

## 1

# NEC Corporation

	<b>Companies' approach</b>
① <b>Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>As our own business operations are becoming in part outsourced, the focus of environmental factors has been shifting to the outside accordingly. On the other hand, we have become increasingly aware of the need to perceive our environmental impact and made efforts to reduce it as a whole across our entire supply chain.</li> <li>In addition, our supply chain emissions accounting is also meant to respond to requests from stakeholders for information disclosure.</li> </ul>
② <b>Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>Findings from our accounting have been made publicly available in our environmental reports, etc. since FY 2012 as the result of environmental activities.</li> <li>We intend to keep track of developments in CO2 emissions through comprehension of them by category, thereby setting out measures to be taken in the future.</li> </ul>
③ <b>Benefits of accounting</b>	<ul style="list-style-type: none"> <li>By keeping track of changes over time, we will be able to better understand the extent of our impacts by category.</li> <li>We will become more aware of our group's internal environmental activities through cooperative efforts with other departments for emissions accounting.</li> <li>Transparency on the information of the environmental impact is improved, we will be more highly appreciated in external evaluation.</li> </ul>
④ <b>Internal system for accounting</b>	<ul style="list-style-type: none"> <li>Environmental data are collected from NEC Group companies' environmental departments and divisions. In addition, accounting and logistics, etc. also provide relevant information.</li> </ul>

## 2

## NEC Corporation

	<b>Companies' approach</b>
⑤ <b>Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>• Emissions resulting from the use of sold products have been a major contributor, representing a large percentage of our overall emissions. Accordingly, we have been seeking continued improvement in performance of our products during use.</li> <li>• On the other hand, emissions from outsourced manufacturing operations are not covered by Scope 1 and 2 in accounting, and therefore we will be looking to reduce these Scope 3 emissions in cooperation with our outside stakeholders such as suppliers. To further step, from FY2018 a questionnaire was implemented. We introduced a system to honor excellent cases of environmental activities accompanying business activities. We are trying to construct a system that can reduce environmental impact together in the supply chain.</li> </ul>
⑥ <b>Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>• Expansion of information sources from upstream of supply chain.</li> <li>• Expansion of external cooperation relationship and establishment of internal system with expansion.</li> </ul>
⑦ <b>Other</b>	<ul style="list-style-type: none"> <li>• Our accounting results have received third party review for verification (Scope 1,2,3,).</li> <li>• Certificated on CO2 emission reduction target of Scoope1, 2 and 3 from SBTi on Oct. 2018.</li> </ul>

## 3

## NEC Corporation

Category	Accounting methods	※Accounting period : April 2019 – March 2020	
	Activity data	Emission factors	
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>Amount of (raw) materials procured (cost)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount of procured *1</li> </ul>	
Category 2: Capital goods	<ul style="list-style-type: none"> <li>Amount of money of capital goods procured</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount of procured *1</li> </ul>	
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>Electricity and steam energy usage</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used *1 , *2</li> </ul>	
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>Amount of fuel used by us as the sender for transportation</li> <li>Amount of logistics - related activities (cost, weight, and transported distance *3)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per fuel used *4</li> </ul>	
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>Amount of waste discharged, by type</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor by waste type *1</li> </ul>	
Category 6: Business travel	<ul style="list-style-type: none"> <li>Number of employees</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per employee *1</li> </ul>	
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>Transportation expenses paid</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per transportation expenses paid *1</li> </ul>	
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> <li>Leased asset usage (used energy, traveled distance)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used or transportation distance*1</li> </ul>	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> <li>Product weight</li> <li>Amount of logistics - related activities (transported distance *3)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per fuel used *4</li> </ul>	
Category 10: Processing of sold products	<ul style="list-style-type: none"> <li>Amount of semi - manufactured goods sold (cost, parts volume)</li> <li>LCA data</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used *1</li> </ul>	
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>Amount of materials procured (cost)</li> <li>LCA data</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used *1</li> </ul>	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>Weight of waste by material</li> <li>Product data</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per weight of waste *1</li> </ul>	
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> <li>No activity</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	
Category 14: Franchises	<ul style="list-style-type: none"> <li>No activity</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	
Category 15: Investments	<ul style="list-style-type: none"> <li>No activity</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	
Other	<ul style="list-style-type: none"> <li>No activity</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	

\*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.3)

\*2 IDEAv2(supply-chain)\_20200324

\*3 Carbon Foot Print Category Rule PA-EA-02

\*4 CO2 Emission Calculation Method in the Logistics Field, Joint Guidelines Ver3.1

# 4 NEC Corporation

## Supply chain emissions : Accounting results (unit: 1,000t)

<b>Scope1</b>	<b>26</b>
<b>Scope2</b>	<b>347</b>
<b>Scope3</b>	<b>7,110</b>
Category1 Purchased goods and services	3,820
Category2 Capital goods	183
Category3 Fuel and energy related activities not included in Scope1 and 2	59
Category4 Transportation and delivery (upstream)	75
Category5 Waste generated in operation	7
Category6 Business travel	15
Category7 Employee commuting	22
Category8 Leased assets (upstream)	4
Category9 Transportation and delivery (downstream)	0
Category10 Processing of sold products	0
Category11 Use of sold products	2923
Category12 End-of-life treatment of sold products	1
Category13 Leased assets (downstream)	-
Category14 Franchises	-
Category15 Investments	-