CSR Management Policy: Management Approach to Sustainable Development

At NEC, we consider CSR initiatives to be inseparable from corporate activities. We aim to ensure the sustainable development of society and the NEC Group by implementing The NEC Way.

We fully recognize that a company's existence is conditioned by society. Each and every member of the NEC Group rigorously adheres to compliance standards and strives to practice the NEC Group Core Values in the course of our daily operations and aim to realize an "information society friendly to humans and the earth," as set forth in the NEC Group Vision based on the Corporate Philosophy. We believe it is our social responsibility to do so and contribute to solving issues faced by customers and society.

We ensure we will actively and responsibly disclose information on the results of our CSR initiatives and related issues to all our stakeholders. In addition, we also endeavor to improve our corporate activities through communication with our stakeholders, in order to continue to become a company that is trusted and chosen by our customers and society.

Moreover, we believe that it is crucial to find insights about essential value for society and our customers in the conversation with stakeholders. We will be able to create innovations that lead to the launch of new businesses and evolution of existing ones with them. This is how NEC aims to provide even greater value to customers and society.

Creating common value between the corporate and society through communication with all stakeholders, NEC Group continues to be an essential partner to society. Management based on the foregoing approach is what NEC considers as CSR-driven sustainable management.
Policy

NEC carries out its CSR Management Approach in accordance with the following three basic policies.

● Strengthen risk management and enforce compliance

NEC carries out thorough risk management and compliance, inclusive of its Group companies and business partners, in order to continue to exist in society and be able to respond to the expectations and demands of its stakeholders. To this end, NEC strives to avoid and mitigate any negative impacts or risks on its stakeholders, society, and the environment, such as potential occurrences of violations of human rights and environmental damage. Also, 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 all 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.

The Seven Themes for Social Value Creation

● Promote communication with stakeholders

Through communication and collaboration with its various stakeholders, NEC identifies the fundamental issues of customers and society and the values they seek, as part of building relationships of trust with them. NEC also actively discloses its initiatives to solve those issues, the results of those initiatives, and about new challenges through our reports and other publications. Furthermore, by continuously implementing improvement measures through PDCA cycles originating from feedback from society, NEC will continue to build relationships of trust with stakeholders and society, to enhance its corporate value.
Promotion Framework

The Corporate Communications Division’s CSR Promotion and Social Contribution Office promotes initiatives in close coordination with 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, purchasing, and more, as well as research laboratories, business divisions, and Group companies. Coordination is also further conducted with business partners.

We discuss and report important issues related to CSR management in our business strategy committee, as well as in the Board of Directors Meeting.

| Business Strategy Committee |

The committee promotes company-wide activities and policies through discuss and information-sharing by senior management to realize the objectives of the company’s mid-term management plan. Its principal members are the President, corporate officers in charge of business units, corporate officers in charge of units, and executives in charge of the Corporate Strategy Division.

Individual themes related to CSR management are taken up by a number of committees: the Risk Control and Compliance Committee, the Information Security Strategy Committee, the Human Rights Awareness Committee, the Environmental Management Promotion Committee, and the Customer Satisfaction Promotion Committee.

| Board of Directors |

The Senior Vice President who is in charge of CSR, ensures the regular inclusion of CSR-related topics for discussion by the Board of Directors.

| Global CSR Promotion Framework |

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

### Objectives for the Medium Term (From fiscal 2014 to fiscal 2016)

1. Improve corporate value led by stakeholder communications.
2. Improve CSR management quality based on global standards.
3. Upgrade and expand CSR governance Group-wide and globally.

### Fiscal 2016 Objectives, Achievements and Progress, and Degree of Completion

(Degree of completion: Achieved ◎ / Mostly achieved○/ Some progress △/ No progress ×)

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<th>Objectives</th>
<th>Achievements and Progress</th>
<th>Degree of Completion</th>
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<td>1. Advancement of stakeholder engagement pertaining to the United Nations’ “Transforming our world: the 2030 Agenda for Sustainable Development”</td>
<td>◎ On the basis of its social value creation themes, NEC conducted dialogues with NPOs regarding contributions to Sustainable Development Goals (SDGs).</td>
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<td>. Improvement of integrated reports by promoting integrated thinking</td>
<td>○ We introduced NEC’s narrative for medium and long term social value creation in this fiscal year’s Annual Report. We also introduced case studies on the solution of social issues carried out in the Mid-term Plan 2015 from the perspectives of four values; safety, security, efficiency, and equality.</td>
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| . Continued inclusion in SRI indexes                                      | △ We continued to be included in the following SRI indices:  
  - FTSE4 Good World Index  
  - STOXX Global ESG Leaders Index  
  - Global Compact 100 Index  
  - Euronext Vigeo World 120 Index, etc. 
  - We were included anew in the following index:  
    - MSCI Global Sustainability Indexes  
  - We have also received the Silver Class distinction and named an Industry Mover in the RobecoSAM Sustainability Award 2016 | △                   |
| 2. Promotion of sustainable operations in line with codes of corporate governance | ◎ We have included CSR Reporting as a regular part of the Board of Directors Meeting, and created a scheme for Directors to discuss and approve sustainability themes.                                                                                     | ◎                   |
| . Promotion of human rights due diligence through participation in the United Nations Global Compact framework | △ We gathered information on global trends from UN Global Compact Network Japan’s (GCNJ) working groups, and initiated the formulation of concrete procedures in relevant divisions.                                                                                      | △                   |
Objectives | Achievements and Progress | Degree of Completion
--- | --- | ---
3. Encouragement of global cooperation on conflict metals surveys and CSR sourcing | In addition to EMEA and Greater China, we have newly established CSR sourcing functions in APAC to promote regional collaborations and reinforce global CSR initiatives. | ○
   - Promotion of Group company cooperation centered on activities such as participation in the Global Compact Network Japan’s working groups | Group companies participated in working groups to get involved in themes related to their company, collected information, and formulated measures for improvement. | ○

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

1. Reinforce the NEC Group’s global CSR Management Promotion Platform
2. Expand business originating from the solution of social issues
3. Improve corporate value by strengthening communication with stakeholders

### Fiscal 2017 Objectives

1. Reinforce the NEC Group’s global CSR Management Promotion Platform | Nurture corporate culture aimed at formulation of non-financial KPI including dialogue with NGOs, etc. | ○
   - Reinforce collaborations on CSR themes and initiatives with Group Companies and RHQs

2. Expand business originating from the solution of social issues | Reinforce capability to solve social issues through collaborations between business and social contribution activities | ○
   - Promoting social contribution activities that lead to sustainable initiatives through business

3. Improve corporate value by strengthening communication with stakeholders | Further improve CSR Report and Annual Report based on integrated thinking | ○
   - Continuously included in major SRI indices
   - Understanding of management issues and improvement of initiatives rooted on the communication with stakeholders