

Orchestrating a brighter world



# Sustainability Report 2020

# Contents

- 2 Message from the President
- 3 What's NEC

## 4 Sustainable Management

- 5 Sustainable Management
- 8 Priority Management Themes from an ESG Perspective – Materiality
- 12 Dialogue Sessions on Materiality with Experts
- 13 Sustainable Management Needed in the Post-Pandemic World **D**
- 14 Respecting Human Rights
- 17 Innovation Management
- 22 Dialogue and Co-creation with Our Diverse Stakeholders

## 23 Environment

- 24 Fiscal 2020 Environmental Activity Highlights
- 25 Environmental Action with a Particular Focus on Climate Change **D**
- 26 Environmental Policy and Management
- 30 Feature: Response to Climate Change and TCFD
- 39 Initiatives in Products and Services
- 45 Initiatives in Production and Office Sites

## 52 Governance

- 53 Corporate Governance
- 54 Compliance and Risk Management

- 57 Basic Approach to Tax Matters
- 58 Promoting Fair Commercial Transactions
- 60 Business Continuity
- 62 Supply Chain Management
- 65 Strengthening Initiatives to Respect Human Rights in Procurement Activities **D**

## 66 Social

- 67 Inclusion and Diversity
- 71 Human Resources Development and Training
- 75 Creating a Diverse Work Style Environment
- 77 Health and Safety
- 80 AI and Human Rights
- 81 Personal Information Protection and Privacy
- 84 Information Security and Cyber Security
- 87 Ensuring Quality and Safety
- 89 CS (Customer Satisfaction) Initiative
- 90 Cooperation with the Local Communities

## 92 Appendices and Data Collection

- 93 ESG-Related Objectives, Achievements and Progress, and Degree of Completion
- 97 Data Collection
- 103 Third-party Assurance
- 105 External Ratings and Evaluation
- 107 GRI (Global Reporting Initiative) Index
- 110 Global Compact Index
- 111 ISO 26000 Index

## Information Disclosure Policy

### Basic Policy

Aiming to be a "Social Value Innovator," NEC considers communication with stakeholders to be a critical initiative because communication provides an opportunity for us not only to recognize our obligation to carry out our social responsibility but also to understand the fundamental issues of our customers and society. Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of "Orchestrating" stated in our purpose, "Orchestrating a brighter world."

We use our sustainability website and sustainability reports (PDF) as tools to enable this communication, disclosing the sustainability initiatives and their results as viewed from ESG. NEC's integrated report also presents the essence of the sustainability reports, mainly with a focus on "materiality," as well as the essence of our securities report, which discloses our financial activities.

### Scope of Report

In principle, the content relates to NEC Corporation in certain sections, but also includes subsidiary companies and affiliates in other sections. "NEC" refers to NEC Corporation and its subsidiary companies, unless otherwise noted.

Medium-term objectives presented in "ESG-related Objectives, Achievements and Progress, and Degree of Completion" related to ESG are for fiscal 2019-fiscal 2021.

### Disclosure Format

#### Sustainability Website and Sustainability Report (PDF)

NEC regularly discloses the latest information on its sustainability activities via its sustainability website. Furthermore, it emphasizes detailed coverage of information to ensure conformance with international reporting initiatives such as GRI, while addressing the needs of sustainability professionals such as ESG research institutes, the news media, universities, and NPOs/NGOs.

The sustainability report (English) posted on the sustainability website is published each September in PDF format. The previous sustainability report in English was published in September 2019.

#### NEC Integrated Report

NEC Integrated Report explains our management strategies, which are aimed at promoting the sustainable growth of NEC and society as a whole, from both financial and non-financial perspectives. NEC has published integrated annual reports containing both financial and non-financial information since fiscal 2014. In July 2018, NEC changed the name of the report to the "Integrated Report," having defined its materiality.

### Reference Guidelines

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

- GRI's Sustainability Reporting Guidelines Standard
- United Nations Global Compact
- ISO 26000
- Japan's Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"

In addition to the above, NEC also refers to the Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB).

Achievements marked with  have received third-party guarantees or verification.

NEC is a signatory to the United Nations Global Compact.



**D** : "Dialogue Sessions on Materiality with Experts"

## Message from the President

# NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

The novel coronavirus (COVID-19) that rapidly spread from the beginning of this year continues to evolve and is still causing an unprecedented impact around the world. We would like to extend our deepest sympathies to the people who are suffering from COVID-19 and their families, and our heartfelt condolences to those who have lost loved ones. We would also like to express our utmost gratitude and respect to all the people who are involved in the fight against this disease, in treating and controlling its spread around the world.

Ever since its establishment in 1899, the NEC Group, with uncompromising integrity and under the motto of "Better Products, Better Services," has strived to create products and services that provide value to our customers. In 2005, NEC became a signatory to the United Nations Global Compact, a global initiative aimed at sustainable growth for society and companies, and has since been promoting its activities based on the UN Global Compact's Ten Principles pertaining to the fields of human rights, labor, environment, and anti-corruption.

The NEC Group is focusing on leveraging its strengths in information and communications technology (ICT) to promote digital transformation to change our lives and businesses for the better, and to offer Solutions for Society that increase the sophistication of infrastructure systems and services that are indispensable to society. Under the NEC Way, our common set of values that form the basis for how the entire NEC Group conducts itself, NEC has made it its purpose to create the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Each of us at the NEC Group endeavors, under a spirit of self-help, to offer new values for society and customers by anticipating their expectations and comprehending their issues. This is in line with our commitment to contribute to the achievement of the Sustainable Development Goals (SDGs) by strengthening our engagement with all other stakeholders.

September 2020

Takashi Niino  
President and CEO

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# What's NEC

\*1 For NEC Corporation on a standalone basis  
 \*2 As of March 31, 2020  
 \*3 Actual results for the fiscal year ended March 31, 2020  
 \*4 As of March 31, 2020  
 \*5 Ratio of employees returning to work who started childcare leave in fiscal 2018  
 \*6 Based on the Act on Employment Promotion etc. of Persons with Disabilities as of June 1, 2020  
 \*7 Ranked 1st five times in benchmark testing held by the U.S. National Institute of Standards and Technology (NIST)  
 \*8 Ranked 1st eight times in benchmark testing sponsored by NIST  
 \*9 Ranked 1st in benchmark testing sponsored by NIST

**Establishment**

Longstanding relationships of trust with customers

**1899**

▶ P.5-7

**NEC Way**

**Purpose**  
Orchestrating a brighter world

**Code of Values**  
**Code of Conduct**  
**Principles**

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

▶ P.5-7

**Number of cases of serious involvement with cartels and/or bid-rigging**

**0 cases**

▶ P.54-56, P.58-59

**Average age of employees\*1\*2**

**Male 44.2 years old**  
**Female 41.8 years old**

▶ P.67-70

**Ratio of male and female hires\*1\*3**

**Male 73.3%**  
**Female 26.7%**

▶ P.67-70

**Number of employees\*4**

Approximately **110,000**

▶ P.67-70

**Revenue\*3**

**3,095.2 billion yen**

**Composition of Revenue**

Public Solutions Business	15%
Public Infrastructure Business	22%
Enterprise Business	18%
Network Services Business	16%
Global Business	16%
Others	13%

▶ P.67-70

**Consolidated subsidiaries\*4**

**300 Consolidated subsidiaries**

**More than 50 countries and regions**

▶ P.67-70

**Ratio of female managers\*2**

**7.8%**

▶ P.67-70

**Ratio of employees returning after childcare leave\*1\*5**

**97.5%**

▶ P.67-70

**Ratio of employees with disabilities\*1\*6**

**2.38%**

▶ P.67-70

**Inclusion in the CDP Climate Change and Water A List**

**A List**

▶ P.23-51

**Rate of contribution to CO<sub>2</sub> emission reductions across the whole supply chain\*3**

Approximately **5.2 times**

▶ P.23-51

**R&D expenses\*3**

**109.8 billion yen**

▶ P.17-21

**Number of patents\*4**

Approximately **47,000**

▶ P.17-21

**Technological capabilities**

**Global No. 1**

**Facial recognition\*7**  
**Fingerprint recognition\*8**  
**Iris recognition\*9**

▶ P.17-21

# Sustainable Management

Sustainable Management	5-7
Priority Management Themes from an ESG Perspective – Materiality	8-11
Dialogue Sessions on Materiality with Experts	12
Sustainable Management Needed in the Post-Pandemic World <b>D</b>	13
Respecting Human Rights	14-16
Innovation Management	17-21
Dialogue and Co-creation with Our Diverse Stakeholders	22

**D** : “Dialogue Sessions on Materiality with Experts”



# Sustainable Management

NEC’s sustainable management aims to realize a sustainable society where everyone has the chance to reach their full potential. This means that every one of us, officers and employees, will seek to contribute to solutions for social issues and exert a positive influence on society and the environment through our business activities and corporate citizenship activities, such as community contributions, while listening to the voices of society through dialogue with our stakeholders.

In addition to focusing on fulfilling our compliance responsibility, such as ensuring legal compliance and corporate ethics, we also focus on mitigating corporate risks that may adversely affect society or the environment.

## Our Journey in Sustainable Management

NEC’s story starts in 1899, when the Company was born as Japan’s first joint venture with a foreign company. Founder Kunihiko Iwadare created the motto, “Better Products, Better Services,” to express his goal of creating a company that provides customers with world-class products and takes responsibility for them through after-sales services by providing telecommunications equipment such as telephones and switching systems.

Later, in the 1950s, the Company began working on the development of computers. In 1977 at the INTELCOM 77 international communications expo held in Atlanta, United States, then-chairman of NEC Koji Kobayashi presented a new concept, “C&C,” referring to the integration of computer and communications technologies.

At this time, President Kobayashi talked about NEC’s vision for C&C as follows:

<Vision for C&C>  
 “If I am asked about my vision for communications in the future, I can see a world where any and all individuals are able to communicate with each other at any time, at any place on the earth, in the early days of the next century. Assuming that this comes true, all technology, communications, computers and televisions will be, and should be, integrated. And, therefore, it is important to help developing countries to be able to participate in such a world telecommunications system.”

This vision has been technologically realized today in our age of widespread computers, mobile phones, and the internet. The ambition to enable people around the world to be able to connect anytime, anywhere, and with anyone aligns with the aspiration of the Sustainable Development Goals (SDGs) adopted by 193 United Nations member countries in 2015 to “leave no one behind.” The issue is now being addressed throughout the world.

As the value expected of NEC by customers and society changed from our tangible technologies and products to the intangible creation of value, in 2013 we responded under Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator creating value for society. The following year, in 2014, we announced our brand statement, “Orchestrating a brighter world.” In 2019, we marked our 120th anniversary by reorganizing the structure of the NEC Way, now over 10 years old. On this occasion, we reflected the changes and demands of society and reformed it to guide the actions of each individual from officers to employees. The NEC Way announced in April 2020 presents the connections between the Company’s purpose, its principles, and each individual in a clear, simple way.

<p><b>1899</b>  <b>Establishment of Nippon Electric Company</b>                  The Founding Spirit of “Better Products, Better Services”                  Create customer satisfaction and pleasure by consistently providing better products and services.</p>  <p>Founder: Kunihiko Iwadare</p>	<p><b>1977</b>  <b>C&amp;C Announced</b>                  The integration of computers and communications                  The aspiration of enabling people throughout the world to connect anytime, anywhere, and with anyone, is aligned with the SDGs aspiration to “leave no one behind.”</p>  <p>Announcement of C&amp;C at INTELCOM 77</p>	<p><b>2013</b>  <b>Transformation into a Social Value Innovator</b>                  \Orchestrating a brighter world                  As the value expected by customers and society changed from our tangible technologies and products to the intangible creation of value, we responded under Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator.</p>	<p><b>2020</b>  <b>NEC Way</b></p>  <p>The NEC Way sets out the values and principles of action that are shared by the NEC Group. It articulates NEC’s “Purpose” and “Principles” as a company as well as the expected behaviors, the Code of Values and Code of Conduct, that all of the members comprising the NEC Group are expected to demonstrate.</p>
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Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
				8-11	Priority Management Themes from an ESG Perspective – Materiality	14-16	Respecting Human Rights		
				12	Dialogue Sessions on “Materiality” with Experts	17-21	Innovation Management		

## NEC Way

The NEC Way is a common set of values that form the basis for how the entire NEC Group conducts itself. It articulates NEC’s “Purpose” and “Principles” as a company as well as the expected behaviors, the Code of Values and Code of Conduct,\* that all of the members comprising the NEC Group are expected to demonstrate.

\*Formal name: NEC Group Code of Conduct

### Purpose

#### Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

The NEC Group’s purpose is to collaborate with various stakeholders to create the social values of safety, security, fairness, and efficiency, while striving to enable people to live and live abundantly. In doing so, we will aim to realize a sustainable society that enables each individual to achieve their full potential and also overcomes global environmental issues such as climate change.

This approach is aligned with the aspiration of the SDGs to “leave no one behind.” Furthermore, NEC’s field of expertise, ICT, has the potential to deal with various issues, and by engaging in dialogue and co-creation with various stakeholders, we believe we can contribute significantly to all of the targets set out in the SDGs.

#### NEC actions to achieve SDGs

### Principles

The NEC Group acts in line with the following three principles.



- ◆ The Founding Spirit of “Better Products, Better Services”
  - ◆ Uncompromising Integrity and Respect for Human Rights
  - ◆ Relentless Pursuit of Innovation
- **The Founding Spirit of “Better Products, Better Services”**  
The NEC Group will not stop at achieving its best at a certain point in time, but rather continue indefinitely to pursue improvements to provide better products and services for customers and society.
  - **Uncompromising Integrity and Respect for Human Rights**  
This expresses the NEC Group’s spirit of uncompromising integrity (high sense of ethical standards, including compliance) throughout the overall organization in order to remain trusted by society as a Social Value Innovator, and its commitment to respecting human rights.
  - **Relentless Pursuit of Innovation**  
The pursuit of innovation is the driving power behind the NEC Group’s activities. This innovation goes beyond technology development. It involves working with various stakeholders to pursue improvement in the Company and society, from yesterday to today, and on to tomorrow.

### Code of Values and Code of Conduct

NEC has set out the Code of Values, which stimulates the active and autonomous behavior that everyone from officers to employees should take individually to create social value.

In addition, the NEC Group Code of Conduct is a set of specific guidelines to be observed that summarize the concept of integrity presented in the Principles. Every one of these guidelines must be upheld in order to achieve NEC’s purpose.

## NEC’s Basic Principles of Sustainable Management

NEC is promoting sustainable management in accordance with the following basic principles based on the NEC Way.

### Contribute to Solving Social Issues through Our Business Activities

In its purpose, NEC aims to create the social values of safety, security, fairness, and efficiency through its business activities.

With regard to the social issues we are addressing and the impact of our social value, we can confirm the SDG targets using the target number levels (the numbers provided for each target such as 1.1 and 2.3) and verify our progress. For example, [in our initiative to promote vaccine distribution and vaccination records for children using fingerprint identification in collaboration with the global vaccine alliance GAVI and UK-based Simprints](#), we aim to solve SDG 3 targets 3.8 “Ensure vaccines for all” and 3.2 “End preventable deaths of children under 5.”

### Strengthen Risk Management and Enforce Compliance

To put into practice the Principle of “Uncompromising Integrity and Respect for Human Rights,” our business activities are predicated on placing top priority on “strengthening risk management and enforcing compliance,” considering the impact not only on our employees, but also on customers and society. The NEC Group Code of Conduct also begins with calling for “acts in good faith based on high ethical standards.”

In 2005, NEC signed the United Nations Global Compact, which calls for corporate activities based on 10 principles in the four areas of “Human rights,” “Labor,” “Environment” and “Anti-corruption,” and we periodically undertake self-evaluations of the activities as part of our participation.

### Promote Communication with Stakeholders

Engaging in dialogue and co-creation with our stakeholders is an essential process for understanding the real issues faced by customers and society and their expectations of us, and for building relationships of trust. Our commitment

to promoting dialogue and co-creation with stakeholders is embedded in the concept of “Orchestrating” stated in our purpose, “Orchestrating a brighter world.” This also aligns with Goal 17 of the SDGs, “Partnerships for the goals.”

## Value Creation Process

Going even further, NEC has presented the process for realizing its purpose as the following value creation process (figure on the right), giving consideration to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and value co-creation guidance.

NEC’s corporate activities start by thinking about and grasping future social issues together with various stakeholders, based on the SDGs, megatrends, and feedback from customers and society.

From there, we invest the tangible and intangible capitals (financial, manufactured, intellectual, human, social and relationship, and natural capitals) that NEC has built up into business segments that will actually create value. In so doing, we are not only promoting the NEC Way, but also “materiality,” our priority themes to be addressed from an ESG perspective. By concentrating capital in this way, we create NEC’s unique strengths.

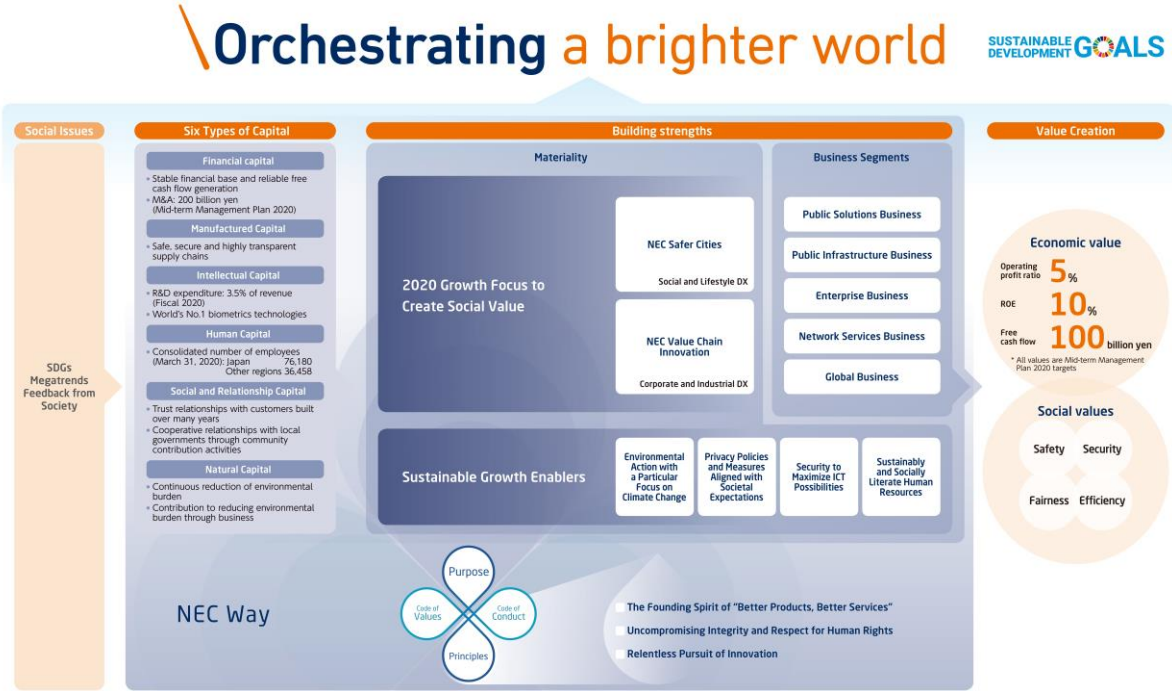
And by leveraging these strengths, we create financial and social value.

We will further evolve this value creation process by accurately comprehending social changes and building on our strengths through constant pursuit of innovation.

- ▶ [Priority Management Themes from an ESG Perspective—Materiality](#)

## Sustainable Management Promotion Framework

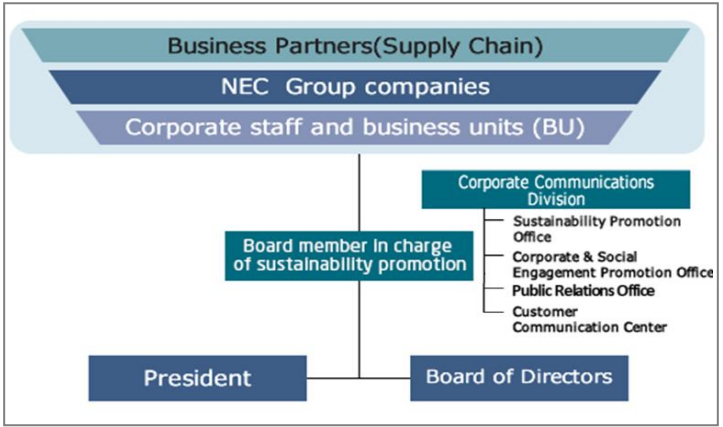
NEC’s sustainable management is promoted by corporate divisions such as the Corporate Strategy, IR, Human Resources and General Affairs, Human Resource Organization Development, Compliance, Management



NEC’s value creation process

Information Systems, Environment, Customer Service, Quality Assurance, Procurement, and Communications divisions, as well as Laboratories, Business Divisions, and Group Companies in Japan and overseas (figure on the right). We also undertake initiatives in coordination with business partners.

Key matters for promoting sustainable management are discussed as necessary by corporate officers, and matters approved by the board member in charge of sustainability promotion are reported and discussed periodically within the Board of Directors.



NEC’s sustainable management promotion framework



## Priority Management Themes from an ESG Perspective – Materiality

NEC Corporation has connected the social and environmental initiatives that it has implemented since its foundation even closer to its business strategies. To link the growth of society to our own, in 2018 with the formulation of Mid-term Management Plan 2020, we defined our “materiality” as priority management themes from an ESG perspective.

From 2020, we revised the *NEC Way*, a common set of values that form the basis for how the entire NEC Group conducts itself. The six themes below are now defined as the Group’s materiality, separately from “Dialogue and co-creation with our stakeholders,” “Innovation management,” and “Governance and Compliance,” which have been incorporated into the *NEC Way*.



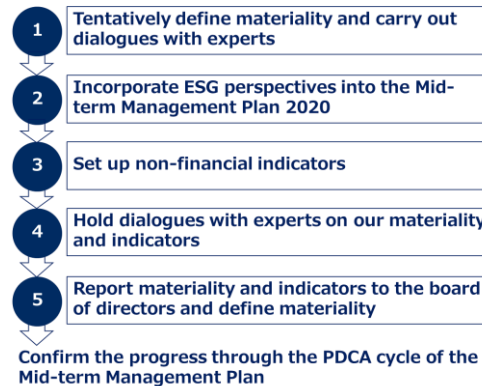
(Fig. 1) NEC’s Priority Management Themes from an ESG Perspective—Materiality (Reset in Fiscal 2021)

In our initiatives for materiality, we conduct a self-evaluation of our sustainability management by recording the details of the initiatives clearly in the role descriptions for each inside director and confirming the progress within the PDCA cycle for the mid-term management plan. In addition, by publicizing our initiatives, we receive evaluations and feedback from society, which we incorporate into making improvements for our initiatives. The feedback also helps to foster employee pride in the company and to increase motivation.

### Materiality Definition Process

#### Definition Process for 2018

In defining our materiality, we referred to ISO 26000, the GRI Standard, the UN Global Compact, and the SDGs, among others, along with holding multiple dialogues with experts in various fields and representative stakeholders. We used the following process, remaining highly conscious of the mid-term management plan.



▶ [NEC Sustainability Report 2018 “Sustainable Management”](#)

The materiality that was defined in 2018 comprised the following nine themes, organized in three levels.



(Fig. 2) Materiality defined in 2018 (fiscal 2019 to fiscal 2020)

- (1) **2020 Growth Focus to Create Social Value (2 themes)**  
Growth areas under Mid-term Management Plan 2020, organized from an ESG perspective
- (2) **Engines of Change (2 themes)**  
Themes that will serve as engines for minimizing risks to society, maximizing economic and social value
- (3) **Sustainable Growth Enablers (5 themes)**  
In addition to carrying out Mid-term Management Plan 2020, themes that management should engage with over the long term as a foundation for a Social Value Innovator

In addition, we set out our vision for each theme and indicators for measuring our achievement and social value (impact on society). For materiality themes whose value cannot easily be quantified, we confirmed the degree of achievement and social value by presenting the background to setting the target and the process for the activities. For example, we measure expansion in market share and other indicators for the two themes under the “2020 Growth Focus to Create Social Value,” because we believe that growing a business with a strong emphasis on providing social value will bring us closer to realizing our vision.

### Reviewing Themes in Response to the 2020 Revision of the NEC Way

The *NEC Way* announced in April 2020 incorporates the following three visions for materiality that had previously been defined as materiality. Therefore, the materiality themes for fiscal 2021 exclude these three, and comprise six themes in two levels (Fig. 1). These were reported and decided in the Board of Directors.

### Dialogue and Co-creation with Our Stakeholders

Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of “Orchestrating” stated in our purpose, and we have therefore transferred “Dialogue and Co-creation with Our Stakeholders” from materiality to the *NEC Way* itself.

In Sustainability Report 2020, we report on the following examples of dialogue and co-creation.

- ▶ [Dialogue Sessions on Materiality with Experts](#)
- ▶ [Dialogue and Co-creation with Diverse Stakeholders](#)
- ▶ [Environmental Action with a Particular Focus on Climate Change](#)
- ▶ [Strengthening Initiatives to Respect Human Rights in Procurement Activities](#)

<b>Sustainable Management</b>	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
				<b>8-11</b>	<b>Priority Management Themes from an ESG Perspective - Materiality</b>	14-16	Respecting Human Rights		
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## || Innovation Management

Since we have positioned “Relentless Pursuit of Innovation” as one of the Company’s Principles, we will manage our progress on innovation management as part of implementing the NEC Way.

In Sustainability Report 2020, amid our various innovations, we have focused on explaining our initiatives to strengthen our technological capabilities and to commercialize them, recognizing that these are NEC’s strengths and the keys for its continued provision of value to society.

### ▶ [Innovation Management](#)

## || Governance and compliance

The NEC Principle of “Uncompromising Integrity and Respect for Human Rights” expresses the NEC Group’s spirit of uncompromising integrity (high sense of ethical standards, including compliance) in order to remain trusted by society as a Social Value Innovator, and its commitment to respecting human rights. Therefore, we also manage our progress on governance and compliance as part of implementing the NEC Way.

In Sustainability Report 2020, we introduce our initiatives for “Uncompromising Integrity and Respect for Human Rights” below.

- ▶ [Initiatives for management transparency](#)  
[Corporate Governance](#)
- ▶ [Ensuring compliance in areas such as fair trade and anti-corruption](#)  
[Compliance and Risk Management](#)
- ▶ [Initiatives to respect human rights in NEC’s business activities](#)  
[Respecting human rights](#)  
[AI and human rights](#)  
[Personal information protection and privacy](#)  
[Supply chain management](#)
- ▶ [Initiatives for maintaining and improving the quality of products and services](#)  
[Ensuring Quality and Safety](#)

## || Materiality

The NEC Group’s current materiality comprises the following six themes.

### || [2020 Growth Focus to Create Social Value](#)

In Mid-term Management Plan 2020, we define “NEC Safer Cities,” “Formation of a sustainable, smart supply chain,” and “Safe and comfortable connected cars” as growing businesses. From an ESG perspective, these are organized into “NEC Safer Cities” and “NEC Value Chain Innovation.”

We believe that the social value we provide is increased when NEC products and services are widely used by customers. We therefore use the financial indicators specified in Mid-term Management Plan 2020 to measure our progress. On the other hand, we are also working to quantitatively show what kind of value our products and services provide for society.

### || [NEC Safer Cities \(Social and Lifestyle DX\)](#)

As populations rapidly concentrate in urban areas, new value is created through economic growth and the diversification of life and culture; at the same time, cities also face a wide range of social challenges, such as increasing levels of crime and terrorism. NEC will contribute to realizing safe, secure, fair and efficient cities where individuals can exhibit their potential to the full and live better lives, by utilizing cutting-edge technology such as biometric authentication, AI (artificial intelligence) and the IoT (internet of things).

### || [Indicators for measuring progress and initiatives in fiscal 2020](#)

We are promoting our business using our financial indicator of international sales of 200 billion yen for fiscal 2021 as a materiality indicator.

### ▶ [NEC Safer Cities](#)

## || [NEC Value Chain Innovation \(Corporate and Industrial DX\)](#)

Our society faces various kinds of social issues, such as food waste, labor shortages, changes in the consumption environment, and diversifying threats.

NEC will develop cutting-edge technologies and promote co-creation with customers in order to connect people, goods, and processes, reaching across the boundaries between enterprises and industries to create new value. In addition, NEC will support a more sustainable planet, sustainable growth for companies, a society where people can live in abundance, and a brighter world for the future.

### || [Indicators for measuring progress and initiatives in fiscal 2020](#)

NEC aims to amplify the social value it provides by developing and supplying larger numbers of services. For example, we will contribute to reducing food waste from manufacturing and supply chains, which is defined in SDGs Goal 12, Target 12.3, by promoting NEC Value Chain Innovation to optimize the demand-and-supply balance.

For fiscal 2021, we have set out a goal of expanding our domestic sales to 85 billion yen in growth fields including NEC Value Chain Innovation. In fiscal 2020, we expanded the number of situations into which we introduced Value Chain Innovation.

### ▶ [NEC Value Chain Innovation](#)

Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
				8-11	Priority Management Themes from an ESG Perspective - Materiality	14-16	Respecting Human Rights		
				12	Dialogue Sessions on Materiality with Experts	17-21	Innovation Management		

## Sustainable Growth Enablers

### Environmental Action with a Particular Focus on Climate Change

The negative effects that are brought about by climate change cover a range of different circumstances, such as an increasing number of natural disasters caused by abnormal weather conditions, depletion of water resources, effects on the supply of and demand for food, etc.

NEC has set out a goal of reducing the Company's CO<sub>2</sub> emissions to zero by 2050, and reducing CO<sub>2</sub> emissions from the whole supply chain by cooperating with suppliers and partners. Based on these efforts, NEC is contributing to reductions in greenhouse gases on a global scale.

By offering energy-saving products and services, solutions aimed at preparing for the risks of natural disasters such as floods and landslides, and products and services to cope with environmental issues caused by climate change, NEC will contribute to the efforts our customers and society are making to address climate change.

### Non-financial indicators for measuring progress and initiatives in fiscal 2020

NEC aims to not only minimize CO<sub>2</sub> emissions and risks across its entire supply chain, but to also expand the value it offers to customers and society via ICT from the perspectives of mitigation and adaptation. This fiscal year, NEC's ICT-generated value came to a total of 39.06 million tons (CO<sub>2</sub> conversion; year-on-year increase of about 16%), which is approximately 5.2 times the 7.48 million tons of CO<sub>2</sub> emissions from NEC's entire supply chain (year-on-year decrease of 8%) and an increase over last fiscal year (4.1 times).

\* As a result of revising the method of calculating Scope 3 emissions, the multiple was corrected from 6 times to 4.1 times. Please refer to the revision of Scope 3 emissions calculations for details.

- Indicator: Rate of contribution to CO<sub>2</sub> emission reductions across the whole supply chain
- Target for fiscal 2021: 5 times
- Result for fiscal 2020: 5.2 times

Furthermore, in fiscal 2020 the Group company NEC Platforms Thai Company Limited introduced a system for optimizing solar power generation equipment and electric power facilities at its production plant. This is expected to

be able to reduce electric power consumption by around 40% compared to a conventional plant. These initiatives have been recognized with NEC's selection as an "A List" company, the highest ranking, in the "Climate Change" and "Water" categories of the international non-profit organization, CDP.\*

\*CDP: An international non-profit organization that operates a global information disclosure system for investors, companies, municipalities, countries, and regions to manage environmental impacts

Furthermore, in July 2018, we announced our agreement with the TCFD\* recommendations, and in October 2018 we received SBT\* approval for our target of a 33% reduction in CO<sub>2</sub> emissions by fiscal 2031 (compared with fiscal 2018; sum of absolute values for Scope 1 and 2).

\* Task Force on Climate-related Financial Disclosures (TCFD): A recommendation on climate change-related disclosures.

\* Science Based Targets (SBT): Corporate CO<sub>2</sub> emission reduction targets that are in scientific agreement with the 2°C global target of the Paris Agreement.

#### ▶ Feature: Response to Climate Change and TCFD

### Privacy Policies and Measures Aligned with Societal Expectations

NEC will develop and supply products and services that observe the relevant laws and regulations in each country and region, such as the General Data Protection Regulation (GDPR) that came into force in the European Union (EU) and Japan's Act on the Protection of Personal Information. These products will also be responsive to differences in privacy needs between different countries and regions due to cultural perspectives and are sensitive to human rights issues, such as discrimination. In doing so, NEC is required not only to minimize adverse impacts on society, but also to maximize social value through such initiatives.

The Principles of the NEC Way stipulate "Uncompromising Integrity and Respect for Human Rights," while the NEC Group Code of Conduct, in governing the individual conduct of everyone from officers to employees, clearly requires that human rights be respected in all situations. Furthermore, the NEC Group Human Rights Policy states that the Group will promote initiatives to respect human rights throughout the value chain.

Moreover, we are also responding to growing concerns about adverse impacts on human rights, including violations of privacy and discrimination that have

accompanied the use of AI and the IoT to enrich human life. In 2019, we announced the "NEC Group AI and Human Rights Principles." These principles stipulate that all individuals from officers to employees are to recognize respect for human rights as the highest priority in each and every stage of the NEC Group's business operations in relation to AI utilization, such as social implementation of AI and utilization of biometrics, and to take action accordingly.

### Non-financial indicators for measuring progress and initiatives in fiscal 2020

In fiscal 2020, we continued dialogues with multiple stakeholders and confirmed initiatives based on the companywide principles. In addition, we worked to incorporate the companywide principles into the relevant business framework.

- Indicator: Promotion of the NEC Group AI and Human Rights Principles and incorporation into business activities (including dialogues with multiple stakeholders)
- Result for fiscal 2020:
  - We established the Digital Trust Advisory Council, chaired by an outside expert, and held meetings to incorporate the advice and knowledge of outside experts.
  - We incorporated initiatives for respecting human rights under the NEC Group AI and Human Rights Principles into the business execution process.

Moreover, we are making use of initiatives with academia centered on research laboratories to strengthen NEC's proprietary technological capabilities such as secure computation technologies, anonymization technologies, and facial recognition technologies that are considerate of fairness.

- ▶ Respecting Human Rights
- ▶ AI and Human Rights
- ▶ Personal Information Protection and Privacy
- ▶ Innovation Management

Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
				8-11	Priority Management Themes from an ESG Perspective - Materiality	14-16	Respecting Human Rights		
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## Security to Maximize ICT Possibilities

Security, as well as privacy, is also a theme that NEC needs to take up across the whole value chain, including our customers and clients, in order to provide values such as safety, security and fairness to society through our business activities.

NEC is making efforts to minimize risks in the fields of information security and cyber security in particular, ensuring that our customers are able to securely experience the benefits offered by ICT.

## Non-financial indicators for measuring progress and initiatives in fiscal 2020

The following two indicators are used to measure the progress we make in terms of minimizing risks while maximizing value, with the aim of realizing a secure information society.

In fiscal 2020, we continued initiatives led by the CIO and CISO to minimize risk and promote provision of products, systems, and services that contribute to information security and cyber security countermeasures.

- Indicators:

- (1) Minimize the effects of major security incidents by ensuring that we enhance cyber security measures while also strengthening information security measures in order to prevent leakage of information
- (2) Promote products and services that incorporate security measures and case studies taken from NEC Group's own information security practices as a reference

### Information Security and Cyber Security

## Sustainably and Socially Literate Human Resources

Based on the NEC Way and the Human Resources (HR) Policy, NEC is aiming to develop human resources and an organizational culture that are able to continuously create value for society, constantly acting from a customer-oriented perspective with a high sense of ethical value and a deep understanding of the essential issues faced by customers and society.

## Non-financial indicators for measuring progress and initiatives in fiscal 2020

NEC uses the following indicator to confirm whether we are succeeding in developing human resources who possess a higher level of social sensitivity and in outputting the social value created by our personnel, and whether we are succeeding in creating an organization that has a sense of speed embedded in its culture.

- Indicator: Ratio of employees who have a strong sense that NEC is changing to create social value by accepting a diverse range of values
- Target for fiscal 2020:  
In a survey of employees of NEC and its domestic and overseas subsidiaries, increase the ratio of respondents who respond "Strongly agree" or "Agree" to having a real sense of change by 7 points from 23% in fiscal 2019 to 30%.
- Result for fiscal 2020:  
The ratio increased by 2.3% from fiscal 2019 to 25.3%. Although we did not achieve the target ratio, the response ratio increased, with the number of respondents increasing by a factor of around 1.8 from fiscal 2019.

In fiscal 2020, NEC formulated its HR Policy, which summarizes the Company's approach to implementing the Code of Values at a high level and measures to transform people and the organization. We continued to promote human resource development and training strategies based on strengthening execution capabilities, cultivating professionals, and developing the next generation of leaders.

In fiscal 2021, we will implement measures to promote the following HR Policies: "Diverse opportunities for new challenges," "Fair appraisal and progressive rewards," and "Work environments and culture that bring out your best."

- ▶ Human Resources Development and Training
- ▶ Inclusion and Diversity
- ▶ Creating a Diverse Work Style Environment



HR Policy "NEC, for those who seek challenge."

### NEC, for those who seek challenge.

#### Diverse opportunities for challenge

Our guiding principle is right time, right position, right person. Diverse opportunities for challenge are provided, which employees can take advantage of to flexibly build their own careers.

#### Unlimited growth opportunities

If your outlook is ambitious, you can continue improving your skills and growing as a professional.

#### Fair appraisal and progressive rewards :

Performance is evaluated fairly and rewarded with the appropriate pay and subsequent growth opportunities and positions.

#### Work environments and culture that bring out your best

Systems support good work environments and culture in addition to a fulfilling quality of life, allowing employees to dedicate themselves to taking on challenges.

# Dialogue Sessions on Materiality with Experts

To explore how NEC can incorporate non-financial (ESG) initiatives and management, and how its business activities impact society, we invited outside experts in their respective fields to participate in a dialogue on the following themes.

## Sustainable Management Needed in the Post-Pandemic World ▶ P. 13

| Peter David Pedersen | Masaru Arai | Yukiko Furuya |



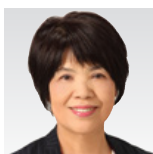
### Peter David Pedersen

Co-Founder, Next Leaders' Initiative for Sustainability (NELIS); Professor, Graduate School of Leadership and Innovation Shizenkan University; Chairman, Transagent Co., Ltd. Born 1967 in Denmark, graduated from the Institute of Cultural Anthropology, Copenhagen University. Representative Director, NELIS. Co-founder, E-Square Inc. In 2000, Peter David co-founded E-Square Inc., one of Japan's first sustainability consultancies, and worked on numerous CSR/sustainability projects with leading Japanese corporations. Co-founded NELIS in 2015.



### Masaru Arai

Masaru Arai is chair of the Japan Sustainable Investment Forum (JSIF) and a senior engagement consultant at Federated Hermes EOS, where he focuses on engagements in Japan. He has 17 years of experience in responsible investment, 19 years in investment trust management and 20 years in the brokerage and underwriting business. He has been a member of the FTSE Russell ESG Advisory Committee since 2005 and the Sustainable Investment Advisory Committee since 2020. He also served as a member of the Sustainable Financial System Advisory Group of the PRI and in 2015 acted as a PRI board member.

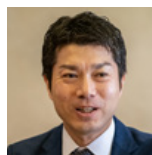


### Yukiko Furuya

Yukiko Furuya is the Executive Director of CSO Network Japan. She is also an advisor on consumer lifestyles and holds a PhD in general policy. In addition, she is the Representative for the Consumer Conference for Sustainability, Co-Representative for the CSR Review Forum, Vice Representative Director of the Civil Society Platform for Japan's National Action Plan on Business and Human Rights, Director of the Japan Society for Business and Ethics, and a Fellow of the Business Ethics Research Center. Since 2020, she has served as a member of the Expert Panel on Promoting Consumer Sentiment Management of Japan's Consumer Affairs Agency. Her major papers include "Promoting Sustainable Consumption," Japan Forum of Business and Society 2017, and she is the author of "Management Strategy for Consumer Orientation," Fuyoshobo (2019) and "Modern Consumer Sovereignty," Fuyoshobo (2017).

## Environmental Action with a Particular Focus on Climate Change ▶ P. 25

| Peter David Pedersen | Toshiyuki Imamura | Ayako Sonoda |



### Toshiyuki Imamura

Managing Director, Head of Responsible Investment Department, Nomura Asset Management Co., Ltd. (NAM) Over 25 years of investment experience, with appointments prior to his current position in 2016 including Head of the Investment Planning Department (2013), and London office head for Nomura's investment fund research and consulting arm (2008). Spent 12 years in global equity portfolio management after joining NAM in 1994, including three years at NAM's New York office from 2003.



### Ayako Sonoda

Representative Director, Cre-en Inc. Ayako Sonoda established Cre-en Inc. in August 1988. She started a full-scale environment and CSR business in 1995, and is active in the field of CSR and SDGs consulting, as well as planning and production of CSR and Integrated Reports. She is the Representative Director of Mirai RITA Foundation, as well as the Head of Secretariat of Sustainability Forum Japan, Outside Director of Nihon Unisys, Ltd., Member of the Ministry of the Environment's Citizens Exercise Business Promotion Council, and Member of the Ministry of the Environment's SDGs Stakeholders Meeting. She is also an itinerant lecturer at Yokohama City University and Osaka Prefecture University Graduate School.

## Strengthening Initiatives to Respect Human Rights in Procurement Activities ▶ P. 65

| Asako Nagai | Daisuke Takahashi | Ryusuke Tanaka |



### Asako Nagai (Facilitator)

Managing Director at Business for Social Responsibility (BSR). Asako holds dual master's degrees in Business Administration and Science from the Ross School of Business and School of Natural Resources and Environment at the University of Michigan. Prior to joining BSR, Asako has more than 10 years of experience leading global sustainability strategies. She also played a role in shaping the industry framework for the Responsible Business Alliance (RBA). In 2013, Asako joined BSR, a global organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world.



### Daisuke Takahashi

Daisuke Takahashi is an attorney in Japan and holds master degrees in law (U.S., France, Germany, and Italy). He is also a certified analyst of the Securities Analysts Association of Japan (CMA). He provides legal advice and dispute resolution services for corporations and financial institutions as an expert in the fields of global compliance, corporate governance, and sustainability. As vice chair of the Project Team on CSR and Internal Control of the Japan Federation of Bar Associations (JFBA), he contributed to drafting "Guidance on Human Rights Due Diligence," "Guidance on Prevention of Foreign Bribery" and "Guidance on ESG Risk Management" He is also a member of the "Working Group on the National Action Plan (NAP) on Business and Human Rights" of the Ministry of Foreign Affairs.



### Ryusuke Tanaka

Ryusuke Tanaka is the Programme Officer at the International Labour Organization Office for Japan. In that capacity, he assumes the role of contact point for tripartite constituents and other partners in Japan and has engaged in projects for global supply chains and corporate social responsibility as well as collaboration activities between the ILO and the Tokyo Organising Committee of the Olympic and Paralympic Games. He graduated from the Keio University Faculty of Law, Department of Political Science and the Ritsumeikan University School of Law, and holds a master's degree from New York University School of Law. Before joining the ILO, he was working as an attorney-at-law in Japan, specializing in domestic and international labour and employment law.

Sustainable Management	Environment	Governance	Social	5-7 Sustainable Management	13 Sustainable Management Needed in the Post-Pandemic World	22 Dialogue and Co-creation with Our Diverse Stakeholders
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## Sustainable Management Needed in the Post-Pandemic World

NEC Corporation announced its materiality in January 2018, coinciding with the formulation of the Mid-term Management Plan 2020 (Mid-term Plan). Last year, we marked NEC's 120th anniversary, and in April 2020 we took that as an opportunity to refine our medium- to long-term vision for NEC in the NEC Way.

For this dialogue, we made use of the video conferencing system Zoom, due to the impact of COVID-19, to exchange opinions on the theme of the Company's sustainability management direction as presented in the NEC Way and its materiality.

The unprecedented state of emergency has enabled everyone to experience the potential of ICT, and we have received feedback from people expressing their expectations of NEC Corporation. On the other hand, we have also received advice that NEC should conduct business using its own distinctive value creation model since ICT has unlimited potential, and that rather than thinking about extending our current business, we should make good use of the SDGs, present a long-term vision for 2030, set targets using back-casting, and think about outcomes.



### Rather than Continuing on the Current Trajectory, NEC Should Present Targets from a Long-Term Perspective

**Shikimori (NEC)** Last year NEC revised the NEC Way and reviewed its materiality. The Company also presented its value creation process in the Integrated Report. This year, our challenge is to communicate our approach to capital investment within this value creation process, and to further incorporate ESG perspectives into the Mid-term Plan that starts from next fiscal year.

**Pedersen** I am in complete agreement with incorporating ESG perspectives into the Mid-term Plan. When doing this, there are two considerations that I think are important.

The first is that NEC should use events such as this pandemic to pivot to a "Green Restart" rather than returning to our previous growth models. This means accelerating progress towards a sustainable economy. NEC has ample potential in this regard, and has a strong foundation for realizing green growth, for example.

The second consideration is that it is difficult to comprehend issues in just the three-year span of a Mid-term Plan. Therefore, NEC should take a long-term perspective, including environmental changes, to present in detail the safety, security, fairness, and efficiency that it aims to deliver.

**Furuya** The pandemic impressed on everyone once again that economic activity cannot take place without society and the environment. It is important to clearly present a policy that is not simply an extension of previous thinking.

**Arai** The outcome should reflect the NEC vision and what the Company is aiming to achieve. NEC should engage with most of the 17 SDGs rather than addressing the environment and climate change issues alone, because these closely interconnect with most of the other goals.

It is vital to make use of the SDGs along with back-casting to create a story and set clear targets for 2030 and 2050, rather than merely extending the current plan.

**Ashida (NEC)** NEC Corporation's Mid-term Plans are created with a sense of timing based on businesses starting to bloom in around three to five years. However, we realized again that we need a social value-building vision with a slightly longer perspective.

Since NEC handles ICT with great potential, we can apply it in any kind of field. However, we will narrow down our focus fields by referring to our Purpose, and aim for a period of about 10 years.

**Shimizu (NEC)** For the environment, we have established our vision for 2030 and 2050, and we will measure our progress on it using our own original indicators.

We have our own great vision, and we have now realized that we should also establish plans and have standards for measurement.

### Promote the Use of ICT and AI that Contribute to Respect for Human Rights

**Furuya** NEC has included privacy as one of its materiality issues. But in some ways, the Company appears to be focusing too much on negative aspects. Consideration for privacy is an area that can contribute significantly to NEC's business. I think the Company would benefit from approaching it in a more positive way.

On the other hand, the arrival of an unexpected pandemic can lead to fears that human rights breaches may be tolerated. I think it is desirable to balance both positive and negative aspects of the issue.

**Arai** Investors have recognized data security and governance as essential issues as the volume of data exchanged between companies has significantly increased. NEC needs to share its view with other companies on how to handle data security and human rights issues to avoid risks.

### How Does NEC's Existence Contribute to Society

**Pedersen** How will the Company build a value creation model that is distinctive to NEC? How will this model improve NEC's business? How will it improve society?

NEC should engage in initiatives that highlight the ways that its existence contributes to society.

**Matsukura (NEC)** The COVID-19 problem is not a short-term one, and will change our world view considerably. Going forward, we need to create a sustainable world, and I believe that NEC has the potential to contribute to this. Therefore, everyone, from officers to employees, needs to have a shared awareness, and a long-term outlook is necessary to achieve that. I could really see that we need to start by setting 2030 as the Company's scope, then back-casting from there to consider what the Company should engage in.

In our dialogue last year, we were advised to make the NEC Way a core component of our foundation. We revised the NEC Way and management decided to make the Purpose our primary axis moving forward. With the Purpose as our axis, we will draw up a clear vision for how we can contribute looking ahead to 2030.

Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
				8-11	Priority Management Themes from an ESG Perspective – Materiality	<b>14-16 Respecting Human Rights</b>			
				12	Dialogue Sessions on Materiality with Experts	17-21 Innovation Management			

# Respecting Human Rights

## Policy

As a company that operates its business globally, NEC is committed to mitigating and preventing any negative impacts its corporate activities may have on the human rights of its stakeholders. In addition, by making use of ICT, including social implementation of AI and utilization of biometrics and other data (hereinafter referred to as "AI utilization"), we believe that we can provide society with the values of safety, security, fairness and efficiency.

In the NEC Way, the Principles that express the behavior that we value as a company stipulate "Uncompromising Integrity and Respect for Human Rights," while the NEC Group Code of Conduct in governing the individual conduct of everyone from executives to employees, clearly requires that human rights be respected in all situations.

In addition, NEC has specified "Privacy policies and measures aligned with societal expectations" as a theme in its "materiality,"—priority management themes from an ESG perspective. As such, in addition to compliance with laws and regulations, NEC also plans to develop and supply products and services that are responsive to the different privacy needs of various countries and regions due to cultural perspectives and that are sensitive to human rights issues, such as discrimination. Through these means, NEC will strive not only to minimize adverse impacts on society but also to maximize social value.

NEC upholds the United Nations' (UN) International Bill of Human Rights<sup>\*1</sup>, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the 10 principles of the UN Global Compact<sup>\*2</sup>. It also seeks to improve its initiatives across all Group companies for respecting human rights by taking into account trends in international standards and laws, such as the UN's Guiding Principles on Business (UNGPs) and Human Rights and Sustainable Development Goals (SDGs), the EU General Data Protection Regulation (GDPR), and the UK Modern Slavery Act. In cases where local domestic laws and regulations are not compatible with internationally recognized human rights, we seek resolutions that enable international human rights principles to be respected.

<sup>\*1</sup> It refers collectively to the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights which were adopted by the UN General Assembly.

<sup>\*2</sup> NEC has been a member since 2005. The 10 principles of the UN Global Compact are based on global agreements such as the Universal Declaration of Human Rights and ILO's Declaration on Fundamental Principles and Rights at Work and cover the protection, maintenance, and respect of human rights, the eradication of forced labor and the prohibition of child labor.

In promoting respect for human rights, we have adopted the following policies based on the NEC Way. We share the approach of the NEC Way with our suppliers and require them to undertake corporate activities that respect human rights under the Guidelines for Responsible Business Conduct in Supply Chains.

- ▶ [Guidelines for Responsible Business Conduct in Supply Chains](#)
- ▶ [Supply Chain Management](#)

## NEC Group Human Rights Policy

In 2015, NEC published its "NEC Group Human Rights Policy," promoting initiatives to respect human rights across its entire value chain through dialogue and consultation with its stakeholders and by implementing human rights due diligence<sup>\*3</sup>.

<sup>\*3</sup> Human Rights Due Diligence refers to the process that includes the assessment of risks and identification of issues caused by the Company's business operations that have negative impacts on human rights, the response to these identified issues (their integration into management), the monitoring of the results, and the reporting of initiatives.

- ▶ [NEC Group Human Rights Policy](#)

## NEC Group AI and Human Rights Principles

In April 2019, we announced the "NEC Group AI and Human Rights Principles." These principles guide each of our officers and employees to recognize respect for human rights as the highest priority in each and every stage of our business operations in relation to social implementation of AI and utilization of biometrics and other data (hereinafter referred to as "AI utilization") and enable them to take action accordingly.

- ▶ [NEC Group AI and Human Rights Principles](#)
- ▶ [AI and Human Rights](#)

## NEC Privacy Policy

We have implemented and maintain the "NEC Privacy Policy," which stipulates that personal information must be handled in conformance with Japan's "Act on the Protection of Personal Information" and "JIS Q 15001 (Personal information protection management systems – requirements)," the Japanese industrial standard for safe and appropriate management of personal information handled by corporations and other organizations in the course of their operations.

- ▶ [NEC Privacy Policy](#)
- ▶ [Personal Information Protection and Privacy](#)

## Promotion Framework

### Human rights promotion committee

In 1997, NEC established the Corporate Human Rights Promotion Committee and the Business Unit Human Rights Promotion Committee, which are chaired by the officer in charge of human resources. The committees discuss, establish, and implement basic activities and promote in-house training for human rights awareness, such as elimination of discrimination and prevention of harassment. These activities are also being promoted throughout the NEC Group by establishing similar frameworks mainly at domestic consolidated subsidiaries.

### Building a Structure for Promoting Human Rights Due Diligence

As the scope of the Company's potential negative impact on human rights has expanded to the supply chain and, furthermore, to the entire value chain, an increasing number of divisions have begun to conduct initiatives more proactively for respecting human rights in each area of the value chain.

Under these conditions, in accordance with UNGP, we have set targets and KPIs for our activities, and seek to manage the status of our progress and conduct transparent reporting. To this end, in complying with the Modern Slavery Act 2015, since 2016 we have been maintaining a

Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	22	Dialogue and Co-creation with Our Diverse Stakeholders
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system for promoting human rights due diligence, using the Sustainability Promotion Office as a secretariat.

For local overseas subsidiaries, in the Europe, the Middle East, and Africa (EMEA) region, we have established a quarterly review process to monitor the status of progress on human rights and health and safety initiatives for directors and employees of subsidiaries of NEC Europe and their business partners and where violations can be considered and acted upon. In addition, the status of this process is reported to the Board of Directors of NEC Europe once a year.

## Complaints Handling Mechanism

NEC has set up contact points to receive inquiries and consultations on human rights from stakeholders in order to mitigate and prevent negative impacts on human rights caused by its corporate activities, and to reinforce initiatives to promote respecting human rights.

NEC has established a complaints handling mechanism to enable it to respond swiftly and sincerely and make improvements to any human rights violations. This mechanism is for a wide range of stakeholders, including NEC Group employees, as well as irregular employees, business partners, customers, and local communities.

### Human Rights Hotline (for employees)

The Human Rights Hotline has been set up at the Human Resources Division in each business site and area and within each business unit, to provide a platform for consultations about human rights to employees including temporary workers through telephone and/or email. A system has been set in place to protect the privacy and avoid any disadvantageous treatment of employees who may use the hotline. Outside Japan, the Compliance Hotline as the contact point receives consultations on human rights.

Once a violation of human rights has been recognized through consultations with the Human Rights Hotline, the Human Resources Division works with the relevant divisions to resolve and prevent such violations.

### Compliance Hotline (for business partners)

NEC receives inquiries and consultations on human rights from suppliers through the Compliance Hotline.

#### Compliance Hotline (for business partners)

### Customer Communications Center (for customers and local residents)

NEC receives inquiries and consultations on human rights from customers and residents of local communities through the Customer Communications Center.

#### NEC Customer Communications Center

## Main Activities and Results for Fiscal 2020

### Confirmation of Human Rights Issues to Be Addressed by NEC

NEC is taking steps to promote due diligence on human rights with a view to increasing the efficacy of its activities to address human rights issues. In fiscal 2019, we worked with Ernst & Young ShinNihon LLC to conduct a quantitative human rights impact evaluation of the main businesses of NEC Corporation and its consolidated subsidiaries in conformance with UNGP. Moreover, to ensure that we can continue to play a role as a resident of the rapidly changing ICT industry, in fiscal 2020, we created a list of human rights issues that is easier to use in management decision making and identified the following potential risks by referring to the human rights risk data of an international NPO Business for Social Responsibility (BSR) and focusing on the latest risk examples in the ICT industry and the inherent challenges for the industry that are expected going forward.

- General issues: Access to aid and climate change
- Issues related to customers and local communities: Privacy and data protection, right to life and safety, non-discrimination and freedom of movement, speech, expression, and assembly, children's rights
- Issues related to the supply chain: Supplier labor standards, forced labor and modern slavery, child labor, procurement of materials from conflict zones and high risk areas, environmental impact, fair business practices and anti-corruption

- Issues related to employees: Working environment, health and safety, right to collective bargaining and freedom of association, non-discrimination and equal opportunity, privacy and information security, youth employment

Based on the above list of human rights issues, we held dialogues between external stakeholders (international NPOs, international institutions, and legal experts), NEC Corporation officers, and managers of relevant divisions. As a result, we identified "new technologies and human rights (AI and human rights)" and "labor issues in global supply chains" as issues to be carefully monitored in fiscal 2021, and we are promoting initiatives for these initiatives.

## AI and Human Rights Initiatives

We are promoting initiatives to incorporate the way of thinking of the NEC Group AI and Human Rights Principles into business. For example, we have conducted regular online training about human rights in relation to AI utilization for employees involved in relevant business operations, and established and held meetings of the Digital Trust Advisory Council with diverse external experts.

- ▶ [NEC Group AI and Human Rights Principles](#)
- ▶ [AI and Human Rights](#)

## Initiatives on Personal Information Protection and Privacy

NEC Corporation believes that providing services and solutions that consider personal information will enable it to provide society with highly reliable value. The NEC Group Code of Conduct sets out guidelines for management of confidential information and personal information, and we are promoting initiatives in regard to personal information protection.

- ▶ [NEC Privacy Policy](#)
- ▶ [Personal Information Protection and Privacy](#)



## Initiatives across the NEC Group’s Supply Chain

Since fiscal 2019, we have been keeping Supplier Visit Record (SVR) as an initiative for inspecting required items for sustainable procurement, including human rights, when we visit suppliers. In fiscal 2020, we have renewed the Guidelines for Responsible Business Conduct in Supply Chains, which include items on human rights. In fiscal 2021, we plan to formulate a declaration for our business partners according to these guidelines and ask them to make a commitment.

- ▶ [Guidelines for Responsible Business Conduct in Supply Chains](#)
- ▶ [Supply Chain Management](#)

## Responding to the Modern Slavery Act

Section 54 of the UK Modern Slavery Act requires UK corporations as well as foreign commercial organizations that meet certain criteria to publish a statement on measures to prevent modern slavery within the organization and across its supply chain.

NEC Corporation and NEC Europe have continuously published a statement with approval from the Board of Directors since 2018. In our 2020 statement, we plan to clarify our position and approach to new issues that may have a major impact on human rights, such as COVID-19 and climate change.

- ▶ [NEC Group’s Compliance with the UK Modern Slavery Act \(Declaration\)](#)
- ▶ [Supply Chain Management Monitoring](#)

## Awareness Raising of Officers and Employees

NEC provides awareness raising activities including training with all officers and employees responsible for respecting human rights, in order to deepen their awareness on respecting human rights and promote their understanding of global trends on human rights issues. The Group conducted the activities below in fiscal 2020.

<Awareness Raising Activities in NEC Corporation>

- Training to raise human rights awareness  
Every year, in principle, we conduct training on the theme of “Human rights and Business” for all employees. The group training for fiscal 2020 included level-specific and

position-specific training under the new organizational inclusion and diversity framework, on the theme of “Diversity in the Corporation.”

	FY2018	FY2019	FY2020
Online training*1	8,026	20,936	21,150*2
Group training	586	441	537

\*1 E-learning for all employees (“Human rights and Business”) is held every year (attendance required). In fiscal 2019, the training held for management-level in fiscal 2018 was held for all employees.  
\*2 The online training in fiscal 2020 was on “Human rights issues in the AI and biometrics business and points for compliance in practice.”

- For all divisions in the Public Infrastructure Business Unit We promoted awareness-raising activities for the Public Infrastructure Business Unit, which conducts highly public business activities, regarding our response to global social trends and the expectations of civic society for inclusion and diversity, including promotion of women’s participation in the workplace and LGBT issues, and employment of foreign national workers and people with disabilities.

### ▶ [Inclusion and Diversity](#)

- For newly appointed department managers  
We held training on ways to deal with incidences of bullying and harassment and related issues in the workplace.
- For recruitment interviewers  
We ensured that everyone had a clear understanding of points to be observed when introducing example cases and answering questions in order to maintain fair hiring decisions and equal opportunity in the workplace. 560 people attended the course.

<Awareness Raising Activities at NEC Group Companies>

- We held training on “Human Rights and Business” for newly appointed corporate officers of NEC Corporation and domestic affiliates, with 94 people attending.
- In the EMEA region, NEC conducts online education to familiarize all employees with the NEC Group Code of Conduct. The contents of this course are periodically

reviewed to incorporate the latest information regarding global trends and laws and regulations in human rights issues, such as the UK Modern Slavery Act and GDPR, as well as the impacts on our business.

NEC Europe takes the responsibility of bearing recruitment fees in compliance with relevant laws and ILO standards, also ensuring that employees in relevant positions are appropriately informed and educated about these matters.

In addition NEC Europe communicates model examples of human rights initiatives, as well as activity know-how and other information through internal newsletters and the Company Intranet.

## Participation in Initiatives

NEC Corporation participates in the Working Group on Human Rights Due Diligence run by the United Nations Global Compact Network Japan.

In fiscal 2020, we also became a member of the international NPO Business for Social Responsibility (BSR), which has a strong record of supporting responses to human rights issues in the global ICT industry. We acquire information on the latest trends and examples from seminars and study sessions, which inform our activities to improve and enhance initiatives on global human rights issues.

## Status of Grievances

A total of 42 inquiries and consultations including those regarding harassment (12 on power harassment and 2 on sexual harassment) were received by our human rights hotline in fiscal 2020. Moreover, there were 0 reports regarding forced labor or human trafficking.

Overseas, we have established basically the same systems as in Japan. In EMEA, for example, we operate an operational grievance mechanism for all regional subsidiaries to file grievances both internally and externally. We monitor the content and number of inquiries and reports. Suppliers’ inquiries are received by procurement desk personnel or the online desk as well as by direct email to the Legal Division of NEC Europe. By providing multiple routes for accepting suppliers’ inquiries, NEC Europe ensures that they can easily contact NEC Europe for their questions and concerns pertaining to business transactions.

In fiscal 2020, there were 0 reports regarding human rights, including conflict-mineral related reports.

# Innovation Management

NEC has adopted "Relentless Pursuit of Innovation" as one of its Principles. The word "Innovation" here denotes more than technological innovation; it refers to the creation of social value through contributing to solutions for social issues. Innovation management refers to managing innovation across the entire value chain. As a major part of this, we focus on explaining our initiatives to strengthen our technological capabilities and to commercialize them as the keys for continued provision of value to society.

## Policy

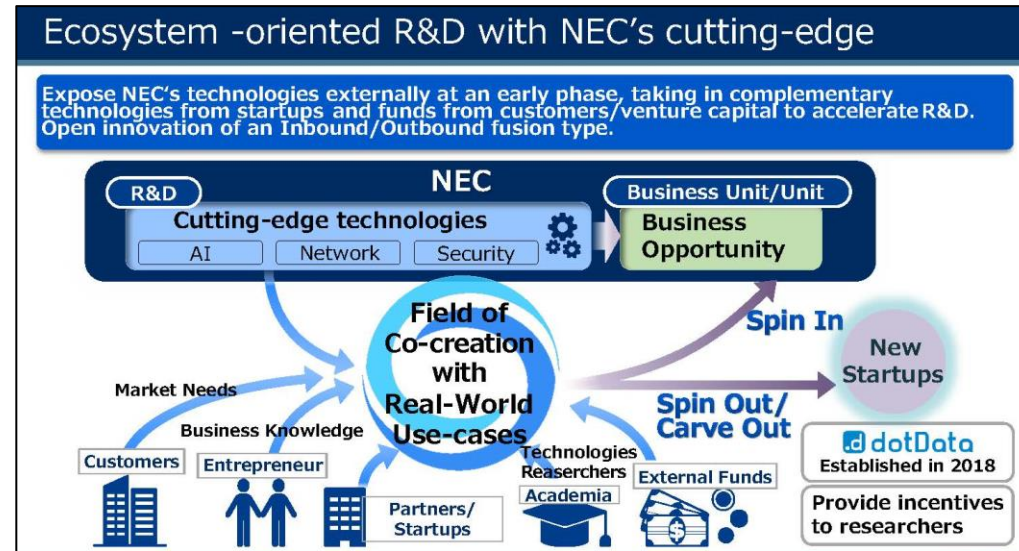
With regard to strengthening our technologies, under the direction of our Chief Technology Officer (CTO), we have formulated a technology strategy for the next stage of growth in social value innovation. We will continuously allocate approximately 4% of our revenue to R&D and make concentrated investments in NEC's proprietary No.1/Only 1 core technologies.

We are promoting "ecosystem-oriented R&D" that encourages a fusion of inbound and outbound types of open innovation. We try to attract customers, startups, and venture capital companies by exposing our technologies at an early phase to incorporate complementary technologies and funds from them so as to accelerate our R&D activities.

In addition, we will actively promote packaging of common technologies based on R&D results, commercialization of technologies across our conventional business framework, and global open innovation, working to accelerate monetization of competitive technologies.

## Strategy

We will engage in the following strategies for NEC's initiatives in technology development and business development, including intellectual property.

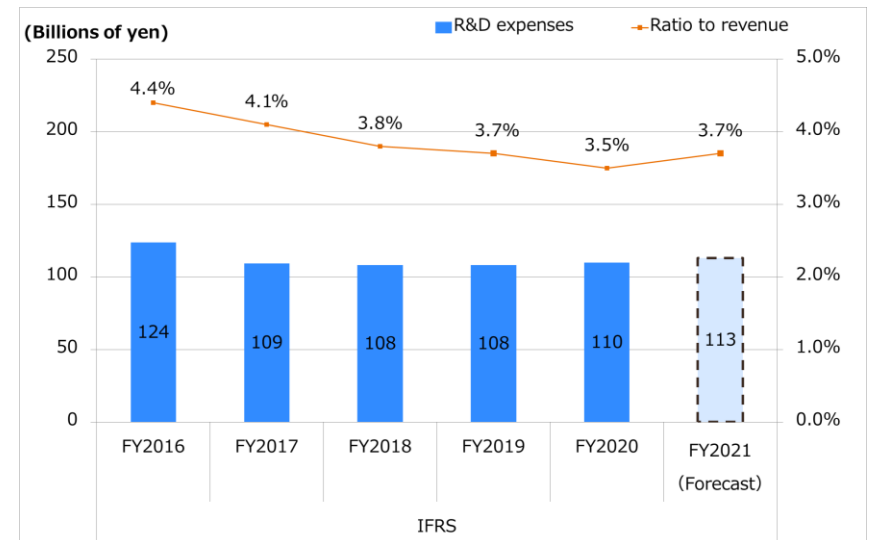


## Technology Development Strategy

At NEC Corporation, the CTO is responsible for overall technology development, companywide optimization of development investment, optimizing development investment companywide, drawing up an open innovation strategy and formulating open innovation strategies and process design.

R&D is a source of technological development. NEC's basic approach to R&D is to deliver value to society as quickly as possible by identifying the best solutions we should create for social issues presented in SDGs and other guidelines, then efficiently and rapidly aligning the necessary technology assets to realize them. These technology assets include NEC's No.1/Only 1 core technologies that have been refined to a high level based on technology trends, as well as technologies produced through open innovation.

We have set our investment in R&D at around 4% of revenues. To ensure that these investments are used effectively and efficiently, we are investing also in collaborations with external research organizations, in addition to concentrated investments in the key business areas. In fiscal 2020, R&D expenses were 3.5% of revenue.



Sustainable Management	Environment	Governance	Social	5-7	Sustainable Management	13	Sustainable Management Needed in the Post-Pandemic World	23	Dialogue and Co-creation with Our Diverse Stakeholders
				8-11	Priority Management Themes from an ESG Perspective - Materiality	14-16	Respecting Human Rights		
				12	Dialogue Sessions on Materiality with Experts	17-22	Innovation Management		

## Concentrated Investment in Strong Technology Areas

We are concentrating investment in two areas of technology: data science and ICT platforms. NEC Corporation has many unique and competitive technology assets in these two areas, and we believe that continuously building strength in these areas will improve our competitive edge in delivering solutions for society.

In the area of data science, we are developing AI technologies that contribute to the creation of new values by carrying out visualization, analysis, and prescription for the real world. In the area of ICT platforms, we are developing computing and network technologies that can adapt dynamically and in real-time to changes in the real world, and security technologies that allow social systems to operate securely and stably.

Moreover, as part of our concentrated investment in strong technology areas, we will continue to strengthen “[NEC the WISE](#)” as a cutting-edge AI technology brand, along with our [Bio-IDiom](#) brand for biometric authentication products.

“NEC the WISE” expresses our determination to address prominent and complex social issues by combining the many AI technologies of which NEC is proud.

“Bio-IDiom” is our comprehensive brand for biometric authentication products and services using six biometric authentication technologies for face, iris, fingerprint and palmprint, finger vein, voice, and ear acoustic. One of NEC’s strengths is in multimodal authentication, which combines multiple biometric authentication technologies to achieve higher accuracy.

We take pride in our ability to provide completely new social value and user experiences by combining these AI, video analytic and biometric authentication technologies. NEC will continue to invest intensively in world-leading biometric authentication and AI technologies.

## Standardization Strategy

We are carrying out strategic standardization activities, such as building business ecosystems, expanding business opportunities, and utilizing standardization-related patents needed for strengthening business.

## Intellectual Property Strategy

At NEC Corporation, because intellectual property is regarded as an essential business resource supporting our Group’s competitiveness and stability, as well as for contributing to co-creation with our customers, we strive to strengthen and protect not only our patents and knowhow but also the designs and trademarks that support our global brand.

To create and develop social value, we are not only building IP-based barriers to entry and securing competitive advantage, but also building and using our IP portfolio to strengthen and protect collaborations with customers and partners.

NEC owns some 47,000 patents worldwide (including approximately 21,000 Japanese patents) as of March 2020.

## Business Development Strategy

We are promoting a transition into new business models that transcend existing business frameworks and the development of business from NEC’s core technologies.

Inspired by social issues and our core technologies, we will formulate hypotheses about issues, undertaking “business exploration” to promote development of business models through practical field testing and “business development” to implement new business models and realize high social value and sustainable growth.

Among these activities, we not only establish business within NEC, but also promote business development activities through various schemes that include spin-outs and carve-outs.

## Business Exploration

We collaborate with stakeholders in and outside the Company to promote a “Generate” phase of formulating business visions and strategies and an “Ideate” phase of customer development and business model verification.

We are using exploration of social issues and technologies from our Central Research Laboratories to create business models that will underpin the Company’s next growth stage.

## Business Development

We will drive a business development approach that is not bound by conventional in-house norms, and rapidly create businesses that provide high social value and will become future core businesses.

New businesses are established through a “Develop” phase involving product development and business plan verification and a “Launch” phase preparing for the market launch.

In May 2019, we announced our full-scale entry into the drug development business. NEC will engage in drug development itself, seeking to provide pharmaceuticals to patients.

Furthermore, the 181st Ordinary General Meeting of Shareholders, held in June 2019, approved an amendment to the Articles of Incorporation, establishing a new objective: “To manufacture, sell or otherwise dispose of, medicines, quasi-medicines, reagents, and other chemical products, and to provide medical support services and medical testing services” (Article 2 (5)). The Company will expand the social solution business by further promoting the medical system business and the drug development business using cutting-edge technologies in the growing healthcare business field.

▶ [NEC initiates AI-driven drug discovery business targeting a business valuation of ¥300 billion by 2025](#)

### Social Value Design® from the Perspective of Individuals and Society

To create new social value, we need to illustrate what society should be in the future, for example, by creating a city vision from the corporate, government, and community points of view. To address these needs, it is imperative to find ways to increase the value of systems and services from a societal perspective in addition to individual points of view. NEC has embedded this way of thinking based on “Social Value Design” into the planning and development of new products and services and is thereby creating innovation.

Sustainable Management	Environment	Governance	Social	5-7 Sustainable Management	13 Sustainable Management Needed in the Post-Pandemic World	23 Dialogue and Co-creation with Our Diverse Stakeholders
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## Promotion Framework

NEC has created a CTO position to establish a Companywide perspective in our effort to optimize development investment companywide, and link our corporate strategy with the planning of collaboration strategies with others. The CTO has overseen the establishment of a technology development promotion framework for examining and promoting technology development strategies in cooperation with business units and the Central Research Laboratories.

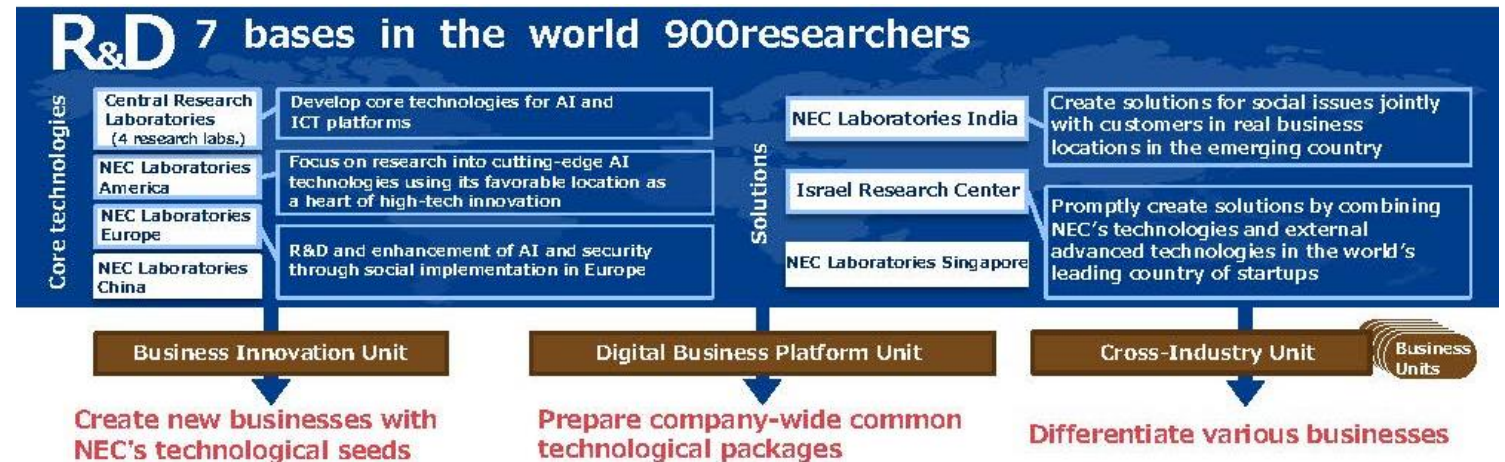
In April 2020, the Central Research Laboratories were integrated with the technology strategy/intellectual property division to establish the Research and Development Unit with added solution development capabilities. The new Unit will take the lead in maintaining and expanding the Company's core technologies, creating business models that maximize technological value through co-creation across the boundaries of industries, and promoting the sharing of infrastructure technology owned by each business unit, with an aim to accelerate the commercialization of technologies as an outcome of R&D.

In addition, the Research and Development Unit works to accelerate commercialization of core technologies towards the creation of social value in cooperation with the Business Innovation Unit, which tackles innovation from a business development perspective, and other units.

### Research and Development Unit Aiming to Create Global Social Value

NEC aims to create No.1/Only 1 core technologies using its global advantage and to create social solutions for markets in both advanced and emerging countries. We are promoting R&D at two different types of laboratories: one for creating core technologies, such as Central Research Laboratories, and the other for verifying values of solutions, such as NEC Laboratories Singapore.

In April 2020, we established the Technology Value Creation Division and the Technology Synergy Creation Division, which will act as a bridge between technologies produced by R&D and business. Through co-creation activities with our customers, we will promote commercialization with core technologies in and outside the Company and companywide sharing of the technologies. This system will enable us to realize a completely integrated process for commercialization of technologies from research to business.



### Research Laboratory Aimed at Creating Global Social Value

NEC's research laboratory system includes R&D bases established in Japan, North America, Europe, China, India, Israel and Singapore, as shown in the figure above. The system aims to create No.1/Only 1 core technologies using its global advantage and to create social solutions for markets in both advanced and emerging countries.

### Corporate Technology Strategy Division: Promoting Companywide Technology Development and Research Strategy

The Corporate Technology Strategy Division provides strong leadership in the innovation of technologies to promote efficient R&D and commercialization strategies. It also creates a companywide technology portfolio to promote growth across the different Business Units. In April 2020, the Corporate Technology Strategy Division, which was directly under corporate management, was integrated with the strategy department in the Research Planning Division of the Central Research Laboratories to strengthen companywide strategy functions. The Corporate Technology Strategy Division will work together with the CTO to formulate implementation plans, including strategies for R&D, open innovation, standardization, and regulation in collaboration with the officers in charge of technology in each Business Unit and the general managers of Central Research Laboratories and the Intellectual Property Management Division.

### Intellectual Property Management Division: Strengthening NEC's Intellectual Property Capability

In anticipation of future global business expansion, we are focusing on the construction of an IP portfolio that is on par with global leaders. We have established intellectual property centers in North America, Europe, and China to carry out global intellectual property activities. Moreover, for our social solution business, we are implementing strategic patent projects across the entire NEC Group to acquire strong patents and patents that can be leveraged to our advantage, while promoting the establishment of a comprehensive IP portfolio centered on those patents to encompass all our businesses. In terms of strengthening and protecting our global brand, we are ensuring the proper communication of our corporate brand statement and the protection of rights.

### Business Innovation Unit: Creating Business Models and Core Businesses to Underpin the Next Growth Stage

The mission of the Business Innovation Unit is to explore social issues and create business models that will underpin the next growth stage using the technologies of the Central Research Laboratories. It also works to drive new business development approaches to rapidly create NEC's future core businesses, and accelerate of NEC's value maximization. Unit also strengthens the market intelligence and design functions to drive social value creation activities over the medium to long term.

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## Digital Business Platform Unit: Aiming to Provide Value for a Digitally Inclusive Society

The Digital Business Platform Unit promotes increased customer value and process reformations and enhancements by linking R&D outcomes to social issues and needs, packaging common technologies, incorporating them into DX platforms, and delivering them to the market as DX offerings.

## Cross-Industry Unit: Promoting Differentiation of Diverse Businesses

The Cross-Industry Unit promotes new business development flexibly and swiftly across the entire company by forming links with academia and government, and between different industries to realize Society 5.0.

## Human Resources Development and Training

In promoting innovation management, we consider human resources to be the source of innovation.

NEC is working to attract leading researchers by providing ample opportunities for active roles and remuneration. In 2015, we introduced the post of research fellow, which has no upper limit on compensation. In 2019, we introduced the Selective Compensation Program for Professional Researchers, with no upper limit on compensation for non-managerial employees, in our effort to acquire and develop top level R&D talent.

In addition, as our focus shifts from manufacturing to the creation of intangible value, we are actively working to develop personnel who can use NEC Corporation's core technologies to create new businesses.

In April 2020, certain personnel with high levels of expert knowledge and ability in certain fields outside of technology and research, and who contribute to the company's business by demonstrating the ability to make an impact in and outside the company, were appointed to a new officer class professional position called "corporate executive."

## Developing Human Resources Who Can Use Core Technologies to Create Social Value

To create social solutions businesses, we need to cultivate and strengthen researchers who not only have specific core technology expertise, but also possess broad and diverse domain knowledge as well as a business mindset. To broaden our scope on the creation of new value, we are working on strengthening the development of global human resources, bolstering efforts to hire domain specialists, and developing leaders who are equipped with the business acumen to drive business forward. Aiming to strengthen our human resources tasked with tackling advanced global issues, we are implementing measures to raise the percentage of researchers with global business experience to 70%.

In the creation of social solutions businesses, it is also necessary to have not only specialist knowledge of specific technologies, but also wide-ranging knowledge of the social issue domains where these technologies will provide value to society. We are therefore also strengthening and accelerating our mid-career recruitment programs.

We are also endeavoring to accelerate the realization of social solutions businesses by strengthening the ability of our in-house human resources to promote business development through the exchange of personnel between our business and research divisions. In particular, in AI technologies and security technologies we conduct training of human resources by top engineers and nurture project leaders and technology architects through personnel exchange in order to strengthen business development capabilities. From fiscal 2021, the Research and Development Unit has adopted an organizational structure that enables smoother and swifter business incubation from a technology perspective.

At the same time, NEC is working to develop human resources who will lead the commercialization of core technologies. In fiscal 2018, we established the role of "business designer" to create new businesses and support their acceleration. We also established the Business Designer HRM (Human Resource Management) Promotion Committee made up of general managers of divisions responsible for business development of the Business Innovation Unit and each business unit. The Committee defines the skillset of a business designer and establishes training systems, as well as formulating measures for rotation and expert specialist qualifications. By implementing and improving these measures, NEC Corporation will develop human resources who will bolster its business development capabilities.

## Open Innovation

To expand the scope of value for social value creation, we are actively promoting open innovation with research institutions around the world, as well as commercialization partners, start-ups, and others. By promoting collaboration with external partners and specialist institutions, we envisage the development of the technologies needed for new businesses that are difficult for NEC Corporation to develop alone, and our vision for the future, then back-cast from there to study the key business areas in the next generation.

## Collaboration with World-Leading Research Organizations and Universities

### Realizing Highly Confidential and Available Transmission and Storage of Biometric Data Using Quantum Cryptography

The National Institute of Information and Communications Technology (NICT, President: Hideyuki Tokuda) and NEC have teamed up to develop and successfully demonstrate a system that achieves high confidentiality and availability during authentication by using quantum cryptography and secret sharing for transmission of feature data in a facial recognition system and storage of authentication reference data.

### Industrial Internet Consortium Approves Testbed of Negotiation Automation Platform for Coordinating Interests among AI Systems

NEC Corporation, Fraunhofer IOSB, Kabuku Inc., the Korea Electronics Technology Institute, Oki Electric Industry Co., Ltd., and Toyota Tsusho Corporation received approval from the Industrial Internet Consortium for their proposal of an inter-AI Negotiation Automation Platform Testbed in cooperation with Japan's National Institute of Advanced Industrial Science and Technology, designed for validating the utility of new technologies, applications, products, services and processes for industrial networks.

### Industrial Internet Consortium Approves Testbed of Negotiation Automation Platform for Coordinating Interests among AI Systems

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### NEC and Osaka University Demonstrate Possibility of Analyzing Genome Information from Multiple Institutions with Reduced Risk of Privacy Infringement

NEC Corporation and Osaka University conducted trials to apply secure computation, which enables the analysis of data in its encrypted state, to a genome analysis system. They demonstrated the practicality of a tool that allows analysts to use their own analysis methods in secure computation and showed that computation processing can be carried out at a practical speed, making it possible to perform genome analysis with minimized risk of privacy infringement, thereby contributing to the progress of research on personalized medicine.

- ▶ [NEC and Osaka University Demonstrate Possibility of Analyzing Genome Information from Multiple Institutions with Reduced Risk of Privacy Infringement Using Secure Compilation of Encrypted Data.](#)

## Main Results for Fiscal 2020

### Major Research Achievements for No. 1/Only 1 Core Technologies

#### NEC Face Recognition Technology Ranks First in NIST Accuracy Testing

NEC Corporation's face recognition technology achieved the highest matching accuracy in the Face Recognition Vendor Test (FRVT) 2018 performed by the U.S. National Institute of Standards and Technology (NIST), with an outstanding low error rate of 0.5% when registering static images of 12 million people. NEC's technology ranked No. 1 in NIST testing for the fifth time, following its top placement in the face recognition testing for video in 2017.

- ▶ [NEC Face Recognition Technology Ranks First in NIST Accuracy Testing](#)

#### NEC Develops Iris Recognition Technology That Works Even with Walking Subjects

NEC Corporation developed iris recognition technology capable of highly accurate identity verification of people as they walk past. This makes it possible to implement "walkthrough" ticket gates and security gates serving large numbers of people with improved convenience. Until now, iris authentication has required that the user remain still at a prescribed location in front of a camera, which is then adjusted to the position of the user's eyes. This is a

troublesome process, and there have been calls for a more convenient solution. Now, by combining iris recognition technology with our newly developed imaging technology, we have made it possible to perform walkthrough identity verification instead of requiring people to stand still.

- ▶ [NEC Develops Iris Recognition Technology that Works Even with Walking Subjects](#)

#### NEC Develops AI Technology That Learns the Intentions of Experts to Reproduce Advanced Decision-Making

NEC developed AI technology that learns the intentions of experts as a model based on their excellent cognition and judgement from their behavior history data, thereby significantly improving the efficiency of operations that require a high degree of skill. By extending the inverse reinforcement learning\* framework with NEC's proprietary algorithm, the technology automates the building of decision-making models, which was previously carried out by engineers. By creating a decision-making model from experts' behavior history data for decision-making problems that are difficult to formulate manually, the technology can quickly and autonomously derive a judgement comparable to that of an expert. By applying this technology to decision-making processes depending on experts, the work burden can be greatly reduced, leading to a dramatic increase in work speed.

\* Inverse reinforcement learning: Whereas reinforcement learning derives an optimal behavior based on a reward, inverse reinforcement learning estimates the reward from an optimal behavior.

#### Full-Scale Entry into the Quantum Computing Field

To help create solutions for increasingly complex social issues, NEC launched a co-creation service during the first quarter of fiscal 2021. The service solves optimization problems, including use of annealing machines that utilize NEC's vector engine supercomputer SX-Aurora TSUBASA. Furthermore, to accelerate our activities in the field of quantum computing, we will promote application development and technology development through joint verification with customers.

## Results of Activities in the Field of Medicine

#### Government of Bihar and NEC Partner to Provide Preventive Health Check Services

The Government of Bihar (Republic of India), NEC Corporation, and NEC Technologies India Private Limited

(headquarters: New Delhi, Republic of India) concluded a memorandum of understanding (MOU) on collaboration in the area of preventive healthcare services.

This collaboration is aimed at promoting the health and wellness of citizens in the state of Bihar, India. The three parties will collaborate to offer a periodic, home-visit health check, and encourage citizens to change their lifestyle habits to mitigate the risk of chronic diseases such as diabetes.

- ▶ [Government of Bihar and NEC Partner to Provide Preventive Health Check Services](#)

#### Transgene and NEC Start Two Clinical Trials with TG4050, an AI-Powered Cancer Vaccine for Ovarian and Head & Neck Cancers

Transgene, a biotech company that designs and develops virus-based immunotherapies for the treatment of cancer, and NEC Corporation enrolled the first patients in the first in-human trials evaluating TG4050, an individualized therapeutic vaccine, based on Transgene's viral vector technology and powered by NEC's cutting-edge AI capabilities.

- ▶ [Transgene and NEC Start Two Clinical Trials with TG4050, an AI-Powered Cancer Vaccine for Ovarian and Head & Neck Cancers](#)

## Results of Intellectual Property Activities

NEC participates in various patent pools and is building a system to provide its patents to industries in a form that is easier to use.

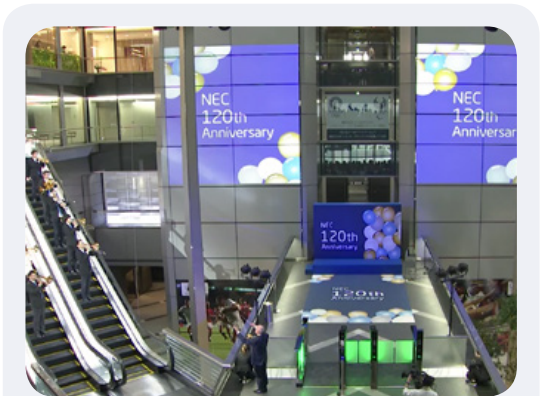
For details of the results of NEC's intellectual property activities, please refer to the following.

- ▶ [NEC Receives the Top 100 Global Innovator Award for a Ninth Consecutive Year from Clarivate Analytics \(Formerly Thomson Reuters\) \(Clarivate Analytics website\)](#)
- ▶ [Successful Outcome for NEC Corporation in United States ITC Investigation Brought by Xtera, Inc. \(ITC Investigation No.337-TA-1098\)](#)

# Dialogue and Co-creation with Our Diverse Stakeholders

Values are constantly changing for our customers and society. To supply products and services that deliver real value, NEC needs to incorporate processes for dialogue and co-creation with stakeholders into its corporate activities. Our commitment to promoting dialogue and co-creation with stakeholders is embedded in the concept of “Orchestrating” stated in our Purpose, “Orchestrating a brighter world,” within the NEC Way. The following are examples of the main dialogue and co-creation that we conducted in fiscal 2020.

	Themes and Objectives	Communication Method	Reference
<b>Customers</b>	<ul style="list-style-type: none"> <li>Contribution to solving social issues through business activities</li> <li>CS activities aligned to customer characteristics</li> <li>Disclosure of appropriate information about products and services</li> </ul>	<ul style="list-style-type: none"> <li>Sales activities</li> <li>CS activities</li> <li>Advertising, PR, website</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Implementation Examples</a></li> <li><a href="#">CS (Customer Satisfaction) Initiatives</a></li> <li><a href="#">Advertising and PR</a></li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Timely, appropriate provision of information</li> <li>Promotion of understanding of the Company, acquisition of feedback from capital markets</li> <li>ESG activity reports and exchanges of opinions</li> </ul>	<ul style="list-style-type: none"> <li>Financial results presentation meeting, general meeting of shareholders</li> <li>IR events, individual consultations, various reports</li> <li>Briefing on ESG, stakeholder dialogues</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Financial Documents</a></li> <li><a href="#">Briefing on ESG</a></li> <li><a href="#">Dialogue Sessions on Materiality with Experts</a></li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>Strengthening of partnerships</li> <li>Construction of better supply chains</li> <li>Fair procurement activities</li> </ul>	<ul style="list-style-type: none"> <li>Partner exchange meetings, policy explanation meetings</li> <li>Document reviews, Supplier Visit Record (SVR)*</li> <li>Compliance Hotline</li> </ul> <p>* An initiative to conduct inspections of sustainable procurement requirements during ordinary visits to suppliers and keep records of the inspection</p>	<ul style="list-style-type: none"> <li><a href="#">Supply Chain Management</a></li> <li><a href="#">Respecting Human Rights</a></li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Understanding the status of employee engagement</li> <li>Exchange of opinions between employees and management</li> <li>Human resource development and evaluation</li> <li>Promoting appropriate treatment and occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>One NEC Survey (annual), Pulse Survey (every three months)</li> <li>Visits to sales offices by the President</li> <li>One-on-one meetings between supervisors and team members</li> <li>Labor-Management Councils, health and safety committees</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Creating a Diverse Work Style Environment</a></li> <li><a href="#">Health and Safety</a></li> </ul>
<b>United Nations and international institutions, national and local governments</b>	<ul style="list-style-type: none"> <li>Sustainable growth of society and companies</li> <li>Sustainable development of international society and contribution to the SDGs</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Participation in global initiatives for strengthening sustainability (UN Global Compact signatory (joined GCNJ), GCUK, participated in working groups), attendance at annual general meeting of the World Economic Forum (Davos), joined international NPO Business for Social Responsibility (BSR), participated in various working groups, agreed with the TCFD recommendations)</li> <li>Public-private sector collaboration projects • Policy declaration</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Message from the President</a></li> <li><a href="#">Feature: Climate Change and Response to TCFD</a></li> <li><a href="#">NEC actions to achieve SDGs</a></li> </ul>
<b>NPOs and NGOs, Civil Society</b>	<ul style="list-style-type: none"> <li>Understanding feedback from society</li> <li>Co-existence with local communities</li> <li>Development of young social entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> <li>NEC Make-a-Difference Drive corporate citizenship activity</li> <li>NEC Social Entrepreneurship School, NEC Pro Bono Initiative</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Dialogue Sessions on Materiality with Experts</a></li> <li><a href="#">Cooperation with the Local Communities</a></li> </ul>
<b>Students</b>	<ul style="list-style-type: none"> <li>Understanding feedback from society</li> <li>Supporting the learning of the next generation</li> </ul>	<ul style="list-style-type: none"> <li>Consultation, website</li> <li>e-Net-Caravan</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">NEC Recruiting Site (Japanese)</a></li> <li><a href="#">Inclusion and Diversity</a></li> </ul>



The 120th anniversary event kicked off with a fanfare from the Tamagawa Orchestra



President Endo of NEC Corporation (third from the left) takes the stage in a panel discussion held during the Davos Forum

# Environment

Fiscal 2020 Environmental Activity Highlights	24
Environmental Action with a Focus on Climate Change <b>D</b>	25
Environmental Policy and Management	26-29
Feature: Response to Climate Change and the TCFD	30-38
Initiatives in Products and Services	39-44
Initiatives in Production and Office Sites	45-51

**D** : "Dialogue Sessions on Materiality with Experts"





# Fiscal 2020 Environmental Activity Highlights

## Inclusion in the CDP Climate Change and Water A List



In a survey conducted by the international non-profit organization CDP, NEC was selected for inclusion in the A list for two categories: Climate Change and Water Security.

## Conversion of the Thailand Plant to a Smart Factory



NEC Platforms Thailand plant has been converted to a smart factory by introducing a solar power generation system and an electric power optimization system.



Support for research into microplastics and promotion of decorative bioplastic, banning of plastic bags at checkouts in in-house store.

## Ocean Plastic Countermeasures



Provided value from reduction of CO<sub>2</sub> emissions equivalent to 5.2 times the total CO<sub>2</sub> emission volume in the supply chain in fiscal 2020.

## 5.2 Times the Contribution Compared with Environmental Burden

## Environmental Action with a Focus on Climate Change

NEC asked several experts for their opinions on what the Company should do right now to prepare for the future in order to promote environmental management centered on climate change countermeasures.

In giving their opinions and proposals, the experts said that NEC should “visualize” targets for environment-related activities, present a “long-term vision” for the future, focus on other environmental issues outside of climate change, such as circular economies, and that they expected NEC to show leadership in creating new markets. We will refer to their responses in our efforts to improve our activities further going forward.

\*This dialogue was held in March 2020.



## Importance of Quantitatively Visualizing Activity Targets

After starting with a presentation of the latest trends including the environment by Mr. Pedersen, we held a dialogue about NEC’s climate change countermeasures. NEC aims to contribute to reducing CO<sub>2</sub> emissions by attaining a level of CO<sub>2</sub> reduction that is five times the total volume of CO<sub>2</sub> emissions from its entire supply chain in fiscal 2021.

**Ishii** In NEC’s case, the amount of CO<sub>2</sub> emissions that it can reduce from customers and society overall through the provision of its technologies far outweighs the amount of CO<sub>2</sub> emissions that it can reduce through operational efficiency gains and the use of sustainable energy and so forth. Therefore, NEC is aiming to take a proactive stance on contributing to climate change countermeasures for society overall through its operations.



**Chikara Ishii**  
Executive Vice President and CDO (Chief Digital Officer)  
NEC Corporation

**Imamura** If the CO<sub>2</sub> emissions reduction through business is larger, then increasing the CO<sub>2</sub> emissions from the company itself through business expansion is not necessarily bad. In disclosures, presenting the portion of the Company’s emissions amount due to business expansion and the portion of efforts to reduce emissions separately and setting up quantitative KPIs\*<sup>1</sup> for them will help investors to evaluate them appropriately, while targets and contribution amounts and so forth can also improve the motivation of employees.



**Toshiyuki Imamura**  
Managing Director, Head of Responsible Investment  
Nomura Asset Management

**Shimizu** NEC is conducting activities with various numerical targets, but I think that the Company needs to organize them and make them better. I’d like the Company to make logical, clear indicators through consultation with more people.

## Presentation of NEC’s “Long-Term Vision” for the Future

In 2017, NEC announced the Course of Action for Climate Change Towards 2050, and declared that it would make its CO<sub>2</sub> emissions effectively zero by 2050.

**Pedersen** It is possible that the global middle class population will have increased by 5 billion people in 2050. Consumption and lifestyles will change dramatically from what they have been up to now. On the environmental front, rather than continuing on its current path, NEC should set its future conditions and increase the factors for back-casting from its vision for the future to create business opportunities.



**Peter David Pedersen**  
Co-Founder, Next Leaders’ Initiative for Sustainability (NELIS)

**Imamura** The reality is that if all people had the same lifestyle as advanced countries, the Earth’s resources would clearly be insufficient. Looking ahead, society needs to become more efficient, and technology is expected to undergo dramatic changes. Companies should look at a wide range of social issues, rather than just climate change, and create businesses that have a social impact from critical issues.



**Ayako Sonoda**  
Representative Director  
Cre-en Inc.

**Sonoda** An increasing number of companies are taking a broader interpretation of the TCFD beyond just climate change and conducting scenario analysis to ensure that they can survive in any kind of society in 2050. Envisaging scenarios has enabled some companies to enact countermeasures to the business impacts of COVID-19 right away. Scenario analysis will also assist in current business activities, and by presenting the purpose of the company in the form of its vision, it can also be effective for gaining empathy among the younger generation.

## Countermeasures for the Circular Economy\*<sup>2</sup> Will Also Be Important Going Forward

**Imamura** In the financial world as well, in addition to climate change, the circular economy (CE) is also recognized as an important issue going forward. The CE will have a very wide-ranging impact.

**Sonoda** Looking at the strategies of leading companies in Europe, they are taking the initiative and creating systems not only from an environmental perspective, but also from an economic one. NEC could reverse the usual pattern by establishing model businesses overseas in countries where CE businesses are anticipated first and then developing them in Japan.

**Pedersen** In Europe, the CE is positioned at the very periphery of environmental issues, and is considered to be a broad concept. NEC should also place emphasis on the CE rather than climate change alone, and then, for example, it should expand the concept from DX (digital transformation) to SX (sustainable transformation and social transformation).

**Shimizu** Up to now, specialist environmental organizations have played the leading role in countermeasures. But now I feel that a higher viewpoint is needed, and that social issues overall need to be addressed, with a wider field of view than the environment only. I would like to make this dialogue about our overall initiatives on social issues, rather than just the environment.



**Shigeki Shimizu**  
Senior Vice President and CSCO (Executive officer in charge of the environment)  
NEC Corporation

## Expectations of Leadership That Can Change Society

**Ishii** Attempting to take on solving global-scale issues and spreading new systems in the market will certainly require collaboration with diverse companies and organizations, and the establishment of consortiums, for example. Achieving this kind of change needs to be considered on a timeline of 10 or 20 years.

**Pedersen** Environmental issues are the most salient issues that need to be tackled with a long-term perspective. When working in collaboration, it is good to work not only with for-profit companies, but also to involve NGOs and NPOs and others that work with social issues.

**Sonoda** NEC should not be restricted by its existing frameworks, and should expand its business into wider areas. For example, using NEC’s comprehensive capabilities, it should be able to operate an entire local government organization. From there, I would expect NEC to demonstrate leadership in building a future society that would set the standards for a new society.

\*1 KPI:  
Key Performance Indicator. A quantitative indicator that is measured and monitored continuously to gauge the degree of achievement of targets

\*2 Circular Economy:  
An economic system that circulates resources without producing waste

# Environmental Policy and Management

## Approach to the Environment and Structure

As part of its Corporate Social Responsibility activities, NEC seeks to reduce environmental impacts in its own business activities. At the same time, it is carrying out “environmental management” that contributes to reducing the environmental impacts of society as a whole through its products and services. Also, to promote environmental management throughout the entire Group, it has established the “Environmental Policy” to express its environmental philosophy and action guidelines. Conduct that complies with the charter is expected of all NEC employees including executive officers.

### Environmental Policy

NEC views the operation of business in harmony with the environment as one of its top priority issues and is committed to reducing the environmental impact of the entire global supply chain and contributing to a sustainable society.

1. We will create social value focused on delivering ICT solutions and services leveraging advanced technologies to contribute to the adaptation, and we will contribute to the reduction of the environmental burden on customers and the global environment and to the mitigation of the impacts of climate change.
2. We will assess the environmental impact throughout the entire life cycle of ICT solutions and service development with considerations for reducing environmental burden.
3. We will comply with environmental laws and regulations associated with our business activities, honor agreements with stakeholders, and strive to conserve energy, save resources, and prevent environmental pollution caused by chemical substances and waste along the entire supply chain.
4. We will prioritize the procurement of environmentally friendly hardware, software, and services.

5. We will disclose environmental information regarding our business activities, ICT solutions and services to our stakeholders.
6. We will raise the environmental awareness of each and every one of our employees worldwide and contribute to the conservation of the global environment through the promotion of climate change action, resource circulation, and biodiversity.
7. We will strive to improve an environmental management system with environmental targets and conduct periodic reviews to realize continual improvement.

## Environmental Management Promotion System

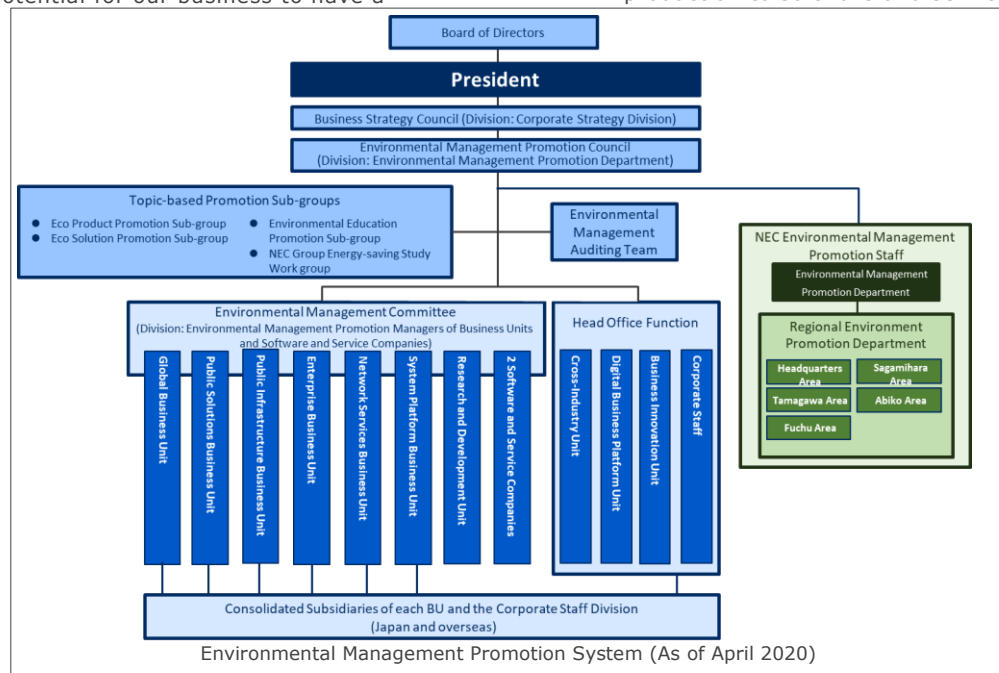
The Company’s environmental strategies and policy and long-term environmental activity plans are drafted after discussion at Business Strategy Council meetings (chaired by the President (Representative Director) and CEO of NEC), with final approval being made by the CEO. When we recognize the potential for our business to have a

significant environmental impact, the Business Strategy Council discusses our response, and measures are executed after being approved by the Board of Directors.

The business units have established environmental management committees and a system that translates this into specific measures carried out by their divisions, affiliates, and subsidiaries of NEC throughout the world. By forming specific action plans based on the environmental strategy, consistent environmental management can be implemented throughout the NEC Group.

Furthermore, committees are individually formed to engage in cross-organizational initiatives such as compliance with environmental regulations for products, development of environmentally friendly products and solutions, and raising the awareness of employees. We have also established regional environmental departments to promote the environment at each of our business and R&D sites to maintain and promote environmental management regionally as well as organizationally.

Furthermore, to reinforce environmental governance at Group companies, the management scope of the environmental departments has been expanded from production to software and service companies as well.



## Environmental Management System

### Environmental Audit and ISO 14001 Inspection

At NEC, each Group company independently conducts detailed internal audits of its business divisions. For the environmental management audits conducted by the NEC Environmental Management Promotion Department, NEC's environment auditors including certified ISO 14001 auditors audit our comprehensive environmental activities. These audits focus in particular on the relationship between each division's operations and the environmental strategy, progress of environmentally considerate product development, environmental impact reduction, risk management, and monitoring of overall environmental activities such as ISO 14001 conformance, including examination of the effectiveness of the internal environmental audits.

The results of these audits are verified in a review of ISO 14001 undertaken by an external certification body using NetAudit (see the following diagram) and alternative audit\*<sup>1</sup> methods.

In addition, we carry out environmental legal compliance audits that focus on observance of laws and regulations related to the environment to ensure compliance.

\*1 Alternative audit:

An alternative system that is a recognized part of the ISO inspection system for auditing the internal environment. This internal environment auditing system consists of high-quality auditors, auditing systems, and evaluation tools. It is implemented in combination with observation and evaluation of environmental management audits (witness audits) and direct audits by inspection agencies (verification audits).

### ISO 14001 Certification Acquisition

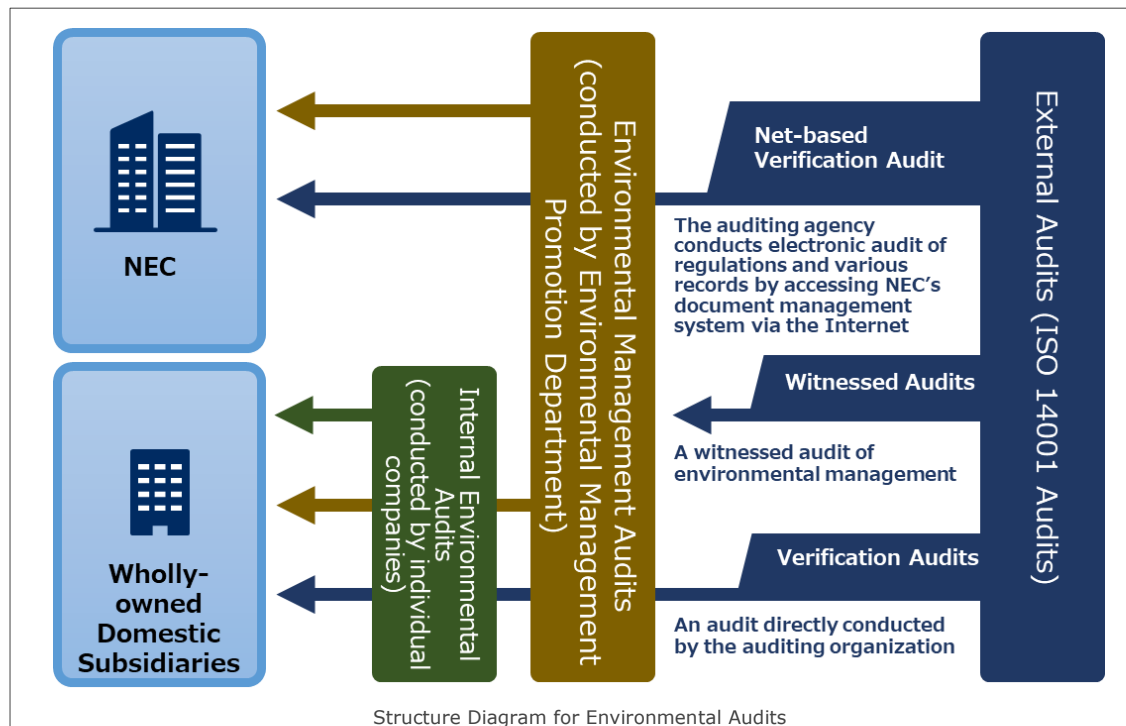
In the NEC Group, in order to gain public trust, NEC Tohoku acquired BS7750 (British environmental management system standards) certification in 1995, and the acquisition of ISO 14001 international standards certification by the NEC Sagami Plant in 1997 led to separate certifications at all business locations and research centers. In 1999, certification for all plants and research centers was integrated, including NEC Headquarters, and registrations were expanded to all sales locations in Japan in 2002. In fiscal 2013, the certification range for NEC itself and its wholly-owned domestic subsidiaries was integrated, thereby completing unification of certification acquisition.

In fiscal 2017, we started operating an environmental management system corresponding to ISO 14001: 2015, and we have maintained this certification.

#### Status of Acquisition of ISO 14001: 2015 Certification (As of April 2020)

Category	Manufacturing	Non-manufacturing	Total
Japan	9	22	31
Overseas	3	6	9
Total	12	28	40

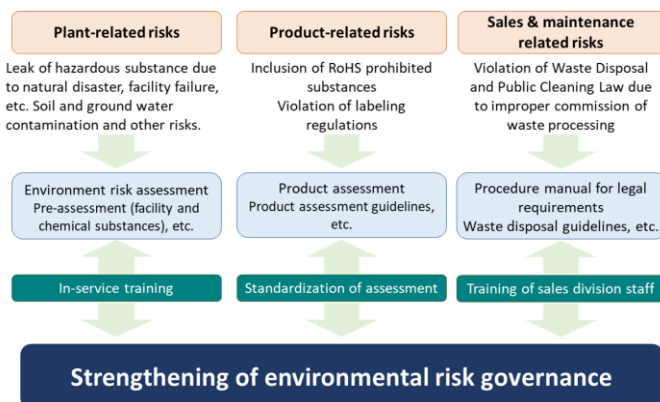
- ▶ [NEC Group Companies with ISO 14001 Certification](#)
- ▶ [ISO 14001 Certification Registrations in the NEC Group](#)



Structure Diagram for Environmental Audits

## Environmental Risks

In order to prevent risks to the environment, NEC carries out assessments and daily inspections. We have also prepared risk maps for use in emergencies and conduct periodic reviews of our emergency contact system. Environmental risk governance has been further strengthened through establishment of the "Environmental Escalation Manual for Emergency."



## Legal Violations, Accidents, and Complaints

Since fiscal 1999, we have announced any fines or penalties levied on NEC concerning environmental matters on our website. In fiscal 2020, we continued to receive no fines or penalties related to the environment in and outside the Company. We had no accidents that affected the areas beyond our site perimeters, ten environmental accidents that were contained within our site, and no complaints from neighborhood residents.

## Soil

The Soil Contamination Countermeasures Law, which bans or restricts the use of hazardous chemical substances, was enacted in February 2003. NEC had stopped the use of such chemical substances before the enforcement, including volatile organic compounds trichloroethylene and tetrachloroethylene (1998), and 1,1,1-trichloroethane (1993). We also performed several voluntary soil surveys at all manufacturing sites of the NEC Group.

In fiscal 2020, we conducted a survey of the soil and groundwater at our former production site in the city of Ichinoseki, Iwate Prefecture. The survey found six types of specified hazardous substances at levels exceeding the legal limit, and we reported the result to the supervising government authorities accordingly. Our plan now is to comply with the Soil Contamination Countermeasures Law and relevant laws and regulations, as well as directives from the supervising government authorities, and to take appropriate measures.

## Prevention Activities: Disseminating Information on Near-Misses

Since the latent causes of environmental accidents are present in minor accidents at the small incident level, we thoroughly investigate the causes and implement technology measures for even small incidents. This information is then passed on to every company within the NEC Group and the corrective action is followed up to promote accident prevention.

## Environmental Training

We conduct environmental training to increase the environmental awareness of employees. This includes online training courses for all NEC employees, as well as environmental training for specific work types and ranks. During Environment Month in June, we hold a range of environmental events.

## Environmental Training for All Employees (Online Training)

NEC carries out environmental training for all employees every year through online training. In fiscal 2020, training was conducted in five languages in 40 countries and regions, with a participation rate of 96%, exceeding the target rate of 95%. (Domestic rate: 98%; overseas rate: 79%)

The training material comprises common worldwide content introducing the latest environmental social trends and NEC's environmental initiatives, and so forth, as well as regional content focused on area-based environmental laws and regulations. Participants must pass a confirmation test to complete the course.

The training material is improved each year based on the results of participant surveys, helping to further increase environmental awareness.

## Training of Environmental Auditors

Auditor training is provided every year to NEC environmental auditors in groups on law revisions, audit policy, and other matters.

The auditor training aims to improve the quality of audits by reinforcing the purpose of the audit decided based on the result of the environmental management audit in the previous fiscal year, priority items, and changes made.

More information, especially on laws and regulations, will be provided by specifically explaining points to be noted in addition to general explanations, with a focus on business-specific information and matters pointed out in audits of the previous fiscal year.

In addition, the training program includes group discussions in which all auditors participate to increase their professional competence by reinforcing both knowledge and action.

## Environment Month

June of each year is designated as "Environment Month," with the intention of ensuring environmental awareness among all employees and encouraging them to take individual action on the environment. In 2019, we screened an environmental movie about ocean plastic and held biodiversity events, as well as lectures about forest preservation. Furthermore, in collaboration with the Chiba Biodiversity Center, we held nature observation events with the Inochinonigawai Chousa-dan (Biodiversity monitoring by citizens) and the Biodiversity Chiba Corporate Network.



## Medium-Term Environmental Plan and Results

### NEC Eco Action Plan

The NEC Eco Action Plan is a medium-term action plan for advancing the entire Group towards the achievement of long-term targets set out in the Course of Action for Climate Change Towards 2050 and the NEC Group Environmental Management Action Plan 2020/2030, and the Climate Change Mitigation Target for 2020. The plan provides common targets for all NEC Group companies, and each year the Group pursues environmental activities with targets divided between important activity items and management items.



### NEC Eco Action Plan 2019 Targets and Results

Under NEC Eco Action Plan 2019, we set out six important activity items centered on climate change countermeasures. As a result, we achieved our targets on all items. As we have consistently surpassed our targets on increasing product energy efficiency, we have increased the fiscal 2021 target considerably. In particular, in our targets for expanding introduction of renewable energy, we expanded use of green energy at overseas Group companies, thereby increasing our introduction of renewables by more than double the target amount.

### NEC Eco Action Plan 2020 Targets

Under NEC Eco Action Plan 2020, our plan for 2020, we have adopted single-year targets for fiscal 2021, as opposed to the three-year targets that we have set previously. This change is intended to improve the consistency between the next medium-term management plan and the medium-term environmental plan and align them with the management cycle. In fiscal 2021, we will consider measures and targets for promoting environmental activities that are integral to management for business growth.

	Activity Item	Evaluation Indicator	FY2020			FY2021	
			Targets	Results	Assess-ments	Targets	
1	Reduction in overall CO <sub>2</sub> emissions of society through provision of IT solutions	Amount of CO <sub>2</sub> emissions reduction	—	23.16 megatons	—	23 megatons	
2	Enhancement in energy efficiency of products	Reduction of total CO <sub>2</sub> emissions when products are used (*Compared with FY2014 products)	25%	71%	○	65%	
3	Reduction in 'absolute value' of CO <sub>2</sub> emissions from energy	Reduction rate of the generation of energy derived CO <sub>2</sub> (Compared with FY2018)	-5.4%	-20.6%	○	-8.0%	
4	Increase in introduction of renewable energy	Renewable energy power consumption (MWh)	27,000 MWh	55,420 MWh	○	28,600 MWh	
5	Reduction of water usage	Reduction rate of water usage (0.52 % reduction each year compared with FY2019)	-0.5%	-7.5%	○	-1.0%	
6	Reduction of waste output	Reduction rate of waste output (0.7% reduction each year compared with FY2019)	-0.7%	-4.7%	○	-1.4%	
7	Enhancement of the environmental awareness of all employees	Environmental education participation rate (= participants/number of target participants)	Japan	95% or higher	97.9%	○	95% or higher
			Overseas	75% or higher	79.2%	○	80% or higher

NEC Eco Action Plan

\* The number of companies subject to data collection for CO<sub>2</sub> emissions from energy, water usage, and waste output was increased in fiscal 2020, and the targets were evaluated retrospectively going back to fiscal 2019 based on the expanded data.

## Feature: Response to Climate Change and the TCFD

### Response to Climate Change

In 2014, NEC unveiled its brand statement, “Orchestrating a brighter world,” and declared its commitment to transforming into a “social value innovator” aiming to solve various social issues through co-creation with customers. Based on this management strategy, we are working to expand environmental management beyond reducing CO<sub>2</sub> emissions from customer and society through the use of ICT, which has been our focus so far, aiming to provide value to climate change countermeasures in terms of both mitigation and adaptation.

In fiscal 2018, NEC started evaluating the impact of climate change in terms of both risks and opportunities, making reference to the TCFD.\*In fiscal 2019, we positioned “Environmental action with a particular focus on climate change” as one of our key “materiality” themes for sustainable growth of the Company, and we have been expanding efforts coordinated with our business divisions to promote future business growth.

\*TCFD: Task Force on Climate-related Financial Disclosures

### Information Disclosure in Accordance with the TCFD’s Recommendations

Climate change has a significant impact on both the risks and opportunities for a company. If the impact of climate change were to emerge suddenly, it could harm the stability of the financial markets. It is therefore important to provide information so that investors can understand the risks and opportunities to companies. In June 2017, the TCFD announced its final report presenting the relationship between climate change and the economy. In response, NEC declared its agreement with the TCFD in 2018. We are disclosing information in line with the TCFD’s recommendations on the risks and opportunities related to climate change and working to envisage and understand the financial impact on our future business.

TCFD Recommendation		Disclosure Page
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	
	a) Describe the board’s oversight of climate-related risks and opportunities.	P. 31
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	P. 31
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	
	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	P. 32 – 34
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	P. 32 – 34
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	P. 31
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	
	a) Describe the organization’s processes for identifying and assessing climate-related risks.	P. 31, 32, 34
	b) Describe the organization’s processes for managing climate-related risks.	P. 31, 32, 34
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	P. 31, 32, 34
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	P. 34 – 36
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	P. 36
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	P. 34 – 36

TCFD Recommendations and Relevant Pages

## Governance Related to Climate Change

### Oversight Structure Provided by the Board of Directors and Role of Management

NEC has positioned environmental issues related to climate change as one of its materiality themes, as well as a key management issue for the Company. The person with the ultimate responsibility for climate change countermeasures is the President and CEO (Representative Director).

Reports and proposals regarding climate change countermeasures are debated by management executives at the Business Strategy Council through the executive officer in charge of the environment, before the final decision is made by the CEO as the person with ultimate responsibility. Furthermore, the executive officer in charge of the environment manages the Company's progress based on long-term environmental management targets, directing amendments and improvements as necessary.

Cases where the risks and opportunities arising from climate change are deemed to have a significant impact on business are reported to the Board of Directors. On receiving a report, the Board directs countermeasures through discussion and provides oversight to ensure that the NEC Group's climate change countermeasures are promoted appropriately.

In fiscal 2020, a plan for expanding renewable energy was discussed at the Business Strategy Council and then reported and discussed at the Board of Directors, which approved a specific plan for promoting the idea, including investment.

### Internal Structure Related to Climate Change

The environmental management structure for discussing Companywide initiatives related to climate change is the Environmental Management Promotion Council, which brings together the people responsible for promoting the environment in each business unit to set environmental policies and targets related to climate change. The executive officer in charge of the environment confirms these and reports them at the Business Strategy Council, which is a higher-order organization, to obtain approval at the company level. In addition, risks related to climate change are also shared at the Environmental Management Promotion Council. Those that have a significant impact on business are confirmed by the executive officer in charge of the environment and reported as necessary to the Risk Control and Compliance Committee in accordance with the risk management process.

There are three Topic-Based Promotion Sub-groups related to climate change: the NEC Group Energy-Saving Discussion Working Group, the Energy Saving Promotion Staff Conference, and the Global Warming Logistics Liaison Conference. These groups make reports and proposals to the Environmental Management Promotion Council to promote energy saving throughout the entire NEC Group. Matters decided by the Environmental Management Promotion Council are instructed and reported to each business unit and business site committee and so forth to ensure that they are understood by all employees.

#### Environmental Management Promotion System

## Climate Change Strategy

### Scenario Analysis

In promoting activities in line with the Course of Action for Climate Change Towards 2050, NEC has addressed the impacts of climate change by analyzing the scenario where the world achieves the Paris Agreement target for limiting temperature rise to within 2°C by the end of this century and the scenario where the temperature rise proceeds to around 4°C. We then examined response measures for each scenario. Specifically, we projected an outlook for the future based on the RCP2.6 scenario of the IPCC, and also considered the Nationally Determined Contributions (NDC) of each country where NEC Corporation conducts business, the World Energy Outlook 2018 of the IEA, and the SSP1 scenario in the "Shared Socioeconomic Pathways" of the Integrated Assessment Modeling Consortium, as well as including consideration of other ICT technology trends and projections. The envisaged periods for the scenarios included the social changes up to 2050, which is the target year for our long-term policy on climate change, and 2030, which is the target year for our SBTs. The geographical areas were the countries and regions where NEC Corporation conducts business. However, we performed a more detailed analysis in areas that are identified by simple analysis as being especially sensitive to risks and opportunities.

For example, in the RCP2.6 scenario, global carbon pricing is progressively introduced to curb greenhouse gas emissions, and the costs associated with CO<sub>2</sub> emissions from our business activities will increase. On the other hand, we believe that promoting CO<sub>2</sub> emission reduction measures using ICT will also lead to business growth.

Furthermore, in the case where the temperature rises by around 4°C under the IPCC's RCP8.5 scenario, an increase in weather disasters around the world will impact supply chains, which is likely to reduce sales and increase expenses for countermeasures. On the other hand, as demand increases for ICT-based solutions to counter disasters, this scenario would also lead to business growth. Based on the results of this scenario analysis, we will consider countermeasures for business continuity and the creation of new businesses.

Going forward, we will continue to analyze scenarios regarding climate change risks and opportunities and to increase the resilience of our organization.



## Risks and Opportunities

The TCFD recommends evaluating items related to risks and opportunities, taking into consideration transition risks such as changes in policies and markets and physical risk due to disasters. The NEC Group has past experiences with having to stop operations of plants in Thailand due to flooding and has therefore established a business continuity plan (BCP) for physical risks, including earthquake countermeasures. We are also evaluating the impact of carbon pricing, which various countries are looking at introducing.

Meanwhile, ICT has a vital role to play in climate change countermeasures. NEC has a host of products, software and services that can provide value in terms of both climate change mitigation and adaptation. We believe that NEC will be able to contribute to an even wider range of areas going forward as climate change countermeasures advance globally.

## Physical Risk

Looking at physical risks in the short term, we may experience an increase in expenses for countermeasures to prepare for the impact of abnormal weather.

NEC operates businesses using a large number of data centers in Japan. Stable electric power supplies are essential to the operation of data centers, and if the equipment were to stop because of an electric power supply interruption in a blackout caused by a weather disaster, it would have a serious impact on not only our own businesses but also those of our customers.

In light of these impacts, NEC's data centers are prepared for disaster risk by choosing locations that are resilient against disaster damage and using equipment configurations and building structures that minimize the risk of major disasters. We also install uninterrupted power supply (UPS) equipment to protect our systems from flickers, power outages, and unstable voltages. Long-term power outages are covered by on-site emergency power generators as part of a full suite of facilities for supporting business continuity.

## Migration Risk

Short-term migration risk includes a deterioration in our evaluation by customers, business partners, shareholders and other stakeholders in the event that our ESG initiatives and climate change countermeasures are seen to be delayed. This would likely lead to a decrease in fund procurement and sales. Around 70% of NEC's business is with other companies, so strengthening our climate change countermeasures for customers is an important activity for continuing business with them. If our customers considered that our climate change countermeasures were delayed, we could experience a decrease in sales if they halted their business relationships with us and incur additional expenses to continue doing business. For this reason, NEC acquired SBT designation in 2018 as a climate change countermeasure. We have established plans for steadily achieving the SBTs and we are expanding renewable energy in line with these. We will proceed with installing solar power generation equipment at our locations in Japan and overseas, and with switching to procuring green electricity.

In terms of medium-term migration risk, we envisage an increase in expenses with the introduction of carbon pricing. To minimize this impact, NEC is promoting activities on three policies: 1) conduct initiatives that align with targets under the Paris Agreement by acquiring SBT designation; 2) continuously pursue efficient energy use; and 3) expand use of renewable energy. Based on these policies, the NEC Group has decided, for example, with regard to expanding renewable energy, that it will install solar power generation equipment on all available rooftop space at all of its business sites.

Type	Time Frame	Summary	Main Initiatives
Physical risk (acute and chronic)	Short term	Increase in business expenditures for the impact of abnormal weather and countermeasures	Reevaluate data center disaster countermeasures based on actual records of disaster damage in Japan, and strengthen countermeasures such as capital expenditure if necessary.
Migration risk (market)	Short term	Decrease in earnings caused by declining demand for products and services due to an increase in concerns among stakeholders	Acquire SBT designation and promote initiatives to expand renewable energy to achieve them. Periodically survey major customers' climate change countermeasures.
Migration risk (government policy and laws)	Medium term	If NEC fails to achieve goals due to an increase in greenhouse gas emissions pricing due to the introduction of carbon pricing, it will incur expenses	Discuss and decide on countermeasures to minimize risk in the Business Strategy Council. Expand efficient use of energy and introduction of renewable energy towards achieving the SBT goals.

Examples of Climate Change Risk

## Opportunities from Products and Services

Looking at opportunities for products and services in the short term, we expect to increase earnings atop a rise in demand for products, software, and services that contribute to climate change mitigation and adaptation.

### ■ Contribution to Mitigation

NEC provides ICT solutions in the form of products, software and services that increase the efficiency of customers' operations, enable movement and storage of people and things, and the transition to a paperless operation, and so forth. In this way, introducing ICT solutions helps to reduce overall CO<sub>2</sub> emissions. As many companies are currently promoting measures to reduce their CO<sub>2</sub> emissions, NEC's ICT solutions will find a growing number of opportunities to contribute.

For example, NEC has been providing an information service infrastructure in India since July 2016 that visualizes logistics infrastructure and enables operators to grasp the location information of containers in transit in real time. The service works by affixing RFID tags to containers when they are unloaded or loaded at Mumbai port, and then reading their data through RFID reader/writers installed at the port gates, highway toll booths, inland customs stations, and so forth. It can also connect with other cloud-based systems. With this service, freight owners and transport operators can obtain accurate position information on containers in transit between Delhi and Mumbai (a distance of approximately 1,500 kilometers) simply by searching for the container number. This has resulted in shorter transport lead times, reduced inventories, more accurate production plans, and lower transportation costs. In addition, expected annual CO<sub>2</sub> emissions reductions are estimated at 170,000 tons. From fiscal 2019, the service has been expanded in stages to ports throughout all of India, and currently covers approximately 95% of international sea freighted containers handled in India.

### ■ Contribution to Adaptation

Due to the massive amount of greenhouse gases that have already been emitted, it is thought that even if CO<sub>2</sub> emissions were brought down to zero immediately, the climate change trend would not stop. This means, that it will be increasingly important from now on to adapt to the various impacts of climate change, such as disasters, water resource shortages, food shortages, and damage to health. NEC is focusing on the social infrastructure business, which can contribute to our adaptation to these impacts of climate change.

For example, NEC provides solutions for improving crop quality and increasing the efficiency of agricultural operations by collecting data from farms, then accumulating, visualizing, and analyzing it. This contributes to eliminating the risk of food shortages associated with climate change. Specifically, we are working with the Kagome group to develop a new system in the field of tomato cultivation. The tomato is the most consumed vegetable in the world; however, producers and processors are currently facing the major challenge as to how they can respond to increasing demand due to rapid population growth. Moreover, in recent years, it has become difficult to predict yields due to drastic climate changes mainly caused as a result of the effects of global warming. Accordingly, through the utilization of ICT, NEC and Kagome have created virtual fields on computer by spatially and temporally quantifying a vast amount of farmland information obtained from sensors installed on farms to measure changes in weather and soil, artificial satellites and drones, as well as information related to natural environments such as the farming activity environment. Based on the results of growth simulations for these virtual fields, we have developed the new "Overseas Large-Scale Farming Analysis Solution" for open-field cultivation in order to realize the development of the most efficient and optimized cultivation methods and the accurate prediction of yields and appropriate harvest times. By 2019, we had undertaken trial testing in various regions including Portugal, Australia, and the United States. Among these, an AI farm operation trial test conducted on a farm in Portugal achieved a harvest of 127

tons per hectare, approximately 1.3 times the national average yield for Portuguese farms, using around 20% less nitrogen fertilizer than the average. This result was comparable to that of a seasoned grower. In 2020, we plan to conduct further trial testing for developing this business in various production areas in Japan.

NEC is also supporting optimization of supply and demand to resolve food loss and waste. By 2050, the global population is expected to increase by 30% from its current 7 billion to over 9 billion. In conjunction with this, demand for food is set to increase by 70%. Meanwhile, some 1.3 billion tons of food is disposed of without being eaten, around 1/3 of global food production. Japan wastes 6.43 million tons of food annually, of which around 55% is due to overproduction or unsold items in the distribution process (manufacturing, wholesale and logistics, and retail.) NEC provides the "Supply and Demand Optimization Platform," a system for optimizing the supply chain by using ICT, especially artificial intelligence (AI) to reduce food loss and waste. Compared with conventional demand prediction that was conducted separately by the food manufacturing and retail businesses, the supply and demand optimization platform not only optimizes individual processes, but also collects data over the entire value chain and uses AI to increase the accuracy of demand prediction, enabling production, inventory and orders to be optimized across the value chain. Collaborating with the Japan Weather Association from February 2018 and INTAGE Inc. from June 2018, NEC has started developing a business for optimizing supply and demand across the entire value chain of manufacturing, wholesale and logistics, and retail in diverse industries and sectors. Reducing food loss and wastage will help to resolve the issue of food shortages, while at the same time, reducing the energy used to make food that was previously wasted will also contribute to "adaptation."

NEC has numerous other social solutions that can contribute to adaptation to climate change. We aim to continue contributing to the creation of an abundant, bright future by providing value through ICT that helps to resolve the global social issue of climate change.

Type	Time Frame	Summary	Main Initiatives
Opportunities for products and services	Short term	Mitigation – Increase in earnings atop growth in demand for products, software, and services that contribute to CO <sub>2</sub> emissions reduction	When making proposals to customers, we indicate how much of a contribution the solution will make to reducing CO <sub>2</sub> emissions, helping to differentiate ourselves from other companies, which leads to growth in orders. Our solutions can help to reduce CO <sub>2</sub> by optimizing logistics.
Opportunities for products and services	Medium term	Adaptation – Increase in earnings through new solutions to meet adaptation needs	Through use of ICT and big data analysis technologies, we accumulate expertise on how to achieve high crop yields. We are conducting trial testing of this solution in collaboration with food manufacturing and processing companies.
Opportunities for products and services	Medium term	Adaptation – Increase in earnings through new solutions to meet adaptation needs	We assist with supply and demand optimization for optimizing the supply chain by using ICT, especially artificial intelligence (AI), to reduce food loss and waste.

Examples of Opportunities from Climate Change

## Course of Action for Climate Change Towards 2050

As a long-term climate change countermeasure, in July 2017, NEC formulated its Course of Action for Climate Change Towards 2050. Under the Course of Action, NEC is strengthening its efforts towards realizing a sustainable management foundation and demonstrating how NEC collaborates with stakeholders in co-creating a sustainable society. We have presented these efforts in four components from the perspectives of climate change mitigation and adaptation.

### I. Building a sustainable management foundation

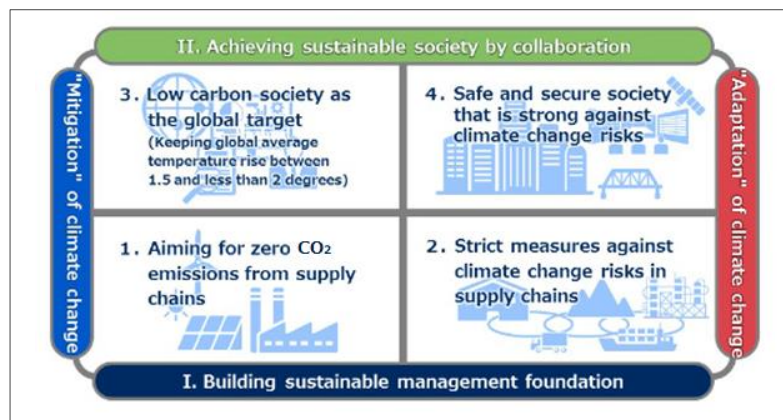
We will reduce the impact of climate change on supply chains and build a sustainable management foundation by taking steps to achieve zero CO<sub>2</sub> emissions from the entire supply chain and promoting measures against risks throughout the entire supply chain.

#### 1. Aiming for zero CO<sub>2</sub> emissions from supply chains

We have set a target of reducing CO<sub>2</sub> emissions linked to our business operations (Scope 1, Scope 2) to “effectively zero” by 2050. We will aim to reduce energy usage through rigorous energy saving, convert our energy usage to renewable sources, and offset our final CO<sub>2</sub> emissions. As a milestone for this goal, we have formulated reduction targets to be achieved by 2030, which were accredited as SBTs in October 2018. To achieve these targets, we have decided to significantly expand our use of renewable energy. Up to now, our target has been to increase the generation capacity of our installed renewable energy facilities in kilowatts by a factor of 10 compared with fiscal 2012 by fiscal 2021. However, since this target made it difficult to achieve our SBTs, from 2017 we changed our policy to include not only installing facilities at our own sites, but also switching our purchased electricity to renewable sources. We have now revised our previous target for renewable energy usage to increasing generation capacity in capital investment to approximately 75 times the amount compared with fiscal 2018 by fiscal 2021, and we are working to expand this systematically. In addition, towards reducing CO<sub>2</sub> emission from the supply chain (Scope 3), we are proceeding to improve the energy efficiency of products with regard to Category 11, “Use of Sold Products,” which is the largest contributor to emissions. We are also promoting measures to reduce emissions in collaboration with suppliers with respect to Category 1, “Purchased Goods & Services,” which is the next largest contributor.

### 2. Strict measures against climate change risks in supply chains

Looking ahead to 2050, an increase in various weather disasters related to climate change will raise the risk of supply chain interruptions. NEC will assess the impact on its global supply chains and strengthen its BCP measures while also promoting measures in coordination with suppliers.



Course of Action for Climate Change Towards 2050

### II. Realizing a sustainable society through co-creation

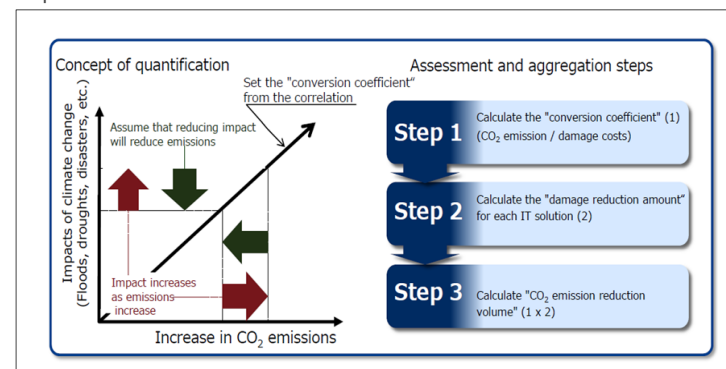
#### 3. Low carbon society as the global target

Through the provision of ICT solutions, NEC will contribute to reducing the CO<sub>2</sub> emissions of its customers and society. For example, solutions that support value chain reform lead to improved production and logistics efficiency as well as facility utilization rates, with attendant decreases in energy consumption contributing to reduced CO<sub>2</sub> emissions. By proactively driving further innovation and development going forward, we aim to continuously create new solutions that assist with mitigation, and to contribute to realizing a low-carbon society while co-creating with our customers.

### 4. Safe and secure society that is strong against climate change risks

NEC is focusing on the social infrastructure business, which can contribute to “adaptation” to these climate change impacts. For example, we can help to prepare for natural disasters by monitoring the status of all manner of scenes in the natural environment and urban infrastructure and quickly analyzing the mass of collected data (big data) to predict the occurrence of potential disasters. Our goal is to continuously create new solutions such as these that can contribute to “adaptation.”

In addition, in an effort to quantitatively assess the value provided to “adaptation” by ICT, we developed a method for quantitative assessment together with Waseda Environmental Institute, and we have been conducting quantitative assessment since 2014.



## Risk Management for Climate Change

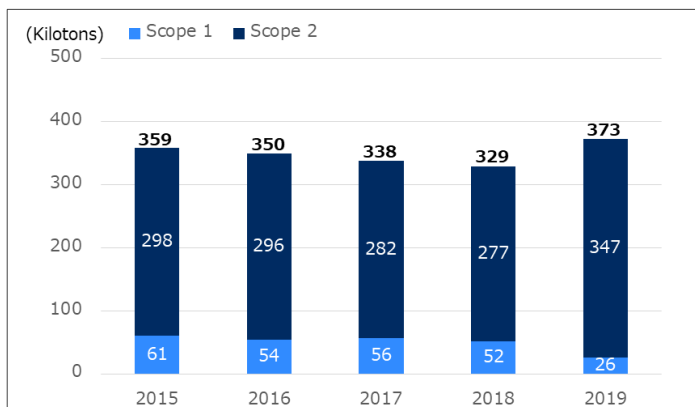
NEC conducts a risk assessment at six-month intervals and when risks that can have a significant impact on business have emerged, the Risk Control and Compliance Committee and the Executive Committee deliberate on the response. The indicated priority order and policy indicated by these bodies is discussed by the Board of Directors, and finally reflected in the decisions on NEC strategy, action plans, risk management policy, and performance indicators.

In fiscal 2020, there were no climate change risks requiring discussion by the Risk Control and Compliance Committee.

## Greenhouse Gas Emission Results

### Scope 1 and 2 Greenhouse Gas Emissions

Greenhouse gas emissions arising from energy use (absolute value) in fiscal 2020 increased 13% year on year to 373 kilotons. The main factor behind the increase was the widening of the data collection scope among Group companies.



Scope 1 and 2 Greenhouse Gas Emissions



\* CO<sub>2</sub> emissions from electric power usage from fiscal 2016 onward are calculated based on individual CO<sub>2</sub> emissions coefficients for each electric power company in accordance with the Act on Promotion of Global Warming Countermeasures.

### Scope 3 Greenhouse Gas Emissions

Scope 3 emissions for fiscal 2020 were 7,110 kilotons. As a result of revising the calculation method for Scope 3 emissions in fiscal 2020, category 1 emissions increased compared with previous calculation results. The data has therefore been restated retroactively going back to fiscal 2018.

	FY2018	FY2019	FY2020
Before revision	5,821 Kilotons	5,295 Kilotons	-
After revision	7,832 Kilotons	7,795 Kilotons	7,110 Kilotons

## Regarding Revision of Scope 3 Emissions

### Background to the Revision

NEC has disclosed its Scope 3 emissions since fiscal 2014. The climate change target for fiscal 2021 (use the provision of IT solutions to contribute to reducing CO<sub>2</sub> emissions by attaining a level of CO<sub>2</sub> reduction that is five times the total volume of CO<sub>2</sub> emissions from its entire supply chain in fiscal 2021) was achieved ahead of schedule based on fiscal 2019 results, so the Group has revised its Scope 3 calculation method to evaluate the five times target more rigorously.

### Main Changes

Previously in the calculation of Category 1 emissions (from purchased products and services), NEC used its own emissions intensity units based on supplier surveys in order to reflect suppliers' efforts to reduce emissions. These emissions intensity units did not include the environmental impacts from suppliers higher upstream than secondary suppliers. As a result, the calculation produced a lower figure than emissions intensity units based on the Input-Output Table, which are used by many companies. Now NEC has adopted emissions intensity units based on the Input-Output Table, and has also recalculated using a new standard that includes the amount of activity, which was not previously measured. In this way, the fiscal 2021 climate change countermeasure targets have been evaluated more rigorously.

### Result of the Revision and Initiatives Going Forward

After recalculating Scope 3 emissions for fiscal 2019, Category 1 emissions increased by a factor of nine, from 43.5 kilotons to 374.2 kilotons, and Scope 3 overall increased from 5,295 kilotons to 7,795 kilotons. In addition, in the calculation of Category 1 emissions, we will use emissions intensity units based on the Input-Output Table, and we will continue our supplier engagement activities, and strengthen and expand them while confirming suppliers' efforts to reduce Category 1 emissions through supplier surveys.

NEC set fiscal 2018 as the base year for its SBTs, and we have therefore revised Scope 3 data retroactively going back to fiscal 2018. Going forward, we will continue to receive third-party inspections to ensure the reliability of our disclosed data and conduct regular evaluations and improvements to improve its accuracy.

### Reducing Greenhouse Gas Emissions across the Supply Chain

As a result of applying a new calculation method for data aggregation, greenhouse gas emissions across the entire supply chain for fiscal 2018 came to 7,483 kilotons, a decrease of 646 kilotons from fiscal 2017.

The main factor behind the decrease was the transfer of NEC Lighting, Ltd. to HotaluX, Ltd. on April 1, 2019. NEC Lighting manufactures and sells lighting equipment, which emits a large volume of CO<sub>2</sub> during use. By removing NEC Lighting from the scope of consolidation, the Company's Category 11 (Use of sold products) emissions were significantly reduced.

	(megaton)
<b>Scope 1</b>	<b>26</b>
<b>Scope 2</b>	<b>347</b>
<b>Scope 3</b>	<b>7,110</b>
Category 1 End-of-life treatment of sold products	3,820
Category 2 Capital goods	183
Category 3 Fuel and energy related activities not included in Scope 1 and 2	59
Category 4 Transportation and distribution (upstream)	75
Category 5 Waste generated in operations	7
Category 6 Business travel	15
Category 7 Employee commuting	22
Category 8 Leased assets (upstream)	4
Category 9 Transportation and distribution (downstream)	0
Category 10 Processing of sold products	0
Category 11 Use of sold products	2,923
Category 12 End-of-life treatment of sold products	1
Category 13 Leased assets (downstream)	-
Category 14 Franchises	-
Category 15 Other	-

Breakdown of Scopes 1, 2, and 3



\* Calculated based on the "Scope 3 Standard" of the GHG Protocol Initiative.

## Targets and Performance Relating to Climate Change

### NEC Group Environmental Management Action Plan 2020/2030

We have set targets for 2020 and 2030 as milestones toward 2050. These targets are set out in the NEC Eco Action Plan as specific strategies and targets, and the entire Group is promoting activities aimed at achieving them.

In fiscal 2020, some fiscal 2021 targets were surpassed and steady progress was made. In particular, in expanding the introduction of renewable energy, NEC Group company KMD Holding ApS, which is based in Denmark, decided on a target of converting all of its energy to renewables in fiscal 2021, and has expanded its green energy since fiscal 2020, introducing about double the target amount.

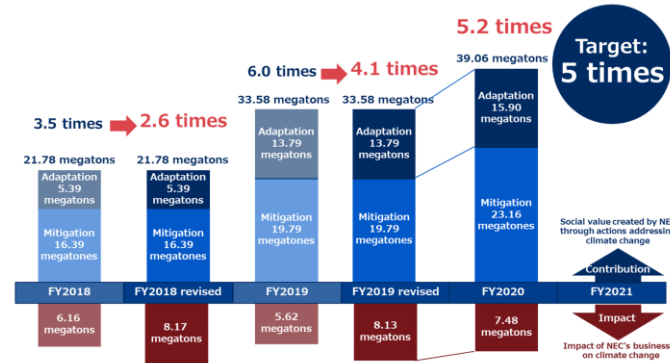
		FY2020 Result	FY2021 Targets	FY2031 Targets
1. Contribution to "mitigation"	① Reduction in overall CO <sub>2</sub> emissions by society through provision of IT solutions	23.16 megatons	23 megatons	50 megatons
	② Improvement in product energy efficiency (compared with FY2014)	71% improvement	30% improvement	80% improvement
2. Contribution of "adaptation"	③ Preparing for the impacts of climate change through the provision of Solutions for Society	15.90 megatons	Strengthen competitive power of solutions for social issues and expand contribution through business activities	
3. Reduction of emissions from business activities	④ Improvement in CO <sub>2</sub> emission intensity through efficiency of energy use (compared with fiscal 2013)	14.2% improvement	18% improvement	30% improvement
	⑤ Expand introduction of renewable energy	55,420 MWh	28,600 MWh	-

Progress of the NEC Group Environmental Management Action Plan 2020/2030

### Climate Change Mitigation Target for 2020

As a KPI for materiality related to climate change, NEC aims to contribute to reducing CO<sub>2</sub> emissions by attaining a level of CO<sub>2</sub> reduction that is five times the total volume of CO<sub>2</sub> emissions from its entire supply chain in fiscal 2021.

In fiscal 2020, we succeeded in making a contribution that is 5.2 times the CO<sub>2</sub> emissions burden\* from our supply chain. In fiscal 2019, we achieved a six-fold contribution, but having revised our calculation method for Scope 3, we recalculated our figures going back to fiscal 2018. The following graph shows our performance trend after the revision. We will continue working toward building value and reducing the burden within our supply chain.



Climate Change Mitigation Targets up to Fiscal 2021

\* "Burden" refers to the total volume of CO<sub>2</sub> emissions from our supply chain, such as production sites, offices, and use of products. Within NEC's "contribution," "mitigation" includes the reduction in CO<sub>2</sub> emissions volume for society overall through the products and services we provide to customers, as well as the amount of product energy efficiency improvements, while "adaptation" includes the contribution to controlling CO<sub>2</sub> emissions for society overall using NEC's solutions.

### NEC's SBTs

In December 2017, NEC committed to making science-based targets (SBTs) for its greenhouse gas emission reduction targets, aiming to achieve the so-called 2°C target of the Paris Agreement. Subsequently, these targets were designated as SBTs by the Science Based Targets Initiative on October 31, 2018. In fiscal 2020, our targets were categorized under the new standard, "well below 2°C."

Scope 1+2:

Reduce greenhouse gas emissions by 33% compared with FY2018 by FY2031

Scope 3:

Reduce greenhouse gas emissions from products sold by 34% compared with FY2018 by FY2031



### CDP Climate Change A List

NEC's climate change initiatives and information disclosure in fiscal 2020 were recognized by its listing on the "A List" of companies holding the highest rating in the CDP\* "Climate Change" division.



\* CDP:

An international non-profit organization that operates a global information disclosure system for investors, companies, municipalities, and countries, and regions to manage environmental impacts. In fiscal 2020, over 8,400 companies worldwide disclosed information through the CDP.

## Examples of Climate Change Countermeasures



### Smart Factories Using Renewable Energy

Under the Course of Action for Climate Change Towards 2050 announced in 2017, NEC has set a target of reducing CO<sub>2</sub> emissions from its own business activities (Scope 1, 2) to “effectively zero.” Our approach to achieving effectively zero in 2050 includes 1) reducing energy usage through rigorous energy saving, 2) converting our energy usage to renewable sources, and 3) offsetting our final CO<sub>2</sub> emissions. As one of the initiatives to achieve this target, we have been promoting an initiative for converting plants and other facilities into smart factories.

At a newly built factory of the NEC Group’s production-related company, NEC Platforms Thai Company Limited, we aim to create a state-of-the-art smart factory in Thailand using ICT. Our main initiatives include installing solar power generation equipment, optimizing operation control for air conditioning equipment, changing the nitrogen supply system, and converting all of the lighting to LEDs.

In the installation of solar power generation equipment to provide a source of renewable energy, we have installed a megasolar system with a total electric power capacity of 1,400 kW (1.4 MW) covering the entire roof area of the factory building, office building, and parking building, totaling 8,330 m<sup>2</sup>. The system is expected to generate 1,900 MWh of electricity every year.

Since the air-conditioning equipment accounts for a significant portion of the plant’s electricity use, we have installed controls over the number of units in operation and an inverter control. These can automatically control the equipment in response to changes in the environmental load due to operating status, temperature, and the status of people present in rooms, helping to reduce electricity use.

For the nitrogen supply system, we purchased nitrogen that we previously manufactured, helping to reduce costs. The air compressor equipment has a controller for the number of units installed to enable electricity-saving operation.

For the lighting equipment, we have installed LEDs throughout the plant, including the assembly area work tables in the factory, adding switches that allow people to turn lights on and off as needed, which also helps to reduce electricity use.

In addition, we have also installed a Factory Energy Management System (FEMS) to enable visualization and

control of operation status by gathering data from these facilities so that we can monitor the control status and make further improvements.

By introducing renewable energy and enhancing the efficiency of these energy facilities, we expect to reduce the plant’s overall energy usage by about 40%.

The Thai plant is NEC’s first step in achieving production with zero CO<sub>2</sub> emissions, and we now plan to install solar power generation equipment on the roofs of all NEC Group facilities where it can be installed.



Air conditioning equipment control panel



Nitrogen supply system



NEC Platforms Thai Company Limited

### Status of Major Solar Power Generation Installations since Fiscal 2019

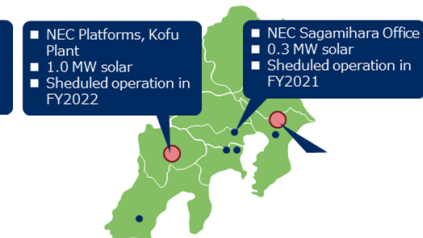
#### Overseas: NEC Platforms Thai Company Limited plant

- NEC Platforms Thai Company Limited
- 1.4 MW solar
- Operational from September 2019



#### Japan: All business sites, Group companies

- NEC Platforms, Kofu Plant
- 1.0 MW solar
- Scheduled operation in FY2022
- NEC Sagamihiro Office
- 0.3 MW solar
- Scheduled operation in FY2021



- 1 MW or larger (1 MW = power for around 400 average households)
- 10 kW or larger

## Examples of Climate Change Countermeasures

Contribution to adaptation

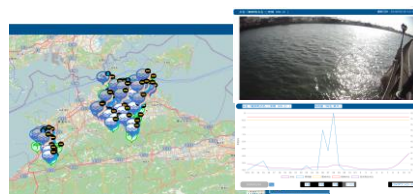
### NEC Smart Cities

NEC is undertaking global expansion of its initiatives to promote safety, security, and comfort by transforming cities to make them smart cities, using advanced technologies such as biometrics, including facial and fingerprint recognition, image analysis powered by AI, and IoT. Among our responses to environmental issues through smart cities, we have implemented disaster readiness through analysis of weather observation data using ICT and AI technology, CO<sub>2</sub> reduction through the construction of optimal waste collection routes, and reduction in waste. Looking ahead, we will use ICT, IoT and other advanced technologies to prevent and mitigate natural disasters in cities.

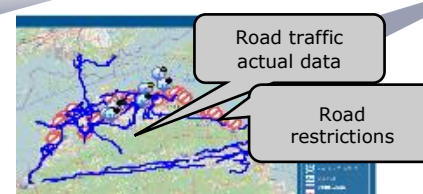


Examples of Cities in Japan Engaged in Smart City Initiatives by NEC

### Smart Cities



Tide and river level information (Municipality, Meteorological Agency)



Road traffic actual data and restrictions (Private sector, Prefectural government)

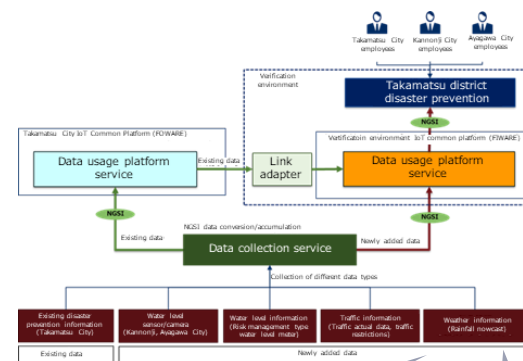


Weather information (Private sector)

## Disaster Prevention Initiatives at Smart City Takamatsu

Kagawa Prefecture faces the Seto Inland Sea, and experiences a warmer climate with relatively fewer natural disasters compared with other areas. However, in the past few years the prefecture has been working urgently to prepare natural disaster countermeasures over a wide area in preparation for disaster damage from torrential rains and so forth caused by climate change. At Takamatsu City in Kagawa Prefecture, workers and students from nearby municipalities gather because it is a core city, giving rise to needs for disaster prevention over a wider area by rapid information sharing between local governments during disasters. However, data for conducting disaster countermeasures, such as weather and traffic information, is distributed across different systems operated by government and private organizations, creating a need for a system for integrating data in an information linking infrastructure.

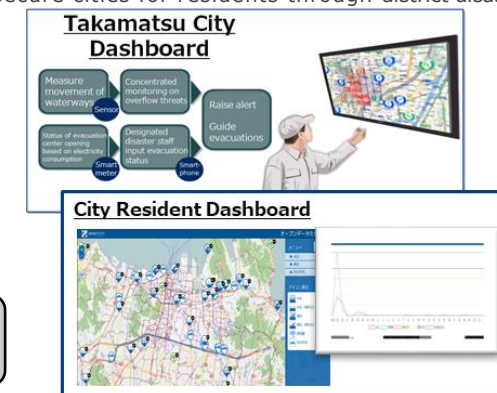
To solve this issue, NEC has been working with Takamatsu City since fiscal 2018 to promote the "Smart City Takamatsu" project, making use of ICT, IoT, and other advanced technologies for city development. As part of this effort, we are working on rapid information linkage to assist disaster prevention over a wide area.



District disaster prevention requires a system that can centrally manage various data and protect the safety of residents. We began by collecting various kinds of data required for district disaster prevention, such as river level sensor data collected by local governments, and data published on systems operated by government agencies and private-sector organizations (water level, tide level, traffic, and weather). The data were accumulated and concentrated on a shared IoT platform and converted into a standard uniform data. This enables district disaster prevention data to be displayed simultaneously together on a dashboard, enabling rapid sharing between people responsible for disaster prevention and multiple local governments, which promotes situational understanding.

We are also focusing efforts on support for flood countermeasures. Recent concentrated torrential rainfall caused overflows and resulting flooding in medium-sized and small rivers in urban areas as reservoir volume overwhelmed drainage capacity for a short time, causing massive damage to the area. The incident has prompted research into river level prediction using AI. Up until now, the status of river overflows has been ascertained by direct inspection undertaken by local government employees; however, AI analysis based on water level data and weather data such as rainfall can produce highly accurate predictions of river levels. In the future, this technology is expected to aid in encouraging residents to evacuate early before flooding occurs.

Looking ahead, NEC aims to increase cooperation with local governments around Takamatsu City and create safe, secure cities for residents through district disaster prevention.



# Initiatives in Products and Services

## Development of Environmentally Friendly Products

NEC focuses on activities to reduce the environmental impact of products over their entire lifecycle from procurement to use and disposal of products by customers. In these activities, we have added the perspectives of "Ecology" (including resource recycling, global warming prevention, and environmental consciousness) and "Compliance" to the conventional perspectives of "Quality," "Cost," and "Delivery."

## Eco Symbol System

Environmentally friendly products, software, and services that meet NEC's environmental standards are certified and registered in three levels.

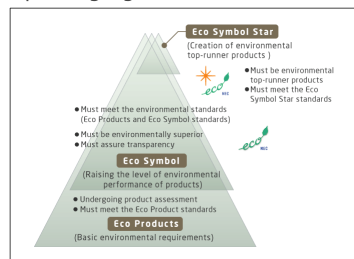
Eco Products are products that are confirmed to have met all of the eco product standards, which are NEC's original basic requirements for protecting and preserving the environment, in product assessments conducted by each division during new product development.

Eco Symbol products are Eco Products that meet the Eco Symbol standard that requires products to be even more environmentally advanced and environmentally friendly.

The Eco Symbol Star is assigned to Eco Symbol products, software and services that are regarded as environmental top-runner products, for example conforming to stringent standards such as reducing CO<sub>2</sub> emissions by 50% compared with conventional products.

In fiscal 2019, 10 items, comprising 8 hardware products and 2 software and services were certified as Eco Symbol Star products.

Products conforming to the standard are affixed with the Eco Symbol Star mark in product catalogs, websites, or on the product packaging.



Eco Symbol System

## Examples of Eco Symbol Star Registrations in Fiscal 2020

### ● Vehicle Interface Box (E1834-01)

A compact in-vehicle device compatible with the firefighting industry's first "Disaster and Crisis Management Report Service" offered by Michibiki (Quasi-Zenith Satellite System) for transmitting disaster-related and crisis management information.

The capabilities of GPS, sensors, and in-vehicle signals combine to provide precise navigation information to enable fire trucks and ambulances to rapidly arrive at the disaster scene when an emergency call is received. In addition, its compact size (size is significantly smaller and weight significantly less than that of existing devices) has resulted in a 95% reduction in environmental burden per unit.

Highly accurate vehicle location information can be acquired from Michibiki to provide optimal routes to disaster locations, enabling faster response times, which also helps to reduce CO<sub>2</sub>. Its compatibility with the firefighting industry's first disaster and crisis management report service helps to advance firefighting procedures and to maintain high levels of safety.



### ● SX-Aurora TSUBASA (VE1E Card/Water-cooled Model)

The Vector Engine (VE1E care/water-cooled model executes complicated applications for supercomputers. It has a higher memory bandwidth than previous models for improved real performance and cooling components optimized for each mounting position, which allows double the previous mounting density. Together these features enable a 3% improvement in annual CO<sub>2</sub> emissions compared with previous models, which had already achieved CO<sub>2</sub> emissions reductions of 50% or more.



### ● Batch-type System Development Platform "System Director Enterprise for Batch"

This tool can be used in batch-type system development projects to automatically generate code and design documents that have conventionally been written manually. In particular, since batch-type systems involve significant typical processing, they include a large number of source lines that can be generated automatically. Furthermore, since the result has a consistent character, it also has improved maintainability.

- ▶ [Eco Symbol Star Products Standard \(Hard\)](#)
- ▶ [Eco Symbol Start Standard Products \(Soft\)](#)
- ▶ [MICHIBIKI Quasi-Zenith Satellite System](#)
- ▶ [SX-Aurora TSUBASA](#)
- ▶ [Batch-type System Development Platform "SDE for Batch"](#)



## Green Procurement

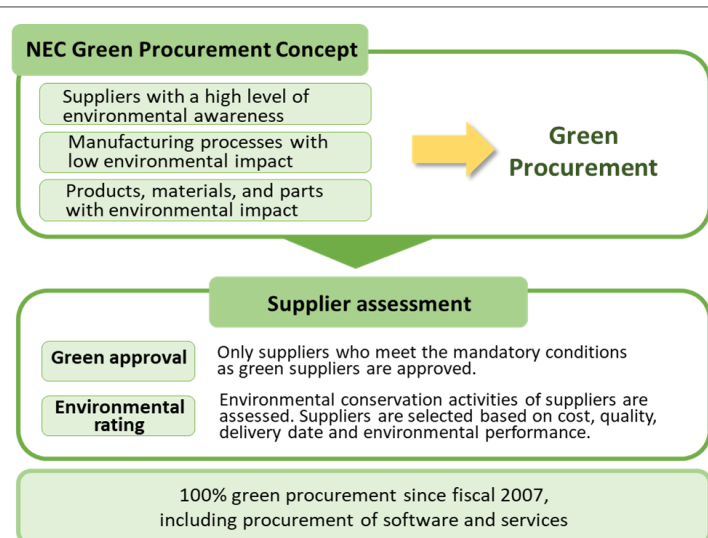
### Green Procurement Policies

NEC is making a Company-wide effort to promote "green procurement," which involves prioritizing procurement of items that are environmentally friendly under the concept of "environmentally conscious suppliers, low-impact manufacturing processes, and low-impact parts and materials." Our objectives are to expand the green product market towards building a recycling-oriented society, promote the development of recycling-oriented products for such a society, and to raise awareness among designers and developers.

As part of our environmental target to convert all NEC products into environmentally sound items, we began a "Green Approval" municipalities system in fiscal 2003, and since fiscal 2007 we have achieved a 100% procurement rate from green approved suppliers.

Furthermore, we adopted an environmental rating system to evaluate and rate suppliers' environmental preservation activities, and we give priority to green approved suppliers who are most proactive in their environmentally sound activities.

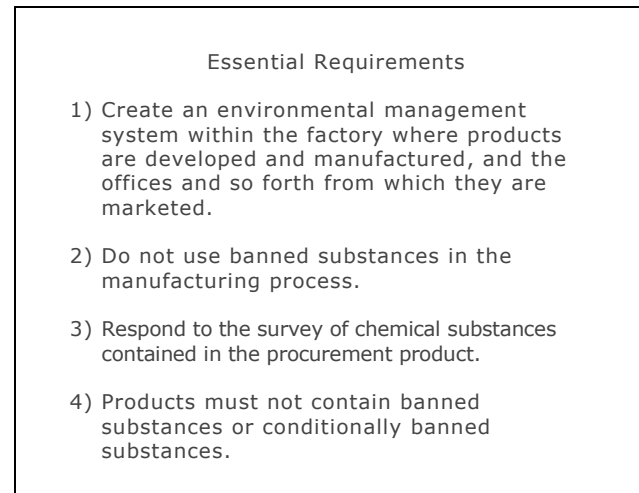
Our supplier evaluation applies not only to materials and parts suppliers, but also to suppliers of intangible products such as software and services.



### Green Procurement Guidelines

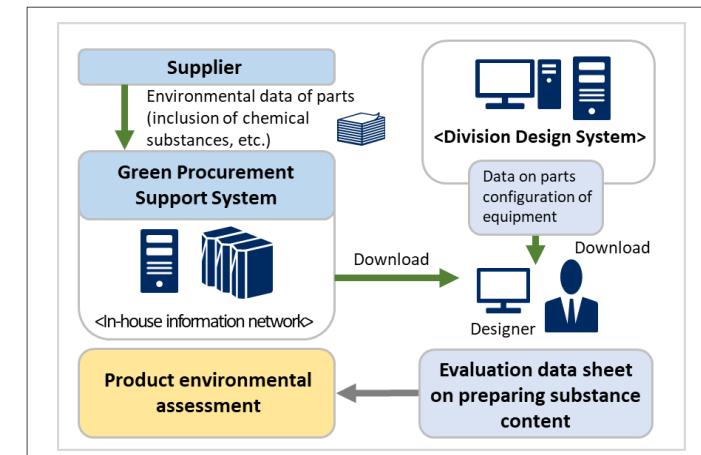
To promote green procurement, NEC has established Green Procurement Guidelines. These guidelines present "essential requirements," the minimum requirements that we ask suppliers to observe for green procurement, and "requests," which we ask suppliers to consider incorporating into their environmental activities.

With regard to the "essential requirements" for suppliers, purchased products that are incorporated in or shipped together with NEC's products must satisfy requirements (1) to (4), while other purchased products such as software, services, pharmaceuticals, gases, and supplies must satisfy requirement (1).



### Green Procurement Support System

Since 1997, NEC has investigated the status of environmental pollutants contained in items purchased from suppliers and managed them by registering them in a Green Procurement Support System (CHEMSIS). Using this database, we ensure that all NEC products comply appropriately to regulations on chemical substances in Japan and overseas, and develop products that have a lower environmental burden.



#### ▶ [Green Procurement Guidelines](#)

## Compliance with Regulations on Chemical Substances Contained in Products

NEC complies with global regulations on chemical substances contained in products, such as the overseas RoHS directive and REACH regulations. To ensure that we comply appropriately with these laws and regulations, NEC is promoting the exchange of information on chemical content through the supply chain and enhancement in the internal structure of information management.

The rational approach to the exchange of information on chemical content is not to introduce individual rules but to employ the common use of chemSHERPA, a scheme for the sharing and exchange of information on the chemicals contained in new products in supply chains compliant with international standard IEC 62474. Such an approach contributes to lessened workloads for both the side providing the information and the side receiving the information. NEC has built a compliance structure using chemSHERPA-CI<sup>\*1</sup> and chemSHERPA-AI<sup>\*2</sup> which are operated by JAMP.<sup>\*3</sup>

\*1: Sheet for entering the information on the chemical substances that are contained in the material or prescription that are to comply with the laws and regulations.

\*2: Sheet for entering information on the chemical substances that are contained in the formed articles that are to comply with the laws and regulations.

\*3: JAMP: Joint Article Management Promotion – consortium

## Complying with the EU Restriction of Hazardous Substances (RoHS) Directive

The EU RoHS Directive bans, in principle, the inclusion of 10 substances, including lead, mercury, and cadmium, in electrical and electronic products. NEC requests its suppliers to comply with the EU RoHS Directive in products that they supply, and conducts surveys to determine whether purchased parts and materials contain any of the banned substances. These efforts ensure that NEC branded products comply with the EU RoHS Directive, in principle.

### <Progress of Replacement>

NEC had already prohibited the inclusion of four phthalic acid compounds in purchased products one year before the enforcement of a law that banned them in July 2019, and has made progress in replacing them.

Lead solder is being replaced with lead-free solder. Pigments and paints have been changed to materials that do not contain lead, cadmium or hexavalent chromium.

Procurement of parts and materials containing PBDE and PBB has been banned since 1997, so other flame retardants are used.

Hexavalent chromium plating in the treatment of steel sheets and plates is being substituted by trivalent chromium plating, organic film, nickel plating and stainless steel.

### <Management of Exceptions>

The EU RoHS Directive includes exceptions where the inclusion of prohibited substances is permitted under certain conditions. These can be used within a legally allowed period, but are required to be definitely replaced at an appropriate time.

NEC manages risks using an internal system called CHEMSIS, which centrally manages information on chemical substances contained in purchased products collected with chemSHERPA-AI, then automatically determines whether contained substances exceed threshold values and the time limit on exemptions. At the same time, we ask suppliers to comply with the end of exemption periods six months in advance.

### <Confirmation by Analysis>

For purchased products that are deemed to be high risk, we obtain analysis data from the supplier and when necessary conduct our own individual analysis to confirm that prohibited substances are not contained in the products. The NEC Group has introduced fluorescent X-ray analysis systems in its production plants to create a system for confirming that certain prohibited substances, such as lead, cadmium, mercury, and hexavalent chromium, are not contained in the products.

## Complying with the EU REACH Regulations

The EU REACH Regulations identify restricted substances that may not be included in products and Substances of Very High Concern (SVHCs), that may be included but require provision of information to product recipients if they exceed a certain threshold value.

NEC uses chemSHERPA-AI to request provision of the above chemical substance information from its suppliers and manages the response information obtained centrally on its internal system, CHEMSIS, to control the presence of restricted substances and SVHCs in excess of threshold values.

## Response to Other Global Regulations

In addition to the EU RoHS Director and EU REACH Regulations, NEC's business divisions all work together with local subsidiaries and relevant industry organizations in Japan and overseas to comply with a globally expanding body of regulations on chemical substances contained in products.

## Resource Recycling

To realize a sustainable society, NEC is conducting initiatives towards comprehensive resource recycling, from production to use and recycling. Our hardware products have been used by many customers. Since these products use a lot of resources, collecting and recycling them will enable us to make effective use of limited resources.

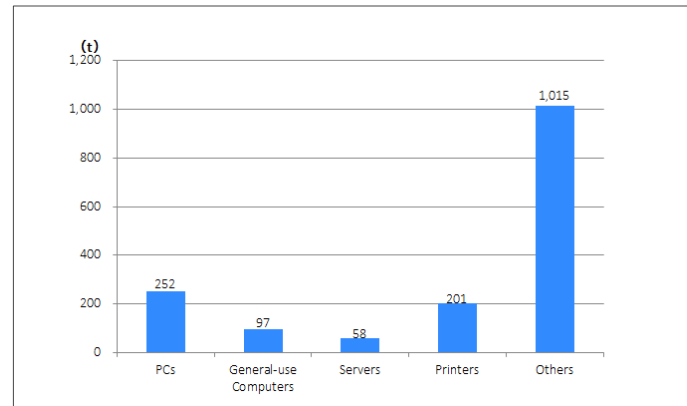


### Collection and Recycling

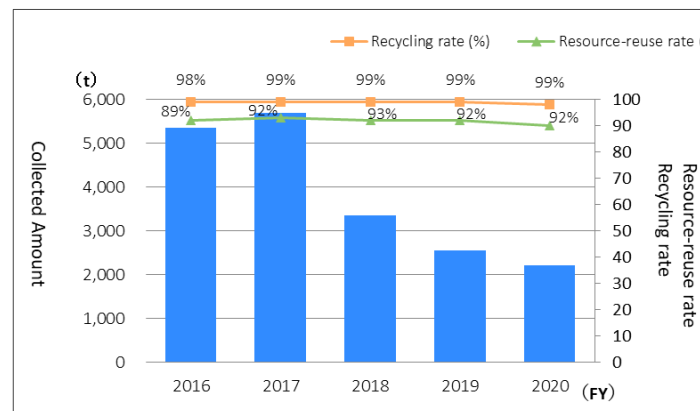
NEC has been collecting used information and telecommunication equipment such as computers from corporate customers since 1969, for reuse and recycling.

In 2001, new provisions in the Law for the Promotion of Effective Utilization of Resources were enacted. These provisions require that used PCs from businesses be collected and recycled. NEC made use of its qualification as a certified processor of industrial waste and began a manufacturer service for the collection of PCs ahead of other manufacturers, right at the time this law was implemented.

Recovery of used information equipment (servers, PCs, printers and other products) from corporate and individual users totaled about 1,627 tons in fiscal 2020, a decrease of about 18% compared with the previous fiscal year. The recycling rate<sup>\*1</sup> in fiscal 2020 was close to 98%, almost unchanged from the previous year. The resource-reuse rate<sup>\*2</sup> defined by the Law for the Promotion of Effective Utilization of Resources was 90%, almost the same as the previous fiscal year. The recycling of plastics and so on will be further encouraged to increase the recycling rate.



Breakdown of Collected and Recycled Products



Collected Amount and Recycling Rate of Used IT Devices

\*1 Recycling rate: The ratio of the weight of reused, material-recycled, and thermal-recycled items to the total weight of the collected IT devices

\*2 Resource-reuse rate: The ratio of the weight of materials that can be used as recycled products (parts reuse) or resources (material recycling) to the total weight of the collected IT devices (defined by the Law for the Promotion of Effective Utilization of Resources)

## Recycling

### Wi-Fi Routers from Resource Reuse

NEC provides rentals of home gateway devices, including Wi-Fi routers and security devices. To reduce waste when rental devices are returned, we are actively engaged in effective resource reuse.

The Kakegawa Plant of NEC's affiliate NEC Platforms is involved in recycling the Wi-Fi routers it has produced back into products. Routers that have exceeded their useful life are collected from customers and the plastics used in the cases are disassembled, crushed, and pelletized, then remolded into Wi-Fi router cases to turn them back into products.

This initiative has been highly regarded outside the company, which has received awards such as the Resource Recycling Technology and Systems award.

### Wi-Fi Router Recycling



## Response to Marine Plastics Issue

Plastic has become a global environmental issue in recent times. Some plastic waste is not processed correctly after use and flows into the environment. Much of the plastic waste from land is blown by the wind or washed downstream by rivers, where it finally enters the ocean. Plastic that is lost in the sea is affected by UV and so forth, eventually being broken down to particles smaller than 5 mm, known as microplastics. These do not degrade, but persist in the ocean for a long time. If this trend continues unchecked, the amount of plastic in the sea is expected to exceed the amount of fish by 2050.

In response to this situation, NEC is working to resolve the marine plastics issue by introducing the use of bioplastics for its products, researching microplastics, and taking action to reduce plastic within the Company.



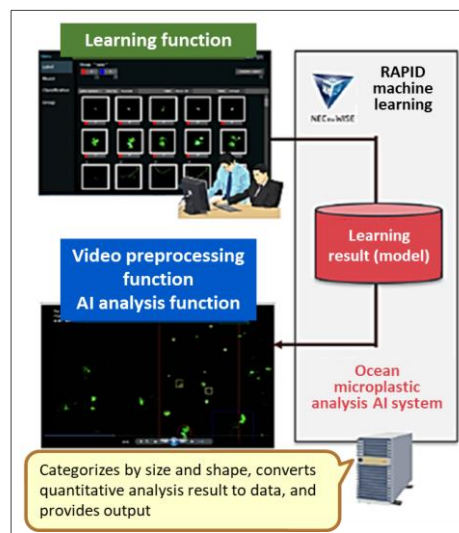
Garbage containing plastic washed ashore from the sea

## Supporting the Development of Microplastic Analysis Technologies

Microplastics not only have an impact on eco systems, there are also concerns regarding their impact on the human body via the food chain. To shed light on the actual status of microplastics in the ocean, there is a need to develop a technology that can efficiently and accurately analyze a large number of samples.

NEC is using ICT to support the development of such a technology by the Japan Agency for Marine-Earth Science and Technology (JAMSTEC). Specifically, we aim to develop a system that uses AI to automatically measure the size of tiny microplastics observed by a fluorescence microscope, classify them by shape and convert the results into data. In trial tests using a prototype system, we have succeeded in converting information about a large quantity of microplastics into data in a short time, proving the validity of the system. In the future, this kind of analysis technology will be established and widespread, helping to advance the project of clarifying the actual state of ocean microplastics. This is expected to lead to concrete environmental pollution risk assessments, examination of emissions regulation, and so forth. Going forward, NEC aims to continue contributing to solutions for the issue of marine plastics using ICT.

Note: The above activities were carried out with support from the Environmental Research and Technology Development Fund (SII-2) of the Environmental Restoration and Conservation Agency



## Internal Measures to Reduce Marine Plastics

At NEC, we encourage each individual employee to change their awareness and take autonomous action regarding the issue of marine plastics.

In October 2019, we changed the refreshments offered on our visitor floor from PET bottled drinks to aluminum canned drinks (except for mineral water).

To address the issue of shopping bags provided at our in-house store, during Environment Month in June 2019 we asked employees to donate eco bags and asked them to share the eco bags to reduce the use of shopping bags in an initiative called "sharing eco bags." This helped to foster awareness within the Company. Through this initiative, we have banned the provision of plastic shopping bags at the counters in our NEC Head Office building and offices in Tamagawa, Fuchu, Abiko, Sagamiara, and Kansai since January 2020. Following the ban, the number of plastic shopping bags used decreased by around 70% year on year for January-February. Since April we have expanded the ban to cover all Group companies as well.

In addition to banning the provision of plastic shopping bags at the counter, we have also banned the use of plastic drinking straws at café corners inside our stores, and changed to paper muddlers.

## Activities for Sorting and Collecting Trash

Rules for separation of trash differ depending on the local government. NEC has created posters that explain the rules for separation in each business location in a clear, simple manner. These enable individual employees to separate and recycle garbage appropriately.

## NEC's Advanced Technologies

### NeCycle<sup>®</sup>, a Gorgeous and Highly-Functional Cellulose-based Biomaterial

NeCycle<sup>®</sup> is a completely new biomaterial made from inedible biomass as a raw material, and offers the functionality of bioplastic as well as new added value in the form of decorative properties. It has a gorgeous blackness like lacquerware, which was achieved through joint research undertaken with leading Japanese lacquerware artist Dr. Yutaro Shimode. NeCycle<sup>®</sup> can be manufactured by injection molding just like regular plastics, and can also be freely shaped without a coating process to create component shapes that have not been possible with lacquer before.

In October 2019, a "Green Innovation Summit" was held in Japan to discuss disruptive innovations for realizing the concept of "a positive cycle of environment and growth." As part of the event, a "Green Innovation Summit Reception" was held at the Prime Minister's Office, where guests were served with Japanese confectionery on plates made from NeCycle<sup>®</sup>. Since NeCycle<sup>®</sup> will break down just like wood over the long-term if it ends up in the ocean, it was introduced as an example of disruptive innovation that can resolve the issue of marine plastics.

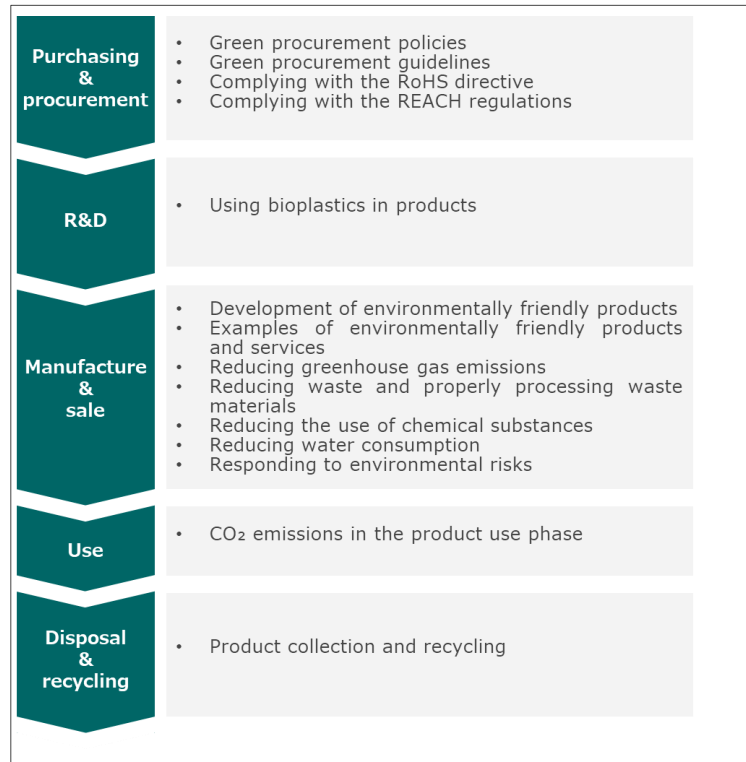


NeCycle

# Initiatives in Production and Office Sites

## Environmental Consideration in the Value Chain

NEC takes steps to reduce environmental impacts along the entire value chain, from purchasing, procurement and R&D to product manufacture, usage, disposal, and recycling. We use ICT to measure the environmental burden at each location regularly, and publish this. In addition, we set targets for reducing the various environmental burdens for each location, and systematically conduct measures to minimize them.

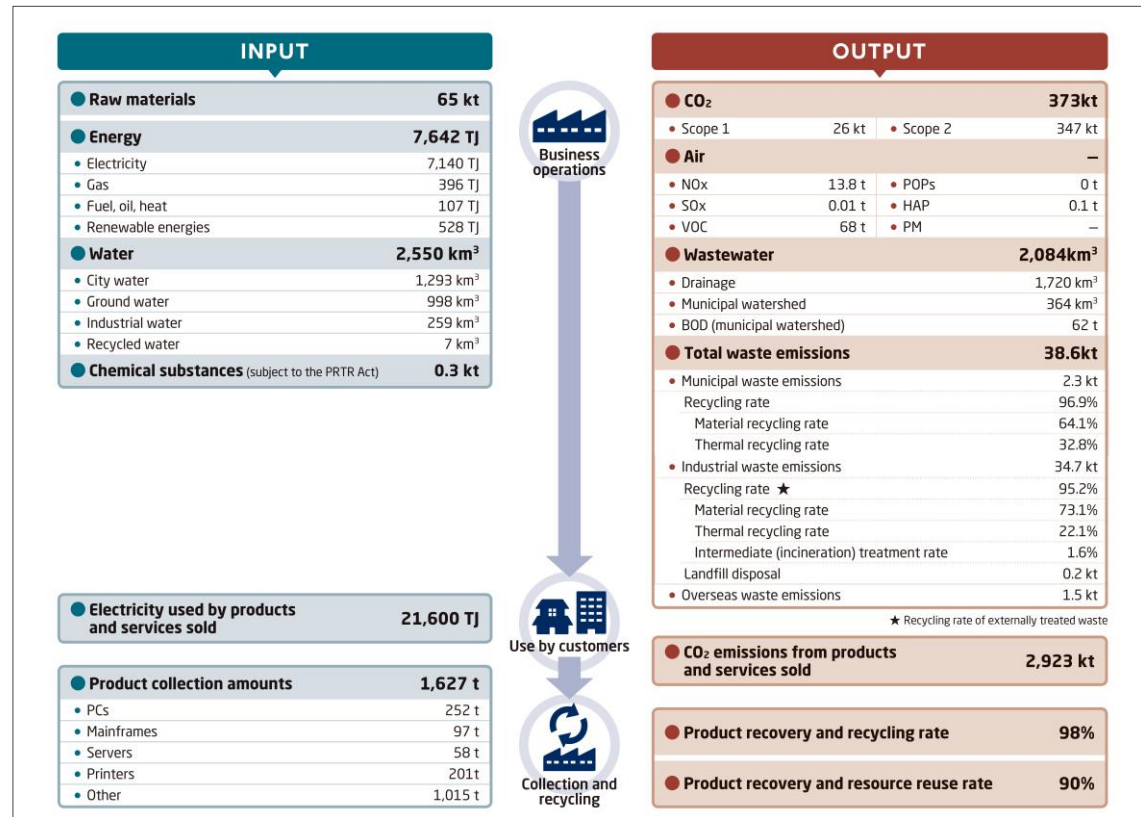


## Environmental Burden from Business Activities Material Balance

The inputs of energy and raw materials for business activities and the outputs of environmental burden substances arising from these activities are managed as a material balance. We aim to reduce the environmental burden across the entire supply chain by managing the material balance not only for the Company itself, but also for the lifecycle of the product.

## Collection and Verification of Data

Environmental data for plants and offices worldwide are compiled using NEC's proprietary environmental performance management solution, GreenGlobeX.



Material Balance

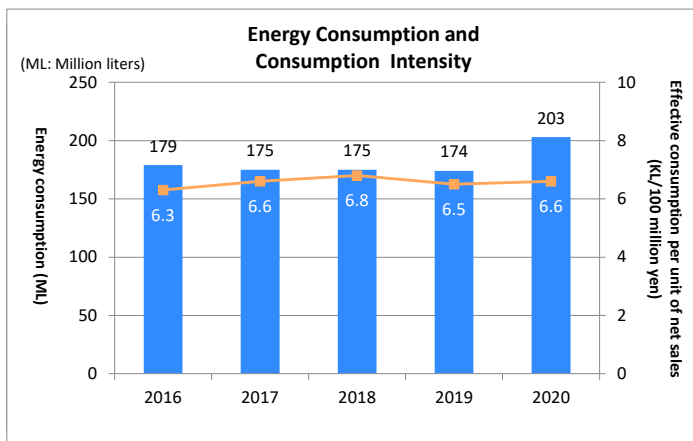
## Energy

### Energy Consumption

NEC is taking steps to prevent global warming by targeting year-on-year reductions of 1% in energy consumption intensity in logistics.

In fiscal 2020, the amount of energy consumption was 203 ML. This increase was due to a wider scope of companies worldwide included for data collection than the previous fiscal year.

In fiscal 2020, the NEC Group continued to implement initiatives to reduce energy consumption at all of its business sites.



Energy Consumption and Energy Consumption Intensity



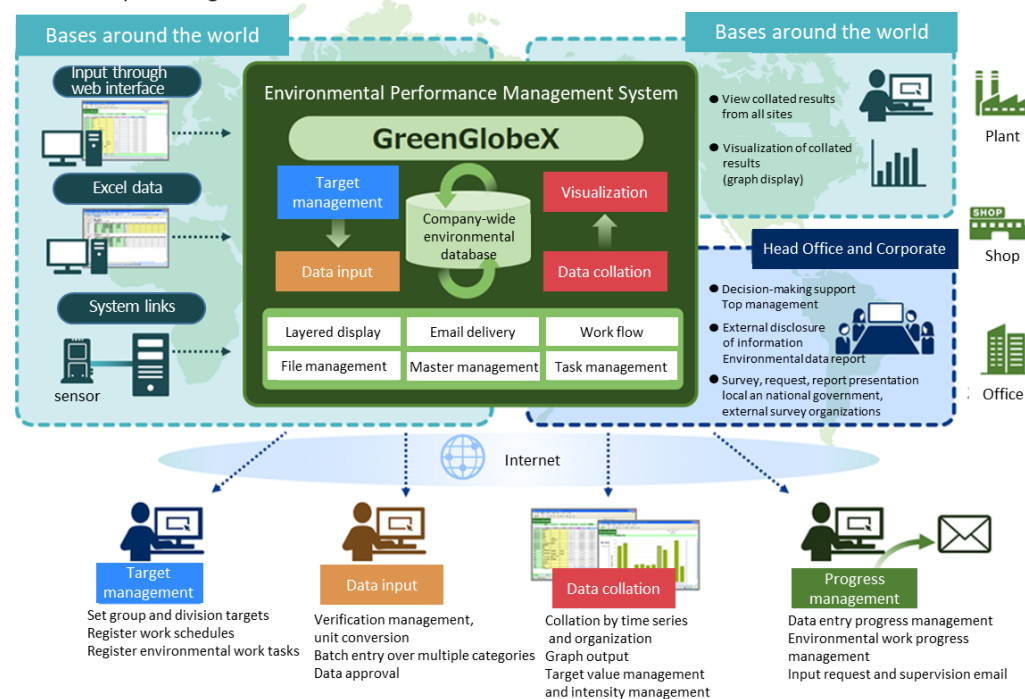
## NEC's Environmental Solutions

### Environmental Performance Management Solution GreenGlobeX

NEC provides the "GreenGlobeX" cloud service as an efficient management solution for the environmental performance of corporate plants and offices throughout the world.

Central management of environmental data collected globally not only reduces the operation load, but also complies with statutory reporting obligations (data collection, collation, and report preparation), under the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. The service is ready for global application, with three-language interface options in Japanese, English, and Chinese, and a unit conversion function. Currently around 30 companies are using the service, which is helping them to achieve efficient collection of environmental data.

#### GGX conceptual image



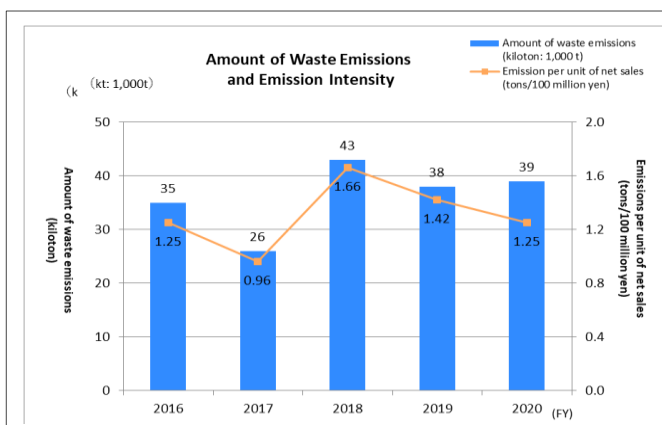
#### Environmental Performance Management Solution

## Waste and Pollution

### Waste Emissions and Emission Intensity

In fiscal 2020, our waste emissions (both general and industrial waste) amounted to approximately 39 kilotons. This increase was due to a wider scope of companies worldwide included for data collection than the previous fiscal year. If data had been collected within the same scope as fiscal 2019, waste emissions for fiscal 2020 would have decreased by 4.7% year on year.

To ensure increased thoroughness in processing waste, NEC performs regular site inspections at plants where waste processing is outsourced to ensure that the outsourced industrial waste is processed correctly.



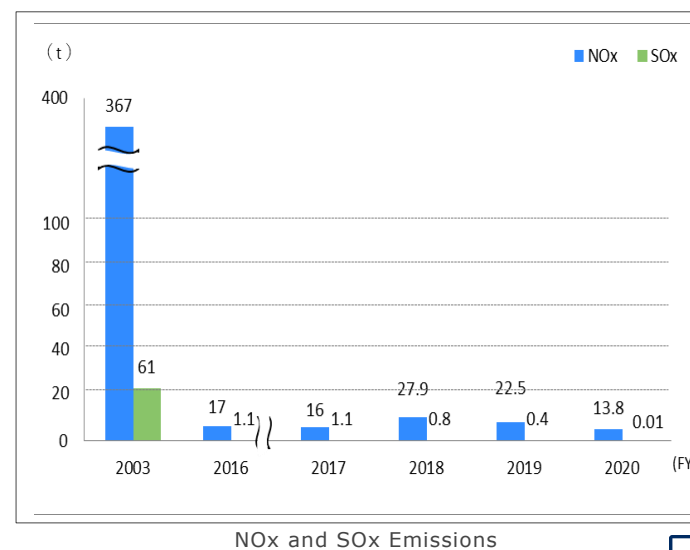
Amount of Waste Emissions and Emission Intensity

	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Amount of waste emissions</b>	35,295 t	25,853 t	42,593 t	38,318 t	38,318 t
<b>General waste</b>	2,771 t	2,198 t	2,251 t	2,156 t	2,156 t
<b>Industrial waste</b>	29,060 t	20,225 t	36,611 t	35,030 t	35,030 t
<b>Specially controlled industrial waste</b>	3,035 t	3,113 t	3,380 t	633 t	633 t
<b>Overseas waste</b>	428 t	317 t	351 t	499 t	499 t

Breakdown of Waste Emissions

### NOx and SOx Emissions

We lowered the total sulfur oxide (SOx) emissions to 0.01 tons in fiscal 2020, a reduction of 99% compared with fiscal 2003. We also lowered our nitrogen oxide (NOx) emissions to 13.8 tons, a reduction of 97% compared with fiscal 2003.

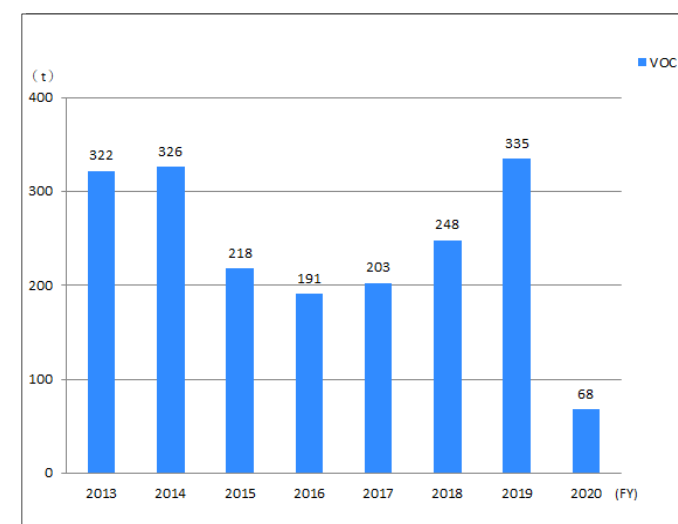


NOx and SOx Emissions

### VOC Emissions

Volatile organic compound (VOC) emissions in fiscal 2020 were 68 tons, a reduction of 79% compared with fiscal 2013.

Emissions were significantly reduced following a reorganization of the Group's production-oriented companies.



VOC Emissions



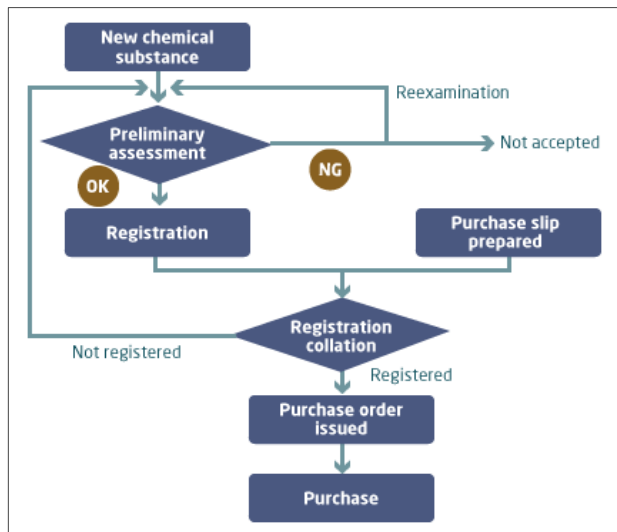
## Chemical Substances

NEC carefully examines environmental impact and safety in all phases of handling chemical substances, from receipt and use to disposal. NEC takes all possible measures to reduce consumption of chemical substances and to replace harmful substances with safer ones.

### Preliminary Evaluation of Chemical Substances

Since 1979, NEC has been conducting preliminary evaluations to examine environmental and safety aspects carefully when using a new chemical substance for the first time. These preliminary evaluations are a series of strict examinations of physical properties, toxicity, handling methods, emergency response, recycling methods, environmental impact, and other items related to chemical substances. Only substances that have passed these examinations are allowed to be purchased.

Safety data sheets (SDS) are obtained from manufacturers or prepared independently for all chemical substances used. These are used for reference when making judgements in considering safety countermeasures to apply when using the chemical substances. Manufacturing assessments are also carried out in all manufacturing processes to evaluate environmental and safety aspects of the chemical substances and production facilities.



### Reduction in Use of Strictly Regulated Chemical Substances

- Ozone depleting substances  
 The use of all specific chlorofluorocarbons as a cleaning agent in manufacturing processes was discontinued in 1993. By the end of fiscal 2011, efforts to totally discontinue the use of specific chlorofluorocarbon for refrigerant in air conditioners and specific halon used in fire extinguishers achieved a reduction of 96%, almost completely abolishing them.

- Environmental endocrine disruptors  
 In fiscal 1999, we abolished the use of all agrochemicals and pesticides prescribed in Strategic Programs on Environmental Endocrine Disruptors (SPEED) '98 released by the Japan Environment Agency (currently the Ministry of the Environment).

### Strict Control of Equipment and Parts Containing PCBs

At present, NEC strictly controls disposed devices (equipment and parts, including fluorescent light stabilizers) containing polychlorinated biphenyl (PCB) at its three plants and five Group companies under stringent double and triple measures for preventing leakage.

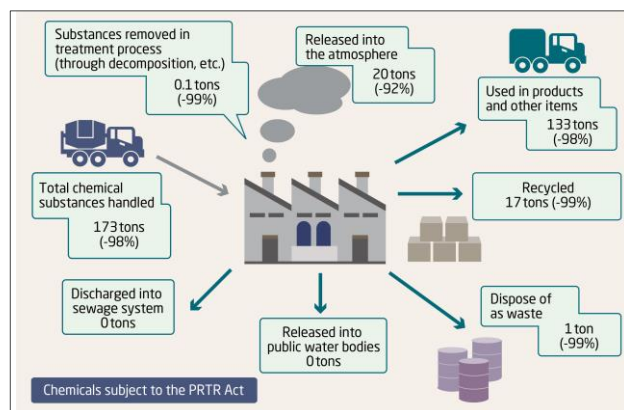
The Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste was revised in 2016, changing the processing period set in the basic plan for the disposal of polychlorinated biphenyls. In compliance with the change, NEC is revising its disposal plans to ensure that waste is processed within the set deadline.

## Conformance to the PRTR Act (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

The balance of inputs and outputs of substances used by the NEC Group among the chemical substances that are subject to the PRTR Act (Class I Designated Chemical Substances: 462 substances) is summarized in the following illustration.

Compared with the report of the previous fiscal year, total volume handled increased due to an increase in production volume.

For chemical substances released into the atmosphere and public water bodies (including discharges into sewage systems), NEC has set its own voluntary standards, which are more stringent than the levels required by law, and ensured that these standards were strictly met.



Overview of Chemical Substance Balance Management

Substance	Total volume handled	Volume consumed	Removal treatment	Recycled	Released into atmosphere	Released into public water bodies	Released into soil	Disposal at on-site landfill	Transfer to sewage	Waste
Cobalt and its compounds	11.1	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dichloropentafluoropropane (also known as HCFC-225)	2.6	1.8	0.0	0.0	2.6	0.0	0.0	0.0	0.0	0.0
1,2,4-trimethylbenzene	17.7	17.7	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Toluene	6.2	5.6	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.1
Lead	8.1	1.4	0.0	7.4	0.0	0.0	0.0	0.0	0.0	0.0
Antimony and its compounds	8.2	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel	22.1	22.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1-bromopropane	35.7	7.9	0.0	8.4	15.8	0.0	0.0	0.0	0.0	0.9
Manganese and its compounds	11.8	11.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Methylnaphthalene	1.8	1.6	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Molybdenum and its compounds	5.5	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Xylene	21.8	19.5	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1
Chromium and trivalent chromium compounds	18.3	18.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

PRTR Balance Management Result



## Water Management and Efficient Use of Water Resources

We ascertain water consumption and waste water amounts at all of our bases and business sites. The status of our environmental burden, including water consumption, and of our progress on targets for reducing it, is reported annually at the Business Strategy Council and disclosed publicly. If we recognize the possibility of a major impact on our business related to water, reports are made constantly at Business Strategy Council meetings held twice monthly and at the monthly meetings of the Board of Directors. The Board is responsible for overseeing the situation. In addition, at quarterly environmental management promotion meetings held by the manager of the Environmental Management Promotion Department of NEC Corporation, we manage the status of our environmental burden, including water consumption, and the status of progress on reduction targets, report the results to the executive officer in charge of the environment. This officer reports to the Business Strategy Council and the Board of Directors as necessary.

When situations arise that could impact business, such as floods, the division overseeing the supply chain discusses impact forecasts and countermeasures. The countermeasures are deliberated in the Business Strategy Council and the Board of Directors before being implemented.

## Response to Water Risk

The impact of climate change-induced water risks related to water pollution, depletion, and climate change on the NEC Group's production sites and supply chain was evaluated and confirmed using the Aqueduct water risk platform provided by the World Resources Institute (WRI).

This tool provides a wide range of data including indicators of physical water stress, water quality, legal risks related to water supply, reputation risk, and groundwater risk. We will use these to promote countermeasures and manage these risks continuously.

At our business sites, production sites, and research laboratories, we conduct water volume monitoring and sampling tests at discharge outlets in order to quickly identify any changes. We have also set in-house standards that are stricter than national and local regulations and we take measures to counter water risks.

The impact on ecosystems and habitats from NEC's water consumption amount and the amount and quality of its water discharge is negligible. Please see p. 28 for

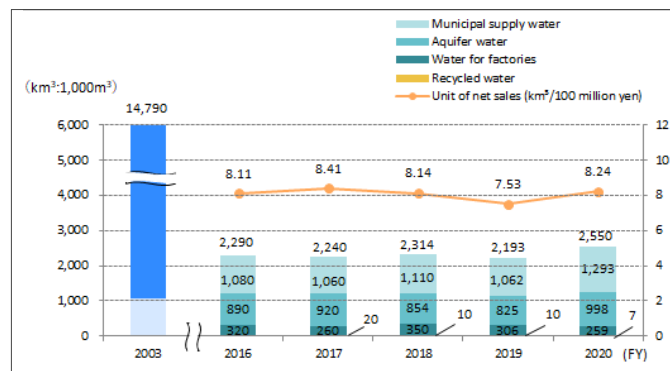
Environmental Act violations and incidents involving water that occurred in fiscal 2020.

## Water Consumption and Consumption Intensity

NEC uses municipal supply water, aquifer water, water for factories, and recycled water. We have reduced water consumption at all of our sites, aiming to achieve a reduction of 0.5% compared with fiscal 2019.

In fiscal 2020, we continued to reinforce our existing water-saving measures. Companywide water consumption rose 16% (compared with fiscal 2019), but the increase was due to a wider scope of companies worldwide included for data collection. If data had been collected within the same scope as fiscal 2019, water consumption for fiscal 2020 would have decreased by 7.5% year on year.

We will continue to treat limited water resources with care, and conduct forest preservation activities in areas that serve as water sources.



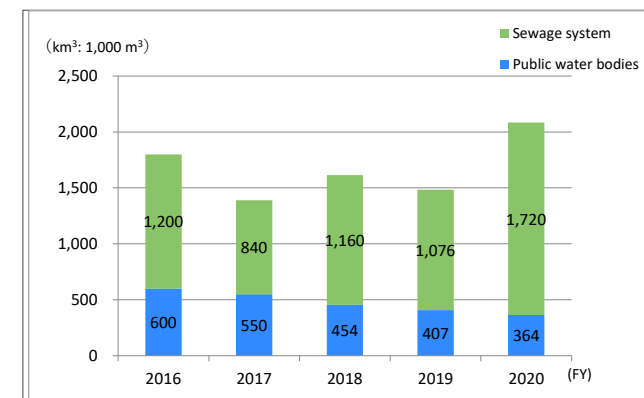
Water Consumption and Consumption Intensity



## Wastewater Amount

Since 1997, NEC has adopted in-house standards that are stricter than national and local government standards to ensure that its wastewater amount does not exceed them.

In addition, to minimize the trade-off effect with chemicals related to wastewater treatment, we are taking steps to reduce the amount of chemicals used. Specifically, we constantly monitor the status of water quality to ensure that we do not use more chemicals than necessary. Furthermore, by promoting recycling of water, we have reduced the volume of new chemicals used.



Wastewater Amount



## Inclusion in the CDP Water A List

NEC's water management initiatives and information disclosure in fiscal 2020 were recognized by its inclusion among the "A List" companies holding the highest rating in the CDP "Water" division.



## Initiatives for Biodiversity

Biodiversity is an important foundation for a sustainable society. At NEC, our environmental policies stipulate that individual employees should increase their environmental awareness and contribute to preserving biodiversity. We strive to minimize the impact of business activities and employees' lives on living organisms, and to actively encourage employees' activities that contribute to biodiversity and provision of ICT solutions.

### Biodiversity Conservation Effort at NEC Abiko Plant

NEC Abiko Plant has a spring area onsite known as Yotsuike, thought to derive from the Tone River. The area around the periphery of the pond, has been confirmed as a habitat for an endangered species IB class (EN) of dragonfly designated by the Ministry of the Environment, known as the Oomonosashi Tombo (*Copera tokyoensis*). Since 2009, NEC has cooperated with Teganuma Aquatic Organism Research Association to promote conservation activities in the area.



Photograph: Teganuma Aquatic Organism Research Association  
Oomonosashi Tombo (*Copera tokyoensis*)



Activities with experts and a local group  
(Draining of ponds and creation of an artificial dragonfly pond)

In 2019, we saw the results of preparing a breeding environment by draining ponds to eliminate invasive fish species and creating an artificial dragonfly pond as more Oomonosashi Tombo (*Copera tokyoensis*) dragonflies were observed than in previous years. We also made effective use of the large volume of freshwater mussels discovered upon draining four ponds in 2012 by conducting preservation activities for an endangered species of IA type (CR) cyprinid in the same artificial pond at our business site. By providing a place for the cyprinids to lay their eggs, the freshwater mussels played an important role in the cyprinids' survival.



Large volume of freshwater mussels discovered upon draining the pond



Released together with cyprinids

### Activities in Biodiversity Working Groups

NEC participated in biodiversity preservation activities as a member of a biodiversity working group made up of four organizations\* involved with the electrical and electronic industries.

The working group has supported corporate biodiversity initiatives with the publication of *Let's Try Biodiversity! (LTB)—First Corporate Activities in Biodiversity* and *Let's Try Biodiversity Pick Up!—Reducing Plastic Waste in the Ocean Starting on Land*, which summarizes approaches to marine plastic waste.



\* Four organizations in the electrical and electronics industry:  
 The Japan Electrical Manufacturers' Association (JEMA)  
 Japan Electronics and Information Technology Industries Association (JEITA),  
 Communications and Information Network Association of Japan (CIAJ), and  
 Japan Business Machine and Information System Industries Association (JBMIA)

### Biodiversity Conservation Activities by Employees

# Governance

Corporate Governance	53
Compliance and Risk Management	54-56
Basic Approach to Tax Matters	57
Promoting Fair Commercial Transactions	58-59
Business Continuity	60-61
Supply Chain Management	62-64
Strengthening Initiatives to Respect Human Rights in Procurement Activities <b>D</b>	65

**D** : “Dialogue Sessions on Materiality with Experts”

# Corporate Governance

## Policy

In recognition of the fact that reliable corporate governance is essential to the continuous creation of social values and the maximization of corporate values, NEC Corporation (the "Company") is committed to strengthening its corporate governance practices through:

1. Assurance of transparent and sound management,
2. Realization of prompt decision making and business execution;
3. Clarification of accountability; and
4. Timely, appropriate and fair disclosure of information.

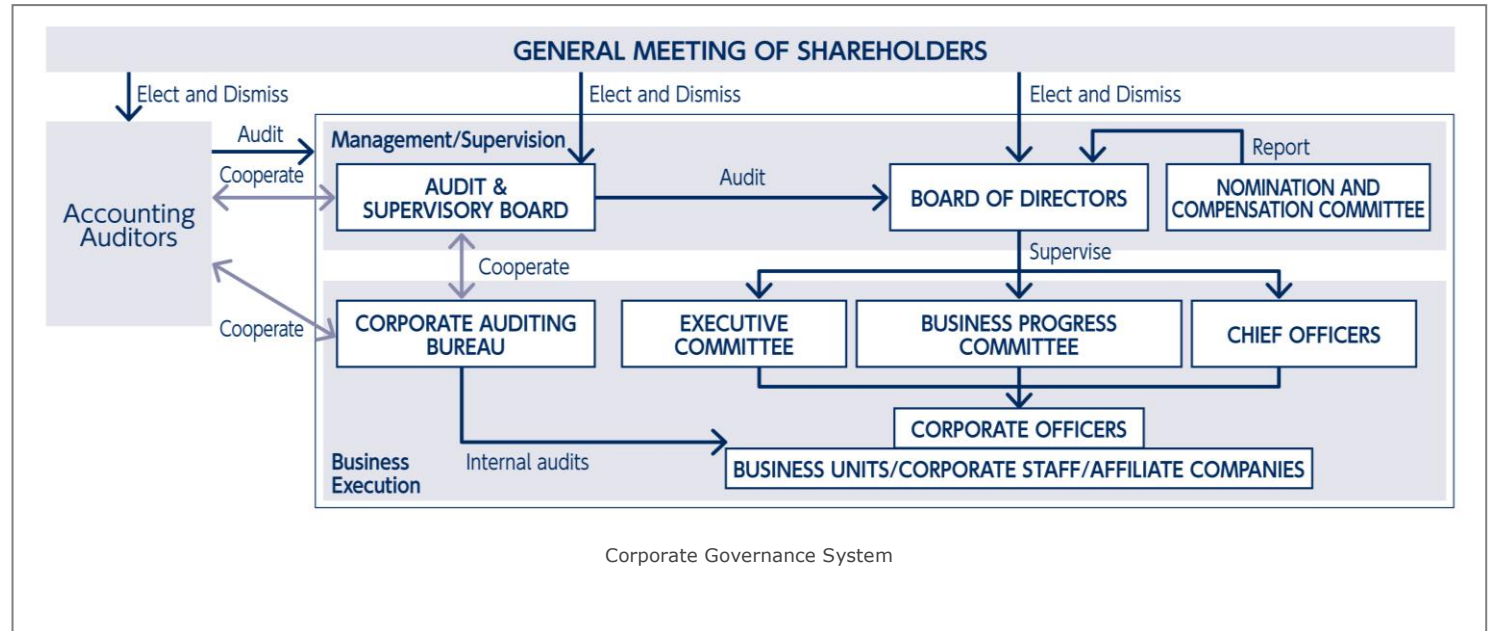
## Corporate Governance System

An overview of the Company's corporate governance system is as follows:

1. The Company has adopted the company with the Audit & Supervisory Board Members (KANSAYAKU) (the "A&SBMs"). The Company considers that the audit by A&SBMs and advice from Outside Directors in making decisions of the material business executions are effective for the sound management of the Company.
2. The Company has introduced a corporate officer system to expedite business execution based on prompt decision making and separate management supervision from business execution. This has involved delegating substantial authority for business execution from the Board of Directors to corporate officers.
3. The Company has established the Nomination and Compensation Committee to enhance transparency of nomination of Directors and the A&SBMs and remuneration of Directors and corporate officers.

## Board of Directors

To fulfill its responsibilities with various viewpoints based on broad knowledge, the Board of Directors is comprised with consideration given to diversity in such factors as career background, specialist field, internationality and gender.



## Nomination and Compensation Committee

The majority of the members of the Nomination and Compensation Committee are Outside Directors. The chairperson is appointed among such Outside Directors.

## Main Committees in Business Execution

The Company has the Executive Committee, which is comprised of corporate officers, and the Business Progress Committee, which is comprised of corporate officers, general managers of business units, and other members.

## Audit & Supervisory Board (KANSAYAKU-KAI)

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

- ▶ [Corporate Governance](#)
- ▶ [Corporate Governance Guidelines](#)
- ▶ [Corporate Governance Report](#)

# Compliance and Risk Management

## Policy

As a company engaged in the social solutions business, NEC believes earning and sustaining the trust of customers and society are the most important things. In its Principles, NEC subscribes to “Uncompromising Integrity and Respect for Human Rights,” and conducts continuous companywide activities involving everyone from officers to employees with management firmly based on compliance. In addition, our risk management activities include properly understanding risks that have an impact on our business, and taking preventive measures efficiently and effectively, including against compliance violations.

NEC Corporation received notification of a violation of the Antimonopoly Act from the Japan Fair Trade Commission in July 2016 regarding a deal concerning telecommunications equipment for electrical power security systems with Tokyo Electric Power Co., Inc. (current Tokyo Electric Power Company Holdings, Inc.). A further notification relating to a violation of the same act was received in February 2017 regarding (i) transactions for wireless digital emergency firefighting equipment and (ii) a deal concerning telecommunications equipment for electrical power security systems with Chubu Electric Power Co., Inc.

In order to keep these events fresh in mind and use them as a basis for reflection, we established NEC Compliance Day on November 18, being the date on which we received an on-site inspection by the Japan Fair Trade Commission, as an annual event for reconfirming the importance of compliance.

### <Compliance>

NEC considers compliance to not only mean compliance with the law, but also in the wide sense to include compliance with socially accepted norms and common sense.

In line with the key concepts of “awareness” and “information sharing,” our basic approach to implementing compliance is to foster awareness so that irregularities are recognized as “being not in conformance.” In addition, we encourage consultation with and reporting to managers, related departments, or the “Compliance Hotline” and sharing information with a view to resolving those issues and improving our practices systematically as an organization.

Furthermore, NEC aims to establish compliance within its corporate culture by ensuring that each officer and

employee treats compliance as his or her own responsibility and practices conduct in accordance with the “NEC Group Code of Conduct.” We recognize the need to revise the Code regularly, and in October 2019 we undertook a major overhaul through deliberation by the Board of Directors and the Executive Committee to reflect recent heightened social awareness of ESG, the SDGs, and other themes. The Code has been translated into multiple languages (Japanese, English, Chinese, Portuguese, and Spanish), and we are working to create a corporate culture that prioritizes compliance throughout the Group.

In order to realize effective compliance measures, the general managers of every NEC Corporation division have taken leadership and responsibility for discussing and implementing the optimal measures for their divisions with support from the corporate divisions.

### <Risk Management>

Moreover, as part of our risk management activities, we manage risk so as to avoid oversights and overlap of measures, under NEC’s “Rules of Basic Risk Management.” Every year, we identify risks whose materialization would have a particularly large impact on NEC Corporation’s business and sales targets. Among these, we select certain risks that require priority measures as “Priority Risks” for Companywide management. We then formulate, implement, and assess measures to address those risks. In addition, each of our business units and subsidiaries are also conducting specific activities to manage particular risks in their unit or company.

▶ [NEC Group Code of Conduct](#)

▶ [Priority Management Themes from an ESG Perspective - Materiality](#)

## Promotion Framework

NEC Corporation enforces and implements compliance with top management and conducts activities led by the Risk Control and Compliance Committee, the Compliance Division, and the Corporate Auditing Bureau. The meeting bodies and management structure are as follows:

### 1. Board of Directors

Given its oversight role with respect to business execution, the Board of Directors receives reports related to material misconduct and reports on the measures taken for the Priority Risks. In addition, the Board regularly confirms the effectiveness of risk management, including prevention of corruption and fraud and the operation status of internal control systems.

### 2. Executive Committee

The Executive Committee discusses important NEC management issues such as policies and strategies, including Priority Risks and other important risks related to management and strategies.

### 3. Audit & Supervisory Board Members (*KANSAYAKU*)

The Audit & Supervisory Board Members audit the performance of duties within NEC Corporation by regularly discussing reports of audit results received from the Corporate Auditing Bureau, or reports on the status of operations of the Compliance Hotline, the internal reporting system pertaining to business ethics and violations of laws and regulations.

### 4. Chief Legal & Compliance Officer (CLCO)

The Chief Legal & Compliance Officer chairs the Risk Control and Compliance Committee and oversees Companywide compliance promotion activities.

### 5. Risk Control and Compliance Committee

The Risk Control and Compliance Committee, whose members are officers, investigates the underlying causes of serious compliance breaches, studies related prevention of recurrence and preventive measures, and deliberates policies for risk management activities and policies for selection of and countermeasures to the Priority Risks. The committee executes a supervisory function in Companywide risk control by, for example, regularly receiving reports from the divisions in charge of deliberations and progress status related to specific Priority Risk measures, validating the activity results and issues and future activity plans and providing direction for improving and enhancing measures as needed.

The committee is chaired by the CLCO, who reports on important matters within the proceedings and results of the committee meetings to the Executive Committee and the Business Progress Committee and other meetings, which are attended by the CEO.

### 6. Compliance Division

The Compliance Division formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. In addition, the division provides the necessary support, coordination and guidance to ensure that risk management in the business and corporate staff divisions is implemented systematically and effectively.

For example, the division enhances the risk control function for the entire NEC Group by continuously supporting risk control activities in each division including subsidiaries. This is accomplished by collecting external information, investigating using a risk management survey and exchanging information with subsidiaries worldwide.

In addition, the division regularly receives and discusses reports on audit results from the Corporate Auditing Bureau and receives status reports on the operations of the Compliance Hotline, the internal reporting system pertaining to business ethics and violations of laws and regulations.

### 7. Corporate Auditing Bureau

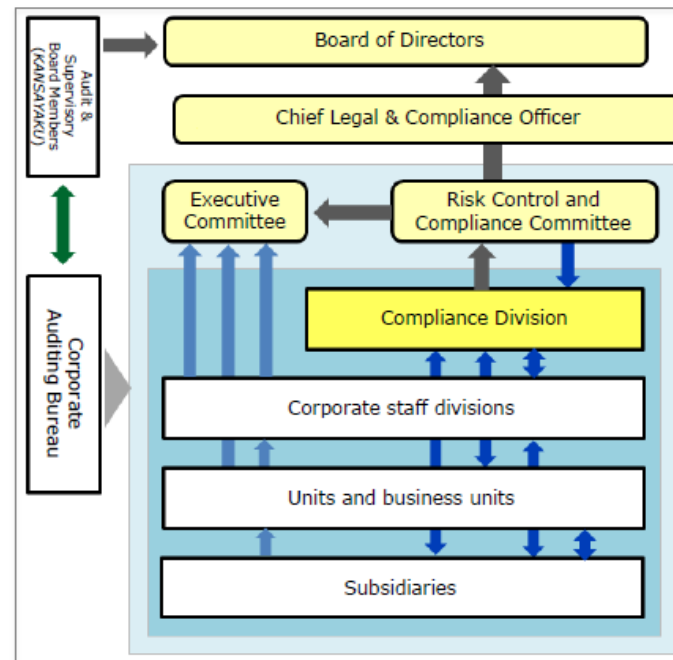
The Corporate Auditing Bureau functions as an internal auditing department directly under the supervision of the President and is composed of members who are experts in internal audits. The bureau carries out audits aimed at ensuring that NEC is operating lawfully, properly and efficiently, as well as in pointing out problems and making proposals for improvement.

### 8. Compliance Promotion at Consolidated Subsidiaries

The presidents of our domestic consolidated subsidiaries take ownership of proposing and implementing compliance measures with guidance and support from the Compliance Division, corporate divisions, units and business units responsible for each subsidiary.

In regard to overseas consolidated subsidiaries, the five regional headquarters, including the subsidiaries under them worldwide, further strengthen compliance.

NEC has also established channels for reporting compliance-related issues regularly, and as the need arises, from the domestic and overseas consolidated subsidiaries to headquarters in Japan.



Compliance promotion framework

## Main Activities and Results for Fiscal 2020

### Compliance

#### Revision of the NEC Group Code of Conduct

In October 2019, NEC undertook a major overhaul of the NEC Group Code of Conduct to reflect recent social awareness of ESG and the SDGs. The revised Code of Conduct offers specific guidance to officers and employees about how we should adapt and the high sense of ethical standards and honesty required of us as a global company that provides solutions for social issues using ICT. The NEC Group Code of Conduct has been made available on the NEC Corporation website for anyone to view, and we also distribute it in booklet form to all officers and employees to ensure that all are familiar with its contents.

#### Conducting Various Initiatives for NEC Compliance Day

To establish compliance as part of NEC's corporate culture, we conduct various activities to spread information and raise awareness for NEC Compliance Day.

First, officers including the President and CLCO and all department managers (approximately 130 people), and the presidents of domestic and overseas consolidated subsidiaries communicate messages to underscore the importance of compliance to all employees. In addition, each employee of NEC Corporation makes a "Compliance Action Declaration" to show their own initiatives to make compliance part of the corporate culture.

At NEC Business Ethics, an annual corporate ethics forum for NEC Corporation and its domestic consolidated subsidiaries, lectures were given by NEC's President and an external lawyer with expertise in compliance. In addition, in fiscal 2020 we introduced a new initiative, the Compliance Excellent Award. The award is presented to divisions that have taken ownership for thoroughly implementing compliance. By introducing their specific initiatives, the award helps to improve the level of activities among all divisions.

Furthermore, we held face-to-face sessions for reflecting on three incidents of Antimonopoly Act violations caused by NEC Corporation to help prevent corruption and showed a film about the covering up of a recall to provide an opportunity to consider how we should act when we notice something improper. We also held workplace dialogues in which participants shared compliance issues in their own



Sustainable Management	Environment	<b>Governance</b>	Social	53 Corporate Governance	58-59 Promoting Fair Commercial Transactions	65 Strengthening Initiatives to Respect Human Rights in Procurement Activities
				<b>54-56 Compliance and Risk Management</b>	60-61 Business Continuity	
				57 Basic Approach to Tax Matters	62-64 Supply Chain Management	

divisions with members of other divisions to think about them together.

A portal website for NEC Compliance Day was set up on our intranet to enable employees to browse activities and information related to the event at any time.

### Education and Awareness-Raising Activities throughout the World

NEC Corporation and its domestic subsidiaries conduct web-based training regarding compliance for all officers and employees once a year (completion rates in the training period were – NEC Corporation: 98.8%; domestic consolidated subsidiaries: 98.9% – and those unable to take the course within the period are committed to taking it in the next round). Also, NEC Corporation is deploying training content for overseas consolidated subsidiaries translated into multiple languages (Japanese, English, Spanish, Portuguese, and Chinese). We collected from officers and employees pledges to follow the NEC Group Code of Conduct and other internal policies. Furthermore, NEC Corporation emphasizes the importance of conduct that complies with the NEC Group Code of Conduct using the opportunities of training and education for new employees, and stratified education programs for new corporate officers and new department managers.

### Compliance Hotline (Whistleblowing System for Employees and Business Partners)

The Compliance Hotline is NEC’s whistleblowing system for preventing corruption, fraud and other compliance matters in general. We have also established an additional contact point for the hotline at a third-party agency as an additional contact point in order to enhance convenience and to address a broader range of risks at an early stage. This contact point receives whistleblower reports from not only employees of NEC Corporation but also its domestic subsidiaries and business partners. The identity of whistleblowers who contact the hotline and the nature of their reports are guaranteed confidentiality by the personnel in charge. Whistleblowers will never suffer retaliation because of having made a report. NEC Corporation and its consolidated subsidiaries in Japan have taken steps to ensure the protection of confidentiality and prevention of retaliation by establishing the Compliance Hotline Regulations as internal regulations in November 2019. This is made known to employees through the intranet web portal, and training programs.

In fiscal 2020, the number of reported cases was 90, down by 31 from the previous year. The reported cases included ethical behavior violations, fraud or violations

against the NEC Group Code of Conduct or company rules, and other possible violations. These cases have been appropriately handled. (Examples: 1) In a report of harassment, the facts were confirmed and the offender was given guidance and transferred, giving consideration to the whistleblower’s wishes. 2) On receiving a report pointing out that sharing rooms in an accommodation facility during a training program that required participants to stay overnight lacked consideration for LGBT people, the accommodation was changed to individual rooms accordingly.)

For NEC’s overseas consolidated subsidiaries, Regional Headquarters (RHQ) also set up whistleblowing systems operated by third parties in each region, which are available for local officers and employees to use in the native local language (English, Spanish, Portuguese, and Chinese). The consulted/reported cases and their handling by overseas consolidated subsidiaries are shared with NEC Corporation.

The status of Compliance Hotline implementation and operation (including the internal reporting systems of NEC Corporation subsidiaries) is regularly reported by the Corporate Auditing Bureau to the Board of Directors and the Audit & Supervisory Board members.

### Survey on Compliance Promotion Initiatives

We conducted a survey of all officers and employees in conjunction with web-based training regarding compliance in order to evaluate the status of their initiatives on compliance promotion and their awareness of compliance. Furthermore, in a survey conducted after NEC Compliance Day, we asked division employees to evaluate the messages delivered by their division’s department managers. The results of the surveys were posted as feedback on the intranet portal website, and will be useful for proposing and implementing measures to further enforce compliance going forward.

### Exchanges of Opinion with Business Divisions

To further increase each division general manager’s ownership of ensuring compliance, in fiscal 2020, the Compliance Division held a face-to-face exchange of opinions with approximately 60 business divisions. Through active discussions on the latest compliance related topics, the Compliance Division was able to understand the situations of each division, and they all are working together to improve compliance activities companywide.

## Risk Management

### Selecting Priority Risks and Countermeasures

NEC Corporation annually identifies “important risks,” selected from the perspectives of the need for additional countermeasures and the magnitude of the impact on corporate business and society. These are based on the result of risk assessment for each division, which was obtained through a questionnaire-based “risk management survey,” and findings in the internal audit by the Corporate Auditing Bureau, etc. Important risks that are evaluated as having a particularly large impact are selected as Priority Risks and reported to the Board of Directors, which puts countermeasures in place for them.

In fiscal 2020, we selected the following Priority Risks: “risks regarding labor management,” “risks regarding human rights issues arising from new technology,” “risks regarding bribery,” and “risks regarding information security.” The respective divisions responsible for each of the risks are taking the necessary countermeasures.

## Participation in Activities of External Organizations

### Business Ethics Research Center (BERC)

NEC Corporation has been a BERC member since its establishment in 1997. BERC collects worldwide information relating to business ethics, does research on ethics, offers consulting on business activities and educates businesspersons while promoting ethics. We have utilized information on examples of initiatives in other companies obtained through BERC in the enforcement and planning of measures to promote compliance.

 [Business Ethics Research Center](#)

## Basic Approach to Tax Matters

### Basic Approach

In its Group Code of Conduct, NEC promises that:

- we will comply with international rules, applicable laws and regulations, this Code of Conduct, and in-house policies and guidelines in every aspect of the Company's activities at all times, and also understand the cultures and customs of countries and regions, and act in good faith in accordance with a good social conscience based on high ethical standards; and
- we will keep all financial records, accounting records, and all other records accurately and fairly. We will not perform accounting processing in an improper manner or any other act that may cause any loss or damage to the Company.

Likewise, we follow the above basic approach also in relation to tax matters and are striving to optimize them from a medium- to long-term perspective.

In addition, on its intranet, NEC provides details about basic rules for corporate taxes and so forth as well as a summary of tax reforms and the "Outline of the Tax Reform."

### Transactions between Affiliate Companies

To ensure thorough management of taxation risks in relation to globalization, NEC carries out pricing decisions in transactions between affiliate companies based on the arm's length principle in accordance with the approach advocated by the OECD<sup>\*1</sup> Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Having understood the intent of the generally accepted rules and guidance regarding international taxes, such as the Action Plan on Base Erosion and Profit Shifting (BEPS), NEC pays taxes in a timely and appropriate manner based on tax rules and treaties for each country, by reflecting our business results, and does not carry out activities aimed at fraudulent avoidance of taxes.

\*1 OECD: Organisation for Economic Co-operation and Development

### Relationship with Tax Authorities

NEC endeavors to reduce tax uncertainties by prior consultation with tax authorities and responding in good faith to related information-disclosure requests made by tax authorities.

### Transparency

NEC complies with the Financial Instruments and Exchange Act and all applicable laws, rules, and regulations, in preparing and disclosing its Annual Securities Report. Tax-related disclosures required by applicable laws are also included in the Annual Securities Report.

Starting from fiscal 2017, NEC has disclosed its consolidated financial results in accordance with the International Financial Reporting Standards (IFRS). By adopting IFRS, NEC intends to disclose more internationally comparable financial information to capital markets and to further enhance transparency of its financial information.

Sustainable Management	Environment	<b>Governance</b>	Social	53 Corporate Governance	<b>58-59 Promoting Fair Commercial Transactions</b>	65 Strengthening Initiatives to Respect Human Rights in Procurement Activities
				54-56 Compliance and Risk Management	60-61 Business Continuity	
				57 Basic Approach to Tax Matters	62-64 Supply Chain Management	

# Promoting Fair Commercial Transactions

## Policy

In its Principles, NEC subscribes to “Uncompromising Integrity and Respect for Human Rights,” and we believe it is important to put these into action while treating compliance as the highest priority at all times.

In recent years, due to stronger enforcement of laws and regulations regarding competition and bribery around the world, we are taking active measures to prevent the violation of antimonopoly laws and corruption and fraud in our efforts to promote fair commercial transactions.

NEC has established the “NEC Group Competition Policy,” formulating basic considerations on compliance with domestic and overseas competition laws to reduce the risk of violations. Furthermore, NEC has distributed a portable and business-card sized “NEC Group Competition Policy Card” to all corporate officers and employees of NEC Corporation and its consolidated subsidiaries in Japan to make the policy further well known.

NEC Corporation and certain domestic consolidated subsidiaries have established “Rules for Prevention of Cartels, Bid Rigging, and Bid Obstruction.” They clarify prohibited conduct under competition laws with regard to customers such as governmental agencies and so forth, and their vertically related consultants, distributors, and lease companies. NEC is working to further reduce the risk of being suspected or implicated in cartels, bid rigging, and bid obstruction.

With regard to anti-corruption, NEC has also established a “Basic Anti-bribery Policy,” with the intention of instituting a system to prevent corruption and stipulating basic rules for compliance by corporate officers and employees. Compliance with the rules will ensure that bribes are neither offered nor received in Japan and abroad in connection with the business activities of NEC.

In fiscal 2017, NEC Corporation received notifications of three violations of the Antimonopoly Act from the Japan Fair Trade Commission. In order to keep these events fresh in mind and use them as a basis for reflection, we established NEC Compliance Day on November 18, being the date on which we received an on-site inspection by the Japan Fair Trade Commission. In order to promote fair commercial transactions, we consider the commitment of management executives is the most important element in promoting fair commercial transactions. For this reason, on NEC Compliance Day, the management executives issue a

message to all employees to help reaffirm the importance of compliance every year, including promoting fair commercial transactions.

NEC Corporation was also subject to an investigation from the World Bank, on suspicion of violating the World Bank’s procurement guidelines in relation to the planned financing of a tender project in Hanoi, Vietnam, and ultimately reached a settlement agreement with the World Bank in July 2018. On the advice of the World Bank, the Company conducted measures to strengthen its compliance programs, such as revising the “NEC Group Code of Conduct” and regulations and manuals related to preventing bribery. The World Bank lifted its sanctions on January 19, 2020.

NEC will keep past incidents and facts in mind and actively promote fair commercial transactions.

▶ [NEC Group Competition Policy \(English translation\)](#)

## Promotion Framework

### Competition Law Compliance

It takes effort to comply with competition laws on various fronts, including sales, technology transactions, and materials procurement. NEC Corporation promotes compliance with competition laws in NEC through cooperation and coordination among the multiple divisions involved in each of these areas, with the Compliance Division and the Legal Division serving as co-supervising divisions.

### Prevention of Corruption

NEC Corporation is working to prevent corruption in all its forms.

The Compliance Division and the Legal Division act as co-supervising divisions in NEC’s efforts to enforce the “Anti-bribery Policy” and to provide related instruction, support, direction, and training for the internal divisions of NEC Corporation and its domestic consolidated subsidiaries. Checking on routine operations is an important part of preventing corruption, and therefore guidelines have been established by the Human Resources and General Affairs Divisions for hospitality, gifts, and donations, such as political donations, the planning divisions of each business unit for operating expenses, and the Purchasing Division for procurement expenses; expenditures requested by the Company’s divisions are checked to ensure there are no problems.

In fiscal 2020, “risks regarding bribery” was selected as a Priority Risk, and the status of implementation of countermeasures is reported to the Board of Directors.

Sustainable Management	Environment	<b>Governance</b>	Social	53 Corporate Governance	<b>58-59 Promoting Fair Commercial Transactions</b>	65 Strengthening Initiatives to Respect Human Rights in Procurement Activities
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				57 Basic Approach to Tax Matters	62-64 Supply Chain Management	

## Main Activities and Results for Fiscal 2020

### Continuous Training and Raising Awareness

Raising awareness through continuous training programs is crucial to increasing employees' awareness of fair commercial transactions. NEC Corporation conducts annual online and stratified training programs on compliance. In addition, we also used NEC Compliance Day as an opportunity to remind employees about the impact of the three incidents of Antimonopoly Act violations caused by NEC Corporation, and will strive to prevent the memory of these incidents from fading.

We provide the business divisions with topics related to fair business transactions through exchanging opinions with business divisions listed in the section on "Compliance and Risk Management." We also raise awareness through the quarterly "Compliance News" newsletter published by the Compliance Division. In addition, for business divisions that face high risks related to antimonopoly laws, we provide face-to-face training for each division with support from the Compliance Division.

#### ▶ Compliance and Risk Management

### Establishing and Revising Rules

In initiatives to prevent violations of competition laws, as noted above in "Policy," we established the "Rules for the Prevention of Cartels and Bid Rigging, and Bid Obstruction." These rules clarify prohibited conduct under competition laws with regard to customers such as governmental agencies and so forth, and their vertically related consultants, distributors, and lease companies. Moreover, NEC Corporation is working to ensure that it does not become suspected or implicated in cartels, bid rigging, and bid obstruction.

We have also implemented email monitoring utilizing AI for early detection of signs of competition law violations.

As an initiative for preventing corruption, in fiscal 2020 we conducted an internal audit regarding corrupt areas, including bribery, covering 5 consolidated subsidiaries in Japan and 11 overseas.

For bribery prevention, NEC Corporation has created an "Anti-Bribery Manual for Business Divisions, Etc." that stipulates the roles of general managers and specific methods for preventing bribery. These roles and methods include bribery risk assessment regarding the division's business and operations and due diligence regarding third parties employed in the Company's business activities. In fiscal 2020, we revised the manual, and added a section that stresses the importance of continued monitoring due to the possibility of risks related to retained parties or partners changing with the passage of time.

Furthermore, as the world's nations work on strengthening their anti-bribery laws, NEC has also developed a "Guideline for Provision of Gifts, Hospitality and Travel Expenses," which describes cautions and measures that overseas consolidated subsidiaries should follow when they provide gifts, hospitality and travel expenses.

As a result of the implementation of these systems and initiatives, there have been no major incidents within NEC related to either violations of competition laws or bribery that have warranted a public announcement in fiscal 2020.

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				54-56 Compliance and Risk Management	<b>60-61 Business Continuity</b>	
				57 Basic Approach to Tax Matters	62-64 Supply Chain Management	

# Business Continuity

## Policy

NEC has prepared a business continuity plan and is promoting business continuity management so that it can fulfill its social responsibilities by continuing to stably supply customers with products and services in the event of a natural disaster such as an earthquake or typhoon, a global pandemic, war, terrorist attack or other event. Our goal is to be able to continue NEC Corporation's business as far as possible, and to recover operations quickly if they are interrupted.

Our basic disaster response policies are as follows:

1. Ensure the safety of employees and visitors.
2. Rapidly recover and establish a business environment that enables NEC to fulfill its social responsibilities, including the maintenance and recovery of backbone systems, such as communications, public infrastructure, traffic, defense and finance.
3. Minimize management damage caused by operation disruption.

## Promotion Framework

NEC Corporation will continue business proactively and flexibly through the following three functions. The status of activity will be reported regularly to the Board of Directors.

(1) Business Continuity and Disaster Recovery Headquarters  
This function is headed by the President and comprised of corporate divisions such as the Human Resources and General Affairs Division.

The Headquarters maintains top management's decision-making function and prepares an environment for recovering operations.

(2) Business Unit BCP team

These teams are formed in each Business Unit. They conduct activities for recovery of business (customer response, gathering information of damage to operations, recovery, logistics, and securing materials, etc.)

(3) Workplace BCP team (Research labs and branches)

These teams are formed at the workplace level. They secure the safety of the workplace, confirm the safety of employees, quickly recover worksite infrastructure, support employees' lives, assist those who wish to return home, and coordinate with the community.

In addition, overseas we have formulated BCPs in response to each country's risk under the global system of five regional headquarters, along with information escalation rules in the case of emergencies.

## Main Activities and Results for Fiscal 2020

### Initiatives for Raising Awareness of Disaster Preparedness (Disaster Prevention Survey)

To develop employees' ability to act proactively during a disaster, NEC Corporation and 12 affiliated companies in Japan started conducting the "Disaster Prevention Survey" in fiscal 2020 to survey employees' awareness of disaster preparedness. The survey assigns scores for "understanding of disaster risk," "implementing countermeasures," and "understanding social rules," as indicators. The survey results are disclosed to all employees, and issues are identified for each indicator. These will be used in proposing and executing disaster countermeasures going forward.

### Exercises and Training on Disaster Prevention and Business Continuity

In order for each employee to think about disaster and business continuity as a personal matter and to act proactively when disasters occur, NEC Corporation and affiliated companies in Japan conduct Group-wide exercises and training every year based on various scenarios.

On February 20, 2020, all employees of NEC Corporation and affiliated companies in Japan engaged in telework together, and we also conducted an employee safety confirmation drill using a smartphone app, envisaging the initial stage of a BCP in the event of a typhoon or pandemic. In addition, on the same day, the management-level personnel of NEC Corporation examined the information gathering and decision-making process during a disaster, and conducted a drill designed to increase their awareness of crisis management. Furthermore, in February 2020, we conducted online exercises designed to ensure familiarity with action guidelines during disasters.

We conducted escalation exercises for all overseas subsidiaries in September 2019, and we are prepared to quickly resume businesses by minimizing the damage in a disaster.

### Enhancing the Degree of Completion of BCPs

Since 2016, NEC has introduced systems for visualizing the business continuity status for each company and division by using indices such as "organizational state in regular time and at the time of disaster," "leadership," "disaster prevention and business continuity plan," "support status," "effective operation," and "evaluation and improvement."

We will use these results to refine the system to cement a business continuity mindset as part of our organizational culture and make improvements across the entire NEC Group to enable each division and worker to think and act autonomously during disasters.

### Responding to the Risk of Storm and Flood Damage

NEC Corporation has constructed a system in which the Company's internal disaster information sharing system automatically receives disaster information from the Japan Meteorological Agency and displays the range of impact on a map. This allows us to understand at a glance information regarding the Company's sites, customers, and suppliers and others located in that range.

In addition, since 2018 NEC Corporation has had a teleworking system and environment ready for all employees to use, and is promoting teleworking.

In 2019, Typhoon Faxai caused large-scale suspension of operations in public transportation systems in the Kanto and other regions. However, around 14,000 employees of NEC Corporation and affiliated companies in Japan commuting mainly in the Keihin area used telework to continue business without a major disruption. In addition, when Typhoon Hagibis struck, NEC Corporation's Saitama Office suffered a power failure (now restored) due to water damage to certain roof-top distribution equipment. In this case, we used an alternative office, telework, and other means right after the disaster to minimize the impact on and continue our operations.

In our preparations for such disasters, we have reevaluated the storm and flood damage risk for each business site based on the latest hazard maps. In addition, for facilities that take time to recover, we have adopted a policy of prioritizing countermeasures such as periphery flood barriers, taking into account the severity of impact during a disaster and the cost balance.

## Response to the Novel Coronavirus (COVID-19)

In response to the pandemic caused by a novel coronavirus (COVID-19) in 2020, NEC Corporation and affiliated companies implemented countermeasures to prevent infection. These included rigorously implementing temperature checks of all employees each morning, enforcing handwashing and mouth rinsing, staggering shifts and encouraging teleworking, utilizing web conferencing, and ensuring that people did not come to work when feeling unwell. Furthermore, to prevent infection clusters occurring in the Company, we rigorously applied reporting rules when employees were feeling unwell and quickly developed systems for infection prevention measures as a company.

During the emergency declaration by the Japanese government in April and May 2020, NEC Corporation and affiliated companies in Japan worked from home whenever possible and promoted the use of telework even further in line with the government's request to reduce personal contact by 80%. As a result, the ratio of people working in NEC Corporation's major business locations (Head Office and main business sites and buildings) during the emergency declaration was at an average of around 20% compared to usual times. Even now that the emergency declaration has been lifted, we continue to promote telework, and we are conducting our operations with minimum attendance in the office.

Meanwhile, in production plants and certain development projects that require people to be on site to continue, we are ensuring that people avoid the "three C's" (Closed spaces, Crowded places, and Close-contact settings) and take countermeasures.

Specifically, we have taken the following countermeasures.

- Staggered shifts (changing replacement shifts, etc.)
- Staggered seating arrangements (avoid face-to-face seating)
- Use of plastic curtains
- Enforcing use of masks
- Enforcing rules for cafeteria use (Washing hands before use, avoiding face-to-face seating, avoiding conversation, etc.)
- Enforcing rules around using employee break room (Spacing out usage, etc.)

COVID-19 is expected to have a prolonged impact. However, NEC Corporation will continue to fulfill its responsibilities to society as required while prioritizing employees' lives and safety through these countermeasures to the spread of infection.

## ISO 22301 Certification Acquisition

NEC has acquired ISO 22301 certification, mainly in its system maintenance divisions and datacenter operation divisions. ISO 22301 is an international standard for Business Continuity Management Systems (BCMS). We have put in place efficient and effective countermeasures to prepare for potential threats to business continuity, including natural disasters such as earthquakes, floods, and typhoons, system faults, pandemics, power outages, and fires.



Acquisition of ISO 22301 certification

## Social Contribution Using Emergency Food Supplies

Since fiscal 2011, NEC has provided and sold emergency food supplies that have come within 6 months of their expiry date at its in-house cafeterias and stores. Part of the proceeds from these sales is used to support employee participation in community contribution activities to support the school feeding programs run by the United Nations World Food Programme. This activity is designed to value food and to contribute to society by reducing the negative environmental impact of food disposal. NEC will continue the activity going forward.

# Supply Chain Management

## Basic Policy Concerning Sustainable Procurement

Corporations are required to conduct procurement activities that strongly emphasize sustainability throughout the entire global supply chain.

NEC endeavors to work not only within itself, but also through collaboration and co-creation with suppliers to conduct business while giving full attention to its impacts on the environment and society as a whole. We believe this will make us worthy of the trust given by society and enable us to contribute to sustainable social value creation. Based on this belief, as we learn together about critical social issues and the impact of business on society, we will continually engage in initiatives toward building a better supply chain.

## Policy

NEC formulated the “NEC Group Procurement Policy” based on its concepts of sustainable management and on the ISO 26000 and ISO 20400 international guidance standards for social responsibility and sustainable procurement. We are developing the policy in internal control pertaining to Sustainable Procurement and among suppliers. NEC has established “Basic Rules for Procurement,” and ensures that all employees remain in compliance with these regulations. To strengthen this effort, NEC also devised concrete operational rules for its procurement processes, and ensures that the rules are disseminated among procurement-related personnel by conducting regular training.

In terms of implementation among suppliers, we have revised our CSR Procurement Guidelines to reflect changes in society’s demands, also changing the name to “Guidelines for Responsible Business Conduct in Supply Chains.”

The above policy and guidelines require our suppliers to implement responsible business conduct, identifying the following six priority risks:

- Human rights
- Occupational health and safety
- Fair trade
- Environment
- Information security
- Product quality and safety

With regard to human rights, the NEC Group Procurement Policy clearly rejects slavery and human trafficking, and the Guidelines for Responsible Business Conduct in Supply Chains prohibit forced labor and child labor, while respecting workers’ right to organize. The policy and guidelines also require appropriate wages and management of work hours.

With regard to the environment, we have formulated the Green Procurement Guidelines, which call for a combined effort between NEC and its suppliers to realize environmental management. At the same time, we have also set out the “Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products,” which require us to comply with industry regulations on chemicals in products.

With regard to information security, NEC sets out security measures to be observed by outsourcers in “Basic Rules for Customer-Related Work” and has them make a pledge to observe them in order to promote thorough implementation of countermeasures.

Based on this policy and guidelines, NEC will work to deepen mutual understanding with suppliers and promote procurement activities in close collaboration with them, while evaluating them comprehensively in terms of QCD\* and sustainability, and continuing in efforts to nurture partnerships from a long-term perspective.

\*QCD: Quality, Cost and Delivery

- ▶ [NEC Group Procurement Policy](#)
- ▶ [Guidelines for Responsible Business Conduct in Supply Chains](#)
- ▶ [Green Procurement Guidelines](#)
- ▶ [Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products](#)
- ▶ [Information Security and Cyber Security](#)

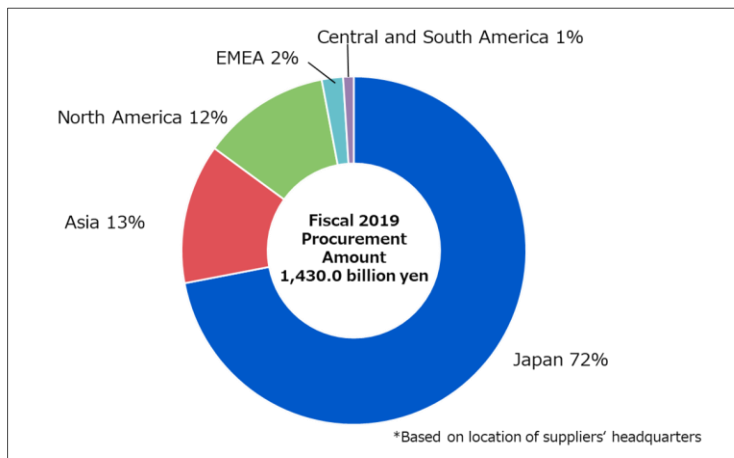
We implement measures to counter the above six priority risks at each stage of basic contracts, dissemination, document check, and on-site assessment.

- ▶ **Basic Contract**  
NEC ensures implementation and compliance with these initiatives by suppliers in Japan by entering into basic contracts and obtaining declarations that demonstrate their commitment to the environment and safety and health management. NEC also obtains a declaration regarding the environment and safety and health management from suppliers in North America, Europe and Asia. In fiscal 2020, we obtained declarations from 297 companies in Japan with whom we started new transactions. In fiscal 2021, we will formulate a new declaration that has a wider scope covering all of the Guidelines for Responsible Business Conduct in Supply Chains, and start activities for obtaining them.
- ▶ **Dissemination**  
NEC presents the NEC Group Procurement Policy, Guidelines for Responsible Business Conduct in Supply Chains, and various other guidelines to its suppliers. We also hold exchange meetings with strategic supply chain partners and “CSR/Information Security Measures” where we explain our policies and guidelines directly to suppliers and ensure dissemination of the latest measures.
- ▶ **Document Check**  
NEC conducts web-based self-assessments each year in order to assess the status of supplier compliance with requirements and initiatives relating to the fields of human rights, information security, and the environment.
- ▶ **On-site Assessment**  
When the Procurement Division makes an inspection of sustainable procurement requirements during its ordinary visits to suppliers, we assess sustainable procurement requirements related to human rights, occupational health and safety, and the environment. In fiscal 2019, we started the “Supplier Visit Record” (SVR) initiative to compile records of these inspections.

With regard to information security, NEC visits its suppliers annually to conduct an on-site assessment. For both kinds of on-site assessment, NEC shares the items that require improvement with its suppliers and supports them in implementing improvement measures.

The graph below represents the amount of procurement by region.

Japan accounts for 72% of the total procurement amount. Asia accounts for 13%, North America 12%, EMEA (Europe, Middle East, and Africa) 2% and Central and South America 1%.



Suppliers who account for a large procurement amount, suppliers of rare products, and suppliers who cannot be easily replaced are designated as critical suppliers. NEC engages in the above sustainable procurement measures in Japan and Asia, where there are a large number of critical suppliers.

## Promotion Framework

Sustainable Procurement activities of the entire NEC Group are under the responsibility of the Chief Supply Chain Officer (CSCO). Decisions related to sustainable procurement are discussed at the Procurement Steering Committee chaired by the General Manager of Purchasing Division.

NEC endeavors to gain a deeper understanding of global social issues, the latest initiative examples and so forth by conducting stakeholder engagement with international initiatives, civil society (NGO/NPO) and academia, to serve as a basis in drawing up sustainable procurement promotion plans, as well as plans for effective implementation and improvement of individual measures.

In the course of ensuring compliance with purchasing-related laws and regulations, NEC has appointed compliance promoters who specialize in purchasing-related laws and regulations at NEC Corporation and its major consolidated subsidiaries in Japan. These compliance promoters rigorously enforce legal compliance within their divisions and their companies. Compliance promoter conferences are held twice a year, during which they share recent information needed for promoting compliance, such as trends in reinforcement of control by competent authorities, training programs for procurement personnel, and online training materials.

Overseas subsidiaries conduct activities under the Global SCM Leaders Session, which meets annually, as the decision-making body. In Europe, China and East Asia, and APAC, Regional Headquarters and major local subsidiaries directly controlled by Headquarters promote sustainable procurement in accordance with the culture and business practices of each country, as well as with the basic policies and guidelines mandated by the Headquarters in Japan.

In cross-Company activities, we participate in the Supply Chain Working Group of Global Compact Network Japan's continuing discussions regarding the goals of sustainable procurement with various members coming from companies in different industries, NGOs, and so forth. We also conduct activities aimed at generating output that will contribute to improvement of CSR practices in corporations.

## Measures and Results for Fiscal 2020

### Monitoring

#### Document Check

NEC conducted document checks related to human rights and the environment at 192 critical suppliers in fiscal 2020.

For 25 of these suppliers providing hardware, NEC Corporation used the CDP Supply Chain Program run by the environmental NGO CDP, which enabled the Company to visualize and understand the suppliers' initiatives on climate change. In fiscal 2021, we will expand the scope of the CDP Supply Chain Program to cover 73 suppliers. Through the program, we will consolidate our engagement with the suppliers and further promote climate change countermeasures through the entire supply chain.

In fiscal 2020, NEC also conducted document checks on 1,465 companies regarding information security, which is a priority issue for us as a system integrator of information systems that serve as critical social infrastructures. In our collaborations with business partners, we believe it is important to ensure that the technology capabilities and information security level of the business partners meet our required standards. To this end, NEC categorizes its suppliers by information security level according to the implementation status of their information security measures based on the results of document checks. We then select suppliers for a project appropriately in accordance with the required information security level for the project when outsourcing tasks.

#### Information Security and Cyber Security

#### On-site Assessment

In fiscal 2020, we performed SVR assessments of primarily critical suppliers in areas that present high risks in terms of human rights, occupational health and safety, and the environment. We collected data on 104 on-site assessments, to confirm that there were no issues.

For information security in particular, it is important to disseminate instructions and requirements even to employees of suppliers. This is because incidents may occur if these are not followed by workers on the front line. During on-site assessment, NEC representatives visit supplier operation sites to conduct interviews, check supporting documents, and carry out inspections. Suppliers are selected for on-site assessment based on comprehensive



Sustainable Management	Environment	<b>Governance</b>	Social	53 Corporate Governance	54-56 Compliance and Risk Management	57 Basic Approach to Tax Matters	58-59 Promoting Fair Commercial Transactions	60-61 Business Continuity	<b>62-64 Supply Chain Management</b>	65 Strengthening Initiatives to Respect Human Rights in Procurement Activities
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criteria that include not only the scale of transactions, but also the criticality of handled information, the level of confidentiality, and results of online self-assessment.

In fiscal 2020, we visited 28 suppliers and found no cases requiring significant improvements. However, we gave improvement guidance to suppliers who required improvements on minor issues, such as designation of confidential labeling (seven companies) and management of disposal and return of confidential items (six companies).

### Compliance Hotline (Whistle-blowing system for employees and business partners)

A Compliance Hotline, a point of contact for compliance consultation and reporting, has been made available also to suppliers since 2003. This provides an independent channel for transaction-related complaints and consultation by suppliers. The hotline can also be used outside of Japan. It is easily accessible from NEC's website.

As part of efforts to eliminate compliance violations by NEC employees, starting fiscal 2018, a "Request for Cooperation towards Thorough Compliance" has been issued to solicit cooperation of suppliers in handling complaints of violations. This initiative will be continued to further enhance the effectiveness of the Compliance Hotline.

- ▶ [Compliance Hotline \(Whistle-blowing system for employees and business partners\)](#)

### Internal Training and Awareness Raising

NEC Corporation and its consolidated subsidiaries regularly implement various educational and training programs for procurement personnel in accordance with the situation of each company, as part of efforts to maintain proper business conduct.

In fiscal 2020, we continued to conduct training focused on the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors and the Worker Dispatching Act in order to ensure procurement operations are executed appropriately with regard to sustainability, corporate ethics, and legal compliance.

### Green Procurement Initiatives

NEC has been promoting a green certification system based on the Green Procurement Guidelines that cover the procurement of not only hardware, but also software and services. We have maintained a green procurement rate of 100% for product-related materials. Also, to comply with chemical substances regulations around the world, notably the European RoHS (Restriction of Hazardous Substances) Directive and the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation, NEC continuously conducts surveys of the chemical substances incorporated into the procurement products. Furthermore, in measures against climate change, from fiscal 2013 we have been ascertaining CO<sub>2</sub> emissions related to procurement products. We disclose CO<sub>2</sub> emissions data for the entire supply chain, including procurement products, after third-party validation, and are making use of the data in developing measures to reduce CO<sub>2</sub> emissions.

- ▶ [Environmental Specifications Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products](#)
- ▶ [Scope 3](#)

### Addressing the Issue of Conflict Minerals

The NEC Group has formulated the "NEC Group's Responsible Mineral Procurement Policy." We sought the understanding and cooperation of our suppliers on the issue of conflict minerals and conducted conflict mineral surveys from supplier to smelter. We also established a response structure drawing on a liaison between our internal sales and business units so we can swiftly respond to requests from customers based on the conflict minerals survey.

- ▶ [NEC Group's Responsible Mineral Procurement Policy \(Included within "Guidelines for Responsible Business Conduct in Supply Chains"\)](#)

NEC continues to collaborate with industry as a member of the "Responsible Mineral Trade Working Group" led by the Japan Electronics and Information Technology Industries Association (JEITA).

NEC participates in the Working Group's "Education and PR Team." In this capacity, we acted as a key presenter in a joint briefing for suppliers and worked to promote their understanding of conflict-mineral issues.

### Dialogue for Strengthening Initiatives on Respecting Human Rights

NEC received a third-party impact assessment on human rights risks in its supply chain. The results of the assessment were used as the basis for a dialogue between NGOs and international organizations working on solving human rights issues and legal specialists.

- ▶ [Strengthening Initiatives for Respecting Human Rights in Procurement Activities](#)

### Strategic Supply Chain Partners Meeting

NEC holds exchange meetings with strategic supply chain partners each year for its main strategically important suppliers. We require these suppliers to understand and cooperate with the NEC Group's sustainable procurement activities centered mainly on human rights, occupational health and safety, the environment, and information security. At the meeting held at the start of 2020, 444 members of the management at 188 suppliers from throughout the world participated.

We reported to the participating companies on the results of document checks covering human rights and the environment. We also presented awards to suppliers that had contributed to the NEC Group's business from an environmental perspective.



## Strengthening Initiatives to Respect Human Rights in Procurement Activities

NEC worked with external experts to conduct a review of human rights issues that could impact its business activities. The review found two high-risk themes were “new technology and human rights” and “labor in supply chains.” Among these, we received advice from the experts regarding ways to take the initiatives on respecting human rights in the supply chain and points to bear in mind.

\*This dialogue was held in February 2020



### Sustainability as Added Value

The NEC Group has 327 sites in 160 countries. Our software development sites are mainly situated in Asia, Europe and the United States, while our hardware production sites are mainly in Asia. Against a backdrop of rising social demands regarding human rights and so forth, we aim to realize sustainable supply chains, and to promote activities based on building strong relationships with suppliers.

**Shimizu** At our annual exchange meeting with around 200 major suppliers from Japan and overseas, we emphasize our desire to focus on “collaboration” to resolve issues in delivery, technology, and business continuity planning, and on “co-creation” to create social value through business.

These 200 companies also cooperate with surveys about human rights and the environment, but we would also like to get advice from both long- and short-term perspectives about effective ways to achieve real improvements in our initiatives.

**Takahashi** The concept of creating social value through “collaboration” and “co-creation” with suppliers is highly commendable from a perspective that considers society’s needs. In the global business environment, particularly in Europe and the United States, there is a trend of differentiating their products from ones made in emerging countries by adding sustainability as a value to be provided in addition to the traditional values of quality, safety, and price. I expect NEC to share the understanding with its suppliers that the initiatives on human rights would contribute not only to collaboration but also to the co-creation of value.



**Kazuhiro Okimi**  
General Manager,  
Purchasing Division  
NEC Corporation

Moreover, in promoting human rights due diligence, as stated in the “UN Guiding Principles on Business and Human Rights” (the “Guiding Principles”), the first step is to ascertain the negative impacts on human rights in business and the supply chain (human rights risk), then take a risk-based approach of investigating areas with a high human rights risk.

**Okimi** I feel the risk-based approach is important, as it would be difficult to launch specific initiatives across all suppliers simultaneously.



**Daisuke Takahashi**  
Partner Attorney  
Shinwa Sohgo Law Offices

When investigating the risk, what kind of factors should be considered in addition to region and procurement amount?

**Takahashi** For example, you might consider the risks of sectors, supplier companies, and products being procured and so forth. You can refer to risk information provided by various governments, international organizations, and NGOs as a starting point.

**Nagai** In addition to the above, the degree of human rights infringements is another perspective that should be included as a factor in the risk-based approach.

### Partnerships with Suppliers Help to Increase Competitive Advantage



**Shigeki Shimizu**  
Senior Vice President and  
CSCO  
NEC Corporation

**Shimizu** In fiscal 2020, we drafted a supplier’s declaration, a written pledge for suppliers to observe our “Guidelines for Responsible Business Conduct in Supply Chains”. We plan to start with all suppliers in Japan, then expand to overseas suppliers. In addition, one of NEC’s original initiatives is to create a Supplier Visit Record confirming the labor environment and so forth when a buyer visits a supplier. This inspection is being implemented on a trial basis in China, and we hope you could point out anything that we should be focusing on when it is implemented.

**Takahashi** The supplier written pledge is not only a clear guarantee, it is important also that it be used to facilitate

communication with suppliers. For example, when conducting audits, it is important to also have a perspective on how you could cooperate with the supplier in developing their capabilities. In the Guidance on Human Rights Due Diligence by the Japan Federation of Bar Associations, there is an emphasis on the importance of considering how communication between the supplier and the ordering company can be facilitated. Regarding the relationship with the SDGs, these initiatives correspond to Goal 12 “Responsible consumption and production” and Goal 17 “Partnerships for the goals.”

**Tanaka** It is often difficult to identify issues facing workers by a one-sided, non-participatory audit. In addition, a large number of inconsistent audit requirements hinder the growth of SMEs in Asian countries. That indicates the importance of dialogue and engagement as highlighted in the Guiding Principles.



**Ryusuke Tanaka**  
Programme Officer  
ILO Office for Japan

It seems necessary to develop human resources with thorough knowledge of local circumstances and practices throughout NEC’s supply chains, and to build robust relationships with suppliers that allow sharing the benefits of co-promoting socially responsible business conduct. It seems rather challenging for NEC to have a sufficient leverage (influence) over its suppliers through business relationships alone. Improving industrial relationships by collecting and reflecting workers’ voices will allow NEC to gain early access to risk information and develop a foundation to resolve issues, which eventually will help prevent labor conflicts. When issues are found to be unsolvable by the efforts of one company alone, such issues can be shared with other companies in the same industry to inspire collaborative actions. It is of paramount importance that the Company works towards achieving sustainable and competitive enterprises by encouraging socially responsible labor practices throughout the supply chains and the industry. Engaging in collaboration with governments and stakeholders, and co-creation of values on labour issues inherent to certain industries or regions is meaningful for this purpose.

**Takahashi** It is also important to establish a contact point for handling complaints as an initiative to complement due diligence and to ensure access to remedy. Recognizing issues at an early stage makes it possible to deal with them before the problem becomes serious.

### Responding to Work Styles of the Future through Advances in ICT

**Nakamura** I think it will be difficult to expand business going forward without asking crowdworkers to do jobs on a task basis because of a shortage of engineers in the field of ICT. Are there aspects of hiring crowdworkers that we should bear in mind?

**Tanaka** In a platform economy composed mainly of crowdwork, concerns have been raised around the risk that workers could be forced to work long hours that are not commensurate with their compensation as a result of being treated as a self-employed. There also needs to be a discussion about excessive monitoring of work, workers’ self-supporting the cost of their own skill acquisition, inadequate systems for social protection and representation, as well as the cross-border governance of crowdwork. Currently, there is no adequate international framework for these new issues. Initiatives by enterprises to promote decent work, sharing of challenges, and exploration of methods for addressing them through multi-stakeholder dialogues would be expected.

**Nagai** The concepts around work are changing in Europe and the United States, and the number of individual business owners there is increasing rapidly. Also, individual business owners do not have freedom of association, so there has been an increase in lawsuits calling for improvement in the work environment and conditions. You should keep in mind that companies are worried about responding to lawsuits since lawmaking has not kept pace with these changes.

**Takahashi** The Guiding Principles were formulated with the perspective of looking at social issues from various

angles in the areas where legislation has not addressed the impact of corporate activities on stakeholders. In cases like those of crowdworkers, it is important to analyze and see whether companies are having a negative impact on the workers by engaging with them, and investigate beyond the framework of the law.

**Shimizu** Today has provided an excellent opportunity to elevate our stance and viewpoint. We will continue to carefully retain the themes of collaboration and co-creation, while reflecting them in our future responsible procurement action plans, including respect for human rights.



**Toshiyuki Nakamura**  
Assistant General Manager,  
Purchasing Division  
NEC Corporation



**Asako Nagai**  
Managing Director  
BSR (Business for Social  
Responsibility)

# Social

Inclusion and Diversity	67-70
Human Resources Development and Training	71-74
Creating a Diverse Work Style Environment	75-76
Health and Safety	77-79
AI and Human Rights	80
Personal Information Protection and Privacy	81-83
Information Security and Cyber Security	84-86
Ensuring Quality and Safety	87-88
CS (Customer Satisfaction) Initiative	89
Cooperation with the Local Communities	90-91



**The Para-Art Project operated in collaboration with the Tokyo Voluntary Action Center**

Users of the Itaru Center ITARD SEIJO clinical development instruction center and NEC Group employees and their families create art (Opened on February 11, 2020)

# Inclusion and Diversity

## Policy

In today's world, where rapid change has made the future difficult to predict, we at NEC believe that in order to continue providing value to society, we must facilitate innovation and always be changing. The fact is, however, that it is difficult to create new value and make appropriate decisions in a homogenous culture.

NEC believes that hiring employees of various backgrounds under the principle of equal employment opportunities enables the organization to take on challenges and grow by receiving new input, and that this can lead to new ideas and generate innovation.

For this reason, it is important to create a culture in which employees can understand, respect, and empathize with diverse values and perspectives.

With regard to respecting and empathizing with different values, the NEC Group Code of Conduct strictly prohibits people at NEC from acting with prejudice on the grounds of race, belief, age, social position, family origin, nationality, ethnicity, religion, gender, sexual orientation and gender identity, and physical or mental disability. Furthermore, the NEC Group Human Rights Policy sets out detailed policies for our initiatives on human rights based on the "NEC Way," and explicitly states that we must respect the individuality of each person and not act in any way that may offend the dignity of any individual.

It is one of NEC's management strategies to firmly establish a culture that is truly based on inclusion and diversity ("I&D") in this way. We believe this is a source of competitive advantage, and we are promoting initiatives on the following points.

- Set the development of "socially literate human resources" as one of NEC's "materiality" themes, which are priority management themes from an ESG perspective. We will develop leaders who will inspire teams that can understand and accept different values and cultures and thrash out various ideas to create social value and drive innovation.
  - Understand unconscious bias correctly and provide equal employment and career opportunities through management, regardless of age, nationality, gender, sexual orientation and gender identity, and physical or mental disability.
- NEC's ultimate goal is to "transform its organization structure and culture into one that transforms individual differences into strengths, responds with agility to change, and continues to compete strongly and win."

- ▶ [NEC Group Human Rights Policy](#)
- ▶ [Priority Management Themes from an ESG Perspective - Materiality](#)
- ▶ [Respect for Human Rights](#)
- ▶ [Human Resources Development and Training](#)

## Promotion Framework

The Diversity Promotion Group was established within the Human Resource Development Division (at the time) in 2013 as a dedicated organization for promoting diversity within NEC. To further promote inclusion, which was conventionally a part of promoting diversity, in April 2019 the Diversity & Inclusion Team was set up within the People and Organization Development Division.

In October 2019, the team members were increased, and the team is now working on various measures such as providing support and promoting understanding for women's career advancement and active participation, employment of people with disabilities, and sexual minorities (LGBT<sup>\*1</sup>), while building cooperation with related departments. The team is also engaged in measures related to smooth onboarding<sup>\*2</sup> of foreign-national employees and mid-career hires. In this way, the team is fostering NEC's culture by proposing and implementing

measures to enable these kinds of diverse internal human resources to make full use of their individuality and uniqueness to work and participate at their full potential.

Moreover, we have established the NEC Group Inclusion & Diversity Promotion Meeting, which is chaired by the corporate officer in charge of human resources and comprises officers in charge of diversity at each company. At the meeting, we carry out measures and share best practices for NEC Group companies.

\*1 LGBT stands for lesbian, gay, bisexual and transgender, and is a collective term for sexual minorities.  
\*2 Providing a basic introduction to new people joining an organization or service and helping them to become accustomed to the new environment

## Strategies and Main Activities and Results for Fiscal 2020

### Promotion of Global Recruitment of Human Resources

To achieve global business expansion, NEC is working to recruit non-Japanese individuals in our research, technology, sales, and corporate administration departments. Through these efforts, we strive to increase the quality of our workforce and promote diversity in each department. We are also working proactively to recruit employees of overseas subsidiaries to work at NEC Headquarters and to facilitate interactions with these personnel and develop human resources. We are also devoting energy to recruiting international students who newly graduated in Japan. In addition, at the Central Research Laboratories, we began hiring directly from overseas universities such as the Indian Institute of Technology. In fiscal 2020, we welcomed 17 international students joining as new hires.

NEC Corporation has established a system that enables international students, Japanese students enrolled in overseas universities, and other students studying abroad to join the Company in October instead of April. In March 2020, we opened a prayer room in the Head Office building for employees who need to make religious observances.

- ▶ [Human Resources Development and Training](#)

Sustainable Management	Environment	Governance	<b>Social</b>	<b>67-70 Inclusion and Diversity</b>	77-79 Health and Safety	84-86 Information Security and Cyber Security	90-91 Cooperation with the Local Communities
				71-74 Human Resources Development and Training	80 AI and Human Rights	87-88 Ensuring Quality and Safety	
				75-76 Creating a Diverse Work Style Environment	81-83 Personal Information Protection and Privacy	89 CS (Customer Satisfaction) Initiative	

## Promoting Women's Career Advancement and Active Participation in the Workplace

NEC Corporation was already keen to hire and promote people regardless of their gender even before the 1985 Equal Employment Opportunity Act came into effect.

As a global company, we believe it is preferable to have more female employees participating in management decision-making and leadership positions, and we are conducting initiatives aimed at the following three targets:

### [Targets]

- (1) Ratio of female managers in department manager or higher positions: 5% by fiscal 2021.\*<sup>3</sup>
- (2) Ratio of female employees: 30% by fiscal 2026\*<sup>4</sup>
- (3) Ratio of female managers: 20% by 2026\*<sup>4</sup>

As of April 1, 2020, we have achieved the following ratios for the above targets: (1) 5.4%, (2) 19.2%, (3) 6.4%. With regard to (1), we have achieved the planned target one year ahead of schedule, while for targets (2) and (3), we will take the following measures.

### [Measures]

- (1) Enhance management capabilities for diverse human resources.
- (2) Increase career awareness of women through role models.
- (3) Create systems for identifying and developing female employees with potential.

In fiscal 2020, NEC Corporation was ranked second in the "Diversity Workstyle Promotion" category of the "100 Best Companies Where Women Actively Take Part" published by *Nikkei WOMAN* in its "Survey on Female Workers' Workplace Opportunities." The Company was recognized for its initiatives to support flexible workstyles in response to life events such as marriage and childbirth, its initiatives to make full use of women's potential and its results. By steadily promoting the above measures, we will continue to promote women's career advancement and active participation in the workplace.

NEC's numerical data in regard to the promotion of women's career advancement are published in the "Database of companies promoting women's participation and advancement in the workplace" on the website of the Ministry of Health, Labour and Welfare. (For details, refer to "Data Collection.")

\*3: As of April 1, 2021

\*4: As of April 1, 2026

## Unconscious Bias Training

To meet diverse stakeholder needs in an era of rapid change, it is essential to develop the abilities of individuals as professionals and to create a culture that enables those individuals to demonstrate their abilities. In fiscal 2020, we started implementing unconscious bias training for corporate officers and business division managers, aiming to strengthen our management ability with regard to diverse human resources.

We are holding discussion-based training workshops on leadership in an era of change, aiming to promote understanding of global trends around I&D and understanding of unconscious bias among management.

## Work Style Reform and Diversity Promotion Activities by Female Managers

The voluntary association of female members of NEC's management "Scarlet Elegance in NEC (SELENE)" has been holding events for female employees since 2014. These include discussions with invited board members, executives and outside lecturers and study sessions.

In fiscal 2020, we connected Tokyo and Beijing in a teleconference to hold an exchange of opinions regarding women's career development and workstyles with female managers at NEC (China) and NEC Solutions (China). At NEC Solutions (China), women's career advancement and active participation in the workplace is ahead of Japan, with a ratio of female managers of 25% and ratio of female managers in department manager or higher positions of 14%. There was much to learn from them about taking a proactive approach to careers.

## Bringing Female Managers Together

Each NEC Group company has formed a female managers' network, and a gathering of female managers was held in September 2019 to support them in finding suitable role models and mapping out further career steps. Around 200 people attended from 10 NEC Group companies in Japan, including NEC Corporation, and 115 participated using a teleconferencing system.

The program included a keynote speech on "Trends in women's active participation in the workplace" by Outside Director Noriko Iki, an overview of corporate initiatives to advance women's careers in companies today, a discussion at the meeting venue, and a networking lunch, which provided an opportunity for participants to share their day-to-day challenges and interact directly. Going forward, this program will be expanded to more companies to bring together a wider range of participants.

## Seminar for Employees Returning from Childcare Leave

This seminar was started in fiscal 2015. Its aim is to enable employees on childcare leave who are due to return to work soon to enrich their careers while balancing the demands of work and childcare.

This year, the seminar was held for NEC Group companies in Japan, with 70 people from seven companies attending over two days, and 40 participating by teleconferencing. Participants learned about measures and systems including Company trends and work-life support systems. In addition, they received a message from their companies encouraging them to design their own workstyle and build their careers, even with the time restrictions imposed by childcare. They also participated in group work where they visualized their work-life balance after returning to work, and a roundtable discussion with senior employees. The ratio of male employees taking childcare leave has also been increasing recently, and many men were observed taking part in the seminar. As a result of these efforts, NEC Corporation has achieved a return rate of nearly 100%.

## Career Development for Women in Sales

At NEC Corporation, the ratio of women in sales positions has been increasing each year, mainly among young employees, and cross-Company development of female sales personnel and future leaders is considered to be a very important theme.

NEC has been holding a nationwide networking event and leadership training for women in sales positions continuously since 2015. This year, over 80 women in sales positions came together from around Japan for a two-day event that included lectures from corporate officers and senior female colleagues, group work, networking lunch, and networking with female sales personal from industries outside the Company.

Sustainable Management	Environment	Governance	<b>Social</b>	<b>67-70 Inclusion and Diversity</b>	77-79 Health and Safety	84-86 Information Security and Cyber Security	90-91 Cooperation with the Local Communities
				71-74 Human Resources Development and Training	80 AI and Human Rights	87-88 Ensuring Quality and Safety	
				75-76 Creating a Diverse Work Style Environment	81-83 Personal Information Protection and Privacy	89 CS (Customer Satisfaction) Initiative	

Furthermore, 47 female sales personnel of similar age participated at the networking event with other industries, which has been held by five companies in Japan, including NEC Corporation, since last year. By interacting with female sales personnel from other industries, participants form networks outside the Company and expand their horizons, which provides an excellent opportunity for them to consider their career plans for continuing in sales.

### ▮ Talent Management Program for Female Employees

In fiscal 2020, we revamped our talent management program for developing the next generation of human resources, selecting promising female employees from a wide range of ranks to begin development through training assignments at other companies, assessments and coaching from in-house career coaches, group mentoring, and female networking, among other activities. We are engaged in the following main activities aimed at increasing the ratio of female managers.

- Develop and implement a systematic development program for female managers for department manager level or higher, with a view to producing corporate officers from internal sources
- Hold group mentoring program from female managers at section leader level run by people from department manager level or higher
- Start program for talent identification and development from the assistant manager level

### ▮ Promoting Employment of People with Disabilities

NEC has established the Corporate Human Rights Promotion Committee and has been promoting the employment of people with disabilities.

Guided by the principle of “do what you can do on your own, and help each other for things you cannot,” there are currently 383 people with disabilities employed in NEC (as of June 1, 2020, total of NEC, NEC Friendly Staff, Ltd. and NEC Management Partner, Ltd.).

To promote a “barrier-free” recruitment process, we established an employment liaison service and we arrange for sign language interpreters and conduct examinations in Braille. We provide support according to the nature of individual disabilities, such as confirming the availability of barrier-free facilities at the place of assignment together with internal staff before recruits enter the Company. Likewise, after a person with disability joins the Company, we also regularly make sure that the necessary work accommodations are being taken through career review

interviews. In addition, since April 2016, our human rights hotline has included consultations regarding “reasonable accommodation.”\*5

These efforts were recognized when NEC Corporation was awarded the Excellent Company Award for Employment of People with Disabilities (Bureau of Industrial and Labor Affairs Director General’s Award) for outstanding initiatives in proactively developing skills and improving conditions for people with disabilities.

In addition, the NEC Group Inclusion & Diversity Promotion Meeting also recognized the status of employment of people with disabilities within the NEC Group.

\*5: Measures to improve conditions that are barriers for a worker with disability to exercise his or her abilities effectively.

### ▮ Signatory to The Valuable 500

NEC has agreed with and become a signatory to The Valuable 500 initiative for promoting active participation of people with disabilities in the workplace, which was launched at the World Economic Forum Annual Meeting in Davos in January 2019. In addition to continuously promoting initiatives to create environments that allow employees with disabilities to demonstrate their full potential, we will also strive to realize safety, security, fairness, and efficiency to enable a rich range of social activities by supporting people with disabilities through employment and contributing to society through support for paraspports.

▶ [NEC joined The Valuable 500](#)

### ▮ Special Subsidiary Company: NEC Friendly Staff

In March 2003, NEC Corporation established NEC Friendly Staff, Ltd. as a special subsidiary company for employing people with disabilities including mentally handicapped people. Its head office is located in the NEC Fuchu Plant, and employees work in offices in Tamachi, Abiko, and Tamagawa. As of June 1, 2020, it employs 119 people with disabilities.

Employees are primarily engaged in administrative support, cleaning and afforestation services, and the service of converting business-related contract documents into electronic format. They also provide support for the “NEC Make-a-Difference Drive,” a corporate citizenship activity, among other activities.

Their work contributes to strengthening management practices in terms of compliance, as well as improving

business efficiency at NEC. The company will continue to expand its business as a special subsidiary company by providing a wide range of business support services.

### ▮ Assisting the Self-Empowerment of NEC Group Employees with Hearing Difficulties

Since fiscal 2016, we have been holding study sessions in order to deepen the knowledge of NEC for employees with hearing difficulties in the NEC Group.

In fiscal 2020, four study sessions attended by a total of 200 people were held on themes such as business trends, internal culture transformation, initiatives for the Olympic and Paralympic Games, and methods for creating materials that are easy to understand. Also, by holding meetings for discussions and presentations among workers with hearing difficulties, we are contributing not only to deepening business knowledge and know-how but also to the construction of cross-department networks that transcend organizational boundaries.

### ▮ Supporting Diverse Work Styles for Seniors

NEC Corporation has implemented systems that enable employees to choose their career support programs themselves in order to meet the diverse needs of employees seeking to start a new career outside of the Company or those approaching retirement age. These programs are designed to support proactive life planning initiatives by providing financial and time benefits to employees choosing to plan and prepare for new careers outside of the Company.

In addition, NEC provides a system that enables employees who wish to work beyond the age of 60 to extend their employment to a maximum age of 65. This system is offered with the intent of giving highly motivated and skilled personnel the opportunity to continue being active in the workplace. Since fiscal 2016, NEC has also operated a personnel recruiting system for those extending their employment that works to match the needs of individuals and hiring organizations, based on type of work, job description, employment terms and other conditions.

### ▮ Commitment to LGBT

NEC believes in prioritizing a correct understanding of LGBT issues and increasing the number of allies\*6 in order to create a workplace environment where every individual can fully express themselves without fear of discrimination.

Sustainable Management	Environment	Governance	<b>Social</b>	<b>67-70 Inclusion and Diversity</b> 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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In addition, to provide LGBT employees with equal opportunities to use our systems, in fiscal 2020, we carried out the following initiatives.

\*6 Ally: A supporter who understands the situation of LGBT individuals

### Workshops to Promote Understanding

To promote commitment by management for inclusion of LGBT people, the President led sessions for all officers designed to foster understanding of LGBT, with lectures provided by the people involved. After the sessions, feedback from the management showed personal commitment to action, such as wanting to build teams that accept diverse values, wanting to lead by example on supporting LGBT people, and resolving to become an LGBT ally.

Ahead of these sessions, a workshop was held in September and December 2019 for around 70 participants serving at primary consultation desks, mainly people in charge of human resources. Participants learned about how to handle issues by studying actual cases, in order to create environments offering a high level of mental safety for LGBT employees.

### Launch of the Ally Community

In October 2019, a group of eight members, primarily from the People and Organization Development Division, started activities as LGBT allies with a public face, who provide direct responses to inquiries and consultation requests from LGBT people. They also held an LGBT Salon for people to deepen their understanding of LGBT and become personally involved. LGBT people working at other companies were invited to speak about their company's initiatives and their experiences as LGBT people. Through initiatives such as this, we will increase support for LGBT people and enhance their mental safety.

### Revision of Internal Regulations

In October 2019, we revised 14 internal regulations, such as adding "a person who is a de facto marriage partner or in a partner relationship" to the definition of "spouse" in order to give de facto marriage partners including same-sex marriage partners, equal treatment to legally married couples.

### Revision of Internal Regulations

In fiscal 2019, we added the following items about LGBT issues in interview manuals and are promoting awareness so recruiters can carry out interviews appropriately. We also abolished the field for stating gender on the entry form.

- 1) Absolutely do not conduct interviews that discriminate or violate human dignity from the perspective of human rights.
- 2) Even if a person comes out as LGBT, for example during an interview, do not ask questions only concerning LGBT.
- 3) Judge a candidate only by the person's capabilities and suitability for the job.

### Inclusion of Mid-Career Hires

In fiscal 2020, the number of mid-career hires was around 270, compared to around 500 new graduates. In conjunction with the increase in numbers of mid-career hires, we have launched a project to help them find their feet quickly after joining the Company through smooth onboarding. Through this project, we distributed onboarding manuals to departments where mid-career hires are assigned and conduct training.

In addition, we hold a round-table discussion for mid-career hires around three months after they have joined the Company, where they have a conversation with the Chief Human Resource Officer (CHRO) and the general manager of the People and Organization Development Division, while building networks with other employees who joined at the same time.

Mid-career hires have diverse approaches and perspectives based on their experience working at other companies outside NEC. At the round-table discussion, they discuss questions about their current duties and proposals for improvements, among other topics. By acting as a catalyst for discussion about stopping long-embedded work practices and activities that have lost their original purpose but have persisted, mid-career hires help to accelerate cultural transformation.

### Diversity Café—A Place for Employees to Learn and Interact

With the concept of "Having a chat about diversity over a cup of tea," this dialogue session was launched in fiscal 2020 to promote thinking about diversity and letting anyone work in their own style. Each session picks up on

two different diversity themes and invites relevant business founders to come and engage in multiple dialogues.

To date, sessions have focused on LGBT and Promoting Women's Participation, Hearing Difficulties and Developmental Disabilities, and Cancer and Nursing Care. Employees who are involved either directly or have someone close who is involved, and employees who have an interest in diversity are among the participants from various positions and affiliations who gain a deeper understanding of I&D through this cross-section of diversity themes. In addition, participants have also found the sessions useful as opportunities for connecting with other employees, including the autonomous formation of communities, such as a cancer survivors community.

### Initiatives in the Local Community

NEC continues to actively promote awareness and understanding of I&D within the local community by conducting the following corporate citizenship activities.

- NEC has supported wheelchair tennis for more than 29 years, and NEC employees have participated in volunteer activities, such as by serving as linespersons in national competitions since 1991.
- Since 2008, NEC has supported "ICT Communication Support Course for people with severe disabilities" to spread and promote awareness about using IT to support communication of people with severe disabilities, such as amyotrophic lateral sclerosis (ALS) and muscular dystrophy.
- As an initiative to respond to the rights of children set out in the Children's Rights and Business Principles developed by Save the Children (NGO), UN Global Compact and UNICEF, NEC has implemented e-Net Caravan, which offers awareness raising and guidance for elementary school students (junior high school) to high school students as well as other guardians and educational professionals to teach them how to use the internet safely and securely.

 [e-Net Caravan](#)

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity <b>71-74 Human Resources Development and Training</b> 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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# Human Resources Development and Training

## Policy

Recognizing that people are its greatest resource, NEC believes it is important to develop highly specialized professionals who can deliver true value to customers. Based on the [NEC Way](#), we are working to develop human resources and an organizational culture that are able to continuously create value for society, constantly acting from a customer-oriented perspective with a high sense of ethical value and a deep understanding of the essential issues faced by customers and society.

NEC considers "Sustainably and socially literate human resources" as part of its "materiality," a selection of priority management themes from an ESG perspective, and has implemented various measures organized by role and theme while making strategic investments. With a view to measuring our progress on materiality issues, from fiscal 2019, we have asked NEC Group employees whether they have a strong sense that NEC is changing to create social

value by accepting a diverse range of values, and analyzed the changes in their responses.

Socially literate human resources are curious about our changing society, and have the ability to take the initiative, and think through the essential issues. They are also required to identify simple, clear goals amid the continuously changing times, and identify approaches that leverage their strengths, being agile, never missing an opportunity, embracing risk even if it means failure.

This requires each individual to take ownership of their work and drive relentlessly towards their end goal, resolving challenges as they arise with passion and determination. In addition, we believe it is important that we firmly establish an organizational style and culture where all employees can participate actively and grow based on this stance, helping one another to attain higher levels of achievement regardless of confrontation or status.

These kinds of human resources that are sought by NEC are defined in its Code of Values. By implementing the Code of Values, NEC aims to create strong individuals and strong teams.

In addition, in 2019 we formulated a new HR policy, "NEC, for those who seek challenge," aimed at clarifying our ideas on a string of measures for transforming our people and our organization so that they can continue to compete successfully in the global arena by implementing the Code of Values to a high standard.

Moreover, NEC's Learning & Development strategy is to promote the basic approach of "self-development," in which employees consciously develop their own skills based on the following three core objectives:

- Strengthening execution capabilities
- Cultivating professionals
- Developing the next generation of leaders

▶ [Priority Management Themes from an ESG Perspective - Materiality](#)



### NEC, for those who seek challenge.

#### Diverse opportunities for challenge

Our guiding principle is right time, right position, right person. Diverse opportunities for challenge are provided, which employees can take advantage of to flexibly build their own careers.

#### Unlimited growth opportunities

If your outlook is ambitious, you can continue improving your skills and growing as a professional.

#### Fair appraisal and progressive rewards

Performance is evaluated fairly and rewarded with the appropriate pay and subsequent growth opportunities and positions.

#### Work environments and culture that bring out your best

Systems support good work environments and culture in addition to a fulfilling quality of life, allowing employees to dedicate themselves to taking on challenges.

HR Policy "NEC, for Those Who Seek Challenge."



### Look Outward. See the Future.

Be curious, take initiative, make a difference. Envision world-changing possibilities for ourselves and our customers.



### Think Simply. Display Clear Strategy.

Identify and clearly communicate critical goals and success factors. Leverage NEC's strengths.



### Be Passionate. Follow through to the End.

Take ownership of your work. Drive relentlessly towards the end goal, resolving challenges as they arise with passion and determination.



### Move Fast. Never Miss an Opportunity.

Be comfortable making decisions and taking actions – even when there is ambiguity. Be agile. Keep moving forward. Embrace the risk, even if it means failure.



### Encourage Openness. Stimulate the Growth of All.

Cross boundaries and hierarchies; inspire and be inspired. Challenge yourself and others to learn more, do more and become more.



Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity <b>71-74 Human Resources Development and Training</b> 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Promotion Framework

NEC has formulated Learning & Development strategies that can adapt quickly to change and assign the right position to the right person.

In addition to establishing a Learning & Development framework based on job category and organization, theme-based task forces are set up to study challenges across job categories and organizations, coordinating with the NEC Group Culture Transformation Division, which is responsible for driving the development of NEC's organizational culture. The task forces hold Companywide business strategy meetings as necessary to discuss issues and make decisions, and advance initiatives.

NEC's human resource development programs reflect the needs of each business division through job category- and organization-based human resource development and so forth. These measures are continually evaluated and improved for each job category.

In addition, NEC seeks to evaluate and revise training programs periodically, making reference evaluations by course participants and workplace behavior surveys.

## Strategies and Main Activities and Results for Fiscal 2020

### Strengthening Execution Capabilities

#### Reforming evaluation

In working towards the Mid-term Management Plan 2020 theme of "strengthening execution capabilities," we started reforming the evaluation system in fiscal 2019.

To further strengthen management's commitment to business performance, we introduced a system that links bonuses to the level of achievement of annual key performance indicators (KPIs) that are clearly defined for both the short and medium terms based on role and responsibility.

In fiscal 2021, we will incorporate organizational and human resource development through practical implementation of the NEC Way into the job descriptions of all officers. We will also incorporate the implementation of materiality themes into the descriptions for in-house directors, aiming to strengthen our execution capabilities starting with our officers.

In addition, with a view to improving the performance of the entire organization, we will promote behavioral transformation at the individual level, develop human resources who can take on challenges and see them through, and evaluate such human resources appropriately.

Specifically, in fiscal 2019 we introduced a system of nine blocks and multifaceted evaluation to give a fair evaluation of both performance and behavior. We also aimed to achieve better performance management and support for team member growth by ensuring one-on-one meetings between supervisors and their team members.

To enable appropriate management of this system, in fiscal 2019 we conducted training for all personnel at senior manager rank and above. In fiscal 2020, we took steps to promote further penetration and establishment of the system by expanding the scope of people required to complete this training to include manager-class employees, and started expanding it to Group companies as well.

#### Introduction of NEC Growth Careers – Internal Job Posting Now Year-Round and Job Matching System including Scouts

NEC Corporation has extended internal job posting, previously conducted periodically, to a year-round system, and in fiscal 2020, we introduced NEC Growth Careers (NGC) as an internal job posting system.

By presenting and providing open positions within the Company constantly to all employees, we provide timely opportunities for them to realize attractive in-house careers, helping to promote the right timing, right position, and right person in human resources. Furthermore, we have also introduced a system where employees can register their work history records, allowing recruiting divisions to see the records and scout them. This will open up career options that the employees themselves may not have noticed.

Since the start of the system, over 200 internal job changes have been successfully completed.

With NGC, NEC enhances employees' career progression and job satisfaction, while strengthening the competitiveness and execution capabilities of the Company and its organizations.

## Cultivating Professionals

### Upgrading the Skills Development System

NEC Corporation started systemizing skill maps by job category and position in October 2019, and citing these in the job descriptions for each position. By clearly showing employees which skills are required for each position, they can find positions close to their own envisaged careers, or check the role, responsibilities, and required skills of a position so that they can understand the skills needed to bring them closer to their ideal. By evaluating the status of their skills with a skill assessment, they can continuously develop their capabilities with the support of their supervisors.

We have deployed skill maps and job descriptions Companywide, making them available for anyone to view. The goal is to encourage individual employees to think about what kind of experience they want to accumulate and what skills to develop at NEC Corporation, and to act autonomously. With the additional deployment of a training map for skills development, we have formed a system that enables people to continuously acquire skills.

In this way, we are working to make NEC Corporation a company where people can get a real sense of personal growth as they work, and are able to autonomously choose their careers.

### New Establishment of Chief Professionals

NEC Corporation established "Chief Professionals," an executive and department manager-level professional position, as a system for recognizing people with a high level of expertise and rewarding them appropriately for their contribution to business.

Internal appointments to this position were premised on its status as an important professional position for business strategy. The appointments were made by a screening committee made up of multiple executive officers, working through a process for determining whether the candidates were appropriate personnel for holding the position.

As a result, six internal appointments were determined as of April 1, 2020.

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity <b>71-74 Human Resources Development and Training</b> 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Developing the Next Generation of Leaders

### Revamping the Talent Management Program

NEC Corporation revamped the processes of its Talent Management Program in fiscal 2020, with a view to training and appointing diverse leaders who are capable of working in a global context.

Specifically, we made a wide-ranging list of high-potential talent including emerging and female candidates, and held a "Talent Talk" as a space for officers to discuss high-potential talent, and a People & Organization Discussion as a space for discussing organization design and human resource assignments based on business strategy.

Through these, we will put selected candidates through training both on and off the job, depending on the situation, and appoint the best talent to key positions.

The training measures for the high-potential talent listed up through this new talent management process include the NEC School for Social Value Creation described below, assignments at external elective training, and the following programs that have been newly launched.

- Group Mentoring Program (48 participants)
- Executive Assessment (23 participants)
- Executive Coaching Program (23 participants)
- Next-generation Management Leader Talent Development Program for Emerging Talent (17 participants)

### Selecting NEC Group Key Positions and Selective Training to Develop Highly Socially Literate Leaders

The NEC School for Social Value Creation was established in fiscal 2017. Headed by the Chairman of NEC Corporation, the school is a training program for nurturing the next generation of leaders.

This executive-level program provides opportunities for the participants to engage in dialogue with various lecturers and stakeholders from outside and inside NEC and gain practical experience at domestic and international sites that are facing social issues. Through the dialogue and experience, the participants reaffirm their personal mission and goals with high ethical standards and broad perspectives, as well as think thoroughly about business ideas and business models for realizing social value.

In fiscal 2020, 37 people, including six participants from local subsidiaries overseas, explored NEC's Purpose and its role in creating social value, and thought through their own business visions. The inclusion of members from overseas locations enabled participants to deepen their global personal networks as well.

At a training program for frontline leaders from June 2019 to March 2020, 93 participants divided into 20 teams to study and create business models for social value creation. Participants not only learned in classrooms, but also refined the hypotheses proposed within each team by testing, examining and revising at actual customer sites.

### Social Issue Experience Human Resource Development Program (SENSE)

The Social Issue Experience Human Resource Development Program (SENSE) was launched in fiscal 2020 with the aim of developing human resources capable of quickly sensing latent social needs and issues and speedily providing solutions.

We conducted six training programs of different types, such as the "learning journey," which emphasized frontline experience of social issues, the "project-type program," where participants gain a deep understanding of a particular social issue and discuss and propose solution strategies, and the "overseas program," where participants are immersed deeply on the frontline of a particular social issue, including overseas, and work out solutions for the problem together with frontline team members. In total, 78 people participated in the programs.

### Coaching Program for Executives

At NEC Corporation, we conducted coaching for all newly appointed executives to provide leadership development support for people and organizations (establishing one's own axis and strengthening understanding and communication with people and the organization). The program started in October 2014 and has had 185 participants in total.

### Drive NEC

In selective training at NEC Corporation's overseas affiliates, NEC launched the "Drive NEC" training program in fiscal 2014 in order to enable participants to refine their leadership capabilities and expand global human networks. Employees from overseas affiliates and NEC participate

together in this program, which is carried out completely in English. In fiscal 2020, the program had 18 participants.

## Developing Human Resources in Key Focus Areas

At NEC, we are developing human resources in our key business areas, in order to strengthen the core technologies that contribute to solutions for society, as well as to sustain these technologies and solutions into the future.

### Human Resource Development Aimed at Strengthening Core Technologies and Enhancing Diversity

To reinforce our researchers in the key areas, we have been working at the Central Research Laboratories to further bolster the research teams working in the fields of data science, security, and biometrics. Our overseas research laboratories are actively recruiting top local talent while our research labs in Japan are continuing to step up recruitment of doctoral degree holders. In fiscal 2022, we will continue with our policy of hiring applicants with PhDs at around 50% of new hires, and will be recruiting more graduates from leading overseas graduate schools such as the Indian Institute of Technology. As a result of these policies, 20-30% of our new recruits have been made up of "global human resources" over the past few years.

We are also instituting organizational reforms that will facilitate major innovations by engaging in multi-faceted and mutually respectful discussions with specialists in a wide range of fields, regardless of their gender or nationality.

For example, for Japanese researchers, we are promoting a shift to global human resources by using training programs inside and outside NEC, such as assignment to US graduate schools to undertake research and work-study programs and overseas training in emerging countries in cooperation with NPOs. We are also strengthening recruitment not only in information science but also in the physical sciences, which provide excellent training in the proper processing and use of data. Likewise, we are also strengthening recruitment of diverse talent in the humanities, law, and other fields to realize solutions to issues based on cooperation between humans and AI.

### Innovation Management - "Human Resource Development and Training"

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity <b>71-74 Human Resources Development and Training</b> 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Development of Information Security Professionals

NEC puts serious effort into developing security professionals. For instance, NECs' system/service integration service not only incorporates security from the implementation phase, but utilizes the "security by design" practice in the early system requirements design phase.

Recognizing the importance of incorporating security from the early design phase, in fiscal 2020, we established the Security By Design Specialist (SBDS) Program for system engineers. Through intensive on-the-job training by specialized security teams, we are developing system engineers who are able to integrate security measures into each stage of the development process.

We established the NEC Cyber Security Training Ground as a training range for system engineers. Here, we provide system security hardening courses to strengthen their practical security skills.

We are also taking steps to develop highly skilled security professionals. Our NEC CISO Aide Training Program (NCAT) is structured to include a wide range of high-level training such as security analysis and incident handling. The programs provide classroom lectures as well as hands-on training working with specialized security teams to develop top-level talent in the security industry.

We are also making efforts to broaden the base of security personnel. These include providing online training to give sales and system engineers basic security knowledge and raise the overall level of security skills across the entire NEC Group. Since fiscal 2016, we have held the NEC Security Skill Challenge internal security contest, with around 1,000 participants each year.

Moreover, we strongly encourage employees to acquire public security qualifications, such as the internationally recognized CISSP qualification and the Registered Information Security Specialist national qualification. This way, we have prepared a framework so that security professionals can provide customers with system integration and services.

## Career Development Support Programs - Lifetime Career Support

Self-development and autonomous growth at the level of individual employees require a continual process of self-analysis, personal transformation, and skills redevelopment. As an initiative to support career development and personal transformation, NEC Corporation has introduced the "lifetime career support" system (career design support) since 2002 with the aim of helping individual employees to take spontaneous actions to promote career-long personal growth.

The typical programs are shown in the diagram below.

- Work and Life Balance Training: Participants who reach the milestone ages of 30, 40 or 50, review their own career paths and establish additional goals for skill development. Approximately 800 employees participated in this training in fiscal 2020.
- NEC's Career Parcel®: This program provides employees at the key intermediate milestone ages of 35, 45 and 55 in work-life balance training with career-related and other information appropriate to each age group. Participants in this program have the opportunity to assess their future careers and life plans. For employees in the age 55 group in particular, we offer the "Life Design Seminar," online training focusing on retirement benefits and pension plans.
- Career Advice: Through this program established in 2002, NEC provides employees with career advice to support self-guided career development. Professional career advisors, from their specialized perspective, consult with employees on career development, including on the issue of work-life balance and making objective judgments on values and aptitudes. Six career advisors counsel around 500 employees each year.

NEC's Career Parcel® is a trademark of NEC Corporation in Japan.

NEC Corporation has prepared retirement allowances and defined contribution pension plans as retirement benefit and pension programs. These respond to changes in lifestyle and employment type at different ages, while also providing motivation for people to develop their careers with a long-term perspective.

## Global Human Resources Information System – "SAKURA"

NEC uses the "Global Human Resources Information System (SAKURA)" as the training platform to support human resources development activities. The system imports and utilizes personnel information from NEC's 25 consolidated subsidiaries in Japan, and 57 overseas affiliates (as of March 2020).

In fiscal 2020, diverse training programs were registered on SAKURA, covering human rights, compliance, information security, and the environment, among others. On a per-employee basis, 5.8 days were spent on training at NEC Corporation, and 5.0 days at its domestic consolidated subsidiaries.

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training <b>75-76 Creating a Diverse Work Style Environment</b>	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Creating a Diverse Work Style Environment

### Policy

To realize “the growth of the Company” and “personal growth and happiness” under our Human Resources (HR) Policy, NEC develops and fairly evaluates human resources, who play such an active and important role in our growth. We also promote the creation of productive, comfortable working environments.

NEC has established a system that evaluates employees based on their contribution to business. We pay appropriate wages and bonuses according to employees’ roles and results based on various laws and regulations, labor contracts, and internal regulations. In addition, we have established defined contribution pension plans, an employee shareholding association, and a corporate pension, and so forth, and introduced medium- to long-term incentives.

In addition to these systems, we are bringing about a friendly work environment through discussions and by working with the workers union and management on issues covering the personnel system, benefit programs, the realization of work-life balance, and a work style by which all employees have the opportunity to reach their full potential.

In particular, we have childcare and nursing care systems that exceed statutory minimums and led other companies in the introduction of a telecommuting system in 2000. Through these and other initiatives, we have worked to create an environment where diverse human resources can play a part.

Moreover, in the NEC Group Human Rights Policy, we have referenced various guidelines presented by the International Labor Organization (ILO) and we have clearly stated that we support the basic rights of individuals and workers, including the three rights of workers (the right to organize, the right to collective bargaining, and the right to collective action).

### Promotion Framework

The Human Resources Development Division and business unit are leaders in coordinating the workers union and management. In management and labor relations, the labor agreement states that labor and management must consult together if any changes are to be made in important labor conditions, such as wages and working hours, and the

central labor and management council meeting is held twice a year to provide a venue for such discussion.

In addition, at NEC Corporation, the labor agreement states that all employees are labor union members, except for certain general employees who conduct management duties or designated operations.

### Strategies and Main Activities and Results for Fiscal 2020

#### Promoting Flexible Working Styles

In fiscal 2020, the NEC Group took the following measures to promote flexible working styles in response to changing times and diversity in human resources.

#### Further Promotion of Teleworking

NEC Corporation has established around 40 internal and external satellite offices in Japan. In May 2019, we established a co-working space called BASE inside the NEC head office building. It is designed to enable Group employees to demonstrate their full abilities and continuously promote new value creation. BASE allows employees to design their own workstyles independently, while taking care of their own mental and physical condition. It aims to promote collaboration between various organizations and enable people to work more creatively.

In the summer of 2019, we participated in “Telework Days 2019,” a national movement in Japan to reform working styles, where all NEC Corporation employees, in principle, undertook one week of continuous teleworking. During this period, around 40,000 employees at all Group companies in Japan carried out telework. This effort was recognized with the “Tokyo Smooth Biz Promotion Grand Award” and the “Japan Telework Association Telework Promotion Award” – Chairman’s Award.

By gaining experience at telework through this trial, many employees were able to transition quickly to telework during the planned suspension of public transportation that happened during the Boso Peninsula typhoon that struck in the autumn of 2019, minimizing the impact on business.

#### Introduction of Super Flex

From October 2019, NEC Corporation abolished core time and introduced a flex time system without core time (super flex), aiming to transition to a style of working that is devised by the workplace in line with the business and the situation of the workplace members, rather than following a uniform style presented by the Company. By combining this system with telework, we encourage individual employees to design their work hours and locations autonomously. We expect this to enable individuals and teams to achieve better productivity.

#### Promoting Dress Code-Free Style

In October 2019, NEC Corporation started to encourage employees to autonomously design their working time and space, and to adopt a dress code-free free style of making their own choices on the most appropriate clothing to wear for each day’s working style throughout the year. As a Company that provides cutting-edge ICT, we expect this casual attire to promote free thinking and a flat environment with open communication that encourages collaboration between employees.

#### Evaluations that Promote Personal Growth

NEC has previously introduced a system for personnel evaluation and development based on two-way dialogue between managers and their team members. By having a conversation, the managers and team members set goals for all employees that align the organization targets with the subjective ideas and future career goals of each individual. We then provide feedback on the degree of achievement and evaluation results to enable individual growth and career formation.

In addition, in fiscal 2019, the Group adopted the Code of Values, a new shared standard of conduct for the Group, and has strengthened feedback and coaching focused not only on results, but also on conduct. To facilitate this, we reiterated the importance of conduct evaluation to management and conducted training to strengthen coaching and feedback.

In cases other than employee preference, where it is necessary for work, workplaces and work types may be changed or employees may be transferred or sent on assignment. However, in these cases, the labor contract

stipulates that the labor union must be notified at least 7 days in advance.

The average annual salary of employees is 8,148,125 yen, with no difference by age or gender. In addition, the average length of service is 20.0 years. (Both figures are as of March 31, 2020).

## Work-Life Balance

At NEC, the workers union and management cooperate to implement flexible working styles, prevent overwork, and promote time off from work, while observing the relevant legal systems in each country.

In addition, following workers union and management deliberations, in fiscal 2017 NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime work requiring a health check from 80 to 70 hours a month. We also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the standard. The status of these efforts is confirmed by workers union-management committees in each business unit and office to shorten work hours through work style reforms and ensure employee health while also promoting time off from work.

In 2018, we established the "Guideline for Balancing Treatment and Work" for employees. The guideline indicates that employees can make use of systems such as short-time work or short-day work\*<sup>1</sup> to enable them to receive treatment or recover from cancer and other intractable diseases. This provides a system that enables employees to continue working with peace of mind.

Furthermore, in April 2019, NEC Corporation and affiliated companies in Japan renewed their work hours management systems and took other steps to properly grasp work hours and rigorously manage overtime work in line with the revision of the Labor Standards Act. We have put systems in place to enable early identification of potential risks and implementation of countermeasures as needed to prevent any incidents arising due to working hours.

As a result of these initiatives, the rate of taking paid leave at NEC Corporation for fiscal 2020 was 67.6%, which was a little higher than the previous year (67.5%).

The average amount of overtime was 19.0 hours per month, a slight increase from the previous fiscal year (16.2 hours). We will work to reduce overtime by further encouraging employees to autonomously design their own working times and spaces.

\*1 One day a week is predetermined as a non-work day, on which employees are allowed not to work.

## Introduction of Independent-Type Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows employees to select and design their own benefits rather than benefits and welfare prepared by the Company based on an assumed model life plan. Under this benefits and welfare system, employees are granted a certain amount of points, and they can select various benefits and welfare services within the scope of their points, according to their needs. There are a wide range of options to meet employees' various needs, such as self-investment for growth, assistance for use of relaxation facilities, assistance for use of childcare and nursing care services, purchase of time-saving home appliances, and so forth.

NEC Corporation has offered childcare and nursing care leave systems ahead of other companies since before such systems were mandated by law. The new welfare and benefits system also includes an allocation of childcare and nursing care points for employees engaged in childcare and nursing care, separate from the basic points, as part of the Company's ongoing efforts to support employees balancing work with childcare or nursing care.

## Support for Childcare

NEC Corporation supports employees who are balancing work with childcare by providing systems such as childcare leave and reduced working hours for childcare.

In addition to the abovementioned welfare and benefits system, we conduct management training on supporting work-life balance and skills improvement training for employees on childcare leave. These initiatives enabled NEC Corporation to acquire the "Kurumin" Next-generation Support Certification Mark in 2007, 2012, and 2015. We implemented a series of measures, even including measures that are not incorporated in the action plan, and further improved the work-life balance of our employees. Through these measures, NEC Corporation acquired the "Platinum Kurumin" certification in 2018.

## Nursing Care Support

NEC Corporation supports employees who are balancing work with nursing care by providing systems such as nursing care leave and reduced working hours for nursing care.

The number of employees with family members who require nursing care is expected to increase going forward. We have therefore been working at expanding our care support system with the aim of supporting workers who have to balance their caregiving and work responsibilities.

NEC Corporation has established the following systems:

- (1) A "Nursing Care Relocation Expense Subsidies" system, under which NEC will provide subsidies for relocation expenses incurred by employees who have to move to live with or nearby their parents so that they can provide nursing care.
- (2) A "Care Environment Maintenance Funding" system whereby financial support is made available when an employee has to incur major expenditures, such as making structural modifications to the family home or moving to a long-term care facility as a result of a care review of a parent with a high level of nursing requirements.
- (3) A "Nursing Care Support Website" where detailed information is provided and opinions and thoughts are shared to help reduce any feelings of isolation or frustration of caregivers.

## Number of People Utilizing Childcare and Nursing Care Leave

[Scope: NEC Corporation; Unit: People]

		FY2018	FY2019	FY2020
Childcare leave	Men	25	33	40
	Women	333	348	314
	Total	<input checked="" type="checkbox"/> 358	<input checked="" type="checkbox"/> 381	<input checked="" type="checkbox"/> 354
Reduced working hours for childcare	Men	17	21	14
	Women	865	824	767
	Total	882	845	781
Nursing care leave	Men	13	9	7
	Women	19	15	8
	Total	<input checked="" type="checkbox"/> 32	<input checked="" type="checkbox"/> 24	<input checked="" type="checkbox"/> 15
Reduced working hours for nursing care	Men	5	4	10
	Women	20	19	16
	Total	25	23	26

In fiscal 2020, the numbers of people using reduced working hours for childcare leave and taking nursing care leave decreased. This reflects the uptake of telework and super flex, which enabled employees to balance their work without using systems such as reduced working hours for childcare, or nursing care leave.

# Health and Safety

## Policy

NEC Corporation has established a basic philosophy as part of its "Companywide Occupational Health & Safety (OH&S) Policy Action Guidelines" stating that "NEC should maintain and enhance a comfortable and supportive workplace to ensure the health and safety of all who work at its business sites." We offer various programs for safety and health focusing on preventive management.

### <Safety>

On the basis of its "Companywide Occupational Health & Safety (OH&S) Policy," NEC has established the following action guidelines to maintain and enhance a comfortable and supportive workplace and to ensure the health and safety of its employees including dispatched workers.

#### [Companywide OH&S Policy Action Guidelines]

1. Improve occupational health and safety management systems by continuously and efficiently implementing occupational health and safety activities.
2. Promote the identification of sources of danger, as well as risk assessment and risk management, with the aim of reducing labor accidents to zero.
3. Comply with laws and regulations, and other rules and decisions regarding occupational health and safety.
4. Strive to make the occupational health and safety obligations known to ensure understanding and fulfillment of these obligations.
5. Actively provide disclosure of information regarding occupational health and safety activities.
6. Endeavor to enhance the mental and physical health of workers and develop a comfortable workplace.
7. Ensure the appropriateness and effectiveness of these policies and the occupational health and safety management systems through regular reviews.

### <Health>

Since fiscal 2009, NEC has been implementing various programs under the "NEC Health Innovation 21" initiative for all employees to prevent lifestyle-related diseases.

These programs are measures for metabolic syndrome, stress and cancer prevention.

In fiscal 2020, we formulated the NEC Group Health Declaration to expand on our initiatives to date and promote them further going forward. The declaration goes

further than simply avoiding illness, incorporating an aspiration to work towards improving employees' health condition and helping each individual to achieve self-actualization by working in a positive mental and physical state, thereby contributing to the NEC Group's social value creation.

To achieve this aspiration, we are conducting various health promotion activities under the health slogan "Better Condition, Better Life." These are based on three axes of literacy, practice, and technology, and seek to reform health awareness, change behavior, and support people in maintaining their changes.

These efforts have been acknowledged with NEC's certification as a 2020 Health and Productivity Management Organization.

#### [NEC Group Health Declaration]

#### **Better Condition, Better Life -Better Individual Lives Make a Richer Society**

We will create an environment in which employees can work with enthusiasm towards their dreams, and a culture in which employees and their family members can look after their own physical condition and take care of their health. Harnessing the health and vitality of all our employees, we will contribute to the realization of a richer society.

July 3, 2019  
Takashi Niino  
President and CEO (Representative Director)  
NEC Corporation



## Promotion Framework

NEC Corporation is promoting occupational health and safety activities in accordance with the Labor Standards Act and the Industrial Safety and Health Act, and so forth. The human resources and general affairs divisions set targets and key measures for the fiscal year in accordance with NEC Corporation's Companywide OH&S Policy Action Guidelines; then, the divisions propose and implement specific measures to achieve the targets for each internal geographical area, business site, and domestic consolidated subsidiary. The Chief Human Resource Officer (CHRO) oversees health and safety for the whole Company, including risk management, and reports on the activities to the Board of Directors.

At each region and business site, health and safety committees meet each month to take action on ensuring health and safety at business sites and promoting comfortable workplace environments. Committee members include health and safety commissioners and labor union representatives selected by each division, as well as employee representatives, and occupational physicians and healthcare nurses from the Health Care Center. They share information on the status of labor accidents and the promotion of various measures, as well as discussing new health and safety countermeasures and health-related measures, among others.

Furthermore, labor union members also participate in a monthly worksite inspection conducted by an occupational physician, exchanging opinions with workplace representatives and gathering opinions. When new risks arise regarding health and disasters, the information is quickly gathered and discussed by the committee.

These initiatives are overseen by the Human Resources and General Affairs Division, with its internal organization, the Regional Affairs Department, handling routine matters by acting in the role of the promotion office. The Regional Affairs Department posts the discussions and deliberations of the health and safety committee on the intranet, and shares information within each region, while performing the function of a regional center in accordance with the occupational health and safety management system. It also receives inquiries from a wide range of employees and organizations as the internal contact desk.

Meanwhile, important matters such as a major disaster or pandemic are handled by the Business Strategy Committee attended by corporate management, such as the President

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	<b>77-79 Health and Safety</b> 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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or directors. The Committee decides on important themes each year, reviews the flow for countermeasures, and conducts exercises. (Our response to the pandemic is described in the section on "Business Continuity.")

Furthermore, we provide a channel for exchanging information with overseas subsidiaries to share safety confirmation information during disasters and take steps to ensure workplace safety.

▶ [Business Continuity](#)

## Strategies and Main Activities and Results for Fiscal 2020

### OH&S

NEC Corporation conducts OH&S activities from two standpoints that address "Companywide issues" as well as "specific issues reflecting unique conditions faced by individual Group companies and business sites."

In our initiatives on Companywide issues we formulated the "Companywide OH&S Policy" in fiscal 2011, and in fiscal 2013, we formulated the "Occupational Health and Safety Management Regulations" as part of efforts to enhance the quality of our health and safety activities.

In fiscal 2020, we conducted an online course in "Companywide Health and Safety Training" as an initiative to increase OH&S awareness among all NEC Corporation employees.

■ Number of course graduates: 18,688 (89%)

Furthermore, to address specific issues reflecting unique conditions faced by individual Group companies and business sites, NEC has been conducting initiatives based on the health and safety management system. In fiscal 2020, six of NEC's main business sites and six NEC Group affiliate companies obtained "OHSAS 18001."

Moreover, we will continue conducting various training programs for employees involved in OH&S activities.

■ (Basic lifesaving workshop) Number of course graduates: 142

### Health Promotion

The NEC Group has set out three axes for its initiatives: Literacy, Practice, and Technology. We are conducting a range of initiatives such as introducing a Health Checkup Forecast Simulation, holding regular awareness-raising events, and promoting smoking cessation.

### Health Checkups

We provide blood tests for all employees of NEC Corporation and 23 affiliated companies in Japan, including all items on the regular health examination, with the goal of identifying lifestyle diseases at an early stage and responding quickly. This enables us to implement comprehensive countermeasures against lifestyle diseases right through from joining the Company to retirement.

#### - Health Checkup Forecast Simulation

From July 2019, around 60,000 NEC Group employees have been offered an online service that enables them to simulate for themselves their future health risks and what would happen if they improved their current lifestyle. The service uses software called NEC Health Checkup Forecast Simulation,<sup>\*1</sup> which is based on heterogeneous mixture learning technology,<sup>\*2</sup> one of the NEC the WISE<sup>\*3</sup> group of advanced AI technologies.

The service explains the significance of the figures in the health checkup results using a video, while offering proposals for highly effective lifestyle improvements based on AI analysis and a visualized forecast of the impact of implementing them. By using this service, we can foster employees' awareness to improve their health autonomously and support them in changing their behavior.

\*1: NEC Health Checkup Forecast Simulation is developed by NEC Solution Innovators, Ltd., an NEC Group company.

\*2: Heterogeneous mixture learning technology: An analysis technology that can automatically identify highly accurate regularities within highly heterogeneous and diverse data to achieve highly accurate results even in complex forecasts that are difficult to perform manually.



NEC the WISE is the name for NEC's group of advanced AI technologies.

### Health Promotion Events

Since July 2019, we have held regular events such as an exercise seminar by a professional trainer and a lecture on diet and sleep by an expert. The events are intended to provide an opportunity for employees to think for themselves about their own health, and take steps to maintain and improve their mental and physical condition, and to support them in making health activity a regular part of their lives.

All the events are open to remote participants through the use of a web conferencing system.

In addition, we held NEC Group Family Day, with participation by approximately 2,300 employees and family members. At the event, the show room was opened, and we held a programming school for children, and so forth. We also held various health measurement events, exercise seminars, and provided healthy lunches, as well as NEC Corporation health-related solution experience sessions, and other events to provide an experience for employees and their families to learn about being healthy while having fun.

### Smoking Cessation

NEC is supporting employees who seek to "quit smoking," since there is no room for medical doubt that smoking is harmful to health and runs counter to health promotion. In July 2019, we announced the Company's policy of strongly promoting a total ban on smoking during work hours (including outside the Company).

NEC Corporation has been phasing out smoking areas and extending non-smoking hours, and has also provided counseling as needed for those who wish to quit smoking. In addition, NEC has instituted an "NEC No Tobacco Day" in conjunction with the World Health Organization (WHO) "World No Tobacco Day," to promote smoking cessation. Moreover, it provides lung age measurement by health professionals and consultation on smoking cessation by pharmacists at the health management center of each business site, distributes nicotine gum or patches ("No Smoking for Only a Half Day" program), and other activities.

As a result, the smoking rate at NEC Corporation and 23 affiliated companies in Japan was lowered from 31.1% at the end of fiscal 2006 to 20.7% by the end of fiscal 2019 (Reduction rate: 33.4%).

From fiscal 2021, in collaboration with the NEC Health Insurance Association, we will start providing an online Quit Smoking Program. By enlisting the cooperation of surrounding non-smokers as "quit smoking supporters," program participants will create an environment that makes it easier to quit smoking.

In addition, NEC Corporation and affiliated companies in Japan will phase in a full smoking ban covering all NEC Group sites.

### Mental Health Care Initiatives

We position mental health care as a key health care priority, and we are creating a healthy workplace by maintaining the mental health of our employees.

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	<b>77-79 Health and Safety</b> 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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- Online training  
\*Completion rate: 93.4%  
(Target: NEC Corporation and 13 domestic consolidated subsidiaries)
- Mental health training and primary care training for managers
- Stress checks
- Mental Health Support Program
- Return-to-work support program
- Consultation desks (In-house/Outside the Company)

### Health Support for Young Employees

NEC Corporation and 23 affiliated companies in Japan are implementing the following initiatives designed mainly to foster a self-care mindset.

- Newly hired employees  
Health guidance program immediately after joining the Company and fresher's interview by an industrial physician after assignment
- Interviews for all 27-year-old employees
- Health College 30 for all 30-year olds \*Participatory group training

### Initiatives for Preventing Lifestyle-Related Diseases

At NEC Corporation and 23 affiliated companies in Japan, occupational physicians and healthcare professionals provide healthcare guidance not only to employees whose overall health checkup result indicates a need for treatment but also for those who require lifestyle improvement. In addition, for employees whose specific diagnostic results indicate metabolic conditions or potential metabolic conditions, we provide support with health guidance for those aged 30 and over in addition to those in the legally mandated age bracket of 40 and over. As a result, the ratio of NEC Group employees with metabolic conditions and potentially metabolic conditions was reduced from 33.1% at the end of fiscal 2009 to 24.8% by the end of fiscal 2019 (reduction rate: 26.3%).

With regard to dental and oral hygiene, free dental checkups are available under the Health Insurance Association policy.

As a general measure to promote self-medication by raising health awareness, the NEC Health Insurance Association has created a health portal website called "HAPPY LTH," (a health points program), to encourage health promotion activities, also for employees' families.

### Measures against Cancer

In collaboration with the NEC Health Insurance Association, we have established an environment that allows employees to receive the same screening tests as they would at an external medical institution for a lower self-coverage cost, and to take the examinations during working hours.

As another initiative for raising awareness, in fiscal 2020 we held a breast cancer seminar during the lunch time period.

- Supporting Employees Receiving Treatment While Working  
To improve the working environment to allow people to work with peace of mind while receiving treatment for cancer or intractable diseases, in May 2018 we formulated guidelines covering the Company's position, direction, points for employees and supervisors to be aware of, and so forth. Depending on the situation, we will support individual employees receiving treatment by coordinating with them, their workplaces, the Health Care Center, and the Human Resources and General Affairs Division.

### Communication of Various Health-Related Information

Each month we provide monthly "Health News" information that can be implemented straight away using an intranet portal website, digital signage, the labor union email magazine, and various other media and forums such as the health and safety committee meetings. In fiscal 2020, we offered information on a range of themes including smoking and heart disease, cancer screening, hand washing, and sitting posture.

### Countermeasures for Transmissible Diseases

At NEC, we have established a consultation window on transmissible diseases at the Health Care Center, and we also provide financial assistance for seasonal influenza vaccinations. We have also provided information regarding the recent (2018-2019) wave of rubella that has affected working people in their 30s and 40s, informing employees of the risks of infection to others around them, and in particular the impact on the next generation from infection of pregnant women. In addition, we have encouraged vaccination through the health and safety committees and an intranet portal website.

When employees are sent on assignment overseas, we make them aware of the need to be careful and receive vaccinations for transmissible diseases that are commonly seen in the local area or that have been prevalent recently, including transmissible diseases that require notification such as tuberculosis and malaria. We also take the necessary countermeasures prior to the posting. In addition, we pay

careful attention to employees' health management after their return from overseas.

We are also responding to COVID-19.

### Business Continuity

## Labor Accidents and Disasters

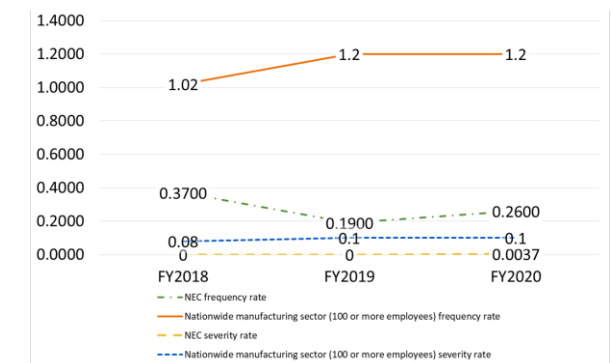
Labor accidents at NEC Corporation are mostly minor, such as tripping on stairs at train stations or falling on the street during business trips or sales calls. There have been no major disasters.

When a labor accident has occurred, the person responsible for labor accidents checks on the status of people affected by the accident, determines the causes, and implements measures to prevent a recurrence as needed. Even for minor labor accidents such as tripping or falling, the details and countermeasures are shared throughout the Company via the OH&S Committee, the intranet, and so forth. We strive to prevent labor accidents that could be caused by natural disasters, for example calling on employees to remain at home or to return home early if a typhoon or heavy snowfall is forecast.

Looking ahead, in order to raise awareness concerning occupational safety, we intend to continue conducting OH&S Committee activities, daily workplace inspections and crosschecking, while aiming to reduce the number of labor accidents and disasters.

As shown in the graph below, the "frequency rate" in fiscal 2020 remained low at 0.2600 compared to the nationwide manufacturing sector average rate of 1.2.

The "severity rate" has remained low at 0.0037, where the average rate for the manufacturing sector nationwide is 0.1.





## AI and Human Rights

### Policy

NEC has formulated the “NEC Group AI and Human Rights Principles” (hereinafter referred to as the “Companywide principles”) to guide our employees to recognize respect for privacy and human rights as the highest priority in our business operations in relation to social implementation of AI and utilization of biometrics and other data (“AI utilization”).

In addition to facilitating compliance with relevant laws and regulations around the globe, the Companywide principles will guide our employees to recognize respect for human rights as the highest priority in each and every stage of our business operations in relation to AI utilization and enable them to take action accordingly.

In accordance with the Companywide principles, the NEC Group is committed to the three following initiatives:

1. Ensure that all products and services are implemented and utilized by NEC employees, customers and partners appropriately
2. Continue to develop advanced technology and talent to further promote AI utilization
3. Engage with a range of stakeholders to build partnerships and collaborate with closely

▶ [NEC Group AI and Human Rights Principles](#)

### Promotion Framework

In October 2018 we established the Digital Trust Business Strategy Division to create and promote Companywide strategies to incorporate the notion of respect for human rights into business operations in relation to AI utilization. The division is promoting business operations with respect for human rights through ways such as establishment of internal systems and conducting training for employees to incorporate the Companywide principles into our business operations, as well as strengthening its links with relevant divisions such as the research and business divisions.

### Main Activities and Results for Fiscal 2020

In AI utilization, we conducted the following initiatives in fiscal 2020 to promote business operations with respect for human rights.

#### Incorporation of the Companywide Principles into Business Operations

Since the formulation of the Companywide principles in April 2019, we have promoted initiatives to incorporate this way of thinking into relevant businesses.

#### Training for Employees

As a part of this, we conducted training for employees of NEC Corporation and affiliated companies in Japan so that they can act appropriately with respect for human rights in business operations, in accordance with the Companywide principles.

For example, approximately 50,000 people including employees of affiliated companies in Japan received online training that presents human rights issues associated with AI utilization and points to be aware of in related businesses.

In addition to the above, employees who are key players in our biometrics business were given lectures on global trends in biometrics and human rights to deepen their understanding. We also provided support to ensure that respect for human rights is incorporated into individual proposal and promotion activities.

### Establishment of External Expert Advisory Council

NEC has established the Digital Trust Advisory Council (hereinafter referred to as the “Advisory Council”). Our aim is to incorporate diverse opinions from external experts, (a lawyer, a member of an NPO, an academic, and a consumer), who have specialized knowledge on legal systems, human rights and privacy, and ethics, and use them to strengthen our ability to deal with new issues arising from AI utilization.

In fiscal 2020, we held the Advisory Council twice in Japan, and consulted on the impacts to be grasped and measures to deal with them, as well as our initiatives to promote business operations with respect for human rights based on the Companywide principles in light of global trends around biometrics authentication. The Advisory Council provided expert knowledge on directions for strengthening our initiatives, as well as valuable opinions such as consumers’ expectations for NEC and other matters.



The Advisory Council

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights <b>81-83 Personal Information Protection and Privacy</b>	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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# Personal Information Protection and Privacy

## Policy

Rapid progress and spread of the internet and ICT have driven a swift expansion in ownership of electronic devices such as smartphones. In addition, with progress in the creation of new services and innovations using AI, the need to protect personal information and privacy has become an even greater concern. Especially in Europe, the Charter of Fundamental Rights of the European Union stipulates protection of personal information as a fundamental right requiring protection. The EU's General Data Protection Regulation (GDPR), which became effective in May 2018, stipulates methods of protection and management of personal information to protect and establish personal information and privacy rights.

Failure to consider these issues would be a serious risk for the Company as it seeks to provide social values such as safety, security, fairness, and efficiency through our services and solutions. On the other hand, by providing services and solutions that consider these issues we believe we can provide highly reliable value to society, including our customers.

The NEC Group Code of Conduct stipulates the management of confidential information and personal information, and NEC has positioned personal information protection initiatives and "Privacy policies and measures aligned with social receptivity" as themes of priority management "materiality" from an ESG perspective.

We have studied the trends related to this framework of new laws and regulations, and we are addressing these problems regarding personal information protection or privacy by following the policies described below.

### <Personal Information Protection>

Personal information refers to personally identifiable information, which includes numbers and other identifiers and we recognize that appropriately protecting personal numbers and other personal information received from shareholders, investors, business partners, employees and others is one of our social responsibilities. We have implemented and maintain the NEC Privacy Policy, which stipulates that personal information must be handled in conformance with Japan's Act on the Protection of Personal Information and JIS Q 15001 (Personal information protection management systems - requirements), the Japanese industrial standard for safe and appropriate management of personal information handled by

corporations and other organizations in the course of their operations. In the event that the Company's policy should change, we will promptly give notice on the Company's public website and to all of our employees, in accordance with JIS Q 15001.

### ▶ [NEC Privacy Policy](#)

In cooperation with its consolidated subsidiaries throughout the world, NEC Corporation has built a system for promoting privacy protection and a personal information protection management system in compliance with the Act on the Protection of Personal Information and JIS Q 15001. Our personal information protection management system includes emergency response procedures for incidents such as personal information leaks.

### <Privacy>

NEC Corporation acquired "Privacy Mark" certification in October 2005 and subsequently renewed it in October 2019. The Privacy Mark is conferred on companies that comply with JIS Q 15001 and are recognized by a third-party organization as having systems in place to ensure appropriate protection measures for personal information. As of the end of March 2020, NEC Corporation and its 29 affiliated companies have obtained this certification. In principle, we forbid acquiring information that can have an economic impact such as bank account or credit card numbers, sensitive information such as birthplace, or highly private information such as mobile telephone numbers without, the person's consent.



As was the case with GDPR, privacy laws are being created as a global trend and the roles and responsibilities required of companies have been increasing. NEC Corporation aims to maximize social value as well as to minimize the negative impact on society by developing and providing products and services that consider privacy issues, which can be perceived differently depending on country, region or culture, and human rights issues such as discrimination that may be aggravated by leveraging AI.

To clarify our stance, in April 2019, we formulated and announced the "NEC Group AI and Human Rights Principles." The Companywide principles will guide our employees to recognize respect for human rights as the highest priority in each and every stage of our business operations in relation to social implementation of AI and utilization of biometrics and other data (hereinafter referred to as "AI utilization") and enable them to take action accordingly.

In addition, the NEC Group Code of Conduct also stipulates that business activities aimed at solving social issues by using ICT must not give rise to human rights issues, including invasion of privacy.

- ▶ [NEC Group AI and Human Rights Principles](#)
- ▶ [Respect for Human Rights](#)
- ▶ [AI and Human Rights](#)

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights <b>81-83 Personal Information Protection and Privacy</b>	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Promotion Framework

At NEC Corporation, the head of the responsible division for protecting personal information serves as the "Personal Information Protection Administrator," the person in charge of implementing the personal information protection management system. Further, we have added the role of protecting specific information with respect to the Social Security and Tax Number System to the duties of the Personal Information Protection Administrator.

The Customer Information Security Office of the Compliance Division plays a central part in promoting the protection of personal information within the NEC Group under the leadership of the head of the Personal Information Protection Promotion Bureau appointed by the Personal Information Protection Administrator.

In addition, we conduct regular audits of privacy protection in conformance with JIS Q 15001, with the General Manager of the Corporate Auditing Bureau serving as "Chief Personal Information Protection Auditor."

The general managers are responsible for managing personal information protection in their respective divisions. Each appoints a division personal information protection manager, who is responsible for carrying out personal information protection management for the division, and a personal information protection professional, who possesses expert insight regarding protection of personal information. The manager operates a personal information protection management system by inspecting personal information protection risk management and personal information handling in each division and improving handling rules based on the inspection results. The person responsible for handling personal information for each project ensures that persons who handle personal information undertake thorough personal information protection measures.

## Consolidated Subsidiary Management Framework

At our domestic consolidated subsidiaries, we have built systems to comply with the Act on the Protection of Personal Information and the so-called Individual Number Act, which is designed to centrally manage information related to social security and tax by assigning a number to individual citizens of Japan.

At our overseas consolidated subsidiaries, we naturally comply with the laws in each country, and we have appointed a Personal Data Administrator at each of our

major overseas subsidiaries to promote protection of personal information.

## Emergency Response to Information Leaks

The NEC Group maintains systems following JIS Q 15001 for responding swiftly if an incident occurs involving the loss, outflow or leak, etc., of personal information. If an incident should occur, the response is coordinated quickly and systematically based on standardized procedures.

Specifically, if an incident occurs related to personal information or an event takes place for which there is such risk, the discoverer or the employee involved in the incident contacts his or her manager and the NEC Group contact window for information security incidents. The person at that contact window then coordinates the necessary response with the related divisions that make up the Personal Information Protection Bureau and relevant divisions in accordance with applicable laws, ordinances, ministry guidelines, and other regulations, taking into account the risk for infringing on the rights and interests of the persons involved. These responses may include promptly notifying the people concerned, making a public announcement, and taking corrective measures appropriate to the incident.

## Response to Requests from National Governments in Other Countries to Provide Personal Information

If NEC Corporation's business divisions are requested by the governments of other countries to provide personal information, the general manager of the division that receives the request is responsible for responding. If necessary, the general manager may report and consult with the Personal Information Protection Administrator, and the Administrator may report and consult with the executive officer in charge of personal information protection and management. The general manager of the business division confirms the requesting party's objective for using the information, then decides whether or not to provide the information following the laws and regulations of the country concerned. In providing the information, the general rule is to obtain consent from the information owner and keep a record of its provision. However, there are cases where consent is not obtained pursuant to the laws and regulations of that country, or when no record is kept of its provision. Considering the purpose behind the establishment of the laws and regulations in each country,

NEC does not publicly announce the number of cases of such government requests.

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights <b>81-83 Personal Information Protection and Privacy</b>	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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## Main Activities and Results for Fiscal 2020

### Training for Personal Information Protection

NEC Corporation conducts the following training for each management level in the organization.

1. Training for all officers and employees of NEC Corporation  
Online training on information security, including aspects of personal information protection, is held online once a year for officers and employees of NEC Corporation. In fiscal 2020, the completion rate was 98%.
2. Training for personal information protection promoters for NEC Corporation and its domestic subsidiaries  
Group training for information security promoters involved in promoting personal information protection was held two times in fiscal 2020.
3. Training for newly hired employees and transferred employees of NEC Corporation and its domestic consolidated subsidiaries  
In fiscal 2020, we created a textbook on personal information protection as introductory training material and used it in training of newly hired and transferred employees. Apart from this training, when there is a request from a business division, or when it is otherwise deemed necessary by the Personal Information Protection Bureau, awareness training is conducted as appropriate at divisions or domestic consolidated subsidiaries.

### Management of Personal Information

#### Initiatives at NEC Corporation

NEC Corporation runs the "Personal Identifiable Information Control System," a ledger-based system to manage personal information and make its management more transparent.

Furthermore, we have documented standard procedures, and operate a personal information protection management system. Also, as necessary, operational rules are created at the division level and by type of personal information and rigorously enforced.

In addition, in order to raise awareness of personal information protection and information security in general, the "Basic Rules for Handling Customer-Related Work and Trade Secrets" have been established, and all NEC Corporation employees are encouraged to submit pledges.

As a result of these efforts, there were no incidents involving the loss, outflow or leak, etc., of personal information at NEC in fiscal 2020. There were also no complaints from the Ministry of Economy, Trade and Industry, which oversees the industrial area where NEC belongs, the Personal Information Protection Commission, or from any other third-party institutions about customer privacy breach or other issues.

#### Initiatives for Customers and Business Partners

NEC Corporation and its domestic consolidated subsidiaries request their contractors handling personal information to conduct privacy management equivalent to that of the NEC Group. Moreover, we request the contractors engaged in work for NEC Corporation or its domestic consolidated subsidiaries to submit a pledge on the "Basic Rules for Customer-Related Work" and to have their employees take a regular online test to verify their knowledge. These steps help ensure rigorous management of personal information. As a result of these efforts, in fiscal 2020 there were no incidents involving the loss, outflow or leak, etc., of personal information.

An "Individual Number" is Specific Personal Information that must be handled carefully, and we are doing so with security ensured. We are carrying out initiatives to deploy technical measures to ensure secure operations by controlling access, blocking unauthorized external access, and preventing information leaks, etc., while maintaining sufficient privacy protection levels in each system.

#### Information Security and Cyber Security

#### Personal Information Management Initiatives Overseas

Recently, countries around the world, such as in Europe, are making rigorous laws and regulations regarding personal information. In this situation, NEC is ensuring proper information management globally as it pursues worldwide development of personal information-related businesses, such as AI, big data, IoT, and facial authentication. We appoint Personal Data Administrators at our overseas consolidated subsidiaries to create a global management framework. At the same time, we are creating

personal information management ledgers at every company and ensuring that everyone understands the procedures for managing them and the common information security rules that need to be observed. With regard to GDPR, our consolidated subsidiaries in Japan and Europe have formulated personal information management rules based on the regulations and have concluded transfer agreements throughout the entire Group to ensure that cross-border transfer of personal information of European employees and others is conducted legally. In other areas, we have confirmed the legal and regulatory situation in relevant countries, such as the California Consumer Privacy Act (CCPA) and Thailand's Privacy Data Protection Act (PDPA), and we are making the necessary preparations to comply with them.

### Monitoring and Improvement

NEC Corporation appropriately manages personal information by executing PDCA cycles on an autonomous basis through various inspection activities.

Also, NEC Corporation and its domestic consolidated subsidiaries conduct regular internal audits based on internal audit check items stipulated in JIS Q15001. Further, for operations related to handling of Individual Numbers, we use security control measure check sheets prepared based on Japan's security control regulations and self-check sheets during re-entrustment in order to monitor divisions and subcontractors handling Individual Numbers.

1. Verification of the operation of information security measures  
At NEC Corporation, implementation of information security measures by individual employees is verified once a year, and if there are cases of non-compliance, improvement plans are formulated and carried out at the organization level.
2. Verification of status of personal information management  
At NEC Corporation, control forms registered in the Personal Identifiable Information Control System are reviewed at least once a year to validate the status of management of the various types of personal information handled by each organization.
3. Verification of operations during emergencies  
Operation of the above information security measures is thoroughly reviewed and readjusted as the need arises, in the event of an incident involving the loss, outflow or leak, etc., of personal information.

# Information Security and Cyber Security

## Policy

As information threats continue to evolve daily, information security has become an essential management priority in our sophisticated IT-based society.

NEC recognizes that it is our duty to protect the information assets entrusted to us by our customers and business partners as well as the Group's own information assets in order to provide better products and services and contribute to the development of society.

Based on this concept, NEC has placed "security to maximize ICT possibilities" as one of its "materiality," priority management themes from an ESG perspective, and has established an "Information Security Statement" as the basis for promoting efforts to ensure both information and cyber security.

NEC Corporation selects priority risks as those that are evaluated as having a particularly large impact from the perspectives of the need for countermeasures and the magnitude of the possible damage to corporate business and society. In fiscal 2020, "risk related to information security" was selected, and we promoted countermeasures in line with the Groupwide management policy.

Based on the "Information Security Promotion Framework" (figure at right), and making reference to NEC's Purpose, NEC is working to realize a secure information society and provide value to its customers.

To protect information assets, NEC is taking the following approach:

- Implementing cyber attack measures,
- Providing secure products, systems and services
- Promoting information security in collaboration with business partners

At the same time, we have positioned information security management, information security infrastructure, and information security personnel as the three pillars of the information security governance framework within the NEC Group, thereby maintaining and improving our comprehensive and multi-layered information security.

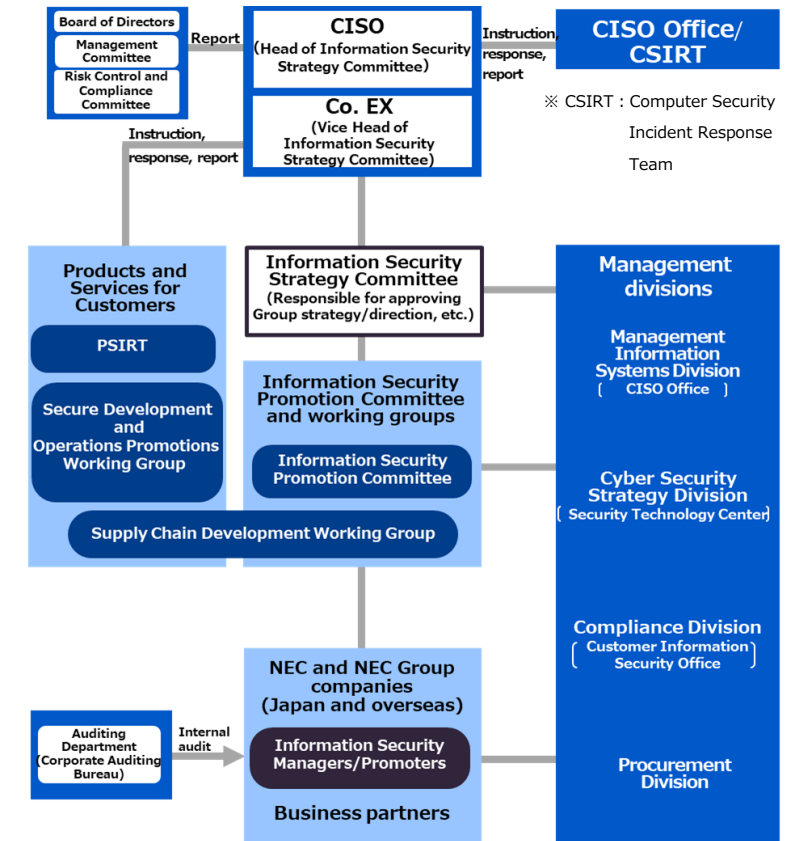
- ▶ [NEC Information Security Statement](#)
- ▶ [Information Security Report](#)
- ▶ [Priority Management Themes from an ESG Perspective - Materiality](#)



Information Security Promotion Framework

## Promotion Framework

The information security promotion organizational structure of the NEC Group consists of the Information Security Strategy Committee, its subordinate organs, and the promotion structure at each organization level. Under the directions of the Chief Information Security Officer, each company in the NEC Group works together to promote information security measures.



NEC Group Information Security Promotion Structure

## Strategies and Main Activities and Results for Fiscal 2020

### Measures against Cyber Attacks

As cyber attacks grow increasingly complex and sophisticated, the NEC Group focuses on protection of information assets entrusted by customers and business partners as well as its own. To this end, we have implemented total cyber security management by conducting uniform and advanced measures worldwide based on cyber security analysis, and established an incident response framework with our Computer Security Incident Response Team (CSIRT).

Every year, NEC plans and proposes measures based on cyber security analysis, and implements the measures with approval from the CISO.

In particular, as NEC is offering social solutions worldwide, a comprehensive global cyber security risk response is essential for its business continuity.

We are strengthening our global measures against increasingly sophisticated cyber-attacks based on a multilayered defense approach. In fiscal 2020, we took measures focused on the following five points.

- (1) Detection of and response to unknown attacks
- (2) Enhanced security of the mobile access environment
- (3) Endpoint detection and response (EDR)
- (4) Red Team\*<sup>1</sup> risk assessment
- (5) Use of threat intelligence

\*1 Red Team: A team that carries out mock cyber attacks on corporations or organizations based on actual threats to evaluate the organization's attack resilience and risks from the perspectives of policy, CSIRT operation, and systems, and presents improvements and additional countermeasures.

(1) Detection and response of unknown attacks  
We have built an unknown malware detection system for monitoring incoming and outgoing emails and Web traffic. Based on the malware information obtained through monitoring, we take immediate actions to deal with PCs and servers suspected to have been infected, while continuously improving our filtering system to block illegal traffic more efficiently.

Moreover, we have introduced systems to detect suspicious activity at key monitoring points on the network to strengthen monitoring and response capabilities against infiltration.

(2) Enhanced security of the mobile access environment  
Over the past few years, further diversification in work styles has seen an increase in opportunities for working outside of offices, such as working at home and in working spaces. In addition to PCs and smart devices that can be taken outside of the Company, we are also strengthening security for web access points of small-scale locations that do not have connection to the NEC Intranet, offering the same level of security as the NEC Intranet.

(3) Endpoint detection and response (EDR)  
NEC is undertaking Groupwide deployment of EDR to enable early detection of threats that broke into the NEC Intranet and establishing more efficient incident response. In addition, we have deployed GCAPS\*<sup>2</sup> for fixing vulnerabilities of PCs/servers in a timely manner.

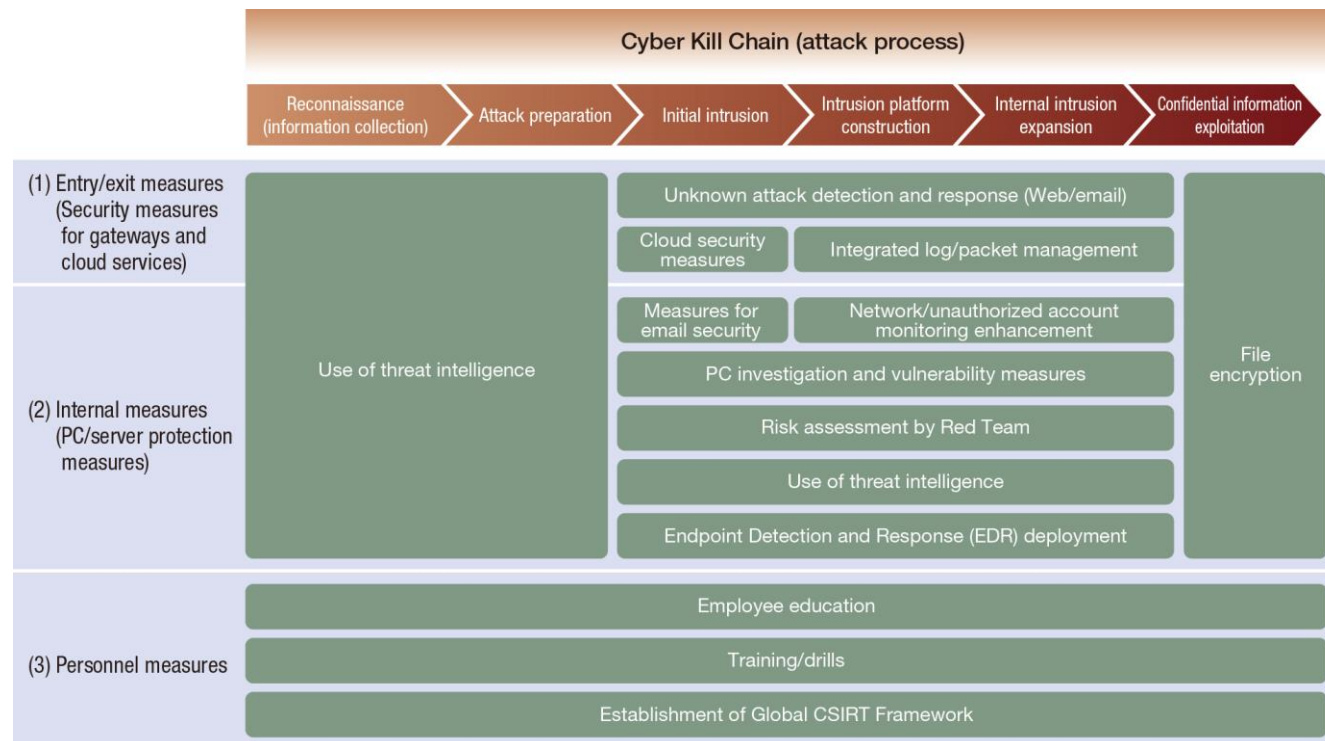
The vulnerability management solution NEC Cyber Security Platform (NCSP) developed based on analysis derived from GCAPS in NEC Corporation enables "visualization" of the vulnerabilities of servers and PCs in the companies where it is installed, for rapid, appropriate security countermeasures.

\*2 GCAPS\* Global Cyber Attack Protection System

(4) Red Team cyber risk assessment  
We conduct Red Team cyber risk assessments aimed at increasing the NEC Group's cyber-resilience and accountability.

We construct assessment scenarios from the attacker's perspective and mount a simulated attack on key systems within the organization to identify holes and leaks in our existing security countermeasures for further improvement.

(5) Use of threat intelligence  
We are using threat intelligence to grasp threats against NEC including their signals in the early stage, thus enabling us to mitigate risks, minimize damage and shorten



Overview of Our Global Cyber Security Response

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	<b>84-86 Information Security and Cyber Security</b> 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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response time, even if sophisticated threats break into our environment by passing through existing measures.

### Providing Secure Products, Systems, and Services

Following the concept of security by design (SBD), which ensures security from the planning and design stages, NEC implements Secure Development and Operations initiative from the planning to operation phases for its products, systems, and services we provide to our customers. Ensuring security at the early stage of system development brings various benefits such as cost reduction, on-time delivery, and excellent maintainability of the developed system.

At each phase, checklists are used to ensure that required security tasks have been carried out. In the previous security standards and checklists, security measures were determined based on the confidentiality level of information assets. However, with the emergence of new types of cyber threats such as ransomware and denial-of-service attacks aiming at more than mere information stealing, we have to consider not only confidentiality but also integrity and availability. We therefore revised our security standards and checklists to make our secure development and operations more suitable for the current situation.

In addition, to analyze our systems from an attackers perspective, we established a risk hunting team that is skilled at identifying risks that are not easily uncovered with typical tests using tools.

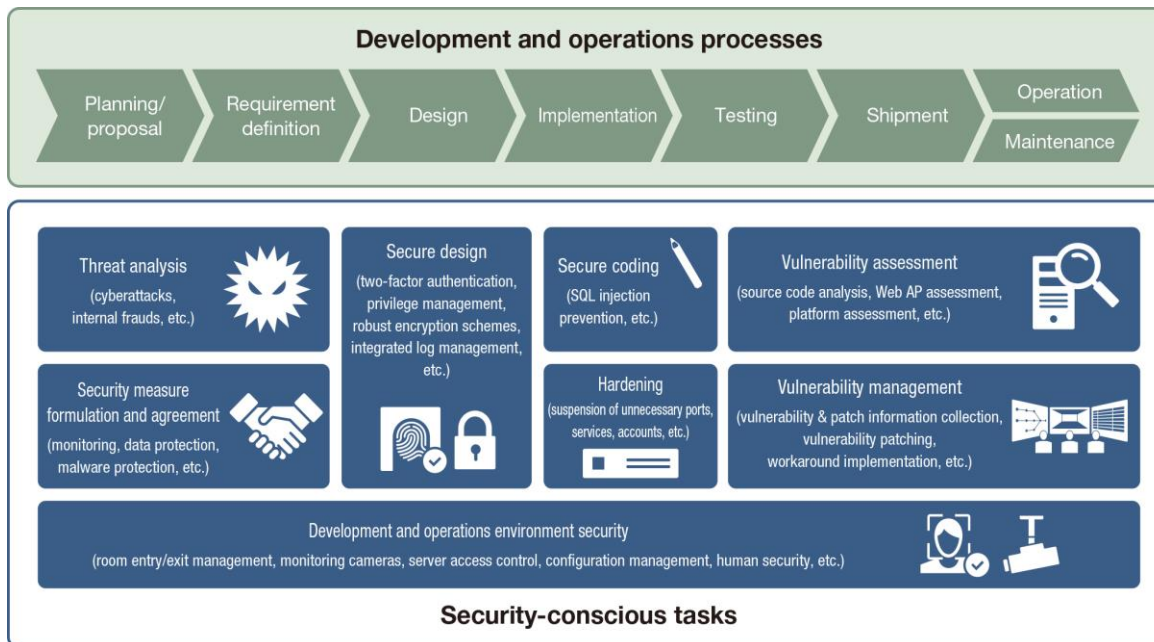
In addition to comprehensive risk analysis using conventional checklists, conducting testing by our risk hunting team in particularly high-risk domains has enabled the development and operation of more robust systems.

### Information Security in Collaboration with Business Partners

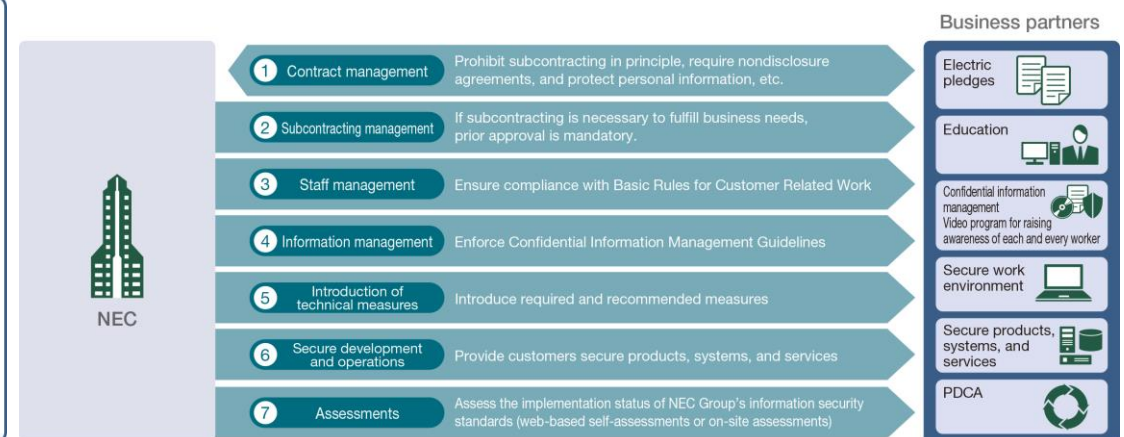
NEC conducts its business activities in collaboration with business partners. In these collaborations, we believe it is important to ensure that the technology capabilities and information security level of the business partners meet our required standards. To this end, NEC categorizes its business partners by information security level based on the implementation status of their information security measures. In selecting business partners for a project appropriately, we check the information security level to outsource tasks, thus reducing risks of information security incidents occurring at business partners.

NEC requires its business partners to take appropriate information security measures in the following seven critical areas: (1) Contract management, (2) Subcontracting management, (3) Staff management, (4) Information management, (5) Introduction of technological measures, (6) Secure development and operations, and (7) Assessments. In fiscal 2020, we held information security briefings for business partners and provided information about risks and countermeasures against cyber attacks, to minimize the risk of information leaks.

To protect customers' information, NEC works together with its business partners to increase their information security levels by ensuring that information security measures are implemented throughout their organizations and that assessments and improvement actions are carried out.



Secure development and implementation based on the security by design (SBD) concept



Information security countermeasures for business partners

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security <b>87-88 Ensuring Quality and Safety</b> 89 CS (Customer Satisfaction) Initiative	90-91 Cooperation with the Local Communities
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# Ensuring Quality and Safety

## Policy

When it was founded in 1899, NEC promised its customers to provide "Better Products, Better Services," meaning world-class products and responsible after-sales services. This was the founding spirit of NEC at a time when it had yet to earn society's trust. We were committed to gaining the trust of customers by having our employees understand and practice "Better Products, Better Services," in order to build a strong foundation for the Company within society.

To realize this aspiration, NEC Corporation introduced quality control in 1946, and has made Companywide efforts to increase quality, such as the ZD\*<sup>1</sup> (Zero Defects) activities in 1965, the quality operation strategy to increase the 7 Qs\*<sup>2</sup> in 1972, and SWQC\*<sup>3</sup> in 1981.

Today, our founding spirit of "Better Products, Better Services" has been carried on as one of the Principles in our NEC Way. We hope that all our employees will be confident in NEC's quality policy by continuing to raise the quality of their own work, the products they create, and the services they provide. Also we hope to see "NEC Quality" become the preferred and trusted choice of our customers.

In line with this thinking, we have defined our "Quality and Safety Philosophy" and "Action Guidelines" as follows to enforce our initiatives.

- \*1 ZD (Zero Defects) activities: Activities designed to stimulate individual employees' autonomy and passion to eliminate defects from their work through creative thinking, reducing costs and improving quality and service.
- \*2 Quality Strategy: An initiative to achieve a Companywide improvement in the 7 Qs, denoting quality in management, products and services, human behavior, workplace environment, relationships with the local community, business results, and corporate image.
- \*3 SWQC: Software Quality Control. This refers to general quality management activities for software.

### Quality and Safety Philosophy

NEC gives top priority to commitment to Customer Satisfaction and strives to continue providing "Better Products, Better Services."

### Action Guidelines

1. Quality management
  - 1) Think and act from the standpoint of new value for customers and society.
  - 2) Maintain and enhance the NEC brand.
  - 3) Ensure that each member of NEC recognizes the importance of quality and strives to deliver better quality.
  - 4) Strive to ensure product and service quality, and comply with related laws and regulations.
  - 5) Make sincere efforts to address product and service quality problems.
2. Safety management
  - 1) Ensure that each member of NEC recognizes the importance of product and service safety.
  - 2) Strive to ensure product and service safety, and comply with related laws and regulations.
  - 3) Make sincere efforts to address product and service safety problems.

### Quality Management System

Today as society's focus shifts from manufacturing physical products to creating intangible services, quality controls are also changing. At NEC, we have created quality management systems that we implement to realize high-quality products and services that satisfy customers' demands and expectations. In line with our basic stance that "quality is built in through processes," we aim to make continuous improvements to make our processes even better.

### Promotion Framework

#### Quality and Safety Promotion Framework and Quality and Safety Risk Management Framework

One of the most important management issues is how to ensure quality and safety and deal with related risks in products, systems and services.

NEC is working to clarify a range of actions for this system by defining Companywide rules and standards, and to improve quality and safety. This effort is headed by the

Environment and Total Quality Management Division and the Environmental Management Division, the Environment and Total Quality Management Divisions set up in business units ("BUs") and consolidated subsidiaries, and the quality/safety management officers appointed in each of the business divisions and consolidated subsidiaries under the BUs. Specifically, we have set up the "Quality and Safety Action Policy," and we are conducting activities such as complying with quality and safety laws and regulations, improving safe, reliable technologies, standardizing key components, sharing expertise, and taking steps to prevent defects and recurrences.

In regard to risk management related to quality and safety, we have built a Companywide framework and ensure that it is implemented completely. If a customer's system or critical social system were to experience serious trouble, or a major product incident or infringement of technology laws and regulations were to occur, the matter would be rapidly escalated to management and an emergency troubleshooting meeting would be held.

The business division in charge and the specialist staff division confer and reach a quick decision on how customers are to be treated, the response of those in authority and whatever other publicity measures might be appropriate. The consultations are rapid and decisions are made concerning the most appropriate overall policy.

### NEC Group Quality Promotion Meeting

"NEC Group Quality Promotion Meeting" is held twice a year with the quality and safety management staff and quality officers of NEC Corporation to have cross-company discussions throughout the NEC Group regarding its product quality and safety, and its systems and compliance frameworks with laws and regulations relating to it.

The meeting's purpose is to share policies and information among the parties concerned and deepen understanding within the organization through explanations of quality policy and cases and group discussions. In fiscal 2020, the meeting was held in June and November. NEC has frequent active discussions based on the concepts of "Customer Oriented," "Full Participation" and "Continuous Improvement."



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## Occupational Health and Safety Management in Construction and Installation work

NEC is bringing together the capabilities of the entire NEC Group, from design to construction, operation, and maintenance to provide total services comprising bundled products and systems to customers.

When providing customers with complete systems, it is important to implement appropriate risk management and safety management for risks involved in construction work, such as falling from height, equipment collapsing, falling of heavy load, electric shocks, and vehicle operation. For this reason, in our efforts related to construction safety as the prime contractor we make efforts to improve awareness of health and safety management in construction work under the principle of "prioritizing health and safety, including health management, in all operations," and we established an organization for promotion and oversight in the Environment and Total Quality Management Division, in April 2019.

We are working to strengthen industrial accident prevention in our construction work from the following perspectives.

- (1) Clarify the process for safe construction management in accordance with the OH&S management system.
- (2) Implement a PDCA cycle through the initiatives in the safe construction management process.
- (3) Inculcate the attitude/habit of following safety rules and accident prevention measures in all workers (safety convention, meetings of persons in charge, training, broadcasting safety related information through various channels, etc.)
- (4) Promote the building of a safety culture.

## Strategies and Main Activities and Results for Fiscal 2020

### Compliance with Relevant Acts and Regulations

To visualize the technical laws and regulations with which NEC products must comply, NEC developed a "map of technology laws and regulations" to make it easier to identify what kind of laws and regulations are applied to which divisions' products. By using this map, we strive to comply with those technical laws and regulations by precisely conforming with various countries' domestic laws and regulations, including Japan's Electrical Appliance and Material Safety Act, Radio Act and Telecommunications Business Act, and the laws and regulations of other countries.

NEC is enforcing compliance with relevant acts and internal rules for indications and labels for quality and safety of products and services. If violations are found or suspected, NEC will properly address the problem by following the direction of the relevant ministries and agencies.

In fiscal 2020, there were no regulatory violations subject to fines or punishments with regard to the quality and safety of our products and services.

### Ensuring Product Safety

NEC provides safe, secure products to customers by ensuring that its designs for ICT and multimedia equipment comply with the international standards IEC-60950-1 (JIS C 6950-1) / IEC62368-1 (JIS C 62368-1), as a matter of course. In addition, we have established our own "Group safety standard" to reinforce these standards and we also perform risk assessments to ensure product safety.

If product safety issues arise, we provide information on the NEC website and notify customers quickly.

### Guidelines to Quality Assurance for Machine Learning-based Artificial Intelligence

The past few years have seen the spread of systems and services that use AI. However, the specifications of AI engines and the processes that produce their analysis results can be difficult for humans to interpret, and traditional software quality assurance guidelines alone may not be sufficient.

Accordingly, in April 2019, NEC addressed this issue by formulating Guidelines to Quality Assurance for Machine Learning-based Artificial Intelligence, which are designed to ensure the quality of AI systems that cannot be covered by traditional software quality assurances alone.

- ▶ [NEC Formulates "Guidelines to Quality Assurance for Machine Learning-based Artificial Intelligence" for Construction and Development of AI Systems](#)

### NEC Ethical Review Committee for the Life Sciences

NEC Corporation is carrying out R&D for commercialization in the life science field. When acquiring people or information and data related to people for trial experiments and research, we follow the guidelines set out by the Ministry of Education, Culture, Sports, Science and Technology, and hold deliberations in the NEC Ethical Review Committee for the Life Sciences, made up of external

experts, regarding considerations such as the objective of the research, the human rights of its subjects, and respect for these.

### Training to Develop Human Resources for Safety and Peace of Mind

Improving product safety and quality requires a focus on improvements in employee training and skills. NEC Corporation offers classes that focus on job roles and field of specialization to improve practical skills in design and construction and provide basic and specialist knowledge related to quality and safety management standards and technical standards. For example, in our specialist product safety course, "Safety Review Workshops," we are training a large number of safety technology specialists through hands-on learning of safety design using actual equipment.



Power cord pull test  
(Safety Review practical training)

PIS\* measurement  
(Safety Review practical training)  
\*PIS: Potential Ignition Sources

### Project Management Award

NEC holds an annual presentation of outstanding cases and presents a project management award to the organization or group that demonstrated the best project support, or project team that tackled a difficult project and achieved a particularly outstanding result.

The intent of this award is to raise awareness of the importance of project management among all NEC Group employees and to demonstrate the significance of accomplishment and recovery in those projects that have a high level of risk. NEC also recognizes that the increasing awareness of award-winning cases throughout the Group helps to prevent risks from materializing in new projects through the horizontal spread of risk management practices.

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## CS (Customer Satisfaction) Initiatives

### Policy

All of our employees are working to develop a corporate culture of creating products and services that are more valuable to our customers. This means that every one of us at NEC understands, considers, and quickly responds to what our customers expect in order to make NEC a company that is trusted and chosen by customers.

This attitude is also reflected in the use of the word "Better," not "Best," in our founding spirit, "Better Products, Better Services." It embodies our desire to "continuously make improvements to achieve our very best in providing better products for customers and society."

The spirit of "Better Products, Better Services," is still one of our Principles today, even though our business has changed since the time of our founding. It is passed down through generations as the NEC Group's DNA.

Based on this way of thinking, in 1992 NEC formulated its "Customer Satisfaction Management (CSM) concept." The CSM concept consists of "Significance," "Activity System," "Goal," and "CS Action Plan."

#### ▶ [CSM Concept](#)

In our advertising and public relations activities, we observe laws and regulations, and we have prepared various guidelines, such as the "NEC Group Advertising Activity Guidelines" and the "NEC Group Website Guidelines," detailing caution points for design, accessibility, and production. We are also making an effort to employ fair and appropriate language and expressions, disseminating our "Social Media Policy" outside the Company since before the spread of social media. If there is a violation or potential violation in our advertising and public relations activities, we deal with it appropriately according to the guidance of the relevant government agency.

#### ▶ [NEC Group Social Media Policy](#)

### Promotion Framework

CS improvement activities are carried out mainly by CS promoters appointed at each business unit and subsidiary. The basic responsibility of a CS promoter is to continuously

promote improvement by closely examining the activities in the Company from the customer's point of view and striving for higher value business activities. Customer feedback on NEC's activities is reported regularly to the president and top-level management, pushing through the PDCA cycle to apply the review results to the next year's activities.

To facilitate communication with customers, various types of contact desks have been provided for individual and corporate customers and for each type of product. Through these, we consult with customers and listen to their feedback and requests. Moreover, the NEC Customer Communication Center ("CCC") has been established as a general contact desk in Japan to provide consultation on NEC products, systems, and services.

We also provide an inquiry form on the NEC global website to enable customers overseas to consult with us by email.

- ▶ [CS Improvement Activities](#)
- ▶ [Contact Desk](#)

### Activities and Results for Fiscal 2020

#### CS Activities in Business Unit

NEC has defined its CS activities as a part of its business to offer value to its customers. To this end, instead of implementing a Companywide uniform initiative, NEC is promoting various and unique initiatives that match the characteristics of each business area.

In fiscal 2020, we widened the scope of our CS survey for customers and increased the frequency of surveys from once to twice a year, aiming to capture customer feedback promptly and utilize it in our business activities with increased customer sensitivity.

#### Training for Cultivating a CS Mindset and Transferring It into Action

NEC is fostering a CS mindset to train its employees to take notice of issues and address them to make improvements spontaneously.

In fiscal 2020, NEC conducted the following stratified CS training.

- Companywide training seminars to foster a customer-oriented mindset  
Under the theme of "Customer-oriented Business," the seminars defined the CS basics and fostered the CS mindset for new employees, new Assistant Manager and mid-career hires at NEC Corporation, and employees transferred to NEC Corporation
- New manager training program on CS management  
All new managers of NEC Corporation learned the basic concept of CS management

In addition, we provided separate group training through programs to learn about methods for applying the customer-oriented point of view to specific action and to learn key points for creating customer value and improving CS through case examples.

Again in fiscal 2020 we strengthened CSR training for sales roles and also held training for branches and Group companies to strengthen training that is deeply connected with the front line and to pivot from individual learning to organizational learning and promote the consolidation of a corporate culture and style.

#### ▶ [Details of CS Training](#)

#### Promoting Improvement Initiatives at the Front Line

NEC is actively promoting CS improvement activities at the front line. We believe we can offer higher customer value when the employees at the front line themselves have an awareness of problems and are willing to make improvements and raise their work capabilities while continuing the CS improvement initiative through a feeling of satisfaction and accomplishment.

NEC continues to conduct activities for recognizing excellent initiatives that promote "Better Products, Better Services." By spotlighting steady efforts for CS improvement, employees are being inspired to put them into practice even more.

## Cooperation with Local Communities

### Policy

Within its statement of **Purpose**, NEC has committed itself to creation of the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Guided by this concept, each member of NEC, from directors to employees, acts as a good corporate citizen by carrying out "NEC Make-a-Difference Drive" corporate citizenship activities aimed at solving social issues over the medium to long term.

Through these activities, we work with local communities, NPOs and NGOs, local governments, universities, etc., to promote three universal themes: "Personnel Development," "Environmental Preservation," and "Regional Contribution Activities and Disaster Aid." NEC recognizes sustainable local communities are what enables business activities to be carried out in those communities. As members of communities, we want to support them in achieving the solutions.

This thinking is also connected to "coexistence with local communities" in the "NEC Group Code of Conduct."

In addition, NEC has positioned the "NEC Make-a-Difference Drive" as a key plank in its efforts to promote "Sustainably and socially literate human resources," which is specified in our "materiality," which are priority management themes from an ESG perspective. Through the "NEC Make-a-Difference Drive," officers and employees engage in dialogue and co-creation with various stakeholders, such as local communities and the social sector. This provides them with situations and opportunities to experience social problems that merit NEC's attention as a Social Value Innovator.

We believe that through these situations and opportunities, employees acquire a mindset for volunteerism and co-creation, enabling them as highly socially literate personnel to sensitively grasp the true nature of issues facing customers and society, so they can create businesses inspired by social issues.



The social contribution programs and collaborating NPOs under the "NEC Make-a-Difference Drive" are selected based on the following policies and guidelines.

- ▶ [Basic Policy of Social Contribution Program Creation](#)
- ▶ [Guidelines for Coordination with NPOs](#)

Furthermore, we have established an evaluation system for social contribution programs, and we regularly confirm their social impact and promote program improvements and revisions.

- ▶ [Social Contribution Program Assessment System](#)

### Promotion Framework

NEC's corporate citizen activities are conducted under three main promotion frameworks:

- Social contribution programs planned and executed under the initiative of the Corporate & Social Engagement Promotion Office of the NEC Corporate Communications Division and the Social Contribution Promotion Departments of NEC Group Companies,
- Activities for contributing to local communities planned and participated in by NEC Group employees around the world,
- Various grants by foundations

### Corporate Citizenship Activities

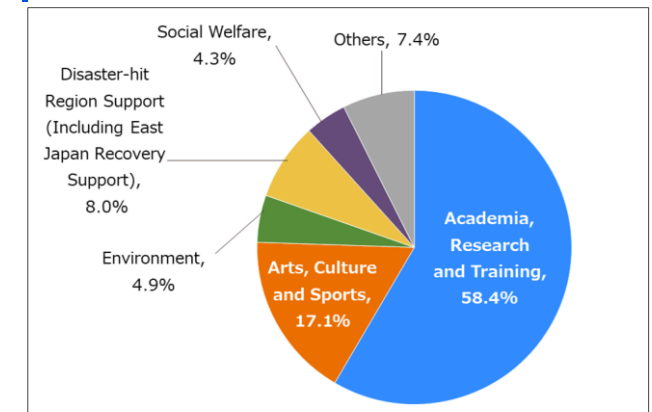
In fiscal 2020, the total corporate citizenship activity expenses for the NEC Group were approximately 493 million yen. We were involved in various regions around the world following three main themes in five areas, including "Academia, Research and Training" and "Arts, Culture and Sports." Corporate citizenship activity expenses included the following:

1) Financial assistance, 2) Charitable donations of products quoted on a unit price basis, and 3) Public use of NEC facilities (converted into monetary amounts based on the unit price of using equivalent external facilities to quantify the cost of using NEC facilities for socially beneficial purposes)

### Activity Expenses

FY2018	FY2019	FY2020
523 million yen	613 million yen	493 million yen

### Fiscal 2020 Activity Expenses Breakdown



\* Data on areas of activity expenses was extracted from the Survey of Social Contribution Activities (Japan Business Federation)

Sustainable Management	Environment	Governance	<b>Social</b>	67-70 Inclusion and Diversity 71-74 Human Resources Development and Training 75-76 Creating a Diverse Work Style Environment	77-79 Health and Safety 80 AI and Human Rights 81-83 Personal Information Protection and Privacy	84-86 Information Security and Cyber Security 87-88 Ensuring Quality and Safety 89 CS (Customer Satisfaction) Initiative	<b>90-91 Cooperation with the Local Communities</b>
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## Main Activities and Results for Fiscal 2020

### NEC Social Entrepreneurship School

In fiscal 2003, we began the NEC Social Entrepreneurship School, a project for nurturing young social entrepreneurs that we launched in cooperation with the NPO ETIC. By fiscal 2019, 62 groups had graduated from the school. The project has been called a gateway for the success of social innovators because of the large number of celebrated young social innovators that it has produced.

In January 2020, the NEC Social Entrepreneurship School invited young social entrepreneurs (alumni and current participants) to take part in a special program, involving a dialogue with NEC employees and social entrepreneurs. The program aims to help participants to identify various social issues and learn more deeply about the spirit of social entrepreneurship by speaking directly with active entrepreneurs who are leading social transformation. At the program were 100 employees who are either currently engaged in solving social issues or intending to begin tackling them.

The six social entrepreneurs below explained global social issues that they are tackling before discussing the potential for using ICT to resolve them. We continued examining the use of ICT after the dialogues.

#### <Participating Social Entrepreneurs>

- KATARIBA (graduated in fiscal 2005) Kumi Imamura
- Carepro. Inc. (graduated in fiscal 2009) Takashi Kawazoe
- AsMama Inc. (graduated in fiscal 2011) Keiko Kouda
- Chance for Children (graduated in fiscal 2014) Yuusuke Imai
- Tsunagari Music Lab. (graduated in fiscal 2020) Sakiko Muto
- Ocean's Love (graduated in fiscal 2020) Ryoshi Ito

#### ▶ [NEC Social Entrepreneurship School](#)

### NEC Paddy Making Project

The NEC Paddy Making Project started in cooperation with NPO Asaza Fund to improve the environmental awareness of NEC Group employees and their families to achieve "Return Japanese Ibises to Nature in 100 years."

The project is a nature experience program, from rice growing to sake making, held throughout the year. So far, approximately 15,000 NEC Group employees and family members of employees have participated on fields such as ravine rice paddies in the vicinity of Kasumigaura, Ibaraki Prefecture.

In fiscal 2020, as a new initiative we cooperated with HIROSE Company, a sake brewer, to introduce the NEC Sake Moromi (Sake Mash) Analysis Cloud Service to the process for brewing a Japanese sake product for this project, with a playful nickname meaning "Laughing for Love of Sake," which also sounds like "Eco with IT" in Japanese. The service records temperature and composition testing results using a smartphone or tablet device, and creates graphs needed for brewing automatically, thereby creating a visual representation of the sake brewing expertise.

This enables a visualization of the experience and instincts of master sake brewers, as well as comparison with past training data and analysis of relationships to the manufacturing process, which are expected to increase the quality of Japanese sake even further. Looking ahead, we will work to create new functions for the service and make further improvements through co-creation activities with HIROSE Company and others.



Using the NEC Sake Moromi (Sake Mash) Analysis Cloud Service

#### ▶ [NEC Paddy Making Project](#)

### Partnership with Tokyo Voluntary Action Center

In October 2019, NEC concluded a comprehensive cooperation agreement with the Tokyo Voluntary Action Center, which plays a leading role in promoting volunteer activities in Tokyo. We will cooperate on promoting the development of a volunteer culture stimulated by international sports events held in Tokyo, the creation of a volunteer legacy, and the realization of a society based on co-existence.

With the conclusion of the agreement, around 1,000 NEC Group employees (annually) are planning to participate in volunteer activities spanning a wide range of themes, such as "inclusion & diversity," "international cooperation," "sports," and "disaster aid." Through our cooperation with the Tokyo Voluntary Action Center, we have already conducted the Para Art Project, Pro Bono, and Disaster Assistance for Areas Damaged by Typhoon Hagibis, among other projects.

### Disaster Assistance

The NEC Group started the "NEC Group "TOMONI" Project" (Tohoku reconstruction volunteers) after the Great East Japan Earthquake of 2011. We have been active since December 2011, mainly in the town of Minamisanriku in Miyagi Prefecture. We have conducted wide-ranging activities, including debris removal, agricultural land regeneration, and assisting with the reconstruction of the town (Blue-Sky Tent Town), while through the NEC Pro Bono Initiative, we assisted the marketing operations of the Minamisanriku-cho Tourist Association and helped with town building through ICT. Our continuous efforts to rebuild the town of Minamisanriku through these activities were acknowledged with a letter of appreciation from the mayor of Minamisanriku in August 2019.

The NEC Group also engaged in a range of support activities in disasters that occurred in Japan and overseas during fiscal 2020.

When Typhoon Hagibis struck in October 2019, we set up cashless donations at our in-house stores using a POS system, and a team of 60 employees participated in volunteer activities to remove debris and so forth in Kawasaki City and in Iwaki City, Fukushima Prefecture.

Furthermore, during the forest fires that started in Australia in September 2019, the Canberra office of NEC Australia received an evacuation order. At this time, NEC Australia employees carried out firefighting activities as volunteer firefighters.

# Appendices and Data Collection

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ESG-Related Objectives, Achievements and Progress, and Degree of Completion 93-96

---

Data Collection 97-102

---

Third-party Assurance 103-104

---

External Ratings and Evaluation 105-106

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GRI (Global Reporting Initiative) Index 107-109

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Global Compact Index 110

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ISO 26000 Index 111-112

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## ESG-Related Objectives, Achievements and Progress, and Degree of Completion

**M** : Major non-financial indicators related to "materiality." For details please see pages 8-11.

◎ : Achieved ○ : Achievement rate of 80% or more △ : Achievement rate of 50% or more × : No progress — : Not evaluated in the fiscal year under review

\* Listed in accordance with the contents page of the report

Sustainable Management	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
<b>Priority Management Themes from an ESG Perspective — Materiality</b> P. 8	For each of the six themes revised in 2020, NEC has established a vision for the Company and non-financial indicators for measuring progress.				
<b>Respecting Human Rights</b> P. 14	Promote understanding of officers and employees on global human rights issues	<ul style="list-style-type: none"> <li>For officers: Hold dialogues or lectures by experts</li> <li>For employees: Conduct an online training program on diversity. Target completion rate: 90.0%</li> </ul>	<ul style="list-style-type: none"> <li>For officers and division managers: Held lectures by Outside Director as part of unconscious bias training (over 200 people participated)</li> <li>For employees: Conducted online training on the theme of human rights issues in the AI and biometrics business. Completion rate: 92%</li> </ul>	○	<ul style="list-style-type: none"> <li>For officers: Hold unconscious bias training on the theme of promoting women's active participation</li> <li>For employees: Hold online training on "Companies and Human Rights." Target completion rate: 90%</li> </ul>
	Formulate Companywide framework pertaining to the implementation of human rights due diligence	<ul style="list-style-type: none"> <li>Authorize Companywide common framework</li> <li>Identify priority human rights issues based on the results of the human rights impact assessment and study schemes for addressing them</li> </ul>	<ul style="list-style-type: none"> <li>Conducted human rights impact assessment in the field of ICT and prepared a list of human rights issues</li> <li>Confirmed prominent human rights issues through dialogues with experts</li> </ul>	△	<ul style="list-style-type: none"> <li>Identify prominent human rights issues and propose plans for addressing them</li> <li>Promote creation of a corporate culture that respects human rights, and study corrective measures when human rights violations are discovered</li> <li>Conduct awareness-raising seminars and dialogues for management and divisions</li> </ul>

Environment	Objectives for the Mid-term	Indicators	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
<b>Feature: Climate Change and Response to TCFD</b> P. 30	Contribute to worldwide reduction in greenhouse gas emissions and the efforts our customers and society are making to address climate change	Rate of contribution to CO <sub>2</sub> emission reductions across the whole supply chain <b>M</b>	—	5.2 times	○	5 times
	Providing environmental value through business	Amount of CO <sub>2</sub> reduced through IT solutions	20.40 megatons	23.16 megatons	○	23.00 megatons
<b>Initiatives in Products and Services</b> P. 39	Development of environmentally friendly products	Reduction of total CO <sub>2</sub> emission when products are used (*Compared to FY2014 products; for hardware products shipped in the fiscal year under review) <b>M</b>	25%	71%	○	65%
<b>Initiatives in Production and Office Sites</b> P. 45	Environmental burden from business activities	Reduction rate of energy-derived CO <sub>2</sub> emissions (Compared to FY2018)	-5.4%	-20.6%	○	-8.0%
		Amount of electric power used from renewable energy	27,000 MWh	55,420 MWh	○	28,600 MWh

Governance	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
<b>Compliance and Risk Management</b> P. 54	Ensure compliance	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0</li> <li>Raise the completion rate of web-based compliance training (completion rate in NEC Corporation: 98% or higher)</li> <li>Number of reports to the Compliance Hotline: 100 cases or more</li> </ul>	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0 <b>M</b></li> <li>Held web-based compliance training (completion rate in NEC Corporation: 98.8%)</li> <li>Number of reports to the Compliance Hotline: 90 cases</li> </ul>	◎	<ul style="list-style-type: none"> <li>Number of cases of serious involvement with cartels and/or bid-rigging: 0 <b>M</b></li> <li>Raise the completion rate of web-based compliance training (completion rate in NEC Corporation: 98% or higher)</li> <li>Number of reports to the Compliance Hotline: 100 cases or more</li> </ul>
	Carry out appropriate risk management	<ul style="list-style-type: none"> <li>Establish and implement effective measures for the following Priority Risks                             <ul style="list-style-type: none"> <li>Risks regarding labor management</li> <li>Risks regarding human rights issues arising from new technology</li> <li>Risks regarding bribery</li> <li>Risks regarding information security</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Strengthened management of overtime work using a work management system</li> <li>Formulated AI and Human Rights Principles</li> <li>Revised regulations manual on preventing bribery and held training</li> <li>Enhanced information security infrastructure</li> </ul>	◎	Establish and implement effective measures for Priority Risks

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Governance	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
Business Continuity P. 60	Enhance completeness and efficiency of BCP activities	Enhance completeness of BCPs, and revise and streamline flow of BCP formulation	<ul style="list-style-type: none"> <li>Simplified manual and templates for BCP formulation</li> <li>Major overhaul of in-house information sharing system during disasters (To be released in FY2021)</li> </ul>	○	Release of the major system overhaul noted on the left
	Through drills and training, increase the number of employees able to act autonomously when a risk event occurs	Continue drills and training for diversifying disaster risks and increase disaster response capabilities	<ul style="list-style-type: none"> <li>Conducted training for scenarios where employees are unable to come to work due to storm and flood damage or infectious disease outbreak</li> <li>Conducted new Disaster Preparedness Survey as an indicator for visualizing the percentage of workers able to act autonomously</li> </ul>	◎	Increase the percentage of workers able to act autonomously in the Disaster Preparedness Survey conducted in FY2020
Supply Chain Management P. 62	Promotion of use of Supplier Visit Record (SVR)	Expand application of SVR and study measures using acquired data	Collected 104 items of on-site assessment data from hardware suppliers in Greater China	○	Expand application of SVR (120 on-site assessments) and study measures using acquired data
	Publish and disseminate the new Guidelines for Responsible Business Conduct in Supply Chains	(New target)	(New target)	—	Make effort to disseminate the guidelines to all new and existing suppliers
	Obtain declarations for the new guideline: "Declaration Concerning Responsible Business Conduct in Supply Chains"	(New target)	(New target)	—	<ul style="list-style-type: none"> <li>Declarations must be obtained from all new suppliers</li> <li>Number of suppliers from which declarations obtained: 3,000</li> </ul>

Social	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
Inclusion and Diversity P. 67	Promotion of women's active participation (Ratio of female managers in department manager or higher positions: 5% by FY2021)	Continue to ensure the implementation and achievement of action plans and numerical targets based on the Act on Promotion of Women's Participation and Advancement in the Workplace	<ul style="list-style-type: none"> <li>Ratio of female managers in department manager or higher positions: 5.4% (As of April 1, 2020)</li> <li>Revamped talent management program, selected 325 people for the women's talent pool and provided development opportunities</li> </ul>	×	<ul style="list-style-type: none"> <li>Ratio of female managers in department manager or higher positions: continue to reach 5% (As of April 1, 2021)</li> <li>Continue monitoring the ratio of female managers and identify issues, discuss and implement measures</li> </ul>
	Employment of people with disabilities (Ratio of people with disabilities employed: 2.3% by April 2021)	Study and carry out various measures to achieve ratio of people with disabilities of 2.3%	<ul style="list-style-type: none"> <li>Ratio of people with disabilities employed: 2.38% (as of June 1, 2020)</li> <li>Held study sessions for employees with hearing difficulties (four times)</li> <li>Issued a manual for accepting people with impaired vision into the workplace</li> </ul>	◎	Study and carry out measures for continuing to achieve the statutory employment rate of 2.3%
	Support for sexual minorities (LGBT)	Study revision of the employment regulations and benefits and welfare system	<ul style="list-style-type: none"> <li>Revised 14 regulations including employment regulations in order to provide equal treatment for de-facto marriages, including same-sex marriages, and legal marriages</li> <li>Conducted workshops for promoting understanding of LGBT for officers and for personnel in human resources and general affairs, established Allies</li> </ul>	◎	<ul style="list-style-type: none"> <li>Increase awareness through internal and external communications and actively participate in events</li> <li>Encourage use of systems</li> <li>Acquire PRIDE* designation</li> </ul> <small>* A designation by the voluntary organization "work with Pride" that evaluates initiatives for sexual minorities such as LGBT.</small>
Human Resources Development and Training P. 71	Development of sustainably and socially literate human resources	<ul style="list-style-type: none"> <li>By carrying out the following measures, achieve a 30% rate of "Strongly agree" or "Agree" responses to having a real sense of change in the annual survey of employees at domestic and overseas subsidiaries</li> <li>Enhance the content of training for newly appointed general managers</li> <li>Renew stratified training programs (for general managers and managers) in line with the 9 Blocks and Performance Management</li> <li>Conduct evaluator training associated with development of evaluation reforms at affiliates (15 companies)</li> </ul>	<ul style="list-style-type: none"> <li>Increased response rate of "Strongly agree" and "Agree" by 2.4 percentage points : 22.9% (Jan. 2019) to 25.3% (Jan. 2020)</li> <li>Started a social issue experiential training program. Completed by 78 persons</li> <li>Revamped the action transformation plan formulation following the Code of Values to incorporate material related to additional environmental changes</li> <li>Carried out training for executive officers of 15 affiliates</li> <li>Introduced system to personnel other than executive officers and carried out training by level</li> </ul>	△	<ul style="list-style-type: none"> <li>By carrying out the following measures, achieve a 30% rate of "Strongly agree" or "Agree" responses to having a real sense of change regarding matters not achieved in FY2020</li> <li>Carry out new management practical support program based on the HR Policy and Code of Values</li> <li>Further educate affiliates (15 companies) regarding the approach of evaluation, development, and reform, and continue to carry out training</li> <li>Expand evaluation, development and reform for local overseas subsidiaries</li> </ul>

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Social	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
Human Resources Development and Training  P. 71	Enhance the training of next-generation business leaders, including overseas personnel	<ul style="list-style-type: none"> <li>Expand training programs for developing the next generation of management personnel (including selected members from overseas offices)</li> <li>Expand training for management team</li> </ul>	<ul style="list-style-type: none"> <li>Revamped the Talent Management Program process (selected approximately 1,000 personnel, including overseas) Expanded the range of assessment, mentoring, and coaching programs for selected talent in Japan</li> <li>Expanded the number of personnel receiving training under development of next-generation management personnel FY2020: 32 persons (1 overseas) to FY2021: 37 persons (6 overseas)</li> <li>Enhanced executive coaching for management, including officers</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen talent management for next-generation leader personnel</li> <li>Strengthen succession planning to ensure appointment of best, diverse personnel to key positions from in Japan and overseas</li> </ul>
	Enhance the training of advanced professional human resources	<ul style="list-style-type: none"> <li>Conduct detailed design for the process from definition to appointment of advanced professional positions</li> <li>Construct professional skills development framework and foundation. Review skill assessment and design development process</li> </ul>	<ul style="list-style-type: none"> <li>Newly established Corporate Executive (officer class) and Chief Professional (executive and department manager class) positions, and appointed three and six personnel to each respectively in April 2020</li> <li>Systemized skill maps by job category and position, and cited these in the role description for each position to visualize the required skills</li> <li>Established systems for continuous development of capabilities through assessments</li> </ul>	◎	Formulated definition (role and skills) of personnel responsible for digital transformation (DX) and established development system
Creating a Diverse Work Style Environment  P. 75	Reduction of total work hours	Improve average overtime hours, annual rate of taking paid leave, and total work hours compared to FY2019 results	Average overtime hours increased slightly (16.2 hours to 19.0 hours) Annual rate of taking paid leave improved (67.5% to 67.6%)	△	Further promote autonomous design of work style and fully leverage effects of flexible systems to reduce overtime
	Deployment of "Work Style Reform" that should improve productivity	Set up an environment for autonomously designing working time and location (abolish core time within the flextime system and promote further use of telework)	<ul style="list-style-type: none"> <li>Flextime system without core time (super flex) introduced from October 2019</li> <li>Created and promoted opportunities to practice telework, such as summer telework days, where employees work from home continuously for one week, and all NEC Group employees telework days in February 2020</li> </ul>	◎	In line with the changing work environment, such as the rapid spread of telework, study workstyles that will increase productivity and promote these practices in the workplace
	Expansion of work-life balance support measures	Introduce and promote use of systems that enable more flexible decisions on working time and location	The number of employees using reduced working hours and childcare leave decreased (assumed to reflect wider use of flexible working styles due to the encouragement of super flex and telework)	◎	Expanded the menu of the cafeteria-style welfare benefits system "Will be," introduced in April 2020, to meet employees' needs and strengthened support for work-life balance
Health and Safety  P. 77	Complete enforcement of occupational health and safety (OH&S) management appropriate to diverse work environments	<ul style="list-style-type: none"> <li>Maintain operations of the OH&amp;S management system at each NEC workplace and formulate plan for transition to ISO 45001</li> <li>Identify risk and implement countermeasures according to the characteristics of each business division with construction business divisions</li> </ul>	<ul style="list-style-type: none"> <li>Continued to acquire OHSAS certification at four main business sites and six Group affiliates</li> <li>Formulated and implemented Health and Safety Action Plans for construction safety in construction business divisions</li> </ul>	○	<ul style="list-style-type: none"> <li>Raise the completion rate of Companywide online health and safety education (90% or higher)</li> <li>Increase level of health and safety by working through a PDCA cycle for safe construction processes</li> </ul>
	Improve subjective sense of good health and lifestyle habits of NEC Group employees	<ul style="list-style-type: none"> <li>Establish an environment that raises employees' awareness of health using ICT</li> <li>Maintain "Health and Productivity Management Organization (White 500)" certification</li> </ul>	<ul style="list-style-type: none"> <li>Introduced Health Checkup Forecast Simulation for predicting future health checkup results from results of regular health checkups</li> <li>Designated as a "Health and Productivity Management Organization" 2020</li> </ul>	○	<ul style="list-style-type: none"> <li>Achieve usage rate of 75% or higher for the Health Checkup Forecast Simulation</li> <li>Maintain "Health and Productivity Management Organization" designation</li> </ul>
AI and Human Rights  P. 80	Promote business operations with respect for human rights in relation to social implementation of AI	<ul style="list-style-type: none"> <li>Continue dialogues with multiple stakeholders and confirm initiatives based on the NEC Group AI and Human Rights Principles (the "Companywide principles"). Update the principles themselves if necessary.</li> <li>Incorporate the Companywide principles into the relevant business framework</li> </ul>	<ul style="list-style-type: none"> <li>Established the Digital Trust Advisory Council (P. 80) and held meetings to incorporate the advice and knowledge of external experts.</li> <li>Incorporated initiatives with respect for human rights based on the concept of the Companywide principles into the business execution process</li> </ul>	◎	<ul style="list-style-type: none"> <li>Grasp trends relating to technology evolution and changes in systems and social acceptability; and improve and strengthen initiatives with respecting human rights based on the concept of the Companywide principles</li> <li>Continue dialogue with a range of stakeholders</li> </ul>



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Social	Objectives for the Mid-term	FY2020 Objectives	FY2020 Achievements and Progress	Degree of Completion	FY2021 Objectives
Personal Information Protection and Privacy P. 81	Global implementation of personal information protection	<ul style="list-style-type: none"> <li>Prepare the NEC Group European Personal Information Handling Manual</li> <li>Conform with legislation of regulations regarding transfer of personal information outside of each country and region</li> <li>Ensure understanding of escalation rules for personal information infringement incidents at overseas consolidated subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Created the manual described on the left</li> <li>Posted a Privacy Notice in compliance with the California Consumer Privacy Act (CCPA) on the Company's external website</li> <li>Made all relevant companies aware of the escalation rules for personal information infringement incidents at overseas consolidated subsidiaries</li> </ul>	◎	<ul style="list-style-type: none"> <li>Formulate the NEC Group Basic Rules on Personal Information Protection</li> <li>Conform with legislation of regulations regarding transfer of personal information outside of each country and region</li> </ul>
	Conformance to amendments to the Personal Information Protection Law	Take steps to ensure thorough compliance with final rules regarding personal information transferred from Europe to Japan based on sufficiency confirmation* <small>*Inspection and confirmation by the European Commission that a destination country or region has sufficient measures in place to protect personal information in the cases where personal information is transported out of the European Union to a third country</small>	<ul style="list-style-type: none"> <li>Created materials to explain the final rules, and made them known to business divisions and domestic consolidated subsidiaries</li> </ul>	◎	Respond to enforce compliance with the Personal Information Protection Law amended in 2020 amendments to the Personal Information Protection Law
Information Security and Cyber Security P. 84	Strengthen measures against cyber attacks	Minimize the effects of serious security incidents and promote our own information security practices as a reference <b>M</b> <ul style="list-style-type: none"> <li>Strengthen detection of unknown malware and mobile access environment security</li> <li>Development of EDR* throughout the world</li> <li>Validate effect of advanced measures that can be used as a frame of reference</li> </ul> <small>*Endpoint Detection and Response</small>	<ul style="list-style-type: none"> <li>Finished strengthening internal attack monitoring and mobile access security</li> <li>Completed rolling out EDR in Japan and overseas</li> <li>Conducted Red Team* risk assessments</li> </ul> <small>*A team that conducts a simulated cyber attack similar to an actual threat against a company or organization to assess the organization's resilience to attack and present proposals for improvements and additional measures</small>	◎	<ul style="list-style-type: none"> <li>Strengthen management of important information</li> <li>Strengthen use of threat intelligence</li> <li>Strengthen security monitoring</li> <li>Strengthen global network security</li> </ul>
	Strengthen the improvement of secure products, systems and services	Improve standards for promoting secure development and implementation, and improve and enhance guidelines and tools	Revised security standards and checklists, developed guidelines and tools	◎	Enhance systems and improve processes for promoting secure development and implementation, and improve and enhance guidelines and tools
	Improve security in cooperation with business partners	<ul style="list-style-type: none"> <li>Promote knowledge of practical guidelines for secure development and implementation among business partners, and improve and enhance them</li> <li>Promote improvement to secure development and implementation by conducting inspections to understand the status of business partners' working environments and outsourcing management</li> </ul>	<ul style="list-style-type: none"> <li>Made the guidelines described on the left known to business partners through explanation meetings and so forth, and improved and enhanced them</li> <li>Inspected the working environments and outsourcing management status of business partners, and improved the environments of business partners where issues were identified</li> </ul>	◎	<ul style="list-style-type: none"> <li>Apply security measures in accordance with business partners' work environments and outsourcing details, and promote improvements based on inspection results</li> <li>Ensure that everyone is well aware of guidelines on secure development and implementation</li> </ul>
CS (Customer Satisfaction) Initiative P. 89	Continue to be a company that is trusted and chosen by customers	Continue to perform improvement activities continuously based on customers' opinions and promote activities matched to the characteristics of each business area	<ul style="list-style-type: none"> <li>Widened the target of the Customer Satisfaction Survey, and increased the frequency to twice a year</li> <li>Provided feedback on results to customers who responded</li> <li>Ranked No. 1 for customer satisfaction in the System Operation-related Services (Manufacturer) category in the 2019-2020 Nikkei Computer Customer Satisfaction Surveys</li> </ul>	◎	<ul style="list-style-type: none"> <li>Continue to perform improvement activities continuously based on customers' opinions and promote activities matched to the characteristics of each business area</li> <li>Achieve a result for the Customer Satisfaction Survey (average total satisfaction) higher than the industry average in market surveys conducted by NEC Corporation</li> </ul>
		Continue striving to foster a CS mindset and share information on good examples of CS activities among NEC Group employees throughout the world	<ul style="list-style-type: none"> <li>Shared examples of excellent CS activities around the world widely among employees and promoted fostering of a CS mindset</li> <li>Employees received regular CS training by external lecturers</li> </ul>	◎	Continue striving to foster a CS mindset and share good examples of CS activities among NEC Group employees throughout the world
Cooperation with the Local Communities P. 90	Embed social contribution activities within the business strategy	Continue to promote private-public partnerships where business and co-creation/corporate citizenship activities are integrated	In cooperation with business divisions, concluded comprehensive cooperation agreements with Yamanashi Prefecture and the Tokyo Voluntary Action Center	○	Strengthened system structure for promoting social engagement activities as One NEC, including initiatives in response to emergencies and disasters, such as COVID-19, and strengthened information communication
	Create opportunities for new business creation from corporate citizenship activities	Continue encouraging employees to participate in "NEC Social Entrepreneurship School," "NEC Pro Bono Initiative," etc.	Created employee participation forum as a new program within the "NEC Social Entrepreneurship School" with 150 participants. Diversified employee participation options, leading to a dramatic increase in the number of employees registered on the volunteer database (end of FY2019: 450 persons to end of FY2020: 1,700 persons)	◎	Further accelerate employee participation in social engagement activities centered on the "NEC Social Entrepreneurship School" and "NEC Pro Bono Initiative," etc.

# データ集 Data Collection

対象期間は、2018年、2019年、および2020年3月31日に終了した連結会計年度または各年3月31日現在です。  
 「連結」は日本電気株式会社および連結子会社が対象です。  
 ☑のついたデータは、第三者保証を受けた数値です。  
 (\*女性管理職数・比率、従業員平均年齢・勤続年数、育児・介護休暇取得者数、日本電気株式会社における、執行役員、嘱託など、顧問など、出向受入者を除きます。)

The applicable periods are the consolidated accounting periods (ending each March 31 of 2018, 2019 and 2020) and the applicable dates are as of March 31 of each year.  
 "Consolidated" refers to NEC Corporation and its consolidated subsidiaries.  
 The data marked with a check (☑) have been verified by a third party.  
 Note: The following figures for female managers, average age of employees, average length of employment, and number of people utilizing childcare leave and nursing care leave do not include corporate officers, advisors, and non-permanent employees of NEC Corporation.

## ガバナンス Governance

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	
コーポレート・ ガバナンス Corporate Governance	取締役数 Number of directors	単独 Non-consolidated	人 Persons	合計 Total	11	11	11
	男性 Male			10	10	10	
	女性 Female			1	1	1	
	社外取締役数 Number of outside directors	単独 Non-consolidated	人 Persons	5	5	5	
	社外取締役比率 Ratio of outside directors to all directors	単独 Non-consolidated	%	45.5	45.5	45.5	
	外国籍取締役数 Number of directors with non-Japanese citizenship	単独 Non-consolidated	人 Persons	0	0	0	

☑ コーポレート・ガバナンス Corporate Governance

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
リスク・ コンプライアンス Risk/ Compliance	コンプライアンスに関する Web研修受講率 Web-based compliance training completion rate	単独 Non-consolidated	%	98.3	98.4	98.8
		国内連結子会社 Domestic consolidated subsidiaries	%	98.0	98.6	98.9
	コンプライアンス・ホットライン 相談件数 Compliance hotline - number of consultations	単独 Non-consolidated	件 Consultations	118	121	90
	個人情報保護教育受講率 Personal information protection training participation rate	単独 Non-consolidated	%	100.0	100.0	98.0

☑ コンプライアンスとリスク・マネジメント Compliance and Risk Management

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
サプライチェーン・ マネジメント Supply-Chain Management	Supplier Visit Record (SVR) 実施件数 Number of Supplier Visit Records (SVRs) conducted	単独 Non-consolidated	件 Visits	-	77	104

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
サプライチェーン・ マネジメント Supply-Chain Management	情報セキュリティ点検実施社数 (※国内・海外NECグループを含む) Number of companies with information security assessments (including domestic and overseas NEC Group companies)	国内 Domestic	社 Companies	54	46	47
		海外 Overseas	社 Companies	34	31	31
	CSR・情報セキュリティ施策説明会 Number of companies and participants at the CSR and information security measures briefing					
	出席社数 Number of companies	社 Companies	1,361	1,320	1,343	
	参加者数 Number of participants	人 Persons	1,813	1,758	1,804	
	調達取引先の情報セキュリティ対策の点検社数 Number of business partner companies subject to inspection and review of information security measures					
	訪問点検 On-site assessment	社 Companies	54	37	28	
書類点検 Web-based self-assessment	社 Companies	1,467	1,423	1,465		

☑ 情報セキュリティとサイバーセキュリティ Information Security  
 ☑ 個人情報保護、プライバシー Personal Information Protection and Privacy  
 ☑ サプライチェーン・マネジメント Supply-Chain Management

## 社会 Social

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
人権尊重 Respecting Human Rights	人権啓発集合研修受講者数 Number of people who have attended a human rights awareness training session					
	Web研修 e-learning	単独 Non-consolidated	人 Persons	8,026	20,936	21,150
	集合研修 Group study	単独 Non-consolidated	人 Persons	586	441	537
	人権ホットライン相談窓口相談件数 Human rights hotline - Number of consultations	単独 Non-consolidated	件 Consultations	49	48	42

☑ 人権の尊重 Respecting Human Rights

		パウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
従業員構成 Employee composition	地域別従業員数・比率 Number and ratio of employees by region					
	合計 Total	連結 Consolidated	人 Persons (%)	109,390 (100.0)	110,595 (100.0)	112,638 (100.0)
	日本 Japan		人 Persons (%)	79,642 (72.8)	76,799 (69.4)	76,180 (67.6)
	アジア太平洋地域 Asia Pacific		人 Persons (%)	10,985 (10.0)	11,772 (10.6)	14,114 (12.5)
	中国・東アジア China / East Asia		人 Persons (%)	4,739 (4.3)	4,614 (4.2)	4,782 (4.2)
	欧州・中東・アフリカ EMEA		人 Persons (%)	6,636 (6.1)	9,797 (8.9)	10,505 (9.3)
	北米 North America		人 Persons (%)	2,710 (2.5)	2,769 (2.5)	2,734 (2.4)
	中南米 Latin America		人 Persons (%)	4,678 (4.3)	4,844 (4.4)	4,323 (3.8)
外国人従業員数 Number of foreign national employees	単独 Non-consolidated		人 Persons	267	268	290
男女別従業員構成 Employee Composition by Gender	単独男女別従業員数・比率 Non-consolidated number and ratio of employees by gender					
	合計 Total	単独 Non-consolidated	人 Persons	21,010	20,252	20,125
	男性 Male		17,390	16,643	16,381	
	女性 Female		3,620	3,609	3,744	
	女性従業員比率 Ratio of female employees	%	17.2	17.8	18.6	
	連結男女別従業員数・比率 Consolidated number and ratio of employees by gender					
	合計 Total	連結 Consolidated	人 Persons	—	110,595	112,638
男性 Male	—		83,895	84,533		
女性 Female	—		26,700	28,105		
女性従業員比率 Ratio of female employees	%		—	24.1	25.0	

		パウンダリ Boundary	単位 Unit	2018年	2019年	2020年
管理職構成 Management Composition	管理職数(※各年4月1日現在) Number of managers (As of April 1 of each fiscal year)					
	合計 Total	単独 Non-consolidated	人 Persons	6,467	6,099	6,138
	男性 Male		6,095	5,740	5,743	
	女性 Female		<input checked="" type="checkbox"/> 372	<input checked="" type="checkbox"/> 359	<input checked="" type="checkbox"/> 395	
	女性管理職比率 Ratio of female managers		%	<input checked="" type="checkbox"/> 5.8	<input checked="" type="checkbox"/> 5.9	<input checked="" type="checkbox"/> 6.4
	部長級以上の女性人数 Number of female department heads or higher		人 Persons	95	102	116
	部長級以上の女性比率 (全部長級以上の人数に対する割合) Ratio of female managers in department manager or higher positions (Ratio to total personnel in department manager or higher positions)		%	4.3	4.8	5.4
	管理職数(※各年3月31日現在) Number of managers (As of March 31 of each year)					
女性管理職数 Number of female managers	連結*1 Consolidated*1		人 Persons	—	2,121	<input checked="" type="checkbox"/> 2,105
女性管理職比率 Ratio of female managers		%	—	7.8	<input checked="" type="checkbox"/> 7.8	

\*1: 日本航空電子工業(株)のグループ会社は除く  
Excluding Group companies of Japan Aviation Electronics Industry, Limited

		パウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
雇用形態別 従業員構成 Employee Composition by Employment Type	単独雇用形態別従業員数 Non-consolidated number of employees by employment type					
	正規 Regular	単独 Non-consolidated	人 Persons	21,010	20,252	20,125
	非正規 Temporary		42	50	46	
	連結雇用形態別従業員数 Consolidated number of employees by employment type					
	正規 Regular	連結 Consolidated	人 Persons	—	—	112,638
非正規 Temporary	—		—	8,703		

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	
採用構成 Hiring Composition	採用人数(中途含む) Number of new employees	単独 Non-consolidated	人 Persons	合計 Total	505	449	703
	男性 Male			364	317	515	
	女性 Female			141	132	188	
	女性採用比率 Ratio of female new employees	%	27.9	29.4	26.7		
外国人新卒採用人数 Number of new employees - New graduates (foreign nationals)	単独 Non-consolidated	人 Persons	37	31	17		

		バウンダリ Boundary	単位 Unit	2017年	2018年	2019年	2020年	
障がい者雇用 Hiring of People with Disabilities	単独障がい者雇用率 Non-consolidated ratio of employees with disabilities	単独*2 Non-consolidated*2	人 Persons	障がい者数 Number of employees with disabilities	-	-	372	383
	障がい者雇用率 Ratio of employees with disabilities			%	☑ 2.04	☑ 2.22	☑ 2.33	2.38
	連結障がい者雇用率 Consolidated ratio of employees with disabilities	国内連結 Domestic consolidated subsidiaries	%	障がい者雇用率 Ratio of employees with disabilities	2.10	2.14	☑ 1.99*3	2.18*4

\*2: 日本電気(株)、NECフレンドリースタッフ(株)、NECマネジメントパートナー(株)  
NEC Corporation, NEC Friendly Staff, Ltd., NEC Management Partner, Ltd.

\*3: 国内100%子会社で、障害者雇用促進法に基づく関係会社適用を除く12社  
At 12 wholly owned subsidiaries in Japan, excluding application to affiliates under the Act for Promotion of Employment of Persons with Disabilities

\*4: 国内100%子会社で、障害者雇用促進法に基づく関係会社適用を除く13社  
At 13 wholly owned subsidiaries in Japan, excluding application to affiliates under the Act for Promotion of Employment of Persons with Disabilities

		バウンダリ Boundary	単位 Unit	2018年	2019年	2020年	
従業員データ Employee Data	従業員平均年齢(※各年3月31日現在) Average age of employees (As of March 31 of each year)	単独 Non-consolidated	才 Years	全体 Total	☑ 43.4	☑ 43.4	☑ 43.7
	男性 Male			☑ 43.8	☑ 43.9	☑ 44.2	
	女性 Female			☑ 41.5	☑ 41.5	☑ 41.8	

		バウンダリ Boundary	単位 Unit	2018年	2019年	2020年	
従業員データ Employee Data	年齢層別従業員数(※各年3月31日現在) Number of employees by age group (As of March 31 of each year)	単独 Non-consolidated	人 Persons	合計 Total	21,010	20,252	20,125
	30歳未満 Under 30			2,057	2,146	2,202	
	30-50歳未満 Between 30-50			11,708	10,654	9,847	
	50歳以上 Above 50			7,245	7,452	8,076	
勤続状況 Length of Employment	従業員平均勤続年数(※各年3月31日現在) Average length of employment (As of March 31 of each year)	単独 Non-consolidated	年 Years	全体 Total	☑ 19.0	☑ 19.0	☑ 19.2
	男性 Male			☑ 19.2	☑ 19.2	☑ 19.4	
	女性 Female			☑ 18.3	☑ 18.1	☑ 18.3	
	定着状況 New graduate hire retention	バウンダリ Boundary	単位 Unit	合計 Total	男性 Male	女性 Female	
	2017年4月1日入社者 New hires on April 1, 2017	単独 Non-consolidated	人 Persons	469	336	133	
	うち2020年4月1日在籍者 Retained as of April 1, 2020			418	296	122	
離職率 Attrition rate	バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020		
	単独 Non-consolidated	%	3.5	6.0	3.5		

🏠 インクルージョン&ダイバーシティ Inclusion and Diversity  
🏠 多様な働き方への環境づくり Creating a Diverse Work Style Environment

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	
ワーク・ライフ・ バランス Healthy Work-life Balance	有給付与日数 (全従業員平均、繰り越し分除く) Number of days of annual paid leave (Average for all employees, excluding carry over)	単独 Non-consolidated	日 days	21.5	21.5	21.5	
	年次有給休暇取得率 Ratio of people taking paid leave	単独 Non-consolidated	%	69.3	67.5	67.6	
	育児休暇取得者数 Number of people utilizing childcare leave	単独 Non-consolidated	人 Persons	合計 Total	☑ 358	☑ 381	☑ 354
	男性 Male			25	33	40	
女性 Female	333			348	314		

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
ワーク・ライフ・ バランス Healthy Work-life Balance	育児休業復職率*5 Ratio of people returning to work after childcare leave*5	単独 Non-consolidated	%	94.7	97.3	97.5
	育児短時間勤務者 Number of people working shorter hours for childcare					
	合計 Total	単独 Non-consolidated	人 Persons	882	845	781
	男性 Male			17	21	14
	女性 Female			865	824	767
	介護休職取得者数 Number of people utilizing nursing care leave	単独 Non-consolidated	人 Persons	☑32	☑24	☑15
介護短時間勤務者 Number of people working shorter hours for nursing care	単独 Non-consolidated	人 Persons	25	23	26	
従業員月平均残業時間 Average monthly overtime	単独 Non-consolidated	時間 Hours	16.3	16.2	19.0	

\*5: 前々年度に育児休暇を開始した従業員が復職した割合

Ratio of employees who have returned to work after starting childcare leave in the fiscal year before the previous fiscal year

🏢 インクルージョン&ダイバーシティ Inclusion and Diversity

🏢 多様な働き方への環境づくり Creating a Diverse Work Style Environment

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
給与 Salary	平均年間給与 Average annual salary	単独 Non-consolidated	100万円 Million yen	7.89	7.99	8.15

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
人材育成 Human Resources Development	従業員一人当たり研修日数 Number of training days per employee	単独 Non-consolidated	日 Days	5.7	5.7	5.8
		国内連結 Consolidated Group in Japan	日 Days	4.9	4.9	5.0
	従業員サーベイ回答率 Response rate of employees' survey	連結 NEC Corporation and domestic consolidated subsidiaries	%	81	84*6	87*8
		海外連結 Overseas consolidated subsidiaries	%	—	72*7	75*9
	会社が社会価値を創造する方向に変革していると実感している従業員の割合 Ratio of employees who feel that the Company's direction has changed toward creating social value	単独 Non-consolidated	%	—	22.9	25.3

\*6: 対象: 23社 Scope: 23 companies

\*7: 対象: 48社 Scope: 48 companies

\*8: 対象: 21社 Scope: 21 companies

\*9: 対象: 43社 Scope: 43 companies

🏢 人材開発・育成 Human Resources Development and Training

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
イノベーション・ マネジメント Innovation Management	研究開発費用 R&D expenses	連結 Consolidated	10億円 Billion yen	108.1	108.1	109.8
	特許件数 Number of patents		件 Patents	約 Approx. 51,000	約 Approx. 49,000	約 Approx. 47,000

🏢 イノベーション・マネジメント Innovation Management

		バウンダリ Boundary	単位 Unit	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
安全・健康 Health and Safety	労働災害 Labor accidents and disasters					
	度数率 Frequency rate	単独 Non-consolidated		☑0.3717	☑0.1904	☑0.2600
	強度率 Severity rate			☑0.0019	☑0.0071	☑0.0037

🏢 安全と健康 Health and Safety

		バウンダリ Boundary	単位 Unit	2016年度 FY2017	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020
社会貢献活動 Social Contribution Activities	社会貢献支出額 Social contribution expenditure						
	合計 Total	連結 Consolidated	100万円 Million yen	669	523	613	493
	金銭支出(政治寄付含む) Cash contributions including political donations			629	472	588	467
	施設開放・現物寄贈 Use of Company premises / Contributions of products and equipment			38	28	13	10
	工数他 Volunteer hours and others			2	23	12	16
政治寄付*10 Political donations*10	単独 Non-consolidated	100万円 Million yen	15	15	15	15	

\*10: 関連法規遵守と透明性の確保のみならず、その必要性や妥当性を十分に考慮した上で、政治団体への寄付を行っています。

The donations are made to a political organization, giving due consideration to necessity and appropriateness, as well as complying with relevant laws and ensuring transparency.

🏢 地域社会との連携 Cooperation with the Local Communities

# 環境 Environment

対象期間は、2017年、2018年、2019年および2020年3月31日に終了した連結会計年度または各年3月31日現在です。  
 ☑のついたデータは、第三者保証を受けた数値です。  
 (※日本電気(株)およびNECグループ会社92社(国内41社海外51社)を対象としています。)

The applicable periods are the consolidated accounting periods (ending each March 31 of 2017, 2018, 2019 and 2020) and the applicable dates are as of March 31 of each year.  
 The data marked with a check (☑) have been verified by a third party.  
 Note: NEC and NEC Group companies: 92 (including 41 domestic companies and 51 overseas companies)

	単位 Unit	2016年度 FY2017	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	留意点および算出方法詳細 Notes and Calculation Method
ITソリューション提供によるCO <sub>2</sub> 排出削減貢献量(単年) CO <sub>2</sub> emissions reduction by providing IT solutions	千t Thousand tons	2,630	4,220	5,300	4,750	業態毎の排出係数にNECの売上を積した後、全体の値にするため和算する。 尚、業態毎の排出係数は毎年の製品動向を反映している。 After multiplying the emission factor for each business type by NEC's sales, add up to obtain the total value. The emission factor for each business type reflects annual product trends.
製品のエネルギー効率改善 Improvement in energy efficiency of products	%	17	35	74	71	基準年度の製品の消費電力量と当該年度の消費電力量を性能比で比較。 基準年度の消費電力量(性能値)と当該年度の消費電力量(性能値)の差を基準年度の消費電力量(性能値)で除した。 Compare the power consumption of the product in the base year and the power consumption in that year in terms of performance ratio. The difference between the power consumption (performance value) of the base year and that year was reduced by the power consumption (performance value) of the base year.
温室効果ガス 排出量 Greenhouse gas emissions						
合計 Total	千t Thousand tons	☑ 7,760	☑ 8,171	☑ 8,129	☑ 7,483	<ul style="list-style-type: none"> <li>・エネルギー使用量:省エネ法(エネルギーの使用の合理化などに関する法律)に基づき算出</li> <li>・温室効果ガス排出量:温対法(地球温暖化対策の推進に関する法律)に基づき算出</li> <li>・温室効果ガスとは、CO<sub>2</sub>(二酸化炭素)、CH<sub>4</sub>(メタン)、N<sub>2</sub>O(一酸化二窒素)、HFCs(ハイドロフルオロカーボン類)、PFCs(パーフルオロカーボン類)、SF<sub>6</sub>(六フッ化硫黄)、NF<sub>3</sub>(三フッ化窒素)を指します。</li> <li>・Scope別は以下のGHGプロトコルイニシアチブの分類に沿って算出</li> <li>Scope1:事業者が所有または管理する排出源から発生する温室効果ガスの直接排出</li> <li>Scope2:電気、蒸気、熱の使用に伴う温室効果ガスの間接排出</li> <li>Scope3:Scope1,Scope2を除く、企業の上流・下流工程を網羅したその他の間接排出</li> <li>・TJ:テラジュール</li> <li>・エネルギー使用量合計値には再生可能エネルギーは含まれません。</li> <li>・Energy consumption: Calculated based on Japanese law</li> <li>・Greenhouse gas emissions: Calculated based on Japanese law</li> <li>・Greenhouse gases include CO<sub>2</sub> (carbon dioxide), CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrogen monoxide), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF<sub>6</sub> (sulfur hexafluoride), NF<sub>3</sub> (nitrogen trifluoride).</li> <li>・Calculated by scope according to the following GHG Protocol Initiative classification</li> <li>Scope 1: Direct emission of greenhouse gases generated from emission sources owned or controlled by businesses</li> <li>Scope 2: Indirect emissions of greenhouse gases from the use of electricity, steam, and heat</li> <li>Scope 3: Except for Scope 1, Scope 2, other indirect emissions covering the upstream and downstream processes of the company</li> <li>・TJ: Terajoule</li> <li>・Renewable energy is not included in the total energy consumption.</li> </ul>
Scope 1	千t Thousand tons	☑ 54	☑ 56	☑ 52	☑ 26	
Scope 2	千t Thousand tons	☑ 296	☑ 282	☑ 277	☑ 347	
Scope 3	千t Thousand tons	☑ 7,410	7,833	7,795	☑ 7,110	
エネルギー使用量 Energy usage						
合計 Total	TJ MWh	☑ 6,777 ☑ 872,967	☑ 6,789 ☑ 880,236	☑ 6,746 ☑ 863,564	☑ 7,642 ☑ 853,536	<ul style="list-style-type: none"> <li>・エネルギー使用量合計値には再生可能エネルギーは含まれません。</li> <li>・Energy consumption: Calculated based on Japanese law</li> <li>・Greenhouse gas emissions: Calculated based on Japanese law</li> <li>・Greenhouse gases include CO<sub>2</sub> (carbon dioxide), CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrogen monoxide), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF<sub>6</sub> (sulfur hexafluoride), NF<sub>3</sub> (nitrogen trifluoride).</li> <li>・Calculated by scope according to the following GHG Protocol Initiative classification</li> <li>Scope 1: Direct emission of greenhouse gases generated from emission sources owned or controlled by businesses</li> <li>Scope 2: Indirect emissions of greenhouse gases from the use of electricity, steam, and heat</li> <li>Scope 3: Except for Scope 1, Scope 2, other indirect emissions covering the upstream and downstream processes of the company</li> <li>・TJ: Terajoule</li> <li>・Renewable energy is not included in the total energy consumption.</li> </ul>
電気 Electricity	TJ MWh	☑ 5,708 ☑ 575,816	☑ 5,685 ☑ 573,703	☑ 5,712 ☑ 576,337	☑ 7,140 ☑ 723,001	
ガス Fuel (gas)	TJ MWh	☑ 938 ☑ 260,676	☑ 984 ☑ 273,368	☑ 931 ☑ 258,749	☑ 396 ☑ 100,945	
燃料(重油・灯油等) Fuels (heavy oil and kerosene, etc.)	TJ MWh	☑ 98 ☑ 27,178	☑ 100 ☑ 27,819	☑ 81 ☑ 22,629	☑ 87 ☑ 24,234	
熱(蒸気・温水・冷水) Steam / heating / cooling	TJ MWh	☑ 33 ☑ 9,297	☑ 19 ☑ 5,346	☑ 21 ☑ 5,849	☑ 19 ☑ 5,356	
再生可能エネルギー Renewable energies	TJ MWh	2 304	3 323	4 426	528 55,420	
エネルギー消費原単位 Energy consumption rate	t/億円 t/100 million yen	6.6	6.8	6.5	6.6	

	単位 Unit	2016年度 FY2017	2017年度 FY2018	2018年度 FY2019	2019年度 FY2020	留意点および算出方法詳細 Notes and Calculation Method
水使用量 Water usage						
合計 Total	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 2,240	☑ 2,314	☑ 2,193	☑ 2,550	水使用量合計値には、再利用水は含まれません。 Recycled water is not included in the total amount of water usage.
上水道 Waterworks	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 1,060	☑ 1,110	☑ 1,062	☑ 1,293	
地下水 Ground water	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 920	☑ 854	☑ 825	☑ 998	
工業用水 Industrial water	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 260	☑ 350	☑ 306	☑ 259	
再利用水 Recycled wate	千m <sup>3</sup> Thousand m <sup>3</sup>	10	10	10	7	
排水量 Wastewater						
合計 Total	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 1,390	☑ 1,614	☑ 1,483	☑ 2,084	
下水系 Sewage-related	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 840	☑ 1,160	☑ 1,076	☑ 1,720	
公共水域系 Public water-related	千m <sup>3</sup> Thousand m <sup>3</sup>	☑ 550	☑ 454	☑ 407	☑ 364	
水原単位 Water consumption rate	km <sup>3</sup> /億円 km <sup>3</sup> /100 million yen	8.41	8.14	7.53	8.22	
廃棄物排出量 (一般廃棄物+産業廃棄物) Total waste emissions (general waste + industrial waste)	千t Thousand tons	☑ 26	☑ 42.6	☑ 38.3	☑ 38.6	
再資源化率 Resource reuse rate	%	90.6	91.0	90.0	94.90	
NOx排出量 NOx emissions	t	16	27.9	22.5	13.8	
SOx排出量 SOx emissions	t	1.1	0.8	0.4	0.01	
VOC大気排出量 VOC emissions	t	☑ 203	☑ 248	☑ 335	☑ 68	
PRTR法対象化学物質 取扱量 Volume of chemicals subject to Pollutant Release & Transfer Registers	千t Thousand tons	50	4.0	3.5	0.3	

Data Collection Scope: 92 Companies comprising NEC Corporation and NEC Group companies (41 in Japan and 51 overseas)


Nº	Company Name (Japan)	Nº	Company Name (Japan)
1	NEC Corporation	29	NEC Embedded Technology, Ltd.
2	ABeam Consulting Ltd.	30	NEC Fielding, Ltd.
3	OCC Corporation	31	NEC Platforms, Ltd.
4	NEC Nexsolutions, Ltd.	32	NEC Patent Service, Ltd.
5	SHIMIZU SYNTEC Corporation	33	NEC Friendly Staff, Ltd.
6	Sunnet Corporation	34	NEC Management Partner, Ltd.
7	Bestcom Solutions Inc.	35	NEC Livex, Ltd.
8	YEC Solutions Inc.	36	Institute for International Socio-Economic Studies
9	KIS Co., Ltd.	37	TAKASAGO, Ltd.
10	NEC Space Technologies, Ltd.	38	NEC Display Solutions, Ltd.
11	NEC Network and Sensor Systems, Ltd.	39	Showa Optronics Co., Ltd.
12	NEC Aerospace Systems, Ltd.	* 40	Nippon Avionics Co., Ltd.
13	Cyber Defense Institute, Inc.	* 41	Avionics Fukushima Co., Ltd
14	Japan Aviation Electronics Industry, Limited		
15	JAE Hirosaki, Ltd.		
16	JAE Yamagata, Ltd.		
17	JAE Fuji, Ltd.		
18	JAE Shinshu, Ltd.		
19	NEC Facilities, Ltd.		
20	Forward Integration System Service Co., Ltd.		
21	LIVANCE-NET Ltd.		
22	JN System Partners Co., Ltd.		
23	NEC Networks & System Integration Corporation		
24	NEC Magnus Communications, Ltd.		
25	NEC Solution Innovators, Ltd.		
26	NEC Communication Systems, Ltd.		
27	Infosec Corporation		
28	NEC Embedded Products, Ltd.		

\* Included in actual scope until December 2019 (thereafter excluded from the scope of consolidation)

Nº	Company Name (Overseas)	Nº	Company Name (Overseas)
1	NEC Corporation of America	27	恩益禧數碼芯用產品貿易(上海)有限公司 (NEC Information Systems (Shanghai), Ltd.)
2	NEC Canada, Inc.	28	NEC Hong Kong Limited
3	NEC Laboratories America, Inc.	29	NEC Taiwan Ltd. (台湾恩益禧股份有限公司)
4	Niteo Technologies, Private Limited	30	NEC Asia Pacific Pte. Ltd.
5	NEC Energy Solutions, Inc.	31	NEC Corporation of Malaysia Sdn. Bhd.
6	NEC Latin America S.A.	32	NEC Corporation (Thailand) Ltd.
7	NEC Argentina S.A.	33	NEC Technologies India Private Limited
8	NEC Chile S.A.	34	NEC Philippines, Inc.
9	NEC de Colombia S.A.	35	NEC Vietnam Company Limited
10	NEC de Mexico, S.A.de C.V.	36	PT. NEC Indonesia
11	NEC Europe Ltd.	37	NEC Australia Pty Ltd
12	NEC Deutschland GmbH	38	NEC New Zealand Limited
13	NEC Eastern Europe Kft.	39	NetCracker Technology Corporation
14	NEC France S.A.S.	40	KMD Holding ApS
15	NEC Iberica S.L.	41	台湾航空電子股份有限公司 (JAE Taiwan, Ltd.)
16	NEC Italia S.p.A.	42	JAE Oregon, Inc.
17	NEC Laboratories Europe GmbH	43	JAE Tijuana, S.A. de C.V.
18	NEC Portugal-Telecomunicacoes e Sistemas, S.A.	44	JAE Philippines, Inc.
19	NEC Scandinavia AB	45	航空電子(無錫)有限公司 (JAE Wuxi Co., Ltd.)
20	NEC Telecommunication & Information Technology Ltd.	46	航空電子(吳江)有限公司 (JAE Wujiang Co., Ltd.)
21	NEC (UK) Ltd.	47	日電卓越軟件科技(北京)有限公司 (NEC Advanced Software Technology (Beijing) Co., Ltd.)
22	Joint-Stock Company NEC Neva Communications Systems	48	NEC軟件(濟南)有限公司 (NEC Soft (Jinan) Co., Ltd.)
23	NEC XON Holdings (Proprietary) Limited	49	日電平台科技(蘇州)有限公司 (NEC Platform Technologies (Suzhou) Co., Ltd.)
24	NEC Saudi Arabia, Ltd.	50	NEC Platforms Thai Co., Ltd.
25	日電(中國)有限公司 (NEC (China) Co., Ltd.)	51	NEC Enterprise Communication Technologies, Inc.
26	日電信息系統(中國)有限公司 (NEC Solutions (China) Co.,Ltd.)		

# Third-party Assurance

NEC Sustainability Report 2020 has been assured by a third party for the items listed in the following assurance statement.



**SGS Japan's Report on Sustainability Activities in the NEC Corporation Sustainability Report 2020**

**NATURE AND SCOPE OF THE ASSURANCE**  
 SGS Japan Inc. was commissioned by NEC Corporation (hereinafter referred to as "the Organization") to conduct an independent assurance of its Sustainability Report 2020 (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the stakeholder management process, data on the number and ratio of female managers to the total number of managers, ratio of employees with disabilities, number of the people who have taken childcare and nursing care leave, average age of employees including gender-segregated data, average length of employment including gender-segregated data, frequency and severity rate of labor accidents and disasters and management systems supporting the reporting process. Refer to the attached sheet for the detailed scope of assurance.

The information contained in the Report and its presentation are the responsibility of the directors or governing body and the management of the Organization. SGS Japan Inc. has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data and statements within the scope of assurance with the intention to inform all the Organization's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 Series of Standards and Guidance for Assurance Providers.

The Report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of content veracity;
- AA1000 Assurance Standard (2008) and 2018 Addendum Type 2 evaluation of the report content, and supporting management systems against the AA1000 Accountability Principles (2018);

The assurance comprised a combination of pre-assurance research, interviews with the management and the division for Social Responsibility, verification and confirmation of vouchers, and review of related materials and records. All assurance procedures were carried out remotely by connecting via the Internet to prevent the spread of COVID-19 infections.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on the knowledge, experience and qualifications of the each team member for this assignment, and comprised auditors registered with lead auditors of ISO9001, ISO14001, ISO45001 and lead verifiers of greenhouse gas emissions.

**ASSURANCE OPINION**  
 Within the scope of the assurance activities employing the methodologies described above, nothing has come to our attention that caused us to believe that the information and data contained within the Report does not provide a fair and balanced description of the organization's sustainability activities for fiscal year 2019. The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

**AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**  
 The Organization identified the relationships between the business segments of the Organization and social needs and various media such as GRI Standards, ISO26000, SDGs, the United Nations Global Compact, and corporate surveys, and enhanced to address social issues and social value creation as the business issues. All relevant targets of stakeholders, such as customers, shareholders, investors, suppliers, the local community, employees and the global environment, are identified, and communications, such as external experts' reviews, surveys, and Labor-Management Consultations, are performed by the respective divisions in charge. Needs and expectations received from stakeholders have been incorporated into the Organization through the communication process above, and the actions are being considered. Sustainability issues are integrated into the business issues, and the Organization takes actions by appropriately discussing among executives and reporting the issues approved by director in charge of sustainable management to the Board of Directors. The responses to the stakeholders are re-incorporated into the stakeholder communication process, and the stakeholder engagement process has continually been improved. The series of processes is disclosed in the Report. SGS Japan Inc. confirmed these processes through the assurance assessment.

**Materiality**  
 The materiality issues identified by the Organization were determined with consideration given to the organizational context and social needs. The Organization is taking necessary actions to address the issues in the entire organization and the relevant divisions through the business activities. The Organization has set the targets to be achieved in the responsible divisions where possible. The series of processes is disclosed in the Report. SGS Japan Inc. confirmed the above processes through the assurance assessment.

**Responsiveness**  
 The Organization addresses the identified issues as the business activities of the relevant divisions. Direct dialogues with stakeholders are also conducted through types of communications. The Organization makes various efforts, so that the entire organization consistently conducts business activities with high ethical values. The Organization has also improved the vacation system and introduced financial support in consideration of the employee-friendly work environment. The Organization considers the items to be disclosed depending on the degree of interest of stakeholders and the requests from the corporate surveys, and discloses them through various media including the Report. SGS Japan Inc. confirmed the above processes through the assurance assessment.

**Impact**  
 The results of responses to identified issues have been reported to stakeholders through a variety of media, such as the Report. Some of information in the reports have been disclosed, including target values. Although it has not yet been disclosed, it sets out benchmarks such as industry standards and other companies in the same industry to assess the impact of an organization's performance on society. In the future, there is room for improvement in the disclosure of this benchmark. In addition, by incorporating the organization's ESG outcomes into executive compensation practices, the organization integrates sustainability impacts into organizational decisions. SGS Japan Inc. confirmed the above processes through the assurance assessment.

**For and on behalf of SGS Japan Inc.**  
 Senior Executive & Director  
 Certification and Business Enhancement Yuji Takeuchi




**19 June, 2020**  
 Signed:

**The details of the scope of assurance**

The scope	The boundary and period	The assertion
1 Ratio of employees with disabilities	NEC Corporation 1 June 2019	2.33%
	※Domestic consolidated subsidiaries (12 wholly owned subsidiaries in Japan excluding affiliated companies based on the Act for Promotion of Employment of Persons with Disabilities) 1 June 2019	1.99%
2 Number and ratio of female managers	NEC Corporation 1 April 2020	395/6.4%
	NEC Corporation and its consolidated subsidiaries (Excluding group companies of Japan Aviation Electronics Industry, Limited) 31 March 2020	2,105/7.8%
3 Average age of Employees	NEC Corporation 31 March 2020	Total : 43.7 Male : 44.2 Female : 41.8
4 Average years of employment	NEC Corporation 31 March 2020	Total : 19.2 Male : 19.4 Female : 18.3
5 Number of people utilizing childcare leave	NEC Corporation 1 April 2019~31 March 2020	354
6 Number of people utilizing nursing care leave	NEC Corporation 1 April 2019~31 March 2020	15
7 Frequency and severity rate of labor accidents and disasters	NEC Corporation 1 April 2019~31 March 2020	Frequency rate : 0.2600 Severity rate : 0.0037



The environmental data presented in NEC Sustainability Report 2020 has received the following third-party verification reports.

**JQA** No.1811003923

## Greenhouse Gas Emissions Verification Report

To: NEC Corporation

**1. Objective and Scope**  
Japan Quality Assurance Organization (hereafter "JQA") was engaged by NEC Corporation (hereafter "the Company") to provide an independent verification on "Scope 3 Calculation Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2019\* Scope 3 GHG emissions in the Report was correctly measured and calculated, in accordance with the "Scope3 calculation in NEC" (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.  
\*The fiscal year 2019 of the Company ended on March 31, 2020.

**2. Procedures Performed**  
JQA conducted verification in accordance with "ISO 14064-3". The scope of this verification assignment covers CO2 emissions from Scope 3. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification include NEC Group. Our verification procedures included:  

- Performing validation of integrated functions to check the report boundaries, calculation scenario and allocation method, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence.

**3. Conclusion**  
Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding the Company's FY2019 Scope 3 GHG emissions in the Report, is not materially correct, or has not been prepared in accordance with the Rules.

**4. Consideration**  
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.

Sumio Asada, Board Director  
For and on behalf of Japan Quality Assurance Organization  
1-25, Kandatsudacho, Chiyoda-ku, Tokyo, Japan  
August 13, 2020

**JQA** No.1811003924

## Independent Verification Report

To: NEC Corporation

**1. Objective and Scope**  
Japan Quality Assurance Organization (hereafter "JQA") was engaged by NEC Corporation (hereafter "the Company") to provide an independent verification on "Environmental Information Report" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding the FY2019\* energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report was correctly measured and calculated, in accordance with the "Accounting and Reporting Rules for Environmental information" (hereafter "the Rules"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.  
\*The fiscal year 2019 of the Company ended on March 31, 2020.

**2. Procedures Performed**  
JQA conducted verification in accordance with "ISO 14064-3" for energy-derived CO2 emissions from Scope 1 & 2, and with "ISAE3000" for VOC emissions, water consumption, drainage and waste discharge, respectively. The scope of this verification assignment covers energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent each of the total emissions, consumption and discharge in the Report. The organizational boundaries of this verification include 42 production sites and 396 non-production sites in 41 companies in Japan and 51 overseas companies, which are listed in the annex to this report.  
Our verification procedures included:  

- Performing validation of integrated functions to check the Rules prior to the Site Visit.
- Visiting five domestic sites selected on the basis of sampling.
- On-site assessment to check the report scope and boundaries; source of CO2; VOC usage, water usage, drainage and waste generation; monitoring points; monitoring and calculation system; and its controls for overall.
- Vouching: Cross-checking the data against evidence.

**3. Conclusion**  
Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report, is not materially correct, or has not been prepared in accordance with the Rules.

**4. Consideration**  
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of energy-derived CO2 emissions from Scope 1 & 2, VOC emissions, water consumption, drainage and waste discharge in the Report only. There is no conflict of interest between the Company and JQA.

Sumio Asada, Board Director  
For and on behalf of Japan Quality Assurance Organization  
1-25, Kandatsudacho, Chiyoda-ku, Tokyo, Japan  
August 13, 2020

\*Please refer to the attached annex.

Page 1 of 3

**JQA** No.1811003924

## Independent Verification Report ANNEX (1/2)

To: NEC Corporation

The organizational boundaries - Japan

1	NEC Corporation
2	Albion Consulting Ltd.
3	OKC Corporation
4	NEC Neosolutions Ltd.
5	SUMIDA SYNTREC Corporation
6	Sunnet Corporation
7	Bentech Solutions Inc.
8	YEC Solution Inc.
9	KIN Co., Ltd.
10	NEC Space Technology Ltd.
11	NEC Network and Sensor Systems Ltd.
12	NEC Aerospace Systems Ltd.
13	Cyber Defense Institute, Inc.
14	Japan Aviation Electronics Industry, Limited
15	JAE Hiroaki Ltd.
16	JAE Yamaguchi Ltd.
17	JAE Fuji Ltd.
18	JAE Shinjoh Ltd.
19	NEC Facilities Ltd.
20	Forward Integration System Service Co., Ltd.
21	LPANET-NET Ltd.
22	PS System Partners Co., Ltd.
23	NEC Networks & System Integration Corporation
24	NEC Message Communication, Ltd.
25	NEC Solution Innovators, Ltd.
26	NEC Communication Systems, Ltd.
27	Infotec Corporation
28	NEC Embedded Products, Ltd.
29	NEC Embedded Technology, Ltd.
30	NEC Trading, Ltd.
31	NEC Platforms, Ltd.
32	NEC Partner Service, Ltd.
33	NEC Friendly Staff, Ltd.
34	NEC Management Partners, Ltd.
35	NEC I am, Ltd.
36	Institute for International Socio-Economic Studies
37	TAKASAGO, Ltd.
38	NEC Training Solutions, Ltd.
39	Shinwa Optics Co., Ltd.
40	Nippon Avionics Co., Ltd.
41	Avionics Fukuhara Co., Ltd.

\*Please refer to the main report.

Page 2 of 3

**JQA** No.1811003924

## Independent Verification Report ANNEX (2/2)

To: NEC Corporation

The organizational boundaries - Overseas

1	NEC Corporation of America
2	NEC Canada Ltd.
3	NEC Laboratories America, Inc.
4	Neos Technologies, Private Limited.
5	NEC Energy Solutions, Inc.
6	NEC Latin America S.A.
7	NEC Argentina S.A.
8	NEC Chile S.A.
9	NEC de Colombia S.A.
10	NEC de Mexico S.A. de C.V.
11	NEC Europe Ltd.
12	NEC Deutschland GmbH
13	NEC Europe Europe B.V.
14	NEC France S.A.S.
15	NEC India S.L.
16	NEC India S.A.
17	NEC Laboratories Europe GmbH
18	NEC Strategic Information Systems Systems S.A.
19	NEC Scandinavia AB
20	NEC Telecommunications & Information Technology Ltd.
21	NEC U.S.A. Ltd.
22	Japan Shell Company NEC News Communication Systems
23	NEC SCAN Holdings (Proprietary) Limited
24	NEC South Africa Ltd.
25	日産 (中国) 有限公司 (NEC (China) Co., Ltd.)
26	日産システム (中国) 有限公司 (NEC Solutions (China) Co., Ltd.)
27	日産情報通信(中国)有限公司 (NEC Information Systems (Shanghai), Ltd.)
28	NEC Hong Kong Limited
29	NEC Taiwan Ltd. (台産情報技術(株)有限公司)
30	NEC Asia Pacific Pty. Ltd.
31	NEC Corporation of Malaysia Sdn Bhd.
32	NEC Corporation (Thailand) Ltd.
33	NEC Technologies India Private Limited
34	NEC Philippines, Inc.
35	NEC Vietnam Company Limited
36	PT NEC Indonesia
37	NEC Technology Pty Ltd.
38	NEC New Zealand Limited
39	SoftBank Technology Corporation
40	UMD Holding APJ
41	台灣國際電子 資訊(股)有限公司 (JAE Taiwan, Ltd.)
42	JAE Oregon, Inc.
43	JAE Taiwan S.A. de C.V.
44	JAE Philippines, Inc.
45	威訊電子 (香港) 有限公司 (JAE Wang Co., Ltd.)
46	威訊電子 (澳門) 有限公司 (JAE Macao Co., Ltd.)
47	日産ソフトウェア(株) (NEC Software Technology (Shanghai) Co., Ltd.)
48	日産軟件 (香港) 有限公司 (NEC Soft (Hong Kong) Co., Ltd.)
49	日産ソフトウェア(株) (NEC Software Technology (Shanghai) Co., Ltd.)
50	NEC Platforms Thailand Co., Ltd.
51	NEC Enterprise Communication Technologies, Inc.

\*Please refer to the main report.

Page 3 of 3

## External Ratings and Evaluation (As of June 2020)

NEC is included in world-renowned Environmental, Social, and Governance (ESG) indexes.

► [External Ratings and Evaluation](#)

### FTSE4Good Index Series

NEC has been included in this index continuously since 2002.



FTSE4Good Index Series

### MSCI ESG Leaders Indexes

NEC has been included in this index continuously since 2015. (The name of the indexes was changed from MSCI Global Sustainability Indexes in 2017.)




MSCI ESG INDEXES

THE INCLUSION OF NEC CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NEC CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### CDP (Climate Change and Water Security)

NEC has been included in "A List 2019" for both Climate Change and Water Security.



CDP

### ISS ESG Corporate Rating

NEC was rated "Prime" in March 2018 in the "Electronics Devices & Appliances" industry sector. (The name of the index was changed from the "oekom Corporate Rating")



ISS ESG Corporate Rating

### Euronext Vigeo World 120

NEC has been included in this index continuously since 2012.



Half-year review Euronext Vigeo Eiris ESG indices

### Ethibel Pioneer & Excellence

NEC was selected for the ETHIBEL "EXCELLENCE" Register in 2009, receiving ETHIBEL "PIONEER" Register, the higher evaluation, in 2013. NEC has been selected for PIONEER & EXCELLENCE continuously since 2013.



Ethibel Pioneer & Excellence

### STOXX Global ESG Leaders Index

NEC has been included in this index continuously since 2014.



STOXX Global ESG Leaders Index

### EcoVadis

NEC has been awarded "Gold" CSR rating, the highest rating, continuously since 2012.



EcoVadis

[Other External Evaluations](#)

► [Awards for social contribution](#)

► [Recognition and awards for environmental activities](#)

NEC Corporation has received external evaluations of its working environment such as the following.

"L-boshi" Certification	
<p>Certification recognizing companies for outstanding compliance with the Act on Promotion of Women's Participation and Advancement in the Workplace.</p> <p>By meeting all the five criteria for certification, namely recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses, NEC Corporation became the first company in April 2016 to receive the "3-star" mark, the highest level under the "L-boshi" certification program.</p>	
Next-generation Support Certification Mark "Platinum Kurumin"	
<p>NEC received the "Kurumin" certification, given by the Minister of Health, Labour and Welfare, in recognition as a child-rearing support company, in 2007, 2012, and 2015.</p> <p>In 2018, NEC Corporation received the "Platinum Kurumin" certification for carrying out higher levels of effort in introducing and using considerable measures in child-rearing support. To receive the "Platinum Kurumin," "Kurumin" certification is needed.</p>	
Certified Health and Productivity Management Organization Recognition Program ("White 500")	
<p>The program recognizes companies and organizations for outstanding health and productivity management. Certified organizations are divided into large enterprises and small and medium-sized enterprises.</p> <p>In 2018, 2019, and 2020, NEC Corporation was certified as a health and productivity management "White 500" company.</p>	

# GRI (Global Reporting Initiative) Index

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option

## General Disclosures

### 102: General Disclosures

ID		Item required by report	Corresponding page
<b>1. Organizational profile</b>			
102-1	※	Name of the organization	▶ <a href="#">Profile</a>
102-2	※	Activities, brands, products, and services	▶ <a href="#">Business Outline</a>
102-3	※	Location of headquarters	▶ <a href="#">Profile</a>
102-4	※	Location of operations	▶ <a href="#">NEC Worldwide</a>
102-5	※	Ownership and legal form	▶ <a href="#">Annual Securities Report (Japanese)</a>
102-6	※	Markets served	▶ <a href="#">Annual Securities Report (Japanese)</a>
102-7	※	Scale of the organization	▶ <a href="#">Corporate Profile</a>
102-8	※	Information on employees and other workers	P. 98-99
102-9	※	Supply chain	P. 62-64
102-10	※	Significant changes to the organization and its supply chain	▶ <a href="#">Annual Securities Report (Japanese)</a>
102-11	※	Precautionary principle or approach	▶ <a href="#">Reducing Environmental Impacts</a> ▶ <a href="#">Activities for Controlling Chemical Substances in Products</a>
102-12	※	External initiatives	P. 22
102-13	※	Membership of associations	P. 22
<b>2. Strategy</b>			
102-14	※	Statement from senior decision-maker	P. 2
102-15		Key impacts, risks, and opportunities	▶ <a href="#">Integrated Report</a> P. 8-11
<b>3. Ethics and integrity</b>			
102-16	※	Values, principles, standards, and norms of behavior	▶ <a href="#">Code of Conduct</a>
102-17		Mechanisms for advice and concerns about ethics	P. 14-16, P. 54-56
<b>4. Governance</b>			
102-18	※	Governance structure	▶ <a href="#">Corporate Governance</a>
102-19		Delegating authority	P. 5-7
102-20		Executive-level responsibility for economic, environmental, and social topics	P. 5-7
102-21		Consulting stakeholders on economic, environmental, and social topics	P. 5-7
102-22		Composition of the highest governance body and its committees	▶ <a href="#">Corporate Governance</a> ▶ <a href="#">Corporate Governance Report</a>
102-23		Chair of the highest governance body	▶ <a href="#">Corporate Governance Report</a> ▶ <a href="#">Executives</a>
102-24		Nominating and selecting the highest governance body	▶ <a href="#">Corporate Governance</a> ▶ <a href="#">Corporate Governance Report</a>
102-25		Conflicts of interest	▶ <a href="#">Corporate Governance Report</a>

※ : GRI Standards Core items    ○ : Items related to NEC "materiality" in GRI Standards ID 200-400 range

ID		Item required by report	Corresponding page
102-26		Role of highest governance body in setting purpose, values, and strategy	P. 5-7
102-27		Collective knowledge of highest governance body	P. 5-7, P. 8-11
102-28		Evaluating the highest governance body's performance	P. 5-7, P. 8-11
102-29		Identifying and managing economic, environmental, and social impacts	P. 8-11, P. 12, P. 13, P. 25, P. 65
102-30		Effectiveness of risk management processes	P. 5-7
102-31		Review of economic, environmental, and social topics	P. 5-7
102-32		Highest governance body's role in sustainability reporting	P. 5-7
102-33		Communicating critical concerns	P. 54-56
102-34		Nature and total number of critical concerns	P. 54-56
102-35		Remuneration policies	▶ <a href="#">Remuneration for Directors and Audit &amp; Supervisory Board Members (KANSAYAKU)</a>
102-36		Process for determining remuneration	▶ <a href="#">Remuneration for Directors and Audit &amp; Supervisory Board Members (KANSAYAKU)</a>
102-37		Stakeholders' involvement in remuneration	—
102-38		Annual total compensation ratio	—
102-39		Percentage increase in annual total compensation ratio	—
<b>5. Stakeholder engagement</b>			
102-40	※	List of stakeholder groups	P. 22
102-41	※	Collective bargaining agreements	▶ <a href="#">Annual Securities Report (Japanese)</a>
102-42	※	Identifying and selecting stakeholders	P. 22 ▶ <a href="#">Guidelines for Coordination with NPOs (Activities for Contributing to Society)</a>
102-43	※	Approach to stakeholder engagement	P. 22
102-44	※	Key topics and concerns raised	P. 22
<b>6. Reporting practice</b>			
102-45	※	Entities included in the consolidated financial statements	▶ <a href="#">Profile</a>
102-46	※	Defining report content and topic boundaries	P. 1
102-47	※	List of "materiality" topics	P. 5-7, P. 8-11
102-48	※	Restatements of information	No restatements
102-49	※	Changes in reporting	No change
102-50	※	Reporting period	P. 1
102-51	※	Date of most recent report	P. 1
102-52	※	Reporting cycle	P. 1
102-53	※	Contact point for questions regarding the report	▶ <a href="#">Contact Us</a>
102-54	※	Claims of reporting in accordance with the GRI Standards	P. 107-109
102-55	※	GRI content index	P. 107-109
102-56	※	External assurance	▶ <a href="#">Third-party Assurance</a> ▶ <a href="#">Third-party Opinion of NEC's Annual Environmental Report</a>

※ : GRI Standards Core items    ○ : Items related to NEC "materiality" in GRI Standards ID 200–400 range

## 103: Management Approach

ID		Item required by report	Corresponding page
<b>103 Management Approach</b>			
103-1	※	Explanation of the material topic and its boundary	P. 8-11
103-2		The management approach and its components	P. 8-11
103-3		Evaluation of the management approach	P. 5-7, P. 8-11, P. 103

Specific Standards 200: Economic 300: Environmental 400: Social

## 200: Economic

ID		Item required by report	Corresponding page
<b>201 Economic Performance</b>			
201-1		Direct economic value generated and distributed	Historical Data
201-2	○	Financial implications and other risks and opportunities due to climate change	P. 30-38
201-3		Defined benefit plan obligations and other retirement plans	Annual Securities Report (Japanese)
201-4		Financial assistance received from government	—
<b>202 Market Presence</b>			
202-1		Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2		Proportion of senior management hired from the local community	P. 17-21
<b>203 Indirect Economic Impacts</b>			
203-1		Infrastructure investments and services supported	—
203-2		Significant indirect economic impacts	▶ NEC actions to achieve SDGs
<b>204 Procurement Practices</b>			
204-1		Proportion of spending on local suppliers	—
<b>205 Anti-corruption</b>			
205-1	○	Operations assessed for risks related to corruption	P. 58-59
205-2	○	Communication and training about anti-corruption policies and procedures	P. 54-56, P. 62-64
205-3	○	Confirmed incidents of corruption and actions taken	P. 58-59
<b>206 Anti-competitive Behavior</b>			
206-1	○	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P. 58-59
<b>207 Tax</b>			
207-1		Approach to tax	P. 57
207-2		Tax governance, control and risk management	P. 57
207-3		Stakeholder engagement and management concerns related to tax	P. 57
207-4		Country-by-country reporting	—

## 300: Environment

ID		Item required by report	Corresponding page
<b>301 Materials</b>			
301-1		Materials used by weight or volume	P. 45
301-2		Recycled input materials used	P. 45
301-3		Reclaimed products and their packaging materials	P. 45, P. 101
<b>302 Energy</b>			
302-1		Energy consumption within the organization	P. 45, P. 46, P. 101
302-2		Energy consumption outside of the organization	P. 45, P. 101
302-3		Energy intensity	P. 46, P. 101
302-4		Reduction of energy consumption	P. 46, P. 101
302-5		Reductions in energy requirements of products and services	P. 35, P. 45, P. 46, P. 101
<b>303 Water and Effluents</b>			
303-1		Interaction between water and business	P. 45, P. 50
303-2		Management of water discharge-related impacts	P. 45, P. 50 ▶ <a href="#">Eco Action Plan 2019 Management Item</a>
303-3		Water withdrawal	P. 45, P. 50, P. 101
303-4		Water discharge	P. 45, P. 50, P. 101
303-5		Water consumption	P. 45, P. 50, P. 101
<b>304 Biodiversity</b>			
304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P. 51
304-2		Significant impacts of activities, products, and services on biodiversity	P. 51
304-3		Habitats protected or restored	P. 51
304-4		IUCN Red List species and national conservation list species with habitats in areas affected by operations	P. 51
<b>305 Emissions</b>			
305-1	○	Direct (Scope 1) GHG emissions	P. 36, P. 45, P. 101
305-2	○	Indirect (Scope 2) GHG emissions	P. 36, P. 45, P. 101
305-3	○	Other indirect (Scope 3) GHG emissions	P. 36, P. 45, P. 101
305-4	○	GHG emissions intensity	—
305-5	○	Reduction of GHG emissions	P. 36, P. 45, P. 101
305-6		Emissions of ozone-depleting substances (ODS)	—
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P. 45, P. 47, P. 101
<b>306 Effluents and Waste</b>			
306-1		Water discharge by quality and destination	P. 45, P. 50, P. 101
306-2		Waste by type and disposal method	P. 45, P. 47, P. 49, P. 101
306-3		Significant spills	P. 28
306-4		Transport of hazardous waste	P. 49
306-5		Water bodies affected by water discharges and/or runoff	P. 50
<b>307 Environmental Compliance</b>			
307-1		Non-compliance with environmental laws and regulations	P. 28

※ : GRI Standards Core items    ○ : Items related to NEC "materiality" in GRI Standards ID 200–400 range

ID	Item required by report	Corresponding page
<b>308 Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	—
308-2	Negative environmental impacts in the supply chain and actions taken	P. 36, P. 63, P. 64










## 400: Social

ID	Item required by report	Corresponding page
<b>401 Employment</b>		
401-1	New employee hires and employee turnover	P. 99
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 75-76
401-3	Parental leave	P. 75-76, P. 99
<b>402 Labor/Management Relations</b>		
402-1	Minimum notice periods regarding operational changes	P. 75-76
<b>403 Occupational Health and Safety</b>		
403-1	Workers representation in formal joint management-worker health and safety committee	P. 77-79
403-2	Hazard identification, risk assessment, and incident investigation	P. 77-79, P. 100
403-3	Occupational health services	P. 77-79
403-4	Worker participation, consultation, and communication on occupational health and safety	P. 77-79
403-5	Worker training on occupational health and safety	P. 77-79
403-6	Promotion of worker health	P. 77-79
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 77-79, P. 87-88
403-8	Workers covered by an occupational health and safety management system	P. 77-79
403-9	Work-related injuries	P. 77-79
403-10	Work-related ill health	P. 77-79
<b>404 Training and Education</b>		
404-1	○ Average hours of training per year per employee	P. 71-74, P. 100
404-2	○ Programs for upgrading employee skills and transition assistance programs	P. 71-74
404-3	○ Percentage of employees receiving regular performance and career development reviews	P. 71-74, P. 75-76
<b>405 Diversity and Equal Opportunity</b>		
405-1	○ Diversity of governance bodies and employees	P. 97-100
405-2	Ratio of basic salary and remuneration of women to men	P. 75-76
<b>406 Non-discrimination</b>		
406-1	○ Incidents of discrimination and corrective actions taken	P. 14-16, P. 54-56, P. 89, P. 97
<b>407 Freedom of Association and Collective Bargaining</b>		
407-1	○ Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 14-16, P. 54-56, P. 62-64

ID	Item required by report	Corresponding page
<b>408 Child Labor</b>		
408-1	○ Operations and suppliers at significant risk for incidents of child labor	P. 54-56, P. 62-64
<b>409 Forced or Compulsory Labor</b>		
409-1	○ Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 14-16, P. 54-56, P. 62-64 ▶ <a href="#">NEC Group Statement for UK Modern Slavery Act 2015</a>
<b>410 Security Practices</b>		
410-1	Security personnel trained in human rights policies or procedures	—
<b>411 Rights of Indigenous Peoples</b>		
411-1	Incidents of violations involving rights of indigenous peoples	—
<b>412 Human Rights Assessment</b>		
412-1	○ Operations that have been subject to human rights reviews or impact assessments	P. 14-16
412-2	○ Employee training on human rights policies or procedures	P. 14-16, P. 97
412-3	○ Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P. 14-16, P. 62-64
<b>413 Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	P. 22, P. 90-91
413-2	Operations with significant actual and potential negative impacts on local communities	—
<b>414 Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	—
414-2	Negative social impacts in the supply chain and actions taken	—
<b>415 Public Policy</b>		
415-1	Political contributions	P. 100
<b>416 Customer Health and Safety</b>		
416-1	○ Assessment of the health and safety impacts of product and service categories	P. 87-88 ▶ <a href="#">Environmentally Friendly Products</a>
416-2	○ Incidents of non-compliance concerning the health and safety impacts of products and services	▶ <a href="#">Important information from NEC (Japanese)</a>
<b>417 Marketing and Labeling</b>		
417-1	Requirements for product and service information and labeling	P. 87-88
417-2	Incidents of non-compliance concerning product and service information and labeling	P. 87-88
417-3	Incidents of non-compliance concerning marketing communication	—
<b>418 Customer Privacy</b>		
418-1	○ Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 81-83
<b>419 Socioeconomic Compliance</b>		
419-1	○ Non-compliance with laws and regulations in the social and economic area	P. 54-56

# Global Compact Index

This table compares NEC’s sustainability activities with the Ten Principles of the Global Compact advocated by the United Nations.













The Ten Principles		Corresponding page on NEC website
<b>Human Rights</b>	<b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.	<a href="#"> Respecting Human Rights</a> <a href="#"> Supply-Chain Management</a> <a href="#"> Inclusion and Diversity</a> <a href="#"> AI and Human Rights</a>
	<b>Principle 2</b> Businesses should make sure that they are not complicit in human rights abuses.	
<b>Labour</b>	<b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<a href="#"> Respecting Human Rights</a> <a href="#"> Supply-Chain Management</a> <a href="#"> Inclusion and Diversity</a> <a href="#"> Creating a Diverse Work Style Environment</a>
	<b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.	<a href="#"> Health and Safety</a>
	<b>Principle 5</b> Businesses should uphold the effective abolition of child labour.	
	<b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.	







The Ten Principles		Corresponding page on NEC website
<b>Environment</b>	<b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.	<a href="#"> Environmental Action with a Particular Focus on Climate Change</a> <a href="#"> Environmental Policy and Management</a> <a href="#"> Feature: Response to Climate Change and TCFD</a>
	<b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility.	<a href="#"> Initiatives in Products and Services</a> <a href="#"> Initiatives in Production and Office Sites</a>
	<b>Principle 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	
<b>Anti-Corruption</b>	<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<a href="#"> Promoting Fair Commercial Transactions</a> <a href="#"> Compliance and Risk Management</a>

- ▶ [GRI \(Global Reporting Initiative\) Index](#)
- ▶ [ISO 26000 Index](#)











## ISO 26000 Index



This table shows a comparison of seven core subjects and 37 issues of ISO 26000 and sustainability activities of NEC.

ISO 26000 Core Subjects	Issues	Corresponding Page
Organizational Governance	1. Organizational Governance	<a href="#"> Corporate Governance</a> <a href="#"> Sustainable Management</a> <a href="#"> Compliance and Risk Management</a> <a href="#"> Basic Approach to Tax Matters</a> <a href="#"> Promoting Fair Commercial Transactions</a> <a href="#"> Business Continuity</a> <a href="#"> Supply Chain Management</a> <a href="#"> Information Security and Cyber Security</a> <a href="#"> Ensuring Quality and Safety</a>
Human Rights	1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work	<a href="#"> Respecting Human Rights</a> <a href="#"> Compliance and Risk Management</a> <a href="#"> Supply Chain Management</a> <a href="#"> Inclusion and Diversity</a> <a href="#"> Creating a Diverse Work Style Environment</a>
Labour Practices	1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace	<a href="#"> Creating a Diverse Work Style Environment</a> <a href="#"> Health and Safety</a> <a href="#"> Inclusion and Diversity</a> <a href="#"> Human Resources Development and Training</a>

ISO 26000 Core Subjects	Issues	Corresponding Page
Environment	1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats	<a href="#"> Environmental Action with a Particular Focus on Climate Change</a> <a href="#"> Environmental Policy and Management</a> <a href="#"> Feature: Response to Climate Change and TCFD</a> <a href="#"> Initiatives in Products and Services</a> <a href="#"> Initiatives in Production and Office Sites</a>
Fair Operating Practices	1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights	<a href="#"> Promoting Fair Commercial Transactions</a> <a href="#"> Compliance and Risk Management</a> <a href="#"> Supply Chain Management</a>



<b>ISO 26000 Core Subjects</b>	<b>Issues</b>	<b>Corresponding Page</b>
Consumer Issues	<ol style="list-style-type: none"> <li>1. Fair marketing, factual and unbiased information and fair contractual practices</li> <li>2. Protecting consumers' health and safety</li> <li>3. Sustainable consumption</li> <li>4. Consumer service, support, and complaint and dispute resolution</li> <li>5. Consumer data protection and privacy</li> <li>6. Access to essential services</li> <li>7. Training and awareness-raising</li> </ol>	<ul style="list-style-type: none"> <li> <a href="#">CS (Customer Satisfaction) Initiative</a></li> <li> <a href="#">Ensuring Quality and Safety</a></li> <li> <a href="#">Personal Information Protection and Privacy</a></li> <li> <a href="#">Respecting Human Rights</a></li> <li> <a href="#">AI and Human Rights</a></li> </ul>
Community Involvement and Development	<ol style="list-style-type: none"> <li>1. Community involvement</li> <li>2. Training and culture</li> <li>3. Employment creation and skills development</li> <li>4. Technology development and access</li> <li>5. Wealth and income creation</li> <li>6. Health</li> <li>7. Social investment</li> </ol>	<ul style="list-style-type: none"> <li> <a href="#">Sustainable Management</a></li> <li> <a href="#">Cooperation with the Local Communities</a></li> <li> <a href="#">Activities for Contributing to Society</a></li> <li> <a href="#">Dialogue and Co-creation with Our Diverse Stakeholders</a></li> <li> <a href="#">Innovation Management</a></li> </ul>

-  [GRI \(Global Reporting Initiative\) Index](#)
-  [Global Compact Index](#)

**Sustainability Promotion Office**  
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