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Business Continuity

For many years NEC has been involved in the construction of social infrastructure through information and communications technologies. Social infrastructures, such as communication networks and core systems for traffic, defense, and financial services, should be restored quickly in the event of an emergency or disaster.

To enable prompt restoration of social infrastructures and core systems in the event of disasters, the NEC Group as a whole has formulated Business Continuity Plans (BCPs) and actively and systematically conducts Business Continuity Management (BCM) to maintain and improve BCPs.

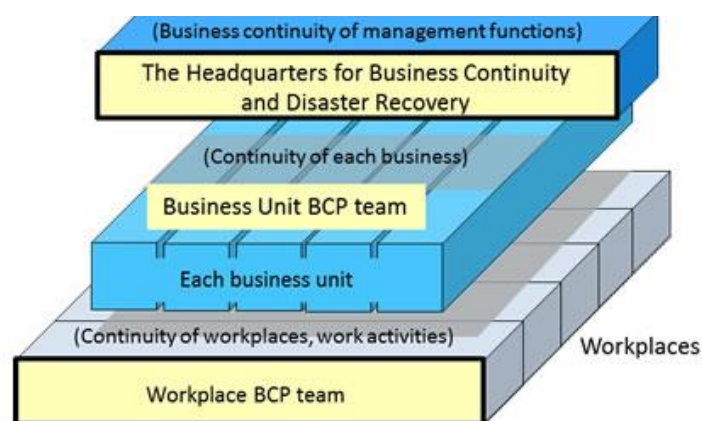
Policies

NEC seriously takes its social responsibility to maintain the information and communication systems it has provided in the event of disasters and emergencies. Thus, we believe that it is necessary to provide prompt on-site intervention services to restore information and communication systems serving as social infrastructures, and resume production as early as possible to keep the impact of disasters to a minimum. This also entails fulfilling the responsibility to ensure the safety of employees and maintain supply chains that include complex and technically advanced systems.

NEC has established the following three specific disaster response policies.

1. Ensure the safety of employees and visitors.
2. Fulfill NEC's social responsibilities (Maintenance and recovery of backbone systems for communications, public infrastructure, traffic, defense, finance, etc.)
3. Minimize management damage caused by operation disruption.

Promotion Framework



NEC's Framework for Disaster Response and Business Continuity

NEC maintains proactive and flexible business continuity through the following three functions.

- (1) Headquarters for Business Continuity and Disaster Recovery
Administer the BCP for management function to maintain top management decision-making and restore operations

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(2) Business Unit BCP team

Administer the BCP for each business to recover specific businesses, such as collecting information on damage to customers and operations, securing the personnel needed, and securing materials supply and distribution routes

(3) Workplace BCP team

Administer the BCP for each workplace, secure the safety of workplaces, confirm the safety of employees, and support employees' life and, collaborate with communities

The Business Unit BCP Team promotes business continuity under the BCP Overall Manager, through the BCP Creator, who operates the Business Continuity Management System (BCMS), and the BC Team Members (including the BCP Team Manager (the BCP Overall Manager) and the Secretariat), who function during training and disaster occurrence.

Main Activities and Results for Fiscal 2016

| Training on disaster prevention and business continuity

To enable each and every member to think and act on their own, the NEC Group conducts disaster preparedness and business continuity exercises and trainings in September, November, January, and March every fiscal year.

| Group-wide exercise for all members, business continuity plan walk-through (September and January)

Every year, the NEC Group holds business continuity exercises for participation by all members every September and January. One of those sessions is an unannounced exercise designed to confirm behavior patterns, whether employees are able to take the appropriate actions upon receiving disaster information.

The training conducted simultaneously throughout the entire Group in September 2015 was participated in by approximately 70,000 employees from 41 Group companies.

The number of participants was lower at only 80% of previous years, which was due to the occurrence on the same day of the flooding at Joso city, Ibaraki Prefecture. This means, however, that we were in fact able to conduct exercises while dealing with actual disaster prevention. This was the first time that this happened, and it provided an opportunity for each division and company to proactively decide whether to conduct training or to switch to disaster-response activities, and act accordingly on their own.

Divisions and affiliate companies that were not able to participate in September participated in the announced training held in January, enabling confirmation of individual behavior patterns and means for sharing information with family members during disaster.

| Tsunami Disaster Prevention Training during the World Tsunami Awareness Day (November 5)

Around November 5, 2015, the day designated as the World Tsunami Awareness Day, we held an exercise at thirteen NEC Group locations in three regions considered as tsunami-prone areas. The exercise was aimed at determining measures for confirming expected tsunami damage in the areas, and deciding what preparations and actions should be taken in worst-case scenarios, while incorporating customer and client perspectives.

At the same time, an exercise was also held on information-sharing with suppliers located in the tsunami-prone areas.

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Training content and scene



Tsunami flooding map

Forum to Tell the Story of the Great East Japan Earthquake for Posterity (March 16, 2016)

On the occasion of the 50th training session held continuously since the Great Hanshin Earthquake and the 5th anniversary of the Great East Japan Earthquake, we held a Forum to Tell the Story of the Great East Japan Earthquake for Posterity.

Corporate officers, BU presidents, planning division managers, general managers, and NEC Group Company presidents attended the forum to reaffirm their understanding of NEC business continuity rules and ensure the incorporation of disaster prevention and business continuity measures in the performance of daily business activities. Representatives from sales and manufacturing who actually survived the disaster, municipal officers from disaster areas, and managers from other companies gave lectures under the theme "Exhibiting Leadership During Disaster and Emergencies." Activities conducted by NEC Group employees in the disaster areas after the Great East Japan Earthquake were also introduced.



Ms. Noriko Abe, proprietress of Minami Sanriku Hotel Kanyo



Web-based disaster training that also takes family members into consideration

NEC's first priority during disasters and emergencies is the safety of employees and their families. To this end, we hold web-based training on disaster prevention to provide skills to enable employees and their families to survive disasters and emergencies.

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In fiscal 2016, we conducted online training to simulate behavior for safely escaping when an earthquake with intensity of upper 6 on the Japanese scale of 7 occurs while sleeping at home, and to enable participants to think of the necessary preparations to minimize damage. To enable family members to participate, the training was made accessible from home network environment.



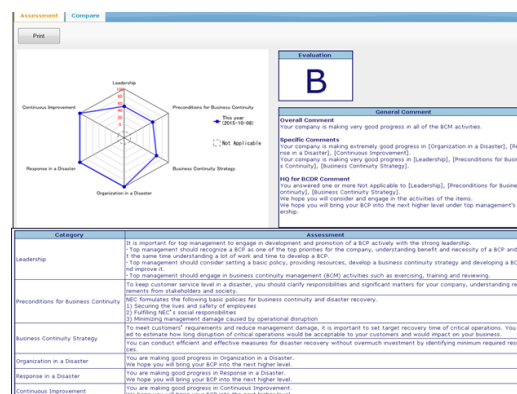
Simulation of behavior during disaster occurring while sleeping at home

Initiatives Overseas

The NEC group addresses all NEC group companies of the notification rules in a disaster and assigns the persons in charge in each company. We have constructed a system to understand and share information on the damage status of overseas subsidiaries under the five regional headquarters. We have prepared BCPs to cover country and regional risks for main overseas subsidiaries.

Moreover, we have a web system to collect and analyze information during initial-response phases at the Business Continuity and Disaster Recovery Headquarters in Japan. To verify effectiveness, we have conducted notification exercises for all overseas subsidiaries twice a year since 2012. We are prepared to quickly resume businesses by minimizing their damage in a disaster.

Starting 2015, we have adopted a system for conducting self-checks on disaster preparedness and business continuity in each company, and “visualized” their effectiveness and levels of business continuity plans.

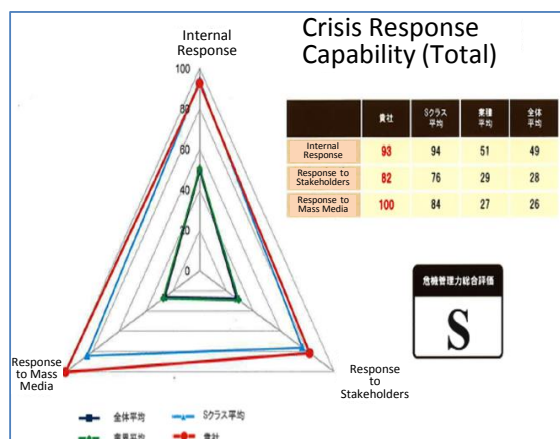


Acquisition of S Rank in Crisis Management Ability

NEC received the S Rank in the 2015 Survey on Corporate Crisis Management Ability held jointly by the Center for Integrated Disaster Information Research Interfaculty Initiative in Information Studies, The University of Tokyo

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and the Corporate Communication Strategic Studies Institute. The survey assesses a company's crisis response capability on three aspects, namely, internal response, response to stakeholders, and response to mass media. It also analyzes a company's abilities in terms of leadership, foresight, avoidance, damage reduction, and recurrence prevention.

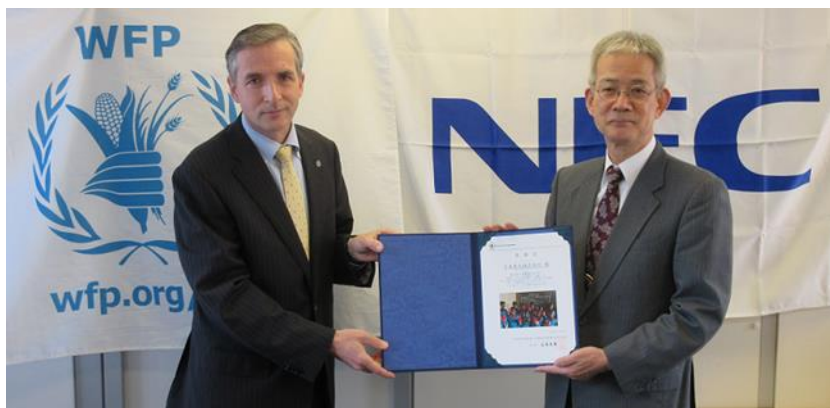


Plaque of Appreciation from the UN World Food Programme

As a way to address costs incurred in the disposal of expired relief goods, since 2010, NEC has been promoting a unique programme for providing food that was originally stockpiled for response to disaster needs at the company's cafeterias and shops, then using the proceeds to help the WFP fight hunger and poverty through its school feeding programmes. This programme is part of NEC's Make a Difference Drive, an initiative in regional community contribution activities participated in by NEC Group members. The food, which was originally stockpiled for relief purposes in the event of a disaster, still has six months remaining on its best-before date. (Donations were not made in fiscal 2013 and fiscal 2014 since the food was donated for relief operations for the Great East Japan Earthquake.)

In recognition of this forward-thinking initiative that is environmentally sound and enables making social contributions while reducing costs, NEC has received a Plaque of Appreciation from the UN World Food Programme in February 2016.

▶ Press Release "[United Nations World Food Programme recognizes NEC contributions - NEC continues support of the WFP's school feeding programmes](#)"



(Left) Mr. Stephen Anderson, Director, Japan Relations Office, The United Nations World Food Programme, (Right) Mr. Susumu Makihara, then senior vice president, NEC

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Acquisition of ISO22301 Certification for entire Value Chain

NEC, consistent with its being a provider of social infrastructures, has established Business Continuity Management Systems (BCMS) not only for the entire Group as a whole, but for each unit and for each business area, to enable each unit and company to proactively and organically carry out recovery activities in the event of disasters. To make these systems internationally acceptable and applicable, we acquired ISO22301 certification in 42 business areas, such as telecom carriers, systems, and datacenters—the highest number among companies in Japan.

The business-related fields for which certification has been obtained cover a wide-ranging value chain, from design and system construction to manufacturing and maintenance, pointing to our comprehensive acquisition of ISO certification.



ISO 22301 Third-party certification

Objectives and Achievements

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

Obtain ISO certification on business continuity for the entire NEC Group, while entrenching effective BCM activities based on the ISO approaches.

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

(Degree of completion: achieved ◎ /mostly achieved ○ /some progress △ /no progress ×)

Objectives	Achievements and progress	Degree of completion
1. Further upgrade BCM by utilizing the PDCA cycle	<ul style="list-style-type: none"> We created action plans and recovery plans mindful of management resources available in the event of disasters 	○
2. Check BCM levels of achievement at companies and divisions, including overseas NEC Group companies	<ul style="list-style-type: none"> We conducted these checks at all overseas companies. We will aim to further increase BCM levels by continually conducting these tests from fiscal 2017 onwards 	◎

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

1. To “visualize” business continuity levels within each division.
2. To conduct various exercises and training activities mindful of the largest disaster risks and pandemic risks in each area, in order to further equip employees to enable them to act proactively during disasters.

Fiscal 2017 Objectives

1 . To prepare action manuals and conduct training for tsunami-prone areas	To prepare action manuals for tsunami-prone areas other than those along the Nankai Trough
2 . To implement “visualization” by applying maturity levels of Information Security Management System (ISMS) to BCMS	To implement the prototype to each unit and promote monitoring and audit of current situation