

03-06	Sustainable Management	07-13	Priority Management Themes from an ESG Perspective – Materiality	
14-19	Dialogue Sessions on Materiality with Experts	20	Dialogue and Co-creation with Our Stakeholders	
21-25	Dialogue with Our Diverse Stakeholders – Case Examples	26-29	CS (Customer Satisfaction) Initiative	
30-34	<b>Cooperation with the Local Communities</b>	35-44	Innovation Management	45-47 External Ratings and Evaluation

## Cooperation with the Local Communities

### Policy

The NEC Group Corporate Philosophy was established in 1990 in the belief that “NEC strives through C&C<sup>\*1</sup> to help advance societies worldwide toward deepened mutual understanding and the fulfillment of human potential.” This philosophy lays down NEC’s intention to contribute to society through C&C, in other words, through ICT – NEC’s core line of business.

With each employee acting as a good corporate citizen, NEC promotes social contributions “NEC Make-a-Difference Drive” to help solve mid- to long-term social issues. These have been conducted under four universal themes: “Education, Culture and Sports,” “Welfare and Diversity,” “Environment,” and “Regional Contribution Activities” and with the cooperation of local communities, NPOs and NGOs, local governments, universities, etc. As a company that earn the confidence and trust of everyone, NEC is doing this because it wants to support such everyone in local communities that are major actors in solving social issues.

Moreover, believing that our social contribution activities through the NEC Make-a-Difference Drive are foundational in developing sustainably and socially literate human resources – a quality that is required of a member of a company that calls itself a Social Value Innovator – we encourage as many employees as possible to participate in the program. Through these social contribution activities, we aim to nurture the mindset for volunteerism and co-creation, and develop human resources that are sensitive to the fundamental issues faced by customers and society and are able to take the initiative towards solving social issues.

<sup>\*1</sup> C&C: Concept for the integration of computers and communications



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		45-47	External Ratings and Evaluation

## Cooperation Policy

Cooperation with the communities is essential both in social contributions through NEC's core business, as well as in social contribution activities aimed at providing mid- to long-term solutions to social issues through volunteer activities by officers and members of NEC. This section introduces NEC's policies for cooperation particularly for mid- to long-term social contribution activities.

To effectively carry out socially relevant and sustainable programs, NEC has established basic policies in the creation of social contribution programs and the guidelines in collaborating with NPOs. In addition, we conduct yearly evaluation and refinement of the programs based on social circumstances, independence level of partners, and the directions of NEC's business strategies.

### Basic Policy of Social Contribution Program Creation

1. Effective utilization of management resources
  - Management resources: funds, products, human resources, facilities, information, and knowledge, etc.
  - Relationship with businesses
2. Partnerships with NPOs and NGOs
  - Promoting solutions of social issues based on win-win relationships
  - Supporting the creation of social businesses
  - Strengthening NPO foundation
3. Participation of officers and employees, cooperation with domestic and overseas affiliate companies
  - Promotion of volunteer activities by officers and employees
  - Promotion of initiatives for cooperation with NEC domestic and overseas affiliate companies
4. Contributing to improving our corporate value
  - Visible activities of NEC's presence
  - Cutting-edge volunteer programs
  - Promoting information delivery

### Guidelines for Coordination with NPOs

1. Certified by NPO law (in principle)
2. Activity record
  - Must have advanced and unique activities, and prior history.
  - Must have specialized know-how, the ability to complete projects and the ability to output information
3. Financial details
  - Making efforts to disclose the status of financial management, revenue and source of funds.
  - Have diverse financial resources.
4. Organizational foundation
  - Clear mission, vision, goals and personnel makeup.
  - Clear division of labor between management, specialized staff, paid staff, volunteers, etc.
5. Leadership and management
  - Clear leadership, enthusiasm, and high quality of responsible personnel.
  - Considers governability, transparency, and accountability.

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		45-47	External Ratings and Evaluation

## Activity Objectives, Achievements and Progress

### Objectives for the Mid-term (from fiscal 2019 to 2021)

Establish social contribution activities generating a synergistic effect including brand improvements and developing human resources with business activities.

1. Develop sustainably and socially literate human resources and contribute to business creation that is social-issue-driven.
2. Establish an activity process and the “visualization” of the results.
3. Create the promotion platform.
4. Optimize the activities from the point of view of the total NEC Group.

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

(Degree of completion: ◎Achieved, ○Mostly Achieved, △Some Progress, ×No Progress)

Objectives for the Mid-term	FY2018 Objectives	FY2018 Achievements and Progress	Degree of Completion	FY2019 Objectives
1. Embed the social contribution activity within the business strategy	<ul style="list-style-type: none"> <li>Promote partnering (comprehensive partnership agreement) with local governments (Minato Ward, Tokyo, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Concluded a comprehensive partnership agreement with Wakayama Prefecture, Kamakura City (Kanagawa Prefecture), Kumejima Town (Okinawa Prefecture), etc.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Promote private-public partnerships where business and co-creation/social contribution activity are integrated.</li> </ul>
2. Create opportunities for new business creation from social contribution activities	<ul style="list-style-type: none"> <li>Hold workshops with social entrepreneurs and create regional revitalization (CSV) models in collaboration with the Community-Reactivating Cooperator Squad, Ministry of Internal Affairs and Communications.</li> </ul>	<ul style="list-style-type: none"> <li>Created a case study for possibility of creating a new business by cooperating with social entrepreneurs such as Monitoring elders, Remote medicine, etc.</li> <li>Held a workshop to create new business with graduates of “NEC Social Entrepreneurship School” and employees.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Enhance to create a new business from the social-issue-driven by encouraging employees to participate in “NEC Social Entrepreneurship School,” “NEC Pro Bono Initiative,” etc., and accelerating creation of a contact point between social entrepreneurs and employees.</li> </ul>
3. Review the social contribution activities from strategic viewpoint	<ul style="list-style-type: none"> <li>Select and concentrate from the standpoint of creating core company-wide functions and Group-wide organization.</li> <li>Expand scale of activities and enhance dissemination of information.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed revision of the social contribution program from Group-wide optimal point of view to enhance activities.</li> <li>Promoted Select and concentrate of social contribution program from strategic viewpoint.</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement a new promotion framework for social contribution program.</li> <li>Energize co-creation/social contribution activities by leveraging new company-wide infrastructure system.</li> </ul>

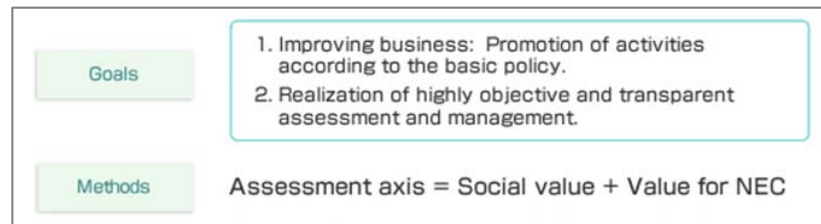
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## Promotion Framework

NEC’s social contribution activities consist of three promotion frameworks; namely: social contribution programs planned and executed under the initiative of the Corporate & Social Engagement Promotion Office of the NEC Corporate Communications Division and the Social Contribution Promotion Departments of NEC Group Companies, activities for contributing to local communities planned and participated by NEC Group employees around the world acting as promoters, and various grants by foundations.

## Social Contribution Program Assessment System

We assess all social contribution programs each year based on the social contribution program assessment system.



Social Contribution Program Assessment System

\* Both “Social value” and “Value for NEC” are quantified and assessed for each item.

### Assessment Criteria: Social Value

Public Interest	<ol style="list-style-type: none"> <li>1. Tracking the needs in the community and society</li> <li>2. Not limited to a few beneficiaries or participants, but contributes to a wide range of people</li> <li>3. Working together with NPOs, public administrations and universities</li> <li>4. Obtaining opinions (feedback) from program partners</li> </ol>
Effectiveness	<ol style="list-style-type: none"> <li>1. Specific goals are made for social issues and results are being achieved. <ul style="list-style-type: none"> <li>• Output (Result)</li> <li>• Outcome (Effect)</li> <li>• Impact (Spread)</li> </ul> </li> <li>2. The approaches are being developed effectively. <ul style="list-style-type: none"> <li>• Contains ideas and mechanisms to spread its effect</li> <li>• Contains global elements</li> </ul> </li> </ol>

### Assessment Criteria: Value for NEC

Strategy	<ol style="list-style-type: none"> <li>1. Continuously improving programs based on PDCA management</li> <li>2. Utilizing resources (funds, products, human resources, facilities, information, and knowledge)</li> <li>3. Collaborating with NPOs <ul style="list-style-type: none"> <li>• A win-win relationship is established.</li> <li>• Supporting a stronger NPO foundation</li> <li>• Promoting communications with NPOs</li> </ul> </li> </ol>
Effectiveness	<ol style="list-style-type: none"> <li>1. Contributing to businesses (business creation and sales contribution)</li> <li>2. Contributing to nurturing employee human resources</li> <li>3. Contributing to improving corporate reputation and building trust from the community and society <ul style="list-style-type: none"> <li>• Program participants are greatly satisfied.</li> <li>• The amount of advertisement cost conversion for PR results exceeds investment cost.</li> <li>• Programs are introduced in seminars, forums, symposiums, popular SNS, etc. as case studies.</li> <li>• Awards given by external organizations or programs are evaluated by SRI, etc.</li> </ul> </li> </ol>

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## Social Contribution Expenses

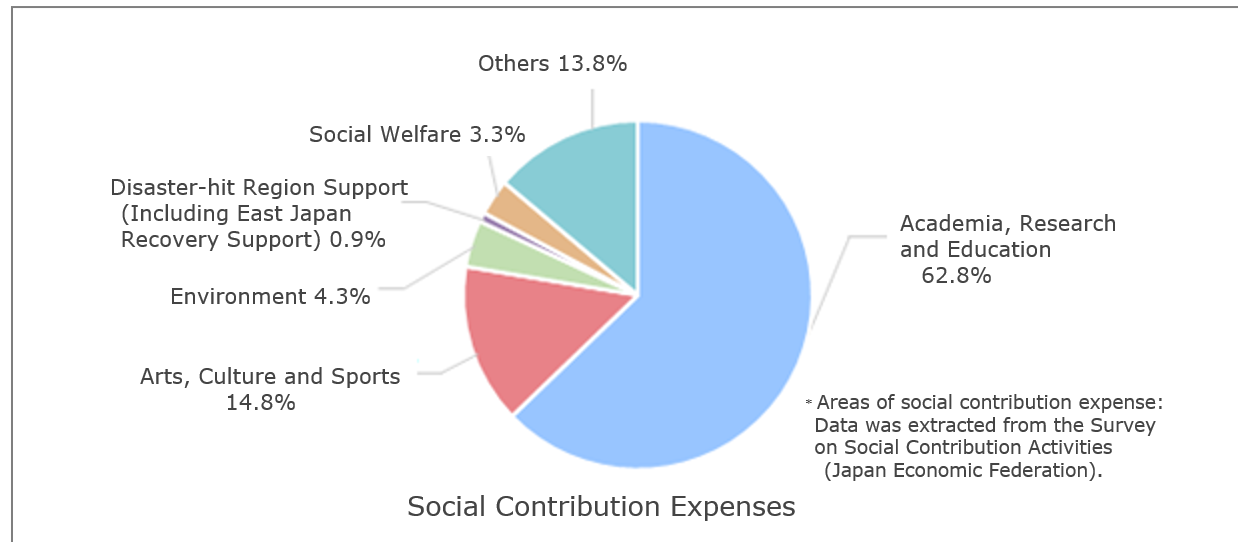
In fiscal 2018, the total social contribution expenses for the NEC Group were approximately 520 million yen. We were involved in various regions around the world following three main themes in five areas, including “Academia, Research and Education” and “Arts, Culture and Sports.” Social contribution expenses included the following:

- 1) Financial assistance
- 2) Charitable donations of products quoted on a unit price basis
- 3) Public use of NEC facilities (converted into monetary amounts based on the unit price of using equivalent external facilities to quantify the cost of using NEC facilities for socially beneficial purposes)

### Expense Changes

FY2016	FY2017	FY2018
430 million yen	670 million yen	520 million yen

### Fiscal 2018 Expenses Breakdown



### Fiscal 2018 Activities

For details of the activities, refer to the following pages:

- ▶ [Activities for Contributing to Society](#)
- ▶ [Dialogue with Our Diverse Stakeholders – Case Examples](#)