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## Corporate Governance Report

Last Update: July 7 2025

**NEC Corporation**

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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]**

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

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

The following 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 based on certain criteria 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

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

(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, 2025, the Company assessed the rationality of the above strategic shareholdings at the Board of Directors meeting held in January 30, 2025.

**【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 targets for ensuring diversity

In the "Mid-term Management Plan 2025," the following figures are specified as targets 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 those to be appointed as Executive Officers, Corporate SEVP, Corporate EVP, and Corporate SVP as of April 1, 2026 so determined within the fiscal year ending March 31, 2026).

(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 those to be appointed as managers as of April 1, 2026 so 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, 2025 are as follows:

- Ratio of female or non-Japanese to Directors and Officers<sup>(Note 1)</sup> 16.9%
- Ratio of female to all managers<sup>(Note 2)</sup> 10.6%

(Note 1) Directors and Officers refer to Directors, 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 Workplaces.

As of April 1, 2025, females or non-Japanese accounted for 20.0% of the Directors and Officers.

As of June 20, 2025, 12 out of 58 members of Directors and Officers were female or non-Japanese, representing 20.7% of the Directors and Officers.

In addition, the ratio of female to all managers accounted for 11.3% as of April 1, 2025.

Of the total number of employees recruited by the Company in the fiscal year ended March 31, 2025, approximately 49% is mid-career employees, and the ratio of female to these mid-career employees is 24.9%. In addition, the ratio of female to mid-career employees in managerial positions is also 16.3%. Furthermore, the Company actively recruits non-Japanese employees, through focusing on employment of non-Japanese students from overseas who are new graduates, and making 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 "Women's Leadership Program" (a six-month program for female employees to draw up a business plan on the assumption that they themselves are appointed as Directors, Officers or heads of departments) to eligible female assistant managers since the fiscal year ended March 31, 2022 as a program to develop next-generation female management leaders. Since the fiscal year ended March 31, 2025, the Company has set a target number of female manager for each fiscal year to achieve the target of 20% said above and has incorporated such number into the performance targets for heads of departments and above. Furthermore, the Company has prepared a list of candidates for manager and has provided a program to foster career awareness for the candidates themselves, and diversity management training by experts for their superiors. In the program for the candidates, all female officers at the Corporate SVP and above take part in the program and give the candidates strong messages which support the candidates' career development.

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 and heads of divisions, departments and groups, 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 7 of the Guidelines)

For details, please refer to “Remuneration for Directors and Executive Officers” of “II.1. Organizational Composition and Operation” 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 empathize 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 (i) 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 (ii) 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 Company's website ("Executive Officers" in "Management" of "Corporate Profile").

The Notice of General Meeting of Shareholders

([https://www.nec.com/en/global/ir/pdf/report/187/report187\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/187/report187_01.pdf))

Company's website ("Executive Officers" in "Management" of "Corporate Profile")

(<https://www.nec.com/en/global/about/executives/exc-officers.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. In order to promote its Purpose management, the NEC Group has identified the "Materiality" from both the perspective of reducing risks and creating opportunities. Through the practice of the Materiality, the NEC Group aims to create significant social, environmental, and economic value, and to be continuously included in major ESG indices. The initiatives, their progress and results are disclosed on the Company's website (Sustainability Site), ESG Databook, Integrated Report and Annual Securities Report.

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 ESG Databook. In addition, the Company has participated as a Data Catalyst member in the framework development phase of the Taskforce on Nature-related Financial Disclosures (TNFD) since August 2022, and issued the domestic IT industry's first TNFD Report in July 2023, followed by an updated version in June 2024. For details, please refer to "Implementation of Environmental Protection, CSR Activities, etc." of "III. 3. Measures to Ensure Due Respect for Stakeholders" below.

Sustainability Site

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

ESG Databook

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

Integrated Report

(<https://www.nec.com/en/global/ir/library/annual/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 10 billion yen was posted for the NEC Group for the fiscal year ended March 31, 2025.

In addition, to strengthen its human resource development system, the Company established a new department to optimize and upgrade the human resource development of the NEC Group by consolidating the human resource development functions that had been dispersed throughout the company, as well as a committee to develop talent by job type. In doing so, the Company will accelerate the development of the professional human resources required for business growth.

The details are disclosed on the Company's website (Sustainability Site), Integrated Report and ESG Databook.

Sustainability Site

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

ESG Databook

(<https://www.nec.com/en/global/sustainability/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 technology areas such as AI, security and networks, where it possesses many world-class technologies.

The NEC Group also positions intellectual property as an important management resource that promotes business competitiveness, business stability, and co-creation with customers and partners. The NEC Group is concentrating its resources on technology areas such as AI, security and networks, which drive Core DX (\*), Global 5G and Digital Government/Digital Finance that are defined as the growth businesses in the "Mid-term Management Plan 2025". Under these circumstances, the NEC Group is strengthening its intellectual property portfolio by increasing the proportion of patent applications and holdings in the fields of AI-related technologies and communications technologies that will advance growth businesses such as NEC BluStellar, as well as by strengthening its brand through effectively using trademarks and appropriately managing know-how. By leveraging the value of our intellectual property portfolio fully and proactively, the NEC Group will solidify the execution of its growth businesses and also contribute to the promotion of co-creation with various stakeholders.

The NEC Group is committed to the "Relentless Pursuit of Innovation" as one of its Principles, and will continue to promote R&D and the acquisition and utilization of intellectual property resulting from that R&D.

The details are disclosed on the Company's website (Research & Development, Intellectual Property and Sustainability Site), Integrated Report and ESG Databook.

(\*) The DX area where the NEC Group can leverage its strengths.

Research & Development

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

Intellectual Property

(<https://www.nec.com/en/global/intellectual-property/index.html>)

Sustainability Site

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

Integrated Report

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

ESG Databook

(<https://www.nec.com/en/global/sustainability/report/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 Executive Officers and Directors as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy. (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 and 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, nationality, country of origin or cultural background 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)

The Company has formulated the career background and skills particularly expected of Directors and listed the extensive experience and deep insight possessed by the respective Directors as the Career Skill Matrix. 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.

(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”, 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/187/report187\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/187/report187_01.pdf))

(Supplementary Principle 4.11.2)

In appointing Directors, when an appointee serves as a director or auditor of other listed 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 such appointee serves as an executive.
- In cases other than the above: up to 4 companies in addition to the Company.

However, if an appointee serves in multiple positions concurrently at group companies of the Company or another listed company, the concurrent positions within the group companies shall be deemed as a single position in one company.

As for the important concurrent positions of Directors, please refer to the reference documents attached to the Notice of General Meeting of Shareholders.

Notice of General Meeting of Shareholders

([https://www.nec.com/en/global/ir/pdf/report/187/report187\\_01.pdf](https://www.nec.com/en/global/ir/pdf/report/187/report187_01.pdf))

(Supplementary Principle 4.11.3)

The Company conducts an evaluation and verification of the effectiveness of the Board of Directors and each committee every fiscal year, in order to improve the effectiveness of the Board of Directors. The summary of the procedure and results of the analysis and evaluation for the fiscal year ended March 31, 2025 and policy for initiatives to be implemented for the fiscal year ending March 31, 2026 in light of these results are as follows.

<Procedure of analysis and evaluation>

A third-party evaluation organization was appointed to evaluate the effectiveness of the Board of Directors. The analysis and evaluation methods and processes are as follows:

- Confirmation of the operation status by meeting with the Chairman of the Board of Directors and each secretariat for the Board of Directors and each committee in advance
- Implementation of a questionnaire survey of all Directors
- Conduct interviews of all Directors (approximately 60 to 90 minutes per person) and interviews of Executive Officers who have a particularly close relationship with the Board of Directors and each committee
- Discussions with all Directors (at the off-site meeting held on March 2025)

<Main questionnaire items>

- Overall evaluation
- Roles of the Board of Directors
- Agenda setting of the Board of Directors
- Composition of the Board of Directors (size of the Board of Directors, ratio, knowledge, experience, expertise, etc.)
- Content of deliberations at the Board of Directors (quality and quantity of discussions and its materials, proceedings on the day, etc.)
- Operation of the Board of Directors (frequency of meetings, time required, advance explanations, advance distribution of materials, utilization of off-site meetings, etc.)
- Support system for Directors (functions and state of the secretariat, utilization of IT tools, etc.)
- Contributions of Directors (self-evaluation, contributions of other Directors, etc.)



- Each committee's roles, composition, content of deliberations, operation, and cooperation with Board of Directors
- Executive structure (governance on the execution side, risk management structure, etc.)

<Summary of evaluation results>

Continuing from the fiscal year ended March 31, 2024, further improvements in the effectiveness of the Board of Directors were recognized in the fiscal year ended March 31, 2025, as a result of prioritizing the following three items.

(1) Upgrade the operation of the Board of Directors

By setting agendas focused on important issues, the frequency of regular Board of Directors meetings was revised to six times a year, and two all-day intensive off-site meetings were held in addition to Board of Directors meetings to deepen understanding of important issues and enrich discussions in the Board of Directors. In addition, improvements were made in operations and efficiency, such as clarifying the treatment of advanced explanations to Outside Directors.

(2) Clarification of committee functions

Discussions were held on the roles and functions of each committee and on future policies and matters to be discussed and processes were clarified. The Nominating Committee held in-depth discussions on policies for the CEO succession plan and the Compensation Committee held in-depth discussions on the ideal form of the remuneration plan as an incentive to increase corporate value and the details of these discussions were disclosed in February 2025. The Audit Committee further strengthened collaboration with the internal auditing division in the aim of transitioning to an organizational audit system.

(3) Strengthening the support system for Directors

The efficiency and sophistication of operations were promoted by having the Corporate Governance Office assume the functions of secretariat for the Board of Directors and each committee in an integrated manner. Support for Outside Directors was improved by enhancing the onboarding program when Directors are newly appointed.

<Policy for future initiatives>

While continuing the efforts made in the fiscal year ended March 31, 2025, in the fiscal year ending March 31, 2026, the Company will focus on the following items that were pointed out as issues needing continued consideration in the effectiveness evaluation.

(1) Further upgrade the operation of the Board of Directors

- Further enhance discussions on important issues related to the next Mid-term Management Plan
- Deepen mutual understanding by expanding communication opportunities between Directors and Executive Officers, and thereby further enhancing the content of discussions in the Board of Directors meetings

(2) Enhancement of committee functions

- Further improve deliberation items and the deliberation process in accordance with the roles and policies of each committee
- Strengthen collaboration between the Board of Directors and each committee, including a review of the content and timing of reports by each committee to the Board of Directors

(3) Fostering a board culture

- Foster a board culture by further enhancing opportunities for communication between Directors
- Deepen discussions and create a common understanding of the ideal corporate governance in the Company and the specific roles of the Board of Directors in it

**【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. 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)

**[Implementation Status of Dialogue with Shareholders]**

**(1) Main respondents for dialogue with shareholders**

The Company's attendees at each briefing and meeting are as follows:

- (i) Financial-result briefings:  
President, CFO
- (ii) Theme-based briefings (business briefings (NEC IR Day), NEC Innovation Day, briefings about environmental and human capital management):  
Chief Officer responsible for each theme, those responsible for each business, , Outside Directors (NEC IR Day)
- (iii) Individual meetings
  - a. Management IR:  
President, CFO
  - b. Dialogue through department responsible for IR (including dialogue relating to exercise of voting rights and ESG):  
Department responsible for IR, related departments

**(2) Overview of main shareholders involved in dialogue**

Interviews were conducted with a diverse range of investors, primarily domestic and international active and passive investors. Interviews are conducted mainly with fund managers and analysts, but also with those responsible for exercising voting rights and ESG, depending on the theme.

**(3) Main themes of dialogue and shareholder interest**

The following are the main themes addressed in dialogue and matters of interest to shareholders that the Company has learned through said dialogue.

- (i) Business performance-related and mid- to long-term management strategies  
Improvement of business profitability and growth potential, improvement of capital efficiency, capital allocation and shareholder returns, the probability of realizing the Mid-term Management Plan by business segment, and new business development and technology monetization
- (ii) ESG-related  
Ideal composition of the Board of Directors, human capital management, including efforts to improve engagement score, and environmental management

**(4) Status of feedback on shareholder opinions and concerns to management and the Board of Directors**

In addition to reports after each briefing session, the activities by the department responsible for IR are regularly reported to the President, CFO, Inside and Outside Directors, Executive Officers, and other relevant parties within the Company. The reports include the requests, comments, and concerns

of shareholders and investors, analyst reports, as well as shareholder information, stock price conditions, and capital market trends.

(5) Matters incorporated based on dialogue and feedback

The following are some of the initiatives that have been incorporated based on dialogue and feedback.

(i) Introduction of Non-GAAP indicators

The Company began disclosing Non-GAAP operating profit and net profit starting in the fiscal year ended March 31, 2024 in order to disclose its intrinsic profitability excluding one-time gains and losses and to increase comparability with competitors in the global market.

(ii) Change in reportable segments

The Company changed its reportable segments from market/customer-based segments to business domain-based segments starting in the fiscal year ended March 31, 2024 in order to improve its disclosure to the capital markets in terms of the progress of the “Mid-term Management Plan 2025” and comparability with competitors.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Content of Disclosure <b>Updated</b>	Disclosure of Initiatives (Update)
Availability of English Disclosure <b>Updated</b>	Available
Date of Disclosure Update <b>Updated</b>	July 7, 2025

Explanation of Actions **Updated**

The Company is implementing each element that constitutes corporate value enhancement such as "improvement of capital returns" as an integral factor of various measures in the “Mid-term Management Plan 2025.”

The Company is also strengthening the initiatives to enhance corporate value by establishing KPIs that focus on capital efficiency in accordance with the characteristics of each business, including profit margin enhancement, and CCC (Cash Conversion Cycle) and ROIC (Return on Invested Capital) improvement.

While the market expectation for the Company’s WACC (Weighted Average Cost of Capital) as observed by the Company is at the level of 6.5%, the Company’s ROIC for the fiscal year ended March 31, 2025 was 6.6%. The Company plans to increase ROIC in the fiscal year ending March 31, 2026 to 7.3%, which will be equivalent or exceed the market expectation.

For information of “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” of the Company, please refer to the following materials.

NEC IR Day (held on November 30, 2023) presentations "Progress of Mid-Term Management Plan 2025 and Financial Strategy"

([https://www.nec.com/en/global/ir/pdf/library/231130/plan2025\\_financial\\_strategy.pdf](https://www.nec.com/en/global/ir/pdf/library/231130/plan2025_financial_strategy.pdf))

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

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust	47,443,800	17.78

Account)		
Custody Bank of Japan, Ltd. (Trust Account)	23,197,200	8.69
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	13,023,600	4.88
JP MORGAN CHASE BANK 385632 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	8,448,967	3.17
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	7,858,318	2.94
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.)	5,450,574	2.04
STATE STREET BANK AND TRUST COMPANY 505025 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	4,220,240	1.58
BNYM AS AGT/CLTS NON TREATY JASDEC (standing proxy: MUFG Bank, Ltd.)	3,890,401	1.46
JP MORGAN CHASE BANK 385781 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	3,513,156	1.32

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

Supplementary Explanation **Updated**

- (1) The above list of major shareholders is based on the shareholder registry as of March 31, 2025.
- (2) The Company holds 5,944,811 shares of treasury stock but is excluded from the above list of major shareholders.
- (3) While the Company conducted a share split at a ratio of five shares for every one common share, effective April 1, 2025, "Status of Major Shareholders" and (2) of Supplementary Explanation above are described at the number of shares prior to the share split.

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### 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

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

<p><b>【Views and Policy on Group Management】</b></p> <p>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></p> <p>The Company acquired the shares of common stock of NEC Networks &amp; System Integration Corporation (“NESIC”), which was the Company’s sole listed subsidiary, through a tender offer conducted from October 30, 2024 to January 10, 2025. Following the resolution of the extraordinary meeting of NESIC’s shareholders held on March 4, 2025 to consolidate the shares of common stock of NESIC, NESIC was delisted as of March 21, 2025 pursuant to the delisting regulation of Tokyo Stock Exchange, and NESIC was resulted in becoming a wholly-owned subsidiary of the Company on March 25, 2025.</p> <p>Thus, as of the date of submission of this report, the Company owns no listed subsidiary, and the Company has no plan to list any subsidiaries on stock markets.</p>
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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation 1. Organizational Composition and Operation

Organization Form	Company with a Nominating Committee, etc.
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## [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	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>	11

## [Outside Directors]

Number of Outside Directors	8
Number of Independent Directors	8

### 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
Masashi Oka	From another company											
Harufumi Mochizuki	From another company											
Joji Okada	From another company											
Yoshihito Yamada	From another company											
Shinjiro Sato	From another company											
Shiori Nagata	From another company											
Mika Nishimura	From another company											
Tomomi Yatsu	Attorney at law											

\* 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 who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director himself/herself only)
- Person who executes business for another company that holds cross directorships/cross-auditorships with the Company (applies to director himself/herself only)

- j. Person who executes business for an entity receiving donations from the Company (applies to director himself/herself only)
- k. Other

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Outside Directors' Relationship with the Company (2) <b>Updated</b>
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Name	Membership of Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nominating Committee	Compensation Committee	Auditing Committee			
Masashi Oka	○	○		○	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 empathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, 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.
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 empathize 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			○	○	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	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would empathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight,



					rights” (see the “Matters relating to Independent Directors” below).	having served as a CFO and Audit & Supervisory Board Member (Full-time) at a general trading company, and as Chairperson of The Japan Audit & Supervisory Board Members Association. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Yoshihito Yamada	○			○	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 empathize 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. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Shinjiro Sato		○	○	○	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 empathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as a strategy consultant and management of a manufacturing 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.
Shiori Nagata			○	○	The description for “Relationship with the Company” is omitted	The Company has appointed her as an Outside Director considering that she

					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).	has superior character, insight and high ethical standards. In addition, she would empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a strategy consultant, in business restructuring, and as an officer of an operating 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.
Mika Nishimura		○		○	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 empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a management of global healthcare businesses. She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Tomomi Yatsu			○	○	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 empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a director and auditor at numerous companies and as a certified public accountant and attorney at law. She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.

## [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	5	0	0	5	Outside Director

## [Executive Officers]

Number of Executive Officers <b>Updated</b>	20
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Status of Additional Duties **Updated**

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
Kazuhiro Sakai	No	No	No	No	No
Masakazu Yamashina	No	No	No	No	No
Shigehiro Tanaka	No	No	No	No	No
Toshifumi Yoshizaki	No	No	No	No	No
Tomoki Kubo	No	No	No	No	No
Yushi Ushijima	No	No	No	No	No
Kunikazu	No	No	No	No	No

Amemiya					
Hiroshi Hashimoto	No	No	No	No	No
Michio Kiuchi	No	No	No	No	No
Hiroyuki Nagano	No	No	No	No	No
Takao Iwai	No	No	No	No	No
Norihiko Kimura	No	No	No	No	No
Motoo Nishihara	No	No	No	No	No
Daisuke Horikawa	No	No	No	No	No
Hiroshi Kodama	No	No	No	No	No
Noboru Nakatani	No	No	No	No	No
Koji Tamefusa	No	No	No	No	No
Yasuko Matsumoto	No	No	No	No	No

#### [Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee <b>Updated</b>	Appointed
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Matters Relating to the Independence of Such Directors and/or Staff from Executive Officers **Updated**

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The Company has established the Audit Committee Aide and the office of the Audit Committee to assist the Audit Committee in performing their duties. The Audit Committee Aide and the office of the Audit Committee perform their duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee. The matters regarding the Audit Committee Aide and the office of the Audit Committee, including but not limited to personnel changes, shall be agreed by the Audit Committee to ensure the independence.

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

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- |   |
|---|
| (1) The Audit Committee receives reports on the status of internal audits (including the results of internal audits) 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 (1) above), respectively, as necessary. (Article 8 of the Guidelines)

## [Independent Directors]

Number of Independent Directors	<b>Updated</b>
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8

### 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 Auditor) 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 8 Outside Directors, out of 11 Directors, are Independent Directors.

## [Incentives]

Incentive Policies for Directors and Executive Officers

Performance-linked Remuneration

Supplementary Explanation **Updated**

The Company has introduced performance-linked remuneration. For an overview of the system, please refer to “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in “Remuneration for Directors and Executive Officers” of “II. 1. Organizational Composition and Operation” below.

Recipients of Stock Options

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Supplementary Explanation

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## [Remuneration for Directors and Executive Officers]

Disclosure of Individual Directors’ Remuneration

Selected Directors

Disclosure of Individual Executive Officers’ Remuneration **Updated**

Selected Executive Officers

Supplementary Explanation **Updated**

Total amount of the remuneration of Inside Directors, Outside Directors and Executive Officers are separately disclosed in the Business Report, the Annual Securities Reports and the Integrated Report. The total amount of the remuneration exceeding 100 million yen in the fiscal year ended March 31, 2025 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 209 million yen (basic remuneration of 133 million yen and stock compensation of 75 million yen);
  - Total amount of the remuneration of Takayuki Morita (Executive Officer) was 288 million yen (basic remuneration of 95 million yen, bonuses of 117 million yen and stock compensation of 75 million yen); and
  - Total amount of the remuneration of Motoo Nishihara (Executive Officer) was 100 million yen (basic remuneration of 42 million yen, bonuses of 27 million yen and 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 off to the nearest million yen of basic remuneration, bonuses and stock compensation before rounding off. In addition, the amounts of basic remuneration, bonuses and stock compensation are each rounded off to the nearest million yen.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Updated</b>	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- (1) Methods on Determining and Basic Policy on the Remuneration for Directors and Executive Officers  
The Company's Compensation Committee decides matters related to the amount of remuneration for Directors and Executive Officers or the policies concerning the method of calculation thereof. In order to improve objectivity, fairness, and transparency of remuneration for Directors and Executive Officers, the Compensation Committee deliberates by utilizing, as necessary, executive compensation survey data, etc., obtained from an outside third-party professional compensation consulting firm.

The Company's basic policy on remuneration for Directors and Executive Officers is as follows:

- 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;
- 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; and
- 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.

The objectives and views of each remuneration based on the above basic policy are as follows.

- (i) Basic Remuneration  
Fixed remuneration with the amount paid determined based on market competitiveness in accordance with the role, authority and responsibility of each job title.
- (ii) Short-term Incentive (Bonuses)  
Variable 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.
- (iii) Mid- to Long-term Incentive (Stock Compensation)  
Incentive remuneration for the sustainable growth of corporate value with an awareness of shareholder value.

- (2) Policy on Ratio to Remuneration Amounts of Individual Directors and Executive Officers  
The remuneration system and levels for Directors and Executive Officers, and the approximate ratio of each type of remuneration, to the amounts of remuneration for individual Directors and Executive Officers are as follows:

- (i) Directors (excluding Directors concurrently serving as Executive Officer)  
Remuneration for Directors consists of basic remuneration and mid- to long-term incentive (stock compensation). 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. The approximate ratio of the amount of basic remuneration and stock compensation for Outside Directors is 3:1. In addition, for Inside Directors, mid- to long-term incentive (stock compensation) will be paid up to a maximum of approximately 30% of their total remuneration.

- (ii) Executive Officers  
Remuneration for Executive Officers consists of basic remuneration, short-term incentive (bonuses) and mid- to long-term incentive (stock compensation). The mid- to long-term incentive consists of performance-linked stock compensation and non-performance-linked stock compensation. For Directors who concurrently serve as Executive Officers, the remuneration system for Executive Officers shall apply. The level of remuneration and the composition ratio of each type of remuneration 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.  
The approximate ratio of the amount for each type of remuneration by job title is as follows:

President (Executive Officer)

- Basic remuneration: 30%
- Short-term incentive (Bonuses): 30%
- Mid- to long-term incentive (Stock compensation): 40%

Corporate SEVP (Executive Officer)

- Basic remuneration: 42%
- Short-term incentive (Bonuses): 28%
- Mid- to long-term incentive (Stock compensation): 30%

Corporate EVP (Executive Officer)

- Basic remuneration: 42%
- Short-term incentive (Bonuses): 28%
- Mid- to long-term incentive (Stock compensation): 30%

Corporate SVP (Executive Officer)

- Basic remuneration: 45%
- Short-term incentive (Bonuses): 27%
- Mid- to long-term incentive (Stock compensation): 28%

(Note) 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. Non-performance-linked stock compensation is a fixed amount and the ratio of which is 1% to 10% of the total remuneration depending on the job title.

- (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: one is 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 the other is 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%)

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.

- EBITDA (amount) (50%):

Indicator responsible for the “Strategy” aspect of the “Mid-term Management Plan 2025.” The allocation ratio between EBITDA (amount) and EBITDA (percentage to revenue) is weighted toward EBITDA (amount), in consideration of sustainable growth.

- EBITDA (percentage to revenue) (30%):

Same as above

- 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.

- 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 adjusted operating profit, ROIC, and cash flows, etc.

- 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 bonus is set between 0% and 200% of the standard amount determined by the Compensation Committee for each job title, based on the achievement level of performance

targets. (Hereinafter, the portion of the standard amount determined for each job title linked to Group-wide Performance-based Component is referred to as the “Group-wide Standard Amount,” and the portion linked to Department Performance-based Component is referred to as the “Department Standard Amount.”)

<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)

1) Restricted Stock Compensation (Outside Directors)

Non-performance-linked, restricted stock compensation plan aiming to strengthen awareness of the sustainable growth of corporate value by sharing value with shareholders over the mid- to long term.

In principle, the restricted transfer period shall be from the date of delivery of the restricted shares through the date of retirement as a Director, and the transfer restrictions shall be terminated upon retirement. In addition to the termination of the transfer restrictions, the Company will sell some of such shares on the market in accordance with the rules established in advance by the Company for the payment of the tax withheld.

2) Stock-Granting Trust Stock Compensation (Inside Directors and Executive Officers)

Stock compensation plan using a stock-granting trust, combining performance-linked stock compensation and non-performance-linked stock compensation. The plan aims to strengthen awareness of the sustainable growth of corporate value by sharing value with shareholders over the mid- to long-term, to contribute through business, and to secure talented human resources to take on the Company’s management roles.

The target period is three continuous fiscal years. In principle, rights are granted at the beginning of the target period, and shares are delivered three years after the beginning of the target period. Upon the delivery of shares, a certain percentage of shares will be sold on the market and paid in cash in accordance with the rules established in advance by the Company for the payment of the tax withheld.

3) Method of Determining the Number of Shares to be Delivered

(a) Method of Calculating the Number of Shares to be Delivered or Granted

The number of shares to be delivered as restricted stock compensation and the number of shares to be granted as stock-granting trust stock compensation shall be calculated as follows based on the standard amount of stock compensation by job title:

The standard amount of stock compensation by job title<sup>(Note)</sup> / average value of the closing price of the Company share 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 of Directors and Executive Officers.-

(b) Determination Method of Performance-linked Stock Compensation (Stock-Granting Trust Stock Compensation)

The number of shares to be delivered as performance-linked stock compensation shall be determined within the range of 0% to 150% of the number of shares granted, based on the results of comparing the TSR (Total Shareholder Return) of the Company with indices such as the Tokyo Stock Price Index (TOPIX) and peer group companies, from the viewpoint of linkage with sustainable growth of corporate value and increase in shareholder values.

– Index comparison (50%):

Valuation factor (payment rate) is determined based on the relative superiority of the Company’s TSR over the TOPIX growth rate.

– 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.).

<Calculation formula>

Number of shares granted x TSR growth rate (index comparison + peer group comparison)

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

The Company has established certain restrictions that allow acquisition of shares without compensation prior to the termination of the transfer restrictions or 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 caused as a result of retroactive restatement of financial statements. Such restrictions are set for bonuses and stock compensation, 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.

**[Supporting System for Outside Directors]**

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

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. In line with this, the Company also strengthens governance on the execution side, such as strengthening the Group-wide risk management system, improving decision-making quality, and strengthening the internal audit function.

### (1) Oversight function

#### (i) Board of Directors

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

(\*) Deliberation of important matters related to the basic management policy

1 Formulation of mid- to long-term strategies / mid-term management plan policies

2 Formulation of the governance system / decision-making process policies

3 Capital policy

4 Formulation of policies for the business portfolio

5 Large-scale M&A and large-scale investment

6 Measures to increase corporate value based on the NEC Way

The frequency of meetings of the Board of Directors is, in principle, six (6) times a year (extraordinary meetings of the Board of Directors are held as necessary). This is achieved by enhancing discussions on management agendas aimed at increasing medium- to long-term corporate value, with a focus on important agenda items, as well as improving operational efficiency by systematically submitting proposals based on annual deliberation plans. In addition, all-day off-site meetings are held as an intensive discussion forum separate from Board of Directors meetings. The meeting aims to deepen discussions on each item on the agenda at the Board of Directors meetings by holding wide-ranging and open discussions on important agendas such as the mid- to long-term strategy and strengthening governance.

As of the date of submission of this report, there are 11 Directors (including 8 Outside Directors) as follows.

(Title)	(Name)
Outside Director	Masashi Oka
Outside Director	Harufumi Mochizuki

Outside Director	Joji Okada
Outside Director	Yoshihito Yamada
Outside Director	Shinjiro Sato
Outside Director	Shiori Nagata
Outside Director	Mika Nishimura
Outside Director	Tomomi Yatsu
Director (Chairman of the Board of Directors)	Takashi Niino
Director	Takayuki Morita
Director	Osamu Fujikawa

(Status of Activities of the Board of Directors during the fiscal year ended March 31, 2025)

The number of meetings of the Board of Directors held during the fiscal year ended March 31, 2025 was 9 (six regular meetings and three extraordinary meetings).

(a) Attendance at the Board of Directors Meetings

(Title)	(Name)	(Attendance (Rate))
Outside Director	Kuniharu Nakamura	2 out of 2 (100%)
Outside Director	Christina Ahmadjian	9 out of 9 (100%)
Outside Director	Masashi Oka	9 out of 9 (100%)
Outside Director	Kyoko Okada	9 out of 9 (100%)
Outside Director	Harufumi Mochizuki	9 out of 9 (100%)
Outside Director	Joji Okada	9 out of 9 (100%)
Outside Director	Yoshihito Yamada	9 out of 9 (100%)
Outside Director	Shinjiro Sato	7 out of 7 (100%)
Outside Director	Shiori Nagata	7 out of 7 (100%)
Director (Chairman of the Board of Directors)	Takashi Niino	9 out of 9 (100%)
Director	Takayuki Morita	9 out of 9 (100%)
Director	Osamu Fujikawa	9 out of 9 (100%)
Director	Hajime Matsukura	9 out of 9 (100%)
Director	Shinobu Obata	9 out of 9 (100%)

(Note) Attendance of Kuniharu Nakamura at the Board of Directors meetings covers the Board of Directors meetings held prior to his retirement as Directors on June 21, 2024. Also, Attendance of Shinjiro Sato and Shiori Nagata at the Board of Directors meetings covers the Board of Directors meetings held after their appointment as Directors on June 21, 2024.

(b) Main Agenda Items and Discussion Details

As stated above, the Board of Directors works to enhance discussions on the deliberation of important matters related to the basic management policy and receives reports on matters related to the oversight of the performance of duties by Executive Officers and Directors. The main agenda items and discussion details for the fiscal year ended March 31, 2025, are as follows.

< Deliberation of important matters related to the basic management policy >

- Policies and assumptions for the mid- to long-term strategies following the “Mid-term Management Plan 2025”
- Group management and business portfolio (listed subsidiary policy, M&A strategy, overseas business structure, etc.)
- Capital allocation (growth investment and return to shareholders)
- Human capital management (job-based human resource management strategies and measures based thereon, etc.)
- Corporate governance (policies and progress of corporate governance reform, Board of Directors effectiveness evaluations, etc.)

<Matters related to the oversight of the execution of duties>

- Progress of the “Mid-term Management Plan 2025” and budget
- Internal audit plan, audit results, and status of development and operation of internal control system
- Status of activities of the Nominating Committee, the Compensation Committee, and the Audit Committee

(ii) Nominating Committee

To improve the Company's mid- to long-term corporate value, the Nominating Committee deliberates, from the perspective of objectivity, fairness and transparency, on matters concerning nomination of the Company's Officers and the succession plan for the CEO including support for managerial talent development, 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 has the following four members.

(Title)	(Name)
Chairperson (Outside Director)	Harufumi Mochizuki
Member (Outside Director)	Masashi Oka
Member (Outside Director)	Yoshihito Yamada
Member (Director)	Takashi Niino

(Status of Activities of the Nominating Committee during the fiscal year ended March 31, 2025)

The Nominating Committee held six meetings during the fiscal year ended March 31, 2025.

(a) Attendance at the Nominating Committee Meetings

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Harufumi Mochizuki	6 out of 6 (100%)
Member (Outside Director)	Kuniharu Nakamura	1 out of 1 (100%)
Member (Outside Director)	Masashi Oka	6 out of 6 (100%)
Member (Outside Director)	Yoshihito Yamada	5 out of 5 (100%)
Member (Director)	Takashi Niino	6 out of 6 (100%)

(Note) Attendance of Kuniharu Nakamura at the Nominating Committee meetings covers Nominating Committee meetings held prior to his retirement from the Committee on June 21, 2024. Also, Attendance of Yoshihito Yamada at the Nominating Committee meetings covers Nominating Committee meetings held after his appointment to the Committee on June 21, 2024.

(b) Main Agenda Items and Discussion Details

To improve the Company's mid- to long-term corporate value, the Nominating Committee mainly deliberated on and established policies to strengthen (1) the Board structure aimed at further strengthening the monitoring function of the Board of Directors and (2) the operation of the CEO succession plan, etc.

1) Board structure aimed at further strengthening the monitoring function of the Board of Directors

While ensuring that each Director has diverse work experience, specialized fields, internationality, gender, etc., the Company will establish a compact structure for the Board of Directors that is necessary and sufficient for discussions of the management strategy, etc.

The following points will be taken into consideration when selecting Outside Directors:

- In addition to meeting the requirements of legal eligibility, the applicant must be of good character, good insight, and have high ethical standards.
- Be able to identify with the NEC Way and act with a strong will to realize it.
- Possess a wealth of experience and deep insight into the career and skills that the Company particularly expects from the Director.
- Be aligned with the overall direction of the Company's management policy, and the candidate is necessary for discussions on management policies and strategies over the mid- to long term.

In addition, the reappointment or retirement of Outside Directors will be determined based on the results of the peer review conducted as part of the effectiveness evaluation of the Board of Directors and each committee. However, the number of reappointments will not exceed eight times.

Due to the shift to a Board of Directors' monitoring model, the number of inside Directors will be set at minimum mainly having the CEO.

2) Operation of the CEO succession plan

To ensure the continued and fair appointment of a CEO who will lead the sustainable growth of the Company's value globally, the Nominating Committee and the CEO will work together to implement a CEO succession plan while ensuring objectivity and clarity.

<Roles of the Nominating Committee and CEO>

The roles of the Nominating Committee and the CEO are as follows:

- The Nominating Committee will determine the appropriate timing for the replacement of the CEO and identify candidates for the next CEO. At the same time, the CEO will support the development of the next generation of managerial talent.
- The CEO develops candidates for the next CEO and proposes candidates for the next CEO to the Nominating Committee.

<Term of office and appointment / dismissal process of CEO>

Because the Nominating Committee determines the appropriate timing for the replacement of the CEO and identifies candidates for the next CEO, there is no term of office for the CEO. Instead, an evaluation review of the CEO is conducted every year, and the Nominating Committee decides on the reappointment or retirement of the CEO based on the following items.

- The CEO's intentions (expressed by the CEO during the evaluation review)
- Business performance
- A 360-degree evaluation of the CEO
- Status of development of candidates for the next CEO

<Requirements for the next CEO>

The Nominating Committee will select the next CEO in consideration of the Mid-term Management Plan, management policies and business environment by assessing the qualities and character of the candidate for the next CEO proposed by the CEO from the following perspectives.

- Transformational leadership
- Vision and communication skills
- Sense of responsibility and determination
- Development and formation of an optimal management team
- Ability to continue learning
- Ethics

(iii) Compensation Committee

To improve the Company's mid- to long-term corporate value, 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 has the following four members.

(Title)	(Name)
Chairperson (Outside Director)	Masashi Oka
Member (Outside Director)	Shinjiro Sato
Member (Outside Director)	Mika Nishimura
Member (Director)	Takayuki Morita

(Status of Activities of the Compensation Committee during the fiscal year ended March 31, 2025)  
The Compensation Committee held nine meetings during the fiscal year ended March 31, 2025.

(a) Attendance at the Compensation Committee Meetings

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Masashi Oka	9 out of 9 (100%)
Member (Outside Director)	Christina Ahmadjian	3 out of 3 (100%)
Member (Outside Director)	Yoshihito Yamada	9 out of 9 (100%)
Member (Outside Director)	Shinjiro Sato	6 out of 6 (100%)
Member (Director)	Takayuki Morita	9 out of 9 (100%)

(Note) Attendance of Christina Ahmadjian at the Compensation Committee meetings covers Compensation Committee meetings held prior to her retirement from the Committee on June 21, 2024. Also, Attendance of Shinjiro Sato at the Compensation Committee meetings covers Compensation Committee meetings held after his appointment to the Committee on June 21, 2024.

(b) Main Agenda Items and Discussion Details

The Compensation Committee mainly deliberated on the the following items concerning Directors and Executive Officers.

- 1) Consideration of the direction of a remuneration system that provides incentives to realize mid- to long-term global competitive advantages
- 2) Expansion of the stock compensation system to strengthen management that is conscious of corporate value
- 3) Determination of individual remuneration amount



- 4) Operation of a remuneration plan (additional trust for stock compensation plan, etc.)
- 5) Monitoring of the current remuneration system (analysis of regular benchmark results and responses to problematic items)

The status of deliberations on 1) and 2) in particular is as follows:

- 1) Consideration of the direction of a remuneration system that provides incentives to realize mid- to long-term global competitive advantages  
To match its business growth, the Company aims to provide remuneration at competitive and superior levels and composition. In particular, the ratio of stock compensation will be increased to ensure that all Directors and officers remain conscious of corporate value.
- 2) Expansion of the stock compensation system to strengthen management that is conscious of corporate value
  - Introduction of stock compensation for Outside Directors  
In order to strengthen awareness of the improvement of mid- to long-term corporate value and to further enhance the sharing of value with shareholders, the Company will introduce a non-performance-based Restricted Stock Remuneration Plan to Outside Directors from June 2025.
  - Expansion of stock compensation ratio in Executive Officers  
In order to strengthen the sharing of value with shareholders and to secure excellent human resources to take on management roles, in addition to the current performance-based stock compensation, a new non-performance-based Board Incentive Plan Trust will be introduced from April 2025 for Corporate Senior Vice President and above, including Executive Officers and others, and the ratio of stock compensation will be increased.

(iv) Audit Committee

The Audit Committee audits the execution of duties by Executive Officers and Directors. 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 has the following five members.

(Title)	(Name)
Chairperson (Outside Director)	Joji Okada
Member (Outside Director)	Harufumi Mochizuki
Member (Outside Director)	Shinjiro Sato
Member (Outside Director)	Shiori Nagata
Member (Outside Director)	Tomomi Yatsu

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.” In addition, Tomomi Yatsu has abundant experience and deep insight as a certified public accountant and falls under the category of “person with considerable knowledge of finance and accounting.”

The Company has established the personnel who assists the Audit Committee (“Audit Committee Aide”) and the secretariat of the Audit Committee to assist the Audit Committee in the execution of its duties. Those who assist the Audit Committee perform its duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee. The matters regarding them, 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 the Audit Committee during the fiscal ended March 31, 2025)

The status of auditing activities by the Audit Committee in the fiscal year ended March 31, 2025 is as follows.

With a view of enhancing toward moving to organizational auditing as an auditing system as a Company with a Nominating Committee, etc., the Company is working to build an optimal audit system, including expanding its areas of reliance on the internal auditing division, strengthening cooperation with the internal auditing division and the Accounting Auditors, as well as enhancing the auxiliary functions of the Audit Committee.

(a) Basic Audit Policy for the fiscal year ended March 31, 2025

With a view of transition toward organizational auditing system, the Company, as a “Company with a Nominating Committee, etc.” the basic audit policy of the Audit Committee for the fiscal year ended March 31, 2025 is to ensure further transparency in the governance system on the executive side and to confirm the status of sophisticated internal audits through: 1. Confirm the corporate governance system (including internal control); 2. Expand the scope of reliance on the internal auditing division; and 3. Strengthen three-way audits system (the Audit Committee, the internal auditing division and the Accounting Auditors).

(b) Status of the Audit Committee Meetings

In principle, the Audit Committee holds regular meetings once a month and extraordinary meetings as necessary. In the fiscal year ended March 31, 2024, the Company maintains the structure in which an Independent Outside Director serves as the Chairperson of the Audit Committee in order to further utilize the knowledge and checks and balances of Outside Audit Committee Members. The Audit Committee received reports from major Chief Officers in charge of corporate functions on key issues and initiatives related to their areas of responsibility, in order to confirm the sufficiency and appropriateness of internal control and risk management in particular in addition to statutory resolutions.

Attendance at the Audit Committee meetings in the fiscal year ended March 31, 2025 is as follows.

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Joji Okada	15 out of 15(100%)
Member (Outside Director)	Kyoko Okada	15 out of 15 (100%)
Member (Outside Director)	Harufumi Mochizuki	15 out of 15 (100%)
Member (Outside Director)	Shinjiro Sato	10 out of 10 (100%)
Member (Outside Director)	Shiori Nagata	10 out of 10 (100%)
Member (Full-time)	Shinobu Obata	15 out of 15 (100%)

(Note) Attendance of Shinjiro Sato and Shiori Nagata at the Audit Committee meetings covers Audit Committee meetings held after their appointment to the Committee on June 21, 2024.

(c) Main Activities of the Audit Committee

(i) Confirmation of the Corporate Governance System (including Internal Control)

Details are shown in the Appendix.

(ii) Expansion of the Scope of Reliance on the Internal Auditing Division

Details are shown in the Appendix.

(iii) Strengthening System of Three-way Audits (the Audit Committee, the Internal Auditing Division and the Accounting Auditors)

Details are shown in the Appendix.

At the Board of Directors meeting held after the Ordinary General Meeting of Shareholders on June 20, 2025, the Company has selected solely five independent Outside Directors as members of the Audit Committee and has decided not to establish full-time Audit Committee Members at the subsequent Audit Committee meeting. In order to ensure the effectiveness of audits under the system in which the five members of the independent Outside Directors serve as Audit Committee Members, the Company is working to (i) expand the scope of reliance on the internal auditing division, (ii) strengthen cooperation between the internal auditing division and the Accounting Auditors, and (iii) strengthen the Audit Committee Aide and the secretariat of the Audit Committee to assist the Audit Committee in the execution of its duties. Through these efforts, the Company has developed a system that enables the Audit Committee to fully fulfill its duties.

(2) Execution function

(i) Executive Officers

Executive Officers are delegated by the Board of Directors to execute the Company's business operation. 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. The Committees working in tandem with the Executive Committee conduct deliberations, etc., on their respective responsibilities in accordance with their roles and authorities as follows.

(Name of deliberative body)	(Summary of the respective responsibilities)
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 20 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 Division (Internal Auditing Division)

The Company has established the Group Internal Audit Division to conduct internal audits of the Company and its Group companies. The Group Internal Audit Division 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 Division cooperates with some subsidiaries that have their own internal auditing divisions by exchanging information to

enhance the audits. The Group Internal Audit Division has approximately 110 staff members.

(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 50 staff members, including those responsible for compliance promotion, and company-wide risk management, etc.

(3) Accounting Auditors

In the fiscal year ended March 31, 2025, the independent audit of the Company was performed by three certified public accountants of KPMG AZSA LLC: Hideaki Koyama, Tsutomu Ogawa and Shuhei Toyama. The independent audit was assisted by 38 certified public accountants, 19 assistants who passed the CPA examination and 79 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. In line with this, the Company also promotes strengthening governance on the execution side. (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/187/report187_01.pdf">https://www.nec.com/en/global/ir/pdf/report/187/report187_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 187th Ordinary General Meeting of Shareholders was held on June 20, 2025.
Allowing Electronic Exercise of Voting Rights	The Company provides for voting via the Internet. 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/187/report187_01.pdf">https://www.nec.com/en/global/ir/pdf/report/187/report187_01.pdf</a> )
Other	The Company broadcasts the Ordinary General Meeting of Shareholders live to shareholders. The Company provides following information related to the 187th Ordinary General Meeting of Shareholders on the Company’s website until October 20, 2025. <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 187th Ordinary General Meeting of Shareholders from shareholders which asked in advance. (The answers will be posted after preparation completion.)</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> )
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## 2. IR Activities **Updated**

	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, 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> )	No
Regular Investor Briefings for Securities Analysts and Institutional Investors	The Company holds briefings on ESG and businesses (including NEC IR Day) by those who are responsible for the corresponding areas, 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
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Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>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 positions that NEC Group officers and employees should comply with.</p>
Implementation of Environmental Protection, CSR Activities etc.	<p>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 conducts mid- to long-term scenario analyses for the entire supply chain, based on publicly available information from the Intergovernmental Panel on Climate Change (IPCC) and other organizations, as well as ICT trends and social conditions, and is examining possible future societies under multiple scenarios and is considering countermeasures in order to enhance its ability to cope with an uncertain future. The details are disclosed on the Company's website (Sustainability Site), ESG Databook, Integrated Report, and Annual Securities Report. The Company also presents the results of an assessment regarding the Company and its value chain of their dependence on and impact on nature, as well as technologies and solutions that help visualize and sustainably use natural capital, in the TNFD Report.</p> <p>Sustainability Site  <a href="https://www.nec.com/en/global/sustainability/index.html">https://www.nec.com/en/global/sustainability/index.html</a>  ESG Databook  <a href="https://www.nec.com/en/global/sustainability/report/index.html">https://www.nec.com/en/global/sustainability/report/index.html</a>  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>  Annual Securities Report (Japanese text only )  <a href="https://jpn.nec.com/ir/library/securities.html">https://jpn.nec.com/ir/library/securities.html</a>  TNFD Report  <a href="https://www.nec.com/en/global/sustainability/eco">https://www.nec.com/en/global/sustainability/eco</a>  <a href="https://jpn.nec.com/sustainability/ja/eco/index.html">https://jpn.nec.com/sustainability/ja/eco/index.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 【Principle 2.4 Ensuring Diversity, Including Active Participation of Female】 (Supplementary Principle 2.4.1) above, the NEC Group 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</p>

	<p>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 Databook.</p> <p>Sustainability Site  <a href="https://www.nec.com/en/global/sustainability/index.html">https://www.nec.com/en/global/sustainability/index.html</a></p> <p>ESG Databook  <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  <a href="https://www.nec.com/en/global/csr/society/diversity.html">https://www.nec.com/en/global/csr/society/diversity.html</a></p>
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#### IV. Matters Related to the Internal Control System

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

<Status of the establishment of Internal Control System>

The Company has established and implemented its internal control system based on the basic policy for maintenance of the system of the Company to ensure the properness of operations as provided in Article 416-1-1 (b) and (e) of the Companies Act adopted by resolution of the Board of Directors. The Policy, which is available on the Company's website (<https://www.nec.com/en/global/about/internalcontrol.html>), is summarized as follows.

The Company shall endeavor to establish and implement its internal control system more effectively, through continuous evaluation of the status of the establishment and 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.

(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 the 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 compliance-promotion division shall prompt the use of the Company's internal reporting system.

(2) The Company shall properly retain and manage information in accordance with applicable laws, regulations and the Company's internal rules.

(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 corporate risk management shall organize the corporate risk 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 give guidance and support to such business divisions' activities. The Risk Control and Compliance Committee shall deliberate 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 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 timely make decisions and efficiently execute duties, in accordance with midterm corporate management goals determined by the Board of Directors.

(5) 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 auditors 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 proper operations as the NEC Group. The internal auditing division shall conduct audits of the subsidiaries' proper operations.

(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 Company shall assign the Audit Committee Aide and the secretariat of Audit Committee to assist the Audit Committee in performing their duties. Those who assist the Audit Committee perform its duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee. The matters regarding them, 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 the subsidiaries so that directors, auditors and employees of the subsidiaries shall report to the Audit Committee of the Company on the status of the performance of their duties or other topics, as required by the Company's Audit Committee.

(10) The head of the compliance-promotion division shall periodically report to the Audit Committee on the status of operation of the whistleblowing system. Furthermore, the Company shall not make detrimental treatment to Directors, Executive Officers and employees of the NEC Group on the ground of reporting through whistleblowing system, and/or reporting to the Audit Committee on the status of the performance of duties or other relevant topics.

(11) In order to ensure the effective audit, the Audit Committee shall periodically receive reports from the Accounting Auditors and the division responsible for internal audit and exchange opinions with them. Furthermore, the Audit Committee shall collaborate with the division responsible for internal audit and provide them guidance, give them instructions when deemed necessary, and audit the performance of duties by Directors and Executive Officers. In addition, Audit Committee Members appointed by the Audit Committee and the Audit Committee Aide (collectively "Appointed Audit Members, etc.") shall attend at the meetings of Executive Committee and such other important meetings as they deem necessary. The Company shall bear the reasonable expenses for the performance of duties by the Appointed Audit Members, etc., as required by them.

#### <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, 2025 and confirmed that it has established and implemented its internal control system properly based on the Policy. The main initiatives conducted in the fiscal year ended March 31, 2025 are as follows:

##### (i) Compliance

The NEC Group has established a compliance promotion system centered on the Risk Control and Compliance Committee and CRCO (Chief Risk & Compliance Officer). The Company has established the Risk Control and Compliance Committee, which deliberates on the promotion of compliance, including responses to fraud cases, and reports to the Board of Directors as necessary.

##### • "NEC Compliance Day"

The NEC Group has established the "NEC Compliance Day" 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 offered webinars on various educational content on compliance, while sending out messages on the importance of ethics and thorough compliance in business activities from the Company's management and presidents of its subsidiaries, awarding its organizations that had made remarkable efforts to promote compliance.

##### • Training

The Company conducts training on compliance every year. In education on the NEC Group Code of Conduct, each employee of the Company declared that they would act in accordance with the NEC Group Code of



Conduct and that they would act with integrity in a way that is trusted by customers, society and colleagues.

- Response to misconduct

The Risk Control and Compliance Committee, or other organization, of each NEC Group company deliberates on cases of misconduct that occur at subsidiaries and reports them to the Company. The Risk Control and Compliance Committee deliberates on the causes of misconduct incidents that have occurred at the NEC Group and measures to prevent recurrence. The Company publishes an overview of the incident and key points for the NEC Group every six months to prevent the recurrence of the incident.

- The whistleblowing system

The Company has established a whistleblowing hotline to enable early detection and resolution of misconduct. Since October 2024, the NEC Group's multiple whistleblowing hotlines, which were established depending on the nature of reports and consultations, have been consolidated and reestablished as the "NEC Compliance & Integrity Hotline". The number of reports and consultations to the hotline was 230 during the fiscal year ended March 31, 2025. 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. The Company also conducts training and other publicity activities to promote the use of the whistleblowing system.

(ii) Risk Management

The NEC Group has a company-wide cross-sectional risk management system, centered on the Risk Control and Compliance Committee and Chief Risk Officer (CRCO), to accurately comprehend and to respond appropriately to both internal and external risks related to NEC Group's businesses. The Risk Control and Compliance Committee deliberates a risk management policy, policies with regard to selection of and response to "Priority Risks" that requires countermeasures across the NEC Group, as well as measures to address risks that require company-wide management due to fluctuations in risk environment during the fiscal year, and other important matters related to company-wide risk management, then reports them to the Business Strategy Committee and the Board of Directors on a regular basis.

Further, the Company has established the CRCO to monitor and address company-wide risks centrally and cross-functionally and strengthen its structure to manage possibilities to make losses. The CRCO takes a lead the company-wide risk management by detecting and analyzing various / complicated risks in social and business environment changing day by day, and evaluating impacts, while prioritizing countermeasures and closely collaborating with other chief officers managing each risk.

The CRCO, based upon the exhaustive list of risks that are deemed necessary for the NEC Group to recognize, engages in dialogue with the other chief officers managing each risk and conducts risk assessment to compile a risk map that visualizes the priorities in accordance with impact on five levels and urgency on three levels, taking into account changes in the external and internal environment and the status of each risk countermeasure. The risk map is updated quarterly after deliberation by the Risk Control and Compliance Committee, and is regularly reported to the Business Strategy Committee and the Board of Directors.

(iii) 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.

(iv) Audits by the Audit Committee

With a view of promoting transition toward organizational auditing system, the Company, as a "Company with a Nominating Committee, etc." is working to build an optimal audit system, including expanding its areas of reliance on the internal auditing division, strengthening cooperation with the internal auditing division and the Accounting Auditors, as well as enhancing the auxiliary functions of the Audit Committee.

- The Audit Committee Audits receives reports on the audit of the performance of duties of the CEO and major chief officers in charge of corporate functions. The full-time Audit Committee Member receives reports on the audit of the performance of duties of Executive Officers (excluding major chief officers and others in charge of corporate functions) and shares them with the other Audit Committee Members.

- In principle, audits of the Company's organizations and subsidiaries are based on the results of audits by the internal auditing division and the information is closely shared with the said division. Specifically, the Audit Committee confirms the effectiveness of the internal control system through the internal auditing division's audit plans and reports on audit results, and gives instructions to the said division as necessary.
- The Company has established the Audit Committee Aide and the secretariat of Audit Committee to assist the Audit Committee in the execution of its duties, and those who assist the Audit Committee perform its duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee.
- A full-time Audit Committee Member and the Audit Committee Aide check the status of the establishment and operation of the internal control system by attending important meetings such as the Executive Committee, engaging in dialogue with Executive Officers, etc., and receiving reports from management and auditors of subsidiaries, and report the collected information with other Audit Committee Members.
- The Audit Committee works closely with the Accounting Auditors and the internal auditing division, including exchanging information on a monthly basis in principle, and operates an "Audit Committee Hotline" that is independent of management as a point of contact for reporting misconduct involving the Company's Directors and other officers.

As described in "(1) Oversight function (iv) Audit Committee (c) Main Activities of the Audit Committee" in "II.2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions" above, at the Board of Directors meeting held after the Ordinary General Meeting of Shareholders held on June 20, 2025, the Company has selected solely five independent Outside Directors as members of the Audit Committee, and has decided not to establish full-time Audit Committee Members at the subsequent Audit Committee meeting. Under the system in which the five independent Outside Directors serve as the Audit Committee Members, the Company partially reviews the auditing method by the Audit Committee as follows, strengthens the two way cooperation with the internal auditing division from the viewpoint of confirming the effectiveness of audits by the division, and strengthens the cooperation between the Audit Committee and the CAO (Chief Audit Officer), and between the Audit Committee and the CRCO.

- The Audit Committee continues to receive reports on the audit of the performance of duties of the CEO and major chief officers in charge of corporate functions. In addition, the audit of the performance of duties of Executive Officers (excluding major chief officers in charge of corporate functions) will be conducted through a method in which Executive Officers directly report to Audit Committee Members, or the Audit Committee Aide and the internal auditing division listen to reports and share them with Audit Committee Members.
- The Audit Committee Aide confirms the status of the construction and operation of the internal control system through attendance at important meetings such as the Executive Committee, dialogue with Executive Officers, reports from management and Audit & Supervisory Board Members of subsidiaries and reports the collected information to Audit Committee Members.

## 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 a corporate-wide and uncompromising manner, while cooperating closely 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 the NEC Group will take determined action against Anti-Social Forces that threaten public order and safety, and will not have any relationship with them and will not involve itself in any acts that would promote the activities of Anti-Social Forces.

#### (2) Other systems

- (a) The Company's 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 National Center for Removal of Criminal Organizations and Tokushu 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 manage issues related to Anti-Social Forces effectively, the Company shares relevant 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 auditors of the NEC Group and managing directors and other senior employees of the Company.

## V. Other

### 1. Adoption of Takeover Response Policies (Anti-Takeover Measures)

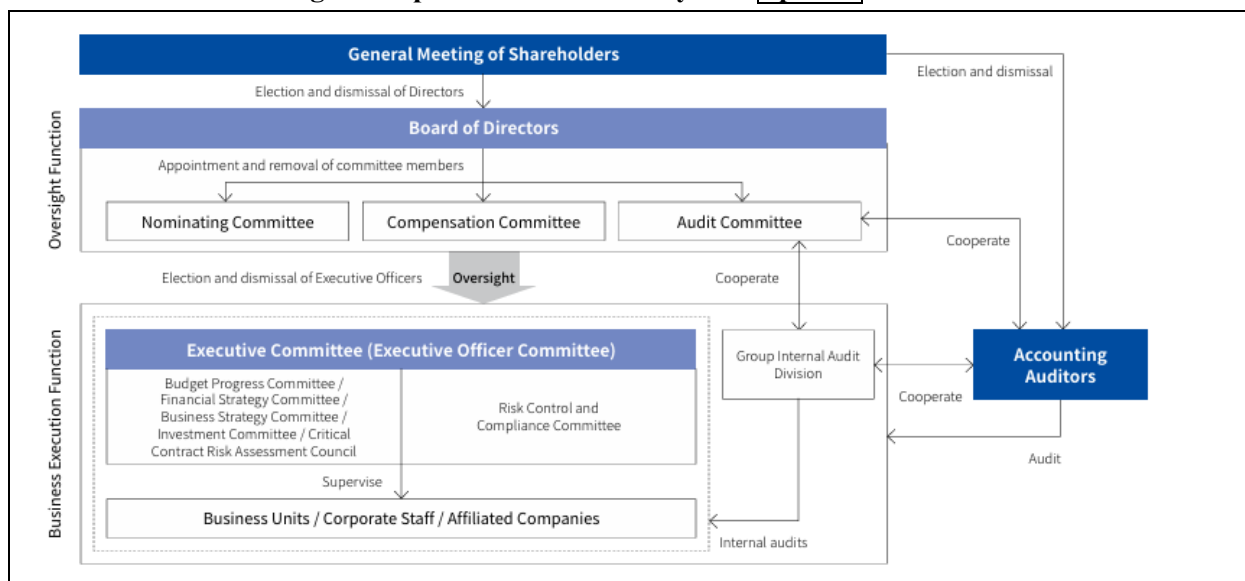
Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation

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 sincerely evaluate the information provided and consider whether such proposal has merit in promoting the corporate value of the Company and the common interests of the shareholders, and (iii) to promptly express the opinion of the Company, thereby 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 response policy that will apply 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 determines that the proposal would have an adverse effect on the corporate value of the Company or the common interests of the shareholders, the Company will decide and implement reasonable countermeasures, in a manner based on necessity and proportionality, that are practicable as of then 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

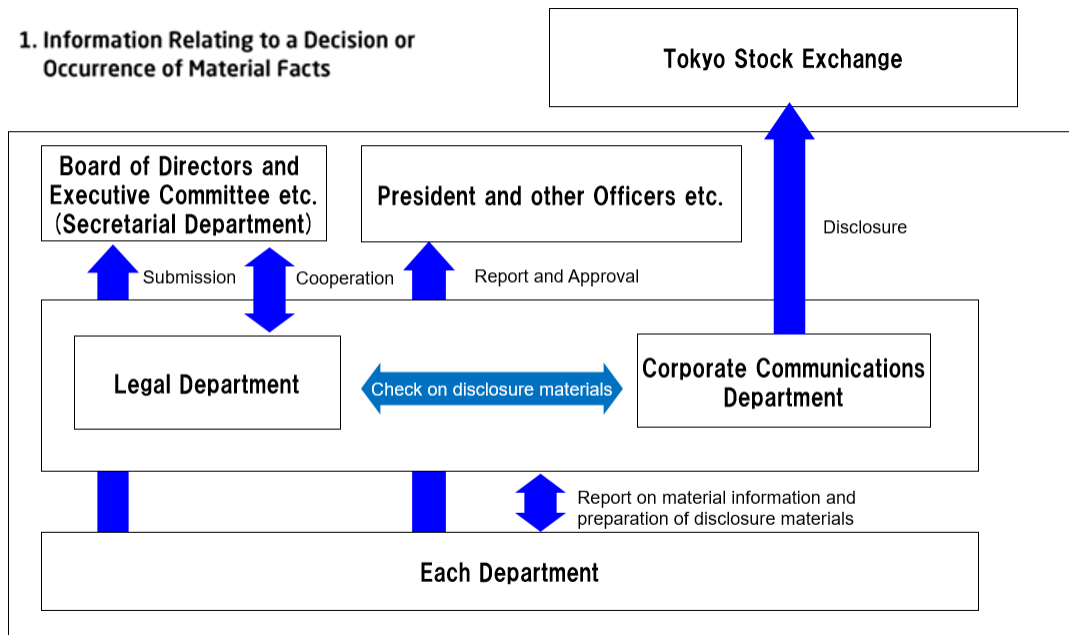
In order to ensure timely, appropriate and fair disclosure of corporate information, the Company has established a framework for communication between relevant divisions and subsidiaries as detailed below.

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.

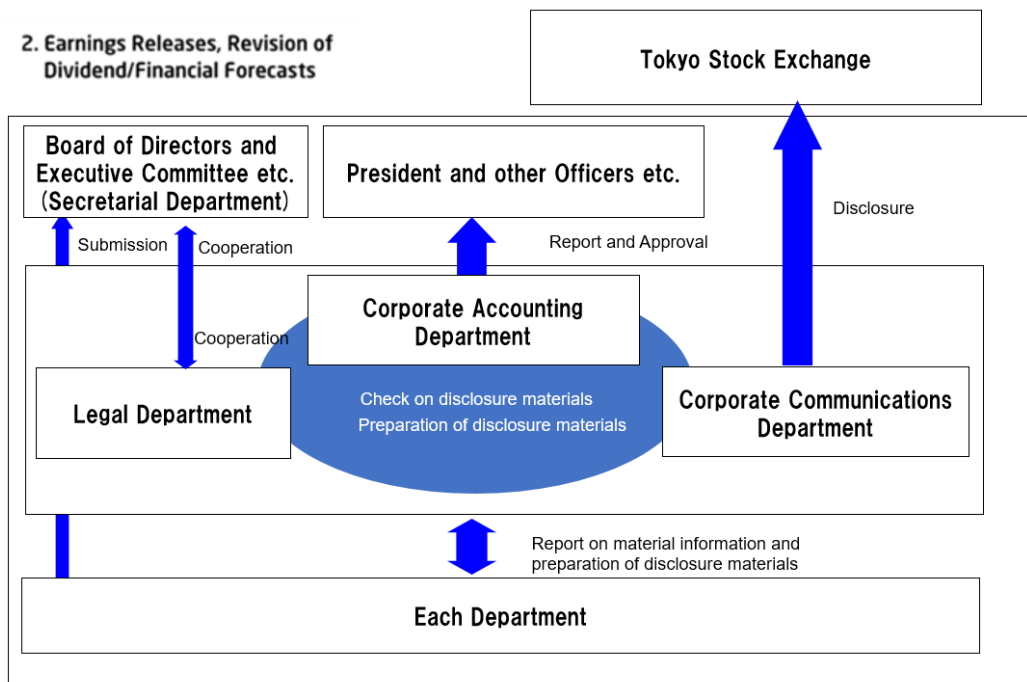
The framework for the Company's information disclosure structure is illustrated in the charts below:

## Internal Structure for Timely Disclosure

### 1. Information Relating to a Decision or Occurrence of Material Facts



### 2. Earnings Releases, Revision of Dividend/Financial Forecasts



## Appendix

### (c) Main Activities of the Audit Committee

#### (i) Confirmation of the Corporate Governance System (including Internal Control)

Items	Summary	Full-time Audit Committee Member	Outside Audit Committee Members
Audits of the execution of duties by Executive Officers and Directors	As described in “IV. Matters Related to the Internal Control System 1. Basic Views on Internal Control System and the Progress of System Development <Status of the implementation of Internal Control System> (iv) Audits by the Audit Committee” above, audits of the performance of duties by the CEO and key Chief Officers responsible for corporate functions are reported to the Audit Committee and audits of the performance of duties by Executive Officers (excluding key Chief Officers responsible for corporate functions) are reported to the full-time Audit Committee Member and shared with other Audit Committee Members.	○	○
Attendance at important meetings	Confirm the operational status of important meetings (Executive Committee, Budget Progress Committee, Business Strategy Committee, Investment Committee, Critical Contract Risk Assessment Council, Risk Control and Compliance Committee, etc.) to and collect information	○	*1
Collect risk information	Receive reports, attend important meetings and exchange opinions with the Chief Risk Officer (CRO) at the Audit Committee	○	○
	Establish a system for simultaneously notifying information on accidents and other emergencies (all types) to the Audit Committee		
Cooperation with monitoring divisions	Receive reports on key internal control issues and initiatives from monitoring divisions such as accounting, legal affairs and Compliance Division (strengthen cooperation in preparation for transition to organizational audits)	○	
Cooperation with Accounting Auditors	Respond to non-assurance services based on the International Ethics Standards Board for Accountants (IESBA)/the Japanese Institute of Certified Public Accountants (JICPA) Code of Ethics (monthly)	○	○ *2

Receive reports from auditors of subsidiaries	Regularly receive reports on the status of audits, etc., from full-time auditors of subsidiaries and dedicated auditors (concurrently serving as non-full-time auditors of several subsidiaries)	○	*1
Audit Committee Hotline	The Audit Committee has established and operates an internal reporting system (Audit Committee Hotline) that is independent of the Company's management to facilitate the reporting of misconduct, etc. involving the Company's Directors and Executive Officers	○	*3

\*1 The full-time Audit Committee Member attends and reports to Outside Audit Committee Members.

\*2 The full-time Audit Committee Member has participated and reported to Outside Audit Committee Members.

\*3 The full-time Audit Committee Member takes the lead and reports to Outside Audit Committee Members.

( ii ) Expansion of the Scope of Reliance on the Internal Auditing Division

Items	Summary	Full-time Audit Committee Member	Outside Audit Committee Members
Coordination of audit plans	Coordination with the Audit Committee audit plan (As the internal auditing division formulated an audit plan based on risk analyses, the Audit Committee audit plan was formulated with a view to the said audit plan)	○	○
Continuous measures to strengthen cooperation with the internal auditing division	The Audit Committee receives monthly reports from the internal auditing division on the results of the inspecting important approval documents, etc., and provides guidance and advice to the division through these reports.	○	
	The Auditing Committee receives monthly reports from the internal auditing division on the status and results of internal audits, and provides guidance and advice to the division through these reports.		
	The Auditing Committee receives monthly reports from the internal auditing division on the operation of the internal reporting system at the Company and its subsidiaries, and provides guidance and advice to the division through these reports.		

Audits of the Company's business divisions and departments and subsidiaries	In principle, audits of the Company's business divisions and departments and subsidiaries shall rely on the internal auditing division's audits. However, audits of organizations and subsidiaries deemed necessary by the Audit Committee shall be conducted by the Audit Committee.	○	○
Authority of the Audit Committee over the internal auditing division	The Audit Committee has the authority to approve the appointment, dismissal, and performance evaluation of the head of the internal auditing division .	○	○
	Guidance by the Audit Committee in cooperation with the internal auditing division, as well as instructions as necessary.		
Three-way audits	As described in “(iii) Development of a Framework for Three-way Audits (the Audit Committee, the Internal Auditing Division and the Accounting Auditors)” below.	○	○

( iii ) Strengthening System of Three-way Audits (the Audit Committee, the Internal Auditing Division and the Accounting Auditors)

Items	Summary	Full-time Audit Committee Member	Outside Audit Committee Members
Holding regular three-way audits meetings	In principle, reports on the status and results, etc. of each audit are shared and opinions are exchanged monthly, and efficient and effective audits are conducted.	○	○
Utilizing the Accounting Auditor's global networks	Collect information and exchange opinions on the governance of subsidiaries by utilizing the global networks of the Accounting Auditor as appropriate.	○	○



The status of collaboration with the Accounting Auditors within the framework of the three-way audits is as follows.

Summary	2024									2025		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Explanation of audit and interim review plan			●									
Report on interim review results							●					
Report on audit results under the Companies Act (including progress reports on internal control audits)		●										
Report on audit results under the Financial Instruments and Exchange Act			●									
Provision of information and exchange of opinions regarding audit considerations (including major audit considerations) (*1)	●	●	●	●		●	●	●	●	●	●	●
Receiving reports on the quality control system of the Accounting Auditors							●			●		

\*1 In the course of this information provision and exchange of opinions, information was provided by the Accounting Auditors on the disclosure of sustainability-related indicators and digital audit activities.