GRI (Global Reporting Initiative) Index

The "NEC Sustainability Report 2018" is created with reference to the GRI Standards.
∗: GRI Standards Core items
○: Items related to NEC materiality in GRI Standards ID 200 – 400 range.

GRI＝Global Reporting Initiative

General Disclosures

102: General Disclosures			
1 Organizational profile			
ID		**Item required by report**	**Corresponding page on NEC website**
102-1	∗	Name of the organization	▶ Profile
102-2	∗	Activities, brands, products, and services	▶ Business Outline
102-3	∗	Location of headquarters	▶ Profile
102-4	∗	Location of operations	▶ NEC Worldwide
102-5	∗	Ownership and legal form	Annual Securities Report (Japanese)
102-6	∗	Markets served	Annual Securities Report (Japanese)
102-7	∗	Scale of the organization	▶ Corporate Profile

ID		**Item required by report**	**Corresponding page on NEC website**
102-8	∗	Information on employees and other workers	Data Collection "Number of employees by employment type" "Workforce by gender" Diversity and Inclusion
102-9	∗	Supply chain	Supply-Chain Management
102-10	∗	Significant changes to the organization and its supply chain	Annual Securities Report (Japanese)
102-11	∗	Precautionary principle or approach	▶ Reducing Environmental Impacts ▶ Activities for Controlling Chemical Substances in Products

ID		Item required by report	Corresponding page on NEC website
102-12	*	External initiatives	Global Compact
			JEITA Responsible Minerals Trade Working Group
			BERC
			Design at NEC
			ISO26000
102-13	*	Membership of associations	Global Compact
			JEITA Responsible Minerals Trade Working Group
			BERC
			Dialogue with Our Diverse Stakeholders – Case Examples

2 Strategy

ID		Item required by report	Corresponding page on NEC website
102-14	*	Statement from senior decision-maker	Message from the president
102-15		Key impacts, risks, and opportunities	Integrated Report
			Priority Management Themes from an ESG Perspective - Materiality

3 Ethics and integrity

ID		Item required by report	Corresponding page on NEC website
102-16	*	Values, principles, standards, and norms of behavior	Code of Conduct
102-17		Mechanisms for advice and concerns about ethics	Compliance and Risk Management
			Respecting Human Rights

4 Governance

ID		Item required by report	Corresponding page on NEC website
102-18	*	Governance structure	Corporate Governance
102-19		Delegating authority	—
102-20		Executive-level responsibility for economic, environmental, and social topics	Sustainable Management
102-21		Consulting stakeholders on economic, environmental, and social topics	Sustainable Management
102-22		Composition of the highest governance body and its committees	Corporate Governance
			Corporate Governance Report
102-23		Chair of the highest governance body	Corporate Governance Report
			Executives

ID		Item required by report	Corresponding page on NEC website
102-24		Nominating and selecting the highest governance body	▶ Corporate Governance 📕 Corporate Governance Report
102-25		Conflicts of interest	📕 Corporate Governance Report
102-26		Role of highest governance body in setting purpose, values, and strategy	▶ Sustainable Management
102-27		Collective knowledge of highest governance body	▶ Priority Management Themes from an ESG Perspective - Materiality ▶ Sustainable Management
102-28		Evaluating the highest governance body's performance	▶ Sustainable Management ▶ Priority Management Themes from an ESG Perspective - Materiality
102-29		Identifying and managing economic, environmental, and social impacts	▶ Sustainable Management ▶ Dialogue Sessions on Materiality with Experts
102-30		Effectiveness of risk management processes	▶ Sustainable Management

ID		Item required by report	Corresponding page on NEC website
102-31		Review of economic, environmental, and social topics	▶ Dialogue Sessions on Materiality with Experts
102-32		Highest governance body's role in sustainability reporting	▶ Sustainable Management
102-33		Communicating critical concerns	📕 Compliance and Risk Management
102-34		Nature and total number of critical concerns	—
102-35		Remuneration policies	▶ Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)
102-36		Process for determining remuneration	▶ Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)
102-37		Stakeholders' involvement in remuneration	—
102-38		Annual total compensation ratio	—
102-39		Percentage increase in annual total compensation ratio	—

5 Stakeholder engagement

ID		Item required by report	Corresponding page on NEC website
102-40	∗	List of stakeholder groups	▶ Dialogue and Co-creation with Our Stakeholders
102-41	∗	Collective bargaining agreements	📕 Annual Securities Report (Japanese)

ID		Item required by report	Corresponding page on NEC website
102-42	*	Identifying and selecting stakeholders	▶ Dialogue and Co-creation with Our Stakeholders ▶ Basic Policy of Social Contribution Activities
102-43	*	Approach to stakeholder engagement	▶ Dialogue and Co-creation with Our Stakeholders
102-44	*	Key topics and concerns raised	▶ Dialogue and Co-creation with Our Stakeholders

6 Reporting practice

ID		Item required by report	Corresponding page on NEC website
102-45	*	Entities included in the consolidated financial statements	▶ Profile ▶ Organizational Structure (Japanese)
102-46	*	Defining report content and topic boundaries	▶ Sustainable Management ▶ Information Disclosure Policy ▶ Scope of Environmental Report
102-47	*	List of material topics	▶ Sustainable Management ▶ Priority Management Themes from an ESG Perspective - Materiality

ID		Item required by report	Corresponding page on NEC website
102-48	*	Restatements of information	🅟 Data Collection "Number of people that have attended a human rights awareness training session"
102-49	*	Changes in reporting	No change
102-50	*	Reporting period	▶ Information Disclosure Policy ▶ Scope of Environmental Report
102-51	*	Date of most recent report	▶ Information Disclosure Policy
102-52	*	Reporting cycle	▶ Information Disclosure Policy
102-53	*	Contact point for questions regarding the report	▶ Contact Us
102-54	*	Claims of reporting in accordance with the GRI Standards	▶ GRI (Global Reporting Initiative) Index
102-55	*	GRI content index	▶ GRI (Global Reporting Initiative) Index
102-56	*	External assurance	▶ Third-party Assurance ▶ Third party Opinion of NEC's Annual Environmental Report

103: Management Approach			
ID		**Item required by report**	**Corresponding page on NEC website**
103-1	*	Explanation of the material topic and its boundary	▶ Priority Management Themes from an ESG Perspective - Materiality
103-2		The management approach and its components	▶ Priority Management Themes from an ESG Perspective - Materiality
103-3		Evaluation of the management approach	▶ Priority Management Themes from an ESG Perspective - Materiality ▶ Dialogue Sessions on Materiality with Experts

Topic–specific Standards:
200 (Economic), 300 (Environmental) and 400 (Social)

200: Economic Topics			
201 Economic Performance			
ID		**Item required by report**	**Corresponding page on NEC website**
201-1		Direct economic value generated and distributed	—
201-2		Financial implications and other risks and opportunities due to climate change	—
201-3		Defined benefit plan obligations and other retirement plans	—
201-4		Financial assistance received from government	—
202 Market Presence			
ID		**Item required by report**	**Corresponding page on NEC website**
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	—
203 Indirect Economic Impacts			
ID		**Item required by report**	**Corresponding page on NEC website**
203-1		Infrastructure investments and services supported	—
203-2		Significant indirect economic impacts	—
204 Procurement Practices			
ID		**Item required by report**	**Corresponding page on NEC website**
204-1		Proportion of spending on local suppliers	—

205 Anti-corruption

ID		Item required by report	Corresponding page on NEC website
205-1	○	Operations assessed for risks related to corruption	📄 Compliance and Risk Management
205-2	○	Communication and training about anti-corruption policies and procedures	📄 Compliance and Risk Management
205-3	○	Confirmed incidents of corruption and actions taken	📄 Promoting Fair Commercial Transactions

206 Anti-competitive Behavior

ID		Item required by report	Corresponding page on NEC website
206-1	○	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	📄 Promoting Fair Commercial Transactions

300: Environmental Topics

301 Materials

ID		Item required by report	Corresponding page on NEC website
301-1		Materials used by weight or volume	▶ Material Balance
301-2		Recycled input materials used	▶ Material Balance
301-3		Reclaimed products and their packaging materials	▶ Material Balance

302 Energy

ID		Item required by report	Corresponding page on NEC website
302-1		Energy consumption within the organization	▶ Material Balance ▶ Energy
302-2		Energy consumption outside of the organization	▶ Material Balance
302-3		Energy intensity	▶ Energy
302-4		Reduction of energy consumption	▶ Energy
302-5		Reductions in energy requirements of products and services	▶ NEC Group Environmental Management Action Plan 2020/2030 ▶ Improved product energy efficiency

303 Water

ID		Item required by report	Corresponding page on NEC website
303-1		Water withdrawal by source	▶ Material Balance ▶ Water
303-2		Water sources significantly affected by withdrawal of water	—

ID		Item required by report	Corresponding page on NEC website
303-3		Water recycled and reused	▶ Material Balance ▶ Water

304 Biodiversity

ID		Item required by report	Corresponding page on NEC website
304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	—
304-2		Significant impacts of activities, products, and services on biodiversity	▶ Preserving Biodiversity
304-3		Habitats protected or restored	—
304-4		IUCN Red List species and national conservation list species with habitats in areas affected by operations	▶ Preserving Biodiversity

305 Emissions

ID		Item required by report	Corresponding page on NEC website
305-1	○	Direct (Scope 1) GHG emissions	▶ CO_2 Emissions
305-2	○	Energy indirect (Scope 2) GHG emissions	▶ CO_2 Emissions
305-3	○	Other indirect (Scope 3) GHG emissions	▶ CO_2 Emissions across the Supply Chain

ID		Item required by report	Corresponding page on NEC website
305-4	○	GHG emissions intensity	▶ CO_2 Emissions
305-5	○	Reduction of GHG emissions	▶ CO_2 Emissions
305-6		Emissions of ozone-depleting substances (ODS)	—
305-7		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	▶ Material Balance ▶ NOx and SOx Emissions

306 Effluents and Waste

ID	Item required by report	Corresponding page on NEC website
306-1	Water discharge by quality and destination	▶ Material Balance ▶ Water
306-2	Waste by type and disposal method	▶ Material Balance ▶ Waste Products
306-3	Significant spills	▶ Handling of Legal Violations, Accidents, and Complaints
306-4	Transport of hazardous waste	—
306-5	Water bodies affected by water discharges and/or runoff	—

307 Environmental Compliance

ID	Item required by report	Corresponding page on NEC website
307-1	Non-compliance with environmental laws and regulations	▶ Handling of Legal Violations, Accidents, and Complaints

308 Supplier Environmental Assessment

ID		Item required by report	Corresponding page on NEC website
308-1		New suppliers that were screened using environmental criteria	▶ Procurement
308-2		Negative environmental impacts in the supply chain and actions taken	▶ CO_2 Emissions across the Supply Chain

400: Social Topics

401 Employment

ID		Item required by report	Corresponding page on NEC website
401-1		New employee hires and employee turnover	—
401-2		Benefits provided to full-time employees that are not provided to temporary or part–time employees	—
401-3		Parental leave	📄 Creating a Diverse Work Style Environment 📄 Data Collection "Number of people utilizing childcare leave"

402 Labor/Management Relations

ID		Item required by report	Corresponding page on NEC website
402-1		Minimum notice periods regarding operational changes	—

403 Occupational Health and Safety

ID		Item required by report	Corresponding page on NEC website
403-1		Workers representation in formal joint management-worker health and safety committee	📄 Health and Safety
403-2		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	📄 Health and Safety 📄 Data Collection "Labor accidents and disasters"
403-3		Workers with high incidence or high risk of diseases related to their occupation	—

ID		Item required by report	Corresponding page on NEC website
403-4		Health and safety topics covered in formal agreements with trade unions	📄 Health and Safety

404 Training and Education

ID		Item required by report	Corresponding page on NEC website
404-1	○	Average hours of training per year per employee	📄 Human Resources Development and Training 📄 Data Collection "Number of training days per employee"
404-2	○	Programs for upgrading employee skills and transition assistance programs	📄 Human Resources Development and Training
404-3	○	Percentage of employees receiving regular performance and career development reviews	📄 Human Resources Development and Training 📄 Creating a Diverse Work Style Environment

405 Diversity and Equal Opportunity

ID		Item required by report	Corresponding page on NEC website
405-1	○	Diversity of governance bodies and employees	📄 Data Collection "Workforce by gender" "Number of employees by age group" "Number of employees by employment type"
405-2		Ratio of basic salary and remuneration of women to men	—

406 Non-discrimination

ID		Item required by report	Corresponding page on NEC website
406-1	○	Incidents of discrimination and corrective actions taken	📄 Compliance and Risk Management 📄 CS (Customer Satisfaction) Initiative 📄 Respecting Human Rights 📄 Data Collection "Compliance hotline - Number of consultations"

407 Freedom of Association and Collective Bargaining

ID		Item required by report	Corresponding page on NEC website
407-1	○	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	📄 Compliance and Risk Management 📄 Respecting Human Rights

408 Child Labor

ID		Item required by report	Corresponding page on NEC website
408-1	○	Operations and suppliers at significant risk for incidents of child labor	📄 Compliance and Risk Management

409 Forced or Compulsory Labor			
ID		**Item required by report**	**Corresponding page on NEC website**
409-1	○	Operations and suppliers at significant risk for incidents of forced or compulsory labor	📕 Compliance and Risk Management 📕 Respecting Human Rights ▶ NEC Group Statement for UK Modern Slavery Act 2015

410 Security Practices			
ID		**Item required by report**	**Corresponding page on NEC website**
410-1		Security personnel trained in human rights policies or procedures	—

411 Rights of Indigenous Peoples			
ID		**Item required by report**	**Corresponding page on NEC website**
411-1		Incidents of violations involving rights of indigenous peoples	—

412 Human Rights Assessment			
ID		**Item required by report**	**Corresponding page on NEC website**
412-1	○	Operations that have been subject to human rights reviews or impact assessments	—
412-2	○	Employee training on human rights policies or procedures	📕 Respecting Human Rights 📕 Data Collection "Number of people that have attended a human rights awareness training session"

ID		Item required by report	Corresponding page on NEC website
412-3	○	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—

413 Local Communities			
ID		**Item required by report**	**Corresponding page on NEC website**
413-1		Operations with local community engagement, impact assessments, and development programs	📕 Cooperation with the Local Communities 📕 CS (Customer Satisfaction) Initiative
413-2		Operations with significant actual and potential negative impacts on local communities	—

414 Supplier Social Assessment			
ID		**Item required by report**	**Corresponding page on NEC website**
414-1		New suppliers that were screened using social criteria	—
414-2		Negative social impacts in the supply chain and actions taken	—

415 Public Policy			
ID		**Item required by report**	**Corresponding page on NEC website**
415-1		Political contributions	—

416 Customer Health and Safety

ID		Item required by report	Corresponding page on NEC website
416-1	○	Assessment of the health and safety impacts of product and service categories	Ensuring Quality and Safety ▶ Environmentally Friendly Products
416-2	○	Incidents of non-compliance concerning the health and safety impacts of products and services	▶ Important information from NEC (Japanese)

417 Marketing and Labeling

ID		Item required by report	Corresponding page on NEC website
417-1		Requirements for product and service information and labeling	Ensuring Quality and Safety
417-2		Incidents of non-compliance concerning product and service information and labeling	Ensuring Quality and Safety
417-3		Incidents of non-compliance concerning marketing communication	—

418 Customer Privacy

ID		Item required by report	Corresponding page on NEC website
418-1	○	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Personal Information Protection and Privacy

419 Socioeconomic Compliance

ID		Item required by report	Corresponding page on NEC website
419-1	○	Non-compliance with laws and regulations in the social and economic area	Compliance and Risk Management

▶ Global Compact

▶ ISO26000

Global Compact

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
Human Rights	**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights.	📄 Respecting Human Rights 📄 Diversity and Inclusion 📄 Supply-Chain Management
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses.	
Labour	**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	📄 Creating a Diverse Work Style Environment 📄 Diversity and Inclusion 📄 Respecting Human Rights 📄 Health and Safety 📄 Supply-Chain Management
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour.	
	Principle 5 Businesses should uphold the effective abolition of child labour.	
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.	

The Ten Principles		Corresponding page on NEC website
Environment	**Principle 7** Businesses should support a precautionary approach to environmental challenges.	📄 Environmental Management Initiatives
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	**Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery.	📄 Promoting Fair Commercial Transactions 📄 Compliance and Risk Management

▶ GRI (Global Reporting Initiative) Index

▶ ISO26000

ISO26000

This is the comparison table of seven core subjects and 36 issues of ISO26000 and sustainability activities of NEC.

ISO26000 Core Subjects	Issues	Corresponding Page on NEC website
Organizational Governance	1. Organizational Governance	▶ Corporate Governance ▶ Sustainable Management 📄 Compliance and Risk Management 📄 Business Continuity 📄 Information Security and Cyber Security 📄 Personal Information Protection and Privacy
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	📄 Respecting Human Rights 📄 Compliance and Risk Management 📄 Supply-Chain Management 📄 Creating a Diverse Work Style Environment

ISO26000 Core Subjects	Issues	Corresponding Page on NEC website
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	📄 Creating a Diverse Work Style Environment 📄 Health and Safety 📄 Diversity and Inclusion 📄 Human Resources Development and Training
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	📄 Environmental Management Initiatives
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	📄 Promoting Fair Commercial Transactions 📄 Compliance and Risk Management 📄 Supply-Chain Management

ISO26000 Core Subjects	Issues	Corresponding Page on NEC website
Consumer Issues	1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness	CS (Customer Satisfaction) Initiative Ensuring Quality and Safety Personal Information Protection and Privacy Respecting Human Rights
Community Involvement and Development	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Sustainable Management Innovation Management Cooperation with the Local Communities Activities for Contributing to Society

GRI (Global Reporting Initiative) Index

Global Compact

Third-party Assurance

NEC Sustainability Report 2018 has been assured by the third-party for the items listed in the following assurance statement.

SGS — ASSURANCE STATEMENT

SGS Japan's Report on Sustainability Activities in the NEC Corporation Sustainability Report 2018.

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 2018. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included data on the number and ratio of female managers to the total number of managers (as of 1st April, 2018), ratio of employees with disabilities (as of 1st June, 2017), number of people of utilizing childcare and nursing care leave (in fiscal 2017*), average age of employees (as of 31st March, 2018, including gender-segregated data), average length of employees (as of 31st March, 2018, including gender-segregated data), NEC frequency and severity rate of labor accidents and disasters (in fiscal 2017*) and management systems supporting the reporting process. The boundary of these data is only NEC Corporation employees.

The information contained in the Sustainability Report 2018 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 Sustainability Report 2018.

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.

This report has been assured at a moderate level of scrutiny using our protocols for:
- Evaluation of content veracity;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);

The assurance comprised a combination of pre-assurance research, interviews with the division of responsible for CSR and the person in charge of producing the report at the head office, onsite visits to the head office and Tamagawa Plant, verification and confirmation of vouchers, and review of related materials and records.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

*Fiscal 2017 is the period from April 1, 2017 to March 31, 2018

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 of the team members for this assignment, and comprised auditors registered with lead auditors of ISO9001, ISO14001, ISO45001, SA8000 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 Sustainability Report 2018 does not provide a fair and balanced description of the organization's sustainability activities from 1st April, 2017 to 31st March, 2018 (The number and ratio of female managers is as of 1st April, 2018).
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 (2008) 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, SDG's, the United Nations Global Compact, and corporative 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 input into the organization through the relevant activities, and the responses have been considered. Sustainability issues are integrated into the business issues, and are reflected as the business activities of the organization by appropriately discussing among executives and reporting the issues approved by Chief Strategy Officer(CSO) in charge of corporate management to the Board of Directors.
The responses to the stakeholders are re-input into the stakeholder communication process, and the stakeholder engagement process is continually improved. The series of processes is available in the Sustainability Report. SGS Japan Inc. confirmed the above processes through the assurance.

Materiality

The materiality of the issues identified by the organization were determined with consideration given to the organizational context and social needs, and took relevant actions to address the issues in the entire organization and the relevant divisions through the business activities. The Organization set the targets to be achieved in the relevant divisions where possible. The series of processes is available in the Sustainability Report. SGS Japan Inc. confirmed the above processes through the assurance.

Responsiveness

The Organization addresses the identified issues as the business activities of the relevant divisions. Direct dialogues with stakeholders are also conducted though the various communications. The Organization makes various efforts, so that the entire organization is consistently aware of activities with high ethical values. The organization also improved the vacation system and introduced economical 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 for disclosures from the corporative surveys, and discloses them, through various media including the Sustainability Report.
SGS Japan Inc. confirmed the above processes through the assurance.

For and on behalf of SGS Japan Inc.
Senior Executive & Business Manager
Certification and Business Enhancement   Yuji Takeuchi
16th May, 2018
Signed:

AA1000
Licensed Assurance Provider
000-8

Information Disclosure Policy

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.
The Sustainability Report (web version) is an important tool for communication with our stakeholders, including customers, shareholders and investors, business partners, local communities and employees. It discloses the sustainability initiatives and their results as viewed from ESG (Environment, Social, Governance). The NEC Integrated Report also gives an outline of the Sustainability Report.

Scope of Report

The content solely relates to NEC Corporation in certain sections, but also includes subsidiary companies in other sections. In disclosure of information regarding sustainability, "NEC" refers to NEC Corporation and its subsidiary companies, unless otherwise noted.
The "FY2018 Objectives" and "FY2018 Achievements and Progress" described in the "Objectives, Achievements and Progress, and Degree of Completion" table of each chapter are based on the previous "Objectives for the Mid-term" set for fiscal 2017 to 2019. The "FY2018 Objectives" and "FY2018 Achievements and Progress" for "Objectives for the Mid-term" that are not in the previous "Objectives for the Mid-term" are intentionally left blank in the table.

Disclosure Format

Sustainability Website

Harnessing various website features, NEC regularly discloses the latest information on its sustainability activities via its sustainability website, which is utilized as an interactive communication tool. 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 SRI (Social Responsibility Investment) research institutes, the news media, universities, and NPOs/NGOs.
For details of NEC's approaches to environmental issues, please refer to Annual Environmental Report 2018.

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 2013, and this year we have changed the name of the report to the "Integrated Report," having defined its materiality in July 2018.

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
• ISO26000
[*] International guidelines for sustainability reports issued by the GRI (Global Reporting Initiative)

Update of Activity Report for Each Fiscal Year Issued

September 2018 (Previous: September 2017)

Data Collection

Those data items without notes are for NEC Corporation itself.
The applicable period/date is the consolidated accounting period (ending March 31 of each 2016, 2017 and 2018), or as of March 31 of each year.
The data marked with a star (★) has been assured by a third-party.

(The following figures for female managers, the average age of employees, the average length of employment, the number of people utilizing childcare leave and nursing care leave do not include corporate officers, advisors, and non-permanent employees.)

Governance

Corporate Governance

		FY2016	FY2017	FY2018
Number of directors	Total	11	11	11
	Male	10	10	10
	Female	1	1	1

	FY2016	FY2017	FY2018
Ratio of outside directors to all directors	45.5%	45.5%	45.5%
Number of directors with non-Japanese citizenship	0	0	0

📄 Corporate Governance

Risk/Compliance

	FY2016	FY2017	FY2018
Web-based compliance training completion rate (Including domestic NEC Group companies)	98%	98%	98%
Compliance hotline – Number of consultations	85	101	118

📄 Compliance and Risk Management

Information Security/Personal Information Protection

		FY2016	FY2017	FY2018
Training of privacy data protection completion rate (Including domestic NEC Group companies)		100%	100%	100%
Information security assessment (Including domestic and overseas NEC Group companies)	Domestic	Total 62	Total 60	Total 68
	Overseas	Total 40	Total 34	Total 34
CSR and information security measures number of companies and participants at the briefing		About 1,600	About 1,500	About 1,500
		About 2,000	About 2,000	About 2,000
Information security measures in business partners – Inspection and Review	On-site assessment	Total 100	Total 50	About 100
	Web-based self-assessment	Total 1,600	Total 1,450	About 1,500

📄 Information Security and Cyber Security

📄 Personal Information Protection and Privacy

📄 Supply-Chain Management

Social

Respecting Human Rights

		FY2016	FY2017	FY2018
Number of people that have attended a human rights awareness training session	e-learning	22,063	20,296	8,026
	group study*1	1,070	1,031	586
Human rights hotline – Number of consultations		About 30	About 25	49

*1 Beginning with this report, the group studies no longer includes trainings of recruitment interviewers. The number shown in this FY2016 and FY2017 thus differs substantially from previous years'.

📄 Respecting Human Rights

Promotion of Diversity/Labor Practices

		FY2016	FY2017	FY2018
Number and Ratio of employees by region (NEC Corporation and its Consolidated Subsidiaries)	Japan	77,455	80,478	79,642
		78.5%	74.7%	72.8%
	Asia Pacific	7,678	9,347	10,985
		7.8%	8.7%	10.0%
	China / East Asia	4,058	5,329	4,739
		4.1%	5.0%	4.3%
	EMEA	4,948	5,406	6,636
		5.0%	5.0%	6.1%
	North America	2,495	2,819	2,710
		2.5%	2.6%	2.5%
	Latin America	2,092	4,350	4,678
		2.1%	4.0%	4.3%

		FY2016	FY2017	FY2018
Number of employees by employment type	Regular	22,235	21,444	21,010
	Temporary	26	35	42

		2016	2017	2018
Number of female managers (As of April 1 of each fiscal year)		★374	★368	★372
Ratio of female managers (As of April 1 of each fiscal year)		★5.4%	★5.5%	★5.8%

		FY2016	FY2017	FY2018
Workforce by gender	Male	18,498	17,763	17,390
	Female	3,737	3,681	3,620
Ratio of female employees		16.8%	17.2%	17.2%
Number of new employees - New graduates (foreign nationals)		66	39	37

		2015	2016	2017
Ratio of employees with disabilities (Based on figures collected as of June 1 of each year under the Act for Promotion of Employment of Persons with Disabilities)	NEC Corporation	★2.03%	★2.07%	★2.04%
	Domestic Consolidated Subsidiaries (average)	2.06%	2.10%	2.10%

		2016	2017	2018
Average age of Employees (As of March 31 of each year)	Male	★43.3	★43.6	★43.8
	Female	★41.2	★41.4	★41.5
	Total	★42.9	★43.1	★43.4
Number of employees by age group (As of March 31 of each year)	Under 30	1,994	1,918	2,057
	Between 30-50	13,796	12,807	11,708
	Above 50	6,445	6,719	7,245

		2016	2017	2018
Average length of employment (As of March 31 of each year)	Male	★18.7	★18.9	★19.2
	Female	★18.2	★18.3	★18.3
	Total	★18.6	★18.8	★19.0

📄 Diversity and Inclusion
📄 Creating a Diverse Work Style Environment

Healthy Work-life Balance

	FY2016	FY2017	FY2018
Ratio of taking paid leave	67.9%	69.3%	69.3%
Number of people utilizing childcare leave	★395	★376	★358
Number of people utilizing nursing care leave	★19	★18	★32
Average monthly overtime	17.4 hours	17.1 hours	16.3 hours

📄 Diversity and Inclusion
📄 Creating a Diverse Work Style Environment

Health and Safety

		FY2016	FY2017	FY2018
Labor accidents and disasters	Frequency rate	★0.25	★0.18	★0.3717
	Severity rate	★0.00	★0.00	★0.0019

📄 Health and Safety

Human Resources Development

		FY2016	FY2017	FY2018
Number of training days per employee	NEC Corporation	4.9 days	5.1 days	5.7 days
	Domestic NEC Group companies	4.0 days	4.5 days	4.9 days
Response rate of employees' survey (As a general rule, the surveys for employees at overseas subsidiaries are conducted every other year)	Domestic	83%	79%	81%
	Overseas	-	-	-
R&D expenses (NEC Corporation and its Consolidated Subsidiaries)		123.6 billion yen [1]	109.3 billion yen	108.1 billion yen

[1] Being replaced by calculations according to the International Financial Reporting Standards (IFRS) and thus differs from the amount in previous years report.

📄 Human Resources Development and Training
📄 Innovation Management

Social Contribution Activities

	FY2016	FY2017	FY2018
Social contribution expenditure	0.43 billion yen	0.67 billion yen	0.52 billion yen

📄 Cooperation with the Local Communities

Environment
(NEC Corporation and its Consolidated Subsidiaries)

	FY2016	FY2017	FY2018
CO_2 emissions reduction by providing IT solutions	2,620 Thousand tons	2,630 Thousand tons	4,220 Thousand tons
Improvement in energy efficiency of products[1]	97%	17%	35%
Greenhouse gas emissions[2][3]	—	—	—
Scope1	59 Thousand tons	54 Thousand tons	56 Thousand tons
Scope2	299 Thousand tons	296 Thousand tons	282 Thousand tons
Scope3	9,286 Thousand tons	7,410 Thousand tons	5,820 Thousand tons
Energy usage[3]	—	—	—
Electricity	5,689 TJ[4]	5,708 TJ	5,685 TJ
Gas	1,070 TJ	938 TJ	984 TJ
Fuel (heavy oil and kerosene)	99 TJ	131 TJ	119 TJ
Water usage[3]	2,294 Thousand m^3	2,240 Thousand m^3	2,314 Thousand m^3
Industrial waste[3]	—	—	—
Emission volume (general waste + industrial waste)	35 Thousand tons	26 Thousand tons	42.6 Thousand tons
Resource reuse rate	87.2%	90.6%	91.0%

[1] Figures for FY2016 are a comparison to March 2006 fiscal year products. Due to a revision in baseline comparison year, FY2017 and FY2018 figures are a comparison to March 2014 fiscal year products.

[2] Greenhouse gas refers to CO_2(carbon dioxide), CH_4(methane), N_2O(nitrous oxide), HFCs(hydrofluorocarbons), PFCs(perfluorocarbons), SF_6(sulphur hexafluoride), and NF_3 (nitrogen trifluoride). Greenhouse gas emissions are calculated based on the following categories stated by the Greenhouse Gas Protocol (GHG Protocol).
Scope 1: Direct GHG emissions from sources that are owned or controlled by the Company.
Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3: Other indirect emissions covering corporate upstream and downstream processes not included in Scope 2.

[3] External assurance received. The scope of assurance includes NEC Corporation and its consolidated subsidiaries subject to environmental governance.

[4] TJ: Terajoule