
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management
GRI 415: Public Policy 2016	415-1	Political contributions	Compliance
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Excluded – not a materiality
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Excluded – not a materiality
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Excluded – not a materiality
	417-2	Incidents of non-compliance concerning product and service information and labeling	Excluded – not a materiality
	417-3	Incidents of non-compliance concerning marketing communications	Excluded – not a materiality
GRI 418: CustomerPrivacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Personal Information Protection and Privacy

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Comparison Table: UN Global Compact

		UN Global Compact Principles	Corresponding data
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Respect for Human Rights AI and Human Rights Supply Chain Management
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Respect for Human Rights Hiring, Retention, and Compensation
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	
	Principle 5	Businesses should uphold the effective abolition of child labour.	
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	

		UN Global Compact Principles	Corresponding data
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	Environmental Management
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Risk Management Compliance

Comparison Table: SASB Standards

The table below compares the SASB sustainability disclosure topics, accounting metrics and activity metrics with NEC's sustainability initiatives.

Disclosure topic	Accounting metric	Code	Corresponding data
Environmental evaluation indicators for hardware infrastructure	(1) Total energy consumed (2) Percentage of grid electricity (3) Percentage of renewable energy	TC-SI-130a.1	Overview of Environmental Impact Environmental Data
	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Overview of Environmental Impact Environmental Data
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Climate Change Countermeasures
Data Privacy &Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Personal Information Protection and Privacy Customer Relationship Management
	Number of users whose information is used for secondary purposes	TC-SI-220a.2	-
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Personal Information Protection and Privacy
	(1) Number of law enforcement requests for user information (2) Number of users whose information was requested (3) Percentage resulting in disclosure	TC-SI-220a.4	Personal Information Protection and Privacy
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	-
Data Security	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of users affected	TC-SI-230a.1	Personal Information Protection and Privacy
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	Information Security and Cybersecurity Cybersecurity Management Report

Disclosure topic	Accounting	Code	Corresponding data
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1	Data Collection (Social)
	Employee engagement as a percentage	TC-SI-330a.2	Data Collection (Social)
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.3	Data Collection (Social)
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TC-SI-520a.1	Compliance
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	Risk Management

Activity Metrics

Activity metric	Code	Corresponding data
(1) Number of licenses or subscriptions (2) Percentage of cloud-based	TC-SI-000.A	-
(1) Data processing capacity (2) Percentage of outsourced	TC-SI-000.B	-
(1) Amount of data storage (2) Percentage of outsourced	TC-SI-000.C	-

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  - **SASB Standards**
  - ISO 26000

Comparison Table

Comparison Table: ISO 26000

At NEC, departments that carry out functions related to each sustainability issue are in charge of promoting initiatives related to those issues.
While referencing the core subjects of ISO 26000 (organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development), the Company works to evaluate the importance of its own sustainability issues and make improvements.

Core subject	Issue	Corresponding data
Organizational Governance	1. Organizational Governance	Management for Sustainability
Human Rights	1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work	Respect for Human Rights Inclusion and Diversity Hiring, Retention, and Compensation AI and Human Rights Supply Chain Management
Labour Practices	1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace	Inclusion and Diversity Hiring, Retention, and Compensation Human Resource Development Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
Environment	1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats	Climate Change Countermeasures Pollution Prevention and Chemical Substance Management Biodiversity and Ecosystems Resource Circulation and the Circular Economy
Fair Operating Practices	1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights	Risk Management Compliance Supply Chain Management Innovation Management
Consumer Issues	1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness	Respect for Human Rights AI and Human Rights Personal Information Protection and Privacy Customer Relationship Management Quality and Safety
Community Involvement and Development	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Dialogue and Co-creation with Our Stakeholders Occupational Health and Safety, Health and Productivity Management, Work-Life Balance Corporate Citizenship Activities

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NEC

\Orchestrating a brighter world

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