

ESG Initiatives in NEC's Purpose-Driven Management

March 29, 2023

Osamu Fujikawa

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

\Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Purpose

\Orchestrating a brighter world

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Strategy

EBITDA Growth Rate Annual Average: 9%

NEC's Growth Model

**"Maximizing long-term profit"
and "Optimizing short-term profit"**

**Non-financial measurement methodologies to
underpin sustainable growth**

Culture

Engagement Score: 50%

Transformation of people and culture

Establishment of business infrastructure

**Creating shared vision for a brighter future with
customers**

Continued inclusion in major ESG indices

Dow Jones Sustainability indices (World, Asia Pacific)

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

FTSE4Good Index Series



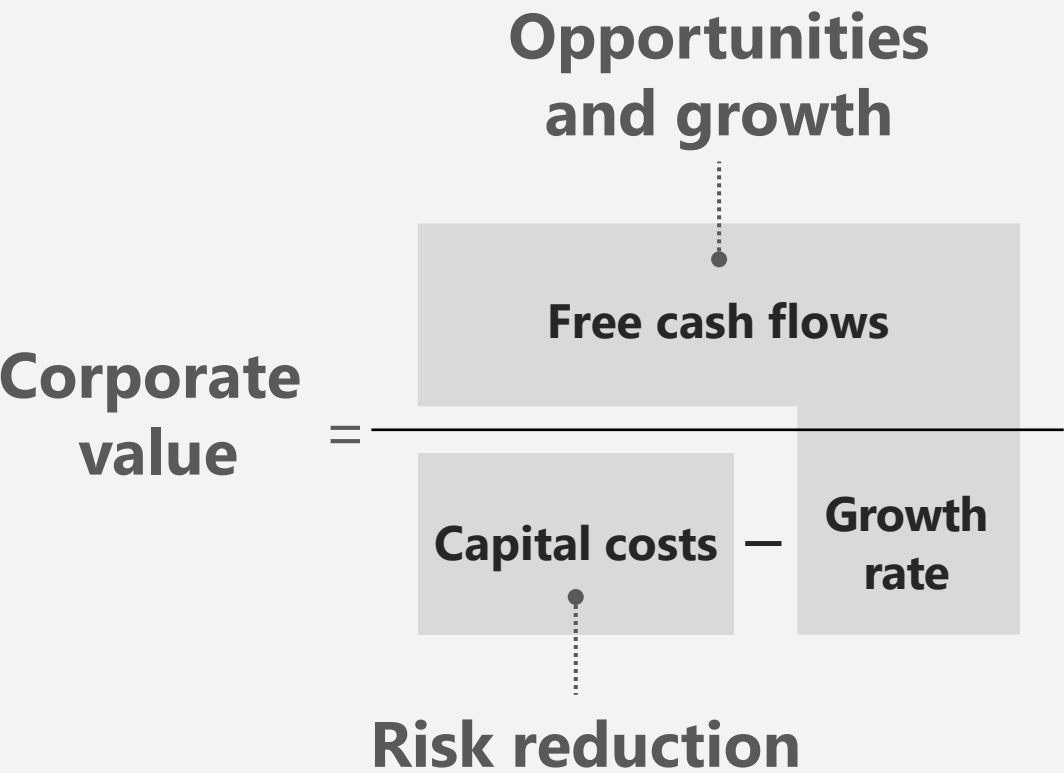
FTSE4Good

CDP



*As of March 2023

Role of growth businesses and non-financial base in enhancing corporate value



Growth businesses in the Mid-term Management Plan 2025

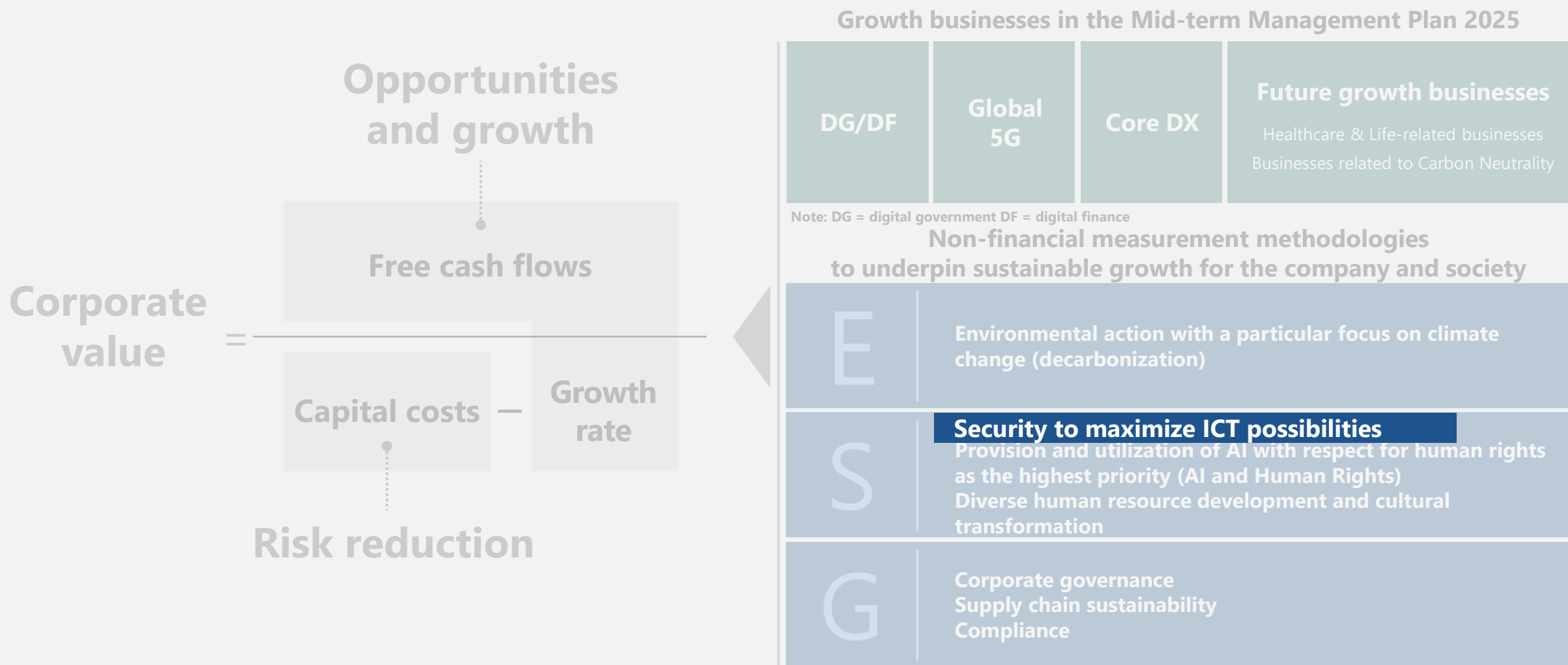
DG/DF	Global 5G	Core DX	Future growth businesses
			Healthcare & Life-related businesses Businesses related to Carbon Neutrality

Note: DG = digital government DF = digital finance

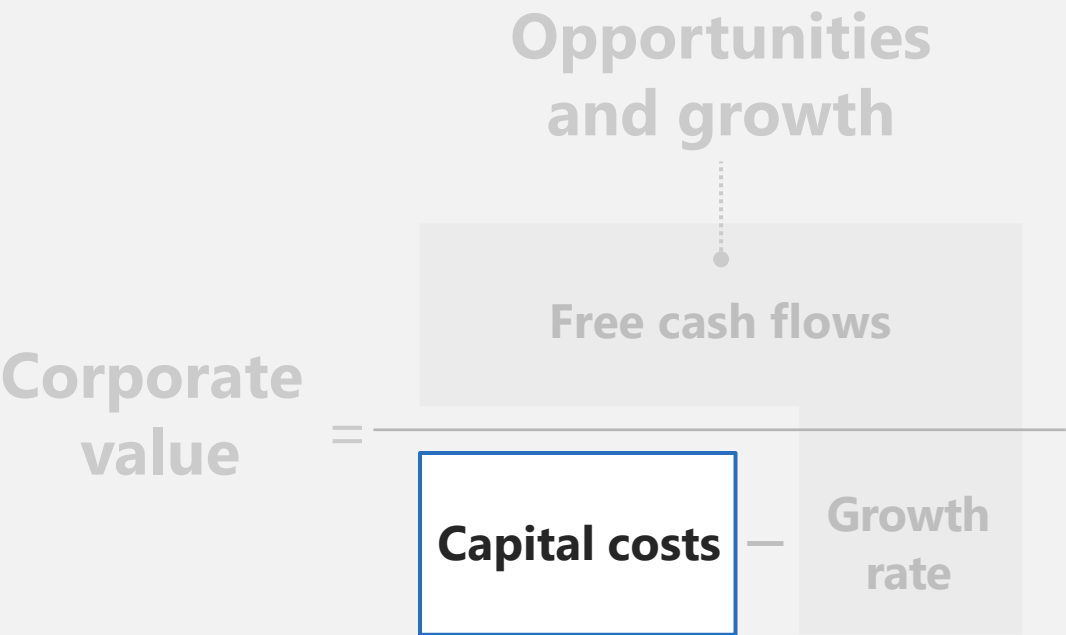
Non-financial measurement methodologies to underpin sustainable growth for the company and society

E	Environmental action with a particular focus on climate change (decarbonization)
S	Security to maximize ICT possibilities Provision and utilization of AI with respect for human rights as the highest priority (AI and Human Rights) Diverse human resource development and cultural transformation
G	Corporate governance Supply chain sustainability Compliance

Role of growth businesses and non-financial base in enhancing corporate value



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NEC itself as testing ground for advanced security

Growth businesses in the Mid-term Management Plan 2025

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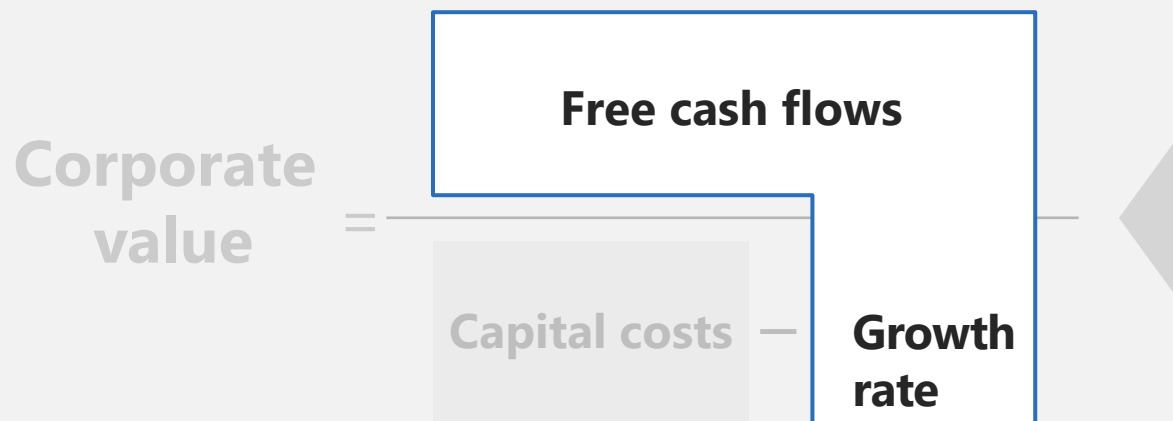
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Role of growth businesses and non-financial base in enhancing corporate value

Offer customers NEC's strengths
in security



Contribute to solving the social issues
of increased security risks

Growth businesses in the Mid-term Management Plan 2025

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E: Leverage our strengths to raise funds

Financing by taking advantage of high external ratings of environmental risk practices

Sustainability Performance Targets (SPTs)

CDP'S prestigious "A List" four years in a row



Scope 1 and 2 promoted to achieve SBT 1.5°C

Scope 1 and 2

SBT1.5°C
Certified



55% reduction

471
kt

327
kt

312
kt

273
kt

214
kt

2017

2020

2025

2027

2030

(Fiscal 2018)

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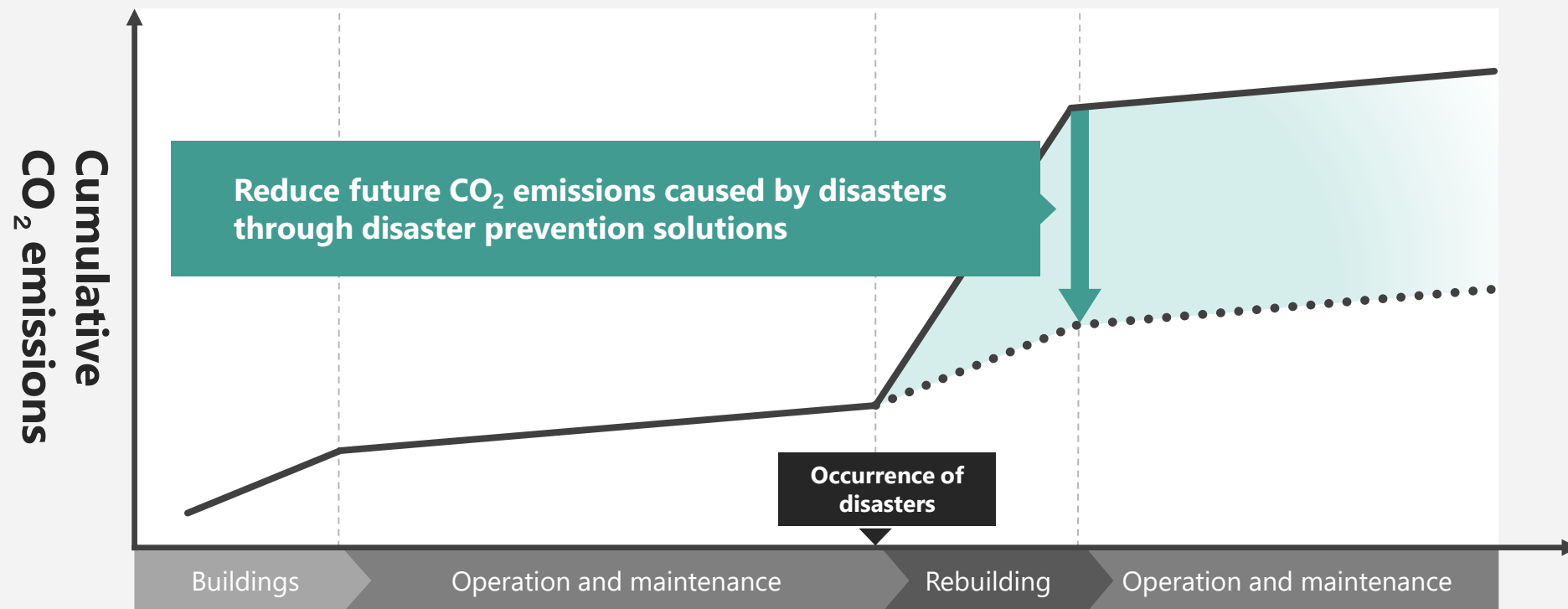
In July 2022, NEC issued its first sustainability-linked bonds

110 billion yen raised

Through issuance of three maturities for 5, 7, and 10 years

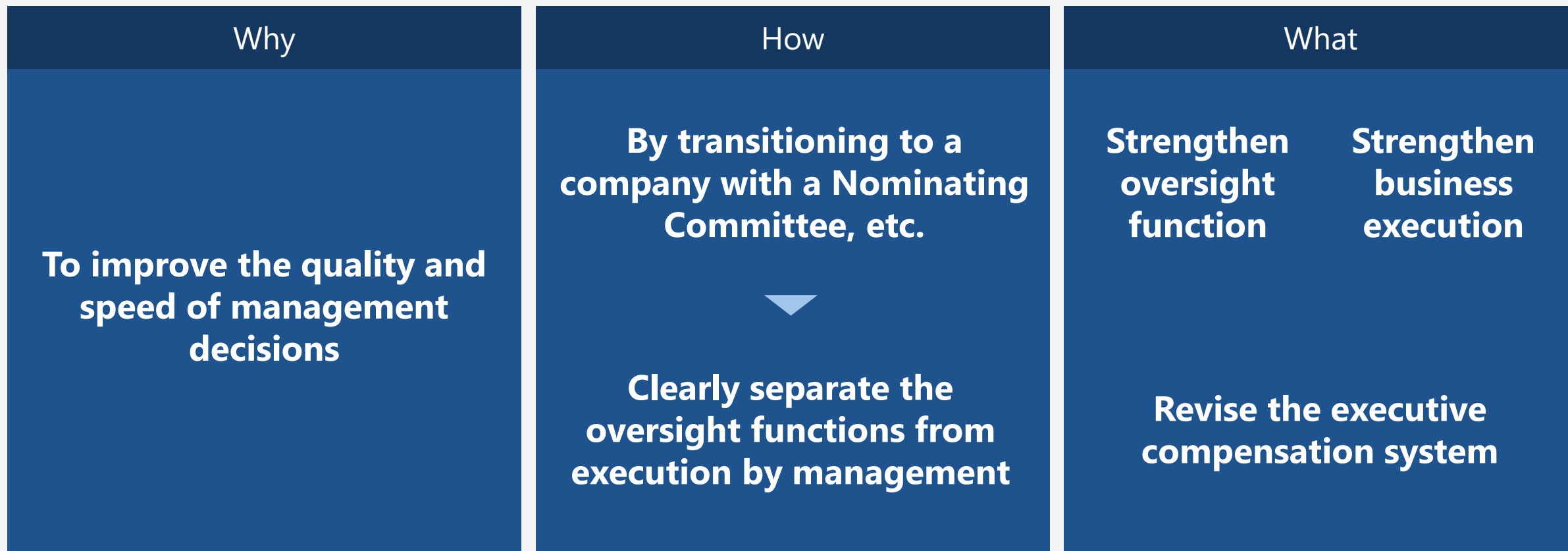
Contribute to carbon neutrality through disaster prevention and maintenance

Reduce CO₂ emissions from the destruction and rebuilding of the natural environment, infrastructure, and buildings after a natural disaster strikes, which accounts for more than **10%** of global emissions

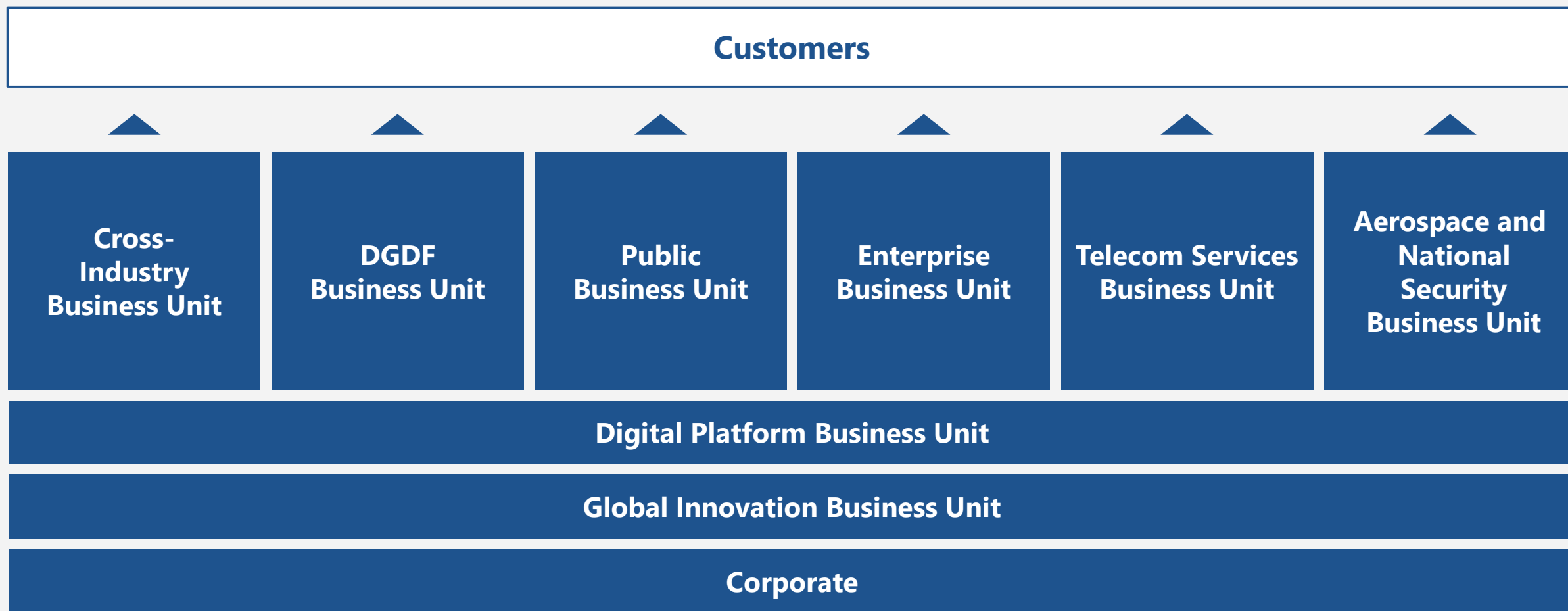


Build a governance system that corresponds to global standards

Corporate governance reform

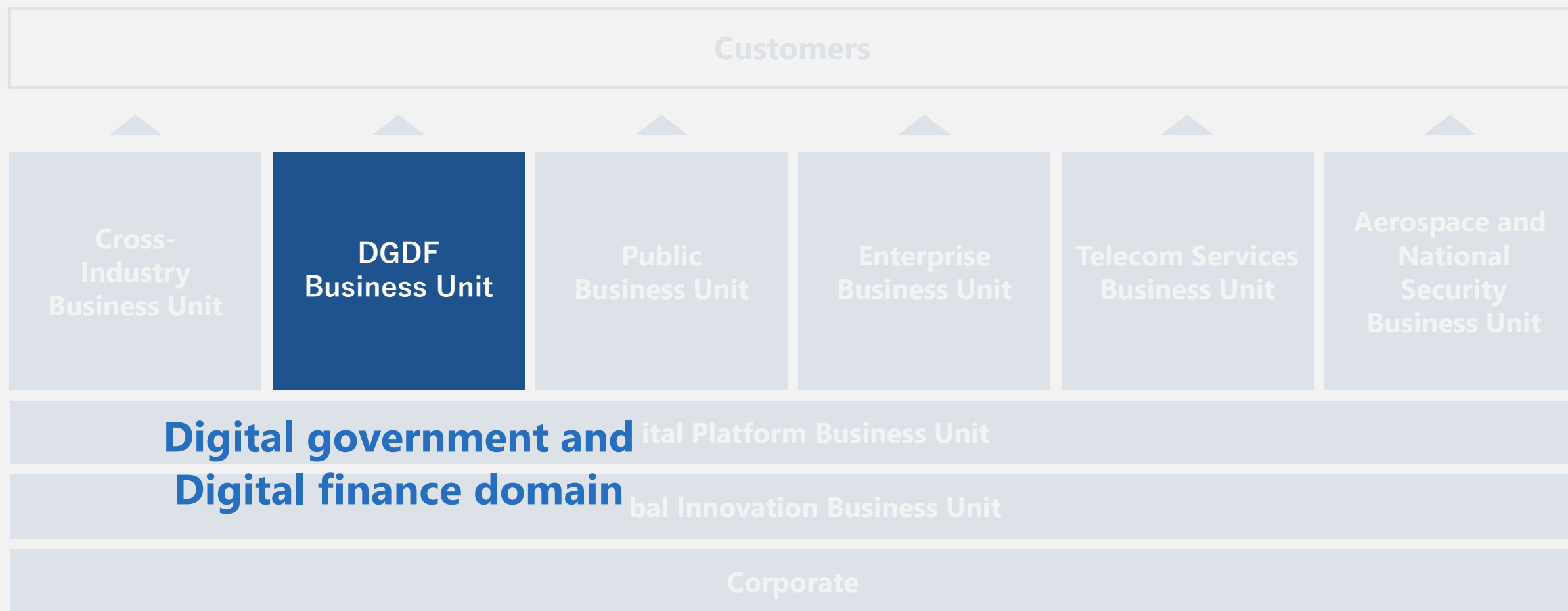


Accelerate implementation of strategies by clarifying the organizations driving growth businesses and unifying the product and service functions of the DX business



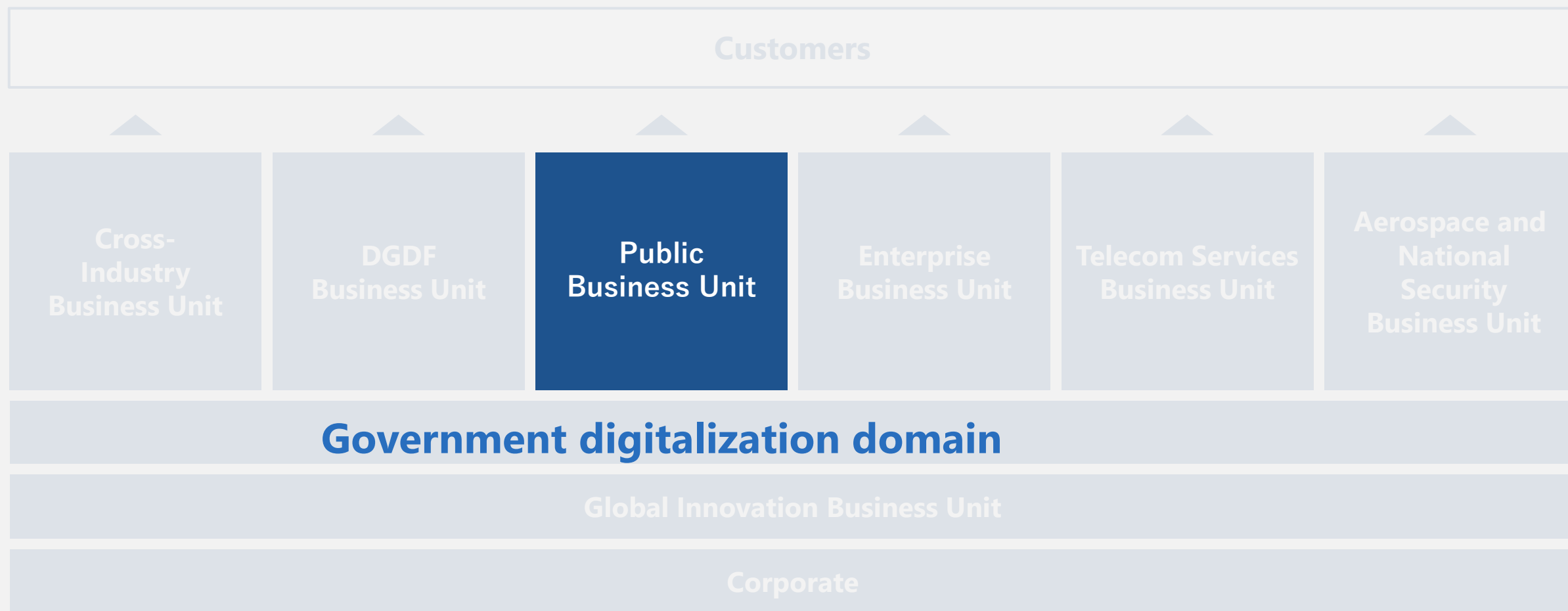
*From April 1, 2023

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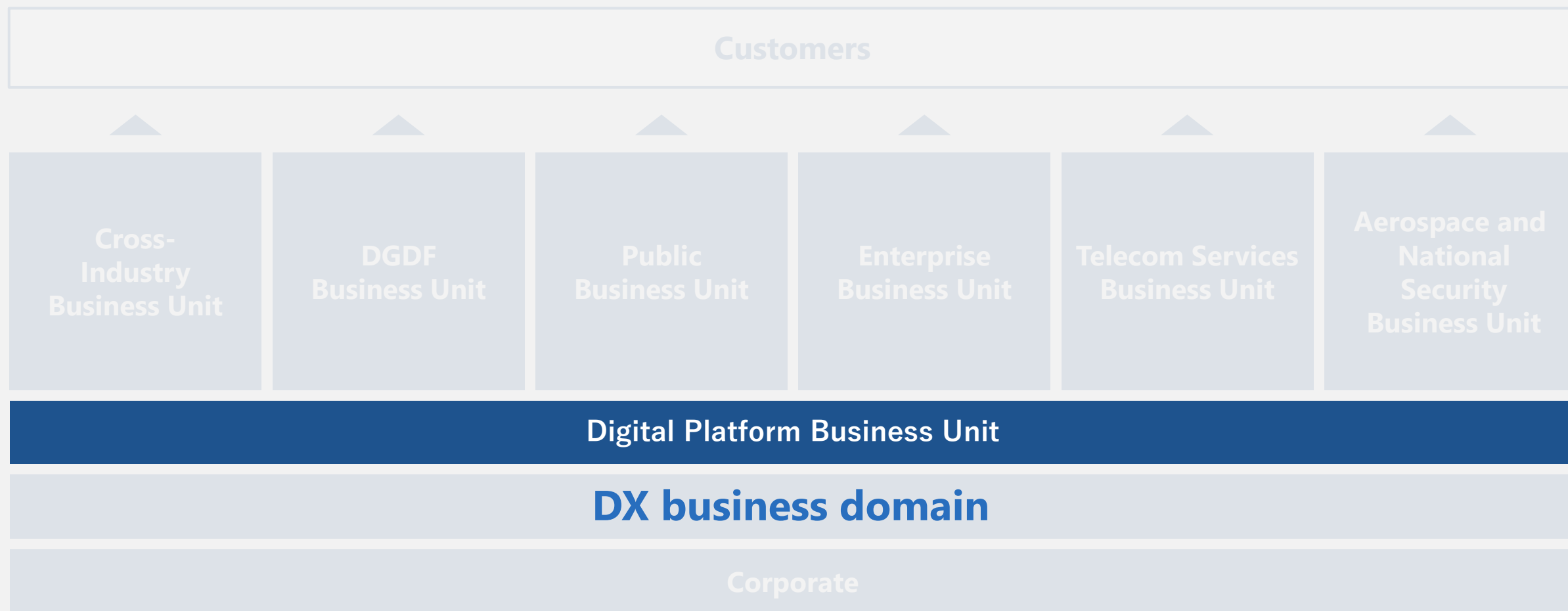
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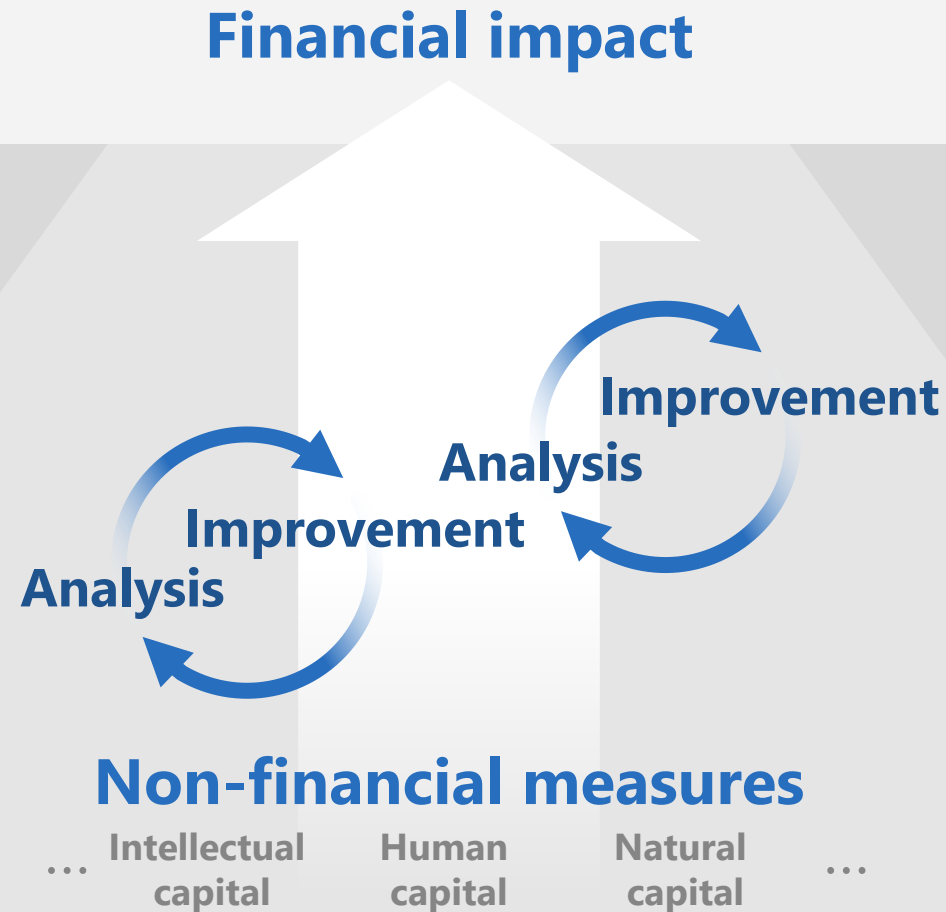
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Accelerate implementation of strategies by clarifying the organizations driving growth businesses and unifying the product and service functions of the DX business



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Continuous improvement of non-financial measures to maximize financial impact



Identify non-financial factors that are effective in improving the target engagement score in the Mid-term Management Plan 2025

What we learned
last year

In the price-to-book ratio (PBR) analysis, indicators related to human capital correlated with improved financial indicators

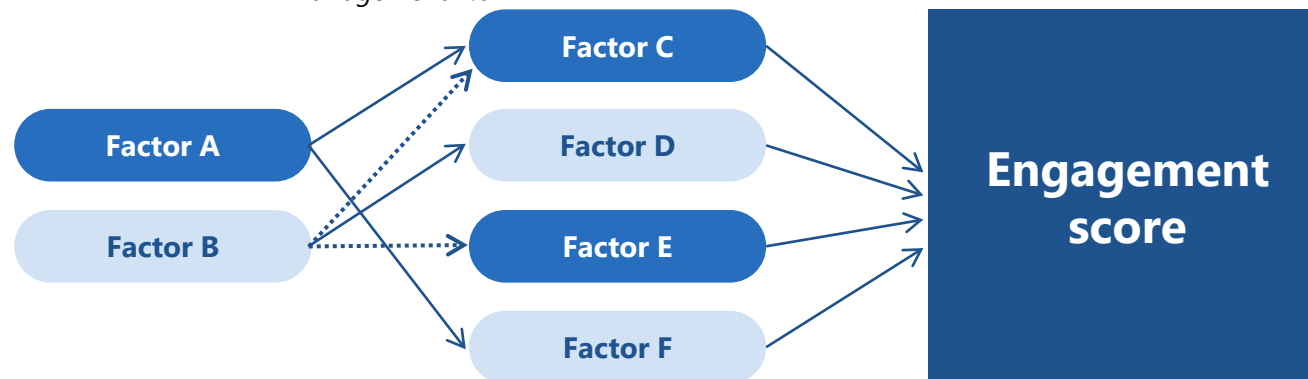
Through NEC's causal analysis solution, we confirmed the behaviors of managers that contribute to improved team engagement

What we learned this year

The PBR did not show the same trends as last year due to the large influence of the external environment

Explanatory variable

The results of the engagement survey sorted in accordance with the *Ito Report for Human Capital Management 2.0*



Objective variable

Engagement
score



Leverage NEC's digital technology to promote management
that integrates financial and non-financial aspects
in terms of “risk mitigation” and “opportunities and growth”

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NEC