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Sustainable Management

NEC has defined the brand statement “Orchestrating a brighter world” and provides solutions to worldwide social issues for the realization of a global society where everyone has the opportunity to lead positive and abundant lives.

In 2014, we announced this brand statement in order to confirm our vision to achieve “Social Value Creation.” This statement is rooted in the NEC group corporate philosophy which was established in 1990 (“NEC strives through C&C - the integration of computers and communications - to help advance societies worldwide toward a deepened mutual understanding and the fulfillment of human potential”).

For us at NEC, sustainable management (or what we also call “CSR management”) means that every one of us, executives and employees, will seek to operationalize the brand statement and the corporate philosophy through our business activities while listening to the voices of society through dialogue with our stakeholders. In that perspective, our activities, which include both non-profit social contributions and our core business, will contribute to the creation of social value, impacting society and the environment positively.

We don’t only focus on fulfilling our compliance responsibility, typified by legal compliance and corporate ethics. We also focus on mitigating corporate risks that may adversely affect society or the environment. NEC can only become a social value innovator if we all have gained the trust of our customers and society.

In line with our ambition to achieve sustainable management, we have established the “NEC Way.” The NEC Way represents a frame of mind and commitment to work which is required for each person in the NEC Group. Secured firmly in the NEC Way as a policy underlying the development of human resources at NEC, we will continue to move forward to create further social value.

<The NEC Way>

“The NEC Way” is the collective activities of NEC Group management. It includes our Corporate Philosophy, Vision, Brand Statement, Core Values and Charter of Corporate Behavior. We put The NEC Way into practice to create social value.

▶ [The NEC Way](#)



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Policy

Because NEC itself wants to be the entity that customers and society trust, NEC not only enforces compliance with all appropriate internal rules, laws and regulations, but also seeks to realize a sustainable society through initiatives that cover the three pillars of ESG: Environment, Social and Governance. We understand the importance of transparency and actively disclose the results and issues of these efforts to our stakeholders. We also use dialogue and communication to improve our own corporate activities.

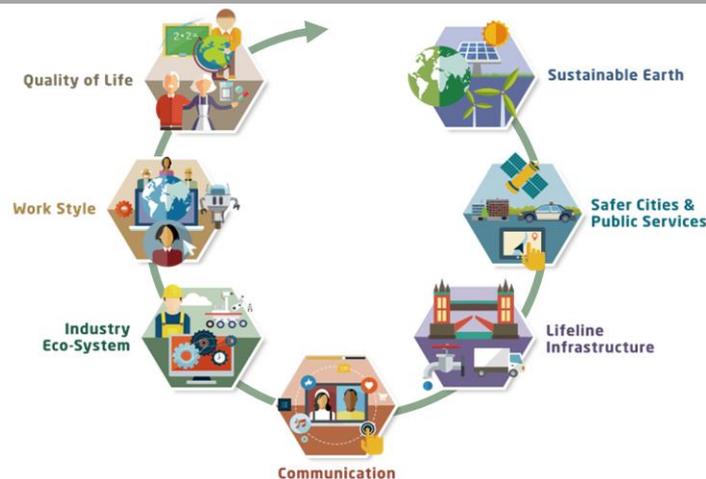
We believe that sustainable management requires the pursuit of innovation through the launch of new businesses or the further development of existing business. For us, this means to proactively listen to our customers and understand the wider social issues through communication and dialogue. To this end, NEC has proposed the following three basic policies.

- Strengthen risk management and enforce compliance

NEC implements thorough risk management within all of its Group companies and business partners, in order to continually respond to the expectations and demands of its stakeholders and to secure its place in society. To this end, NEC is committed to avoiding and/or mitigating any negative impact or risk of negative impact on its stakeholders, society and the environment, such as the potential occurrences of violations of human rights and environmental damage. In addition, NEC practices compliance with a constant awareness of the need to prioritize it.

- Contribute to solving social issues through business activities

NEC has formulated seven social value creation themes under its corporate brand message, "Orchestrating a brighter world." NEC promotes and delivers solutions for society according to these seven themes in order to contribute to the realization of an abundant society and bright future, while exploring fundamental issues faced by society and collaborating with various stakeholders to create new values. NEC is also contributing to the solution of social issues through its activities for contributing to society in collaboration with local communities and NPOs and NGOs.



The Seven Themes for Social Value Creation

- Promote communication with stakeholders

NEC identifies the fundamental issues of customers and society and the values they seek by engaging in communication and dialogue with a wide range of stakeholders. NEC discloses the corporate initiatives taken to solve those issues, the results of these initiatives, and new challenges in CSR reports and other publications. Furthermore, by continuously implementing improvement measures through PDCA cycles that take into account the feedback from society, NEC will continue to build relationships of trust with its stakeholders and society, enhancing corporate value.

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“Materiality” - Priority Theme for Sustainable Management

NEC has identified that the contribution to the sustainable development of society is a fundamental matter for its business.

Taking into account the concerns expressed by stakeholders and society, as well as the trend of critical issues impacting society, NEC established a two-layer materiality model in 2007: “How we aim to serve society” and “How we support and manage our business activities.” Priority themes were set for each layer. In 2014, NEC defined seven themes for social value creation as being material for the upper layer of this model.

In 2016, NEC started to reassess its materiality model by reviewing the seven themes through the analysis and benchmarking of NEC’s strengths or particular issues in line with the rising demands of society.

In response to the “Sustainable Development Goals (SDGs)” adopted by the United Nations in 2015 and to the increased demand for transparency of corporate ESG (Environment, Society, Governance) information for medium and long-term investment or pension investment, NEC’s “materiality model” will now be reviewed through the following steps:

- Materiality will temporarily be set based on the social issues identified by, for example, the SDGs or employee voices.
- It will be assessed taking into account the opinions of experts with knowledge in terms of sustainable management, the voices of citizens and/or of medium and long-term investors.
- A final model will be defined and KPIs will be set by considering the social impact based on societal voices.
- The effectiveness of materiality will be reviewed regularly as part of continual improvement.

In parallel, the NEC Group has verified the soundness of its core business in terms of non-financial aspects and is implementing improvements.

Project to identify materiality

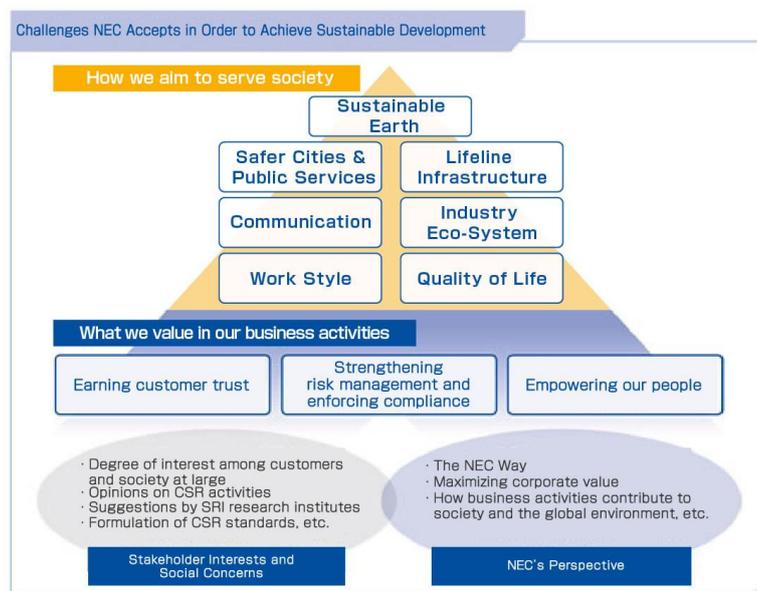
Temporarily setting materiality

NEC developed a list of potential priority themes for its business and compared them with the GRI Standard. A survey was conducted in the form of an employee questionnaire to evaluate their perception of the criticality of such issues in a double perspective (the social influence by NEC and on NEC in a mid to long term period). For each priority theme, NEC then developed a temporary materiality matrix taking into account the perspective of SRIs and the SDG goals.

Dialoguing with experts with knowledge in terms of sustainable management, the voices of citizens and/or of medium and long-term investors.

In June 2017, NEC led a meeting to dialogue with experts, civil society and medium and long-term investors to understand their views. We will provide feedback to interested parties at NEC and we will use this information to refine our materiality perspective and, at the same time, improve and advance sustainable management.

Dialog with Stakeholders Aimed at Identifying Materiality



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Promotion Framework

The Corporate Communication Division’s CSR Promotion and Social Contributions Office promotes NEC’s sustainable management initiative in close coordination with the related divisions involved in business planning, investor relations, human resources, general affairs, legal affairs, internal controls, management systems, design, the environment, customer satisfaction, quality assurance, procurement, and more, as well as research laboratories, business divisions, and Group companies. Coordination is also conducted with the company’s business partners.

We discuss important issues related to the promotion of sustainable management among executives and the CSO (Chief Strategy Officer) who is in charge of corporate management and who adopts those matters and reports at a Board of Directors meeting.

Board of Directors

The CSO regularly presents a “CSR Report” to the Board of Directors.



Sustainable Management Promotion System

Global Promotion Framework

NEC has appointed CSR Promoters in five regional headquarters, namely, North America, Latin America, EMEA (Europe, Middle East, and Africa), China/East Asia, and APAC (Asia Pacific). They work closely with the CSR Promotion and Social Contributions Office to promote sustainable management globally.



Global Sustainable Management Promotion framework