

Personal Information Protection and Privacy

Policy

Due to the rapid progress of ICT and the continuing and rapid spread of the Internet and smartphones, the need to protect personal information and privacy is a growing concern. Especially in Europe, the Charter of Fundamental Rights of the European Union stipulated protection of privacy as a fundamental right requiring protection. The EU's General Data Protection Regulation (GDPR), which began in May, 2018, is the regulation stipulating methods of protecting and managing personal information to protect and establish personal privacy rights.

NEC has studied the trend related to this framework of new laws and regulations and is 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 simple 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. In 2000, NEC Corporation 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.

▶ [NEC Privacy Policy](#)

In cooperation with its subsidiaries in Japan and overseas, NEC Corporation built a system for promoting privacy protection and, in 2004, a "personal information 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.

<Privacy>

NEC Corporation subsequently acquired "Privacy Mark" certification in October 2005 and renewed it in October, 2015. As of the end of March 2018, NEC Corporation and its 28 affiliated companies have obtained this certification. In principle, we forbids gathering sensitive information (highly private information) such as medical records or birthplace without the person's consent so that information leaks will not cause harm such as social discrimination.

As seen in the examples of GDPR, privacy laws are being created as a global trend and the roles and responsibilities required to companies increasingly grow. In response to this, NEC positions "Privacy policies and measures aligned with societal expectations" as one of its "materiality," the priority management themes from an ESG perspective. In doing so, we want to enforce the privacy protection initiative to maximize social value. It also wants to minimize the negative impact to society through developing and providing products and services that are careful about privacy issues which can be perceived differently depending on country, region or culture, and human rights issues such as discrimination problems that may be aggravated by leveraging AI.

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



▶ [Privacy Mark System Promotion Framework](#)

Activity Objectives, Achievements and Progress

Objectives for the Mid-term (from fiscal 2019 to 2021)

1. Global implementation of personal information protection
 - Comply with overseas laws and ordinances in cooperation with overseas subsidiaries.
 - Expand the target countries for the signing of pledges on the Basic Rules from overseas subsidiaries and overseas business partners to those in Asia and nearby regions starting in fiscal 2017.
2. Conformance to amendments to the Personal Information Protection Law including My Number*¹
 - 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.
3. Reconstruction of personal information protection management system
 - Every year starting fiscal 2017, carry out monitoring of status of implementation of the My Number System (The Social Security and Tax Number System), improvement of implementation sites, and provide directions.
4. Clarification of the concept "respecting human rights," such as privacy protection in NEC's business activities
 - Through dialogues with multi-stakeholders about use cases, based on "Human Rights by Design"², incorporate the concept in NEC's research, product development or service offerings.

*¹ Numbers to identify a specific individual in the administrative procedure

*² Incorporation of the approach of respect for human rights (privacy, fairness, etc.) into each process of the value chain

Objectives, Achievements and Progress, and Degree of Completion

(Degree of completion: ◎Achieved, ○Mostly Achieved, △Some Progress, ×No Progress)

Objectives for the Mid-term	FY2018 Objectives	FY2018 Achievements and Progress	Degree of Completion	FY2019 Objectives
1. Global implementation of personal information protection	<ul style="list-style-type: none"> • Review compliance to personal information transfer restrictions in countries where overseas subsidiaries are located. • Expand the target countries for the signing of pledges among overseas business partners. 	<ul style="list-style-type: none"> • Summoned personal information managers from overseas regional headquarters. Reviewed the following in addition to EU's GDPR with them: Regulations on transferring private information in the country where the company resides. How a report should quickly be submitted when privacy is violated. Significance and importance of complying with laws and regulations. Reviewed how to address the restrictions placed on transferring personal information while checking the trend of laws and regulations of the country where the company resides. • As overseas NEC Group companies are reorganized, reviewed the countries where the overseas business partners submit pledges and selected the same number of countries as last year. 	◎	<ul style="list-style-type: none"> • For Europe and other overseas subsidiaries, enable them to implement a measure to deal with restrictions on personal information outside the region, to improve the Personal Identifiable Information Control System, and to allow them to search a country that is origin or destination of personal information transfer and support them in enforcing the measures appropriate to each risk level and situation of those countries by cooperating with private information managers selected in each country and NEC Corporation. • Enhance the system, which those overseas subsidiaries can reliably run, to submit a report immediately to relevant divisions including NEC Corporation and a report to external organizations within the time frame stipulated by laws and regulations, if private information infringement incident occurs.

84-90 Respecting Human Rights
99-106 Diversity and Inclusion
114-119 Human Resources Development and Training

91-98 **Personal Information Protection and Privacy**
107-113 Creating a Diverse Work Style Environment
120-125 Health and Safety

Objectives for the Mid-term	FY2018 Objectives	FY2018 Achievements and Progress	Degree of Completion	FY2019 Objectives
2. Conformance to amendments to the Personal Information Protection Law	<ul style="list-style-type: none"> Revise our regulations, manuals, and the Personal Identifiable Information Control System in conjunction with the amendments to the Personal Information Protection Law. 	<ul style="list-style-type: none"> Revised our manuals, and the Personal Identifiable Information Control System, etc. Enabling to register a country that is origin or destination of personal information transfer and “visualizing” the flow of transferring personal information outside the region, NEC Corporation strengthened the control on personal information protection. 	◎	<ul style="list-style-type: none"> As a measure to deal with restriction on transferring personal information from Japan to a foreign country, build a process capable of supporting the restriction before transferring the personal information and develop a manual to disseminate this to subsidiaries in Japan and overseas.
3. Reconstruction of personal information protection management system	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Completed a trial version of the subcontractor management system and currently re-adjusting the system after the implementation of the on-site trial. Developed and publicized guidelines for NEC to protect use and utilize camera image data. Carried out the lobbying of government agencies through an external organizations to expand the solution business of use and utilization camera image data. 	◎	<ul style="list-style-type: none"> Promote the internal use of subcontractor management system and reduce the risks of My Number and other sensitive personal information leaks. Promote anonymization of personal information, and further reduce the risk of personal information leaks when it is in infringement, and at the same time, promote effective use of anonymized personal information.
4. Clarification of concept “respecting human rights,” such as privacy protection in NEC’s business activities.	—	—	—	<ul style="list-style-type: none"> Hold quarterly dialogue meetings with multi-stakeholders to discuss about difficult cases from the viewpoint of human rights or privacy issues. Set specific goals for research, product development and service offerings based on “Human Rights by Design.”

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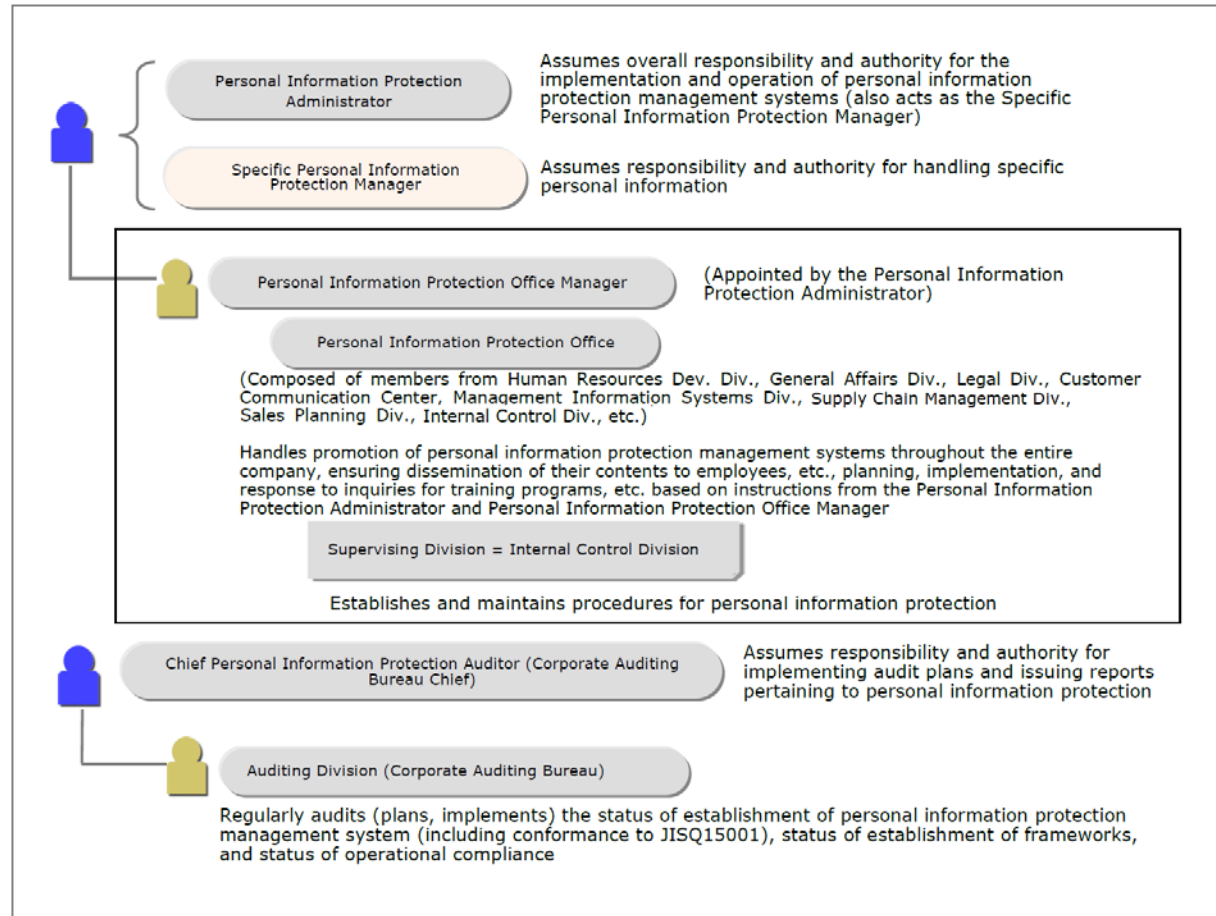
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Promotion Framework

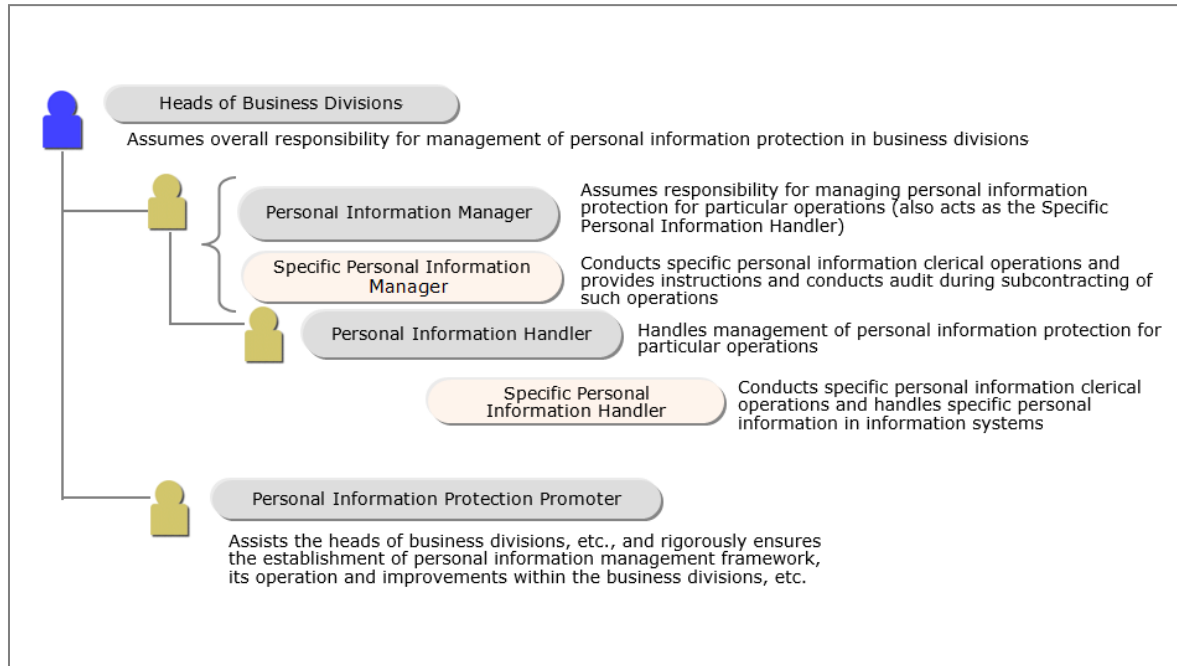
At NEC Corporation, the head of the managing division for protecting personal information serves as the "Personal Information Protection Administrator," the person with ultimate responsibility for implementation and operation of the personal information protection management system. Further, to comply with the Social Security and Tax Number System, we have added the role of protecting specific personal information including My Number to the duties of the Personal Information Protection Administrator. Promoting the protection of personal information within NEC 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, 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." 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.

Group-wide Management Framework



Management Framework at Business Divisions, etc.



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 quickly and systematically 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 or relevant divisions 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.

Equivalent systems have been established at our domestic subsidiaries 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. Our overseas subsidiaries also engage in personal information protection in accordance with the laws of their respective countries.

Main Activities and Results for Fiscal 2018

Recognizing the importance of protecting personal information, the NEC formulated the “NEC Privacy Policy” and “NEC 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 Corporation conducts the following trainings for each management layer in the organization.

1. Training for all employees for NEC Corporation
Online training on information security and training on personal information protection is held online once a year for executives and employees of NEC Corporation. In fiscal 2018, there was 100% completion of training for all employees of NEC Corporation.
2. Training for personal information protection promoters for NEC Corporation and its domestic subsidiaries
Group training was held four times in fiscal 2018 for information security promoters involved in promoting personal information protection.
3. Training for new hires and transfers for NEC Corporation and its domestic subsidiaries
In fiscal 2018, 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

1. Initiatives at NEC
NEC runs the “Personal Identifiable Information Control System,” a ledger-based system to manage personal information and make its management more transparent.

Further, we have 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 encouraged 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 2018. There were also no complaints from the Ministry of Economy, Trade and Industry, which oversees this area or the Personal Information Protection Commission, or from other third-party institutions about customer privacy violations or other issues.

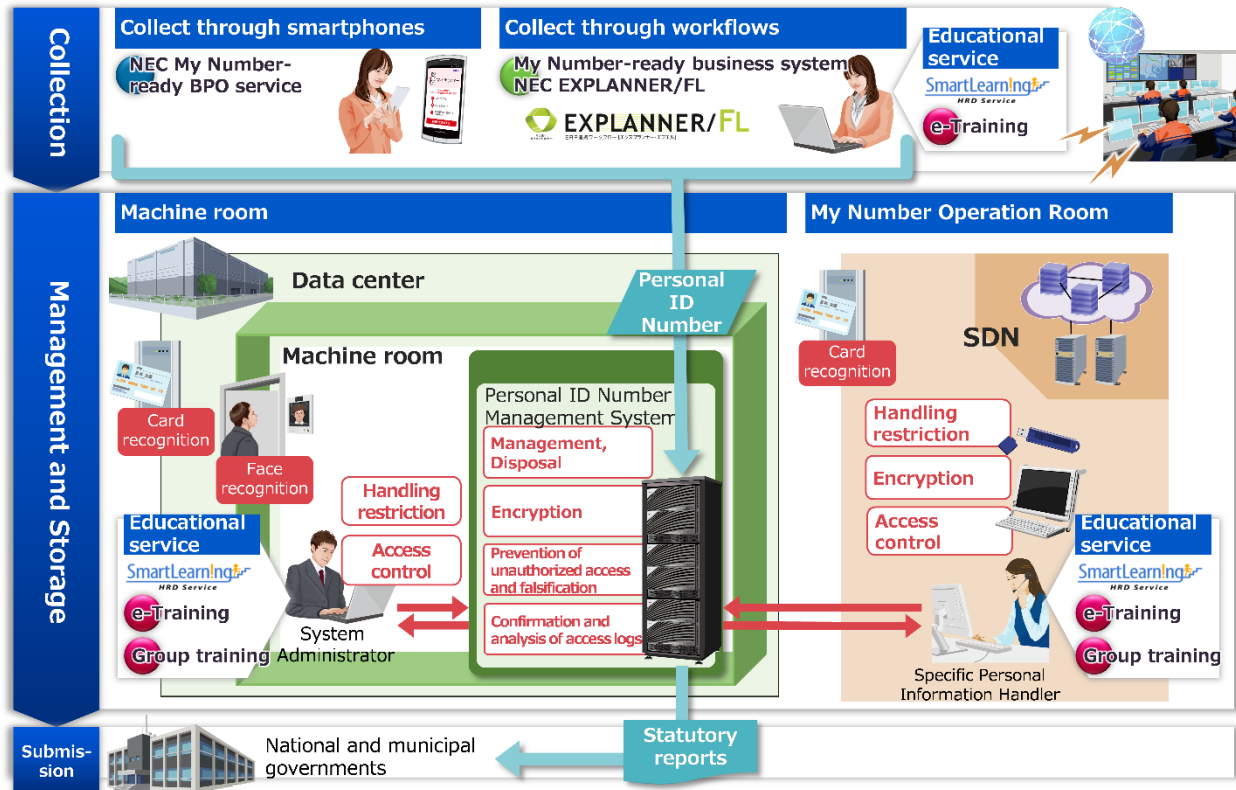
2. Initiatives for Customers and Business Partners
NEC Corporation and its domestic subsidiaries request contractors handling personal information to conduct privacy management using systems equivalent to those of the NEC Group. Moreover, employees of suppliers engaged in work for NEC Corporation and 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 2018.

My Number System (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.

However, since “My Number,” as a specific personal information, must be handled carefully, we are operating them 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.

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

NEC Corporation and its domestic subsidiaries operate a system that comprehensively executes the operation process related to the My Number System: namely, collection, management, storage, and submission of My Numbers, by leveraging existing solutions and component technologies. We also provide the operation process, which has been standardized and consolidated as a result of operating the system, to customers who are

considering adoption of the My Number System. The operation process has been standardized and consolidated by operating the system.

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

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Monitoring and Improvement

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

Also, NEC Corporation and its domestic subsidiaries conduct regular internal audits based on internal audit check items stipulated in JIS Q15001. Further, for operations related to handling of My 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 My Numbers.

1. Verification of the operation of information security measures

At the NEC Corporation, 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 Corporation, the management slips 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. Also, inspection of personal information with especially high management priority level including My Number is carried out through the system regularly (once every six months).

3. Verification of operations during emergencies

Operation of the above inspections 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.

Privacy in Business Activities

We are actively promoting understanding of privacy issues in business activities within the company.

In September 2017, a seminar was held for employees of NEC Group companies to increase understanding of legal systems related to using camera images and the privacy to be respected. About 500 employees participated in the seminar where lectures were given by external experts and panel discussions were held.

We are also actively involved in activities outside the company. This year, we joined an industry group about data trading with other companies with the same problem consciousness, made policy proposals toward a privacy and took part in rulemaking.

The "Data Distribution Strategy Office," newly organized in April 2017, handles these initiatives, establishing NEC's policy on the privacy issues in business and leading such a policy to the strengths of NEC Corporation.