Management for Sustainability

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Materiality During the Mid-term Management Plan 2025 Period, Metrics and Targets, and Results

Materiality During the Mid-term Management Plan 2025 Period GRI 3-2

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

NEC ESG Databook 2025, p. 5: Corporate Value Formula and Materiality

Through its efforts in these areas of materiality, NEC met the expectations of various stakeholders, including employees, business partners, and customers, and was continuously included in ESG indices (such as the Dow Jones Best-in-Class World Index and APAC Index, FTSE4Good Index Series, and MSCI ESG Selection Indexes), which reflect trust from society and capital markets.

Reference: External Ratings and Evaluations (Inclusion in ESG Indices)

Main Risks and Opportunities of Each Materiality and Related Initiatives

	Materiality	Risk	Opportunity	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	• Building an infrastructure that enables highly transparent and fair use of government and financial services through the use of highly reliable digital technology.
	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	• Providing high-speed, large-capacity, low-latency communications environments.
	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	• Promoting 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.
	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	• Achieving 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	• 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	• Contributing to carbon neutrality throughout society by digitally supporting our customers' decarbonization efforts by leveraging our knowledge and experience in reducing our own CO_2 emissions.
Fundamental Materiality	**Environmental Action with a Particular Focus on Climate Change (Decarbonization)**			• Reducing CO_2 emissions from the Company and the entire supply chain. • Providing solutions to prepare for the risks of weather-related disasters such as floods and droughts.
	Security to Maximize ICT Possibilities	• Information leaks, unauthorized access, system failure	• Development of security professionals • Provision and operation of robust information systems	• Ensuring the steady promotion of information security measures and providing products, systems, and services that incorporate security measures and case studies taken from NEC Group's own information security practices as a reference. • Strengthening development of information security professionals.
	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	• Promoting the provision and utilization of AI with human rights as the highest priority based on the "NEC Group AI and Human Rights Principles." • Strengthening AI governance in light of trends in laws and regulations in Japan and overseas, and continuing dialogue with various stakeholders.
	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	• Based on the NEC Way and NEC's HR Policy, advocate "transformation of people and culture" in Mid-term Management Plan 2025. • Accelerating diversity, which is the source of innovation, and implementing workstyle reforms that support the working styles of diverse talent.
	Corporate Governance Aiming to Continuously Create Social Value and Maximize Corporate Value	• Inadequate accounting processes • Mismanagement of confidential information	• Acquisition of trust from society	• Promoting corporate governance based on the following basic policies: 1. Assurance of transparency and sound management 2. Realization of prompt decision-making and business execution 3. Clarification of accountability 4. Timely, appropriate and fair disclosure of information
	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	• Promoting activities to ensure that suppliers are aware of the Guidelines for Responsible Business Conduct in Supply Chains and submit declarations pledging to uphold their contents.
	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	• All corporate 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.