

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

Corporate Governance Report

Last Update: July 8, 2020

NEC Corporation

Takashi Niino, President and CEO

Contact: Legal Division

TEL: +81-3-3454-1111

Securities Code: 6701

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

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

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

1. Basic Views

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social value and the maximization of corporate value, the Company is committed to strengthening its corporate governance practices 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 of the Company assesses the rationale of each individual strategic shareholding from a comprehensive perspective, 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.

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. (Article 11 (4) of the Guidelines)

【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 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 11 (5) of the Guidelines)

【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 12 (4) of the Guidelines)

【Principle 3.1 Full Disclosure】

- (1) Company objectives (e.g., business principles), business strategies and business plans
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 the details, please refer to the Company’s “Management Strategy and Policy” published on the Company’s website at <https://www.nec.com/en/global/ir/corporate/management.html>.
- (2) Basic views and guidelines on corporate governance based on each of the principles of the Code
Please refer to “I.1. Basic Views” of this report.
- (3) Board policies and procedures in determining the remuneration of the senior management and Directors
For the purpose of continuously improving corporate value and strengthening its competitiveness, the Company’s basic policy on the remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU) (“A&SBMs”) is to set the level and structure appropriate for a global company which enables the Company to secure excellent human resources and serves as an incentive to improve performance of the NEC Group. (Article 6 (3) of the Guidelines)
For the details, please refer to “II.1. [Director Remuneration]” of this report.
- (4) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of Directors and A&SBMs candidates
(Policies)
 - (i) Composition and Role of Board of Directors
The Company's Board of Directors consists of 11 members, 5 of whom are Outside Directors. To fulfill its responsibilities with various viewpoints based on broad knowledge, the Board of Directors is comprised with consideration given to diversity in such factors as career background, specialist field, internationality and gender. Outside Director’s independency is expected to be ensured through the Board of Directors’ composition as a whole. The Company judges their independency based on the standards defined by Tokyo Stock Exchange and the “Independence Criteria for Outside Directors and Outside A&SBMs” set forth in “II.1. [Independent Director/A&SBMs]” of this report.
The Board of Directors is responsible for making important decisions for the Company’s business execution, including decision on its basic management policies, as well as supervising overall business execution. (Article 5 (1) of the Guidelines)
 - (ii) Term and Appointment of Directors etc.
The term of office for Directors is set at one year in order to clarify their management responsibilities for management every fiscal year. The candidates for Directors are determined with consideration given to the followings, in addition to satisfaction of the requirement of a Director as specified by laws and regulations:

- they have superior character, discernment and high ethical standards; and
- they sympathize with the NEC Way and act with strong will to realize the Philosophy

In addition to the above, in determining the candidates for Outside Directors, the Company considers whether they have their experience of corporate management and/or deep insight in their areas of expertise.

The Board of Directors appoints the senior management officer who has superior character and discernment and fulfills its job responsibilities. The senior management officer will be dismissed by a decision of the Board of Directors if it is found to be in violation of laws or in lack of qualifications to be the officer or not to perform its duties appropriately. The Board of Directors determines appointment and dismissal of the Chairman of the Board and the President taking into consideration the results of the deliberations by the Nomination and Compensation Committee. (Article 5 (2) of the Guidelines)

(iii) Composition and Role of the Audit & Supervisory Board (KANSAYAKU-KAI)

The Company has 5 A&SBMs, 3 of whom are Outside A&SBMs. The Company appoints as A&SBMs the personnel who have the knowledge and experience necessary for audits, such as considerable expertise in finance and accounting or experience as an attorney at law, and strengthen the auditing functions of the A&SBMs. Independency of each Outside A&SBM is ensured at individual level. The Company judges their independency based on the standards defined by Tokyo Stock Exchange and the “Independence Criteria for Outside Directors and Outside A&SBMs” set forth in “II.1. [Independent Directors/A&SBMs]” of this report.

The Audit & Supervisory Board (KANSAYAKU-KAI) (“A&SB”) conducts audits of legality, as well as certain level of audits of validity (including internal control auditing) and provides advice to the President and others based on the results of the auditing. Moreover, the A&SB reports to the Board of Directors on its auditing plan and the results of the audit on a regular basis. (Article 8 (1) of the Guidelines)

(iv) Term and Appointment of A&SBMs

The term of the A&SBMs is four years. The candidates for the A&SBMs are determined with consideration given to the followings, in addition to satisfaction of the requirement of A&SBM as specified by laws and regulations:

- they have superior character, discernment and high ethical standards; and
- they sympathize with the NEC Way and act with strong will to realize the Philosophy.

In addition to the above, in determining the candidates for Outside A&SBMs the Company considers whether they have deep insight in their areas of expertise. (Article 8 (2) of the Guidelines)

(Procedures)

The majority of the members of the Nomination and Compensation Committee are Outside Directors. The chairperson is appointed among such Outside Directors. This Committee deliberates on nomination for Directors, Representative Directors, and A&SBMs, the Chairman of the Board, and the President from an objective perspective. The Committee reports the results of its deliberations to the Board of Directors. (Article 6 (1) of the Guidelines)

(5) Explanations with respect to appointment and dismissal of senior management and the individual appointments and nominations of Directors and A&SBMs

Please refer to the reference documents attached to the Notice of General Meeting of Shareholders. (https://www.nec.com/en/global/ir/pdf/report/182/report182_01.pdf)

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

(Supplementary Principle 4.1.1)

The Board of Directors delegates certain authority for business execution to corporate officers, and establishes the criteria for matters to be discussed by the Board of Directors. Pursuant to the criteria, a resolution of the Board of Directors is required concerning matters that have to be determined by the Board of Directors under laws and regulations, as well as transactions considered to be important for the Company in the light of its asset size and others.

【Principle 4.9 Independence Standards and Qualification for Independence Directors】

Please refer to “(Policies) (i) Composition and Role of Board of Directors” of “I.1. 【Principle 3.1 Full Disclosure】 (4) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of Directors and A&SBMs candidates” of this report.
Regarding Independent Outside Directors, please refer to “II.1. [Independent Directors/A&SBMs]” of this report.

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

(Supplementary Principle 4.11.1)

Please refer to “(Policies) (i) Composition and Role of Board of Directors” of “I.1. 【Principle 3.1 Full Disclosure】 (4) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of Directors and A&SBMs candidates” of this report.

(Supplementary Principle 4.11.2)

When an Inside Director assumes office as a director or auditor of other companies, Board of Directors discuss and approve it from the perspective of the influence on business execution as the Director of the Company. As for the important concurrent positions of Directors and A&SBMs, please refer to the Company’s “Executives” published on the Company’s website at (<https://jpn.nec.com/profile/corp/executives.html>) and the reference documents attached to the Notice of General Meeting of Shareholders.

(https://www.nec.com/en/global/ir/pdf/report/182/report182_01.pdf)

(Supplementary Principle 4.11.3)

The Company has conducted an analysis and evaluation on the effectiveness of the Board of Directors once a year to improve the function of the Board of Directors since the fiscal year ended March 31, 2016.

The summary of the results of the analysis and evaluation for the fiscal year ended March 31, 2020 is as follows.

(1) Procedure of the analysis and evaluation

In fiscal year ended March 31 2020, the Company conducted a questionnaire of all the Directors and A&SBMs, and conducted individual interviews based on the results. In the questionnaire and interviews, participants were asked mainly for their opinions regarding issues concerning the role, function, and operation method of the Board of Directors and points for improvement with a view to the kind of governance structure that the Company should aim for. In fiscal year ended March 31 2020 particularly, the process focused on asking for opinions based on the results of the effectiveness evaluation undertaking in the previous fiscal year. Participants were asked about the appropriateness of the themes of matters brought for discussion and the sufficiency of discussion based on perspectives that should be emphasized in deliberations in order to ensure high quality, in depth discussion in the Board of Directors with an emphasis on broad, company-wide management strategies and governance perspectives. The results of the analysis and evaluation of these opinions were reported at the ordinary Board of Directors meeting in March, which deliberated on plans for improvement going forward.

To improve the analysis and evaluation process in fiscal year ended March 31 2020, the Company used a third-party institution for setting the questionnaire and interview questions, analyzing the results, and examining improvement measures, and so forth.

(2) Summary of evaluation result and initiatives going forward

(i) Summary of evaluation result

A summary of the evaluation of the effectiveness of the Board of Directors for fiscal year ended March 31 2020 is as follows:

- In the Board of Directors, it can be evaluated that appropriate supervision of business execution has been conducted with lively discussion regarding decision making on important business execution and other important matters of medium- to long-term management strategy;
- Overall, the Board of Directors had discussions based on important perspectives for fulfilling its responsibility;
- With regard to discussions with an emphasis on broad, company-wide management strategies and governance, which was identified as an issue in the effectiveness evaluation for fiscal year ended March 31 2019, there was an overall improvement due to initiatives such as reviewing the setting of themes for discussion; and

- The governance structure has room for improvement in terms of the composition of the Board of Directors and its operation.

(ii) Initiatives going forward

The Company will conduct the following initiatives to make discussions more effective based on the clarified role expected of Outside Directors by results of the effectiveness evaluation:

- To further deepen discussions from a broad, company-wide perspective, the Company will continue to consider how to set discussion themes and to report around medium- to long-term strategy, collateral risk, and group-wide synergies, and governance; and
- Regarding Business-unit reporting, the Company abolished reports that were uniformly implemented by all Business-units, and set important themes that should be discussed from the perspective of group strategies by the President so that discussions can be conducted based on knowledge of specialized field of each Outside Director.

Evaluation of the effectiveness of the Nomination and Compensation Committee

In the questionnaire and individual interviews about the effectiveness of the Board of Directors, the Company asked for opinions from Directors and A&SBMs to clarify challenges and improvements for the Nomination and Compensation Committee.

In summary, the results show that the composition of the Nomination and Compensation Committee can generally be evaluated as appropriate. However, some responses pointed out improvement about the operation with regard to securing discussion time appropriate to the themes for discussion by the Nomination and Compensation Committee, and using prior explanations to make its meetings more efficient. Going forward, the Company will work to improve the guidance accordance with the priorities of the responses pointed out.

Evaluation of the effectiveness of the Audit & Supervisory Board

The Company conducts an evaluation of the effectiveness of the A&SBMs and the Audit & Supervisory Board every year with a view to improving the effectiveness of A&SBMs' audits. In fiscal year ended March 31 2020, the A&SBMs each conducted a self-evaluation by answering a questionnaire regarding their audit activities and the operation of the Audit & Supervisory Board, then all of the A&SBMs held a discussion based on the results of the questionnaire. The Audit & Supervisory Board will work to make improvements regarding the challenges and initiatives recognized in this evaluation process by reflecting them appropriately in audit plans and so forth.

A summary of the evaluation of the effectiveness of the A&SBMs and the Audit & Supervisory Board, challenges, and the direction of initiatives going forward are as follows:

- At meetings of the Audit & Supervisory Board, the A&SBMs resolve and discuss statutory matters, as well as sharing information through reports on the status of audits by each A&SBM, hearing reports on audit results and activity status from the Accounting Auditor, Internal Auditing Division, and the Internal Control Division, and exchanging opinions with the CEO regarding management issues. Moreover, the Audit & Supervisory Board provides regular audit activity reports to the Board of directors and management executives including the CEO, as well as communicating items that have been noticed in the audits and recommendations, and exchanging opinions.
- The A&SBMs receive regular reports from the Directors, executive officers, and employees of the Company and its subsidiaries in accordance with the audit plan, and indicate beforehand items that they particularly wish to have been reported as part of efforts to enhance the exchange of opinions when the reports are received. Furthermore, to help strengthen the structure for irregular and timely reports to the A&SBMs and the Audit & Supervisory Board within the executive side, the A&SBMs and the Audit & Supervisory Board will continue to actively communicate their intentions to the executive side.
- The A&SBMs work to improve and strengthen the quality of audits for the NEC Group overall by holding regular information exchange meetings and training sessions for the A&SBMs of subsidiaries. They will further strengthen connections with the A&SBMs of subsidiaries to help them perform effective and efficient A&SBM audits with limited resources.
- The Audit & Supervisory Board receives regular (and irregular as needed) reports on audit results and so forth from the accounting auditor and the Internal Auditing Division. In addition, the A&SBMs, accounting auditor, and Internal Auditing Division hold regular meetings to share information and to exchange opinions on set themes such as use of digital technology in audits. The A&SBMs will continue to strengthen their cooperation with the Accounting Auditor and the

Internal Auditing Division .

【Principle 4.14 Director and A&SBMs Training】

(Supplementary Principle 4.14.2)

The Company regularly provides training for Directors and A&SBMs so that they can acquire necessary expertise and information regarding the roles and responsibilities of Directors and A&SBMs (including legal liabilities), as well as support for Outside Directors and Outside A&SBMs to deepen their understanding on the NEC Group's business by organizing management discussion meetings, budget briefings and tours of business sites and exhibitions of the Company and its subsidiaries. (Article 10 (2) 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 the Investors Relations Office, the department within the Corporate Finance & Global Treasury Division. The President and the CFO also meet with key 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 and business strategy. Shareholders' opinions and the ideas gained through these IR activities are provided as feedback to senior management on a regular basis and reported to the Board of Directors. (Article 11 (2) of the Guidelines)

2. Capital Structure

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

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	21,003,800	8.08
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Account)	17,343,200	6.67
STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	5,727,374	2.20
SUMITOMO LIFE INSURANCE COMPANY	5,600,000	2.16
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Account No.7)	5,559,400	2.14
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Account No.5)	4,944,100	1.90
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Account No.9)	4,748,900	1.83
NEC EMPLOYEE SHAREHOLDING ASSOCIATION	4,498,966	1.73
NIHK A/C CLIENT (OWNED BY KKR FUNDS) (standing proxy: Nomura Securities Co., Ltd.)	4,486,100	1.73

JP MORGAN CHASE BANK 385151 (standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	4,383,960	1.69
--------------------------------------------------------------------------------------------------------------------	-----------	------

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

Supplementary Explanation

—

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
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	300 or more

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

—

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

【Views and Policy on Group Management】

Based on the NEC Group Management Policy, which sets out the group management, the Company strives to maintain a uniform framework for the management of its subsidiaries while working to reinforce cross-group functions in order to optimize overall group management and maximize the value of group companies.

【Purpose of Having Publicly Listed Subsidiaries and Measures for Ensuring the Effectiveness of the Governance Systems of Those Subsidiaries】

The Company has two publicly listed subsidiaries, Japan Aviation Electronics Industry, Limited and NEC Networks & System Integration Corporation. Under the preconditions that the Group strategies are shared with the publicly listed subsidiaries and the division of functions with the Company (eliminate overlapping businesses) is clarified, and the business foundation of the NEC Group can be strengthened through mutual utilization of management resources, the Company has determined that allowing freedom in the management of the subsidiaries and maintaining their stock market listings will contribute to maximizing the corporate

value of the NEC Group.

To ensure the effectiveness of the governance of publicly listed subsidiaries, the Company dispatches appropriate personnel to the subsidiaries, regularly exchanges information, supervises the compliance system, etc., and while considering minority shareholders, takes the following measures to maintain the independence of the subsidiaries.

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

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

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

- ① The Company's voting rights in the subsidiary will be 51% or less.
- ② The Company will maintain the stock market listing of the subsidiary's shares, and the subsidiary will carry out autonomous management as a listed company.
- ③ The Company will give sufficient consideration to the exercising of rights by minority shareholders of the subsidiary.

The Company will continuously evaluate the policy of holding shares in the publicly listed subsidiaries, and the Company will keep holding the shares of the two publicly listed subsidiaries as long as they meet the above preconditions and it can be determined that they contribute to maximizing the corporate value of the NEC Group. At this time, the Company does not plan to newly list the shares of other subsidiaries on stock markets.

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

1. Organizational Composition and Operation

Organization Form	Company with the A&SBMs
-------------------	-------------------------

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
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	11
Appointment of Outside Directors	Yes

Number of Outside Directors	5
Number of Independent Directors	4

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
Kaoru Seto	From another company											
Noriko Iki	Other											
Masatoshi Ito	From another company											
Kuniharu Nakamura	From another company											
Jun Ohta	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	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kaoru Seto	○	<p>Special Adviser, Yamato Holdings, Co., Ltd.</p> <p>The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders’ decision concerning the exercise of voting rights” (see the “Matters relating to Independent Directors/ A&SBMs” below).</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a logistics service company.</p> <p>He is qualified as an Independent Director as required by the Tokyo Stock</p>

			Exchange that is unlikely to have conflicts of interest with shareholders.
Noriko Iki	○	<p>President, Japan Institute for Women's Empowerment & Diversity Management</p> <p>The description for "Relationship with the Company" is omitted pursuant to "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors/ A&SBMs" below).</p>	<p>The Company has appointed her as an Outside Director considering that she has superior character, discernment 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 administrative and diplomatic area.</p> <p>She is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Masatoshi Ito	○	<p>Chairman of the Board, Ajinomoto Co., Inc.</p> <p>The description for "Relationship with the Company" is omitted pursuant to "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors/ A&SBMs" below).</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, discernment 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 relating to marketing and management strategies as management of a manufacturing company.</p> <p>He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Kuniharu Nakamura	○	<p>Chairman of the Board of Directors, Sumitomo Corporation</p> <p>The description for "Relationship with the Company" is omitted pursuant to "Immaterial Criteria for the judgement that the Relationship with the Company is unlikely to affect shareholders' decision concerning the exercise of voting rights" (see the "Matters relating to Independent Directors/ A&SBMs" below).</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a general trading company including the management of global businesses.</p> <p>He is qualified as an Independent Director as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Jun Ohta		<p>Director President and Group Chief Executive Officer, Sumitomo Mitsui Financial Group, Inc.</p>	<p>The Company has appointed him as an Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a bank.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Yes
---------------------------------------------------------------------------------------------------------	-----

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Committee Members	4	4
Full-time Members	-	-
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	-	-
Other	-	-
Chairperson	Outside Director	Outside Director

Supplementary Explanation **Updated**

The Company has established the Nomination and Compensation Committee to enhance transparency of nomination of Directors and A&SBMs and remuneration of Directors and corporate officers. The committee consists of 4 members, 3 of whom are Outside Directors and 1 of whom is a non-executive Director. The Chairperson is appointed among such Outside Directors. Messrs. Kaoru Seto, Masatoshi Ito and Kuniharu Nakamura, who are Outside Directors, and Mr. Nobuhiro Endo, were appointed as members of the committee. The Chairperson is Mr. Kaoru Seto. This committee deliberates on (i) nomination for Directors, representative Directors and A&SBMs, the Chairman of the Board and the President (including succession planning for the President), and (ii) the structure and the level of compensation for Directors, representative Directors and corporate officers with taking the business result of the Company and other conditions into account and from an objective perspective. The committee reports the results of its deliberations to the Board of Directors. During the fiscal year ended March 31, 2020, the committee held meetings 6 times and mainly deliberated on ① nomination for Directors and A&SBMs and ② succession planning for the President.

[Audit & Supervisory Board (KANSAYAKU-KAI)]

Establishment of Audit & Supervisory Board (KANSAYAKUKAI-KAI)	Yes
Maximum Number of Audit & Supervisory Board Members (KANSAYAKU) Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members (KANSAYAKU)	5

Cooperation among A&SBMs, Accounting Auditors and Internal Audit Departments

The A&SBMs are taking steps to strengthen cooperation with the internal auditing division. These steps include receiving reports and exchanging opinions with the internal auditing division on audit results regularly or as necessary, as well as receiving reports from the same division on the status of operation of the

“Compliance Hotline” (including the status of operation of compliance hotlines of the Company’s subsidiaries), a compliance hotline for employees and contractors to report issues concerning possible breaches of corporate ethics, compliance and other similar matters. The A&SBMs are also stepping up cooperation with the Accounting Auditors, such as by receiving briefings on financial audits covering status reports on their audits and audit plans, as well as on audits of the internal control systems based on the Financial Instruments and Exchange Act, and exchanging opinions on their audits. Moreover, the Company arranges regular meetings among A&SBMs, the internal auditing division and the Accounting Auditors.

Appointment of Outside Audit & Supervisory Board Members (KANSAYAKU)	Yes
Number of Outside Audit & Supervisory Board Members (KANSAYAKU)	3
Number of Independent Audit & Supervisory Board Members (KANSAYAKU)	3

Outside A&SBMs’ Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Taeko Ishii	From Lawyer													
Nobuo Nakata	From Lawyer													
Masami Nitta	From CPA													

* Categories for “Relationship with the Company”

“○” when the A&SBM presently falls or has recently fallen under the category;

“△” when the A&SBM fell under the category in the past

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

“▲” when a close relative of the A&SBM fell under the category in the past

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

Outside A&SBMs’ Relationship with the Company (2) **Updated**

Name	Designation as	Supplementary Explanation of the Relationship	Reasons of Appointment
------	----------------	-----------------------------------------------	------------------------

	Independent A&SBMs		
Taeko Ishii	○	<p>Attorney at law</p> <p>She has not fallen under any category for “Relationship with the Company.”</p>	<p>The Company has appointed her as an Outside A&SBM considering that she has superior character, discernment and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has a lot of experience and deep insight as an attorney at law in the fields of personnel affairs, labor and others. She is qualified as an Independent A&SBM as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Nobuo Nakata	○	<p>Attorney at law</p> <p>He has not fallen under any category for “Relationship with the Company.”</p>	<p>The Company has appointed him as an Outside A&SBM considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has a lot of experience and professional insight as an attorney at law in the fields of corporate law including M&A. He is qualified as an Independent A&SBM as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>
Masami Nitta	○	<p>Certified Public Accountant</p> <p>The description for “Relationship with the Company” is omitted pursuant to “Immaterial Criteria for the judgment 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/ A&SBMs” below).</p>	<p>The Company has appointed him as an Outside A&SBM considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has experience in corporate management as President and Representative Director (CEO), as well as a lot of experience and professional insight as a Certified Public Accountant gained through conducting audits of many companies. He is qualified as an Independent A&SBM as required by the Tokyo Stock Exchange that is unlikely to have conflicts of interest with shareholders.</p>

[Independent Directors/A&SBMs]

Number of Independent Directors/ Audit & Supervisory Board Members (KANSAYAKU)	7
--------------------------------------------------------------------------------	---

Matters relating to Independent Directors/ A&SBMs

The Company has designated all Outside Directors/A&SBMs that qualify as Independent Outside Directors/A&SBMs based on the Company’s independency standards as Independent Directors/A&SBMs.

The Company judges their independency from the standard defined by Tokyo Stock Exchange and the “Independence Criteria for Outside Directors and Outside A&SBMs” 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 Outside A&SBMs” 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 and Outside A&SBMs”

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

- (1) Presently or at any time within the past three years, any of his or her relative within the second degree of relationship holds or held a position equal to or higher than a general manager at the Company or its subsidiary
- (2) Presently or at any time within the past three 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 or higher than a position equivalent of a general manager at the Company)
- (3) In any one of the past three 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 three 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 three 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 three 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 or an Outside A&SBM 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

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
----------------------------------	---------------------------------

(1) Performance-based remuneration

Performance-based remuneration consists of bonuses and a performance-based stock compensation (the “Performance-based Stock Compensation”).

(2) Policy for Determining the Ratio between Performance-based Remuneration and Other Remuneration

The ratio of performance-based remuneration and other remuneration for Executive Directors is set at 1:1, in order to serve as an incentive to improve performance.

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

(i) Bonuses

Bonuses have two components: a component linked to key performance indicators regarding the consolidated business results of the NEC Group during the fiscal year to which the bonus applies (“the Group-wide Performance-based Component”), and a component linked to the degree to which performance targets are achieved in the businesses overseen by each Director (“the Business-unit Performance-based Component”). The ratio between these two components is as follows for each job title:

Chairman of the Board (only when the Chairman of the Board is also an Executive Director) / President

- Group-wide Performance-based Component: 100%
- Business-unit Performance-based Component: 0%

Senior Executive Vice President and Member of the Board

- Group-wide Performance-based Component: 60%
 - Business-unit Performance-based Component: 40%
- (Fiscal year budget portion: 20%, Mid-term plan portion: 20%)

Executive Vice President and Member of the Board

- Group-wide Performance-based Component: 40%
 - Business-unit Performance-based Component: 60%
- (Fiscal year budget portion: 30%, Mid-term plan portion: 30%)

Senior Vice President and Member of the Board

- Group-wide Performance-based Component: 30%
 - Business-unit Performance-based Component: 70%
- (Fiscal year budget portion: 35%, Mid-term plan portion: 35%)

Indicators for the Group-wide Performance-based Component and the Business-unit 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

The performance indicators for this component are the NEC Group’s consolidated revenue, operating income and free cash flows in the applicable fiscal year. These indicators were selected taking account of their importance concerning the NEC Group’s management strategies and suitability in determining the achievement level of performance targets.

2) Indicators for the Business-unit Performance-based Component and Reason for Selection

The performance indicators for this component are budget indicators and mid-term plan indicators. Budget indicators are consolidated revenue, operating income, free cash flows, etc. in the applicable fiscal year in the business units overseen by each Director. These indicators were selected because they allow the appropriate evaluation of the achievement level of performance targets for each fiscal year in individual business units overseen by relevant Directors.

Mid-term plan indicators are used to evaluate activities for accomplishing the goals set in the Mid-term Management Plan. The indicators are fiscal year performance targets set for individual Directors based on a discussion between each Director and the President, and the President evaluates their achievement level by interviewing the Director. To ensure that evaluations are done properly, evaluation results are reported to the Nomination and Compensation Committee.

(Note) For Directors who oversee operations other than business units, indicators for the Business-unit Performance-based Component are the NEC Group’s consolidated revenue, operating income, free cash flows, etc.

3) Method for Determining Bonus Amounts

The Nomination and Compensation Committee discusses reports concerning results of evaluations using indicators for the Group-wide Performance-based Component and the Business-unit Performance-based Component and the bonus amounts which are calculated using the following formula. Then, based on the results of these discussions, the Board of Directors determines an aggregate bonus payment for all Directors eligible to receive a bonus.

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

<Calculation formula>

“Group-wide Performance-based Component (“Standard amount for job title” x “Group-wide performance-based component ratio^(Note 1)” x “Group-wide performance-based payment rate^(Note 2)”)” + “Business-unit Performance-based Component (“Standard amount for job title” x “Business-unit performance-based component ratio^(Note 3)” x “Business-unit performance-based payment rate^(Note 4)”)”

(Note 1) The ratio of the Group-wide Performance-based Component in the preceding section (i)

(Note 2) Calculated using the indicators for the Group-wide Performance-based Component in the preceding section 1)

(Note 3) The ratio of the Business-unit Performance-based Component in the preceding section (i)

(Note 4) Calculated using the indicators for the Business-unit Performance-based Component in the preceding section 2)

(ii) Performance-based Stock Compensation

Indicators for the Performance-based Stock Compensation, reason for selection thereof and method for determining the amount of the Performance-based Stock Compensation are as follows:

1) Indicators and Reason for Selection

Indicators for Performance-based Stock Compensation are the NEC Group’s consolidated revenue, adjusted operating profit^(Note 1) and adjusted net profit attributable to owners of the parent^(Note 2) in the applicable fiscal year.

The indicators were selected by considering their importance concerning the NEC Group’s mid- to long-term management strategies as well as for reinforcing the commitment and activities of Directors to contribute to maximizing corporate value from a mid- to long-term perspective and giving back to shareholders.

(Note1) Adjusted operating profit is an indicator for measuring the underlying profitability in order to clarify the contribution of acquired companies to NEC’s overall earnings. It is calculated by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees, etc.) from operating profit (loss).

(Note2) Adjusted net profit attributable to owners of the parent is an indicator for measuring the underlying profitability attributable to owners of the parent. It is calculated by deducting adjustment items of operating profit (loss), and corresponding amount of tax and non-controlling interests from net profit (loss) attributable to owners of the parent.

2) Method for Determining Compensation Amount

Performance-based Stock Compensation is calculated by using the following formula.

The number of shares granted for the compensation is set between 0% and 100% of the standard number of shares determined for job title, based on the achievement level of performance targets.

<Calculation formula>

“Number of granting shares based on the applicable Directors’ job titles^(Note 1)” x “Performance-based allotment rate^(Note 2)”

(Note 1) “the standard amount of stock compensation on the applicable Directors’ job titles (*1)” / “average value of closing price of the Company shares on the Tokyo Stock Exchange in the fiscal year immediately preceding the applicable fiscal year”

(*1) The basic remuneration of each Director is multiplied by the factor determined for each title. However, for some Executive Directors, the standard amount of basic remuneration of each Executive Director is multiplied by the factor determined for each title.

(Note 2) the level of the achievement of consolidated revenue in the applicable fiscal year x 30% + the level of

the achievement of adjusted operating profit in the applicable fiscal year x 40% + the level of the achievement of adjusted net profit attributable to owners of the parent in the applicable fiscal year x 30%

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

Supplementary Explanation
-

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
--------------------------------------------------	--------------------

Supplementary Explanation	Updated
---------------------------	----------------

Total amount of the remuneration of Inside Directors and Outside Directors are separately disclosed in the Business Report, the Annual Securities Reports and the Integrated Report, which is the Company's annual report for stakeholders including shareholders. For the fiscal year ended March 31, 2020, total amount of the remuneration for the Directors whose remuneration was 100 million yen or more has been disclosed in the Annual Securities Reports and an annual report on Form 20-F that filed with the Securities and Exchange Commission in the United States. 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/)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--------------------------------------------------------------------	-------------

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

<p>(1) Basic policy on the Remuneration for Directors and Methods on Determining the Level of Remuneration For the purpose of continuously improving corporate value and strengthening its competitiveness, the Company's basic policy on the remuneration for Directors is to set a level and structure appropriate for a global company which enables the Company to secure excellent human resources and serves as an incentive to improve performance of the NEC Group. In order to ensure objectiveness and properness of the remuneration for Directors, the level of the remuneration is determined on the result of the third party's investigation regarding the remunerations of other companies whose business contents and scale are similar to those of the Company.</p> <p>(2) Policy on Determining Remuneration Amounts of Directors and Calculation Method Remuneration for Directors of the Company consists of basic remuneration, bonuses and stock compensation (the Performance-based Stock Compensation and the stock compensation in which stock equivalent to a pre-determined monetary amount is granted (the "Fixed Stock Compensation")).</p> <p><u>Basic remuneration</u> Basic remuneration is fixed-monthly payments that do not exceed the limit established by resolutions of the General Meetings of Shareholders, and is determined separately for each job title and for Inside Directors and Outside Directors. However, for some Executive Directors, basic remuneration increases or decreases depending on the performance of these individuals in each fiscal year. The Board of Directors determines for each job title the standard amount of basic remuneration and the range of fluctuations.</p> <p><u>Bonuses</u> Bonuses serve as short-term incentives to achieve performance targets in each fiscal year for the</p>

sustained growth of the NEC Group. Executive Directors are eligible to receive these bonuses. The limit for total payments of these bonuses is determined by a resolution of the General Meetings of Shareholders. Individual bonus payments are determined by adjusting the standard bonus amount determined for each job title of Directors to reflect the achievement level of performance targets.

Stock compensation

Stock compensation is granted to Inside Directors and consists of the Performance-based Stock Compensation and the Fixed Stock Compensation.

- (a) The Performance-based Stock Compensation serves as a mid- to long-term incentive to further raise Directors' awareness for contribution to improvement in the Company's mid- and long-term performance and its corporate value, by clarifying the link between remuneration of Directors and the Company's performance as well as value of Company shares. The Performance-based Stock Compensation is linked to a single fiscal year. Following the end of each applicable fiscal year, the number of points granted to a Director is determined according to job title and the level of achievement of performance targets in the fiscal year. In principle, Directors receive a number of shares (however, part of which shall be an amount of cash equivalent to the Company shares as converted and disposed of) corresponding to the number of points after three years from the beginning of the applicable fiscal year.
- (b) The Fixed Stock Compensation further clarifies the link between remuneration for Directors and the value of Company shares by increasing the ratio of stock compensation in the remuneration for Directors, and encourage Directors to operate the business with a higher consciousness of the Company's share price by sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. The Fixed Stock Compensation applies to the period beginning on the day of each Ordinary General Meeting of Shareholders and ending on the day of the Ordinary General Meeting of Shareholders in the following year. Following the end of this period, Directors receive points corresponding to monetary amounts that do not exceed the limit established by resolutions of the General Meetings of Shareholders. In principle, Directors receive a number of shares (however, part of which shall be an amount of cash equivalent to the Company shares as converted and disposed of) corresponding to the number of points after three years from the beginning of the applicable period.
- (c) Under the stock compensation system, clawback and malus provisions have been included. These enable the Company to take action in cases where compliance breaches or inappropriate accounting treatment (including the submission of amended reports and amendment of past financial statements) have been confirmed. In such cases, after deliberation by the Nomination and Compensation Committee and a resolution by the Board of Directors, the Company may withhold all or part of the rights to receive a grant of the Company's shares prior to the grant of the Company's shares; or after the grant of the Company's shares, the Company may demand the return of all or part of the granted shares of the Company (including an amount of cash equivalent to the Company's shares as liquidated and disposed of paid instead of the Company's shares).

[Supporting System for Outside Directors and/or A&SBMs] Updated

Aiming to ensure that these roles and functions expected of Outside Directors and Outside A&SBMs are properly fulfilled, the Company has been working to enhance deliberations by the Board of Directors through such means as briefing Outside Directors and Outside A&SBMs in advance on particularly important proposals to be put forward to the meetings of the Board of Directors. The Company also provides support to Outside Directors and Outside A&SBMs in order to facilitate their understanding of the NEC Group, such as by organizing tours of business sites and exhibitions of the Company and its subsidiaries.

The Company has established the Audit and Supervisory Board Members' Office with 5 corporate staff members to assist with the A&SBMs' audit activities.

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

Information on retired presidents holding advisory positions (sodanyaku, komon, etc.)

Name	Job Title/ Positon	Responsibilities	Employment terms (Full/Part-time, with/without Compensation, etc.)	Date of Retirement from President etc.	Term
-	-	-	-	-	-

Number of retired presidents holding advisory positions (sodanyaku, komon, etc.)	0
----------------------------------------------------------------------------------	---

Other information **Updated**

The Company abolished a counselor (sodanyaku) system in June 2003. Former 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. An Executive Advisor works on a full-time basis, except the Executive Advisor who was the Senior Executive Vice President and Member of the Board who works on a full-time or part-time basis. The term of an Executive Advisor is approximately 3 years. Former Chairman of the Board and President may be appointed as an Honorary Advisor after retiring from the Executive Advisor. An Honorary Advisor works on part-time basis and may continue to serve through the age of 75.

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

Executive Advisors and Honorary Advisors have no involvement in the Company's management decision making and they do not receive any reports, whether periodically or not, from the management of the Company regarding the operations of the Company. Considering the above situations, the Company considers that its appointment of advisors (komon) have no adverse effect on the Company's governance.

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 company with the A&SBMs.

The Company has introduced a corporate officer system to separate business execution from management supervision and expedite business execution based on prompt decision making. This has involved delegating substantial authority for business execution from the Board of Directors to corporate officers. The Company has also been strengthening the supervisory functions of the Board of Directors by ensuring that 5 of the 11 Directors are Outside Directors. Furthermore, the Company has been working to improve transparency of nomination of Directors and A&SBMs and remuneration of Directors and corporate officers by making decisions on such matters based on the results of discussions by the Nomination and Compensation Committee. The Company has also put in place personnel and systems to reinforce the functions of the A&SBMs' audit, while encouraging closer cooperation among the Company's A&SBMs, internal auditing division and Accounting Auditors.

In July 2011, the Company introduced chief officers to strengthen a company-wide strategy. In April 2017, the Company extended the authority delegated to the chief officers in order to strengthen the corporate functions and accelerate the speed of decision making. In October 2018, aiming for timely decision making and effective performance of duties, the Company further promoted delegation of authority with a revision of the Rules on Internal Authorization and the Rules on Authorization for Daily Operation, which set out the exercise of authority by corporate officers and employees, as well as the Regulations of the Board. Additionally, in order to clarify the responsibilities and authority of management, the Company terminated the employment contracts of corporate officers at the end of March 2019, and entered into one-year mandate contracts.

Board of Directors

The Company's Board of Directors consists of 11 members, 5 of whom are Outside Directors. The Board of Directors holds regular meetings basically once a month and extraordinary meetings as necessary to determine important matters related to business execution, including business realignment, funding plans and financing and investment, as well as matters concerning business plans. As of the date of submission of this report, Mr. Nobuhiro Endo, Chairperson of the Board, is the chairman of the Board of Directors. During the fiscal year ended March 31, 2020, the Board of Directors held meetings 13 times, and the average rate of Directors' attendance was 96.2%. Furthermore, since June 2004 the term of office for Directors has been set at one year in order to clarify their responsibility for management every fiscal year.

Executive Committee and Business Progress Committee

The Executive Committee, which comprises around 20 corporate officers, discusses important NEC Group management issues such as policies and strategies. This committee extensively discusses matters of particular importance prior to putting them forward to the meetings of the Board of Directors for approval. In doing so, the committee enhances the deliberations and ensures appropriate decision making.

Meanwhile, the Business Progress Committee comprises corporate officers, general managers of business units and other members. This committee deliberates and reports on matters related to the status of the NEC Group's business execution, such as monitoring progress with respect to budgets adopted by the Board of Directors, with the aim of sharing management information and promoting business execution efficiency.

Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee to enhance transparency of nomination of Directors and A&SBMs and remuneration of Directors and corporate officers. The committee consists of 4 members, 3 of whom are Outside Directors and 1 of whom is a non-executive Inside Director. The Chairperson is appointed among such Outside Directors. Messrs. Kaoru Seto, Masatoshi Ito and Kuniharu Nakamura, who are Outside Directors, and Mr. Nobuhiro Endo, who is Inside Director, were appointed as members of the committee. The Chairperson is Mr. Kaoru Seto. This committee deliberates on (i) nomination for Directors, representative Directors and A&SBMs, the Chairman of the Board and the President, including succession planning for the President, and (ii) the structure and the level of compensation for Directors, representative Directors and corporate officers with taking the business result of the Company and other conditions into account and from an objective perspective. The committee reports the results of its deliberations to the Board of Directors. During the fiscal year ended March 31, 2020, the committee held meetings 6 times and mainly deliberated on ① nomination for Directors and A&SBMs and ② succession planning for the President.

Audit & Supervisory Board (KANSAYAKU-KAI) (Audit & Supervisory Board Members (KANSAYAKU))

The Company has appointed A&SBMs and established the A&SB pursuant to the Companies Act. The Company has 5 A&SBMs, 3 of whom are Outside A&SBMs.

The A&SB holds regular meetings basically once a month and extraordinary meetings as necessary, decides on audit policies, standards, annual auditing plan and other matters, and receives status reports on audits and on other matters from each A&SBMs.

The Company appoints as A&SBMs the personnel who have the knowledge and experience necessary for audits, such as considerable expertise in finance and accounting or experience as an attorney at law, and strengthen the auditing functions of the A&SBMs.

The A&SBMs strive to enhance quality of the audits of the entire NEC Group by cooperating with A&SBMs of NEC's subsidiaries.

The A&SBMs are taking steps to strengthen cooperation with the internal auditing division. These steps include receiving reports and exchanging opinions with the internal auditing division on audit results regularly or as necessary, as well as receiving reports from the same division on the status of operation of the "Compliance Hotline" (including the status of operation of compliance hotlines of the Company's subsidiaries), a compliance hotline for employees and contractors to report issues concerning possible breaches of corporate ethics, compliance and other similar matters. In addition, the A&SBMs are stepping up cooperation with the Accounting Auditors, such as by receiving briefings on financial audits covering status reports on their audits and audit plans, as well as on audits of the internal control systems based on the Financial Instruments and Exchange Act, and exchanging opinions on their audits. The Company arranges regular meetings among A&SBMs, the internal auditing division and the Accounting Auditors.

The Company has established the Audit and Supervisory Board Members' Office with 6 corporate staff members to assist with the A&SBMs' audit activities.

Corporate Auditing Bureau (Internal Auditing Division)

The Company has established the Corporate Auditing Bureau as an internal auditing division reporting directly to the President of the Company. The Corporate Auditing Bureau performs audits of the NEC Group to ensure legal, appropriate and efficient execution of business activities, and identifies issues and proposes improvements. This Bureau consists of approximately 80 corporate staff members with expertise in internal auditing of the NEC Group, including staffs of NEC Management Partner, Ltd. who devotes themselves to internal auditing of the NEC Group. Regarding the audits of the Company's subsidiaries which have their own internal auditing sections, the Corporate Auditing Bureau performs the audits in cooperation with such internal auditing sections.

The Corporate Auditing Bureau reports the audit results to the Board of Directors. The Corporate Auditing Bureau is also taking steps to strengthen cooperation with the Accounting Auditors by reporting on audit results and exchanging opinions with them regularly. Furthermore, the Corporate Auditing Bureau is taking steps to strengthen cooperation with the internal control division. These steps include reporting the audit results to the internal control division and exchanging opinions with them regularly or as necessary, as well as reporting to them on the status of the "Compliance Hotline," a compliance hotline for employees and contractors to report issues concerning possible breaches of corporate ethics, compliance and other similar matters.

Compliance Division (Internal Control Division)

The Company has established the Compliance Division as an internal control division. Approximately 40 corporate staff members belong to the Compliance Division including members who are in charge of ensuring compliance, risk management and ensuring reliability of financial reporting.

The Compliance Division is taking steps to strengthen cooperation with the Board of Directors, A&SBMs and Accounting Auditors by reporting on the status of implementation of the internal control system and exchanging opinions with them regularly.

Accounting Auditors

In the fiscal year ended March 31, 2020, the independent audit of the Company was performed by three certified public accountants of KPMG AZSA LLC: Tetsuzo Hamajima, Takashi Kondo and Yoshiaki Hasegawa. The independent audit was assisted by 86 certified public accountants, 39 assistants who passed the CPA examination and 42 other individuals.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company has adopted the company with the A&SBMs.

The Company considers that the audit by A&SBMs and advices from Outside Directors in making decisions of the material business executions are effective for the sound management of the Company. The Company works on the followings to establish optimum corporate governance system under the system of the company with the A&SBMs.

- (1) In order to ensure objectiveness and transparency of governance, the Company has 5 Outside Directors out of 11 Directors, and 3 Outside A&SBMs out of 5 A&SBMs.
- (2) In order to enhance transparency of decision making by the Board of Directors, the Nomination and Compensation Committee, established voluntarily and the majority of which are Outside Directors, deliberates on nomination for Directors and A&SBMs and compensation for Directors and corporate officers.
- (3) In order to separate business execution from management supervision and promote timely decision making, the Company has introduced a corporate officer system and the Board of Directors has delegated its substantial authority for business execution to corporate officers.
- (4) In order to promote timely decision making, the Company has introduced chief officers to strengthen a company-wide strategy and the President has delegated some of its authority to chief officers.

The Company believes that its corporate governance is functioning adequately under the current system described above. However, the Company is focusing its efforts on enhancements and improvements of this

system in order to realize more effective corporate governance responding to changes in the business environment.

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 three 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/182/report182_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 182st Ordinary General Meeting of Shareholders was held on June 22, 2020.
Allowing Electronic Exercise of Voting Rights	The Company provides for voting via the Internet (including via smartphones or mobile phones). In addition, the Company provides electronic voting platform operated by ICJ Co., Ltd. for institutional investors.
Participation in Electronic Voting Platform	The Company has participated in an electronic voting platform operated by ICJ Co., Ltd.
Providing Convocation Notice in English	The Company posts English translation of the convocation notice (including Business Report) on its website. (https://www.nec.com/en/global/ir/pdf/report/182/report18_01.pdf)
Other	Video streaming of the Business Report presentation given by the President at the General Meeting of Shareholders and its reference materials are provided on the Company's website for about a month after the meeting. 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. The 182nd Ordinary General Meeting of Shareholders was broadcast live to shareholders. (https://www.nec.com/en/global/ir/events/stock/meeting.html)

2. IR Activities **Updated**

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

	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)	
Regular Investor Briefings for Securities Analysts and Institutional Investors	The Company holds briefings on ESG (Environment, Social and Governance) and management briefings, including tours of facilities, 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 visits major institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	The Company regularly visits 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 the Investors Relations Office within the Corporate Finance & Global Treasury Division 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, local communities and employees, is an essential process for understanding the fundamental issues faced by customers and society, and their expectations for the NEC Group, and building relationships of trust with various stakeholders, the Company has set "Promotion of Stakeholder Communication" as one of its basic principles for sustainability. "Dialogue and co-creation with our stakeholders" is positioned as one of "materiality", identified as the priority management themes from ESG perspective. The NEC Group Code of Conduct defines "Fair relationship with stakeholders" as one of the basic position that NEC Group officers and employees should comply with.
Implementation of Environmental Protection, CSR Activities etc.	The Company seeks to realize a sustainable society (including contribution to the achievement of the United Nations' Sustainable Development Goals (SDGs)). The Company has proposed three basic policies, "strengthening risk management and enforcing compliance," "contributing to solving social issues through business activities" and "promoting communications with stakeholders," and promotes the measures for sustainability from the point of view of ESG. Based on above policies, the NEC Group identified "materiality" comprising of the priority management themes from an ESG perspective in July 2018. the NEC Group invests management resources intensively in these themes to maximize economic and social value as well as contribute to achievement of SDGs. The Company actively discloses information regarding the progress and achievement of such measures on the Company's website and Sustainability Report. (https://www.nec.com/en/global/csr/report/index.html)

	<p>Sustainability Report https://www.nec.com/en/global/csr/report/index.html</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company emphasizes “timely, appropriate, and fair disclosure of information” in its basic policies for corporate governance. The NEC Group Code of Conduct defines “Information disclosure to, communication and joint creation with stakeholders” as one of the business activities with integrity that NEC Group officers and employees should comply with. Moreover, the Company emphasizes “promoting communications with stakeholders” as part of its measures for sustainability basic policy. Under such policies, the Company endeavors to build relationships of trust with stakeholders and enhance its corporate value by ensuring full accountability through the active disclosure of information on the results and challenges of its sustainability activities through the Sustainability Report etc.</p>
Other	<p><Promoting Inclusion and Diversity within the NEC Group> The Company considers that creating the workplace environment where (i) a diverse range of people could work in various organizations and departments and (ii) various viewpoints and ideas would be taken to meet the demands of society produces new value and innovation, and promotes “Inclusion and Diversity.” As part of measures to create such environment, the Company is working to promote women’s success in the workplace, the global recruitment of human resources, and the employment of people with disabilities, among others. The Company actively discloses information regarding the progress and achievement of such measures on the Company’s website and Sustainability Report. https://www.nec.com/en/global/csr/index.html</p> <p>Sustainability Report https://www.nec.com/en/global/csr/report/index.html</p>

IV. Matters Related to the Internal Control System **Updated**

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

<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 item (vi) of Article 362(4) of the Companies Act adopted by resolution of the Board of Directors (the “Policy”). English translation of the Policy is provided through the Company’s website (<https://jpn.nec.com/profile/en/internalcontrol.html>), and the summary of which is described below.

The Company shall endeavor to establish and implement its internal control system more effectively, through continuous evaluation of the 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, corporate officers and employees, Directors and corporate officers shall take the lead in practicing “NEC Group Code of Conduct” that were adopted to establish business ethics standards for the NEC Group and to ensure compliance with laws, regulations, the Articles of Incorporation and its internal rules, and promote thorough understanding on these charter and code within the NEC Group. If any material violation of laws, regulations, the Articles of Incorporation or internal rules is found, the Company shall investigate the cause of such violation and formulate and

implement preventative measures. In addition, the Company shall prompt the use of the Company's internal reporting system, the "Compliance Hotline."

- (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. Business divisions shall properly conduct risk management related to their assignment and corporate staff divisions shall support such business divisions' activities. The Company shall deliberate fully on such matters of importance from a perspective of risk management, such as the strategy to control important management risk, and the matters of particular importance shall be reported to the Board of Directors. The internal auditing division shall conduct audits of NEC Group's enterprise risk management system and the status of implementation of risk management, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections.
- (4) In order to ensure the efficient performance of duties by Directors, the Board of Directors shall delegate its authorities to corporate officers and promote timely decision making and effective performance of duties. Corporate officers shall, under the direction of the Board of Directors, efficiently conduct businesses in accordance with midterm corporate management goals and budgets.
- (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 audit & supervisory board members (KANSAYAKU) 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. The internal auditing division shall conduct audits of the NEC Group's proper operations, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections. The A&SBMs of the Company shall cooperate with audit & supervisory board members (KANSAYAKU) of the subsidiaries by exchanging their opinions on the audit and other measures.
- (6) From the perspective of proper and efficient operations of the NEC Group, the Company shall endeavor to conduct improvement and standardization of business processes, and further strengthen its internal control by utilizing information systems.
- (7) Internal control over financial reporting of the NEC Group shall be evaluated, maintained and improved in accordance with applicable laws and regulations.
- (8) The Company shall assign full-time employees to assist A&SBMs in performing their duties. Matters regarding such employees, including performance review, personnel change and disciplinary action, shall be approved by A&SBMs.
- (9) Directors, corporate officers and employees shall report to A&SBMs on the status of the performance of their duties. In addition, the Company shall give instructions to the directors, audit & supervisory board members (KANSAYAKU), corporate officers and employees of the subsidiaries so that they shall report to A&SBMs of the Company on the status of the performance of their duties.
- (10) In order to ensure the effective audit, meetings of the A&SB shall be held and A&SBMs shall exchange information and consult with each other on the status of audits. Furthermore, A&SBMs shall periodically receive reports on financial audit from the Accounting Auditors and exchange opinions with them.

<Status of the implementation of Internal Control System>

The Company assessed the status of the implementation of its internal control system for the fiscal year ended March 31, 2020 and confirmed that it has established and implemented its internal control system properly based on the Policy. In the process of doing so, the Company has exchanged opinions with A&SBMs regarding the status of establishment and implementation of the internal control system. The main initiatives conducted in the fiscal year ended March 31, 2020 are as follows.

With regard to compliance, NEC Group Code of Conduct was revised from an ESG perspective and from the viewpoint of responding to society's demands toward achieving the SDGs. In addition to acts in good faith based on high ethical standards, the Code indicates behaviors that must be followed as members of a global company that solves social issues through the power of ICT. 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 2016 and 2017), the management of the Company and Presidents of the Company's consolidated subsidiaries in Japan and abroad provided messages to reinforce the importance of ethics in economic activities and to ensure compliance across the board. In addition to this, a session was held to reconfirm the impact caused to the NEC Group to serve as a reminder of the lesson that the NEC Group learned from the said violation and further raise awareness among employees of the compliance mindset. The Company also held the "NEC Business Ethics" a corporate ethics forum for the Company and its consolidated subsidiaries in Japan. At the forum, having lectures by the Company's President and an external lawyer who is well-versed in corporate compliance, the Company also awarded business divisions that had made remarkable efforts to promote compliance. Web-based training programs related to compliance, which are held annually, were also conducted in the fiscal year ended March 31, 2020, in which all employees of the Company declared that they would ensure compliance and actions that should be taken to make compliance embedded in the culture of the NEC Group. During the fiscal year ended March 31, 2020, the Company formulated "the Compliance Hotline Rules" to enable early detection and resolving of misconducts through promoting consulting and reporting (internal reporting) to the "Compliance Hotline", an internal reporting system. The Rules help further enhance the protection of those who made reports or cooperated with investigations. The number of reports to the "Compliance Hotline" reached 90 during the fiscal year ended March 31, 2020. The internal auditing division or other relevant divisions in the Company investigated these internal reports and took necessary measures in response, depending on the details of reports. With regard to risk management, the Risk Control and Compliance Committee and the Executive Committee deliberated on and selected four issues, namely, "risks associated with labor management," "risks of infringing human rights due to the adoption of new technology," "risks of being involved in bribery," and "information security-related risks" as priority risks to be addressed by the NEC Group (risks that require new measures including improvement of existing measures to be addressed across the NEC Group, from the perspective of the magnitude of the impact on corporate business and the need for additional measures). After formulating and implementing countermeasures, the results were reported to the Board of Directors. In addition, the Company has in place a system where compliance violations are reported to the Risk Control and Compliance Committee, upon their occurrence. The outline of compliance violations is reported to the Board of Directors meeting held in the same month, thereby information is quickly shared with the Board of Directors. In the fiscal year ended March 31, 2019, the Company transitioned to a new system where general managers of business divisions devise and implement appropriate measures based on the division's risk characteristics, and also take ownership of strict compliance. In the fiscal year ended March 31, 2020, the Compliance Division periodically confirmed compliance risks selected by general managers of business divisions, annual improvement plans as well as the progress and results thereof, and provided support to their efforts as necessary. With regard to group management, the Company makes efforts to integrate a framework for the management of its subsidiaries for total optimization of group companies and maximization of the value of group companies based on the NEC Group Management Policy, which sets out the NEC Group's group management. As part of this approach, chief officers in charge of key cross-group functions promote the establishment of a framework to manage the performance of duties at overseas subsidiaries within their authority so that the NEC Group's common policies, business processes, and infrastructure can be introduced immediately to the overseas subsidiaries.

With regard to audits by Audit & Supervisory Board Members (KANSAYAKU), Audit & Supervisory Board Members (KANSAYAKU) receive reports on the status of the execution of duties from Directors, corporate officers and employees of the Company and its subsidiaries. In addition, Audit & Supervisory Board Members (KANSAYAKU) also periodically receive reports from the internal auditing division regarding the status of operation of the "Compliance Hotline", and the internal reporting systems at subsidiaries, as well as the status of internal audits. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports on financial audits from the Accounting Auditors and exchange opinions with them. They also strive to maintain close links with the Accounting Auditors and the internal auditing division by periodically holding meetings with them.

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

<Basic Views on Eliminating Anti-Social Forces>

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

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

(1) Internal Rules

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

(2) Other systems

- (a) The Company's Human and Resources and General Affairs Division 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 audit & supervisory board members (KANSAYAKU) of the NEC Group and general managers and other senior employees of the Company.

V. Other

1. Adoption of Anti-Takeover Measures

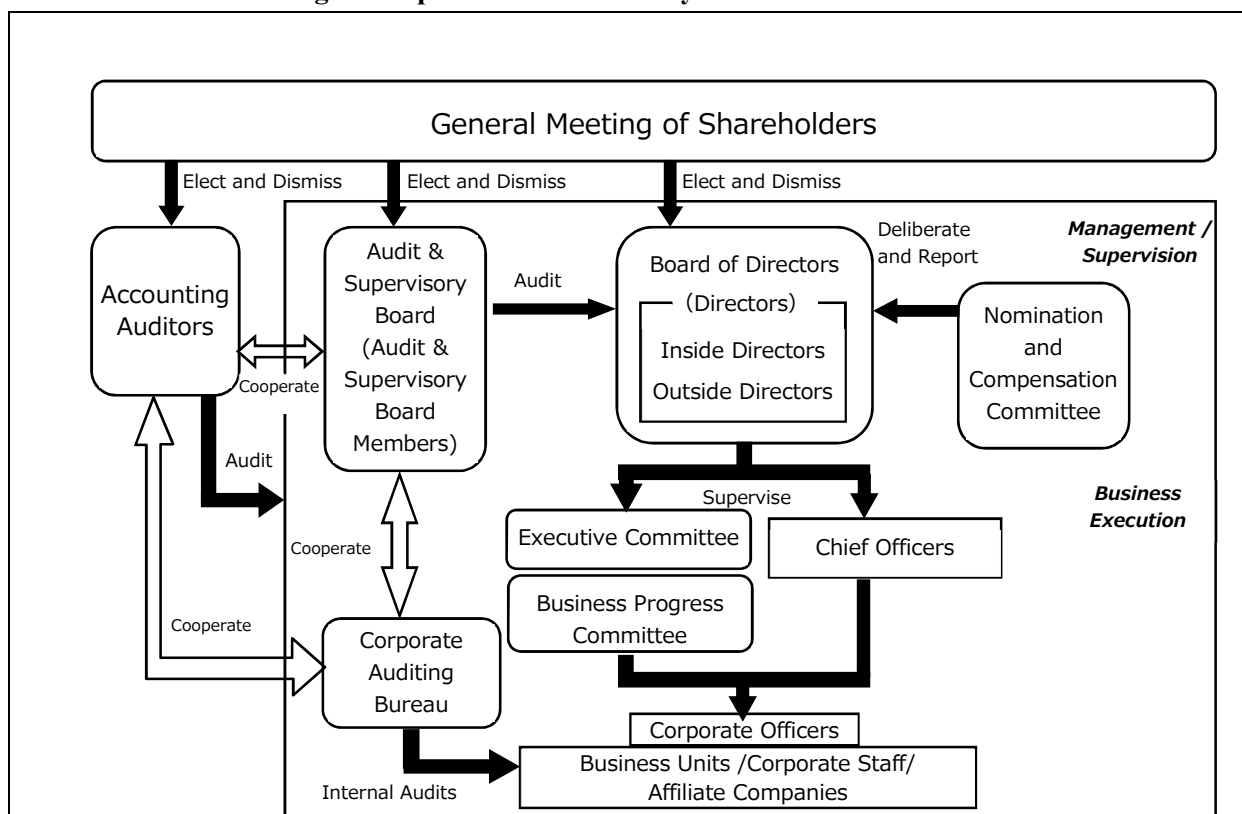
Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

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

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

2. Other Matters Concerning to Corporate Governance System



< 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.

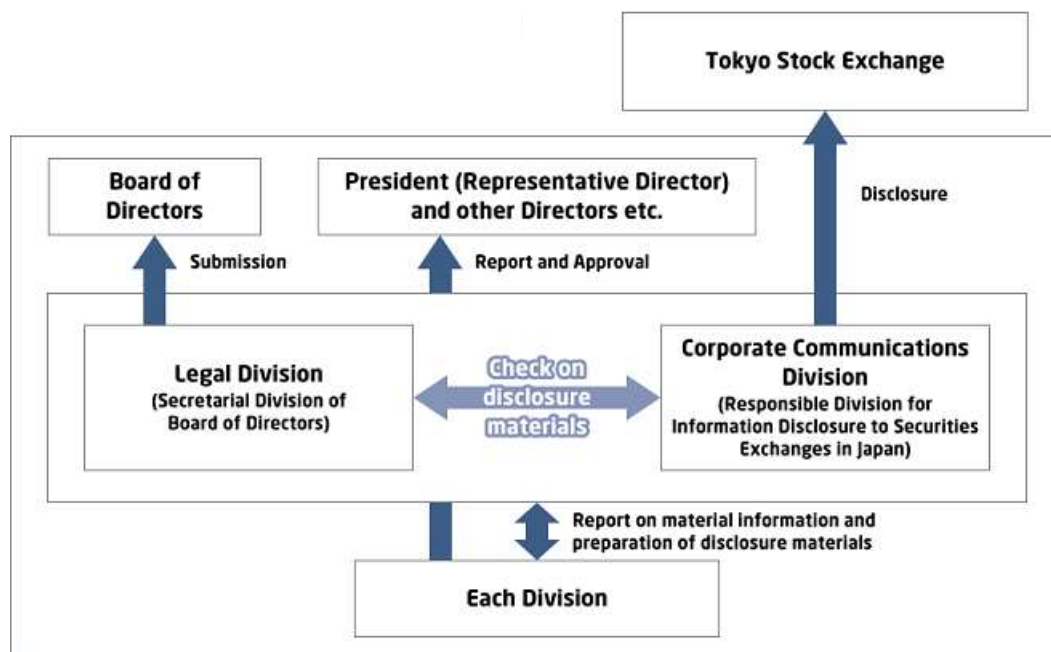
(2) Information Disclosure Structure

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

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

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



2 . Earnings Releases, Revision of Dividend/Financial Forecasts

