

# CSR Report Digest 2012

Corporate Social Responsibility Report Digest  
Year ended March 31, 2012 (fiscal 2012)

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To Realize an Information Society  
Friendly to Humans and the Earth

The world is changing dramatically. Looking back, the 20th century was an age when astonishing scientific and technological progress enabled people to lead enriched lifestyles. However, the trends of mass production, mass consumption, and mass waste disposal brought about by the development and concentration of technologies on an industrial scale, combined with other factors, have triggered various problems related to sustainability, such as environmental issues and rapid population growth, as well as the depletion of resources. These trends have also magnified regional disparities.

The 21st century is an age when solutions to these social issues must be found. The quest for these solutions has spawned new business opportunities for enterprises. Accordingly, enterprises will be expected to take a new approach going forward. They will need to pursue both the sustainable growth of their own businesses and society, by creating new value that will solve issues faced by society.

As society becomes increasingly complex, enterprises must listen earnestly to the voice of customers and other stakeholders. Doing so will be vital to enterprises as they seek to create new value while managing and mitigating a diverse array of risk. The key to building a brighter future will be for enterprises to work together with all stakeholders, while closely communicating with them, in an effort to solve issues facing society.

**Promoting the “C&C Cloud Strategy” to Realize an Information Society Friendly to Humans and the Earth**

Based on this recognition, NEC has established the NEC Group Vision 2017 as follows: “To be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth.”

# To Realize an Information Society Friendly to Humans and the Earth

Intelligence for Cities and Communities, and Societies Worldwide

NEC’s strengths lie in its outstanding technologies capable of contributing to the development of society, such as sensing, identification, surveillance, control and cloud platforms. By taking full advantage of these technologies, NEC will create new value together with customers by supporting four networks underpinning society, namely energy, information, transportation and distribution, and social networks.



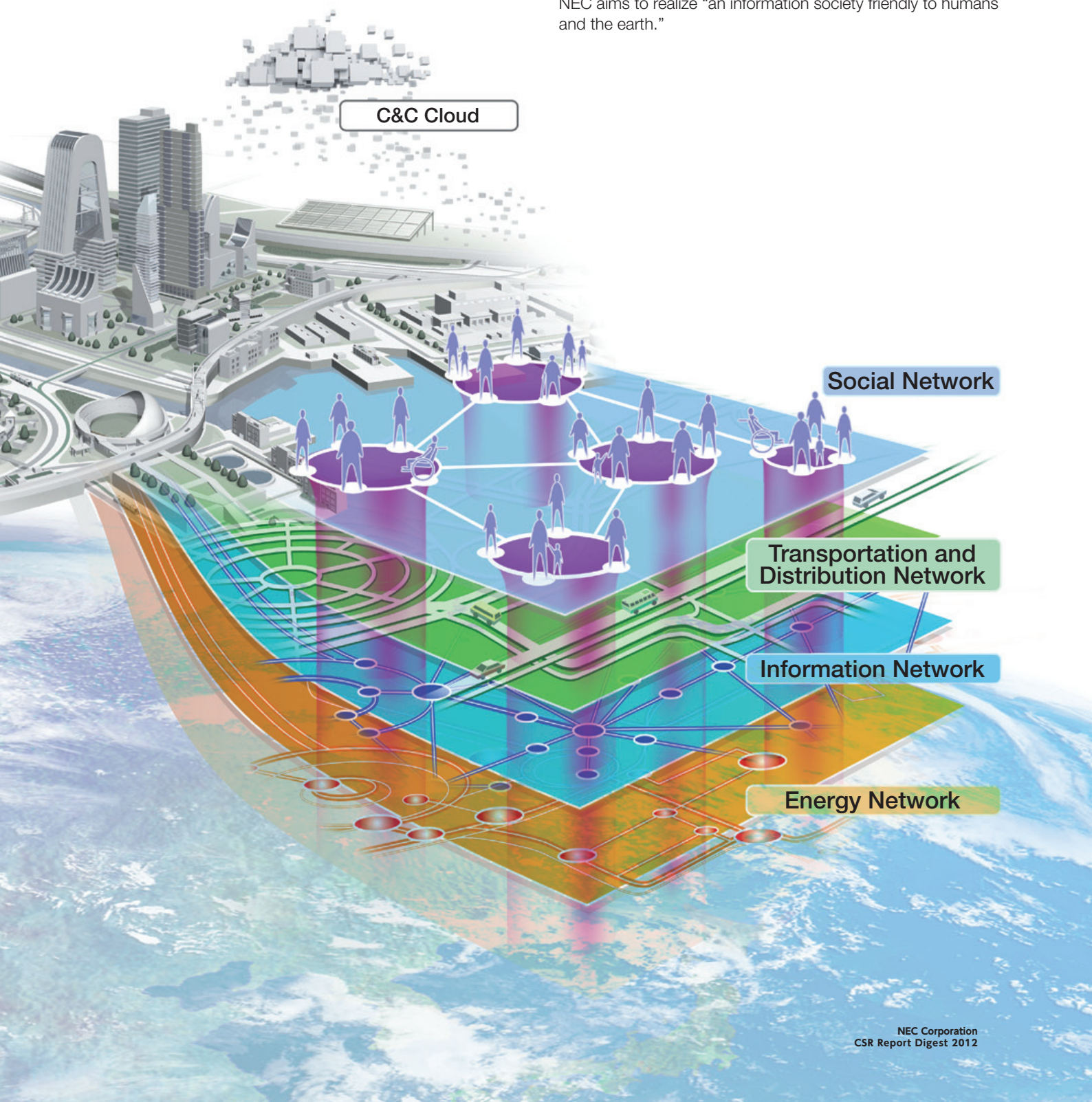
What sort of society does NEC mean by “an information society friendly to humans and the earth”? NEC defines this concept as “a society where people around the world can lead enriched lifestyles that are safe, secure and convenient through services accessible by anyone, anytime, and anywhere.” At the same time, this society must “enable sustained development in harmony with the environment by utilizing finite resources efficiently.”

To help realize such a society, NEC is implementing its “C&C Cloud Strategy.” In essence, the “cloud” refers to providing customers with IT services over networks. Meanwhile, “C&C” is the central concept of NEC’s Corporate Philosophy. The meaning of “C&C,” which stands for integration of Computers and Communications, has changed over the years. The “C&C” concept now embodies NEC’s aspirations to create new value by linking people together, with the view to enhance the abilities of people and realize our vision.

Under the “C&C Cloud Strategy,” NEC will leverage its strengths to provide a total service spanning the following three elements of the cloud:

- 1) Services provided via the cloud
- 2) IT/Network platforms for delivering and processing data within the cloud
- 3) Terminals and various sensors needed to collect various forms of data, or needed by end users to access various services.

Through the “C&C Cloud Strategy,” NEC will coordinate four networks underpinning society, namely energy, information, transportation and distribution, and social networks. The goal is to enable accurate monitoring of current conditions and predictions of future changes. Moreover, NEC seeks to share and combine people’s information, knowledge, insights, emotions and thoughts by linking enterprises and organizations across different sectors. By creating new value through this process, NEC aims to realize “an information society friendly to humans and the earth.”



# To Realize an Information Society Friendly to Humans and the Earth



July 2012

Nobuhiro Endo

President, NEC Corporation

In recent years, we have seen global issues become increasingly serious. Examples include tightening supplies of food and other resources in step with population growth, and the onset of global warming. Looking more closely at the food problem, although global food production must be increased 1.7-fold by the year 2050, when the world's population is projected to surpass 9 billion, some estimates show that roughly one-third of the world's current food production is either disposed of or lost.

To efficiently utilize the earth's finite resources that are vital to our daily lives, such as energy, water and food, we must develop smart social infrastructure that fully harnesses the power of information and communications technology (ICT).

Under the NEC Group Vision 2017, we aspire "to be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth." To realize this vision, while constantly remaining highly aware of the need to solve issues on a global scale, we intend to provide new forms of value to customers, guided by our perspectives of being "friendly to humans" and "friendly to the earth."

## Main Initiatives in Fiscal 2012

In fiscal 2012, NEC focused on three key initiatives: (1) Focus on the "C&C Cloud Strategy," (2) Expand global business, and (3) Create new business. We made significant strides on each front.

Looking at the first initiative, focus on the "C&C Cloud Strategy," we delivered solutions to numerous customers in fiscal 2012. These solutions leveraged our strengths in providing total end-to-end cloud-based solutions, making the most of a distinctive feature of NEC—our ability to provide everything from services to platforms and terminals. For example, we provided a unified communication system as a cloud-based service for Ishigaki City and Taketomi Town in Okinawa Prefecture. This system

supports teleconsultation and information sharing with respect to a host of topics such as community life, education, child raising, and healthcare. Through this system, NEC helped to solve various issues related to the provision of public services for residents, given the geographical factors of this locality, where residents are spread out across different villages on multiple islands.

Next is our initiative to expand global business. Led by regional headquarters established in five key overseas regions, namely North America, Latin America, EMEA (Europe, Middle East, and Africa), Greater China, and APAC (Asia Pacific), NEC provided a broad range of network equipment, cloud-based services, and public safety systems, among other products and services. In South America, the local authorities in Brasilia, the capital of

Brazil, have expanded their use of the NEC Automated Fingerprint Identification System (AFIS), which boasts the world's highest matching accuracy of more than 99.9%. This has enabled the Institute of Identification of the Civil Police of the Federal District to issue civil identity documents accurately and efficiently to even more people. This technology has been adopted by the police forces, judicial agencies and immigration control authorities of more than 30 countries around the world. In addition to enabling rapid and efficient public services, the technology has also proven useful in criminal investigations. It has thus made an immense contribution to building safe, secure and highly user-friendly social infrastructure systems.

Finally, looking at our initiatives to create new business, we strove to expand the energy business, centered on storage batteries. With the aim of developing sustainable social infrastructure that can both utilize energy efficiently and tackle global warming, we developed smart energy solutions combining energy storage systems, energy management systems (EMS) and electric vehicle (EV) charging infrastructure. In addition to these solutions, we made progress on one of our long-standing priorities—developing energy-efficient equipment. Here, we actively upgraded and expanded our range of eco-friendly products. One highlight was the development of a server that can operate at a high temperature of 40°C, which will contribute tremendously to power conservation at data centers.

### Supporting the Recovery from the Great East Japan Earthquake

NEC is committed to supporting the recovery from the Great East Japan Earthquake. Our assistance began immediately after the earthquake struck. We have provided extensive support, ranging from restoration of infrastructure to a wide array of assistance utilizing ICT systems and cloud-based services. In addition, we have continued to implement various social contribution activities, including volunteer programs by employees in the affected regions. Various efforts are also under way to help revitalize the affected regions and develop new towns. For example, using digital terrestrial television, we provided a system that facilitates communication among residents living in temporary housing shelters.

### Striving to Make a Larger Contribution to Customers and Society

In fiscal 2012, NEC was unable to deliver satisfactory business results amid the continuation of a challenging business environment shaped by the flooding in Thailand, the yen's historic appreciation and other developments. In light of these conditions, we are restructuring

challenged business areas, to ensure that we generate stable profits based on the current level of sales. These measures are directed at transforming NEC into a profitable enterprise.

Specifically, while promoting cost reductions through restructuring, NEC will focus on four businesses where it is strong, namely the IT Services, Carrier Network, and Social Infrastructure businesses in addition to the Energy business. Through this approach, we aim to lay a solid foundation for future growth.

In fiscal 2013, we intend to focus business execution on three priorities: "CS No.1," "Global First," and "One NEC." Let's look at "CS No.1" first. We will reaffirm the fact that the activities of every employee, irrespective of business division, always have a bearing on customer satisfaction (CS), as we constantly endeavor to make improvements in this area. We will constantly aim for "Better Products, Better Services" by striving to create new forms of value through innovation focused on the customer. We will continue to make every effort to deliver customer satisfaction.

Next is "Global First." We must constantly review our activities from a global perspective. We will strive to improve our activities to the level where they are positively recognized on a global level.

Finally, the third priority is "One NEC." Every member of the NEC Group will do their utmost to deliver customer satisfaction through the creation of new value across the boundaries of Group companies and business divisions. The goal is to contribute to the markets with all our assets and maximize the corporate value of NEC.

### CSR-Driven Management at NEC

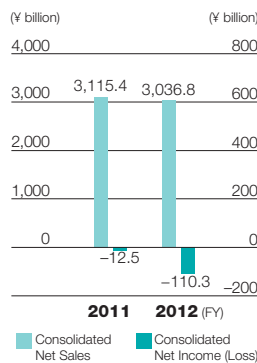
NEC has been a signatory to the United Nations Global Compact (UNGC) since 2005. We have been working not only to uphold the universal principles of the UNGC within the Group, but also to step up the extension of the principles to the suppliers that make up our supply chains. These principles concern issues such as human rights, labor standards, environmental protection and anti-corruption measures. In fiscal 2012, we continued to implement a Stakeholder Review based on the ISO 26000 international standard for social responsibility. This review provides the basis for CSR-driven management at NEC. The results of the review can be found in the "Stakeholder Review" section of this report.

Looking ahead, the NEC Group will remain focused on its goal of becoming an enterprise that is admired by customers. To this end, we will continue to create new forms of value by listening earnestly to the requests and expectations of all stakeholders, while staying attuned to changes in society's values and signs of emerging issues. We look forward to your continued understanding and support as we endeavor to reach our goals.

## Corporate Facts

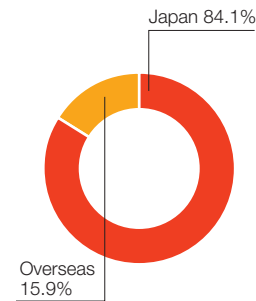
**Company Name:** NEC Corporation  
**Address:** 7-1, Shiba 5-chome, Minato-ku, Tokyo, Japan  
**Established:** July 17, 1899  
**Capital:** ¥397.2 billion\*  
**Number of Employees (consolidated):** 109,102\*  
**Consolidated Subsidiaries:** 265\*

### Consolidated Net Sales and Net Income (Loss)

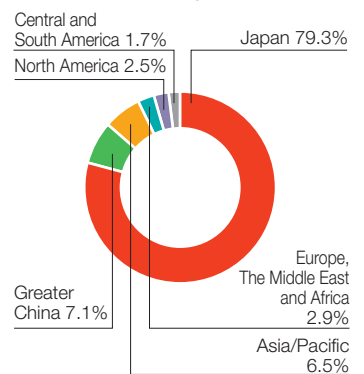


\*As of March 31, 2012

### Composition of Consolidated Net Sales by Region



### Composition of Employees by Region



Fiscal year ended March 31, 2012

## Segment Information

### SEGMENT SALES (COMPOSITION)



### IT Solutions Business



This business provides IT services, such as systems implementation and cloud services, and platform products essential to the implementation of IT systems and enterprise network systems, for government agencies and private-sector companies.

### Carrier Network Business



This business provides network equipment to telecom carriers, along with network control platform systems, operating services and other products and services. It helps to realize highly reliable communications infrastructure based on its extensive track record and advanced technological capabilities.

### Social Infrastructure Business



This business helps to realize a safe, secure and comfortable society by harnessing information and communications technology (ICT) to enable the advanced operation of various social infrastructure systems. These range from broadcasting and video distribution systems to transportation and public network systems, fire and disaster prevention systems, and aerospace and defense systems.

### Personal Solutions Business



This business provides smartphones, mobile phones, personal computers for enterprises, Internet services, display solutions and other products. It also works to develop products that serve as interfaces between the cloud and users.

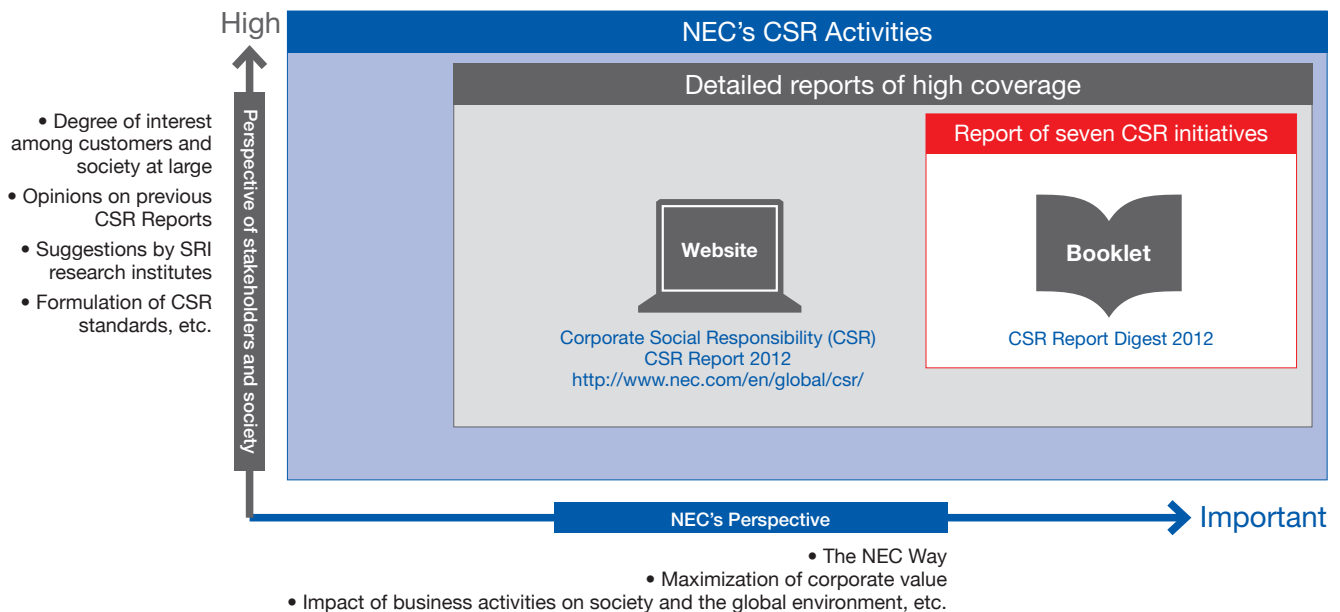
### Others



This business strives to contribute to the realization of a low-carbon society through the provision of lithium-ion rechargeable batteries, electrodes for automobiles, and home energy management systems. It also provides lighting equipment that creates comfortable and refined living environments.

## Editorial Policy

- NEC views the CSR Report as an important communication tool essential to earning the trust of all stakeholders.
- The NEC CSR Report 2012 discloses NEC's activities and achievements mainly for fiscal 2012 (the fiscal year from April 1, 2011 to March 31, 2012) in line with the core subjects of ISO 26000, focusing on NEC's seven priority initiatives.
- The seven priority initiatives have been selected with emphasis on the results of stakeholder engagement from both standpoints of "Stakeholder Interests and Social Concerns" and "NEC's Perspective." The initiatives comprise four "Initiatives for Solving Issues Faced by Society and Addressing People's Needs through Business Activities" and three "Initiatives for Internal Management in Support of Business Activities." (See page 7.)
- In this report, pages 8 to 16 deal with the "Initiatives for Solving Issues Faced by Society and Addressing People's Needs through Business Activities," while pages 17 to 20 contain information on the "Initiatives for Internal Management in Support of Business Activities" presented in line with the core subjects of ISO 26000.



### Scope of Report

The content solely relates to NEC Corporation in certain sections, but also includes subsidiary companies in other sections. For information covering a specific set of NEC and subsidiary companies, the scope of such information has been explicitly defined in each relevant section. Unless noted otherwise, NEC refers to NEC Corporation and its subsidiary companies in this report.

### Disclosure Format

#### CSR Report (Web Version)

The CSR Report emphasizes detailed coverage of information to ensure conformance with international reporting initiatives such as GRI, while addressing the needs of CSR professionals such as SRI research institutes, the news media, universities and NPOs/NGOs.

#### CSR Report Digest (Booklet / PDF Versions)

The CSR Report Digest is designed to summarize the content of the Web version with emphasis on providing information that is easy to read. It addresses the needs of customers, suppliers, employees, and the general public.

### Reference Guidelines

With the aim of achieving conformance with international reporting initiatives, NEC reports on CSR activities with reference to the following guidelines:

- GRI's Sustainability Reporting Guidelines 3.1 (International guidelines for sustainability reports issued by the Global Reporting Initiative (GRI))
- United Nations Global Compact
- ISO 26000

### Published

July 2012 (Previously September 2011)

### Other CSR-Related Reports

- [NEC Annual Environmental Report 2012](http://www.nec.com/en/global/eco/annual2012/)
- [NEC Information Security Report 2012](http://www.nec.com/en/global/csr/security/)
- [Activities for Contributing to Society](http://www.nec.com/en/global/community/)

# NEC's CSR-Driven Management

## Approach to CSR Management and ISO 26000 —Fulfilling Social Responsibilities through Stakeholder Engagement—

At NEC, we consider CSR initiatives to be inseparable from corporate activities. We aim to ensure the sustainable development of society and the NEC Group by implementing The NEC Way, with corporate governance as our foundation.

Under this premise, each organization at the NEC Group has established and is working toward medium-term goals, with the aim of realizing an "information society friendly to humans and the earth," as set forth in NEC Group Vision 2017 based on its Corporate Philosophy. In the course of daily operations, every officer and employee rigorously adheres to corporate ethics and compliance standards, and strives to practice the NEC Group Core Values (what we value and base our behavior on). Our important responsibilities also include ensuring full accountability through the active disclosure of information on the results of our CSR initiatives and related issues, and communicating with stakeholders to improve our corporate activities and build relationships

of trust.

In 2010, NEC introduced ISO 26000 as the foundation for these activities, and has worked to expand this standard to the whole organization. The NEC Group has promoted CSR activities based on the following three basic CSR policies: "Strengthen risk management and enforce compliance," "Contribute to solving social issues through business activities," and "Promote communications with stakeholders." These policies are based on the same approach as that expected by ISO 26000, namely "fulfilling social responsibilities through stakeholder engagement." NEC considers CSR-driven management to be management based on the foregoing approaches.

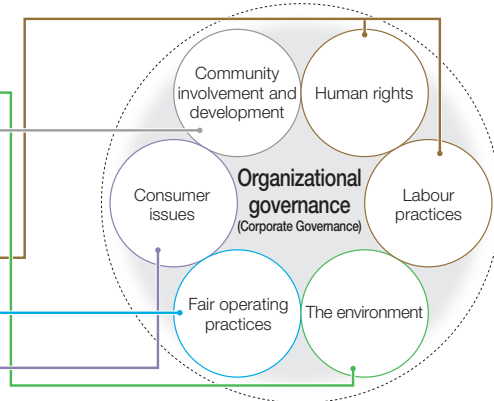
For the purpose of conducting CSR activities, NEC has selected seven priority initiatives that are important to both society and NEC and is giving precedence to these initiatives. The relationship between the seven priority initiatives and ISO 26000 is shown in the diagram below.

### Relationship between the seven CSR initiatives and ISO 26000

#### NEC's seven CSR initiatives

- Establish a safe and secure society
- Address climate change and environmental preservation
- Include everyone in the digital society
- Build reliable information and communications infrastructure
- Empower our people
- Strengthen risk management and enforce compliance
- Earn customer trust

#### Seven core subjects of ISO 26000



\*Partial modification of Fig. 3 in ISO 26000:2010

## CSR Management Basic Policies, Promotion Basis and Promotion Framework

### Basic Policies

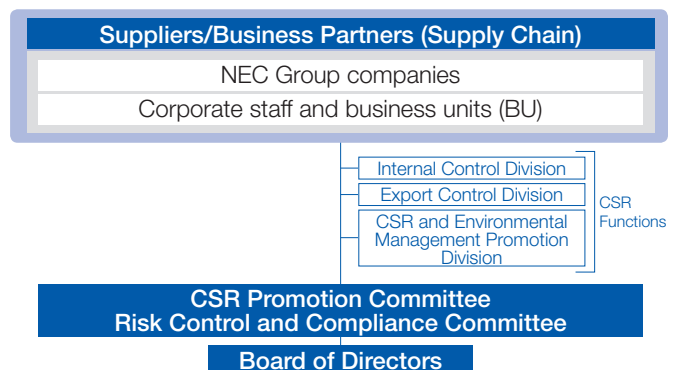
1. Strengthen risk management and enforce compliance
2. Contribute to solving social issues through business activities
3. Promote communications with stakeholders

### CSR Promotion Basis (The NEC Way)

- NEC Group Corporate Philosophy
- NEC Group Charter of Corporate Behavior
- NEC Group Code of Conduct
- NEC Group Vision 2017
- NEC Group Core Values

<http://www.nec.com/en/global/about/the-nec-way.html>

### Promotion Framework





## NEC's Seven CSR Initiatives

### Initiatives for Solving Issues Faced by Society and Addressing People's Needs through Business Activities

#### Establish a safe and secure society

Global society faces various safety and security issues, including addressing natural disasters, responding to burgeoning healthcare and medical needs, enhancing information security and ensuring human security.

➔ By harnessing cutting-edge IT and network solutions, NEC aims to help establish a society where people can lead safer and more secure lives.

#### Address climate change and environmental preservation

Human activities are now recognized worldwide as a cause of climate change in the form of global warming. The significant link between economic activities and CO<sub>2</sub> emissions has become a particularly serious social issue.

➔ NEC is not only reducing internal CO<sub>2</sub> emissions, but also working to supply IT-driven solutions that help to lower CO<sub>2</sub> emissions across society. Efforts are also directed at preserving ecosystems and biodiversity, as well as promoting recycling and conservation of resources.

#### Include everyone in the digital society

The digital society will highlight economic and digital divides that prevent some people from deriving benefits from its realization of convenient, affluent lifestyles.

➔ Through the application of information and network technologies, NEC will remain a good corporate citizen by helping to ensure that the benefits of the digital society enhance the lives of all people irrespective of their circumstances, including seniors, people with disabilities and citizens of developing nations.

### Build reliable information and communications infrastructure

NEC aims to solve various social issues, including addressing climate change and environmental preservation, including everyone in the digital society, and establishing a safe and secure society. Highly reliable information and communications infrastructure is essential to achieving this goal.

➔ NEC seeks to apply innovation to develop highly reliable information and communications infrastructure to support an "information society friendly to humans and the earth."

### Initiatives for Internal Management in Support of Business Activities

#### Empower our people

NEC is working to promote quality workplaces that respect diversity, and to cultivate HR on a global basis. Programs to maintain the health and safety of employees are ongoing. NEC also encourages employees to participate in local volunteer activities to promote greater consideration of the relationship with society and sensitivity to social needs.

#### Strengthen risk management and enforce compliance

NEC must strengthen risk management and compliance practices to ensure that business management is always sound from the standpoint of society. To this end, we will develop more secure internal systems and procedures across the NEC Group, and strengthen supply chain initiatives.

#### Earn customer trust

NEC considers customer value from a social perspective and seeks to work with customers to find solutions to social issues. Accomplishing this goal requires strong customer relationships built on trust. NEC is continually focused on building customer trust through initiatives targeting increased customer satisfaction (CS), quality and security.

# Establish a Safe and Secure Society—Accelerating Support for Recovery from the Great East Japan Earthquake

Since the Great East Japan Earthquake that occurred on March 11, 2011, NEC has provided support for disaster-affected regions in a variety of ways. In fiscal 2012, NEC focused on accelerating its support for disaster recovery, working to establish a safe and secure society while placing value on communication with the people of the region.

## Accelerating Support for Recovery

To accelerate its efforts to support disaster recovery, in November 2011 NEC established the Revival Support Promotion Office. At the office, a company-wide, cross-organizational team from NEC's sales, business planning, product, service, and CSR divisions, as well as team members on the ground in three Tohoku prefectures (Iwate, Miyagi and Fukushima) and support staff in Tokyo, work together to promote various activities.

NEC is pushing ahead with recovery support from the perspective of the affected regions, focusing on the areas shown in the chart on the right, including disaster prevention and reduction, energy, and local communities.

Following are some specific examples of these initiatives.

### NEC's ICT solutions for supporting recovery

| Category                            | Solution (Product/Service)   |
|-------------------------------------|--|
| Disaster Prevention/Reduction       | <ul style="list-style-type: none"> <li>● Next-generation disaster prevention system (damage information collection, ad hoc networks, safety status verification, decision support, information distribution, etc.)</li> </ul>  |
| Energy                              | <ul style="list-style-type: none"> <li>● Energy storage systems (business/home use)</li> <li>● Energy conservation systems</li> <li>● Energy management system (xEMS)</li> <li>● EV charging infrastructure</li> </ul>   |
| Local Communities                   | <ul style="list-style-type: none"> <li>● Disaster-resistant networks</li> <li>● System for distributing information to local communities and evacuees</li> <li>● Regional IT applications (information sharing, warning systems, monitoring services, etc.)</li> </ul>   |
| Healthcare and Welfare              | <ul style="list-style-type: none"> <li>● Network service for community healthcare cooperation (ID-Link)</li> <li>● SaaS-based electronic patient records service</li> <li>● Post-disaster medical care continuity support service</li> <li>● Remote data management solutions</li> </ul>   |
| Government Services                 | <ul style="list-style-type: none"> <li>● Cloud services for local governments</li> <li>● Support for establishment of BCPs for local government administrative systems</li> <li>● System for maintaining registers of those requiring care after disasters</li> </ul>  |
| Business Continuity for Enterprises | <ul style="list-style-type: none"> <li>● Business continuity plans (BCP)</li> <li>● Information sharing</li> <li>● Communication</li> <li>● Client</li> <li>● Networks</li> <li>● Data centers</li> <li>● Disaster recovery system</li> <li>● Facility</li> <li>● Risk finance</li> <li>● Cloud services (various operations)</li> </ul> |

## Strengthening Bonds between Residents in Temporary Housing

In March 2012, in cooperation with the town of Wataricho (Miyagi Prefecture) and the Institute of Cultural Affairs, Japan (ICA), an NPO, NEC began test broadcasting of a community development support system (known as the "Kizuna Channel") over terrestrial digital-compatible televisions, targeting 85 families living in temporary housing.

With this system, local governments and residents themselves create content that is useful for their everyday lives, which can then be distributed using super-compact transmitters, for easy viewing over terrestrial digital televisions in each home. Content is simple to create using consumer-grade video cameras and personal computers. Because it can be made available over the same televisions people use every day, everyone—from the elderly to the young—can participate in communicating and sharing information free of any digital divide.

This, in turn, deepens and strengthens the bonds between residents, who may have come from many different regions, and

provides an impetus for the rejuvenation of disaster-affected areas and new community development.



Residents enjoy a healthy exercise program broadcast over the Kizuna Channel

## Supporting Recovery of Salt-Water-Damaged Farmland

Since August 2011, NEC has worked with My Farm Co., Ltd. to support the recovery of farmland damaged by salt water following the tsunami.

My Farm Co., Ltd. provides farmers with a newly developed soil remediation material which uses microorganisms to break down the salt in seawater-damaged soil. NEC has installed sensors which measure temperature, humidity, salt concentrations in soil, and other parameters on farmlands, then uses its CONNEXIVE M2M service platform\* to measure the effectiveness of the soil remediation material. According to measurements taken by My Farm, salt concentrations fell from 2.6% in June 2011, prior to application of the material, to 0.7% (a level at which tomato cultivation becomes possible) in August, two months later, verifying the effectiveness of the treatment.

NEC will continue working with My Farm in contributing to the revitalization of salt-water-damaged farmlands in Tohoku.



Sensors installed on farmland

\*CONNEXIVE M2M Service Platform

M2M is short for "machine to machine," and refers to technology with which devices and machinery which previously lacked the ability to communicate can connect to a communication network. This enables devices to communicate with each other directly and without human intervention, automating management, monitoring, and data collection between devices, and it provides services through them. A massive number of devices exist as potential targets for M2M, both in Japan and around the world, with a wide variety of functions across diverse fields. Connecting these devices through M2M communication is expected to bring significant progress in every field, creating new services, bringing innovation to processes, and making business more efficient. CONNEXIVE is a platform for providing the services to do these things.

## Making Radiation Levels Visible for Regional Safety

Since December 2011, NEC has been providing its CONNEXIVE Radiation Measurement Solution, which contributes to making radiation levels more visible by measuring, displaying, and transmitting information on atmospheric radiation in real time.

This solution enables users to easily view data collected by radiation sensors installed in schools, hospitals, and parks. The data is regularly delivered to cloud servers and thereby made conveniently accessible through PCs, smartphones,

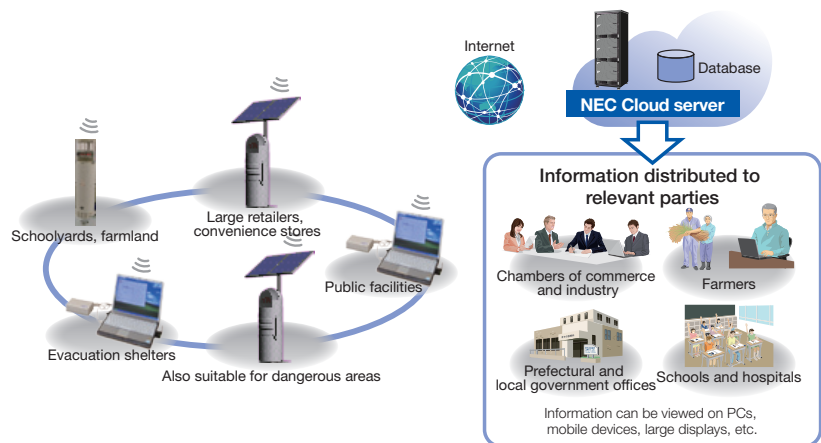
and mobile phones.

Between January and March 2012, the solution was also used as part of radiation monitoring information provided by the Ministry of Education, Culture, Sports, Science and Technology, with monitoring posts containing sensors installed in over 500 locations in Fukushima Prefecture, including kindergartens, schools, and parks.

By continuing to provide this kind of technology, NEC will contribute to regional safety.



Monitoring post installed in Fukushima Prefecture



Depiction of the CONNEXIVE Radiation Measurement Solution

## Contributing to Disaster Preparedness and Mitigation through Submarine Earthquake and Tsunami Observation

Since 1979, NEC has installed cabled submarine earthquake and tsunami observation systems in 9 locations around Japan. NEC is currently building equipment for new systems to be installed off the coasts of East Japan and Shikoku. To date, all of the systems delivered by NEC have continued to operate normally without any breakdowns. When the Great East Japan Earthquake struck, these observation systems continuously transmitted valuable data to observation centers onshore.

In November 2011, NEC completed the installation of an integrated ocean observation system for the Central Weather Bureau of Taiwan. This was NEC's first ocean floor observation project for an overseas buyer. In addition to observing earthquakes and tsunami, the system is designed to enable integrated ocean environment observation, including monitoring of the submarine environment.

In March 2012, NEC was chosen to deliver ocean survey and submarine equipment for the ocean bottom seismic and tsunami network along the Japan Trench to the National Research Institute for Earth Science and Disaster Prevention (NIED). This will be a large-scale submarine earthquake and tsunami



Ocean observation system off the coast of Taiwan

observation network enabling seismic and tsunami observation across an extensive area of ocean ranging from waters off the coast of the Boso Peninsula to Nemuro, as well as the outer areas of ocean along the Japan Trench axis.

NEC will continue to support the enhancement of earthquake and tsunami observation systems, with the aim of contributing to disaster preparedness and mitigation around the world.

## Continuous Volunteer Activities by Employees in Disaster-Affected Regions

In July 2011, NEC launched the "NEC 'TOMONI' (We are with you) Project" to implement recovery efforts together with people in the regions devastated by the Great East Japan Earthquake, and to pull the entire NEC Group together as "One NEC" behind these efforts.

One of the programs of the "TOMONI Project" is volunteer activities in support of disaster-affected regions by NEC Group officers and employees. Working closely with NPO and locals active in the disaster-stricken regions, the NEC Group held 7 volunteer activity projects through March 2012, in which a total of 358 employees participated.

Some of the responses from employees participating as volunteers included: "I saw for myself the situation the disaster victims and their region are facing, and I think it's important that we all think carefully about what we each should do." "Most of



Employees removed rubble in the disaster-affected regions

the fishing equipment and other rubble required more than two hands to clean up, which meant we had to be ingenious and work together. This experience really nurtured our teamwork."

Looking ahead, the NEC Group will continue to assist with recovery efforts in the disaster-affected regions.

### Message from the NEC Management



#### Aiming for New Town Development

**Hiroshi Higashihara**

Associate Senior Vice President and in charge of Revival Support Promotion Office, NEC Corporation

Besides assisting with the rapid recovery of disaster-affected regions, NEC will also develop new town development proposals such as smart cities from a medium- and long-term perspective.

Following the Great East Japan Earthquake, the issues faced by communities over the years have become apparent. To solve these issues, we would like to put the collective weight of the entire NEC Group behind providing "new ICT solutions." We also plan to extend innovative examples of such solutions across Japan and overseas.

# Address Climate Change and Environmental Preservation

Based on the NEC Group Vision 2017, NEC aims to realize “an information society friendly to humans and the earth.” To this end, we are working to help develop a low-carbon society. Concrete measures include using the “C&C Cloud” to reduce CO<sub>2</sub> emissions from customers and society at large, and promoting the smart energy business primarily by developing energy-efficient products and systems, as well as energy storage systems and electric vehicle charging infrastructure.

## Towards Achieving the NEC Group Environmental Management Action Plan 2017/2030

Two years have passed since NEC formulated an action plan in June 2010 called the NEC Group Environmental Management Action Plan 2017/2030. During this period, NEC has promoted activities aimed at achieving the plan’s targets based on three key perspectives—low carbon, resource recycling and conservation and ecosystem and biodiversity preservation. This section looks at our results and progress in fiscal 2012.

### Low carbon

#### **Solutions: Helped to reduce CO<sub>2</sub> emissions by a total of 4.43 million tons**

In fiscal 2012, NEC helped to reduce an additional 2.31 million tons of CO<sub>2</sub> emissions through the provision of IT and network solutions that help to reduce the environmental impact of customers and society. As a result, NEC has helped to reduce a total of 4.43 million tons of CO<sub>2</sub> emissions from fiscal 2011.

NEC has accelerated measures that contribute to a new energy-efficient society by reinforcing the smart energy business it has developed over the years. NEC will provide smart energy solutions leveraging its strengths both in ICT and energy component technologies. By supporting efficient energy usage for the entire community through these solutions, NEC aims to contribute to power savings and CO<sub>2</sub> emissions reductions for society as a whole.

#### **Products: 66% improvement achieved in energy efficiency of products**

In fiscal 2012, NEC achieved an improvement of 66% in the energy efficiency of its products compared with products in fiscal 2006.

In fiscal 2012, NEC certified an additional 16 products as Eco Symbol Star products that have met strict conditions, such as achieving an improvement in energy efficiency of more than 50% compared with previous models. NEC has actively developed products boasting the industry’s highest environmental performance. Examples include LCD projectors fitted with LED light sources, and the world’s first high-brightness 55-inch LCD public display featuring a thin-profile, light weight, narrow frame width and low power consumption.

In fiscal 2011, NEC began compiling its very own “carbon statistics.” This move is an attempt to “visualize” the extent to which NEC’s full range of business activities generate and

contribute to reductions in CO<sub>2</sub>, as well as to raise employee awareness and promote business activities that reduce carbon emissions. Accompanying this, NEC added five categories of data to be collected, including “CO<sub>2</sub> emissions from business trips,” and is managing changes in these trends.

In fiscal 2012, the NEC Group’s net reduction in CO<sub>2</sub> emissions was 1.86 million tons, up 300,000 tons from fiscal 2011. Going forward, the Group will further broaden the scope of the data compiled, with the goal of linking these data to efforts to reduce its environmental footprint across the entire supply chain.

### Resource recycling and conservation

#### **Bioplastics applied to an additional 2 products**

NEC has established the goal of “using bioplastics in all core products in fiscal 2018.” To this end, in fiscal 2012, NEC used bioplastics in an additional 2 products, such as certain parts and materials for LCD projectors and POS terminals. Looking ahead, NEC will continue promoting bioplastics development activities, including efforts to commercialize a new bioplastic that it unveiled in August 2010. With a plant ratio of more than 70%, this new bioplastic is produced from non-edible plant ingredients that pose no concern about encroaching on food supplies.



Sample bioplastic casing made from non-edible plant ingredients

### Ecosystem and biodiversity preservation

#### **Participation of 8,032 people in biodiversity preservation program**

NEC is conducting activities aimed at increasing participation in its corporate citizenship program designed to promote biodiversity preservation to 12,000 employees and their family members by fiscal 2018. In fiscal 2012, NEC enhanced its biodiversity preservation activities based on guidelines. As a result, participation in NEC’s global biodiversity preservation program increased to 8,032 people.

We will also continue efforts to help conserve the ecosystem and biodiversity through the IT solutions we provide.

## Energy-Efficient Servers Responding to the Power-Saving Needs of the Cloud Era

In the midst of trends of the times such as cloud computing and virtualization, businesses are faced with a variety of issues as they attempt to achieve sustainable growth. Following the Great East Japan Earthquake, Japan has seen energy conservation become a major social concern.

NEC has led other companies in the server and storage field, introducing energy-efficient products as early as 2005. Since that time, NEC has supplied a wide range of energy-efficient products, including the Express5800/ECO CENTER line of servers, which push the envelope in terms of energy efficiency.

These energy-saving products are characterized by offering three ways of saving electricity, through eco-installation, eco-operation, and eco-cooling.

The first, eco-installation, makes it possible to cut energy consumption by approximately 32%, through the use of the most energy-efficient parts, and highly efficient power supplies with a maximum conversion efficiency in excess of 90%.

The second, eco-operation, uses software to provide enhanced management functions enabling detailed responses to on-site operating conditions. For example, the system comes standard with functions that offer a visual picture of power consumption levels and the ability to configure maximum power consumption settings to cut peak power use. Linking with management software that can automatically start up and shut down systems according to a pre-set schedule can reduce power consumption caused by unnecessary operation.

The third item, eco-cooling, makes it possible to reduce the amount of power needed to cool IT equipment through the development of equipment with a maximum warranted operating temperature set 5°C higher than the normal 35°C.

From fiscal 2011, NEC began seriously examining development of server and storage products that achieve guaranteed operation at temperatures of 40°C (all products). Thanks to NEC's expertise and track record in cooling technology that provides both stable operations and high efficiency, acquired through its development of mainframe and supercomputer systems, in June 2011, just three months after the March disaster, NEC was able to provide products capable of helping companies meet new, stricter power-saving requirements.

One key point in designing energy-efficient equipment is optimization of airflow. NEC ran heat simulations and other tests to determine optimum fan positioning and angle, and through repeated trial and error, arrived at an airflow design that would enable operation in environments of up to 40°C.

NEC was named a winner of the Ministry of Economy, Trade and Industry's Green IT Promotion Council Chairman's Awards 2011, in recognition of the energy-saving capabilities of this 40°C-durable product line.

Meanwhile, NEC has worked to develop a wide range of other energy-saving technologies, including commercialization of blade servers compatible with systems powered by high-voltage direct current, which reduce power wastage caused by



Green IT Promotion Council  
Chairman's Awards



Green IT Award 2011 logo

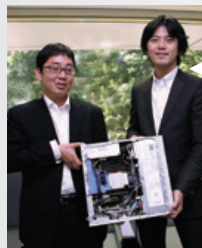
40°C-durable servers

the traditional need for conversion between alternating and direct current, and the development of CPU cooling devices which utilize heat of vaporization.

In addition, NEC is working to reduce power consumption through the use of virtualization technology. System management software is used to monitor loads across multiple servers, and by concentrating processing on those servers with lower load factors, surplus servers can be shut down or otherwise adjusted to reduce power consumption.

Further, NEC is working to achieve lower power consumption by linking entire systems and facilities. The IT Environmental Assessment is one such example, a service that provides customers with loans of sensors and measuring equipment which they can then use to measure and visualize machine room power usage and temperature conditions. This information is then incorporated in proposals for improvements that can lead to energy savings. Going forward, NEC will continue to offer highly energy-efficient products that meet the front-line needs of the cloud computing age.

### Message from the NEC Managers



The NEC Group will continue to focus on careful energy-saving design, using its strengths in energy conservation to help customers enhance earnings and reduce global warming.

**Kiyoshi Takahashi, Assistant Manager (right)**  
Platform Strategy Marketing Division,  
NEC Corporation

**Satoshi Tawada, Assistant Manager (left)**  
IT Hardware Operations Unit,  
NEC Corporation

## Shift to a New Energy-Efficient Society Accelerated by Home Energy Storage Systems

In March 2012, the NEC Group began sales of its newly developed home energy storage system, equipped with lithium-ion batteries, to home builders, suppliers of construction materials, and other partner companies.

One of the factors underlying increased public interest in energy storage systems is environmental issues such as global warming. People have begun to recognize the need to reduce society's dependence on finite fossil fuels, and to develop a new energy-efficient society based on autonomous and distributed sources of energy, in combination with the use of renewable energy. As a result, concrete discussions of the smart grid concept and related topics have entered the public discourse. Another factor is that concerns about power outages and power shortages during disasters have become a social problem ever since the Great East Japan Earthquake. That is why public interest has turned to energy storage systems that store electricity and enable its smart use.

NEC's compact energy storage system is designed for introduction in homes. It is about as wide as the outdoor unit of a typical wall-mounted air conditioner. Also, the unit operates quietly because it has no cooling fan.

The unit can be switched to "peak cut operation," in which the energy storage system automatically cuts in to supplement power when use of electricity from the electric power company exceeds a pre-set level, among other situations. For homes fitted with solar power generation systems, the unit can also be switched to "green mode," in which priority is given to storing any surplus power generated from the solar power generation system. Another option is the "economy mode," in which surplus power can be sold to electric power companies.

Furthermore, the energy storage system is not just a storage battery, but is integrated with ICT. This allows users to verify charging and discharging conditions in real time. Through an Internet link within the home, users can also receive monitoring services providing security and peace of mind 24 hours a day, 365 days a year. The home energy storage system is also useful as a back-up power source for maintaining critical lifelines during disasters and power outages.

NEC sees the development of this compact energy storage system product as a step towards building a new energy-efficient society. This energy storage system has broad applications outside the home, including uses in buildings, commercial facilities and factories. It can also be used in power plants that utilize renewable energy and in power grid facilities such as power distribution and transmission equipment.

NEC is actively implementing various measures to promote greater penetration of these compact energy storage systems. Concrete measures include technological development and field trials of a distributed energy management and control system using storage batteries, in the three Tohoku prefectures affected by the disaster (Iwate, Miyagi, and Fukushima). Another measure is a field trial project for an integrated energy storage and

recharging system made up of multiple quick rechargers and large-capacity storage batteries in the city of Yokohama.

In these and other ways, NEC is actively promoting the smart energy business leveraging a range of assets, including storage battery technology, control systems, quick recharging infrastructure, and cloud services (energy cloud), with the aim of developing an environmentally friendly, energy-efficient society.



Home energy storage system (main unit)



Control panel

### Message from the NEC Manager

Based on home energy storage systems and services utilizing these systems, we aim to help build a new energy-efficient society.

**Satoshi Oomachi, Manager**  
Smart Energy Business Development Division,  
NEC Corporation



## Include Everyone in the Digital Society

NEC aims to ensure that all people on earth are included in the digital society by helping to solve social issues through ICT.

Our innovations include fingerprint identification technology for government services, satellites, microwave communication systems, and undersea cables. Though many of these technologies remain largely unseen, NEC uses them to support and improve the lives of people every day.

### The NEC Automated Fingerprint Identification System (AFIS): Improving Quality of Life for the People of Brasília

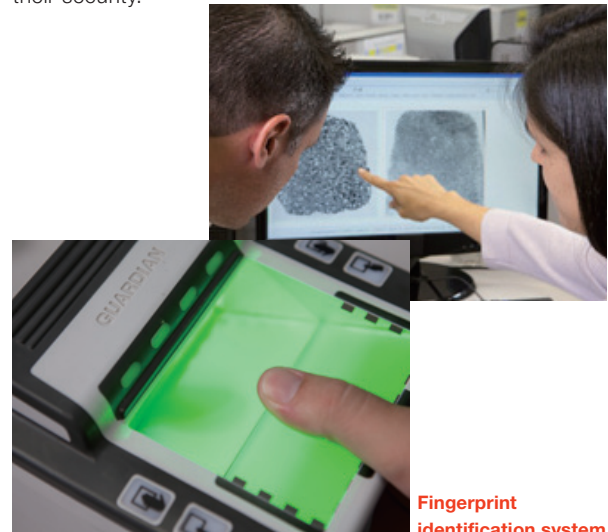
Brasília is the capital of Brazil, South America's largest country, and is home to a population of approximately 2.5 million. In Brasília, the Institute of Identification of the Civil Police of the Federal District (Instituto de Identificação da Polícia Civil do Distrito Federal) issues civil identity documents that support the daily lives of residents. The issuance of civil identity documents was previously performed manually. However, as the population increased, the issuance of accurate civil documents had become a challenging priority for the Institute.

NEC's Automated Fingerprint Identification System (AFIS) was the answer. Offering the world's highest level of comparison accuracy of more than 99.9%, this technology has been adopted by the police forces, judicial agencies, and immigration control authorities of more than 30 countries around the world.

In Brasília, civil identity documents are essential to people's daily lives when using public services and in other situations. The civil identification system is also used as a database for criminal investigations. In 2011, 249,000 new identity documents were issued, with the number of people holding these documents increasing by around 40% compared with 2008. Through the use of this system, people are able to rapidly

receive public services. The system has also contributed immensely to promptly solving criminal investigations.

NEC's automated fingerprint authentication technology will continue to help improve the quality of people's lives and their security.



Fingerprint  
identification system

### Leading the Way to a Safe and Secure Future: Positioning Signal Technology for Quasi-Zenith Satellite "MICHIBIKI"

From June 2011, NEC has participated in the provision of positioning signal technologies for the first Quasi-Zenith Satellite "MICHIBIKI" operated by the Japan Aerospace Exploration Agency (JAXA).

NEC is in charge of the development, manufacture, and system integration of a "High Accuracy Positioning Experiment System" (positioning system), which comprises mission critical devices fitted to "MICHIBIKI" and ground stations, and a "Tracking & Control Ground System," which is used to control the satellite from the ground.

This Quasi-Zenith Satellite system is designed to provide high accuracy positioning signal services covering almost all of Japan, without any interference in the shadows of mountains, buildings and other obstacles. By making higher accuracy positioning signal information available, the satellite system will help to improve the safety and security of daily life in public sector

areas such as transportation control and surveying, while helping to prevent crime and traffic accidents, as well as aiding rescue efforts. In these and other ways, the satellite is expected to find a broad range of uses as a platform for national land information.



Quasi-Zenith satellite "MICHIBIKI"



## Supporting Rapid Growth of Global Data Traffic

Global data communications traffic is projected to increase 10- to 20-fold over the next five years, driven primarily by advances in cloud computing, the popularization of smartphones and tablet devices, and an increase in video content distribution. Telecom carriers are working to stay on top of this rapid growth of data traffic through such means as introducing new communications standards and adopting larger-capacity communications networks.

NEC is engaged in various businesses to answer this demand. From among these businesses, this section looks at PASOLINK and iPASOLINK, as well as submarine cable systems.

### PASOLINK and iPASOLINK

NEC launched business operations related to PASOLINK, an ultra-compact microwave communications system, in the early 1980s. Ever since, mobile communications has expanded rapidly and PASOLINK has been widely adopted as a microwave communications system for mobile backhaul linking base stations. As of May 31, 2012, NEC had shipped a total of 1.88 million PASOLINK units to 147 countries around the world. Mobile phones play a tremendous role in supporting communications in people's daily lives. No more is this true than in developing countries, where fixed telephone infrastructure is underdeveloped.

In September 2010, NEC launched the iPASOLINK series—the new generation of PASOLINK products—to address new mobile communication standards enabling communications at even faster speeds. iPASOLINK is designed to meet the new

communications standards introduced by various telecom carriers, such as 4G and LTE. NEC has already shipped 200,000 iPASOLINK units to 85 countries worldwide.

Furthermore, in February 2012, NEC successfully developed a new microwave transmission technology that will deliver a per-channel capacity increase of up to 40% compared with systems commonly in operation today. The latest breakthrough enables the world's highest microwave transmission efficiency.

### Submarine Cable Systems

NEC has built up a leading track record in the global market for submarine cable systems over the past 40 years.

In 2011, NEC won orders for major submarine cable system projects. Projects included the approximately 7,200 km-long Asia Submarine-cable Express (ASE) linking Japan, Singapore, Hong Kong, the Philippines, and Malaysia, as well as the roughly 8,900 km-long South-East Asia Japan Cable (SJC) linking Japan, Singapore, China, Hong Kong, the Philippines, and Brunei. Another major project was the upgrade installation on the Asia Pacific Cable Network 2 (APCN2), which consists of approximately 19,000 km of cable linking Japan, China, South Korea, Taiwan, Malaysia, Singapore, and the Philippines. This was the first time that the 40 Gb/s dense wavelength division multiplexing (DWDM) terminal equipment for submarine cable systems developed by NEC had been used in a large-scale project.

NEC will continue to develop high-speed, large-capacity, and high-quality communications infrastructure going forward.



PASOLINK



Installation of submarine cable

## Community Involvement and Development

As a company that develops business globally, NEC believes that participating in communities worldwide and contributing to community development is one of its important social responsibilities. From among the various measures NEC is implementing to fulfill this responsibility, this section takes a look at NEC's measures to help eliminate the digital divide in emerging countries, and volunteer activities undertaken by NEC employees worldwide.

### Initiatives to Eliminate the Digital Divide in India through BOP Business Development

BOP business development refers to solving social issues faced by the world's roughly 4 billion impoverished people (Base of Pyramid (BOP): people living on an annual income of less than \$3,000) mainly in emerging and developing countries through business activities. In order to promote the sustainable development of such projects, Win-Win business models must be developed that help to improve the lives of disadvantaged people while also allowing business continuity. To construct sound business models, it is vital to build on strong partnerships with local NGO/NPOs well versed in local issues.

India faces a wide range of social issues attributable to poverty. With the impoverished comprised nearly entirely of farmers, the development of farming communities ties directly into resolving this problem. At the same time, NEC seeks to expand its business in emerging countries. In particular, expectations are high for significant growth in demand in India's ICT market.

By 2015, NEC plans to use its ICT to help deliver a stable supply of electricity to farming villages, and by promoting the industrialization of farming, NEC is actively working to create new employment opportunities for the women of those villages.

In turn, selling the safe, fresh fruits and vegetables produced through this new business directly to the wealthy will raise village incomes. That income growth will eventually enable farmers to purchase ICT products, helping to eliminate the digital divide. This will lead to enhanced education for young people, improved hygiene awareness, and the creation of new businesses in farming villages using ICT, all of which NEC believes will help break the chain of poverty that has spanned generations.

With this goal in mind, in fiscal 2012 NEC joined the Japan External Trade Organization's (JETRO) BOP Business Partnership Support Program, completed local surveys, and began selecting local partner candidates.



Agriculture in India

### NEC Group Employees Worldwide Contribute to Communities as Volunteers

The "NEC Make-a-Difference Drive" (NEC MDD) is a corporate citizenship program directed at local communities in which NEC Group employees participate in activities in their respective local communities at sites around the world. Based on the slogan "Nature, Education, Community: The Heart of NEC," NEC MDD has happened every year since 1999. Through NEC MDD, NEC Group employees around the world volunteer to take part in activities that make a valuable social contribution to local communities. This helps employees to discover something new on a personal level, while helping to cultivate stronger group cohesiveness as "One NEC" and a corporate mindset of high social commitment. In turn this helps NEC to achieve the goal of creating enhanced corporate value.

In fiscal 2012, proactive participation by NEC Corporation and domestic and overseas group companies resulted in 729 participating sites organizing 2,829 programs, with roughly 132,075 participants on a cumulative basis donating a total of

128,783 hours of their time. In fiscal 2013, we will continue to enlarge the scope of activities centered on providing support for recovery efforts from the Great East Japan Earthquake, as well as implementing biodiversity preservation programs.



Environmental preservation activities in Mexico

# Human Rights

NEC has pledged its commitment to respecting human rights in the NEC Group Charter of Corporate Behavior and NEC Group Code of Conduct, and this approach is implemented throughout NEC Corporation and the NEC Group.

The NEC Group, which aims to expand business globally, sees global human rights issues as an important priority. Here, we put the spotlight on internal activities to solve these issues, as well as activities linked to local communities and suppliers.

## Global Human Rights Initiatives

### Activities in Japan

In Japan, NEC has implemented a compulsory e-learning program for all employees, including tier-specific training for all levels from newly recruited employees to officers. In fiscal 2012 a global human rights training course (lecture) by Amnesty International Japan was organized in order to foster greater awareness of international human rights issues. The event was attended by a large number of NEC Group employees.

The content of this training course was presented to NEC Group employees worldwide through an internal newsletter (Web-based).

To address sexual and power harassment issues, NEC changed the name of the Equal Treatment Consultation Desk, which is a consultation station for these issues, to the Human Rights Hotline Desk, to clarify the nature of consultations. Consultation desks have been set up at the Personnel Affairs Division of NEC Corporation and at each business unit. Staff members assigned to the consultation desk provide consultations. The system is designed to protect the privacy of those who consult with the Consultation Desk, while ensuring that they receive no disadvantageous treatment.

### Overseas activities

Overseas, NEC has long conducted human rights awareness training as part of training related to the NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct. In



A lecture was given by Mr. Wakabayashi, executive director of Amnesty International Japan

fiscal 2012, NEC conducted training at various business sites in the EMEA (Europe, Middle East and Africa) region to reinforce awareness of its human rights policies such as prohibition of discrimination, child labor and forced and compulsory labor. NEC plans to expand this training to other overseas business sites from fiscal 2013, based on training materials prepared in the EMEA region. When implementing this training, NEC holds a series of discussions with CSR personnel and managers of personnel divisions in various overseas regions in an effort to develop training materials that are better suited to each region. The goal is to increase understanding of respect for human rights so that it is perceived as a global standard of conduct.

## Activities Linked to Local Communities and Suppliers

It is important for employees to learn about human rights not only through in-house programs, but also from contributing to awareness-raising programs in local communities and related experiences. We are deepening understanding of human rights issues by encouraging employees to participate in local social contribution activities. For instance, we have employees participate in social contribution programs such as wheelchair tennis tournaments, which help disabled people participate more fully in society through sports. In these and other ways, employees

learn how to relate to human rights.

Information about any human rights issues at suppliers and supply-chain CSR promotion initiatives are regularly shared among personnel, materials purchasing and CSR divisions. NEC has prepared policies, guidelines, and check sheets related to all aspects of CSR, including respect for human rights, and uses these materials to confirm the activities of suppliers. Please see page 19 for details on these activities as well as a section on "Addressing the Issue of Mineral Resources that Fuel Conflict."

## Labour Practices

The NEC Group, which develops business globally, has business sites in various regions around the world. Key themes for implementing appropriate management of labor practices are to promote diversity and increase communication, along with ensuring the safety and health of employees and developing human resources at each worksite.

This section looks mainly at some of NEC's initiatives to promote global management of labor practices.

### Global Management for Creating Lively, Employee-friendly Workplaces

#### Promoting Diversity and Human Resources Development

NEC Corporation is working to recruit non-Japanese individuals who possess the skills and specialized knowledge needed by the Company in the areas of research, technology, sales and corporate administration, with the view to achieving global business expansion. Through these efforts, NEC strives to increase the quality of its workforce and promote diversity in each area. NEC is also promoting the recruitment of non-Japanese new graduates. In fiscal 2013, NEC is targeting non-Japanese recruitment at 10% of the planned total number of recruits. NEC Corporation has proactively provided opportunities for employees of overseas subsidiaries to work at NEC Headquarters to facilitate interaction with these personnel and develop human resources.

In other areas, since fiscal 2009, NEC has offered its Global Track to Innovator (GTI) program, a training program designed to foster globally viable innovators by stationing new employees overseas for a period of one to two years. To date, NEC has sent a total of 60 employees to 26 countries, and plans to continue offering this program going forward.

#### Promoting Global OH&S

From fiscal 2010 to fiscal 2012, NEC obtained OHSAS 18001 certification at its four primary plants as part of its occupational health and safety (OH&S) management system. OHSAS 18001 is an international OH&S management system specification.

Furthermore, at NEC Group companies, including those overseas, NEC has reassessed OH&S management systems focusing on companies with production lines or exposure to similar risk, while selecting companies that should obtain OHSAS certification or implement equivalent systems as necessary. NEC is now promoting the introduction of these systems. In addition, NEC will explore the development of a system for centrally managing global labor accident data.

#### Global Town Meetings

In July 2011, the NEC Group held Global Town Meetings in 6 locations around the world. The Global Town Meetings are intended to share a deeper understanding of the NEC Group Vision 2017 and Core Values through dialogue among employees worldwide. At the same time, these meetings clarify "What is needed to realize the Vision" and "What must be changed,"



GTI Trainee stationed in Nairobi (Far left) and NEC local employees

among other issues. The Global Town Meeting was held to ensure that employees work to address these priorities as "One NEC."

The Global Town Meeting was also held in Japan. The meeting was attended by members of various business units and affiliated companies, along with the President of NEC. Information on the status of activities in each division was shared among all participants, and various topics were discussed, including the next course of action needed to drive reforms.

Every overseas Global Town Meeting was attended by an executive from Japan. Executives strove to foster a shared awareness of the "One NEC" concept through dialogue with local employees at each site. Lively discussions were held on themes including the challenging tasks necessary to realize the NEC Group Vision 2017's goal of making NEC "a leading global company," as well as the NEC Group Core Values (what NEC values and bases its behavior on).



Global Town Meeting in London

## Fair Business Practices

The foundations of fair business practices lie in observing and promoting ethical standards of conduct. To ensure that the NEC Group continues to fulfill the expectations of stakeholders and survive as part of society, it conducts business activities with a “Compliance First” philosophy foremost in mind. NEC also promotes CSR throughout its value chains.

### Global Enforcement of Compliance

As global business expansion proceeds, the enforcement of compliance at overseas business sites has become an evermore urgent priority. For this reason, NEC implements measures such as distributing the NEC president’s messages regarding enforcing compliance to employees of overseas subsidiaries, and providing compliance guidance to employees who will be stationed at overseas subsidiaries as senior executives. In addition, NEC presents a list of examples of high-risk issues in terms of compliance at meetings of presidents of overseas subsidiaries, with the view to preventing compliance breaches. At the meetings, countermeasures for each issue and other related topics are discussed.

From fiscal 2012, NEC has been working to develop compliance systems at its five regional headquarters around the world in order to further strengthen how it addresses compliance in

step with global business expansion. For example, NEC has delegated internal audit, compliance and legal affairs functions to the regional headquarters after clarifying once again the job descriptions for each of these three functions. Moreover, NEC has clarified the system for escalating information to headquarters in Japan by developing escalation channels to be followed in the event of a compliance issue arising, at each regional headquarters.

Furthermore, given that regulations regarding bribery prevention and enforcement have been tightened in various countries, NEC established the Basic Rule on Anti-bribery (basic guidelines on prevention of bribery) in October 2011, with the view to developing and building systems to address this issue. NEC is also working to increase knowledge of this issue through implementing measures such as holding presentations.

### Promoting Collaboration with Suppliers

NEC has established the NEC Group Procurement Policy and is using this policy to develop internal controls for CSR and expand them to suppliers.

In fiscal 2012, NEC revised the NEC Group Procurement Policy to encourage suppliers to promote CSR activities among their upstream suppliers based on ISO 26000.

NEC has formulated Supply-Chain CSR Guidelines to promote CSR-related activities together with its suppliers. Using these guidelines and the Supply-Chain CSR Check Sheet, we are continuing to make efforts to nurture partnerships from a long-term perspective so that steady progress is made while deepening mutual understanding.

Specifically, NEC surveys the status of CSR activities at suppliers using check sheets. In fiscal 2012, NEC surveyed 37 suppliers. NEC provides feedback on strengths, weaknesses, and points for improvement to every respondent.

In addition, NEC analyzed survey data from a total of 248 suppliers, including the 37 suppliers surveyed in fiscal 2012 and 211 suppliers who previously filled out self-check sheets. From the results of the analysis, NEC found that suppliers’ measures to monitor the actual compliance status and to ensure rigorous internal enforcement were inadequate in the fields of human rights, occupational health and safety, and fair trading.

On the other hand, there are limitations to grasping the actual conditions of suppliers through written replies alone. Accordingly,

in fiscal 2012, NEC started exploring a scheme to confirm the status of suppliers’ CSR activities through on-site visits.

#### Addressing the Issue of Mineral Resources that Fuel Conflict

Certain mineral resources, such as gold, columbite-tantalite (coltan), cassiterite, and wolframite, mined in the Democratic Republic of the Congo in Africa and adjoining countries have been reportedly used to help finance armed groups. These mineral resources may thus be responsible for triggering a rash of problems including tribal conflict, human rights abuses, and environmental destruction. To tackle the conflict mineral issue, NEC has joined the Responsible Minerals Trade Working Group organized by the Japan Electronics and Information Technology Industries Association and is promoting activities in concert with the industry.

Furthermore, in November 2011, NEC and its overseas regional headquarters examined the global policy on addressing conflict minerals. As a result, NEC clarified its global policy for the Group as a whole. The Group’s policy is to ensure that no mineral resources obtained illegitimately in conflict regions shall be procured or used in NEC’s products. The NEC Group has also sought the understanding and cooperation of its suppliers in this regard by establishing the Conflict Mineral Guideline (for Suppliers).

## Consumer Issues

A large number of NEC's businesses are made up of business-to-business (B2B) operations targeting enterprises and other business operators. Based on the concept of "Better Products, Better Services" since its foundation, NEC is seeking to address "consumer issues" in B2B operations, as well as in business-to-consumer (B2C) operations. To this end, NEC is promoting business activities from the perspective of general consumers through a "business-to-business-to-consumer" approach. In the process, NEC aims to help to solve social and environmental issues together with customers.

### Building Relationships of Trust with Customers

NEC believes that improving customer satisfaction (CS) is vital to building relationships of trust with customers.

NEC's CS improvement activities are mainly led by Quality Promoters (QPs) (There were 1,200 QPs worldwide as of March 31, 2012). The basic role of QPs is to examine the company's activities from the viewpoint of customers and continually promote improvements that enhance the value of business activities.

From the standpoint of promoting CS activities, NEC has assigned regional quality promoters to each of the five regional headquarters to lead the CS improvement activities for each region as a whole. This is in addition to the QPs who have traditionally been assigned to each individual country.

Furthermore, NEC has conducted a CS Activity Survey targeting the QPs assigned to each region and country. The results showed that CS-related training for employees of overseas subsidiaries was needed, so NEC developed an overseas CS

training program. This program will be successively launched in the Asian region and elsewhere from fiscal 2013.

Every year, NEC conducts the NEC Group Customer Satisfaction Questionnaire, targeting corporate and public sector clients in Japan. (Around 2,000 offices were surveyed in fiscal 2012.) In this survey, sales divisions take the lead in following up with the customer through an on-site visit after questionnaire responses have been received. The content of the responses is verified and then reflected in improvement activities.

For example, to reduce human error, which is cited as one of the most frequent reasons for problems in the survey results, we continuously implement training that highlights areas where employees need to take particular care, based on analyses of such factors as behavior patterns that can easily lead to human error. In fiscal 2012, this training was offered to approximately 500 individuals in 13 divisions.

### Promoting Universal Design to Achieve Designs "Friendly to Humans and the Earth"

To realize designs "friendly to humans and the earth," NEC is promoting Universal Design (UD).

First, we observe the environment of targeted customers, listen to their frank opinions, and accurately grasp their needs. Next, we build prototypes by developing various ideas. We then have customers evaluate these ideas and prototypes, and we send feedback on the results of findings to development divisions.

NEC aims to conduct product development that takes into account a more diverse array of customers. To that end, we have registered a wide range of customers, including senior citizens, people with poor vision, people hard of hearing, and people with physical handicaps as "Universal Design Monitors," and they are cooperating with us in product development.

By implementing this kind of "user-centered design," we are able to produce products with excellent accessibility and usability.

To promote UD within the NEC Group, NEC has created a new internal system to enable staff to obtain certification in user-centered design development methods. As of March 2012, a total of 226 staff had obtained this qualification since the system began at the end of November 2011.

One example of user-centered design is a bar-code scanning

unit that will be installed as point-of-sale (POS) terminals at volume retailer checkouts.

The TWINPOS 5500 Series Touch Screen POS Terminal is fitted with a barcode image scanner whose angle can easily be adjusted, making it easier for the sales assistant to operate the scanner at the desired height.

The screen layout takes the hand and eye movements of the sales assistant into account, which enhances operability while reducing user fatigue.

For shoppers, the smooth form of the terminal's rear surface helps to prevent a customer's belongings or shopping trolley from hitting or getting caught on the POS unit.



TWINPOS 5500 Touch Screen POS Terminal

## Stakeholder Engagement

NEC is focused on improving CSR-driven management based on stakeholder engagement, as emphasized in ISO 26000. To this end, NEC has conducted dialogue sessions with various stakeholders on themes concerning specific social issues, and has implemented stakeholder reviews based on ISO 26000 (see pages 22 and 23) since 2010.

In this section, NEC presents dialogue sessions with NPOs directed at restoration and recovery following the Great East Japan Earthquake, along with activities related to the UN Global Compact.

### Dialogues Directed at Recovery and Restoration Following the Great East Japan Earthquake

In fiscal 2012, to assist with recovery and restoration following the Great East Japan Earthquake that occurred on March 11, 2011, NEC conducted three dialogue sessions with NPOs. These NPOs were among the first to carry out support activities in the affected regions after the earthquake. In the dialogue sessions, NPOs described their efforts there and discussed how NEC could contribute.

On April 26, 2011, NEC invited Mr. Ryota Yamauchi of the NPO ETIC. to speak about ETIC.'s work at evacuation centers in Minamisanriku, Miyagi immediately after the earthquake. There, ETIC. heard examples of activities involving listening to the needs of the elderly (those requiring nursing care), the disabled, and other vulnerable victims, and connecting them with other NPOs with specific expertise. After the meeting, NEC began looking at ways its technology might be helpful in communities where telecommunications had been cut off.

The second dialogue session was held on October 4, 2011. NEC invited Kaori Neki of Civic Force, a public interest corporation, to speak.

Ms. Neki talked about Civic Force's activities such as procuring and delivering supplies immediately following the earthquake, and delivering a ferry to the island of Oshima—part of the city of Kesennuma—which had lost its ferry service in the wake of damage from the tsunami. It was agreed that NEC

should continue to provide support, not just on its own as a single company, but in cooperation with government, administration, and the local communities.

The third dialogue session, held on February 20, 2012, was with Yusuke Ohashi of the Sendai Miyagi NPO Center, a non-profit organization. Mr. Ohashi's main theme was "supporting recovery through social business." Under this theme, he discussed various topics, including how ICT can contribute to recovery efforts, what recovery really means in communities already suffering from depopulation, what is needed for new ventures to succeed, and what things are most important to the disaster-affected regions.

NEC will continue to put the insights obtained through these dialogue sessions to good use in efforts to support the recovery of disaster-hit regions going forward.



Third dialogue session

### Participating in a Global Discussion

On November 24 and 25, 2011, the China-Japan-Korea Roundtable hosted by Global Compact Network Japan was held in Tokyo. The event provides an opportunity for dialogue between the UN Global Compact and members of local Global Compact networks in the three countries and other participants, with a focus on social responsibilities in East Asia and the promotion of initiatives in line with the ten principles of the UN Global Compact. The Roundtable was held in South Korea in 2009, followed by China in 2010. NEC's participation in the 2011 meeting follows its attendance at the 2010 Roundtable in China.

At the 2011 Roundtable, staff from NEC's CSR Promotion Division (at that time) participated in a panel discussion on the topic of "Current Roles and

Future Directions of CSR and GC Local Networks: From East Asian Perspectives."

This panel discussion featured lively discussion of topics such as understanding the importance of stakeholder engagement, balancing global standards with the regional characteristics of East Asia, and resolving social issues through innovation.



The panel discussion and (then) head of NEC's CSR Promotion Division, Hitoshi Suzuki, who participated as a panelist.

## Stakeholder Review Based on ISO 26000

The NEC Group is promoting CSR management based on ISO 26000, an international standard providing guidelines on social responsibility. In fiscal 2012, NEC continued to implement a Stakeholder Review based on the ISO 26000 approach.

Given that the Stakeholder Review forms the basis of CSR management, NEC will strive to make continuous improvements to its activities by referring to the matters pointed out in the review.

### Stakeholder Review

Continuing on from fiscal 2011, in fiscal 2012, the CSR Review Forum—Japan, an alliance of NGOs and NPOs, consumer organizations, and labor representatives, undertook a review of the CSR management policies, structures, and measures of the NEC Group, based on the ISO 26000 standard.

The review focused on the progress of initiatives to tackle issues identified in the fiscal 2011 review, while also broadly examining the Group following the seven core subjects of the ISO 26000 standard.

The forum's opinions on CSR management in general and on each of the seven core subjects were as follows:

#### 1. CSR Management

##### 1) The NEC Group's corporate philosophy

Recently, it is not uncommon to hear that people no longer have a clear picture of what it is that the NEC Group does. Through its corporate philosophy, NEC has indicated its goal as follows: "NEC strives through 'C&C' (Computers and Communications) to help advance societies worldwide toward deepened mutual understanding and the fulfillment of human potential." Today, while the NEC Group faces the urgent task of rebuilding its business, we hope that NEC is going straight to C&C.

##### 2) Global CSR management

Globalization is an important issue for the NEC Group, both in business and in CSR management. As it works to build a global management structure encompassing its five worldwide business regions and Japan, we expect that the NEC Group will also work to put in place structures for promoting information gathering and other comprehensive, company-driven efforts in each region regarding key issues such as human rights and occupational safety. Over the medium-term, we believe that the NEC Group must engage in dialogue with stakeholders in each region.

##### 3) Due diligence

The ISO 26000 standard requires companies to understand the negative impacts they have on society. A company's impact on society can come back to it in the form of risk, and overall responsibility for managing that risk lies with the internal control promotion division. At the same time, the company must also understand the negative impacts it has on society that may not immediately manifest themselves as risk, and work to develop a mechanism for avoiding or mitigating such impacts. We expect that the NEC Group will work to spread its approach to due diligence internally and move ahead to build the necessary structures.

##### 4) Diversity

Like most Japanese companies, the NEC Group continues to lack diversity. And yet, respect for diversity is an essential strategy as NEC moves forward with global management. We expect the Group to lay out a vision for

promoting diversity, and to establish concrete short- and long-term goals.

NEC also has experience in testing options for telecommuting, and we hope they will demonstrate to society at large their plans for advocating and encouraging diverse work styles.

##### 5) Partnerships between the CSR Division and other relevant divisions

One point of improvement from fiscal 2011 is the progress made in the alliance between the CSR division and other relevant divisions. The CSR division works in close partnership with the human resources (human rights), general affairs (occupational safety), and the materials divisions (supply chain CSR), and we would like to laud their effectiveness in developing mechanisms and raising awareness. We look forward to seeing these partnerships extended in other areas.

#### 2. Organizational Governance

##### 1) Reflecting societal feedback in management

Under ISO 26000, stakeholder demands are expected to be reflected in management, and we believe that interviews with outside directors and others are important to these reviews.

##### 2) Internal control and risk management, business continuity

The NEC Group has built a sophisticated system of internal controls, based on the key elements of compliance and risk management. Following the Great East Japan Earthquake in fiscal 2012, the company made progress in reviewing its disaster planning on a company-wide level, and we look forward to seeing a whole picture of its rebuilt BCP in next year's report.

#### 3. Human Rights

The NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct both lay out provisions to respect human rights, and to avoid harm to human rights, the company is working to build a basic mechanism for human rights due diligence.



As part of spreading this awareness, the NEC Group has established robust training in human rights domestically. Going forward, we expect that the NEC Group will establish a vision for the kind of global company it wishes to become and goals for achieving that vision, and continue to take the incremental steps necessary to ensure those goals are reached.

#### 4. Labour Practices

Our review of labor practices in fiscal 2012 focused on occupational health and safety (OH&S). We give high marks to the NEC Group for its efforts to build a mechanism for monitoring the status of OH&S at its overseas sites around the world, and for introducing an OHSAS 18001-based management system at the 11 companies in its global manufacturing group.

#### 5. The Environment

The NEC Group Environmental Management Action Plan 2017/2030 continued to show solid results in fiscal 2012. Going forward, as the environmental management systems and energy storage systems developed by the NEC Group see wider use across society, we expect this will help to build a low-carbon society.

In addition, we are convinced that the environmental technology and expertise the NEC Group has accumulated to date will not only contribute to resolving issues of global warming and energy, but will become a major weapon in the company's business strategy. "Ecology through IT" is also a key phrase in terms of strategy. It would be a waste to identify energy alone as a business priority for fiscal 2013, and we believe the NEC Group's strategy should represent both its outstanding environmental solutions and its energy business.

#### 6. Fair Operating Practices

##### 1) Supply chain management

In surveying its suppliers, the NEC Group has conducted surveys in writing, focusing primarily on domestic suppliers, but this alone is inadequate for gaining a grasp of the real situation. We laud the company for its plans to put in place a framework for on-site inspections of its suppliers in China, India, and other locations. In the fiscal 2011 review, we asked the NEC Group to expand management to secondary suppliers, and we appreciate that this has been reflected in the survey guidelines.

In terms of response to the issue of conflict minerals, we believe the NEC Group has made reasonable progress in putting mechanisms in place in preparation for rules to be established by the U.S. Securities and Exchange Commission.

#### 7. Consumer Issues

##### 1) Customer satisfaction, product quality and safety, Universal Design (UD), information security

The NEC Group has established policies and rules in each area, put the necessary structures in place, and has a variety of awards systems to provide incentive; its approach to improving employees' capacity is clear.

##### 2) New areas of consumer concern

Sustainable consumption and consumer education are among the important social issues for consumers and citizens presently. As a leading company, we expect the NEC Group to engage in proactive initiatives to address these issues. And, to respond to the needs of consumers and citizens, it is important that NEC, as a business-to-business-to-consumer organization, identify and engage in dialogue with those stakeholders on which it has the greatest impact. Its advanced process for UD development could become a model for these efforts.

#### 8. Community Involvement and Development

The NEC Group has made solid progress in this area, with the establishment of the Revival Support Promotion Office to provide ongoing support for post-disaster recovery in the Tohoku region and enhancement of its program to provide support to social entrepreneurs. It has also begun work on BOP businesses and implemented self-assessments based on a system for evaluating social contribution programs. In the coming year, we expect the NEC Group to disclose the social (and regional) impact of its activities. At the same time, the effects of the flooding in Thailand and other events have reduced the implementation rate for the Make-a-Difference Drive (see page 16). Viewed overall, the MDD program is one of the NEC Group's treasures, and the company should work to ensure that as many employees as possible become involved.

June 23, 2012  
CSR Review Forum-Japan

#### Review Panel



Chief Reviewer  
**Tomohiko Yamaguchi**  
CSR Review Forum-Japan



Reviewer  
**Sachiko Kishimoto**  
CSR Review Forum-Japan/  
Center for Public Resources Development



Reviewer  
**Kenichi Kumagai**  
The Japan Association for Advancement of ILO Activities



Reviewer  
**Hideki Wakabayashi (photo)**  
**Reiko Taniguchi**  
Amnesty International Japan



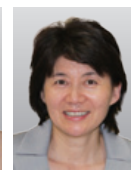
Reviewer  
**Kimiko Horii**  
Research Institute of Self-Esteem



Reviewer  
**Saburo Kato**  
Japan Association of Environment and Society for the 21st Century



Reviewer  
**Konoe Fujimura**  
Japan Association of Environment and Society for the 21st Century



Reviewer  
**Kaori Kuroda**  
CSO Network Japan



Reviewer  
**Yukiko Furuya**  
Nippon Association of Consumer Specialists

# CSR Promotion Activities: Objectives and Performance

The table below provides an overview of the status of NEC's CSR promotion activities. For each of the core subjects of ISO 26000, we summarize fiscal 2012 objectives and achievements, the degree of completion, and fiscal 2013 objectives. (The entire contents are disclosed on NEC's CSR Website).

URL: <http://www.nec.com/en/global/csr/report2012/index.html>

| 7 Core Subjects                       | Key Items   | Fiscal 2012 Objectives  | Fiscal 2012 Achievements and Results  |
|---------------------------------------|---|---|---|
| Organizational Governance             | Business continuity                               | <ul style="list-style-type: none"> <li>● Maintain and institute BCP and BCM activities spurred by issues arising from the Great East Japan Earthquake at NEC Corporation and subsidiaries in Japan.</li> <li>● Develop a system for BCM activities at overseas subsidiaries.</li> </ul>   | <ul style="list-style-type: none"> <li>● Re-identified issues in each business division and corporate staff division and explored countermeasures. Continued to implement BCM activities such as training drills and internal audits.</li> <li>● Formulated BCPs at specified overseas subsidiaries subject to BCP formulation. Conducted training drills on the escalation of information as part of BCM.</li> </ul>   |
|                                       | Information security                              | <ul style="list-style-type: none"> <li>● Establish a global service authentication platform, a platform for computer security measures, a global platform for information leakage countermeasures, in order to develop global security infrastructure.</li> </ul>   | <ul style="list-style-type: none"> <li>● Instituted the operation of a personal ID management platform of all overseas subsidiaries linked to the NEC intranet. Built a management platform that enables the visualization of the status of PCs (application of security patches and malware countermeasures, etc.) at overseas subsidiaries. Put in place and implemented infrastructure for encrypting PC hard disks and files as a global platform for information leakage countermeasures.</li> </ul>   |
|                                       | For shareholders and investors                    | <ul style="list-style-type: none"> <li>● Enhance disclosure of information about individual business operations.</li> <li>● Enhance IR activities for individual investors.</li> </ul>  | <ul style="list-style-type: none"> <li>● Endeavored to enhance direct dialogue with investors and securities analysts by continuing to hold various management-led business briefings.</li> <li>● Continue to hold presentations for individual investors and to enhance information provision on the IR website.</li> </ul>  |
| Human Rights                          | Respecting human rights                           | <ul style="list-style-type: none"> <li>● Expand due diligence for ensuring respect for human rights on a global basis.</li> </ul>   | <ul style="list-style-type: none"> <li>● Formulated a human rights policy in line with the global human rights concept. Conducted briefings and meetings with CSR personnel and managers of personnel divisions in various overseas regions to ensure understanding of global human rights. Organized a global human rights training course (lecture) for the NEC Group in Japan, sales divisions, and purchasing staff. Conducted human rights training in the EMEA region as the first step in providing global human rights training for the NEC Group worldwide.</li> </ul>   |
| Labour Practices                      | Promoting diversity                               | <ul style="list-style-type: none"> <li>● Further strengthen efforts to reduce extensive overtime.</li> <li>● Promote the employment of people with disabilities at NEC Corporation and its consolidated subsidiaries in Japan.</li> </ul>   | <ul style="list-style-type: none"> <li>● Achieved reductions in average overtime hours and the number of employees who have worked long hours, and an increase in usage of annual paid leave days. Commenced "Work Style Innovation" activities.</li> <li>● Achieved a ratio of employees with disabilities at the 2% level. The ratio of employees with disabilities at domestic consolidated subsidiaries surpassed 1.9% on average.</li> </ul>   |
|                                       | Health & safety                                   | <ul style="list-style-type: none"> <li>● OH&amp;S: Obtain OHSAS certification at Tamagawa Plant. Conduct on-site disaster readiness and safety inspection interviews at affiliated companies in Japan. Ascertain the status of occupational accidents at overseas sites.</li> <li>● Industrial health: Achieve a Specified Health Examination implementation rate of 99%; and a Specified Health Guidance completion rate of 45%.</li> </ul>  | <ul style="list-style-type: none"> <li>● Achieved OHSAS certification at Fuchu Plant, in addition to the Tamagawa Plant. Completed surveys prior to on-site disaster readiness and safety inspection interviews. Selected candidate overseas companies that should introduce OH&amp;S management systems. Currently, CSR-related divisions are exploring survey methods for occupational accident surveys at overseas sites.</li> <li>● Specified Health Examination implementation rate: 98.9%</li> <li>● Specified Health Guidance completion rate: 39.6%*</li> <li>*Reported in May 2012, fiscal 2012 Specified Health Guidance finishes on March 31, 2013</li> </ul>  |
|                                       | Human resources development                       | <ul style="list-style-type: none"> <li>● Create HR development systems to help train candidates for Global Key Positions.</li> <li>● Redevelop tier-specific training programs to reinforce management capabilities.</li> </ul>   | <ul style="list-style-type: none"> <li>● NEC Group Key Positions were established, and NEC began identifying successors on a global basis. The NEC Management Academy was revised, with a new program offered beginning in February 2011. Organizational leadership training program planned and conducted (October 2011 through January 2012).</li> <li>● Implemented the 100-Day Plan training program for newly appointed business unit managers, supporting the appointment of approximately 40 new business unit managers. Revised training for newly appointed general managers, including enhancements to input sessions and support structures, along with shortening the period for reforms (from one year to six months).</li> </ul>  |
| The Environment                       | For the global environment                        | <ul style="list-style-type: none"> <li>● Reduce the CO<sub>2</sub> emissions (power consumption by products during use converted into CO<sub>2</sub>) of all products (performance basis) by at least 62% on average compared with fiscal 2006.</li> <li>● Implement "Eco Appeal Proposals" using "Green Appeal Sheets" every year at a rate of two proposals on average per person.</li> <li>● Reduce energy-derived CO<sub>2</sub> emissions (total volume or energy equivalent) by 1% year on year.</li> </ul>   | <ul style="list-style-type: none"> <li>● Reduced the CO<sub>2</sub> emissions of products (performance basis) by 66% compared with fiscal 2006.</li> <li>● Implemented "Eco Appeal Proposals" at a rate of 4 proposals per person on average during the year.</li> <li>● Reduce energy-derived CO<sub>2</sub> emissions (total volume or energy equivalent) by 18% year on year.</li> </ul>   |
| Fair Operating Practices              | Partnering with suppliers                         | <ul style="list-style-type: none"> <li>● Promote questionnaires based on the Supply-Chain CSR Check Sheet (Selection of suppliers, distribution and collection, analysis and feedback).</li> <li>● Disseminate information within the NEC Group and formulate policy measures with respect to items and actions required as a result of CSR-related industry developments and the ISO 26000-based review (Examples include human rights, conflict minerals, CSR audits, and environmental preservation).</li> </ul>   | <ul style="list-style-type: none"> <li>● Completed surveys of a total of 248 suppliers, including 37 suppliers surveyed in fiscal 2012.</li> <li>● Revised the NEC Group Procurement Policy and the Supply-Chain CSR Guidelines. Established the Conflict Mineral Response Guideline (for Suppliers).</li> </ul>  |
| Consumer Issues                       | Earn customer trust                               | <ul style="list-style-type: none"> <li>● Establish a customer-based corporate culture: Promote the development of the "One NEC" framework so that all Group activities in Japan and overseas are based on customer needs, bolster Group teamwork, and foster a customer-oriented mindset among employees.</li> <li>● Steady execution of improvement initiatives based on CS surveys and opinions received from consumers: Enhance ability to address problems, strengthen sales capabilities, and improve product usability.</li> </ul>  | <ul style="list-style-type: none"> <li>● Assigned regional quality promoters to each of the five regional headquarters, in preparation for the development of a global network of five regional headquarters. This is in addition to the quality promoters who have traditionally been assigned to each individual country. Held 11 training seminars to foster a customer-oriented mindset. These seminars incorporated more practical training and were attended by 549 employees.</li> <li>● Enhanced ability to address problems: the "rate of problems experienced in the past year" by customers decreased from fiscal 2011, according to the results of surveys conducted by external agencies. Conducted training on ways to reduce human error, which is one cause of problems. Strengthened sales capabilities: Commenced activities designed to generate new proposals from customer and employee feedback. These proposals led to an increase in opportunities for NEC to communicate with customers. As a result, the share of customers expressing dissatisfaction with the "supply of information" and "proposals" decreased.</li> </ul> |
|                                       | Universal Design friendly to humans and the earth | <ul style="list-style-type: none"> <li>● Apply Universal Design (UD)/ User-Centered Design (USD) principles to actual projects and create a development process framework in collaboration with development workites and the development process management divisions, with the view of promoting UD/UCD implementation and greater related awareness within the NEC Group.</li> </ul>  | <ul style="list-style-type: none"> <li>● Created basic design rules for user interfaces. Began work on standardizing internal QA criteria for ease-of-use. Conducted internal research on accessibility and usability.</li> </ul>   |
| Community Involvement and Development | For communities                                   | <ul style="list-style-type: none"> <li>● Implement two new voluntary programs unique to NEC through the use of IT or other means.</li> <li>● Implement programs that assist with earthquake recovery efforts mainly from the standpoints of "focusing on socially disadvantaged people such as people with disabilities, children, and the elderly" and the "utilization of existing programs."</li> <li>● Further energize NEC MDD activities                             <ul style="list-style-type: none"> <li>—Expand MDD activities among group companies: implementation rate in fiscal 2012: 60%.</li> <li>—Increase the number of participants in biodiversity preservation programs. Target: 10% increase over fiscal 2011.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● Implemented BOP business development in India and the NEC Teachers' Science Lab.</li> <li>● Held 16 programs, including the NEC Guide Dog Caravan in Ishinomaki City.</li> <li>● An implementation rate of 44% for MDD participants. The number of participants in biodiversity preservation programs increased 29% year on year to 8,032.</li> </ul>  |
|                                       | CSR Management                                    | <ul style="list-style-type: none"> <li>● Promote improvements in internal initiatives originating from the Stakeholder Review based on the ISO 26000 approach.</li> <li>● Promote businesses that contribute to the realization of "an information society friendly to humans and the earth" (Accelerate "V2012").</li> </ul>   | <ul style="list-style-type: none"> <li>● Implemented a stakeholder review based on the ISO 26000 approach. Promoted improvements in key issues. Maintained inclusion in the 4 major SRI indexes.</li> <li>● Strengthened NEC's hand in providing smart energy solutions combining energy storage systems and energy management systems (EMS), as well as electric vehicle charging infrastructure.</li> </ul>   |

(Degree of completion: ◎ achieved ○ mostly achieved △ some progress × no progress)

| Degree of completion | Fiscal 2013 Objectives   | Medium-Term Objectives (Fiscal 2011 to Fiscal 2013)  |
|----------------------|--|--|
| ○<br>○               | <ul style="list-style-type: none"> <li>● Continuously improve BCPs and BCM activities at NEC and its subsidiaries in Japan based on issues and measures arising from the Great East Japan Earthquake.</li> <li>● Review and improve BCPs that have already been formulated and conduct BCM activities at overseas subsidiaries.</li> </ul>   | <ul style="list-style-type: none"> <li>● Revise and raise the effectiveness of BCPs throughout the NEC Group (both in Japan and overseas) based on issues highlighted by responses to the earthquake disaster and other developments. Instill a strong awareness of business continuity in the organization's culture by instituting BCM activities.</li> </ul>  |
| ◎                    | <ul style="list-style-type: none"> <li>● Develop global information security infrastructure.               <ul style="list-style-type: none"> <li>—Enhance security service functions.</li> <li>—Expand security infrastructure to more regions.</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>● Implement comprehensive security measures from the standpoint of management, systems, and human resources development. Protect information assets entrusted to NEC by customers and suppliers as well as NEC's own information assets. As a provider of IT products, services, and solutions, deliver even more secure and reliable products, services, and solutions to customers.</li> </ul>  |
| ○<br>◎               | <ul style="list-style-type: none"> <li>● Continuously provide information regarding management reforms (promotion of restructuring and transformation to an enterprise focused on cash flows).</li> <li>● Enhance IR activities for individual investors.</li> </ul>   | <ul style="list-style-type: none"> <li>● Proactively provide information to shareholders and other investors based on "V2012."</li> </ul>  |
| ○                    | <ul style="list-style-type: none"> <li>● Conduct global human rights training outside the EMEA region.</li> <li>● Implement monitoring of compliance and respect for human rights globally.</li> </ul>   |  |
| ◎<br>○               | <ul style="list-style-type: none"> <li>● Further strengthen efforts to reduce extensive overtime.</li> <li>● Ratio of employees with disabilities               <ul style="list-style-type: none"> <li>—NEC: Maintain a ratio of employees with disabilities at the 2% level.</li> <li>—Domestic consolidated subsidiaries: Achieve the statutory ratio of employees with disabilities at all consolidated subsidiaries.</li> </ul> </li> <li>● Target non-Japanese recruitment at 10% of the planned total number of recruits.</li> </ul>   | <ul style="list-style-type: none"> <li>● Further promote a healthy work-life balance.</li> <li>● Achieve the statutory ratio of employees with disabilities at all NEC consolidated subsidiaries in Japan.</li> </ul>  |
| ◎<br>△               | <ul style="list-style-type: none"> <li>● Introduce OH&amp;S management systems at NEC Group companies.</li> <li>● Specified Health Examination implementation rate*: 80.0%</li> <li>● Specified Health Guidance completion rate: 50.0%</li> <li>* Targets for fiscal 2013 are calculated on the same basis as the rates of Specified Health Examination implementation and Specified Health Guidance completion for the Ministry of Health, Labour, and Welfare.</li> </ul>  | <ul style="list-style-type: none"> <li>● OH&amp;S: Establish OH&amp;S management systems at each NEC worksite. Enhance the OH&amp;S management system for the NEC Group as a whole.</li> <li>● Specified Health Examination implementation rate*: 80.0%</li> <li>● Specified Health Guidance completion rate: 50.0%</li> <li>* Targets for fiscal 2013 are calculated on the same basis as the rates of Specified Health Examination implementation and Specified Health Guidance completion for the Ministry of Health, Labour, and Welfare.</li> </ul>           |
| ◎<br>◎               | <ul style="list-style-type: none"> <li>● Build and develop an overall training system for developing management leaders focused on NEC Group Key Position candidates.</li> <li>● Redevelop tier-specific training designed to rapidly train management personnel.</li> <li>● Make Global Professionals more visible.</li> <li>● Upgrade and expand the development of the global Web-based training platform.</li> </ul>   | <ul style="list-style-type: none"> <li>● Cultivate human resources that will execute the "C&amp;C Cloud Strategy."</li> <li>● Cultivate human resources that will advance global businesses.</li> <li>● Cultivate human resources across organizational boundaries.</li> <li>● Enhance worksite capabilities by enhancing management skills.</li> </ul>  |
| ◎<br>◎<br>◎          | <ul style="list-style-type: none"> <li>● Reduce the CO<sub>2</sub> emissions (power consumption by products during use converted into CO<sub>2</sub>) of all products (performance basis) by more than 65% on average compared with fiscal 2006.</li> <li>● Implement "Eco Appeal Proposals" at a rate of three proposals per person on average during the year.</li> <li>● Reduce energy-derived CO<sub>2</sub> emissions (total volume or energy equivalent) by 1% year on year.</li> </ul>  | <ul style="list-style-type: none"> <li>● Reduce the CO<sub>2</sub> emissions (power consumption by products during use converted into CO<sub>2</sub>) of all products (performance basis) by more than 65% on average compared with fiscal 2006.</li> <li>● Implement "Eco Appeal Proposals" based on the Green Appeal Sheet at a rate of three proposals per person on average during the year.</li> <li>● Reduce energy-derived CO<sub>2</sub> emissions (total volume or energy equivalent) by 1% year on year.</li> </ul>                                      |
| ◎<br>◎               | <ul style="list-style-type: none"> <li>● Formulate the on-site CSR assessment program for suppliers (human rights, labor, the environment, and anti-corruption).</li> <li>● Promote activities in concert with the industry to address the conflict mineral issue, while disseminating information within the Group and tackling this issue.</li> </ul>  | <ul style="list-style-type: none"> <li>● Thoroughly enforce risk management and compliance.</li> </ul>   |
| ○<br>○               | <ul style="list-style-type: none"> <li>● 77 Execute improvement initiatives based on CS surveys and opinions received from consumers: Enhance ability to address problems, improve responses, and improve proposal-making capabilities.</li> <li>● Establish a customer-based corporate culture: Foster a customer-oriented mindset among employees so that all Group activities in Japan and overseas are based on customer needs.</li> </ul>   | <ul style="list-style-type: none"> <li>● NEC gives top priority to providing products that can be used by customers with peace of mind. We therefore strive to improve the quality of employees, products and services, and business processes from the customer's point of view, with the aim of becoming the industry's No. 1 in CS.</li> </ul>  |
| ○                    | <ul style="list-style-type: none"> <li>● Incorporate universal design and "user-centered design" into development processes in collaboration with the relevant development process management division. (Create corporate SI solution design rules, build into development environment, develop accessibility criteria for the whole of NEC).</li> </ul>   | <ul style="list-style-type: none"> <li>● Develop outstanding examples of innovative products and services in terms of universal design and manufacturing friendly to humans. Promote and entrench these examples at product development worksites.</li> </ul>  |
| ◎<br>◎<br>○          | <ul style="list-style-type: none"> <li>● Promote the NEC "TOMONI" Project (reconstruction support activities).               <ul style="list-style-type: none"> <li>—Execute support measures focused on people with disabilities, children, and the elderly.</li> </ul> </li> <li>● Promote innovative activities that support both business activities and human resources development.               <ul style="list-style-type: none"> <li>—Encourage top management support.</li> <li>—Expand best practices of business collaboration internally (utilize in-house seminars and other means).</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● Promote programs that contribute to solving social issues based on the following themes:               <ul style="list-style-type: none"> <li>—Eliminating the Digital Divide (helping to solve poverty issues in developing countries and improving accessibility)</li> <li>—Social Innovation Developed by Entrepreneurs</li> <li>—Youth Education that Cultivates Creativity</li> <li>—Protecting the Earth's Environment and Biodiversity</li> <li>—Realizing a Diverse &amp; Thriving Society</li> </ul> </li> </ul> |
| ◎<br>◎               | <ul style="list-style-type: none"> <li>● Make continuous improvements based on the ISO 26000 approach.</li> <li>● Develop a platform for Group-wide and global expansion (including information gathering and dissemination on a consolidated basis).</li> <li>● Continuously promote CSR-based business operations (initiatives to solve social issues faced by communities and measures in the environmental and energy fields).</li> </ul>  | <ul style="list-style-type: none"> <li>● Promote the dissemination of information (CSR reports, etc.) throughout the NEC Group on a consolidated basis and enhance external evaluations.</li> <li>● Enhance ISO 26000-based activities.</li> </ul>   |

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For further details, please see the NEC CSR Report 2012 at the following URL:

**URL <http://www.nec.com/en/global/csr/index.html>**

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Statements in this report other than historical or current facts are forward-looking statements based on NEC's assumptions and beliefs in light of information currently available. We caution that these forward-looking statements are subject to changes in business conditions and other factors.

## Evaluation by External Parties:

- East Asia 30
- 4th place ranking based on the 15th Environmental Management Level Survey by Nikkei Inc. (category: manufacturing)
- Dow Jones Sustainability World Index, SAM Bronze Class



- FTSE4Good Global Index



- ETHIBEL EXCELLENCE



- MS-SRI Morningstar Socially Responsible Investment Index



- oekom rated as Prime

