

Sustainable Management

NEC’s sustainable management aims to realize a sustainable society where everyone has the chance to reach their full potential. This means that every one of us, officers and employees, will seek to contribute to solutions for social issues and exert a positive influence on society and the environment through our business activities and corporate citizenship activities, such as community contributions, while listening to the voices of society through dialogue with our stakeholders.

In addition to focusing on fulfilling our compliance responsibility, such as ensuring legal compliance and corporate ethics, we also focus on mitigating corporate risks that may adversely affect society or the environment.

Our Journey in Sustainable Management

NEC’s story starts in 1899, when the Company was born as Japan’s first joint venture with a foreign company. Founder Kunihiko Iwadare created the motto, “Better Products, Better Services,” to express his goal of creating a company that provides customers with world-class products and takes responsibility for them through after-sales services by providing telecommunications equipment such as telephones and switching systems.

Later, in the 1950s, the Company began working on the development of computers. In 1977 at the INTELCOM 77 international communications expo held in Atlanta, United States, then-chairman of NEC Koji Kobayashi presented a new concept, “C&C,” referring to the integration of computer and communications technologies.

At this time, President Kobayashi talked about NEC’s vision for C&C as follows:

<Vision for C&C>
 “If I am asked about my vision for communications in the future, I can see a world where any and all individuals are able to communicate with each other at any time, at any place on the earth, in the early days of the next century. Assuming that this comes true, all technology, communications, computers and televisions will be, and should be, integrated. And, therefore, it is important to help developing countries to be able to participate in such a world telecommunications system.”

This vision has been technologically realized today in our age of widespread computers, mobile phones, and the internet. The ambition to enable people around the world to be able to connect anytime, anywhere, and with anyone aligns with the aspiration of the Sustainable Development Goals (SDGs) adopted by 193 United Nations member countries in 2015 to “leave no one behind.” The issue is now being addressed throughout the world.

As the value expected of NEC by customers and society changed from our tangible technologies and products to the intangible creation of value, in 2013 we responded under Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator creating value for society. The following year, in 2014, we announced our brand statement, “Orchestrating a brighter world.” In 2019, we marked our 120th anniversary by reorganizing the structure of the NEC Way, now over 10 years old. On this occasion, we reflected the changes and demands of society and reformed it to guide the actions of each individual from officers to employees. The NEC Way announced in April 2020 presents the connections between the Company’s purpose, its principles, and each individual in a clear, simple way.

<p>1899 Establishment of Nippon Electric Company The Founding Spirit of “Better Products, Better Services” Create customer satisfaction and pleasure by consistently providing better products and services.</p>  <p>Founder: Kunihiko Iwadare</p>	<p>1977 C&C Announced The integration of computers and communications The aspiration of enabling people throughout the world to connect anytime, anywhere, and with anyone, is aligned with the SDGs aspiration to “leave no one behind.”</p>  <p>Announcement of C&C at INTELCOM 77</p>	<p>2013 Transformation into a Social Value Innovator \Orchestrating a brighter world As the value expected by customers and society changed from our tangible technologies and products to the intangible creation of value, we responded under Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator.</p>	<p>2020 NEC Way</p>  <p>The NEC Way sets out the values and principles of action that are shared by the NEC Group. It articulates NEC’s “Purpose” and “Principles” as a company as well as the expected behaviors, the Code of Values and Code of Conduct, that all of the members comprising the NEC Group are expected to demonstrate.</p>
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NEC Way

The NEC Way is a common set of values that form the basis for how the entire NEC Group conducts itself. It articulates NEC’s “Purpose” and “Principles” as a company as well as the expected behaviors, the Code of Values and Code of Conduct,* that all of the members comprising the NEC Group are expected to demonstrate.

*Formal name: NEC Group Code of Conduct

Purpose

Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

The NEC Group’s purpose is to collaborate with various stakeholders to create the social values of safety, security, fairness, and efficiency, while striving to enable people to live and live abundantly. In doing so, we will aim to realize a sustainable society that enables each individual to achieve their full potential and also overcomes global environmental issues such as climate change.

This approach is aligned with the aspiration of the SDGs to “leave no one behind.” Furthermore, NEC’s field of expertise, ICT, has the potential to deal with various issues, and by engaging in dialogue and co-creation with various stakeholders, we believe we can contribute significantly to all of the targets set out in the SDGs.

NEC actions to achieve SDGs

Principles

The NEC Group acts in line with the following three principles.



- ◆ The Founding Spirit of “Better Products, Better Services”
 - ◆ Uncompromising Integrity and Respect for Human Rights
 - ◆ Relentless Pursuit of Innovation
- **The Founding Spirit of “Better Products, Better Services”**
The NEC Group will not stop at achieving its best at a certain point in time, but rather continue indefinitely to pursue improvements to provide better products and services for customers and society.
 - **Uncompromising Integrity and Respect for Human Rights**
This expresses the NEC Group’s spirit of uncompromising integrity (high sense of ethical standards, including compliance) throughout the overall organization in order to remain trusted by society as a Social Value Innovator, and its commitment to respecting human rights.
 - **Relentless Pursuit of Innovation**
The pursuit of innovation is the driving power behind the NEC Group’s activities. This innovation goes beyond technology development. It involves working with various stakeholders to pursue improvement in the Company and society, from yesterday to today, and on to tomorrow.

Code of Values and Code of Conduct

NEC has set out the Code of Values, which stimulates the active and autonomous behavior that everyone from officers to employees should take individually to create social value.

In addition, the NEC Group Code of Conduct is a set of specific guidelines to be observed that summarize the concept of integrity presented in the Principles. Every one of these guidelines must be upheld in order to achieve NEC’s purpose.

NEC’s Basic Principles of Sustainable Management

NEC is promoting sustainable management in accordance with the following basic principles based on the NEC Way.

Contribute to Solving Social Issues through Our Business Activities

In its purpose, NEC aims to create the social values of safety, security, fairness, and efficiency through its business activities.

With regard to the social issues we are addressing and the impact of our social value, we can confirm the SDG targets using the target number levels (the numbers provided for each target such as 1.1 and 2.3) and verify our progress. For example, [in our initiative to promote vaccine distribution and vaccination records for children using fingerprint identification in collaboration with the global vaccine alliance GAVI and UK-based Simprints](#), we aim to solve SDG 3 targets 3.8 “Ensure vaccines for all” and 3.2 “End preventable deaths of children under 5.”

Strengthen Risk Management and Enforce Compliance

To put into practice the Principle of “Uncompromising Integrity and Respect for Human Rights,” our business activities are predicated on placing top priority on “strengthening risk management and enforcing compliance,” considering the impact not only on our employees, but also on customers and society. The NEC Group Code of Conduct also begins with calling for “acts in good faith based on high ethical standards.”

In 2005, NEC signed the United Nations Global Compact, which calls for corporate activities based on 10 principles in the four areas of “Human rights,” “Labor,” “Environment” and “Anti-corruption,” and we periodically undertake self-evaluations of the activities as part of our participation.

Promote Communication with Stakeholders

Engaging in dialogue and co-creation with our stakeholders is an essential process for understanding the real issues faced by customers and society and their expectations of us, and for building relationships of trust. Our commitment

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to promoting dialogue and co-creation with stakeholders is embedded in the concept of “Orchestrating” stated in our purpose, “Orchestrating a brighter world.” This also aligns with Goal 17 of the SDGs, “Partnerships for the goals.”

Value Creation Process

Going even further, NEC has presented the process for realizing its purpose as the following value creation process (figure on the right), giving consideration to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and value co-creation guidance.

NEC’s corporate activities start by thinking about and grasping future social issues together with various stakeholders, based on the SDGs, megatrends, and feedback from customers and society.

From there, we invest the tangible and intangible capitals (financial, manufactured, intellectual, human, social and relationship, and natural capitals) that NEC has built up into business segments that will actually create value. In so doing, we are not only promoting the NEC Way, but also “materiality,” our priority themes to be addressed from an ESG perspective. By concentrating capital in this way, we create NEC’s unique strengths.

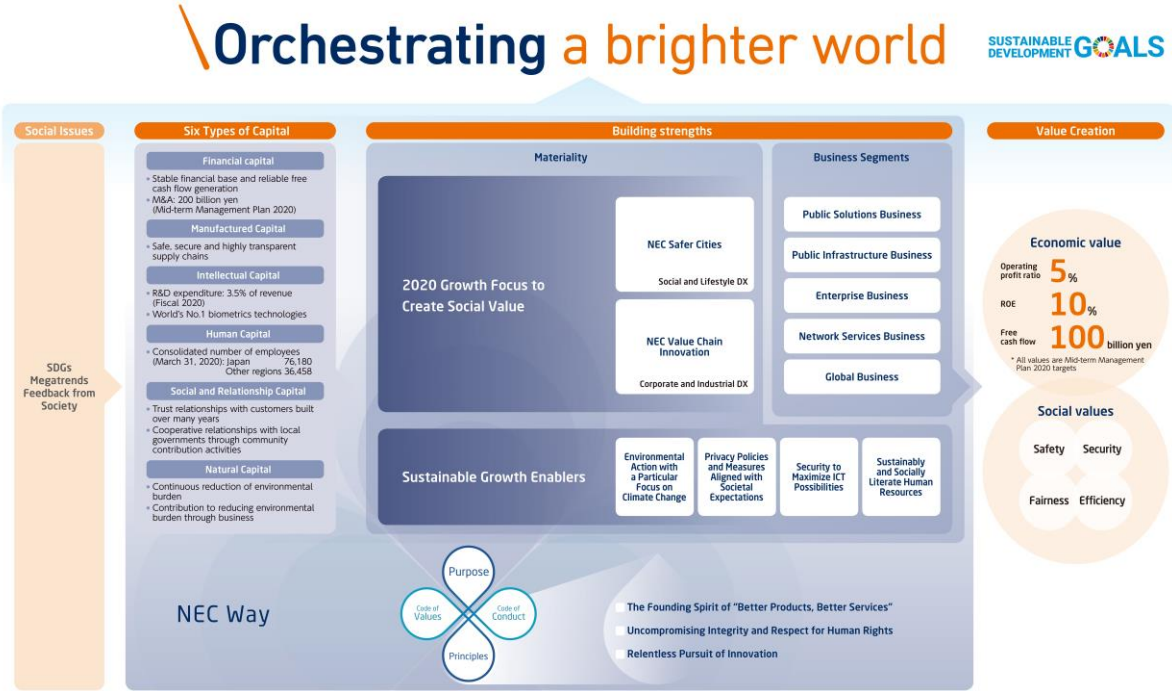
And by leveraging these strengths, we create financial and social value.

We will further evolve this value creation process by accurately comprehending social changes and building on our strengths through constant pursuit of innovation.

- ▶ [Priority Management Themes from an ESG Perspective—Materiality](#)

Sustainable Management Promotion Framework

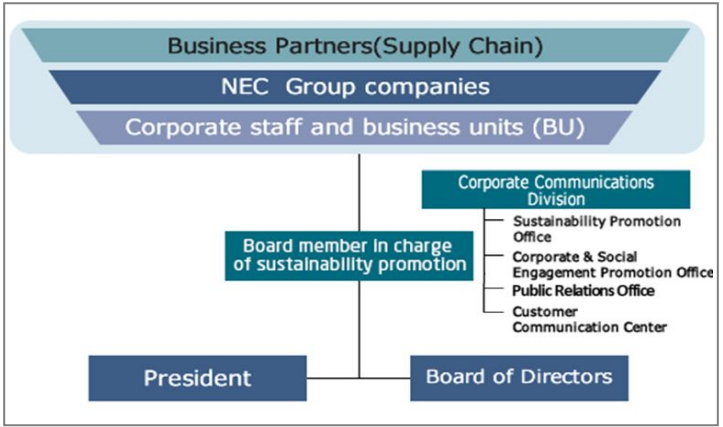
NEC’s sustainable management is promoted by corporate divisions such as the Corporate Strategy, IR, Human Resources and General Affairs, Human Resource Organization Development, Compliance, Management



NEC’s value creation process

Information Systems, Environment, Customer Service, Quality Assurance, Procurement, and Communications divisions, as well as Laboratories, Business Divisions, and Group Companies in Japan and overseas (figure on the right). We also undertake initiatives in coordination with business partners.

Key matters for promoting sustainable management are discussed as necessary by corporate officers, and matters approved by the board member in charge of sustainability promotion are reported and discussed periodically within the Board of Directors.



NEC’s sustainable management promotion framework