

26-27	Corporate Governance	28-32	Compliance and Risk Management
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## Personal Information Protection

Personal information refers to personally identifiable information, which includes numbers and other simple identifiers. Recognizing that appropriately protecting personal numbers and other personal information is one of our social responsibilities. NEC has formulated its own NEC Privacy Policy, which it implements and continues to uphold. Other than protecting personal information as dictated by relevant laws and regulations, we also ensure protection of privacy-related information in conducting our business activities.

### Policy

For NEC, appropriately protecting personal information received from customers, shareholders, investors, business partners, employees and others during the course of business constitutes one of its major responsibilities to society, and in July 2000, on the basis of this commitment, the company formulated the NEC Privacy Policy.

▶ [NEC Privacy Policy](#)

NEC built a system for promoting privacy protection and in 2004 a privacy protection management system in conformance with the "Act on the Protection of Personal Information" and "JIS Q 15001". We endeavor to gain our customer's trust, and are working toward solving various problems related to the handling of personal information.

We subsequently acquired Privacy Mark certification in October 2005, and renewed it in October, 2015. As of the end of March 2016, NEC and 29 NEC Group companies have obtained this certification.

NEC is continually working to improve its management system while protecting personal information in coordination with its Group companies.



☞ [PrivacyMark System Promotion Framework](#)

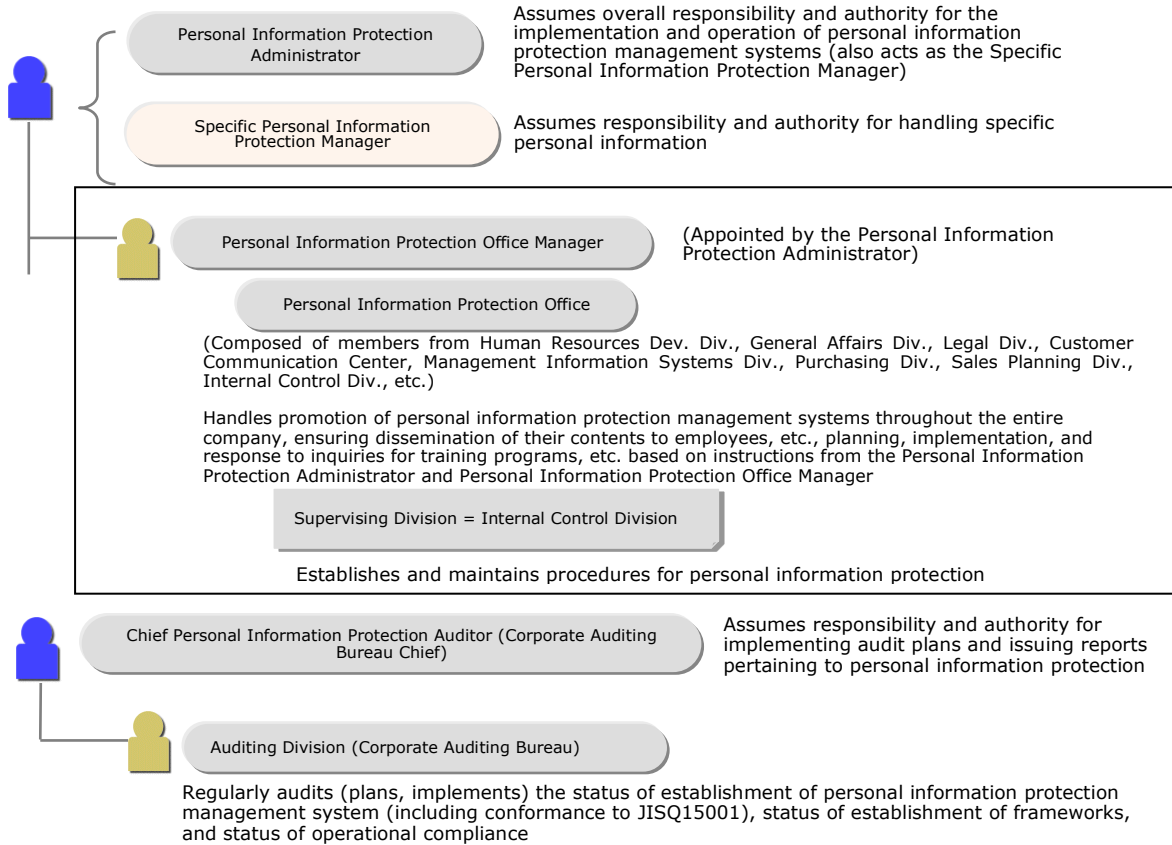
### Promotion Framework

At NEC, the head of the managing division for protecting personal information serves as the "Personal Information Protection Administrator," the person with ultimate responsibility for implementation and operation of the privacy protection management system. Further, to comply with "the Social Security and Tax Number System," we have added the role of protecting specific personal information to the duties of the Personal Information Protection Administrator. Promoting the protection of personal information within the NEC Group is carried out under the leadership of officers (Personal Information Protection Promotion Office Manager) appointed by the Personal Information Protection Administrator and under the supervision of the Internal Control Division's Customer Information Security Office.

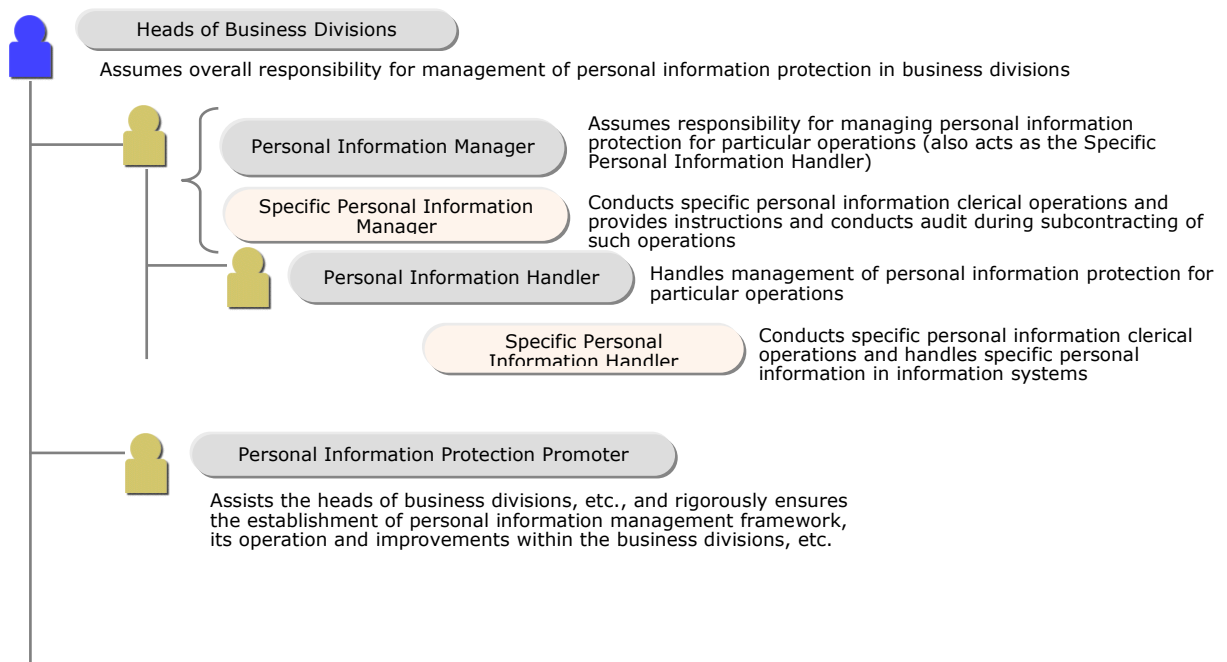
In addition, NEC conducts regular audits of privacy protection in conformance with "JIS Q 15001," with the head of the Corporate Auditing Bureau serving as "Chief Personal Information Protection Auditor." Staff and managers are assigned under the supervision of divisional managers for each type of personal information handled, in order to raise awareness at sites and offices that handle personal information. Staffs in charge of promoting privacy protection are also appointed under management systems established in each corporate division.

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## Group-wide Management Framework



## Management Framework at Business Divisions, etc.



NEC CSR Report 2017	CSR Management	Governance	Society	Environment
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Equivalent systems have been established at domestic Group companies to ensure personal information is protected at each company in conjunction with full enforcement of “the Social Security and Tax Number System” in October 2015 and the amendment of the Personal Information Protection Law in May 2017. Overseas Group companies also engage in personal information protection in accordance with the laws of their respective countries.

## Emergency Response to Information Leaks

NEC maintains systems for responding quickly if an incident occurs involving the loss, outflow or leak, etc. of personal information. If an incident should occur, the response is coordinated based on standardized procedures.

If an incident occurs related to personal information or an event takes place for which there is that risk, the employees involved in incidents contact their divisional supervisors and the Group contact point for information security incidents. That contact point then coordinates a response with the related staff divisions that make up the Personal Information Protection Office in accordance with applicable laws, ordinances, ministry guidelines, and other regulations; and upon considering the risk for infringing on the rights and interests of the persons involved.

## Main Activities and Results for Fiscal 2017

Recognizing the importance of protecting personal information, the NEC Group formulated the “NEC Privacy Policy” and privacy protection regulations based on the “NEC Group Charter of Corporate Behavior” and the “NEC Group Code of Conduct” as common Group-wide rules for running its personal information protection management system.

Each NEC Group company implements these rules and systems and executes PDCA cycles autonomously, contributing to the appropriate management of personal information.

## Training for Personal Information Protection

NEC conducts the following trainings for employees at different levels in the organization.

1. Training for all employees (for NEC)  
Online training on information security is held once a year for executives and employees of NEC. Also, the online training includes training on personal information protection for NEC and its domestic affiliates. In fiscal 2017, there was 100% completion of training for all employees of NEC. Separately, online training related to “the Social Security and Tax Number System” was held for officers and employees of NEC and domestic affiliates.
2. Training for personal information protection promoters (for NEC and its domestic affiliates)  
Group training was held four times in fiscal 2017 for information security promoters involved in promoting personal information protection.
3. Training for new hires and transfers  
In fiscal 2017, a handbook on personal information protection was created for use as introductory training material. The handbook was distributed and used in training of new hires and transfers. Apart from these training, when there is a request from a division where an incident has taken place, or when it is otherwise judged necessary by the Personal Information Protection Office, awareness training is conducted as appropriate at divisions or at the Group company level.

## Management of Personal Information (Initiatives at NEC)

NEC has created a “Personal Identifiable Information Control System,” a ledger-based system to manage personal information and make its management more transparent.

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Further, NEC has documented standard procedures, and operates a personal information protection management system. Also, as necessary, operational rules are created at the division level and by types of personal information and rigorously enforced.

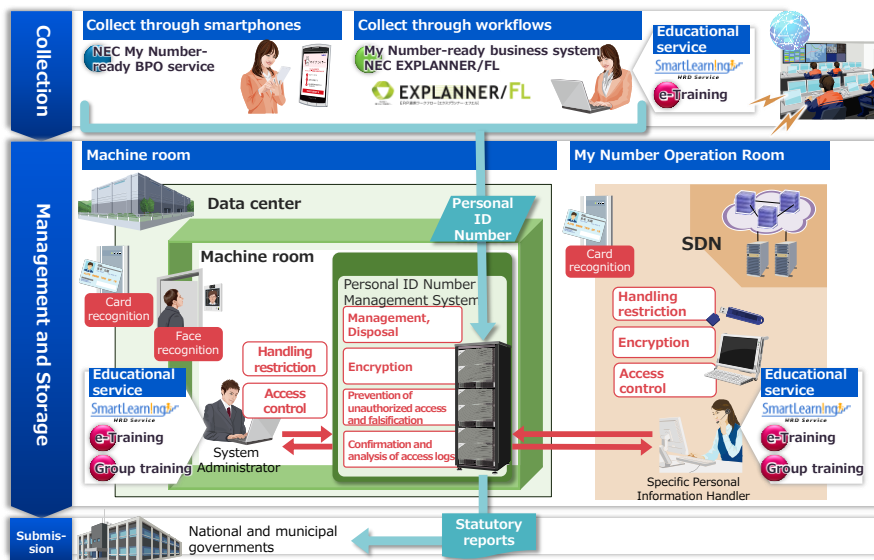
In addition, to raise awareness on information security overall, which includes personal information protection, the “Basic Rules for Handling Customer-Related Work” and Trade Secrets have been established, and all NEC employees are asked to submit electronic pledges every year.

As a result of these efforts, there were no incidents involving the loss, outflow or leak, etc., of personal information in fiscal 2017. There were also no complaints from the Ministry of Economy, Trade and Industry, which oversees this area, or from other third-party institutions about customer privacy violations or other issues.

### Management of Personal Information (Initiatives for Customers and Business Partners)

NEC and its domestic subsidiaries request contractors handling personal information to conduct privacy management using systems equivalent to those of the NEC Group. Moreover, employees of suppliers engaged in work for NEC and its domestic subsidiaries must also submit a pledge on the Basic Rules for Customer-Related Work and take a regular online test to verify their knowledge. These steps help ensure rigorous management of personal information. As a result of these efforts, there were no incidents involving the loss, outflow or leak, etc., of personal information in fiscal 2017.

“The Social Security and Tax Number System” is designed to ensure that the burdens and benefits of social security and taxation are shared fairly. This setup makes it possible to undertake more efficient procedures and more transparent administrative services. For example, the system eliminates the need to submit supporting documentation to government bodies. However, since the system handles specific personal information, it must be managed carefully. We are therefore 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.



Overall image of the NEC Group's Support System for the “My Number System”

In addition, NEC and its domestic subsidiaries have leveraged existing solutions and component technologies to construct a system for totally implementing all the operation processes related to the My Number System; namely, collection, management, storage, and submission of national ID numbers. Further, we developed and conducted online employee trainings that are essential for adopting the My Number System. As a result, we have established a standardized and

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consolidated business process that is compatible with the My Number System, enabling us to offer solutions for customers considering to adopt the System.

Going forward, NEC and its domestic subsidiaries will leverage the knowhow gained from actual operations of the My Number System and aim to develop solutions of a higher quality.

## Monitoring and Improvement

NEC appropriately manages personal information by executing PDCA cycles on an autonomous basis through various inspection activities.

Also, NEC and its domestic subsidiaries conduct regular internal audits based on internal audit check items stipulated in JIS Q 15001. Further, for operations related to handling of National ID 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 National ID numbers.

1. Verification of the operation of information security measures  
At the NEC Group, implementation of information security measures by employees is verified once a year, and if there are cases of non-compliance, activities are conducted to execute improvement plans at the organization level.
2. Verification of status of personal information management  
At NEC Group, the status of management of the various types of personal information handled by each organization is reviewed at least once a year. Management slips registered in the Personal Identifiable Information Control System are reviewed in detail. Also, inspection of personal information with high management priority level (including National ID number) is carried out through the system regularly (once every six months).
3. Verification of operations during emergencies  
Operation of the above inspections is verified as the need arises, in the event of an incident involving the loss, outflow or leak, etc. of personal information.

## Objectives and Achievements

### Objectives for the Medium Term (From fiscal 2017 to fiscal 2019)

1. Global implementation of personal information protection	<ul style="list-style-type: none"> <li>• Comply with overseas laws and ordinances in collaboration with overseas subsidiaries</li> <li>• Expand the submission of pledges on the Basic Rules to cover overseas subsidiaries and overseas business partners in Asia and nearby regions starting in fiscal 2017</li> </ul>
2. Conformance to amendments to the Personal Information Protection Law (including National ID Number)	<ul style="list-style-type: none"> <li>• Review in-house rules starting fiscal 2017 based on amendments to domestic and overseas laws, reconstruct and disseminate the rules in fiscal 2018, and carry out more thorough enforcement in fiscal 2019</li> </ul>
3. Reconstruction of personal information protection management system	<ul style="list-style-type: none"> <li>• Every year starting fiscal 2017, carry out monitoring of status of implementation of the My Number System, improvement of implementation sites, and provide directions</li> </ul>

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**Fiscal 2017 Objectives, Achievements and Progress, and Degree of Completion**

Objective	Achievements and Progress	Degree of completion
<p>1. Expand the global deployment of personal information protection systems</p> <ul style="list-style-type: none"> <li>Conduct training and reinforce dissemination of information regarding the Amended Personal Information Protection Law</li> <li>Thoroughly enforce and provide support for the operation of personal information protection systems in each region</li> </ul>	<ul style="list-style-type: none"> <li>We shared information and exchanged opinions regarding trends of personal information protection laws in each country with Legal Division Managers in the different regional subsidiaries.</li> <li>We disseminated information regarding "restrictions on the provision of domestic personal information to overseas business operators" among personal information protection promoters of NEC and its domestic subsidiaries via information security meetings, briefings, and bulletins.</li> <li>Through information security meetings and other venues, we explained the exceptions to restrictions in the transfer of personal data from overseas to Japan in relation to matters requiring attention in the General Data Protection Regulation (GDPR) of Europe.</li> </ul>	Achieved
<p>2. Ensure operational compatibility with the My Number System by revising NEC's personal information protection standards</p> <ul style="list-style-type: none"> <li>Revise manuals and rules in conjunction with amendments to the Personal Information Protection Law</li> <li>Thoroughly enforce and support operations at NEC and domestic subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Following the amendment to the Personal Information Protection Law, we conducted briefings to explain the amendments to executives, relevant personnel in each division, and legal officers of NEC and domestic subsidiaries. We partly revised as well as created new personal information protection manuals.</li> <li>To clarify the location of National ID numbers of customers and employees, we made improvements to the Personal Identifiable Information Control System to enable registering the unit storing the numbers and the persons-in-charge of managing them.</li> <li>We visited and conducted briefings among project managers and personal information protection promoters of each division regarding matters requiring attention in the handling of National ID numbers.</li> </ul>	Achieved
<p>3. Reconstruct the personal information protection management system in conjunction with the reorganization of domestic subsidiaries</p> <ul style="list-style-type: none"> <li>Review standard rules and revise implementation standards</li> </ul>	<ul style="list-style-type: none"> <li>We revised the personal information protection manual following the combination and reorganization of domestic subsidiaries.</li> <li>We updated all contents pertaining to the amendments to the Personal Information Protection Law in the online training for all employees prior to the full enforcement of the said amendments.</li> <li>The "Camera Image Utilization Sub-WG" was established within the IoT Acceleration Consortium in cooperation with the Ministry of Economy, Trade and Industry, in order to expand business related to solutions utilizing camera image data. NEC participated as a member of the Committee from July to December and contributed to the publication of the guidebook on the utilization of camera images.</li> </ul>	Achieved

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**Fiscal 2018 Objectives**

<p>1. Global implementation of personal information protection</p>	<ul style="list-style-type: none"> <li>Review compliance to personal information transfer restrictions in countries where overseas subsidiaries are located.</li> <li>Expand the target countries for the signing of pledges among overseas business partners</li> </ul>
<p>2. Conformance to amendments to the Personal Information Protection Law</p>	<ul style="list-style-type: none"> <li>Revise regulations, manuals, and the Personal Identifiable Information Control System in conjunction with the amendments to the Personal Information Protection Law.</li> </ul>
<p>3. Reconstruction of personal information protection management system</p>	<ul style="list-style-type: none"> <li>Items necessary for managing subcontractors will be recorded and maintained as evidence in a designated system by relevant personnel from consignors and subcontractors, in order to prevent omissions in filling up personal information forms needed in managing subcontractors.</li> <li>Collaborate with government agencies and create in-house rules regarding the handling of personal information, the disclosure of information, and other matters that need to be considered by companies, in order to expand business related to solutions utilizing camera image data</li> </ul>