

Social Value Creation Process

Resolving customers' and society's fundamental challenges and building relationships of trust are important elements of value-additive innovation. NEC aims to create social value in the form of Safety, Security, Efficiency and Equality through dialogue and co-creation with its customers and various other stakeholders.



Senior Vice President, in charge of the Business Innovation Unit **Osamu Fujikawa**

Orchestrating a brighter world

Social values achieved by co-creating with customers



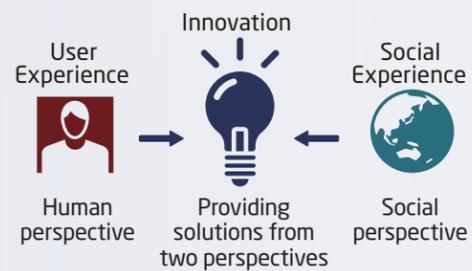
NEC creates social value through the following three-stage process.

- 1 Awareness of fundamental issues of customers and society
- 2 Collaboration for generating value such as open innovation
- 3 Value creation that leverages leading-edge ICT including AI and IoT

As part of this process, NEC also uses **NEC Social Value Design™**, a design model for creating value for customers and society from societal, cultural, industrial and other perspectives.

Creating new social value requires a vision of how society should be or what the future should look like from both micro and macro standpoints. The former of which zooms in on factors such as people's lifestyles and behavioral patterns while the latter zooms out to a city-wide, national or global scale.

This social value creation process involves dialogue and co-creation with a wide range of stakeholders.



NEC Social Value Design™

NEC Social Value Design represents NEC's original way of creating value through co-creation with customers. NEC Social Value Design leads to innovations for business and future society by focusing on two perspectives: User Experience—considering how to improve the value of human experience, and Social Experience—considering the way society should be.

Dialogue and Co-creation with Diverse Stakeholders

Aiming to Resolve Social Issues as a Member of International Society

During the 2014 Ebola outbreak in western Africa, scarcity of information on the supply of and demand for supplies and inadequate coordination between the public and private sectors resulted in duplication of aid and other inefficiencies in aid efforts. In response, the Global Pandemic Supply Chain (PSC) Network was formed at the 2015 World Economic Forum to coordinate various organizations' emergency-response efforts during pandemics.

NEC hosted a PSC Network conference at its headquarters in October 2016. At the two-day event, representatives of the UN World Food Program (WFP) and other international institutions, universities, private-sector corporations, NPOs and US and Japanese government officials discussed monitoring of corrective measures' progress, simulation-based planning during communicable disease outbreaks and stockpiling of food and medicines.

The conference prompted the Japanese government to seed the PSC Network with a US\$1 million donation. In response, NEC announced plans to develop a supply-chain information management platform together with the WFP.



Nobuhiro Endo, Chairman of the Board (right) with the WFP's then-Executive Director Ertharin Cousins

Dialogue with Shareholders and Investors is Conducive to Corporate Value Enhancement

NEC actively engages in investor relations (IR) activities, including meetings with shareholders, quarterly financial result briefings and business briefings conducted mainly by its CEO, CFO and Investor Relations Office, a department within the Corporate Strategy Division. Meanwhile, IR staff proactively relay shareholder and investor feedback to management, and periodically report to the Board of Directors. In fiscal 2017, NEC held its first environmentally themed IR meeting with institutional investors.

(For details, see Promoting Environmental Management to Realize a Sustainable Earth on p. 53)



Environmentally themed IR meeting

Practicing Corporate Responsibility Together with Suppliers

NEC has formulated an NEC Group Procurement Policy based on the ISO 26000 social responsibility guidance standard and works together with its suppliers to address six key supply-chain risk factors (human rights, labor and occupational safety, fair trade, the environment, information security, and product quality and safety). In addition to co-creating with suppliers through on-site CSR-PMR* assessments of occupational safety/health and human rights compliance, NEC has been engaged in ongoing dialogue with the nonprofit CSR Review Forum since 2011. NEC is applying what it has learned from such dialogue to deepen its understanding of socially responsible procurement and improve its PDCA cycle.

*PMR: Process Management Review



Conducting an assessment at a supplier's plant

Rethinking Business Activities' Economic, Social and Environmental Impacts from the Standpoint of the UN's SDGs

Customers and society's fundamental challenges come into clearer focus through efforts to identify and resolve them. NEC has hosted SDGs Workshops coordinated by Mr. Minoru Matsuzaki, a CSR advisor with Caux Round Table Japan, an NPO, to provide opportunities for its employees to learn about social issues and think about how to best address them.

The workshops allow participants to virtually experience the importance and difficulty of weighing both positive and negative impacts on every value chain in running a business. Some participants have reported gaining new insights into their jobs' societal significance by thinking about how their jobs can add value to and contribute to a sustainable society.



SDGs Workshops