

26-27	Corporate Governance	28-32	Compliance and Risk Management
33	Basic Approach on Tax Matters	34-37	Fair Trade
38-44	Business Continuity	45-51	Information Security
52-58	Personal Information Protection	59-64	Supply-Chain Management
65-74	Innovation Management		

Basic Approach on Tax Matters

Basic Approach

NEC stipulates in its Group Code of Conduct that:

- We will comply with all applicable laws, rules, regulations, and in-house regulations, including this Code, in every aspect of our corporate activities at all times. We will strive to ensure that all corporate activities are in compliance with normal business practices and social ethics.
- We will accurately and fairly maintain all accounting and other records in accordance with applicable laws, rules, regulations, and in-house regulations, and properly execute our duties. We will not carry out any unlawful accounting transactions or actions that may cause losses to the NEC Group.

Likewise, we follow the above basic approach also in relation to tax matters and are striving to optimize them from a medium- to long-term perspective.

Transactions between Affiliate Companies

NEC carries out pricing decisions in transactions between affiliate companies based on the arm’s length principle. NEC pays taxes in a timely and appropriate manner based on tax rules and treaties for each country, by reflecting our business results, and does not carry out activities aimed at fraudulent avoidance of taxes.

Relationship with Tax Authorities

NEC endeavors to reduce tax uncertainties by prior consultation with tax authorities and responding in good faith to related information-disclosure requests made by tax authorities.

Transparency

NEC complies with the Financial Instruments and Exchange Act and all applicable laws, rules, and regulations, in preparing and disclosing its Annual Securities Report. Tax related disclosures required by applicable laws are also included in the Annual Securities Report.

Starting from fiscal 2017, NEC discloses its consolidated financial results in accordance with the International Financial Reporting Standards (IFRS).

By adopting IFRS, NEC intends to disclose more internationally comparable financial information to capital markets and to further enhance transparency of its financial information.