

**This is a translation of the Corporate Governance Report of NEC Corporation, and is provided for your reference purpose only without any warranty as to its accuracy, completeness of the information, or otherwise. In the event of any discrepancy between the Japanese original and this translation, the original shall prevail.**

## Corporate Governance Report

Last Update: July 19, 2023

NEC Corporation

Takayuki Morita, President and CEO

Contact: Legal Department

TEL: +81-3-3454-1111

Securities Code: 6701

<https://www.nec.com/>

The corporate governance of NEC Corporation (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social values and the maximization of corporate values, the Company is committed to strengthening its corporate governance practices in terms of both oversight and execution through:

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

The Company has established the “NEC Corporate Governance Guidelines” (the “Guidelines”) which set out the basic framework and policy of the corporate governance system of the Company. Please refer to the Company’s website. ([https://www.nec.com/en/global/about/pdf/nec\\_governance\\_guidelines.pdf](https://www.nec.com/en/global/about/pdf/nec_governance_guidelines.pdf))

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated**

The Company fully complies with the principles of the Corporate Governance Code.

#### **[Disclosure Based on the Principles of the Corporate Governance Code] Updated**

The followings are the details of the items required to be disclosed under the principles of the Corporate Governance Code.

##### **【Principle 1.4 Strategic Shareholdings】**

The Company does not hold shares of other listed companies for the purpose of strategic shareholdings in principle. But the Company exceptionally holds shares of other company as strategic shareholding if the Company judges that it is necessary for business cooperation with other company and business relationship with investee.

The Board of the Directors assesses the rationale of each individual strategic shareholding from a comprehensive perspective every year, taking into consideration the necessity to hold shares and the returns from such strategic shareholdings based on the Company’s cost of capital, and the Company sells such individual strategic shareholding which the rationality to hold is not confirmed as the result of the

assessment. The rationality of holdings is verified based on the following criteria.

-Qualitative verification

To have necessity to hold shares based on its clear strategic positioning

-Quantitative verification

To fulfill the following calculation formula

$(\text{Gross profit (Note 1)} + \text{Dividend income (Note 2)}) / \text{Market value of the stocks held by the Company} \geq \text{Weighted average cost of capital (WACC)}$

(Note 1)Gross profit for the previous fiscal year for transactions between the issuer of the stock and the Company.

(Note 2)Dividends received by the Company in the previous fiscal year based on the individual stock.

When exercising voting rights, the Company examines various factors, such as whether it will contribute to enhancement of the mid- to long-term corporate value of issuers, as well as whether it will be in the interest of the NEC Group.

In addition, if a company which holds the Company's shares as strategic shareholdings informs the Company of its plan to sell the Company's shares, the Company will take no action to prevent such a sale by, for example, suggesting a reduction in transactions with said company or other restrictions on transactions with said company. (Article 12 (4) of the Guidelines)

During the fiscal year ended March 31, 2023, the Company assessed the rationality of the above strategic shareholdings at the Board of Directors meeting held in 23 December, 2022.

#### 【Principle 1.7 Related Party Transactions】

In order to protect the interests of shareholders, the Company stipulates in the Rules of the Board of Directors that approval of the Board of Directors is required when a member of the Board of Directors or an Executive Officer engages in transactions that may have conflict of interests with the Company. The Board of Directors monitors such transactions in accordance with laws and regulations. (Article 12 (5) of the Guidelines)

#### 【Principle 2.4 Ensuring Diversity, Including Active Participation of Female】

(Supplementary Principle 2.4.1)

##### (1) Basic policy

The NEC Group considers that it is necessary for creation of innovation and is an important management strategy to foster an environment that promotes the success of a diverse array of human resources who can incorporate multiple perspectives and ideas. As part of measures to achieve this, the NEC Group is working to promote global recruitment of human resources, female participation and career advancement in the workplace, active appointment of mid-career workers, employment of people with disabilities, and provision of support and encouragement of understanding for sexual minorities. In addition, such inclusion and diversity initiatives are positioned as practice of "Respect for Human Rights" called for in the Principles. (Article 13 (3) of the Guidelines)

##### (2) Views on ensuring diversity

To achieve the Purpose of "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" set forth in the NEC Way, the NEC Group will accelerate diversity, which is a source of innovation, through active appointment and systematic development of diverse human resources, including female and non-Japanese employees.

##### (3) Voluntary and measurable goals for ensuring diversity

In the "Mid-term Management Plan 2025," the following figures are specified as goals to be pursued by the Company by the end of the fiscal year ending March 31, 2026 .

-Ratio of female or non-Japanese to Directors and Officers<sup>(Note 1)</sup> 20%

-Ratio of female to all managers<sup>(Note 2)</sup> 20%

(Note 1) Directors and Officers refer to the Directors, Executive Officers, Corporate SEVP, Corporate EVP, and Corporate SVP as of March 31, 2026 (including the case where transfers as of April 1, 2026 will be determined within the fiscal year ending March 31, 2026 for Executive Officers, Corporate SEVP, Corporate EVP, and Corporate SVP).

(Note 2) The ratio of female to all managers is calculated in accordance with the provisions of the Act on Promotion of Female Participation and Career Advancement in the Workplace. It also includes

transfers as of April 1, 2026 that will be determined within the fiscal year ending March 31, 2026.

For ensuring diversity, the Company stipulates that the pool of candidates for manager and above level positions is comprised by a certain percentage of females, non-Japanese, or mid-career hires. The Company continues to increase the number of mid-career hires by proactively hiring mid-career employees, in addition to females and non-Japanese.

(4) Status of ensuring diversity

The Company's figures as of March 31, 2023 are as follows:

- Ratio of female or non-Japanese to Directors and Officers<sup>(Note 1)</sup> 9.4%
- Ratio of female to all managers<sup>(Note 2)</sup> 8.0%

(Note 1) Directors and Officers refer to Directors, Audit & Supervisory Board Members (KANSAYAKU) ("A&SBMs"), and Corporate Officers.

(Note 2) The ratio of female to all managers is calculated in accordance with the provisions of the Act on Promotion of Female Participation and Career Advancement in the Workplaces.

As of April 1, 2023, females or non-Japanese accounted for 14.8% of the Directors and Officers (Directors, A&SBMs, Corporate Officers, Corporate SEVP, Corporate EVP, and Corporate SVP).

As of June 22, 2023, 8 out of 58 members of Directors and Officers (Directors, Executive Officers, Corporate SEVP, Corporate EVP, and Corporate SVP) were female or non-Japanese, representing 13.8% of the Directors and Officers. As of July 1, 2023, the ratio of female or non-Japanese to Directors and Officers became 15.3% due to the appointment of one female as an Executive Officer on the same date. In addition, the ratio of female to all managers accounted for 8.9% as of April 1, 2023.

Of the total number of employees recruited by the Company in the fiscal year ended March 31, 2023, approximately 50% is mid-career employees, and the ratio of female to these mid-career employees is 20.5%. In addition, the ratio of female to mid-career employees in managerial positions is also 15.0%. As for recruitment of non-Japanese employees, the Company focuses on employment of non-Japanese students from overseas who are new graduates, and makes a direct approach to students in university or graduate school abroad to hire them for research positions.

(5) Policy for human resource development and policy for internal environment improvement to ensure diversity, and implementation status thereof

For female employees, the Company has been working to create opportunities to consider career development. In addition to existing development programs, the Company has been offering a 6-month "Women's Leadership Program" to eligible female assistant managers since the fiscal year ended March 31, 2022 as a program to develop next-generation female management leaders. In October 2022, the Company also launched a Director and Officer sponsorship program for high-potential female employees at the General Manager level and above, with the goal of promoting them to one higher position after 18 months through individual development programs such as job shadowing, which they accompany Directors and Officers and experience management process.

For mid-career hires, the Company provides support so that they find their feet and begin contributing soon after joining the Company, including distribution of manuals to departments to which mid-career hires are assigned and support for building a network of employees who joined the Company at the same time as well as provision of orientations at the time of joining the Company. In addition, to officers, managing directors and senior directors, training aimed to strengthen the management ability with regard to diverse human resources has been provided since the fiscal year ended March 31, 2020.

**【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】**

The Company manages corporate pension funds through NEC Corporate Pension Fund ("Fund") in which the Company's finance division and accounting division properly deploy its personnel. The Committee of Representatives of the Fund decides all important matters on the Fund. The Company appropriately manages conflicts of interest which could arise between the beneficiary and the Company through the Committee of Representatives which consists of equal number of members elected by the Company and elected from among the pension subscribers. (Article 13 (4) of the Guidelines)

**【Principle 3.1 Full Disclosure】**

(1) Company objectives (e.g., business principles), business strategies and business plans

The NEC Group has defined the NEC Way as a common set of values that form the basis for how the entire NEC Group conducts itself. Within the NEC Way, the “Purpose” and “Principles” represents why and how as a company we conduct business, whilst the “Code of Values” and “Code of Conduct” embodies the values and behaviors that all members of the NEC Group must demonstrate. To fulfill the Company’s Purpose, “NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential”, the NEC Group aims to create social values continuously and to maximize its corporate values by implementing its middle and long term management strategy including its "Mid-term Management Plan" based on the Company’s Principles ((i) The Founding Spirit of “Better Products, Better Services”, (ii) Uncompromising Integrity and Respect for Human Rights, (iii) Relentless Pursuit of Innovation). (Article 2 of the Guidelines)

For details, please refer to the Company’s “Management Strategy and Policy” published on the Company’s website at <https://www.nec.com/en/global/ir/corporate/management.html>.

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code  
Please refer to “I.1.Basic Views” above.

(3) Policies and procedures in remuneration for Directors and Executive Officers

The basic policy on the remuneration for the Company’s Directors and Executive Officers, which is determined by the Compensation Committee, is as follows. The Compensation Committee also determines the details of remuneration, etc. for each individual Director and Executive Officer in accordance with said basic policy.

(i) The remuneration system is highly objective and transparent, with content which leads to sustainable growth with the aim of maximizing corporate value, and which allows shareholders to confirm that management is linked to shareholder value.

(ii) The remuneration system is linked to the Mid-term Management Plan target indicators and provide incentives for Executive Officers to achieve the management targets indicated in the Mid-term Management Plan.

(iii) As a technology company with global operations, the remuneration system is competitive in the human resources market in terms of both remuneration structure and level. (Article 7of the Guidelines)

For details, please refer to “II.1. [Remuneration for Director and Executive Officers]”below.

(4) Policies and procedures in the appointment and dismissal of Directors and Executive Officers

< Policies and procedures in the appointment and dismissal of Directors >

The candidates for Directors are determined with consideration given to the following attributes, in addition to satisfaction of the requirements of a Director as specified by laws and regulations:

-they have superior character, insight and high ethical standards;

-they sympathize with the NEC Way and act with strong will to realize the Philosophy; and

-they have extensive experience and deep insight related to the career background and skills the Company especially expects of Directors.

The Nominating Committee determines the contents of proposals to be submitted to the General Meeting of Shareholders concerning the election or dismissal of Directors based on these policies. (Article 6 (1) of the Guidelines)

< Policies and procedures in the appointment and dismissal of Executive Officers >

Executive Officers shall be elected by a resolution of the Board of Directors. Executive Officers have the following attributes, in addition to satisfaction of the requirements of an Executive Officer as specified by laws and regulations:

-they have superior character, insight and high ethical standards; and

-they are capable of fulfilling their responsibilities with strong will to realize the NEC Way.

In addition, the Board of Directors may dismiss an Executive Officer at any time if the Executive Officer is found to be in violation of laws and regulations or otherwise unqualified to serve as an Executive Officer, or if the Executive Officer is found not to be fulfilling his or her responsibilities appropriately. (Article 6 (2) of the Guidelines)

(5) Explanations with respect to appointments and nominations of individual Director candidates and Executive Officers

With respect to the nomination of individual Director candidates, the Company discloses the reasons for

their selection and their brief biographies in the reference documents attached to the Notice of General Meeting of Shareholders. In addition, the Company also makes decisions regarding the appointment of Executive Officers based on their experience and insight in light of the policy described in (4) above, and discloses the brief biographies of individual Executive Officers in the Annual Securities Report.

The Notice of General Meeting of Shareholders

([https://www.nec.com/en/global/ir/pdf/report/185/report185\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf))

Annual Securities Report (Japanese text only)

(<https://jpn.nec.com/ir/library/securities.html>)

(Supplementary Principle 3.1.3)

<Sustainability activities>

The NEC Group believes that sustainability issues are not only a risk to the sustainable development and the enhancement of corporate value of the NEC Group, but also an important factor in creating business opportunities. Based on the “NEC Way,” the NEC Group is promoting sustainability management with the following basic Principles: (1) Contribute to Solving Social Issues through Our Business, (2) Strengthen Risk Management and Enforce Compliance, and (3) Promote Communication with Stakeholders. The Company has identified seven material issues (materiality) as themes to be addressed to strengthen the non-financial (ESG/future financial) foundation that supports sustainable growth of the Company and society, and has been working on them. In addition to these, the Company plans to add new material issues to the list of themes to be addressed in order to create growth and opportunities. The initiatives, their progress and results are disclosed on the Company’s website (Sustainability Site), Integrated Report, Annual Securities Report and ESG Data Book.

Furthermore, the Company has endorsed the TCFD’s recommendations, and discloses results of analysis of effects of risks and profit-earning opportunities related to climate change on the NEC Group’s business activities, revenue and others on the Company’s website (Sustainability Site) and in the ESG Data Book. For details, please refer to “Implementation of Environmental Protection, CSR Activities, etc.” of “III. 3. Measures to Ensure Due Respect for Stakeholders” below.

Integrated Report

(<https://www.nec.com/en/global/ir/library/annual/index.html>)

Sustainability Site and ESG Data Book

(<https://www.nec.com/en/global/csr/report/index.html>)

Annual Securities Report (Japanese text only)

(<https://jpn.nec.com/ir/library/securities.html>)

<Investment in human capital, and others>

Viewing people as its greatest management resource, the NEC Group has been investing in them by transforming systems and improving environments in ways that maximize the capabilities of its personnel and organization.

As measures for heightening employees’ engagement, and improving productivity and generating innovation, the NEC Group actively appoints diverse human resources. In addition, in order to allow diverse talent to further achieve high productivity and demonstrate creativity, the NEC Group conducts systematic development measures for its employees, such as human resource discovery of next-generation leaders, development and implementation of training programs to train next-generation leaders, development and implementation of training programs to train personnel conversant with digital technologies needed for Digital Transformation (DX), and human rights promotion training.

As the expenses for these measures, approximately 9 billion yen was posted for the NEC Group for the fiscal year ended March 31, 2023. The NEC Group will continue active investment in human capital.

The details are disclosed on the Company’s website (Sustainability Site), Integrated Report and ESG Data Book.

Sustainability Site and ESG Data Book

(<https://www.nec.com/en/global/csr/report/index.html>)

Integrated Report

(<https://www.nec.com/en/global/ir/library/annual/index.html>)

<Investment in intellectual property, etc., and others>

The NEC Group will support its sustainable development by production of technologies that foster existing businesses functioning as a hub for creation of social value and advanced technologies for future businesses that can provide new value to the society and accelerating commercialization of these technologies. The NEC Group continuously allocates approximately 4% of its revenue to R&D, and promotes R&D focusing on “data science” technology area, which creates new value by analyzing diverse data using AI (artificial intelligence) technologies, etc., and “ICT platform” technology area to support the said technology area efficiently and securely.

In addition, as for patents, the NEC Group is concentrating its patent resources on technology areas such as data science and ICT platforms, which drive growth businesses in the “Mid-term Management Plan 2025” such as Global 5G, Core DX (\*), Digital Government/Digital Finance. As a result, the NEC Group increases the percentage of applications and holdings that support growth businesses to continuously strengthen its patent portfolio. Intellectual property including enhanced patent portfolio is actively utilized to solidify the execution of growth businesses and to promote collaboration with various stakeholders. The details are disclosed on the Company’s website (Sustainability Site), Integrated Report and ESG Data Book. (\*) The DX area where the NEC Group can leverage its strengths.

Sustainability Site and ESG Data Book

(<https://www.nec.com/en/global/csr/report/index.html>)

Integrated Report

(<https://www.nec.com/en/global/ir/library/annual/index.html>)

#### **【Principle 4.1 Roles and Responsibilities of the Board (1)】**

##### **(Supplementary Principle 4.1.1)**

The Board of Directors is responsible for overseeing the execution of duties by Directors and Executive Officers as well as guiding the direction of management through deliberation of important matters related to the Company’s basic management policy. (Article 5 (1)(i) of the Guidelines)

The Board of Directors makes decisions on matters that require a resolution of the Board of Directors in accordance with laws and regulations or the Articles of Incorporation, as well as on matters of particular importance considering the roles and responsibilities of the Board of Directors. On the other hand, regarding business execution, substantial authority is delegated to Executive Officers.

#### **【Principle 4.9 Independence Standards and Qualification for Independence Directors】**

The Company judges Outside Directors’ independency based on the standards defined by Tokyo Stock Exchange and the “Independence Criteria for Outside Directors” established by the Company. (Article 5 (1) (iii) of the Guidelines)

For details, please refer to “Independent Directors” of “II.1. Organizational Composition and Operation” below.

#### **【Principle 4.11 Preconditions for Board Effectiveness】**

##### **(Supplementary Principle 4.11.1)**

The Board of Directors is comprised with consideration given to the balance between diversity, in such factors as career background, specialist field, internationality and gender, and appropriate size. In addition, from the perspective of ensuring independence, the majority of the Board of Directors is comprised of independent Outside Directors. (Article 5 (1) (ii) of the Guidelines)

In view of the changing role to be played by the Board of Directors following the transition to a Company with a Nominating Committee, etc., as described in “I.1. **【Principle 4.1 Roles and Responsibilities of the Board (1)】** (Supplementary Principle 4.1.1)”, the Nominating Committee held in the fiscal year ended March 31, 2023 (Note) reviewed particular areas of extensive experience and/or deep insight that the Company expects Directors to have (the “Career Background and Skills Particularly Expected of Directors”). As a result, Nominating committee defined the following eight skills and clearly specified the details of each skill.

(Note) A body established on a voluntary basis (the Nomination and Compensation Committee until June 2022) since the Company was a company with Audit & Supervisory Board (KANSAYAKU-KAI) (“A&SB”) in the fiscal year ended March 31, 2023.

(Career Background and Skills Particularly Expected of Directors)

- (1) Corporate management  
Practical knowledge on company management based on experience as chief executive officer of operating companies
- (2) Global business  
Experience as chief executive officer or department head in multinational companies or specialized knowledge on global markets
- (3) Technology/Innovation  
Business experience or specialized knowledge on technology related mainly to ICT and digital transformation, or experience or specialized knowledge on new business creation and market innovation
- (4) Sustainability/ESG  
Knowledge about diverse values on female, foreign nationality, disabilities, etc., leadership experience in ESG activities or specialized knowledge on ESG management
- (5) Marketing  
Experience as head in the marketing or brand strategy department or the sales department in operating companies, or specialized knowledge on business-to-business transactions and marketing
- (6) Financial accounting/Investment  
Experience as chief financial officer of operating companies, professional work experience in major accounting firms, investment companies, etc., or specialized knowledge on investments, finance and accounting, etc.
- (7) Audit/Legal/Risk management  
Risk management experience in accounting, legal affairs, technology, cybersecurity, etc. in operating companies, or experience as an audit committee member, audit & supervisory board member, or department head in auditing division, or specialized knowledge on international and domestic legal affairs or geopolitics
- (8) Corporate Governance  
Specialized knowledge on recent global corporate governance practices, or experience and practical knowledge of implementing governance reforms at operating companies

As for the “Career Skill Matrix” which shows extensive experience and deep insight of the respective Directors given the above, please refer to the reference documents attached to the Notice of General Meeting of Shareholders. Some of Independent Outside Directors have management experience in other companies.

[https://www.nec.com/en/global/ir/pdf/report/185/report185\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf)

The Company regularly confirms the sufficiency level of the Board of Directors as a whole for the career background and skills particularly expected of Directors based on the Career Skill Matrix. Based on perspectives such as lacking career background and skills and diversity, the Company makes a list to identify a broad range of candidates for Director, which is used for deliberations for election of candidates.

**【Principle 4.11 Preconditions for Board and A&SB Effectiveness】**

(Supplementary Principle 4.11.2)

In appointing Directors, when an appointee serves as a Director or A&SBM of other public companies, it is desirable that the number of concurrent positions does not exceed the numbers specified as follows:

- When an appointee serves as an executive of the Company or another company: only one company in addition to the company where a candidate for Director or A&SBM serves as an executive.
- In cases other than the above: up to 4 companies in addition to the Company.

However, if a candidate for Director serves in multiple roles concurrently at group companies of the Company or another public-listed company, the concurrent roles within the group companies shall be deemed as roles in one company.

As for the important concurrent positions of Directors, please refer to the Company’s website (“Management” of “Corporate Profile”) and the reference documents attached to the Notice of General Meeting of Shareholders.

Company’s website (“Management” of “Corporate Profile”)

<https://www.nec.com/en/global/about/executives/directors.html>

Notice of General Meeting of Shareholders

[https://www.nec.com/en/global/ir/pdf/report/185/report185\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf)

(Supplementary Principle 4.11.3)

The Company conducts an evaluation and verification of the effectiveness of the Board of Directors every fiscal year, in order to improve the effectiveness of the Board of Directors.

The summary of the results of the analysis and evaluation for the fiscal year ended March 31, 2023 and policy for initiatives to be implemented for the fiscal year ending March 31, 2024 in light of these results are as follows. The effectiveness of the Nominating Committee and the Compensation Committee (Note) is also evaluated and verified through the same process.

(Note) Bodies established on a voluntary basis (the Nomination and Compensation Committee until June 2022) since the Company was a company with A&SB in the fiscal year ended March 31, 2023.

(1) Procedure of evaluation

In the fiscal year ended March 31, 2023, a third-party organization was appointed to evaluate the effectiveness of the Board of Directors. The third-party organization conducted a questionnaire survey and interviews (approximately one hour per person) of all Directors and A&SBMs, after obtaining a better understanding of the operation of the Board of Directors, Nominating Committee and Compensation Committee by meeting with the Secretariats of each in advance. The main survey items are as follows.

- Core functions of the Board of Directors (decision-making on important matters, broad and company-wide management strategies, corporate governance, oversight of execution, etc.)
- Operation of the Board of Directors (content of materials, frequency of meetings, appropriateness of deliberation time, discussion environment, etc.)
- Operation of the Nominating Committee and Compensation Committee (composition of committee members, deliberation themes, etc.)
- Others (dialogue with capital markets, operation after the transition to a Company with a Nominating Committee, etc., self-evaluation, etc.)

The results of the analysis by the third-party evaluation organization were reported at the March 2023 ordinary meeting of the Board of Directors, and they were discussed by all Directors and A&SBMs.

(2) Summary of evaluation results

In the fiscal year ended March 31, 2023, through discussions and decisions on important topics such as the transition to a Company with a Nominating Committee, etc., the Board of Directors made progress in sharing awareness regarding the state of governance. The PDCA cycle was implemented through past effectiveness evaluations, and improvements toward demonstrating effectiveness were recognized, particularly in the active use of off-site meetings and the separation of the Nomination and Compensation Committee.

At the same time, the transition to a Company with a Nominating Committee, etc. will promote progress in separation of oversight and execution, so it will become increasingly important to deepen mutual understanding between Outside Directors and execution in order to ensure effectiveness the Board of Directors and each committee. For the sake of this, it is desirable to (1) deepen mutual understanding between Outside Directors and execution, (2) enhance discussion of important issues by carefully reviewing the agenda, and (3) advance the operation of the Board of Directors and each committee.

(3) Future initiatives

Based on the evaluation of the effectiveness of the Board of Directors conducted in the fiscal year ended March 31, 2023, the Company will promote initiatives to further improve the effectiveness of the Board of Directors, including (1) enhancement of communication opportunities and their content to deepen mutual understanding between Outside Directors and execution, (2) reestablishment of the agenda setting process to enhance discussions on important topics, and (3) review of operation methods and reinforcement of support systems by each Secretariat to advance the operation of the Board of Directors and each committee.

**【Principle 4.14 Directors Training】**

(Supplementary Principle 4.14.2)



The Company periodically conducts training for Directors, including training on the roles and responsibilities (including legal liabilities) expected of Directors. In addition, in order to deepen their understanding of the NEC Group, Outside Directors attend briefings on the business activities of each business unit and tour the business sites and exhibitions of the Company and its subsidiaries. (Article 9(4) of the Guidelines)

**【Principle 5.1 Policy for Constructive Dialogue with Shareholders】**

Dialogues with shareholders (interviews) and identification of the Company's shareholder ownership structure are primarily conducted by Stakeholder Relations Department. The President and the CFO also meet with key shareholders. In addition, when it is deemed necessary, Directors including Outside Directors also meet with shareholders. Before members of senior management meet with the shareholders, they coordinate with the relevant divisions in accordance with the Company's "Disclosure Policy" to prevent the disclosure of what could be considered material information including insider information.

In addition to individual meetings, the President and the CFO hold management briefings and quarterly financial-result briefings for the media, securities analysts, and institutional investors (including shareholders). Also, executives responsible for individual businesses have briefings on their businesses, including tours of facilities and briefings on research progress, Mid-term Management Plan, business strategy and ESG initiatives. Shareholders' opinions and the ideas gained through these IR activities are provided as feedback to Executive Officers, etc. on a periodic basis and reported to the Board of Directors. (Article 12 (2) of the Guidelines)

**2. Capital Structure**

Foreign Shareholding Ratio	More than 30%
----------------------------	---------------

**[Status of Major Shareholders] Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	46,724,700	17.52
Custody Bank of Japan, Ltd. (Trust Account)	20,781,000	7.79
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	13,023,600	4.88
SUMITOMO LIFE INSURANCE COMPANY	5,600,000	2.10
STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	5,077,074	1.90
NEC EMPLOYEE SHAREHOLDING ASSOCIATION	4,093,098	1.54
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	3,738,386	1.40

GOVERNMENT OF NORWAY (standing proxy: Direct Custody Clearing Operations of Citibank, N.A., Tokyo Branch)	3,610,528	1.35
JP MORGAN CHASE BANK 385781 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	3,475,256	1.30
STATE STREET BANK AND TRUST COMPANY 505103 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	2,978,427	1.12

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation **Updated**

- (1) The Company holds 6,209,767 shares of treasury stock but is excluded from the above list of major shareholders.
- (2) On October 6, 2022, Sumitomo Mitsui Trust Bank, Limited and its joint holders filed the Change Report pertaining to Report of Possession of Large Volume, which is open to public, stating that they held shares of the Company as follows, as of September 30, 2022. However, shares held by them were not included in the above list of major shareholders, since the Company has not confirmed the number of shares which they substantially own.
- Sumitomo Mitsui Trust Bank, Limited holds 0 shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 0 %)
  - Sumitomo Mitsui Trust Asset Management Co., Ltd. holds 10,158 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 3.72 %)
  - Nikko Asset Management Co., Ltd. holds 4,664 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 1.71 %)
- (3) On October 20, 2022, BlackRock Japan Co., Ltd. and its joint holders filed the Change Report pertaining to Report of Possession of Large Volume, which is open to public, stating that they held shares of the Company as follows, as of October 14, 2022. However, shares held by them were not included in the above list of major shareholders, since the Company has not confirmed the number of shares which they substantially own.
- Black Rock Institutional Trust Company, N.A. holds 5,002 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 1.83 %)
  - BlackRock Japan Co., Ltd. holds 4,845 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 1.78 %)
  - BlackRock Fund Advisors holds 4,623 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 1.69 %)
  - BlackRock Asset Management Ireland Limited holds 2,531 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 0.93 %)
  - BlackRock Fund Managers Limited holds 670 thousand shares of the Company  
(Percentage of shares held to the total number of outstanding shares is 0.25 %)

-BlackRock (Netherland) BV holds 667 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.24 %)
-BlackRock Investment Management (UK) Limited holds 520 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.19 %)
-BlackRock Financial Management Inc. holds 492 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.18 %)
-BlackRock Asset Management Canada Limited holds 368 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.13 %)
-BlackRock Investment Management LLC holds 285 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.10 %)
-BlackRock Advisor LLC held 278 thousand shares of the Company (Percentage of shares held to the total number of outstanding shares is 0.10 %)

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Revenues (consolidated) as of the End of the Previous Fiscal Year	More than JPY1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—
---

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance Updated

<p><b>【Views and Policy on Group Management】</b> Based on the NEC Group Management Policy, which forms the basis for group management, the Company strives to maintain a uniform framework for the management of its subsidiaries while working to reinforce intergroup functions in order to optimize overall the management of the NEC Group and maximize the value of the NEC Group.</p> <p><b>【Significance of Owning Publicly Listed Subsidiaries and Measures for Ensuring the Effectiveness of the Governance Systems of Those Subsidiaries】</b> NEC Networks &amp; System Integration Corporation (NESIC) and Japan Aviation Electronics Industry, Limited (JAE) (collectively, the “Publicly Listed Subsidiaries”), both subsidiaries of the NEC Group, are listed on the Tokyo Stock Exchange. Under the precondition that the strategies of the NEC Group are shared with the Publicly Listed Subsidiaries, the division of functions between the Publicly Listed Subsidiaries and the Company is clarified (to eliminate overlapping businesses), and the business foundation of the NEC Group can be strengthened through mutual utilization of management resources, the Company has determined that ensuring autonomy and independence of the Publicly Listed Subsidiaries and maintaining their stock market listings will contribute to maximizing the corporate value of the NEC Group. The significance of owning Publicly Listed Companies is as follows.</p> <ul style="list-style-type: none"> <li>• NESIC</li> </ul>
---

NESIC is a core NEC Group company that is primarily involved in ICT system design and construction, as well as providing support services such as operating, monitoring and outsourcing for these systems, with customers in Japan and overseas that include government offices and telecommunications carriers.

NESIC's relationship with the Company involves providing ICT systems for customers that utilize the Company's information and communication technology assets. Moreover, the Company's business regarding the business segment of Network Services Business, work in cooperation with NESIC's support services. However, for NESIC to expand its business—through investing management resources in developing new solutions and finding new customers—and to increase synergies with the Company, the Company believes it is desirable that NESIC has independent decision-making and financing measures. The Company believes that there is sufficient rationale for maintaining NESIC as a publicly listed subsidiary after a comprehensive review of factors that include the potential of a public listing to help maintain or increase employee motivation and to secure excellent human resources.

- JAE

The main businesses for JAE are connectors, user interface-related devices, aviation electronics, and the manufacture and sales of electronic parts.

JAE's relationship with the Company involves supplying products to the Company and efforts to commercialize new technology by integrating the Company's technology-related assets with JAE's mass production technologies. However, maintaining autonomy and independence, and keeping the ability to secure funds from the capital market are preferable for JAE in terms of its business structure. The Company believes that there is sufficient rationale for maintaining JAE as a publicly listed subsidiary after a comprehensive review of factors that include maintaining a public listing as a means to maintain JAE's global customer base, and the potential of a public listing to help maintain or increase employee motivation and to secure excellent human resources.

To ensure the effectiveness of the governance of the Publicly Listed Subsidiaries, the Company dispatches the appropriate personnel to the Publicly Listed Subsidiaries, regularly exchanges information, and oversees the compliance system, among other measures. The Company also takes the following measures to maintain the independence of the Public Listed Subsidiaries while remaining mindful of minority shareholders.

- Each Publicly Listed Subsidiary determines the candidates for Director.
- Publicly Listed Subsidiaries appoint a certain number of Independent Outside Directors and Independent Outside A&SBMs, and ensure the transparency of the management of the Publicly Listed Subsidiaries.
- The decision-making of the Publicly Listed Subsidiaries is based on the independent management decisions of each subsidiary's Board of Directors.
- If a threatened conflict of interest arises between the Company and minority shareholders, the necessary measures are taken to ensure the independent decision-making of the Publicly Listed Subsidiaries.

In addition, for business transactions between the Company and the Publicly Listed Subsidiaries, the Company maintains sound relationships with the Publicly Listed Subsidiaries such as by determining the transaction terms based on market prices through negotiations as needed.

Together with the tender offer conducted in January 2017 for shares in JAE, the Company concluded a memorandum of understanding regarding the involvement in JAE's management after it became a consolidated subsidiary. An overview of the memorandum is as follows:

- (i) The Company's voting rights in the subsidiary will be 51% or less;
- (ii) The Company will maintain the stock market listing of JAE's shares, and the subsidiary will carry out autonomous management as a listed company; and
- (iii) The Company will give sufficient consideration to the exercising of rights by minority shareholders of JAE.

The Company will continuously evaluate the policy of holding shares in the Publicly Listed Subsidiaries from the perspective of maximizing the corporate value of the NEC Group, etc. and the Company will keep holding the shares of the Publicly Listed Subsidiaries as long as they meet the above preconditions. At this time, the

Company does not plan to newly list the shares of other subsidiaries on stock markets.
--

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with a Nominating Committee, etc.
-------------------	---

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation <b>Updated</b>	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman of the Board (Excluding individual holding concurrent position as president)
Number of Directors <b>Updated</b>	12

#### [Outside Directors]

Number of Outside Directors <b>Updated</b>	7
Number of Independent Directors <b>Updated</b>	7

#### Outside Directors' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kuniharu Nakamura	From another company												
Christina Ahmadjian	Academic												
Masashi Oka	From another company												
Kyoko Okada	From another company												
Harufumi Mochizuki	From another company												
Joji Okada	From another company												
Yoshihito Yamada	From another company												

\* Categories for "Relationship with the Company"

“○” when the Director presently falls or has recently fallen under the category;

“△” when the Director fell under the category in the past

“●” when a close relative of the Director presently falls or has recently fallen under the category;

“▲” when a close relative of the Director fell under the category in the past

- Person executing the operations (the "Executing person") of the Company or its subsidiaries
- Executing person or non-executive Director of the parent company of the Company
- Executing person of a company under common control with the Company
- A party whose major client or supplier is the Company or an Executing person thereof
- Major client or supplier of the Company or an Executing person thereof

- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/A&SBM
- g. Major shareholder of the Company (or an Executing person of the said major shareholder if the shareholder is a legal entity)
- h. Executing person of a business partner of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executing person of a company, between which and the Company Outside Directors/A&SBMs are mutually appointed (the Director himself/herself only)
- j. Executing person of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

---

Outside Directors' Relationship with the Company (2) **Updated**

---

Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nominating Committee	Compensation Committee	Auditing Committee			
Kuniharu Nakamura	○			○	Chairman of the Board of Directors, Sumitomo Corporation  The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors” below).	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a general trading company including the management of global businesses. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Christina Ahmadjian		○		○	She has not fallen under any category for “Relationship with the Company.”	The Company has appointed her as an Outside Director considering that she has superior character, insight and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight relating to global corporate strategies and corporate governance, having served as an outside director at several companies and a professor. She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Masashi Oka	○	○		○	Senior Advisor, Sony Financial Group Inc.  The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight,

					with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors" below).	having served as a director at banks, CFO at an operating company and management in the finance business. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Kyoko Okada			○	○	The description for "Relationship with the Company" is omitted pursuant to "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors" below).	The Company has appointed her as an Outside Director considering that she has superior character, insight and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight, having served as an outside director and audit & supervisory board member at numerous companies and as an Audit & Supervisory Board Member (KANSAYAKU) of the Company. She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Harufumi Mochizuki	○		○	○	He has not fallen under any category for "Relationship with the Company."	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a government official, management of a company and chairman of the board of directors at a listed company. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.



Joji Okada			○	○	<p>The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Director” below).</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a CFO and Audit &amp; Supervisory Board Member (Full-time) at a general trading company, and as Chairperson of The Japan Audit &amp; Supervisory Board Members Association.</p> <p>He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Yoshihito Yamada		○		○	<p>Chairman of the Board, OMRON Corporation</p> <p>The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors” below).</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a management of a manufacturing company.</p> <p>He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>

**[Committees]**

Committee's Composition and Attributes of Chairperson **Updated**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	4	0	1	3	Outside Director
Compensation Committee	4	0	1	3	Outside Director
Audit Committee	4	1	1	3	Outside Director

**[Executive Officers]**

Number of Executive Officers **Updated** 21

Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Takayuki Morita	Yes	Yes	No	Yes	No
Osamu Fujikawa	Yes	Yes	No	No	No
Hajime Matsukura	No	Yes	No	No	No
Akihiko Kumagai	No	No	No	No	No
Kazuhiro Sakai	No	No	No	No	No
Masakazu Yamashina	No	No	No	No	No
Shigehiro Tanaka	No	No	No	No	No
Hiroshi Kodama	No	No	No	No	No

Motoo Nishihara	No	No	No	No	No
Noritaka Taguma	No	No	No	No	No
Toshifumi Yoshizaki	No	No	No	No	No
Kunikazu Amemiya	No	No	No	No	No
Yutaka Ukegawa	No	No	No	No	No
Hiroshi Hashimoto	No	No	No	No	No
Daisuke Horikawa	No	No	No	No	No
Michio Kiuchi	No	No	No	No	No
Naoki Yoshida	No	No	No	No	No
Shigeki Shimizu	No	No	No	No	No
Hiroyuki Nagano	No	No	No	No	No
Yuko Yamamoto	No	No	No	No	No
Yasuko Matsumoto	No	No	No	No	No

Appointment of Directors and/or Staff to Support the Audit Committee <b>Updated</b>	Appointed
---	-----------

Matters Relating to the Independence of Such Directors and/or Staff from Executive Officers **Updated**

The secretariat of the Audit Committee has been established to assist the Audit Committee in the execution of its duties. The secretariat of the Audit Committee performs its duties to ensure the effectiveness of the Audit Committee. The matters regarding the staff, including but not limited to personnel changes, shall be agreed by the Audit Committee to ensure the independence of the staff.

Cooperation among Audit Committee, Accounting Auditors and Internal Auditing Division **Updated**

- (1) The Audit Committee receives reports on the status of internal audits (including the results of internal audits) and the operational status of the hotlines (whistleblower systems) from the Internal Auditing Division every month in principle (or whenever necessary), and it exchanges opinions with the Internal Auditing Division. In addition, the Audit Committee may provide guidance to the Internal Auditing Division through cooperation and give instructions as necessary.
- (2) The Audit Committee receives reports from the Accounting Auditors on the audit plan, status of implementation, etc., as well as on internal control audits based on the Financial Instruments and Exchange Act of Japan, and exchanges opinions with the Accounting Auditors.
- (3) The Internal Auditing Division periodically reports audit results to the Accounting Auditors and exchanges opinions with them. In addition, in order to ensure the effectiveness of internal audits, the Internal Auditing Division reports the status of internal audits, etc. to the President, the Board of Directors, and the Audit Committee (as stipulated in (i) above), respectively, as necessary. (Article 8 of the Guidelines)

### [Independent Directors]

Number of Independent Directors <b>Updated</b>	7
--	---

#### Matters relating to Independent Directors

The Company has designated all Outside Directors that qualify as Independent Outside Directors based on the Company's independency standards as Independent Directors.

The Company judges their independency from the standard defined by Tokyo Stock Exchange and the "Independence Criteria for Outside Directors" established by the Company.

With respect to categories h and j for "Relationship with the Company," in the event that "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" is satisfied, the description thereof is omitted.

"Independence Criteria for Outside Directors" and "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" established by the Company are as follows:

#### "Independence Criteria for Outside Directors"

The Company declares that an Outside Director who is not fallen under any of the following description is independent of the Company.

- (1) Presently or at any time within the past 3 years, any of his or her relative within the second degree of relationship was an important executing person at the Company or its subsidiary
- (2) Presently or at any time within the past 3 years, the person is or was Executing person of a major business partner\*1, or any of his or her relative within the second degree of relationship is or was an Executing person at a major business partner (if such a person holds or held a position equal to an important executing person at the Company)
- (3) In any one of the past 3 fiscal years, the person or any of his or her relative within the second degree of relationship has received financial compensation of 10 million yen or more (excluding remuneration for Directors or A&SBMs) from the Company
- (4) Presently or at any time within the past 3 years, the person or any of his or her relative within the second degree of relationship has belonged to the Accounting Auditors of the Company
- (5) Presently or at any time within the past 3 years, the person or any of his or her relative within the second degree of relationship has been an Executing person of an organization that has received a significant amount of donation from the Company\*2

#### \*1 Major business partner:

- (1) A business partner with the total amount of transactions with the Company (consideration for offering products/services and procurements) exceeding 2% of sales of the Company or such business partner; or,
- (2) A business partner to whom the Company owes the average annual amount exceeding 2% of total assets of the Company

#### \*2 Organization that has received a significant amount of donation from the Company:

An organization that has received from the Company a significant amount of donation exceeding the greater of 10 million yen, or 2% of the gross income of such organization, in any one of the past 3 fiscal years

“Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights”

With respect to categories h and j for “Relationship with the Company,” the Company omits the description of “Relationship with the Company” in the event that an Outside Director is an Executing person that is fallen under the following categories.

- (1) Executing person of a business partner with the total amount of transactions with the Company (sales or procurements of products/services) not exceeding 1% of the sales of the Company nor the sales of such business partner in the previous fiscal year
- (2) Executing person of a business partner to whom the Company owes the average annual amount of the previous fiscal year not exceeding 1% of the total assets of the Company
- (3) Executing person of an organization that has received from the Company a donation not exceeding 1% of the gross income of such organization in the previous fiscal year

All of 7 Outside Directors, out of 12 Directors, are Independent Directors.

### [Incentives]

Incentive Policies for Directors and Executive Officers	Performance-linked Remuneration
---	---------------------------------

Supplementary Explanation **Updated**

(1) Performance-based Remuneration  
Performance-based remuneration consists of short-term incentive (Bonuses) and mid- to long-term incentive (Stock Compensation).

(2) Policy on Ratio to Remuneration Amounts of Individual Directors and Executive Officers  
The following shows the approximate ratio of each type of remuneration to the amounts of remuneration for individual Directors and Executive Officers.

(i) Directors

Remuneration for Directors shall, in principle, be basic remuneration, which is fixed remuneration. However, from the viewpoint of increasing shareholder value, inside Directors will be paid mid- to long-term incentive (Stock Compensation), which is variable (performance-linked) remuneration, up to a maximum of approximately 30% of their total remuneration. For Directors who concurrently serve as Executive Officers, the remuneration system for Executive Officers shall apply. The level of remuneration shall be determined in accordance with the responsibilities of each Director, taking into consideration the level of remuneration at competing companies, etc.

(ii) Executive Officers

Remuneration for Executive Officers consists of basic remuneration, which is fixed remuneration, short-term incentive (Bonuses) and mid- to long-term incentive (Stock Compensation), which are variable (performance-linked) remuneration. The ratio of each type of remuneration to the amounts of remuneration for individual Executive Officers is shown in the following.

The level of remuneration and the composition ratio of each type of remuneration, etc. shall be determined in accordance with the responsibilities of each Executive Officer, taking into consideration the level and composition ratio of remuneration at competing companies, etc.

President (Executive Officer)

- Basic remuneration: 33%
- Short-term incentive (Bonuses): 33%
- Mid- to long-term incentive (Stock Compensation): 33%

Corporate SEVP (Executive Officer)

- Basic remuneration: 45%
- Short-term incentive (Bonuses): 30%
- Mid- to long-term incentive (Stock Compensation): 25%

Corporate EVP (Executive Officer)

- Basic remuneration: 45%
- Short-term incentive (Bonuses): 30%
- Mid- to long-term incentive (Stock Compensation): 25%

Corporate SVP (Executive Officer)

- Basic remuneration: 50%
- Short-term incentive (Bonuses): 30%
- Mid- to long-term incentive (Stock Compensation): 20%

Corporate Secretary (Executive Officer)

- Basic remuneration: 60%
- Short-term incentive (Bonuses): 25%
- Mid- to long-term incentive (Stock Compensation): 15%

(Note 1) The ratios of short-term incentive (Bonuses) and mid- to long-term incentive (Stock Compensation) are calculated based on the standard amount before reflecting performance.

(3) Indicators Used for Performance-based Remuneration, Reason for Selection thereof and Method for Determining the Amount of Performance-based Remuneration

(i) Short-term incentive (Bonuses)

Bonuses have two components: a component linked to the degree of achieving targets of key performance indicators set in the Mid-term Management Plan of the NEC Group for each fiscal year (“the Group-wide Performance-based Component”), and a component linked to the degree of achieving targets of the departments for which each Executive Officer is responsible for each fiscal year (“the Department Performance-based Component”). The ratios of the Group-wide Performance-based Component and the Department Performance-based Component in the standard amount determined for each job title is as follows:

President (Executive Officer)

- Group-wide Performance-based Component: 100%
- Department Performance-based Component: 0%

Corporate SEVP (Executive Officer)

- Group-wide Performance-based Component: 60%
  - Department Performance-based Component: 40%
- (portion linked to budget indicators: 20%, portion linked to Mid-term Management Plan indicators: 20%)

Corporate EVP (Executive Officer)

- Group-wide Performance-based Component: 40%
  - Department Performance-based Component: 60%
- (portion linked to budget indicators: 30%, portion linked to Mid-term Management Plan indicators: 30%)

Corporate SVP (Executive Officer)

- Group-wide Performance-based Component: 30%
  - Department Performance-based Component: 70%
- (portion linked to budget indicators: 35%, portion linked to Mid-term Management Plan indicators: 35%)

Corporate Secretary (Executive Officer)

- Group-wide Performance-based Component: 30%

- Department Performance-based Component: 70%

(portion linked to budget indicators: 35%, portion linked to Mid-term Management Plan indicators: 35%)

Indicators for the Group-wide Performance-based Component and the Department Performance-based Component, reason for selection thereof and method for determining the amount of bonuses are as follows:

- 1) Indicators for the Group-wide Performance-based Component and Reason for Selection  
For indicators for the Group-wide Performance-based Component, the following three indicators are set as key performance indicators in the Mid-Term Management Plan 2025, taking into consideration their appropriateness in measuring the degree of achievement of the Mid-Term Management Plan.
    - (i) EBITDA (Amount) (50%): Indicator responsible for the “Strategy” aspect of the Mid-Term Management Plan 2025. The allocation ratio between EBITDA (amount) and EBITDA (% to revenue) is weighted toward EBITDA (amount), in consideration of sustainable growth.
    - (ii) EBITDA (% to Revenue ) (30%): Same as above
    - (iii) Engagement score (20%): ESG indicator responsible for the “Culture” aspect of the Mid-Term Management Plan 2025.
  
  - 2) Indicators for the Department Performance-based Component and Reason for Selection  
For indicators for the Department Performance-based Component, the following indicators are set, taking into consideration their appropriateness in measuring the degree of achievement of performance targets for each fiscal year in the responsible departments and the degree of progress toward the achievement of the Mid-Term Management Plan. The evaluation results are reported to the Compensation Committee to confirm the validity of the evaluation.
    - (i) Budget indicators: Evaluates the degree of achievement of targets in the department for which each Executive Officer is responsible during the fiscal year under evaluation, using indicators such as EBITDA (amount), EBITDA (% to revenue), and engagement score.
    - (ii) Mid-term Management Plan indicators: The President evaluates the degree of achievement of each initiative in the fiscal year under evaluation, using indicators such as the plan of initiatives, etc. to achieve the Mid-term Management Plan, established through interviews between each Executive Officer and the President.
  
  - 3) Determination Method of Bonus Amounts  
The amount of each bonus is set between 0% and 200% of the standard amount determined for each job title, based on the achievement level of performance targets.  
  
<Calculation formula>  
Group-wide Performance-based Component (Group-wide standard amount x Group-wide evaluation) + Department Performance-based Component (Department standard amount x Department evaluation)
- (ii) Mid- to long-term incentive (Stock Compensation)  
The number of shares to be granted for stock compensation will be determined in a range from 0% to 150% of the number of shares granted, in accordance with the results of a comparison of the

Company's TSR (Total Shareholder Return) with indices such as the Tokyo Stock Price Index (TOPIX) and peer group companies in order to further clarify the linkage with sustainable growth of corporate value and increase in shareholder value.

Stock compensation covers a period of three fiscal years, and the delivery of shares will be made, in principle, after three years from the beginning of the three fiscal years covered by the stock compensation. However, in consideration of tax payment funds at the time of stock delivery, a certain percentage of the stock compensation will be sold on the market and paid in cash.

(Note 1) In order to promote management that creates shareholder value, Inside Directors and Executive Officers are encouraged to own shares of the Company.

Method of Determining the Number of Shares to be Delivered

<Calculation formula>

Number of shares granted by job title x TSR (Total Shareholder Return) growth rate (index comparison + peer group comparison)

1) Calculation Method of the Number of Shares Granted by Job Title

The calculation method of the number of shares granted by job title is as follows:

The number of shares granted by job title =

The standard amount of stock compensation by job title<sup>(Note)</sup>/

average value of closing price of the Company shares on the Tokyo Stock Exchange in the previous fiscal year

(Note) The standard amount of stock compensation by job title shall be determined by the Compensation Committee in accordance with the job title held during the applicable period.

2) Calculation method for TSR (Total Shareholder Return) valuation

The TSR (Total Shareholder Return) comparison target, allocation ratio and valuation method are as follows.

- (i) Index comparison (50%): Valuation factor (payment rate) is determined based on the relative superiority of the Company's TSR over the TOPIX growth rate.

- (ii) Peer group comparison (50%): Valuation factor (payment rate) is determined based on the Company's TSR ranking in the peer group (i.e., competition in the Company's industry, business model, and in the human resources market, etc.).

(4) Certain Restrictions of Remuneration (Return of Remuneration, etc.)

The Company has established certain restrictions that allow for forfeiture (malus) or return (clawback) of beneficial interests in remuneration in the event of the discovery of compliance violations or improper accounting treatment by Directors and Executive Officers, or damage to the value of the Company due to retroactive restatement of financial statements. Such restrictions are set for bonuses and stock compensation, which are performance-based remuneration, and triggering conditions are set for events attributable to the individual and the Company, respectively. Triggering requires deliberation by the Board of Directors and a resolution by the Compensation Committee.

Recipients of Stock Options	-
-----------------------------	---

Supplementary Explanation
---------------------------

-
---



**[Remuneration for Directors and Executive Officers]**

Disclosure of Individual Directors' Remuneration	Selected Directors
Disclosure of Individual Executive Officers' Remuneration	Not Disclosed

Supplementary Explanation **Updated**

Total amount of the remuneration of Inside Directors and Outside Directors are separately disclosed in the Business Report, the Annual Securities Reports and the Integrated Report, which is the Company's annual report for stakeholders including shareholders.

The total amount of the remuneration exceeding 100 million yen in the fiscal year ended March 31, 2023 2021, has been disclosed in the Annual Securities Reports in accordance with the "Cabinet Office Order on Disclosure of Corporate Affairs" as follows;

- Total amount of the remuneration of Takashi Niino (Director) was 150 million yen (basic remuneration of 90 million yen, bonuses of 11 million yen and Performance-based Stock Compensation of 49 million yen)
- Total amount of the remuneration of Takayuki Morita, President (Director) was 149 million yen (basic remuneration of 75 million yen, bonuses of 42 million yen and Performance-based Stock Compensation of 32 million yen)

The Business Report, the Annual Securities Reports (Japanese text only) and the Integrated Report are posted on the Company's website. (<https://www.nec.com/en/global/ir/>)

(Note) The total amount indicates the sum rounded to the nearest million yen of basic remuneration, bonuses and Performance-based Stock Compensation before rounding. In addition, the amounts of basic remuneration, bonuses and Performance-based Stock Compensation are each rounded to the nearest million yen.

There was no compensation paid to Executive Officers in the fiscal year ended March 31, 2023 since the Company has transitioned to a Company with a Nominating Committee, etc., by the resolution of the Ordinary General Meeting of Shareholders held on June 22, 2023.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Updated</b>	Established
---	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) Basic Policy on the Remuneration for Directors and Executive Officers, and Methods on Determining the Level of Remuneration

The Company's Compensation Committee decides matters related to policies concerning the amount of remuneration, etc. for Directors and Executive Officers or the method of calculation thereof. In conjunction with the corporate governance reforms triggered by the transition to a Company with a Nominating Committee, etc. as of June 22, 2023, the Company has reviewed its remuneration system for Directors and Executive Officers to make it more conducive to the sustainable growth of corporate value and the realization of shareholder value management. In order to improve objectivity, fairness, and transparency of remuneration, etc. for Directors and Executive Officers, the Compensation Committee deliberates by utilizing, as necessary, executive compensation survey data, etc., from an outside third-party professional compensation consulting firm. The Company's basic policy on remuneration, etc. for Directors and Executive Officers is as follows.

- (i) The remuneration system is highly objective and transparent, with content which leads to sustainable growth with the aim of maximizing corporate value, and which allows shareholders to confirm that management is linked to shareholder value.
- (ii) The remuneration system is linked to the Mid-term Management Plan target indicators and provide incentives for Executive Officers to achieve the management targets indicated in the Mid-term Management Plan.

(iii)	As a technology company with global operations, the remuneration system is competitive in the human resources market in terms of both remuneration structure and level.
(2)	<p>Policy on Determining Remuneration Amounts of Directors and Executive Officers, and Calculation Method</p> <p>Remuneration for Directors and Executive Officers consists of basic remuneration, short-term incentive (bonuses), and mid- to long-term incentive (stock compensation). Matters concerning remuneration for Directors and Executive Officers are determined by the Compensation Committee.</p>
(i)	<p>Basic remuneration</p> <p>Fixed remuneration with the amount paid determined based on market competitiveness in accordance with the role, authority, and responsibility of each job title. [Monetary remuneration.]</p>
(ii)	<p>Short-term incentive (Bonuses)</p> <p>Incentive remuneration where the payment amount is determined by the degree of achievement of performance targets for each fiscal year linked to the indicators set forth in the Mid-term Management Plan. [Monetary remuneration]</p>
(iii)	<p>Mid- to long-term incentive (Stock compensation)</p> <p>Incentive remuneration linked to the maximization of corporate value, in which the number of shares to be delivered is determined based on an evaluation relative to an index that is aware of shareholder value (stock price appreciation). [Stock compensation]</p>

**[Supporting System for Outside Directors] Updated**

The Company has established a support system for Directors to ensure that each Director can properly fulfill his or her oversight function. In particular, the Corporate Governance Office, which serves as the secretariat for the Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee, plays a central role in communicating and coordinating with Outside Directors, and has established a support system for Outside Directors by providing them with information they need in a timely manner.

In addition to the above, the Company promotes sharing information and strengthening cooperation among Directors and between Directors and Executive Officers through various meetings, such as meetings for exchange of opinions among Outside Directors only, meetings for exchange of opinions between Outside Directors and the Chairman of the Board or the President, and meetings for exchange of opinions between Outside Directors and Executive Officers. (Article 9(3) of the Guidelines)

**[Retired presidents holding advisory positions (sodanyaku, komon, etc.)]**

Information on retired presidents holding advisory positions (sodanyaku, komon, etc.)					
Name	Job Title/Positon	Responsibilities	Employment terms (Full/Part-time, with/without Compensation, etc.)	Date of Retirement from President etc.	Term
Nobuhiro Endo	Executive Advisor	Business support relating to external affairs, including external association's activities, etc. (non participation in management)	Full time With Compensation	June 22, 2022	Determined
Number of retired presidents holding advisory positions (sodanyaku, komon, etc.)					1

## Other information

The Company abolished a counselor (sodanyaku) system in June 2003 and its honorary advisor system in May 2021. Individuals who formerly served as Chairman of the Board, President, etc. may be appointed as Executive Advisors and engage sales support activities, including activities to reinforce the relationship with important customers of the NEC Group, and support activities relating to external affairs, including activities as a member of an outside organization.

The Company pays remuneration to Executive Advisors according to their duties such as outward-facing roles which are important for the NEC Group.

Executive Advisors have no involvement in the Company's management-related decision making and do not receive regular reports or similar information from the management of the Company. Considering the above situations, the Company considers that its appointment of Executive Advisors have no adverse effect on the Company's governance.

The "Date of Retirement from President etc." in the above table is the date of retirement from the Chairman of the Board.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

By the resolution of the Ordinary General Meeting of Shareholders held on June 22, 2023, the Company has transitioned to a "Company with a Nominating Committee, etc." The Company takes the opportunity of the transition to a Company with a Nominating Committee, etc. to clearly separate the oversight function from execution by management, aiming to strengthen the oversight function of the Board of Directors. By delegating substantial authority from the Board of Directors to Executive Officers with respect to business execution, the Company accelerates timely decision-making and implementation. In line with this, the Company also promotes strengthening governance on the execution side, such as strengthening the Group-wide risk management system, improving decision-making quality by reorganizing the executive meeting bodies centered on the Executive Committee, and strengthening the internal audit function.

### (1) Oversight function

#### (i) Board of Directors

The Board of Directors is responsible for overseeing the execution of duties by Directors and Executive Officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy.

The Board of Directors is comprised with consideration given to the balance between diversity, in such factors as career background, specialist field, internationality and gender, and appropriate size. The candidates for Directors are determined with consideration given to the following attributes, in addition to satisfaction of the requirements of a Director as specified by laws and regulations:

- they have superior character, insight and high ethical standards;
- they sympathize with the NEC Way and act with strong will to realize the Philosophy; and
- they have extensive experience and deep insight related to the career background and skills the Company especially expects of Directors.

In addition, from the perspective of ensuring independence, the majority of the Board of Directors is comprised of independent Outside Directors, and the Nominating Committee, Compensation Committee, and Audit Committee are each chaired by an independent Outside Director, thereby improving the transparency and objectivity of management.

As of the date of submission of this report, there are 12 Directors (including 7 Outside Directors) as follows.

(Title)	(Name)
Director (Chairman of the Board of Directors)	Takashi Niino

Director	Takayuki Morita
Director	Osamu Fujikawa
Director	Hajime Matsukura
Director	Shinobu Obata
Outside Director	Kuniharu Nakamura
Outside Director	Christina Ahmadjian
Outside Director	Masashi Oka
Outside Director	Kyoko Okada
Outside Director	Harufumi Mochizuki
Outside Director	Joji Okada
Outside Director	Yoshihito Yamada

(Status of Activities of the Board of Directors during the fiscal year ended March 31, 2023)

The number of meetings of the Board of Directors held during the fiscal year ended March 31, 2023 was 14, as the Company was a company with an A&SB.

(a) Attendance at the Board of Directors Meetings

(Title)	(Name)	(Attendance Rate)
Director (Chairman of the Board of Directors)	Takashi Niino	14 out of 14 (100%)
Representative Director	Takayuki Morita	14 out of 14 (100%)
Representative Director	Osamu Fujikawa	11 out of 11 (100%)
Director	Hajime Matsukura	14 out of 14 (100%)
Director	Motoo Nishihara	14 out of 14 (100%)
Outside Director	Noriko Iki	14 out of 14 (100%)
Outside Director	Masatoshi Ito	14 out of 14 (100%)
Outside Director	Kuniharu Nakamura	14 out of 14 (100%)
Outside Director	Christina Ahmadjian	14 out of 14 (100%)
Outside Director	Masashi Oka	11 out of 11 (100%)
Audit & Supervisory Board Member (KANSAYAKU) (full-time)	Nobuhiro Odake	14 out of 14 (100%)
Audit & Supervisory Board Member (KANSAYAKU) (full-time)	Shinobu Obata	11 out of 11 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Nobuo Nakata	14 out of 14 (100%)

Outside Audit & Supervisory Board Member (KANSAYAKU)	Masami Nitta	14 out of 14 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okada	11 out of 11 (100%)

(Note) Attendance of Osamu Fujikawa and Masashi Oka at the Board of Directors meetings covers meetings held after they became Directors (June 2022), and attendance of Shinobu Obata and Kyoko Okada at the Board of Directors meetings covers meetings held after they became A&SBMs (June 2022).

(b) Main Agenda Items and Discussion Details

At the Board of Directors' meetings, in addition to resolutions on important contractual matters, the Board discussed matters related to management policies and strategies, as well as governance matters. With regard to "Strategy" set forth in the Mid-Term Management Plan 2025, the Board of Directors discussed the progress and future policies of the Digital Government and Digital Finance businesses, the Global 5G business, and the Domestic DX business, as well as the status of initiatives for "Materiality," which are management priorities from an ESG perspective. With regard to "Culture," the Board discussed the status of initiatives to improve diversity and engagement of human resources. In addition, as matters related to governance, the Board of Directors discussed the Company's corporate governance structure, including the transition to a Company with a Nominating Committee, etc. and received reports on the status of internal audits and the development and operation of the internal control system (including the status of response to the Priority Risks to be Addressed), among others.

(ii) Nominating Committee

The Nominating Committee deliberates, from the perspective of objectivity, fairness and transparency, on matters concerning nomination of the Company's Officers (including the succession plan for the President), as well as on the contents of proposals to be submitted to the General Meeting of Shareholders concerning the election or dismissal of Directors.

As of the date of submission of this report, the Nominating Committee, a statutory committee, has the following four members.

(Title)	(Name)
Chairperson (Outside Director)	Harufumi Mochizuki
Member (Outside Director)	Kuniharu Nakamura
Member (Outside Director)	Masashi Oka
Member (Director)	Takashi Niino

(Status of Activities of the Nominating Committee during the fiscal year ended March 31, 2023)

In the fiscal year ended March 31, 2023, the Company was a company with A&SB, and had established the Nominating Committee (from June 2022, the previous Nomination and Compensation Committee was separated into the Nominating Committee and Compensation Committee in order to make the most of its expertise) as a body established on a voluntary basis. The Nominating Committee held five meetings during the fiscal year ended March 31, 2023.

(a) Attendance at the Nominating Committee Meetings

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Kuniharu Nakamura	5 out of 5 (100%)
Member (Outside Director)	Masatoshi Ito	5 out of 5 (100%)

Member (Outside Director)	Masashi Oka	4 out of 4 (100%)
Member (Director)	Takashi Niino	4 out of 4 (100%)

(Note) Attendance of Masashi Oka and Takashi Niino at Nominating Committee meetings covers Nominating Committee meetings held after their appointment as Nominating Committee members (June 2022).

(b) Main Agenda Items and Discussion Details

The Nominating Committee mainly discussed the composition of the Board of Directors based on the premise of transitioning to a Company with a Nominating Committee, etc. and review of the Career Skill Matrix, the selection of candidates for Outside Directors that will reform and strengthen the Board of Directors, and administration, etc. of the President's succession plan.

(iii) Compensation Committee

The Compensation Committee deliberates, from the perspective of objectivity, fairness and transparency, on matters concerning the remuneration of the Company's Directors and Executive Officers, including the formulation of policies on remuneration, etc. for Directors and Executive Officers and the determination of the details of remuneration, etc. for each individual Director and Executive Officer. As of the date of submission of this report, the Compensation Committee, which is a statutory committee, has the following four members.

(Title)	(Name)
Chairperson (Outside Director)	Masashi Oka
Member (Outside Director)	Christina Ahmadjian
Member (Outside Director)	Yoshihito Yamada
Member (Director)	Takayuki Morita

(Status of Activities of the Compensation Committee during the fiscal year ended March 31, 2023)  
In the fiscal year ended March 31, 2023, the Company was a company with A&SB, and had established the Compensation Committee (from June 2022, the previous Nomination and Compensation Committee was separated into the Nominating Committee and Compensation Committee in order to make the most of its expertise) as a body established on a voluntary basis. The Compensation Committee held seven meetings during the fiscal year ended March 31, 2023.

(a) Attendance at the Compensation Committee Meetings

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Masashi Oka	5 out of 5 (100%)
Member (Outside Director)	Kuniharu Nakamura	7 out of 7 (100%)
Member (Outside Director)	Christina Ahmadjian	5 out of 5 (100%)
Member (Director)	Takayuki Morita	5 out of 5 (100%)

(Note) Attendance of Masashi Oka, Christina Ahmadjian and Takayuki Morita at Compensation Committee meetings covers Compensation Committee meetings held after their appointment as Compensation Committee members (June 2022).

(b) Main Agenda Items and Discussion Details

The Compensation Committee mainly deliberated on revisions to the remuneration system for Directors and officers, bonus payments to Inside Directors, the amount of stock delivery under the stock compensation system and the additional trust for stock compensation, and monitoring the

operation of the remuneration system for Directors (confirmation and determination of individual Director remuneration).

(iv) Audit Committee

The Audit Committee audits the execution of duties by Directors and Executive Officers. The Audit Committee periodically reports the audit plan and audit results to the Board of Directors, and makes recommendations based on the audit results to the President. As of the date of submission of this report, the Audit Committee, which is a statutory committee, has the following four members.

(Title)	(Name)
Chairperson (Outside Director)	Joji Okada
Member (Outside Director)	Kyoko Okada
Member (Outside Director)	Harufumi Mochizuki
Member (Director) (Full-time)	Shinobu Obata

Joji Okada has abundant experience and deep insight as CFO and Audit & Supervisory Board Member (Full-time) at a general trading company, and as Chairperson of the Japan Audit & Supervisory Board Members Association, and he falls under the category of “Person with considerable knowledge of finance and accounting.” The Company has established the secretariat of the Audit Committee to assist the Audit Committee in the execution of its duties. The secretariat of the Audit Committee performs its duties to ensure the effectiveness of the Audit Committee. The matters regarding the staff of secretariat, including but not limited to personnel changes, shall be agreed by the Audit Committee to ensure the independence of the staff.

(Status of Activities of Audit & Supervisory Board Members (KANSAYAKU) and the Audit & Supervisory Board during the fiscal ended March 31, 2023)

In the fiscal year ended March 31, 2023, the Company was a company with A&SB and the status of auditing activities by A&SBMs and A&SB is as follows.

The A&SB held regular meetings basically once a month and extraordinary meetings as necessary, decided on audit policies, standards, annual auditing plan and other matters, and received status reports on audits and on other matters from each A&SBM. The A&SB also conducted hearings from Directors, Officers, Employees, and Accounting Auditors, and audited the execution of duties by Directors from the perspectives of the develop and operation of internal control system, ensuring the reliability of financial reporting, and ensuring the legality, transparency, and rationality of management judgment and decision making.

The A&SB held sixteen meetings during the fiscal year ended March 31, 2023, and the attendance of the individual A&SBMs is as follows.

(Title)	(Name)	(Attendance (Rate))
Audit & Supervisory Board Member (KANSAYAKU) (full-time)	Nobuhiro Odake	16 out of 16 (100%)
Audit & Supervisory Board Member (KANSAYAKU) (full-time)	Shinobu Obata	11 out of 11 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Nobuo Nakata	16 out of 16 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Masami Nitta	16 out of 16 (100%)

Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okada	11 out of 11 (100%)
---	-------------	---------------------

(Note) 1 Masami Nitta is a A&SBM with considerable knowledge of finance and accounting.

2 Attendance of Shinobu Obata and Kyoko Okada at A&SB meetings covers A&SB meetings held after their appointment as A&SBMs (June 2022).

The A&SBMs attended important meetings including the Board of Directors meeting, and conducted hearings from the Directors, Officers, and the heads of business divisions and staff divisions on the overview of the areas or departments for which they are responsible, as well as the issues and measures in terms of business and internal controls. They also visited domestic and overseas subsidiaries and received reports on the status of their businesses and the development and operation of their internal control systems from the presidents of the subsidiaries, etc. They also exchanged opinions with A&SBMs of domestic subsidiaries and accounting auditors of overseas subsidiaries. Notices and recommendations made by A&SBMs in the course of these reports and hearings were shared with the auditee departments and followed up, as necessary, and regularly communicated to the management executives including the Board of Directors and President, and exchanged opinions regarding the notices and recommendations. In addition, they regularly exchanged opinions on issues that the company should address and risks surrounding the company with the President, and Outside Directors. Furthermore, they endeavored to strengthen collaboration with accounting auditors, internal auditing division, and A&SBMs of subsidiaries to conduct efficient and effective audits. They also exchanged opinions with accounting auditors on the "Key Audit Matters" listed in the Independent Auditor's Report based on the Financial Instruments and Exchange Act throughout the fiscal year ended March 31, 2023, received reports on the status of their audits, and discussed the contents of the report. In addition to the above initiatives, full-time A&SBMs, considering the characteristics of being full-time, made efforts to gather information within the company, including reviewing important approval documents and shared these with Outside A&SBMs in a timely manner. They also worked to maintain the audit environment in collaboration with the various related departments of the NEC Group and the accounting auditors. Moreover, in order to encourage reporting of misconduct relating to the Company's Directors, the Company established and operated the internal reporting system, a KANSAYAKU hotline independent of the Company's Directors.

(2) Execution function

(i) Executive Officers

Executive Officers are delegated by the Board of Directors to execute the Company's business execution. The Company promotes accelerated decision-making and business execution by delegating substantial authority to Executive Officers. The Company has introduced Chief Officers to implement Group-wide strategies. Under the direction of the President, each Chief Officer is working to establish and operate the optimal management infrastructure for the NEC Group in the key Group-wide functional areas for which he or she is responsible. The Company has established the Executive Committee, which is the highest level deliberative body on the execution side, as well as other committees which work in tandem with the Executive Committee in order to ensure high-quality decision-making in terms of both opportunities and risks. The Executive Committee, consisting of Executive Officers, including Presidents of each business unit and Chief Officers, deliberates on important matters related to the management of the NEC Group, such as management policies and strategies, and examines important business execution matters. Budget Progress Committee, Financial Strategy Committee, Business Strategy Committee, Investment Committee, and Critical Contract Risk Assessment Council, etc. conduct deliberations, etc., on their respective responsibilities in accordance with their roles and authorities and work in tandem with the Executive Committee. Furthermore, the Company has established the company-wide risk management system centered on the Risk Control and Compliance Committee, in order to accurately recognize and respond to internal and external risks related to the NEC Group's business. The Risk Control and Compliance Committee deliberates fully on such matters of importance from a perspective of risk management, such as the strategy to control significant management risk, and the matters of particular importance are reported to the Executive Committee and the Board of Directors.

The Committees working in tandem with the Executive Committee are as follows.



(Name of deliberative body)	(Summary)
Budget Progress Committee	Progress management regarding the annual budget
Financial Strategy Committee	Multifaceted review of financial strategies
Business Strategy Committee	Discussion of business strategies and sharing of important matters
Investment Committee	Multifaceted review of investments and loans
Critical Contract Risk Assessment Council	Multifaceted review of important business contracts, etc. in order to reduce risk
Risk Control and Compliance Committee	Multifaceted review of company-wide risk management and compliance

As of the date of submission of this report, the Company has 21 Executive Officers, and for the names of Executive Officers, please refer to “Executive Officers” in “II. 1. Organizational Composition and Operation” above.

(ii) Group Internal Audit Department (Internal Auditing Division)

The Company has established the Group Internal Audit Department to conduct internal audits of the Company and its Group companies. The Group Internal Audit Department conducts audits to ensure legal, appropriate, and efficient business execution in the NEC Group, identifies problem areas, and makes recommendations for improvement. In addition, the Group Internal Audit Department cooperates with some subsidiaries that have their own internal auditing divisions by exchanging information to enhance the audits. There are approximately 90 staff members with expertise engaged in internal audits of the NEC Group.

(iii) Risk Management and Compliance Department (Compliance Division and Company-wide Risk Management Division)

The Company has established the Risk Management and Compliance Department as the Compliance Division and the Company-wide Risk Management Division. The Risk Management and Compliance Department has approximately 60 staff members, including those responsible for compliance promotion, company-wide risk management, and ensuring the appropriateness of financial reporting, etc.

(3) Accounting Auditors

In the fiscal year ended March 31, 2023, the independent audit of the Company was performed by three certified public accountants of KPMG AZSA LLC: Hideaki Koyama, Tsutomu Ogawa and Shinya Fujino. The independent audit was assisted by 39 certified public accountants, 18 assistants who passed the CPA examination and 48 other individuals.

### 3. Reasons for Adoption of Current Corporate Governance System **Updated**

The Company has adopted the structure of a “Company with a Nominating Committee, etc.” under the Companies Act of Japan. 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. (Article 4 of the Guidelines)

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

**Updated**

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out its convocation notice for the General Meeting of Shareholders approximately 3 weeks prior to the meeting. In addition, this information is posted on the Company's website before it is sent out. ( <a href="https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf">https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf</a> )
Scheduling General Shareholder Meeting Avoiding the Peak Day	The Company has been making its effort to avoid the peak day in scheduling the meeting. The 185th Ordinary General Meeting of Shareholders was held on June 22, 2023.
Allowing Electronic Exercise of Voting Rights	The Company provides for voting via the Internet (including via smartphones or mobile phones). In addition, the Company provides electronic voting platform operated by ICJ Co., Ltd. for institutional investors.
Participation in Electronic Voting Platform	The Company has participated in an electronic voting platform operated by ICJ Co., Ltd.
Providing Convocation Notice in English	The Company posts English translation of the convocation notice (including Business Report) on its website. ( <a href="https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf">https://www.nec.com/en/global/ir/pdf/report/185/report185_01.pdf</a> )
Other	The Company broadcasts the Ordinary General Meeting of Shareholders live to shareholders. The Company provides following information related to the 185th Ordinary General Meeting of Shareholders on the Company's website until October 12, 2023. <ul style="list-style-type: none"> <li>- Video streaming of the Business Report presentation given by the President at the General Meeting of Shareholders and its reference materials.</li> <li>- Answers to the main questions regarding the matters reported at the 185th Ordinary General Meeting of Shareholders from shareholders who watched the broadcast live.</li> </ul> The Company also posts on its website the results of the exercise of voting rights at the General Meeting of the Shareholders (including the numbers of votes on each proposal) and English translation thereof. ( <a href="https://www.nec.com/en/global/ir/events/stock/meeting.html">https://www.nec.com/en/global/ir/events/stock/meeting.html</a> )

#### 2. IR Activities

	Supplementary Explanations	Presentation by Representative
Preparation and Publication of Disclosure Policy	The Company has established and published its "Disclosure Policy" on its website. The Company has stipulated in the "Disclosure Policy" that the Company manages and discloses its information, such as information regarding business management and operation, in accordance with applicable laws and regulations, including the listing regulations of Tokyo Stock Exchange and fair disclosure rules under Financial Instruments and Exchange Act, and the Company ensures the accuracy of the information to be disclosed and make sure that the disclosures are made in a timely, appropriate and fair manner. ( <a href="https://www.nec.com/en/global/ir/corporate/disclosure.html">https://www.nec.com/en/global/ir/corporate/disclosure.html</a> )	-
Regular Investor Briefings for Individual Investors	The Company holds regular briefings for individual investors to brief the Company's overview, business,	No

	overall operating performance, etc. Further, efforts are focused to enhance disclosure of corporate information to individual investors and the Company has established a corporate web page targeted for individual investors which delivers corporate information such as the Company's overview, operating performance, business strategy, etc. in a clear manner. ( <a href="https://www.nec.com/en/global/ir/index.html">https://www.nec.com/en/global/ir/index.html</a> )	
Regular Investor Briefings for Securities Analysts and Institutional Investors	The Company holds briefings on ESG and management briefings, including Mid-term Management Plan and business strategy, as well as quarterly financial-result briefings for securities analysts and institutional investors. In addition, the Company quarterly conducts individual interviews with major institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	The Company regularly conducts individual interviews with major overseas institutional investors to brief its financial results and business strategy.	Yes
Posting of IR Materials on Website	IR materials are provided both in Japanese and English on the Company's website upon releases of them. ( <a href="https://www.nec.com/en/global/ir/library/index.html">https://www.nec.com/en/global/ir/library/index.html</a> ) The Company also provides information which strengthen better understanding of the Company on its website. ( <a href="https://www.nec.com/en/global/ir/index.html">https://www.nec.com/en/global/ir/index.html</a> )	-
Establishment of Department and/or Manager in Charge of IR	The Company has established Stakeholder Relations Department as a department responsible for investor relations.	-

### 3. Measures to Ensure Due Respect for Stakeholders **Updated**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Since dialogue and co-creation with stakeholders, such as customers, shareholders, investors, suppliers, international organizations, national and local governments, NPOs/NGOs, civil society and employees, is an essential process for understanding the fundamental issues faced by customers and society, and their expectations for the NEC Group, and building relationships of trust with various stakeholders, the Company has set "Promotion of Stakeholder Communication" as one of its basic principles for sustainability. The NEC Group Code of Conduct defines "Fair relationship with stakeholders" as one of the basic position that NEC Group officers and employees should comply with.
Implementation of Environmental Protection, CSR Activities etc.	The Company has identified "Environmental Action with a Particular Focus on Climate Change (Decarbonization)" as one of its material issues (materiality) and is engaged in various activities to both reduce risks in its business and contribute to society through its business. In addition, as part of its strategy on climate change, the NEC Group is examining possible future societies under multiple scenarios to enhance its ability to cope with an uncertain future and is considering countermeasures. Based on publicly available information from the Intergovernmental Panel on Climate Change (IPCC) and other organizations, as well as ICT trends and social conditions, the Company conducts medium- to long-term scenario analyses for the entire supply chain, which are disclosed on the Company's website (Sustainability Site), and in the ESG Data Book, and Annual Securities Report Integrated Report ( <a href="https://www.nec.com/en/global/ir/library/annual/index.html">https://www.nec.com/en/global/ir/library/annual/index.html</a> ) Sustainability Site and ESG Data Book

	<p><a href="https://www.nec.com/en/global/csr/report/index.html">https://www.nec.com/en/global/csr/report/index.html</a>)</p> <p>Annual Securities Report (Japanese text only )</p> <p><a href="https://jpn.nec.com/ir/library/securities.html">https://jpn.nec.com/ir/library/securities.html</a>)</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company emphasizes “timely, appropriate, and fair disclosure of information” in its basic policies for corporate governance. The NEC Group Code of Conduct defines “Information disclosure to, communication and joint creation with stakeholders” as one of the business activities with integrity that NEC Group officers and employees should comply with. Moreover, the Company emphasizes “promoting communications with stakeholders” as part of its measures for sustainability basic policy. Under such policies, the Company endeavors to build relationships of trust with stakeholders and enhance its corporate value by ensuring full accountability through the active disclosure of information on the results and challenges of its sustainability activities through the Sustainability Report etc.</p>
Other	<p>&lt;Promoting Inclusion and Diversity within the NEC Group&gt;</p> <p>As stated in 【Ensuring Diversity, Including Active Participation of Female】 (Supplementary Principle 2.4.1) above, the Company considers it an important management strategy to foster an environment that promotes the success of a diverse array of human resources who can incorporate multiple perspectives and ideas, and has various measures for inclusion and diversity. The Company actively discloses information regarding the progress and achievement of such measures on the Company’s website (Sustainability Site) and ESG Data Book.</p> <p>Sustainability Site and ESG Data Book</p> <p><a href="https://www.nec.com/en/global/sustainability/report/index.html">https://www.nec.com/en/global/sustainability/report/index.html</a>)</p> <p>Inclusion and Diversity within the Sustainability Site</p> <p><a href="https://www.nec.com/en/global/csr/society/diversity.html">https://www.nec.com/en/global/csr/society/diversity.html</a>)</p>

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development Updated

<p>&lt;Status of the establishment of Internal Control System&gt;</p> <p>At its meeting held on June 22, 2023, the Board of Directors resolved to revise the “Basic Policy on Internal Control Systems.” The revised Basic Policy, which is available on the Company’s website (<a href="https://www.nec.com/en/global/about/internalcontrol.html">https://www.nec.com/en/global/about/internalcontrol.html</a>), is summarized as follows.</p> <p>The Company shall endeavor to establish and implement its internal control system more effectively, through continuous evaluation of the status of the establishment implementation of its internal control system under the Policy as well as taking measures necessary for its improvement, and conducting consistent reviews of the Policy responding to changes in the business environment.</p> <p>(1) In order to ensure the compliance with the laws, regulations and the Company's Articles of Incorporation in the performance of duties by Directors, Executive Officers and employees, Directors and Executive Officers shall take the lead in practicing “NEC Group Code of Conduct” that was adopted to establish business ethics standards for the NEC Group and to ensure compliance with laws, regulations, the Articles of Incorporation and its internal rules, and promote thorough understanding on these charter and code within the NEC Group. If any material violation of laws, regulations, the Articles of Incorporation or internal rules is found, the Company shall investigate the cause of such violation and formulate and implement preventative measures. In addition, the Company shall prompt the use of the Company’s internal reporting system.</p> <p>(2) The Company shall properly retain and manage information in accordance with applicable laws, regulations and the Company's internal rules.</p> <p>(3) The Company shall implement risk management systems effectively and comprehensively under the consistent policy throughout the NEC Group in accordance with the Company's internal rules. The officer responsible for company-wide risk management shall organize the company-wide risk</p>
---

management system, centered on the Risk Control and Compliance Committee, and supervise the NEC Group's risk management as well as conducting risk factor analysis and implementing measures. Business divisions shall properly conduct risk management related to their assignment and corporate staff divisions shall guidance and support such business divisions' activities. The Company shall deliberate fully on such matters of importance from a perspective of risk management, such as the strategy to control important management risk at the Risk Control and Compliance Committee, and the matters of particular importance shall be reported to the Executive Committee and the Board of Directors.

- (4) In order to ensure the efficient performance of duties by Directors and Executive Officers, the Board of Directors shall delegate its significant authorities to Executive Officers and promote timely decision making and effective performance of duties. Executive Officers shall, under the direction of the Board of Directors, timely make decisions and efficiently conduct businesses in accordance with midterm corporate management goals.
- (5) In order to ensure the proper operation of the NEC Group, the Company shall, through "NEC Group Management Policy," give instructions and assistance to the subsidiaries for the establishment of the systems ensuring compliance with laws, regulations and properness of the operation of business. In order to improve soundness and efficiency of management systems in the NEC Group, the Company shall dispatch directors and A&SBMs where necessary and decide on a division in charge of supervising each of the subsidiaries, and such division in charge shall receive reports from such subsidiary regarding matters of importance on business operations, and give instructions and assistance to the subsidiary so that it shall properly conduct risk controls. Corporate staff departments shall stipulate and operate effective controls for their responsible area to ensure the NEC Group's proper operations. The internal auditing division shall conduct audits of the NEC Group's proper operations. The A&SBMs of the Company shall cooperate with A&SBMs of the subsidiaries by exchanging their opinions on the audit and other measures.
- (6) From the perspective of proper and efficient operations of the NEC Group, the Company shall endeavor to conduct improvement and standardization of business processes, and further strengthen its internal control by utilizing information systems.
- (7) Internal control over financial reporting of the NEC Group shall be evaluated, maintained and improved in accordance with applicable laws and regulations.
- (8) The staff of the secretariat of the Audit Committee shall be assigned to assist the Audit Committee in the execution of its duties. The matters regarding staff, including but not limited to personnel changes,, shall be agreed by the Audit Committee to ensure the independence of the staff.
- (9) Directors, Executive Officers and employees shall report to the Audit Committee on the status of the performance of their duties on a periodic basis or as required. The Company shall give instructions to its subsidiaries so that the directors, A&SBMs and employees of the subsidiaries shall report to the Company's Audit Committee on the status of the performance of their duties or other topics, as requested.
- (10) The Audit Committee shall periodically receive reports from the accounting auditors and the internal auditing division and exchange opinions with them. The Audit Committee shall provide guidance to the internal auditing division through collaboration and give instructions as necessary, to audit the execution of duties by Directors and Executive Officers. Furthermore, an Audit Committee member designated by the Audit Committee shall attend at the meetings of Executive Committee and such other important meetings as they deem necessary.

<Status of the implementation of Internal Control System>

The Company assessed the status of the establishment and implementation of its internal control system for the fiscal year ended March 31, 2023 and confirmed that it has established and implemented its internal control system properly based on Basic Policy on Internal Control Systems (before the resolution of revision at the Board of Directors held on June 22, 2023). In the process of doing so, the Company has exchanged opinions with A&SBMs regarding the status of establishment and implementation of the internal control system. The main initiatives conducted in the fiscal year ended March 31, 2023 are as follows:

With regard to compliance, mainly on "NEC Compliance Day" (established as a day for reconfirming the importance of compliance for all NEC Group employees in 2017 as a result of having been recognized for having violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in Japan in the fiscal year ended March 31, 2017), the Company took measures so that each and every NEC Group employee would reconfirm the importance of compliance. Specifically, lectures were held by the Company's President and an outside attorney well-versed in corporate compliance, interviews were live streamed to pass

down the remembrance of the impact caused to the NEC Group to serve as a reminder of the violation and further raise awareness among employees of the compliance mindset. Webinars were also streamed covering a range of educational content, including compliance and risk management. The Company also awarded business divisions and overseas subsidiaries that had made remarkable efforts to promote compliance. Furthermore, the management of the Company, Managing Directors of business divisions and Presidents of the Company's subsidiaries in Japan and abroad provided messages to reinforce the importance of ethics in business activities and to ensure compliance. The Company also regularly held Compliance Promotion Sessions to strengthen compliance promotion activities at the NEC Group. At these sessions, information was shared with principal subsidiaries in Japan on matters such as the status of the Company's compliance activities and the Priority Risks to be Addressed (risks that require new measures including improvement of existing measures to be addressed across the NEC Group, from the perspective of the magnitude of the impact on corporate business and the need for additional measures) in the fiscal year ending March 31, 2024. In addition, opinions were exchanged to strengthen compliance activities by the NEC Group as a whole. Annual web-based training programs related to compliance were also conducted in this Business Period, in which each employee of the Company declared ensuring compliance and actions that should be taken to embed compliance in the culture of the NEC Group. The Company encourages consulting and reporting (internal reporting) to the "Compliance Hotline," an internal reporting system, to enable early detection and resolution of misconduct. In addition to the "Compliance Hotline," the Company has established and operates the "Human Rights Hotline" (currently the HR Hotline), which allows anonymous consultation on harassment and human rights issues. The Company also operate the "Global Hotline" for employees of overseas subsidiaries for early detection and resolution of misconduct in which their company's management is involved. The number of reports and consultations to the "Compliance Hotline" and the "Human Rights Hotline" was 253 during this Business Period. The internal auditing division or other relevant divisions in the Company investigated these internal reports and consultations and took necessary measures in response, in accordance with the contents reported or consulted.

With regard to risk management, the Company has prepared a risk map (a visualization of risk priority from an exhaustively compiled list of risks of which the NEC Group should be aware, assessed by common criteria such as urgency and their impact, etc. on the NEC Group). Based on this risk map, the Company selected "risks of human rights violation in the value chain" as the Priority Risks to be Addressed in this Business Period. The Company's measures against the Priority Risks to be Addressed was deliberated by the Risk Control and Compliance Committee and the Executive Committee, and after implementing the measures, the results were reported to the Board of Directors. As part of the Company's efforts to "risks of human rights violation in the value chain," the Company revised the NEC Group Human Rights Policy formulated in 2015 to clearly show the commitment of the NEC Group's management to respecting human rights across the NEC Group's entire value chain as well as the NEC Group's governance system. The Company recognize four salient human rights issues, namely, "new technologies and human rights (AI and human rights)," "human rights risks related to geopolitical situations and conflicts," "labor in supply chains," and "employee safety and health." In response to "human rights risks related to geopolitical situations and conflicts," the Company assessed the human rights impact of the NEC Group's operations in high-risk countries and regions and implemented risk mitigation measures in this Business Period, reporting the results of these to the Board of Directors. The Company has in place a system where compliance violations are reported to the Risk Control and Compliance Committee upon occurrence. The outline of compliance violations is reported to the Board of Directors meeting held in the same month, and thereby information is quickly shared with the Board of Directors. The Company has in place a system where Managing Directors of business divisions take ownership and devise and implement appropriate measures according to the business division's compliance risk characteristics. The Compliance Division (currently Risk Management and Compliance Department) periodically confirms compliance risks selected by Managing Directors of business divisions, annual improvement plans as well as the progress and results thereof, and provides support to their efforts as necessary.

With regard to group management, the Company makes efforts to integrate a framework for the management of its subsidiaries for total optimization of group companies and maximization of the value of group companies based on the NEC Group Management Policy, which sets out the NEC Group's group management. As part of this approach, chief officers in charge of key cross-group functions promote the establishment of a framework to manage the performance of duties at overseas subsidiaries within their authority so that the NEC Group's common policies, business processes, and infrastructure can be introduced immediately to

overseas subsidiaries.

With regard to audits by Audit & Supervisory Board Members (KANSAYAKU), Audit & Supervisory Board Members (KANSAYAKU) receive reports on the status of the execution of duties from Directors, corporate officers and employees of the Company and its subsidiaries. In addition, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports from the internal auditing division regarding the status of operation of the “Compliance Hotline” and the internal reporting systems at subsidiaries, as well as the status of internal audits (including their results). Audit & Supervisory Board Members (KANSAYAKU) also appropriately receive reports regarding the status of operation of the “Human Rights

Hotline” from the human resources and general affairs division. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports on financial audits from the Accounting Auditors and exchange opinions with them. They also strive to maintain close links with the Accounting Auditors and the internal auditing division by periodically holding three-way discussions between them. Furthermore, in order to enhance the internal reporting system, a KANSAYAKU hotline independent of the Directors of the Company has been established and operates as a service that enables direct reporting of misconduct relating to the Company’s Directors to the Audit & Supervisory Board Members (KANSAYAKU).

## 2. Basic Views on Eliminating Anti-Social Forces and the Progress of Development

<Basic Views on Eliminating Anti-Social Forces>

The Company has stipulated in the Policy (Basic Policy on Internal Control Systems) that it will interdict any and all relationship with Anti-Social Forces which threaten the order and safety of the civil society, and respond to them in corporate-wide and uncompromising manner in close association with outside professionals such as the police.

<The progress of development of the Company’s system for Eliminating Anti-Social Forces>

### (1) Internal Rules

The NEC Group has stipulated in the “NEC Group Code of Conduct” that all officers and employees of NEC Group will take determined action against Anti-Social Forces that threaten public order and safety, and all contact with such entities is strictly forbidden and will not involve themselves in any acts that would promote the activities of Anti-Social Forces.

### (2) Other systems

- (a) The Company’s Human Resources and General Affairs Department centrally collects and manages information related to Anti-Social Forces. In addition, the Company has appointed person responsible for thwarting unreasonable demands to address issues related to Anti-Social Forces.
- (b) The Company cooperates closely on an ongoing basis with third party experts, such as the police, attorneys at law, the Centers for the Elimination of Boryokudan and Tokusyu Boryoku Boshi Taisaku Rengo-kai, which is a public interest incorporated association within the Tokyo Metropolitan Police Department for preventing special violence.
- (c) The Company has established guidelines on how to manage issues related to Anti-Social Forces and updates them as necessary.
- (d) To address matters related to Anti-Social Forces effectively, the Company shares related information with general managers of general affairs divisions of the Company’s subsidiaries which are responsible for dealing with such issues at those subsidiaries. In addition, the Company provides training programs on Anti-Social Forces for new directors and A&SBMs of the NEC Group and managing directors and other senior employees of the Company.

## V. Other

### 1. Adoption of Anti-Takeover Measures

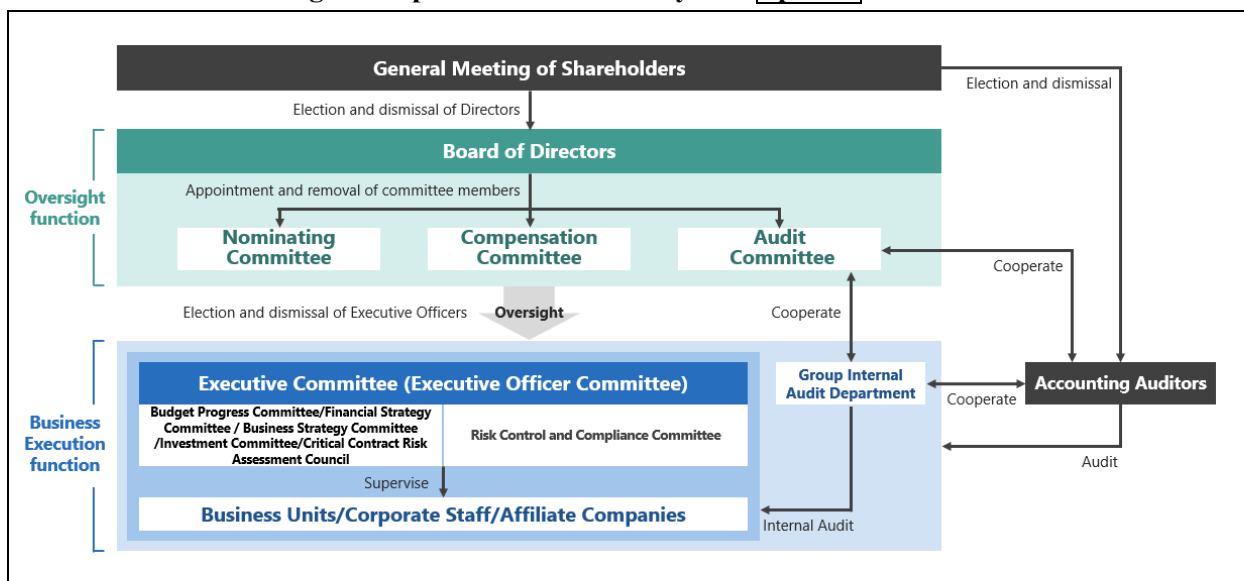
Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

The Company believes that the ultimate decision as to the person who should control the financial and business policy of the Company shall be made by the shareholders of the Company. However, in the event that a person or entity (the “Proposer”) proposes to purchase the substantial number of the shares of the Company with an intent to control the Company or proposes the takeover of the Company, the Company believes it is the responsibilities of the Board of Directors (i) to request the Proposer to provide appropriate information on the reasonableness of the consideration and other conditions of the proposal and the influence such action may have on the management policy and business plan of the Company, (ii) to evaluate the information provided and consider whether such proposal has merit in promoting the corporate value of the Company and the common interest of the shareholders, and (iii) to express the opinion of the Company for purposes of assisting the shareholders to make decisions whether or not to accept the proposal. In addition, the Company believes that, in the particular circumstances, it may be required to negotiate with the Proposer or to present alternative proposals to the shareholders.

Currently, the Company has not adopted a policy of defensive measures that will become effective when a proposal is made by a Proposer. It is the Company’s intention, however, that if (i) the sufficient information is not provided by the Proposer, (ii) the shareholders are not afforded the time sufficient to consider the proposal or (iii) the Company decides that the proposal would have an adverse effect on the corporate value of the Company or the common interest of the shareholders, the Company will decide and implement reasonable countermeasures that are practicable at the time of the proposal and acceptable to the shareholders.

## 2. Other Matters Concerning to Corporate Governance System **Updated**





< Summary of Information Disclosure Structure >

(1) Basic Policy

The Company recognizes the importance of providing timely, appropriate and fair disclosure to obtain a fair evaluation of its corporate value from the capital markets and stipulates “Disclosure Policy,” which is provided through the Company’s website.

(<https://www.nec.com/en/global/ir/corporate/disclosure.html>)

The Company manages and discloses its information, such as information regarding business management and operation, in accordance with applicable laws and regulations, including the listing regulations of Tokyo Stock Exchange and fair disclosure rules under Financial Instruments and Exchange Act. The Company ensures the accuracy of the information to be disclosed and make sure that the disclosures are made in a timely, appropriate and fair manner.

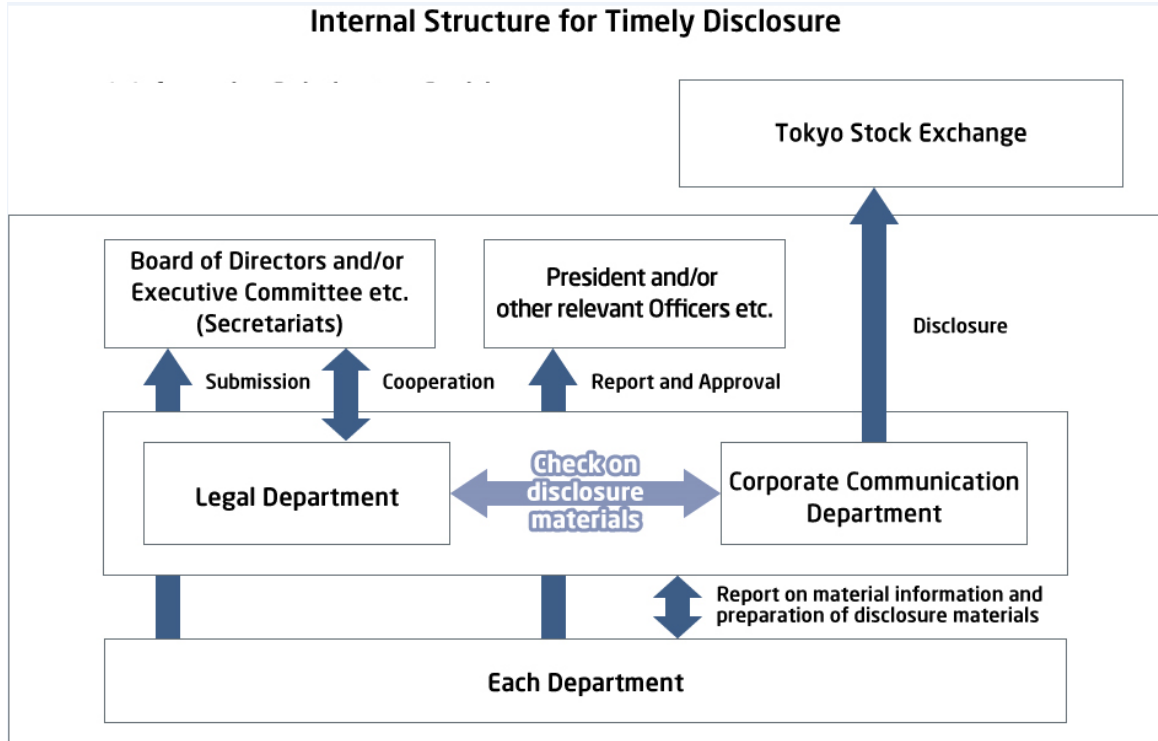
(2) Information Disclosure Structure

In order to ensure timely, appropriate and fair disclosure of corporate information, the Company has established a framework for communication between relevant divisions and subsidiaries as detailed below.

Each relevant division reports to Legal Department and Corporate Communications Department on material information related to the Company or the subsidiaries which the Company may be required to disclose under timely disclosure rules. Legal Department and Corporate Communications Department consider whether or not the Company is required to disclose such information. If timely disclosure is required, the Company promptly discloses the information in a proper manner. Further, the Company discloses the information on its decisions and financial results immediately after necessary internal approval is obtained.

The framework for the Company’s information disclosure structure is illustrated in the charts below:

1. Information relating to a Decision or Occurrence of Material Facts



2 . Earnings Releases, Revision of Dividend/Financial Forecasts

