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Corporate Governance Report

Last Update: July 8, 2024

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)

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

【Principle 1.4 Strategic Shareholdings】

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

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

-Qualitative verification

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

-Quantitative verification

To fulfill the following calculation formula

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

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

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

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

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

During the fiscal year ending March 31, 2024, the Company assessed the rationality of the above strategic shareholdings at the Board of Directors meeting held in 26 December, 2023.

【Principle 1.7 Related Party Transactions】

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

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

(Supplementary Principle 2.4.1)

(1) Basic policy

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

(2) Views on ensuring diversity

To achieve the Purpose of "NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential" set forth in the NEC Way, the NEC Group will accelerate diversity, which is a source of innovation, through active appointment and systematic development of diverse human resources, including female and non-Japanese employees.

(3) Voluntary and measurable goals for ensuring diversity

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

-Ratio of female or non-Japanese to Directors and Officers^(Note 1) 20%

-Ratio of female to all managers^(Note 2) 20%

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

(Note 2) The ratio of female to all managers is calculated in accordance with the provisions of the Act on Promotion of Female Participation and Career Advancement in the Workplace. It also includes transfers as of April 1, 2026 that will be determined within the fiscal year ending March 31,

2026.

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

(4) Status of ensuring diversity

The Company's figures as of March 31, 2024 are as follows:

-Ratio of female or non-Japanese to Directors and Officers^(Note 1) 15.3%

-Ratio of female to all managers^(Note 2) 9.2%

(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, 2024, females or non-Japanese accounted for 15.8% of the Directors and Officers.

As of June 21, 2024, 10 out of 59 members of Directors and Officers were female or non-Japanese, representing 16.9% of the Directors and Officers.

In addition, the ratio of female to all managers accounted for 10.2% as of April 1, 2024.

Of the total number of employees recruited by the Company in the fiscal year ended March 31, 2024, approximately 50% is mid-career employees, and the ratio of female to these mid-career employees is 20.5%. In addition, the ratio of female to mid-career employees in managerial positions is also 17.3%. 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 and Officers) to eligible female assistant managers since the fiscal year ended March 31, 2022 as a program to develop next-generation female management leaders. In October 2022, the Company also launched a sponsorship program by Directors and Officers for high-potential female employees at the general manager level and above to provide them with individual development programs such as mentoring and job shadowing. As a result, 76% of the sponsorship program participants were promoted to one higher position. In addition, after the program ended, those who were sponsored continued to participate in voluntary activities such as study sessions with other sponsees.

In the fiscal year ending March 31, 2025, the Company plans to implement a sponsorship program by general managers for female employees at the manager level and below.

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.I.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 sympathize with the NEC Way and act with strong will to realize the Philosophy; and
- they have extensive experience and deep insight related to the career background and skills the Company especially expects of Directors.
The Nominating Committee determines the contents of proposals to be submitted to the General Meeting of Shareholders concerning the election or dismissal of Directors based on these policies. (Article 6 (1) of the Guidelines)
- < Policies and procedures in the appointment and dismissal of Executive Officers >
Executive Officers shall be elected by a resolution of the Board of Directors. Executive Officers have the following attributes, in addition to satisfaction of the requirements of an Executive Officer as specified by laws and regulations:
- they have superior character, insight and high ethical standards; and
- they are capable of fulfilling their responsibilities with strong will to realize the NEC Way.
In addition, the Board of Directors may dismiss an Executive Officer at any time if the Executive Officer is found to be in violation of laws and regulations or otherwise unqualified to serve as an Executive Officer, or if the Executive Officer is found not to be fulfilling his or her responsibilities appropriately. (Article 6 (2) of the Guidelines)
- (5) Explanations with respect to appointments and nominations of individual Director candidates and Executive Officers
With respect to the nomination of individual Director candidates, the Company discloses the reasons for

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

The Notice of General Meeting of Shareholders

(https://www.nec.com/en/global/ir/pdf/report/186/report186_01.pdf)

Annual Securities Report (Japanese text only)

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

(Supplementary Principle 3.1.3)

<Sustainability activities>

The NEC Group believes that sustainability issues are not only a risk to the sustainable development and the enhancement of corporate value of the NEC Group, but also an important factor in creating business opportunities. Based on the “NEC Way,” the NEC Group is promoting sustainability management with the following basic Principles: (1) Contribute to Solving Social Issues through Our Business, (2) Strengthen Risk Management and Enforce Compliance, and (3) Promote Communication with Stakeholders. In order to promote its Purpose management, the NEC Group has identified the “Materiality,” which are management priorities from an ESG perspective. 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>)

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 9 billion yen was posted for the NEC Group for the fiscal year ended March 31, 2024.

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 "data science" technology area, which creates new value by analyzing diverse data using AI (artificial intelligence) technologies, etc., and "ICT platform" technology area to support the said technology area efficiently and securely.

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 data science and ICT platforms, which drive growth businesses in the "Mid-term Management Plan 2025" such as Global 5G, Core DX (*), Digital Government/Digital Finance. As a result, the NEC Group increases the percentage of parent applications and holdings that support growth businesses to continuously strengthen its patent portfolio. Intellectual property including enhanced patent portfolio is actively utilized to solidify the execution of growth businesses and to promote collaboration with various stakeholders.

The 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 Directors and Executive Officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy. (Article 5 (1)(i) of the Guidelines)

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

【Principle 4.9 Independence Standards and Qualification for Independence Directors】

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

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

【Principle 4.11 Preconditions for Board Effectiveness】

(Supplementary Principle 4.11.1)

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

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/186/report186_01.pdf

(Supplementary Principle 4.11.2)

In appointing Directors, when an appointee serves as a Director or Audit & Supervisory Board Member

(KANSAYAKU) (“A&SBM”) of other public companies, it is desirable that the number of concurrent positions does not exceed the numbers specified as follows:

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

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

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

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

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

Notice of General Meeting of Shareholders

(https://www.nec.com/en/global/ir/pdf/report/186/report186_01.pdf)

(Supplementary Principle 4.11.3)

The Company conducts an evaluation and verification of the effectiveness of the Board of Directors every fiscal year, in order to improve the effectiveness of the Board of Directors. The summary of the procedure and results of the analysis and evaluation for the fiscal year ended March 31, 2024 and policy for initiatives to be implemented for the fiscal year ending March 31, 2025 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 third-party evaluation organization conducted a questionnaire survey and interviews (approximately 60 to 90 minutes per person) of all Directors, after obtaining a better understanding of the operation of the Board of Directors, the Nominating Committee, the Compensation Committee, and the Audit Committee by meeting with the Secretariats of each in advance. The main survey items are as follows.

- Composition of the Board of Directors (number, ratio, knowledge, experience, expertise, etc.)
- Operation of the Board of Directors (frequency of meetings, time required, materials, proceedings on the day, use of off-site meetings, etc.)
- Evaluation of efforts in the fiscal year ended March 31, 2024 based on the effectiveness evaluation for the fiscal year ended March 31, 2023 (including agenda setting policy)
- Contributions of Directors (self-evaluation, contributions of other Directors)
- Composition, deliberation items, and operation of committees
- Executive structure (governance on the execution side, risk management structure, etc.)
- Support system for Directors (functions and state of the Secretariat, advance distribution of materials, advance explanations, etc.)

The results of the analysis by the third-party evaluation organization were reported at the March 2024 ordinary meeting of the Board of Directors, and they were discussed by all Directors.

<Summary of evaluation results>

Significant improvements were recognized in the following three priority items addressed in the fiscal year ended March 31, 2024.

- (i) Enhancement of deliberations and discussions
In line with the transition to a Company with a Nominating Committee, etc., there has been a shift from a resolution-centric approach to an agenda that focuses on important management matters to enhance corporate value.
- (ii) Strengthening of oversight function
The monitoring process has been redeveloped in light of the significant delegation of authority to the executive side.
- (iii) Strengthening of communication

Opportunities for communication among Directors and between Directors and Executive Officers have been enhanced, as well as the content of such communication.

However, it was confirmed that, in order to further improve the effectiveness of the Board of Directors and committees, it is necessary to upgrade the operation of the Board of Directors, clarify committee functions and strengthen the support system for Directors by the Secretariat.

<Policy for future initiatives>

Based on the results of the above evaluation, in the fiscal year ending March 31, 2025, the Company will mainly promote the following initiatives while continuing the reforms implemented to date.

- (i) Upgrade of Board of Directors operations
Agenda setting focusing on important matters as well as review of materials and advance explanations to enhance discussions in each agenda item, etc.
- (ii) Clarification of committee functions
Clarification of the roles and functions of each committee, as well as items and processes to be deliberated, etc.
- (iii) Strengthening of the support system for Directors by the Secretariat
Strengthening of the secretariat system, streamlining of operations across the Board of Directors and committees, enhancement of the onboarding program at the time of appointment, etc.

【Principle 4.14 Directors Training】

(Supplementary Principle 4.14.2)

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

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

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

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

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

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, 2024 was 5.0%. By achieving the "Mid-term Management Plan 2025," the Company plans to increase ROIC in the fiscal year ending March 31, 2026 to 6.5% with M&A and 7.0% without M&A, 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, 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)

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

[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 (IR Day), business development/R&D briefings, ESG briefings):

CFO, those responsible for each business

(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 middle and 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, efforts to improve engagement score, and human capital

(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.

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 Account)	43,658,800	16.36
Custody Bank of Japan, Ltd. (Trust Account)	19,132,962	7.17
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.)	12,590,413	4.72
STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	5,658,574	2.12
SUMITOMO LIFE INSURANCE COMPANY	5,600,000	2.10
SSBTC CLIENT OMNIBUS ACCOUNT (standing proxy: Custody Business Department of The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	5,055,895	1.90
NEC EMPLOYEE SHAREHOLDING ASSOCIATION	3,751,123	1.41
JP MORGAN CHASE BANK 385781 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	3,565,356	1.34
GOVERNMENT OF NORWAY (standing proxy: Custody Operations of Citibank, N.A., Tokyo Branch)	3,362,286	1.26

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

- (1) The above list of major shareholders is based on the shareholder registry as of March 31, 2024.
- (2) The Company holds 6,063,021 shares of treasury stock but is excluded from the above list of major shareholders.
- (3) On February 22, 2024, Capital Research and Management Company filed the Report of Possession of Large Volume, which is open to public, stating that it held shares of the Company as follows, as of February 15, 2024. However, shares held by it were not included in the above list of major shareholders, since the Company has not confirmed the number of shares which it substantially own.
- Capital Research and Management Company: 14,488,870 shares of the Company
(Percentage of shares held to the total number of outstanding shares is 5.31 %)

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 **Updated**

【Views and Policy on Group Management】

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.

【Significance of Owning Publicly Listed Subsidiaries and Measures for Ensuring the Effectiveness of the Governance Systems of Those Subsidiaries】

NEC Networks & System Integration Corporation (NESIC), a subsidiary of the NEC Group, is listed on the Tokyo Stock Exchange. Under the precondition that the strategies of the NEC Group are shared with a publicly listed subsidiary, the division of functions between it and the Company is clarified (to eliminate overlapping businesses), and the business foundation of the NEC Group can be strengthened through mutual utilization of management resources, the Company has determined that ensuring autonomy and independence of a publicly listed subsidiary and maintaining their stock market listings will contribute to maximizing the corporate value of the NEC Group.

The significance of owning NESIC is as follows.

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

To ensure the effectiveness of the governance of NESIC as a publicly listed subsidiary, the Company dispatches the appropriate personnel to NESIC, regularly exchanges information, and oversees the compliance system, among other measures. The Company also takes the following measures to maintain the independence of NESIC while remaining mindful of minority shareholders.

- NESIC determines the candidates for Director.
- NESIC appoints a certain number of Independent Outside Directors and Independent Outside A&SBMs, and ensures the transparency of its management.
- The decision-making of NESIC is based on the independent management decisions of its Board of Directors.
- If a threatened conflict of interest arises between the Company and minority shareholders, the necessary measures are taken to ensure the independent decision-making of NESIC.

The Company will continuously evaluate the policy of holding shares in publicly listed subsidiaries from the perspective of maximizing the corporate value of the NEC Group, etc. and the Company will keep holding the shares of NESIC as long as it meets the above preconditions. At this time, the Company does not plan to newly list the shares of other subsidiaries on stock markets.

Japan Aviation Electronics Industry, Ltd. (JAE), which was a publicly listed subsidiary of the Company, ceased to be a subsidiary of the Company as of March 22, 2024, as a result of the Company's tendering a portion of the shares of JAE held by the Company in the issuer tender offer conducted by JAE.

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

1. Organizational Composition and Operation

Organization Form	Company with a Nominating Committee, etc.
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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 Updated	13

[Outside Directors]

Number of Outside Directors Updated	8
Number of Independent Directors Updated	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
Christina Ahmadjian	Academic											
Masashi Oka	From another company											
Kyoko Okada	From another company											
Harufumi Mochizuki	From another company											
Joji Okada	From another company											
Yoshihito Yamada	From another company											
Shinjiro Sato	From another company											
Shiori Nagata	From another company											

* Categories for "Relationship with the Company"

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

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

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

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

- a. Person executing the operations (the "Executing person") of the Company or its subsidiaries
- b. Executing person or non-executive Director of the parent company of the Company
- c. Executing person of a company under common control with the Company
- d. A party whose major client or supplier is the Company or an Executing person thereof
- e. Major client or supplier of the Company or an Executing person thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/A&SBM
- g. Major shareholder of the Company (or an Executing person of the said major shareholder if the shareholder is a legal entity)
- h. Executing person of a business partner of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executing person of a company, between which and the Company Outside Directors/A&SBMs are mutually appointed (the Director himself/herself only)
- j. Executing person of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

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

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

					affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors" below).	with strong will to realize it, and she has extensive experience and deep insight, having served as an outside director and audit & supervisory board member at numerous companies. She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Harufumi Mochizuki	○		○	○	He has not fallen under any category for "Relationship with the Company."	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a government official, management of a company and chairman of the board of directors at a listed company. He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.
Joji Okada			○	○	The description for "Relationship with the Company" is omitted pursuant to "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors" below).	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, 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	○	○		○	Chairman, Chair of the Board of Directors, OMRON Corporation The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors” below).	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, 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		○	○	○	Corporate Adviser, Terumo Corporation The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors” below).	The Company has appointed him as an Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as 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 pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors” below).	The Company has appointed her as an Outside Director considering that she has superior character, insight and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight 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.
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[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	6	1	1	5	Outside Director

[Executive Officers]Number of Executive Officers **Updated** 20Status 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
Hajime Matsukura	No	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
Hiroshi Kodama	No	No	No	No	No

Motoo Nishihara	No	No	No	No	No
Noritaka Taguma	No	No	No	No	No
Kunikazu Amemiya	No	No	No	No	No
Yutaka Ukegawa	No	No	No	No	No
Hiroshi Hashimoto	No	No	No	No	No
Daisuke Horikawa	No	No	No	No	No
Michio Kiuchi	No	No	No	No	No
Hiroyuki Nagano	No	No	No	No	No
Noboru Nakatani	No	No	No	No	No
Yuko Yamamoto	No	No	No	No	No
Yasuko Matsumoto	No	No	No	No	No
Tomoki Kubo	No	No	No	No	No

[Auditing Structure]

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

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

Cooperation among Audit Committee, Accounting Auditors and Internal Auditing Division

(1) The Audit Committee receives reports on the status of internal audits (including the results of internal audits) and the operational status of the hotlines (whistleblower systems) from the Internal Auditing

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

[Independent Directors]

Number of Independent Directors Updated	8
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Matters relating to Independent Directors

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

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

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

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

"Independence Criteria for Outside Directors"

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

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

*1 Major business partner:

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

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

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

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

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

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

All of 8 Outside Directors, out of 13 Directors, are Independent Directors.

[Incentives]

Incentive Policies for Directors and Executive Officers	Performance-linked Remuneration
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Supplementary Explanation **Updated**

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

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

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

(ii) Executive Officers
Remuneration for Executive Officers consists of basic remuneration, short-term incentive (Bonuses) and mid- to long-term incentive (Stock Compensation). For Directors who concurrently serve as Executive Officers, the remuneration system for Executive Officers shall apply. The ratio of each type of remuneration to the amounts of remuneration for individual Executive Officers is shown in the following.

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

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

Corporate SEVP (Executive Officer)

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

Corporate EVP (Executive Officer)

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

Corporate SVP (Executive Officer)

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

Corporate Secretary (Executive Officer)

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

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

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

(i) Short-term incentive (Bonuses)

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

President (Executive Officer)

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

Corporate SEVP (Executive Officer)

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

Corporate EVP (Executive Officer)

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

Corporate SVP (Executive Officer)

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

Corporate Secretary (Executive Officer)

- Group-wide Performance-based Component: 30%

- Department Performance-based Component: 70%

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

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

1) Indicators for the Group-wide Performance-based Component and Reason for Selection
For indicators for the Group-wide Performance-based Component, the following three indicators are set as key performance indicators in the “Mid-term Management Plan 2025,” taking into consideration their appropriateness in measuring the degree of achievement of the Mid-term Management Plan.

- (i) EBITDA (amount) (50%): Indicator responsible for the “Strategy” aspect of the “Mid-term Management Plan 2025.” The allocation ratio between EBITDA (amount) and EBITDA (percentage to revenue) is weighted toward EBITDA (amount), in consideration of sustainable growth.

- (ii) EBITDA (percentage to revenue) (30%): Same as above

- (iii) Engagement score (20%): ESG indicator responsible for the “Culture” aspect of the “Mid-term Management Plan 2025.”

2) Indicators for the Department Performance-based Component and Reason for Selection
For indicators for the Department Performance-based Component, the following indicators are set, taking into consideration their appropriateness in measuring the degree of achievement of performance targets for each fiscal year in the responsible departments and the degree of progress toward the achievement of the Mid-term Management Plan.

- (i) Budget indicators: Evaluates the degree of achievement of targets in the department for which each Executive Officer is responsible during the fiscal year under evaluation, using indicators such as adjusted operating profit, ROIC, and cash flows, etc.

- (ii) Mid-term Management Plan indicators: The President evaluates the degree of achievement of each initiative in the fiscal year under evaluation, using indicators such as the plan of initiatives, etc. to achieve the Mid-term Management Plan, established through interviews between each Executive Officer and the President.

3) Determination Method of Bonus Amounts

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

<Calculation formula>

Group-wide Performance-based Component (Group-wide standard amount x Group-wide evaluation) + Department Performance-based Component (Department standard amount x Department evaluation)

(ii) Mid- to long-term incentive (Stock Compensation)

The number of shares to be granted for stock compensation will be determined in a range from 0% to 150% of the number of shares granted by job title, in accordance with the results of a comparison of the Company’s TSR (Total Shareholder Return) with indices such as the Tokyo Stock Price Index

(TOPIX) and peer group companies in order to further clarify the linkage with sustainable growth of corporate value and increase in shareholder value.

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

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

Method of Determining the Number of Shares to be Delivered

<Calculation formula>

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

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

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

The number of shares granted by job title =

The standard amount of stock compensation by job title^(Note)/

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

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

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

The TSR comparison target, allocation ratio and valuation method are as follows.

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

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

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

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

Recipients of Stock Options	-
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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	Not Disclosed

Supplementary Explanation **Updated**

Total amount of the remuneration of Inside Directors and Outside Directors are separately disclosed in the Business Report, the Annual Securities Reports and the Integrated Report.

The total amount of the remuneration exceeding 100 million yen in the fiscal year ended March 31, 2024 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 181 million yen (basic remuneration of 135 million yen and Stock Compensation of 46 million yen)
- Total amount of the remuneration of Takayuki Morita (Executive Officer) was 204 million yen (basic remuneration of 85 million yen, bonuses of 89 million yen and Stock Compensation of 30 million yen)
- Total amount of the remuneration of Motoo Nishihara (Executive Officer) was 110 million yen (basic remuneration of 42 million yen, bonuses of 24 million yen and Stock Compensation of 43 million yen)

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

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

Policy on Determining Remuneration Amounts and Calculation Methods Updated	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- (1) Basic Policy on the Remuneration for Directors and Executive Officers, and Methods on Determining the Level of Remuneration
 The Company's Compensation Committee decides matters related to policies concerning the amount of remuneration, etc. for Directors and Executive Officers or the method of calculation thereof. In order to improve objectivity, fairness, and transparency of remuneration, etc. for Directors and Executive Officers, the Compensation Committee deliberates by utilizing, as necessary, executive compensation survey data, etc., from an outside third-party professional compensation consulting firm. The Company's basic policy on remuneration, etc. for Directors and Executive Officers is as follows.
 - (i) The remuneration system is highly objective and transparent, with content which leads to sustainable growth with the aim of maximizing corporate value, and which allows shareholders to confirm that management is linked to shareholder value.
 - (ii) The remuneration system is linked to the Mid-term Management Plan target indicators and provide incentives for Executive Officers to achieve the management targets indicated in the Mid-term Management Plan.
 - (iii) As a technology company with global operations, the remuneration system is competitive in the human resources market in terms of both remuneration structure and level.
- (2) Policy on Determining Remuneration Amounts of Directors and Executive Officers, and Calculation Method

Remuneration for Directors and Executive Officers consists of basic remuneration, short-term incentive (bonuses), and mid- to long-term incentive (stock compensation). Matters concerning remuneration for Directors and Executive Officers are determined by the Compensation Committee.

(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. [Monetary remuneration.]

(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. [Monetary remuneration]

(iii) Mid- to long-term incentive (Stock compensation)

Variable incentive remuneration linked to the maximization of corporate value, in which the number of shares to be delivered is determined based on an evaluation relative to an index that is aware of shareholder value (stock price appreciation). [Stock compensation]

[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/ Position	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 **Updated**

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 the resolution of the 185th Ordinary General Meeting of Shareholders held on June 22, 2023, the Company has transitioned from a Company with the Audit & Supervisory Board (KANSAYAKU-KAI) to a Company with a Nominating Committee, etc.). 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 overseeing the execution of duties by Directors and Executive Officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy.

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

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

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

As of the date of submission of this report, there are 13 Directors (including 8 Outside Directors) as follows.

(Title)	(Name)
Outside Director	Christina Ahmadjian
Outside Director	Masashi Oka
Outside Director	Kyoko Okada
Outside Director	Harufumi Mochizuki
Outside Director	Joji Okada

Outside Director	Yoshihito Yamada
Outside Director	Shinjiro Sato
Outside Director	Shiori Nagata
Director (Chairman of the Board of Directors)	Takashi Niino
Director	Takayuki Morita
Director	Osamu Fujikawa
Director	Hajime Matsukura
Director	Shinobu Obata

(Status of Activities of the Board of Directors during the fiscal year ended March 31, 2024)
The number of meetings of the Board of Directors held during the fiscal year ended March 31, 2024 was 12.

(a) Attendance at the Board of Directors Meetings

(Title)	(Name)	(Attendance (Rate))
Outside Director	Kuniharu Nakamura	12 out of 12 (100%)
Outside Director	Christina Ahmadjian	12 out of 12 (100%)
Outside Director	Masashi Oka	12 out of 12 (100%)
Outside Director	Kyoko Okada	12 out of 12 (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%)
Director (Chairman of the Board of Directors)	Takashi Niino	12 out of 12 (100%)
Director	Takayuki Morita	12 out of 12 (100%)
Director	Osamu Fujikawa	12 out of 12 (100%)
Director	Hajime Matsukura	12 out of 12 (100%)
Director	Shinobu Obata	12 out of 12 (100%)

(Note) Attendance of Harufumi Mochizuki, Joji Okada and Yoshihito Yamada at the Board of Directors meetings covers the Board of Directors meetings held after their appointment as Directors on June 22, 2023. As both Kyoko Okada and Shinobu Obata were A&SBMs until the close of the 185th Ordinary General Meeting of Shareholders held on June 22, 2023, their attendance at the Board of Directors meetings includes the number of meetings they attended (three meetings) as A&SBMs.

(b) Main Agenda Items and Discussion Details

In addition to overseeing the execution of duties by Directors and Executive Officers, the Board of Directors discusses important management agendas based on the six items specified as important matters related to the Company's basic management policy (1. Mid- to long-term strategy/mid-term management plan policy formulation; 2. Governance structure/decision-making process policy formulation; 3. Capital policy and balance sheet policy formulation; 4. Business portfolio policy

formulation; 5. Large-scale M&A and large-scale investments; and 6. Other measures to enhance corporate value originating from the NEC Way). The main agenda items and discussion details for the fiscal year ended March 31, 2024, are as follows.

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

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

<Important matters related to the Company’s basic management policy>

- Group management and business portfolio (optimization of group management functions with the aim of maximizing the performance of the entire NEC Group, initiatives for low-profit businesses, policies for growth investment, etc.)
- Capital allocation (the Company’s overall capital allocation policy, shareholder return measures, approach to growth investment, etc.)
- Human capital management (status of initiatives to improve employee engagement, progress in human resource diversity indicators, etc.)
- Sustainability (status of initiatives to the Materiality, direction of the sustainability management framework, etc.)
- Corporate governance (corporate governance reform policy and progress (including evaluation of effectiveness of the Board of Directors))

(ii) Nominating Committee

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 management personnel 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, 2024)

The Nominating Committee held five meetings during the fiscal year ended March 31, 2024.

(a) Attendance at the Nominating Committee Meetings

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

(Note) The Company had established a Nominating Committee as a voluntary body prior to its transition to a Company with a Nominating Committee, etc. in June 2023. The above table shows the attendance at statutory Nominating Committee meetings following the transition to a Company with a Nominating Committee, etc.

(b) Main Agenda Items and Discussion Details

The Nominating Committee mainly deliberated the composition of the Board of Directors to ensure the functionality of the transformation of the Board of Directors' role following the transition to a Company with a Nominating Committee, etc., the selection of candidates for Outside Directors, and the administration, etc. of the CEO's succession plan (management personnel development and CEO selection process).

(iii) Compensation Committee

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

(Title)	(Name)
Chairperson (Outside Director)	Masashi Oka
Member (Outside Director)	Yoshihito Yamada
Member (Outside Director)	Shinjiro Sato
Member (Director)	Takayuki Morita

(Status of Activities of the Compensation Committee during the fiscal year ended March 31, 2024)
The Compensation Committee held four meetings during the fiscal year ended March 31, 2024.

(a) Attendance at the Compensation Committee Meetings

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Masashi Oka	4 out of 4 (100%)
Member (Outside Director)	Christina Ahmadjian	4 out of 4 (100%)
Member (Outside Director)	Yoshihito Yamada	4 out of 4 (100%)
Member (Director)	Takayuki Morita	4 out of 4 (100%)

(Note) The Company had established a Compensation Committee as a voluntary body prior to its transition to a Company with a Nominating Committee, etc. in June 2023. The above table shows the attendance at statutory Compensation Committee meetings following the transition to a Company with a Nominating Committee, etc.

(b) Main Agenda Items and Discussion Details

The Compensation Committee mainly deliberated on the establishment of the remuneration system for Directors and Executive Officers, determination of the amount of remuneration for each individual, the additional trust for stock compensation, and monitoring the operation of the remuneration system (analysis of regular benchmark results and responses to problematic items).

(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 six members.

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

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

(Status of Activities of the Audit Committee during the fiscal ended March 31, 2024)

The status of auditing activities by the Audit Committee in the fiscal year ended March 31, 2024 is as follows.

With a view toward moving to organizational auditing as an auditing system after the transition to a Company with a Nominating Committee, etc., the Company is working to build an optimal audit system, including 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, 2024

In light of the fact that this is the first year of the transition to organizational auditing following the transition to a Company with a Nominating Committee, etc., the basic audit policy of the Audit Committee for the fiscal year ended March 31, 2024 is to provide support for improving the quality of management from an audit perspective and contribute to maximizing corporate value and strengthening corporate governance through 1. Improving the quality of the Audit Committee audits; 2. Strengthening cooperation between the Audit Committee and the internal auditing division; and 3. Development of a framework for three-way audits (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, in line with the transition to a Company with a Nominating Committee, etc., the Company changed the structure of the Audit Committee to one 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 all Chief Officers and the Corporate Secretary on key issues and initiatives related to their areas of responsibility, in addition to statutory resolutions, for the purpose of gathering necessary information.

Attendance at the Audit Committee meetings in the fiscal year ended March 31, 2024 following the transition to a Company with a Nominating Committee, etc. is as follows.

(Title)	(Name)	(Attendance (Rate))
Chairperson (Outside Director)	Joji Okada	11 out of 11 (100%)
Member (Full-time)	Shinobu Obata	11 out of 11 (100%)
Member (Outside Director)	Kyoko Okada	11 out of 11 (100%)
Member (Outside Director)	Harufumi Mochizuki	11 out of 11 (100%)

The attendance at Audit & Supervisory Board (KANSAYAKU-KAI) meetings during the fiscal year ended March 31, 2024, before the transition to a Company with a Nominating Committee, etc. on June 22, 2023, was as follows. A&SBMs received reports from Directors and other officers, Accounting Auditors, and others, and audited the execution of duties by Directors and others from the viewpoints of the maintenance and operation of internal control systems, ensuring the reliability of financial reporting, and ensuring the legality, transparency, and rationality of management judgment and decision making.

(Title)	(Name)	(Attendance (Rate))
Audit & Supervisory Board Member (KANSAYAKU) (Full-time)	Nobuhiro Odake	5 out of 5 (100%)
Audit & Supervisory Board Member (KANSAYAKU) (Full-time)	Shinobu Obata	5 out of 5 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Nobuo Nakata	5 out of 5 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Masami Nitta	5 out of 5 (100%)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okada	5 out of 5 (100%)

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

In addition, full-time A&SBMs worked to collect internal information through attendance at meetings of the Board of Directors and other important meetings, inspection of important approval documents, and other methods. They shared this information with Outside A&SBMs in a timely manner and played a central role in operating the “KANSAYAKU hotline” (a contact point for reporting misconduct, etc. involving the Company’s Officers), which is independent from the management.

(c) Main Activities of the Audit Committee

(i) Improving the Quality of the Audit Committee Audits, etc.

Details are shown in the Appendix.

(ii) Strengthening Cooperation between the Audit Committee and the Internal Auditing Division (Strengthening Cooperation for the Transition to Organizational Auditing)

Details are shown in the Appendix.

(iii) Development of a Framework for Three-way Audits (the Audit Committee, the Internal Auditing Division and the Accounting Auditors)

Details are shown in the Appendix.

(2) Execution function

(i) Executive Officers

Executive Officers are delegated by the Board of Directors to execute the Company's business execution. The Company promotes accelerated decision-making and business execution by delegating substantial authority to Executive Officers. The Company has introduced Chief Officers to implement Group-wide strategies. Under the direction of the President, each Chief Officer is working to establish and operate the optimal management infrastructure for the NEC Group in the key Group-wide functional areas for which he or she is responsible. The Company has established the Executive Committee, which is the highest level deliberative body on the execution side, as well as other committees which work in tandem with the Executive Committee in order to ensure high-quality decision-making in terms of both opportunities and risks. The Executive Committee, consisting of Executive Officers, including Presidents of each business unit and Chief Officers, deliberates on important matters related to the management of the NEC Group, such as management policies and strategies, and examines important business execution matters. 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 90 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 70 staff members, including those responsible for compliance promotion, company-wide risk management, and ensuring the appropriateness of financial reporting, etc.

(3) Accounting Auditors

In the fiscal year ended March 31, 2024, the independent audit of the Company was performed by three certified public accountants of KPMG AZSA LLC: Hideaki Koyama, Tsutomu Ogawa and Shinya Fujino. The independent audit was assisted by 43 certified public accountants, 25 assistants who passed the CPA examination and 89 other individuals.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company has adopted the structure of a “Company with a Nominating Committee, etc.” under the Companies Act of Japan. By clearly separating the oversight and execution functions, the Board of Directors strengthens its oversight function, while delegating substantial authority to Executive Officers to accelerate decision-making and business execution. (Article 4 of the Guidelines)

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out its convocation notice for the General Meeting of Shareholders approximately 3 weeks prior to the meeting. In addition, this information is posted on the Company’s website before it is sent out. (https://www.nec.com/en/global/ir/pdf/report/186/report186_01.pdf)
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 186th Ordinary General Meeting of Shareholders was held on June 21, 2024.
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. (https://www.nec.com/en/global/ir/pdf/report/186/report186_01.pdf)
Other	<p>The Company broadcasts the Ordinary General Meeting of Shareholders live to shareholders. The Company provides following information related to the 186th Ordinary General Meeting of Shareholders on the Company’s website until October 21, 2024.</p> <ul style="list-style-type: none"> - Video streaming of the Business Report presentation given by the President at the General Meeting of Shareholders and its reference materials. - Answers to the main questions regarding the 186th Ordinary General Meeting of Shareholders from shareholders which asked in advance or during the broadcast live. (The answers will be posted after preparation completion.) <p>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. (https://www.nec.com/en/global/ir/events/stock/meeting.html)</p>

2. IR Activities

	Supplementary Explanations	Presentation by Representative
Preparation and Publication of Disclosure Policy	The Company has established and published its “Disclosure Policy” on its website. The Company has stipulated in the “Disclosure Policy” that the Company manages and discloses its information, such as information regarding business management and operation, in accordance with applicable laws and regulations, including the listing regulations of Tokyo Stock Exchange and fair disclosure rules under Financial Instruments and Exchange Act, and the Company ensures the accuracy of the information to be disclosed and make sure that the disclosures are made in a timely, appropriate and fair manner. (https://www.nec.com/en/global/ir/corporate/disclosure.html)	-
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. (https://www.nec.com/en/global/ir/index.html)	No
Regular Investor Briefings for Securities Analysts and Institutional Investors	The Company holds briefings on ESG and management briefings, including Mid-term Management Plan and business strategy, as well as quarterly financial-result briefings for securities analysts and institutional investors. In addition, the Company quarterly conducts individual interviews with major institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	The Company regularly conducts individual interviews with major overseas institutional investors to brief its financial results and business strategy.	Yes
Posting of IR Materials on Website	IR materials are provided both in Japanese and English on the Company’s website upon releases of them. (https://www.nec.com/en/global/ir/library/index.html) The Company also provides information which strengthen better understanding of the Company on its website. (https://www.nec.com/en/global/ir/index.html)	-
Establishment of Department and/or Manager in Charge of IR	The Company has established Stakeholder Relations Department as a department responsible for investor relations.	-

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Since dialogue and co-creation with stakeholders, such as customers, shareholders, investors, suppliers, international organizations, national and local governments, NPOs/NGOs, civil society and employees , is an essential process for understanding the fundamental issues faced by customers and

	<p>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>
<p>Implementation of Environmental Protection, CSR Activities etc.</p>	<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 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 Annual Securities Report (Japanese text only) https://jpn.nec.com/ir/library/securities.html TNFD Report https://www.nec.com/en/global/sustainability/eco</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<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>
<p>Other</p>	<p><Promoting Inclusion and Diversity within the NEC Group> As stated in 【Ensuring Diversity, Including Active Participation of Female】 (Supplementary Principle 2.4.1) above, the Company considers it an important management strategy to foster an environment that promotes the success of a diverse array of human resources who can incorporate multiple perspectives and ideas, and has various measures for inclusion and diversity. The Company actively discloses information regarding the progress and achievement of such measures on the Company's website (Sustainability Site), Integrated Report and ESG Databook. Sustainability Site https://www.nec.com/en/global/sustainability/index.html</p>

	<p>ESG Databook (https://www.nec.com/en/global/sustainability/report/index.html) Inclusion and Diversity within the Sustainability Site (https://www.nec.com/en/global/csr/society/diversity.html)</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 held on June 22, 2023 (the “Policy”). 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 Company 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 important 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, under the direction of the Board of Directors, timely make decisions and efficiently conduct businesses, in accordance with midterm corporate management goals.

(5) In order to ensure the proper operation of the NEC Group, the Company shall, through NEC Group Management Policy, give instructions and assistance to the subsidiaries for the establishment of the systems ensuring compliance with laws, regulations and properness of the operation of business. In order to improve soundness and efficiency of management systems in the NEC Group, the Company shall dispatch directors and A&SBMs where necessary and decide on a division in charge of supervising each of the subsidiaries, and such division in charge shall receive reports from such subsidiary regarding matters of importance on business operations, and give instructions and assistance to the subsidiary so that it shall properly conduct risk controls. Corporate staff departments shall stipulate and operate effective controls for their responsible area to ensure proper operations as the NEC Group. The internal auditing division shall conduct audits of the NEC Group’s 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 staff of secretariat of Audit Committee to assist the Audit Committee in performing their duties. The matters regarding such staff, including but not limited to personnel changes, shall be agreed by the Audit Committee to ensure the independence of the staff.
- (9) Directors, Executive Officers and employees shall report to the Audit Committee on the status of the performance of their duties on a periodic basis or as required. The Company shall give instructions to the subsidiaries so that directors, A&SBMs 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 division responsible for internal audit shall review and periodically report to the Audit Committee on the status of operation of the whistleblowing system within the NEC Group. 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, an Audit Committee Member designated by the Audit Committee shall attend at the meetings of Executive Committee and such other important meetings as they deem necessary. The Company shall bear the reasonable expenses for the performance of duties by the Audit Committee, as required by the Audit Committee.

<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, 2024 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, 2024 are as follows:

(i) Compliance

Mainly on “NEC Compliance Day” (established as a day for reconfirming the importance of compliance for all NEC Group employees in 2017 as a result of having been recognized for having violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in the fiscal year ended March 31, 2017), the Company took measures so that each and every NEC Group employee would reconfirm the importance of compliance. Specifically, the Company offered webinars on various educational content on compliance over a seven day period, 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 subsidiaries that had made remarkable efforts to promote compliance. In addition, the Company has established and operates a system to promote compliance, led by the Risk Control and Compliance Committee. 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, which meets monthly at the Company, 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. Annual web-based training programs related to compliance were also conducted in the fiscal year ended March 31, 2024, in which 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. The Company encourages consulting and reporting (internal reporting) to the “Compliance Hotline,” an internal reporting system, to enable early detection and resolution of misconduct. In addition to the “Compliance Hotline,” the Company has established and operates the “HR Hotline,” which allows anonymous consultation on harassment, human rights violations, and discrimination, as well as violations of labor-related laws and regulations and internal rules for personnel affairs. The Company also operate the “Global Hotline” for employees of overseas

subsidiaries for early detection and resolution of misconduct in which their company's management is involved. The number of reports and consultations to the "Compliance Hotline" and the "HR Hotline" was 242 during the fiscal year ended March 31, 2024. 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.

(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 (CRO), to accurately comprehend and to respond appropriately to both internal and external risks related to NEC Group's businesses. Specifically, the Company established the Risk Control and Compliance Committee and discusses 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 CRO to monitor and address company-wide risks centrally and cross-functionally and strengthen its structure to manage possibilities to make losses. The CRO 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 CRO, 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 priority of such risks according to common standards such as magnitude impact and urgency, 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 toward moving to organizational auditing as an auditing system after the transition to a Company with a Nominating Committee, etc., the Company is working to build an optimal audit system, including strengthening cooperation with the internal auditing division and the Accounting Auditors, as well as enhancing the auxiliary functions of the Audit Committee.

- The Company has established the secretariat of Audit Committee to assist the Audit Committee in the execution of its duties, and the secretariat of Audit Committee performs its duties to ensure the effectiveness of the Audit Committee.

- A full-time Audit Committee Member 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 A&SBMs of subsidiaries, and shares 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.

Prior to the transition to a Company with a Nominating Committee, etc. on June 22, 2023, mainly the full-time A&SBMs shared information with Outside A&SBMs as appropriate to confirm the status of the establishment and operation of the internal control system, and operated a "KANSAYAKU hotline" that is independent of management.

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

<Basic Views on Eliminating Anti-Social Forces>

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

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

(1) Internal Rules

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

(2) Other systems

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

V. **Other**

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

Adoption of Anti-Takeover Measures	Not Adopted
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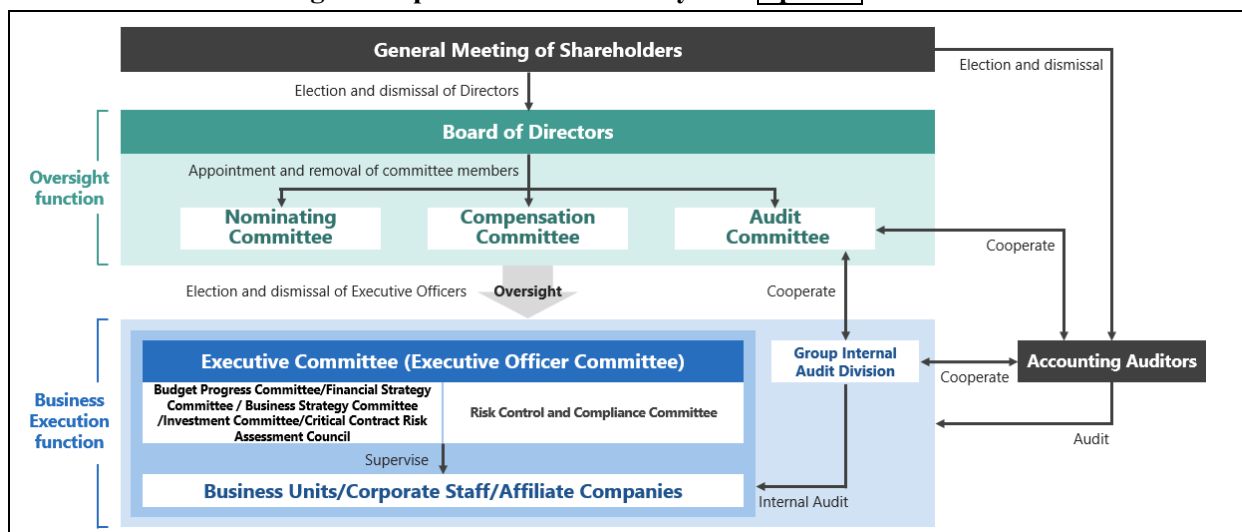
Supplementary Explanation Updated

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 interest of the shareholders, and (iii) to express the opinion of the Company for purposes of assisting the shareholders to make decisions whether or not to accept the proposal. In addition, the Company believes that, in the particular circumstances, it may be required to negotiate with the Proposer or to present alternative proposals to the shareholders.

Currently, the Company has not adopted a response policy that will become effective when a proposal is made by a Proposer. It is the Company's intention, however, that if (i) the sufficient information is not provided by the Proposer, (ii) the shareholders are not afforded the time sufficient to consider the proposal or (iii) the Company decides that the proposal would have an adverse effect on the corporate value of the

Company or the common interest of the shareholders, the Company will decide and implement reasonable countermeasures, in a manner based on necessity and proportionality, that are practicable at the time of the proposal and acceptable to the shareholders.

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



< Summary of Information Disclosure Structure >

(1) Basic Policy

The Company recognizes the importance of providing timely, appropriate and fair disclosure to obtain a fair evaluation of its corporate value from the capital markets and stipulates “Disclosure Policy,” which is provided through the Company’s website. (<https://www.nec.com/en/global/ir/corporate/disclosure.html>)

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

(2) Information Disclosure Structure

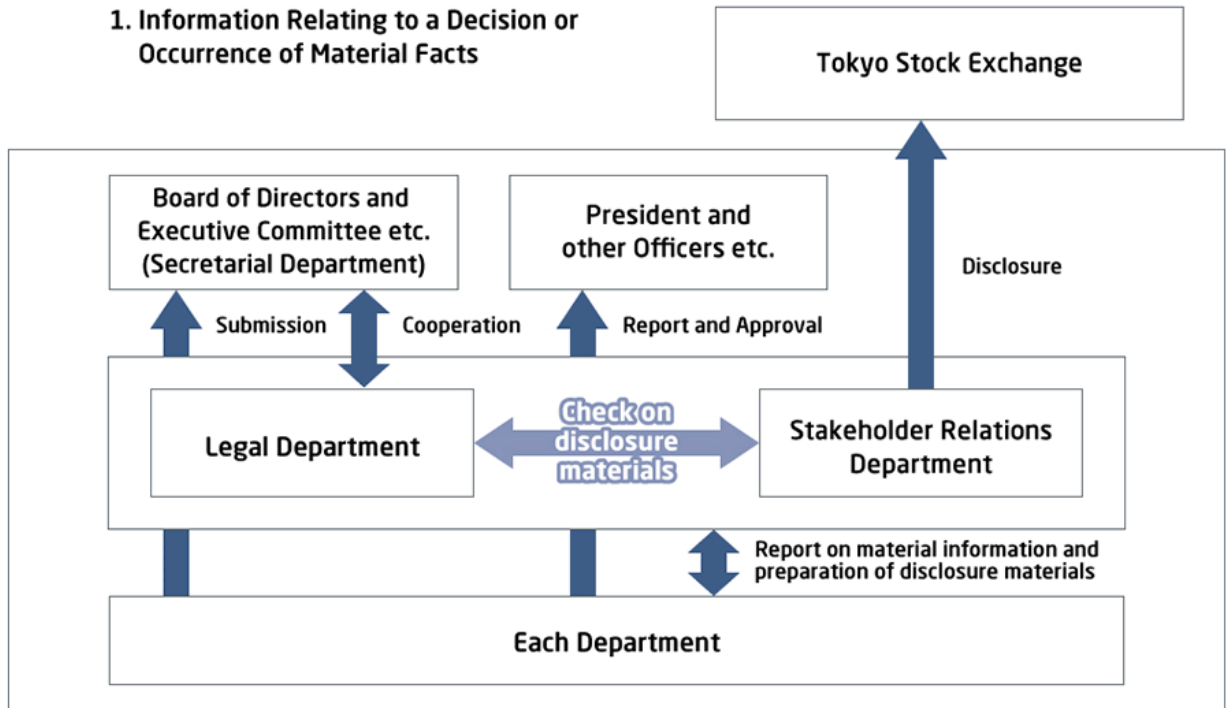
In order to ensure timely, appropriate and fair disclosure of corporate information, the Company has established a framework for communication between relevant divisions and subsidiaries as detailed below.

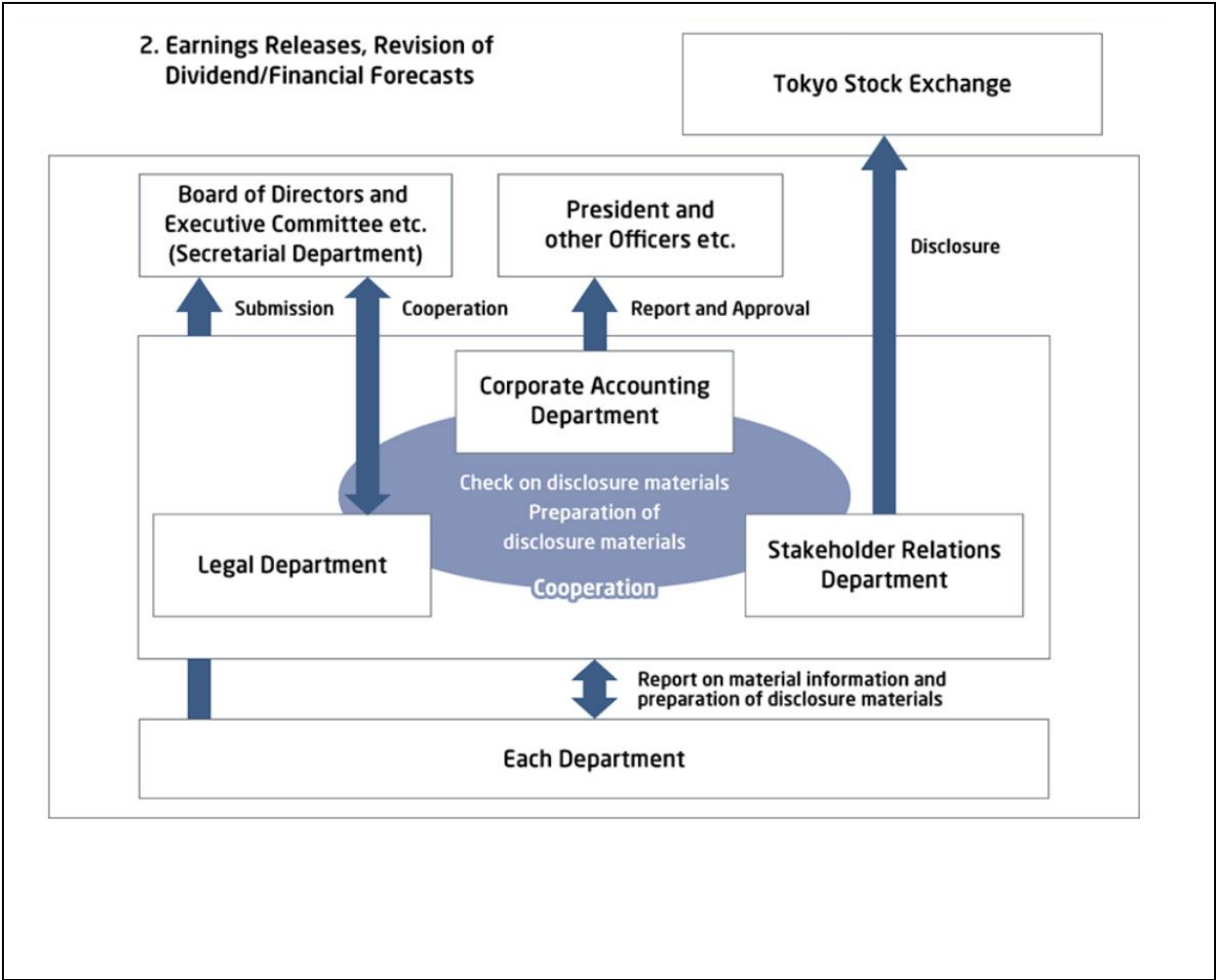
Each relevant division reports to Legal Department and Stakeholder Relations Department on material information related to the Company or the subsidiaries which the Company may be required to disclose under timely disclosure rules. Legal Department and Stakeholder Relations Department consider whether 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





Appendix

(c) Main Activities of the Audit Committee

(i) Improving the Quality of the Audit Committee Audits, etc.

Items	Summary	Full-time Audit Committee Member	Outside Audit Committee Members
Audits of the execution of duties by Executive Officers and Directors	Receive reports from all Chief Officers and the Corporate Secretary as described in “(1) Oversight function (iv) Audit Committee (b) Status of the Audit Committee Meetings” of “II.2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” above	○	○
Attendance at important meetings	Expand the scope of attendance at important meetings (Executive Committee, Budget Progress Committee, Business Strategy Committee, Investment Committee, Critical Contract Risk Assessment Council, Risk Control and Compliance Committee, etc.) to confirm the status of operations and collect information	○	*1
Collect risk information	Receive reports, attend important meetings, and exchange opinions with the Chief Risk Officer (CRO), who was newly established in the fiscal year ended March 31, 2024	○	*2
	Establish a system for communicating information on accidents and other emergencies (all types) to the Audit Committee by broadcast transmission		
Cooperation with monitoring divisions	Receive reports on key internal control issues and initiatives from monitoring divisions such as human resources and general affairs, accounting, and legal affairs (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)	○	○ *3
Cooperation with A&SBMs of subsidiaries	Regularly receive reports on the status of audits, etc., from full-time A&SBMs of subsidiaries and dedicated A&SBMs (concurrently serving as non-full-time A&SBMs of several subsidiaries) in order to improve the quality of A&SBMs of subsidiaries, etc.	○	*1

	Hold NEC Group A&SB meetings (four times a year) to share information on matters that require attention by A&SBMs of subsidiaries	○	*4
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 other officers	○	*5
	On-site confirmation of the external organization that serves as the contact point for reporting	○	

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

*2 The Chairperson of the Audit Committee and the full-time Audit Committee Member participate and share with other Audit Committee Members.

*3 Since January 2024, the full-time Audit Committee Member has participated and reported to Outside Audit Committee Members.

*4 In principle, the full-time Audit Committee Member participates, and Outside Audit Committee Members participate as necessary.

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

(ii) Strengthening Cooperation between the Audit Committee and the Internal Auditing Division (Strengthening Cooperation for the Transition to Organizational Auditing)

Items	Summary	Full-time Audit Committee Member	Outside Audit Committee Members
Coordination of audit plans	Coordination with the Audit Committee audit plan (including implementation of internal audits based on the results of Audit Committee audits)	○	
Changes in the division of roles with the internal auditing division and enhancement of reporting content	The internal auditing division conducts the inspection of important approval documents, etc., previously conducted by A&SBMs; the Audit Committee receives monthly reports from the internal auditing division on the results of the inspection, 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.		
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	Strengthening cooperation 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) Development of a Framework for 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
Increase in frequency of meetings	In principle, three-way audit meetings are now held monthly instead of once per quarter	○	○

The status of collaboration with the Accounting Auditors within the framework of the three-way audits is as follows. The description from April 2023 to June 2023 (except for the explanation of audit and quarterly review plan for the new fiscal year) shows the status of cooperation between the A&SB and the Accounting Auditors prior to the transition to a Company with a Nominating Committee, etc. In September 2023, the Accounting Auditors also attended the three-way audit meeting, although they did not report any matters.

Summary	2023									2024		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Explanation of audit and quarterly review plan			●									
Report on quarterly 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, reports and exchange of opinions on digital audit activities were made as appropriate, and information was provided by the Accounting Auditors on the review of the quarterly reporting system and revisions to internal control standards and implementation standards.