

Special Dialogue

The role we must play in realizing a “next-generation circular economy”

With the Group Vision 2030 finally underway, we invited Mr. Takashi Nawa (outside director of the Company), a Professor at Hitotsubashi University Business School, School of International Corporate Strategy and the author of *Creating Shared Value for Management Innovation* and “Purposism” beyond Capitalism, to discuss the purpose of our Company aiming to create a next-generation circular economy, and the future direction of our CSV management, alongside President Suganuma and Vice President Kisaki.

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Review of the previous Group Vision

“I highly commend the advanced and concrete efforts that have been made toward CSV.” (Mr. Nawa)

Suganuma Under the previous Group Vision, which began in FY2014/3, we accelerated our transformation from a leasing company to a company that provides capital solutions, and promoted the realization of CSV management with an eye toward resolving social issues. Throughout this period, we were able to firmly cultivate understanding and empathy for CSV management among our employees, and were able to embark on new initiatives in fields such as renewable energy and healthcare, paving the way to the generation of revenue. I believe that this past decade has been a time in which we have been able to create a greater awareness of CSV management while connecting our capital solutions to various other social issues.

Kisaki We started CSV management 10 years ago when it was not as common as it is now, and over the past decade, we have been able to develop a system to put CSV management into practice, which now gives us a major advantage over other companies in the industry. We have also achieved a certain degree of results in expanding our business domain to improve social value, including vendor finance, ICT-related services, and financial products. In terms of numbers, we were able to steadily accumulate operating assets, achieve our three-year profit plan, and meet our targets of over 100.0 billion yen in shareholders' equity and an equity ratio of over 10%. Compared to 10

years ago, when we formulated our previous Group Vision, our revenue level has increased significantly, and I would summarize the past decade as a time in which we were able to build the foundation for our next leap forward.

Nawa I was involved as part of the team in the formulation of the previous Group Vision. Thanks to this, I have been able to serve as an outside director to this day. The Company has been emphasizing CSV as its purpose from an early stage even from the global perspective—before the adoption of the SDGs—and it can be said that the rest of the industry is now catching up. I highly commend the Company's innovative spirit, and the fact that we actually put it into practice with concrete businesses in terms of environmental and social aspects, rather than simply talking about it with fancy words. On the other hand, an important question to ask ourselves is whether all employees, including those in the back office, were able to make their own purpose while rearranging the Company's purpose to suit each organization, and whether this was possible not only in new businesses, but also in conventional businesses. I would like to raise these points as issues that will affect the success or failure of realizing our new vision.

Group Vision 2030

“Group Vision 2030 incorporates two major beliefs and commitments”
(President Suganuma)

Suganuma We have recently announced our Group Vision 2030, “Be a solution company leading the next-generation

circular economy,” which describes what we aim to be in eight years' time, and this vision incorporates two major beliefs and commitments.

The first is our belief in and commitment to becoming a company that aims to create a next-generation circular economy. Leasing, which is the origin of the Company's founding, is a truly “circular economy-oriented” business that can undertake proper 3R* processing of returned equipment. The Company has been supporting environmentally friendly 3R processing since the early 2000s, and I believe that the knowledge we have accumulated regarding “circular economy-oriented” services through leasing is one of our major strengths. Going forward, it is predicted that we will enter a world where we must continue to recycle resources to maintain the global environment, such as by achieving the SDGs and preserving biodiversity. We have decided to call this a “next-generation circular economy,” and based on the above prediction, we aim to demonstrate our value and contribute to resolving social issues based on our original strengths, while using “circulation” as a keyword.

The second is our belief in and commitment to becoming a “Solution Company.” In addition to the meaning of a company that provides solutions to resolve future social issues, we also use the word “company” to mean a group of colleagues who share the same values. Based on this idea, I would like to work to improve employee

* 3R means Reduce waste emissions and Reuse and Recycle waste. It refers to a mechanism for reducing the environmental burden by making effective use of resources and cutting waste emissions.

engagement toward resolving issues for the creation of a next-generation circular economy.

I am sometimes asked about the specific form of a next-generation circular economy, but at this stage, I have purposely kept it to expressions focused on keywords. Just as the Company has autonomously sensed changes in the world and expanded additional domains centered on financial solutions, I would like for our front-line members to be able to autonomously grasp market changes and create solutions that respond to them. I would like to add that I purposely use abstract expressions to convey this sense of expectation.

Kisaki The Group Vision 2030 is the result of identifying and deriving our strengths from two perspectives: our reason for existing and long-term trends in the world.

The first topic of discussion during formulation was future megatrends. From this perspective, focusing on the high affinity between the SDGs, which are common goals for the entire world to be reached in 2030, and our own CSV management, we have decided to set the goals for this Group Vision as 2030, in line with the SDGs. The Company has predicted that society in 2030 will be a CPS (Cyber-Physical System) society in which physical space and cyberspace are highly integrated. We have been working on the specifics of our Group Vision, taking advantage of the fact that our Company is the closest to a CPS society in the industry.

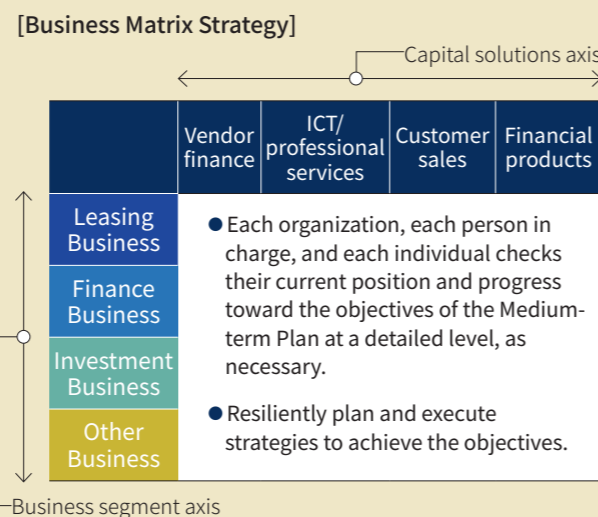
In addition, one of the key points of the Group Vision 2030 in this context was the incorporation of the idea of “Company = colleagues with shared values,” as

discussed by Suganuma. We, the management team, have incorporated anthropomorphic expressions like this based on our strong desire to align the vision of the Company with the vision of each and every employee. This sharing of values can be said to be the key to achieving our Group Vision, and we hope to link this sharing and dissemination to improving employee engagement and strengthening human capital.

Nawa The term “circular economy” is being used recently, and I believe that it represents both an old and new concept. I am very impressed by the fact that the new Group Vision reflects management’s strong will to develop the Vision into a next-generation model, as well as to further develop the Company itself while leading the next-generation circular economy. Using my own interpretation and words, I would say that the Company has upgraded to CSV management 2.0. In addition, as I mentioned at the beginning, I hope that the Company will strive to comprehensively strengthen human capital so that all employees can move forward with confidence toward the Group Vision 2030 and traditional businesses do not get left behind.



Leasing Business, Finance Business, Investment Business, and Other Business (service business), and the Company’s four capital solutions of vendor finance, ICT/professional services, customer sales and financial products. This allows each organization, each person in charge, and each individual to check their current position and progress toward the objectives of the Medium-term Plan at a detailed level, as necessary. At the same time, it also becomes possible to resiliently plan and execute strategies to achieve the goals. Over the next three years, we will use this new management approach to consistently and minutely monitor PDCA and aim to achieve our management targets for FY2026/3. Then, based on the progress and final results of the current Medium-term Plan, we will build a resilient plan for the next Medium-term Plan.



Nawa Currently, many private companies are struggling with the paradox that holding on to assets that originally generate corporate value is hindering PBR. As a company that understands the concerns of private companies and supports asset transformation (AX) from tangible to intangible assets, I see the current position of

the Company as very reliable, as we temporarily hold onto assets and accompany the companies on their paths of evolution. In other words, the Leasing Business, which is our bread-and-butter business, is a “circular economy-oriented” business that is highly suited to



asset reorganization, and we look forward to playing an even greater role in the future. Furthermore, for local governments, I believe that initiatives for PPP and PFI, which combine the power of the public and private sectors, will become our key in the future. In the tourism business and other businesses that we began working on under the previous Group Vision, we not only made investments, but also worked from the perspectives of both tourism and regional revitalization. Based on these strengths, I hope that we will become a co-creative organization that undertakes all consultations about local concerns and discusses what the Company can do and incorporate.

Towards sustainable growth in the future

Nawa As we approach the end of this discussion, I would like to express my personal opinion on our relationship with NEC. To put it bluntly, I believe that without our relationship with NEC, we would be in the same position as many other general leasing companies. NEC is a global company that is rated No. 1 in the world in the security market, and I would like for the Company to make effective use of the NEC brand to widely promote our ability to provide safety and security even in the increasingly advanced information society of the future. Moreover, regarding the CPS-related topic that Vice President Kasaki mentioned earlier, I hope that, while using financial solutions, we will proceed in such a way that one day we may be the ones guiding NEC while building a good and trustworthy relationship.

Kasaki Earlier, Professor Nawa raised the issue of the importance of instilling purpose among employees. In establishing this new vision, we formulated the trinity of our corporate philosophy, which can be described as our purpose, our vision, and our principles. Some parts of our Group Vision 2030 refer to a world that is somewhat far ahead, but by having people grasp the vision in terms of these three layers, I hope the vision will seem more relatable to employees. We are keenly aware of the fact that the management goals we have set in order to implement this new, highly ambitious vision are by no means easy. On the other hand, I believe that by accomplishing these objectives, we will dramatically increase our presence within the industry. We are striving to steadily implement all kinds of measures, including the Medium-term Plan 2025, so that we can enjoy a virtuous cycle in which we take the lead in creating new social value and linking it to our next leap forward.

Suganuma What I want to create the most through our Medium-term Plan and vision is culture. The principles mentioned by Kasaki are also included in this. As I mentioned earlier, in order for us to become a company that can autonomously respond to changes, it is essential



to have a culture that is appropriate for this. Going forward, I would like to continue to build this culture over the long term. In addition, through this process, we would like to become a company that works to communicate with employees and foster job satisfaction, which is the most important management theme.

Earlier, Professor Nawa mentioned CSV management 2.0. The Company has in fact entered a new management stage towards its vision for 2030. As Kasaki mentioned, the newly established vision is highly ambitious, but by holding dialogue sessions and other events for all employees, we are working to share how our objectives are possible based on our past performance. Please look forward to our future development, evolution, and growth.

Roadmap towards 2030

“I would like to develop resilient strategies based on a new management approach” (Vice President Kasaki)

Suganuma This is just my personal image at this point, but I hope that by the time we reach 2030 after a series of future initiatives, we will have become a company with a unique edge that people feel tempted to contact when faced with issues, for example, in the healthcare or solar power fields.

Also, we have very large assets in the national and local governments. Based on these strengths, I would like to expand our non-core services to include more by 2030, such as the operation of computer equipment. Moreover, we will provide multifaceted services related to the management of the national and local governments, such as by proactively making proposals to local governments that consider PFI and PPP due to aging infrastructure, and strive to create an environment where we can develop meaningful relationships. I believe that such developments will, in a sense, contribute to society and support the circulation of public infrastructure.

Kasaki The current Medium-term Plan for FY2024/3-2026/3 has just started, and the next Medium-term Plan for FY2027/3-2031/3 is still in the rough stages of design, but the current Medium-term Plan includes several points that will lead to the next Medium-term Plan.

Of these, the point I place the most emphasis on is the introduction of a business matrix strategy. To put it simply, this is a new combination of the four business segments of