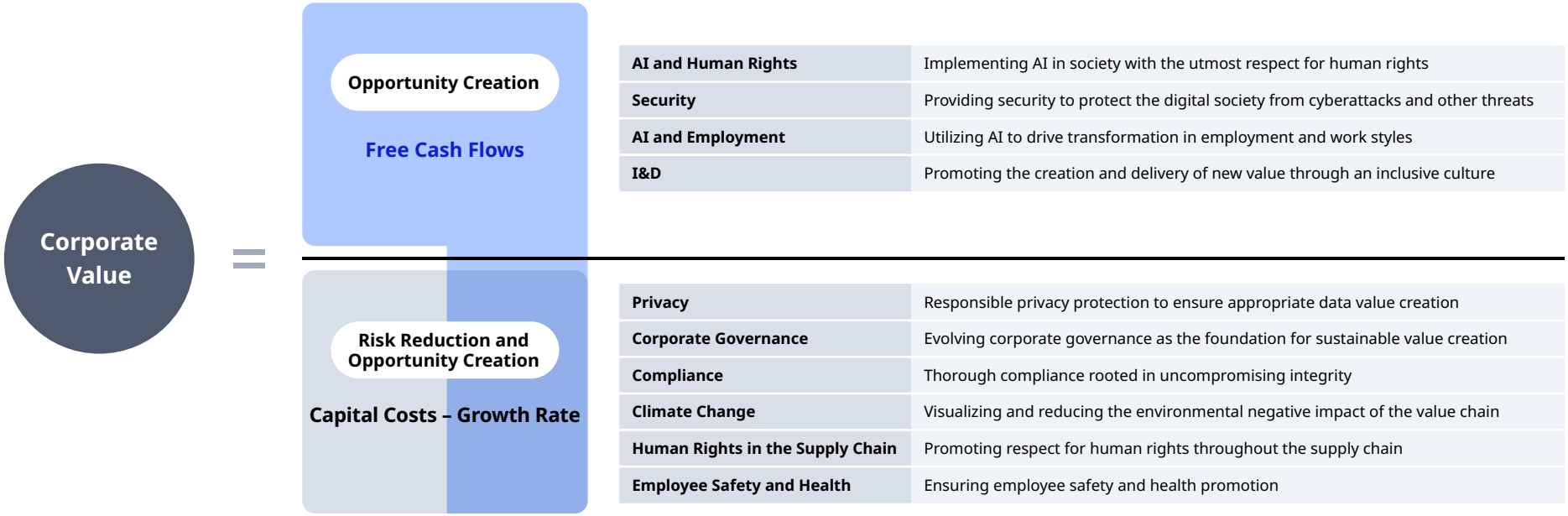
NEC's Approach to Materiality for Increasing Corporate Value

To realize its vision for creating social value, "Empower Humanity—Delivering innovation and peace of mind," NEC has identified material issues comprising specific issues to be prioritized during the Mid-term Management Plan 2030 period, positioning innovation, well-being, resilience, and integrity as the four key sustainability themes. In identifying these material issues, NEC assessed both their impact on the environment and society and the risks and opportunities they present to the Company's financial performance, including not only previously identified material issues but also emerging topics such as AI, and determined their importance accordingly.

Through these efforts, NEC strives to realize a sustainable business model that considers its impact on society and the environment. By responding to the expectations of a wide range of stakeholders, including investors, customers, business partners, and employees, NEC seeks to maximize long-term profits.



AI and Human Rights	Implementing AI in society with the utmost respect for human rights
Security	Providing security to protect the digital society from cyberattacks and other threats
AI and Employment	Utilizing AI to drive transformation in employment and work styles
I&D	Promoting the creation and delivery of new value through an inclusive culture

Privacy	Responsible privacy protection to ensure appropriate data value creation
Corporate Governance	Evolving corporate governance as the foundation for sustainable value creation
Compliance	Thorough compliance rooted in uncompromising integrity
Climate Change	Visualizing and reducing the environmental negative impact of the value chain
Human Rights in the Supply Chain	Promoting respect for human rights throughout the supply chain
Employee Safety and Health	Ensuring employee safety and health promotion

The NEC Sustainability Advisory Committee—Providing an Opportunity for Dialogue with Stakeholders

NEC determined its materiality with reference to global guidelines, including ISO 26000, the GRI Standards, the principles of the United Nations Global Compact, the SDGs, and SASB, and through dialogue with experts in various fields and with representative stakeholders.

The NEC Sustainability Advisory Committee, established in fiscal 2022, serves as a forum for such dialogue. Through objective and specialized discussions between the CFO and officers engaged in sustainability promotion and external experts regarding NEC's sustainability policies and initiatives, the Company confirms its management direction in times of high uncertainty and rapid change, leading to improvements in sustainability-related initiatives.

Since fiscal 2025, the committee has selected themes and held discussions with a stronger focus not only on reducing sustainability-related risks but also on creating opportunities.



(From left to right) **Peter David Pedersen** (Chair) Co-Founder, Next Leaders' Initiative for Sustainability (NELIS) **Asako Nagai** Managing Director, Business for Social Responsibility (BSR) **Hiroyuki Horii** Senior Advisor, Sumitomo Mitsui Trust Asset Management Co., Ltd. **Osamu Fujikawa** Former CFO, NEC

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Materiality Risks and Opportunities

To realize its vision for creating social value, "Empower Humanity—Delivering innovation and peace of mind," NEC has identified material issues for the Mid-term Management Plan 2030 period. The desired outcomes and KPIs associated with these material issues are shown below.

	Materiality (Abbreviation)	Desired state by 2030	Fiscal 2031 KPIs for addressing challenges	Relevant pages
A Themes of the highest importance	Implementing AI in society with the utmost respect for human rights (AI and Human Rights)	• Establishing and rolling out to Group companies a system and operational framework to address human rights risks arising from rapidly advancing AI technology	• Continuous strengthening of risk response capabilities • Evaluation of the effectiveness of training for implementing the "NEC Group Policy on AI and Human Rights" • Maintenance of incident prevention and response systems • Zero occurrences of serious incidents	• AI and Human Rights • Respecting Human Rights
	Providing security to protect the digital society from cyberattacks and other threats (Security)	• Provide security services to clients based on our own initiatives, protecting the digital society from cyberattacks and other threats • Strengthen cybersecurity and AI governance at Group companies and business partners, while implementing advanced security solutions that leverage cutting-edge technologies and AI.	• Achieving world-class in-house security measures (Third-party rating score (Bitsight): 800) • Generating and providing proprietary intelligence based on one of Japan's largest security data sets • Providing advanced and reliable security products and services • Major incidents at NEC Corporation and its consolidated subsidiaries: 0	• P.27 Innovation: R&D / Business Development / Intellectual Property • Information Security and Cybersecurity • Cybersecurity Management Report • Cyber Security
	Responsible privacy protection to ensure appropriate data value creation (Privacy)	• All personnel involved in businesses that process personal information understand and comply with laws and regulations regarding the protection of personal information and conduct business activities with due regard for human rights and privacy	• Appropriate operation and improvement of NEC Corporation's Personal Information Protection Management System • Zero incidents of serious personal information leaks	• Personal Information Protection and Privacy • AI and Human Rights
	Utilizing AI to drive transformation in employment and work styles (AI and Employment)	• Leveraging AI-based operations to drive labor productivity and foster innovation	• Leveraging AI-based operations to drive labor productivity and foster innovation	• P.31 Human Capital Management • Human Resource Development • Accelerate Transformation with Responsible AI – NEC's AI Business
	Promoting the creation and delivery of new value through an inclusive culture (I&D)	• Achieve an inclusive culture in which diverse talent thrives and every individual—not only women—can realize their full potential	• NEC Corporation and five major domestic consolidated subsidiaries Percentage of female managers: 20% (Including personnel changes effective April 1, 2031, that were decided during fiscal 2031) • Fiscal 2027* Diversity Score: 55% (+2 points)	• Inclusion and Diversity • Inclusion & Diversity (Details)
B Themes with major financial risks and opportunities	Evolving corporate governance as the foundation for sustainable value creation (Corporate Governance)	• Rebuild and embed a governance framework for NEC Group's global growth	• Establishment and implementation of a company-wide rule system, and application to NEC Group companies • Implementation of appropriate governance practices tailored to the characteristics of NEC Group companies	• P.38 Corporate Governance • Corporate Governance • Corporate Governance Report
	Thorough compliance rooted in uncompromising integrity (Compliance)	• Number of serious cartel and bid-rigging incidents: 0 • Number of serious bribery incidents: 0	• Number of serious cartel and bid-rigging incidents: 0 • Number of serious bribery incidents: 0	• P.38 Corporate Governance • Compliance
C Themes with major impact on the environment and society	Visualizing and reducing the environmental negative impact of the value chain (Climate Change)	• In accordance with RE100, aim to achieve 100% renewable energy by 2040. For 2030, the midpoint of this journey, achieve a renewable energy adoption rate aligned with our SBT net-zero target • Promote decarbonization toward achieving SBT targets (reduce Scope 1, Scope 2, and Scope 3 emissions by at least 63.6% each by fiscal year ended March 31, 2035 compared to fiscal year ended March 31, 2025)	• Achieve a 58% renewable energy adoption rate by fiscal 2031 (target set in alignment with the SBT Net Zero goal) • Participation rate of major suppliers in NEC Corporation's CO_2 reduction support program Fiscal 2031: 90%	• P.33 Environmental Management • Climate Change
	Promoting respect for human rights throughout the supply chain (Human rights in the supply chain)	• Working with suppliers to prevent and mitigate human rights risks	• 100% completion rate for corrective actions regarding high-risk suppliers (Since our corrective action efforts are a year-long process, the fiscal 2031 KPI is the completion rate of corrective actions by the end of fiscal 2031 for suppliers to whom we requested corrective actions during fiscal 2030.)	• Supply Chain Management • Respecting Human Rights
	Ensuring employee safety and promoting health (Employee Safety and Health)	• Where individuals achieve collective results without compromising their individuality • Creating an environment that promotes appropriate working hours and enables individuals to perform at their best in optimal condition	• Engagement score: Top 25th percentile (Global Top Tier)	• Occupational Health and Safety • Health and Productivity Management • Work-Life Balance

* Fiscal 2027 will be measured using the current survey. From fiscal 2028 onward, a new KPI to assess the degree of inclusiveness will be established.

: Website : NEC Integrated Report 2026

In addition to the materiality-related information above, please also refer to NEC ESG Databook 2026, which offers a comprehensive view of NEC's sustainability initiatives and achievements in a single volume.