Sustainable Management Needed in the Post-Pandemic World

NEC Corporation announced its materiality in January 2018, coinciding with the formulation of the Mid-term Management Plan 2020 (Mid-term Plan). Last year, we marked NEC’s 120th anniversary, and in April 2020 we took that as an opportunity to refine our medium- to long-term vision for NEC in the NEC Way. For this dialogue, we made use of the video conferencing system Zoom, due to the impact of COVID-19, to exchange opinions on the theme of the Company’s sustainability management direction as presented in the NEC Way and its materiality. The unprecedented state of emergency has enabled everyone to experience the potential of ICT, and we have received feedback from people expressing their expectations of NEC Corporation. On the other hand, we have also received advice that NEC should conduct business using its own distinctive value creation model since ICT has unlimited potential, and that rather than thinking about extending our current business, we should make good use of the SDGs, present a long-term vision for 2030, set targets using back-casting, and think about outcomes.

Rather than Continuing on the Current Trajectory, NEC Should Present Targets from a Long-Term Perspective

Shikimori (NEC) Last year NEC revised the NEC Way and reviewed its materiality. The Company also presented its value creation process in the Integrated Report. This year, our challenge is to communicate our approach to capital investment within this value creation process, and to further incorporate ESG perspectives into the Mid-term Plan that starts from next fiscal year.

Pedersen I am in complete agreement with incorporating ESG perspectives into the Mid-term Plan. When doing this, there are two considerations that I think are important. The first is that NEC should use events such as this pandemic to pivot to a "Green Restart" rather than returning to our previous growth models. This means accelerating progress towards a sustainable economy. NEC has ample potential in this regard, and has a strong foundation for realizing green growth, for example.

The second consideration is that it is difficult to comprehend issues in just the three-year span of a Mid-term Plan. NEC should take a long-term perspective, including environmental changes, to present in detail the safety, security, fairness, and efficiency that it aims to deliver.

Furuya The pandemic impressed on everyone once again that economic activity cannot take place without society and the environment. It is important to clearly present a policy that is not simply an extension of previous thinking.

Arai The outcome should reflect the NEC vision and what the Company is aiming to achieve. NEC should engage with most of the 17 SDGs rather than addressing the environment and climate change issues alone, because these closely interconnect with most of the other goals.

It is vital to make use of the SDGs along with back-casting to create a story and set clear targets for 2030 and 2050, rather than merely extending the current plan.

Ashida (NEC) NEC Corporation’s Mid-term Plans are created with a sense of timing based on businesses starting to bloom in around three to five years. However, we realized again that we need a social value-building vision with a slightly longer perspective.

Shimizu (NEC) For the environment, we have established our vision for 2030 and 2050, and we will measure our progress on it using our own original indicators. We have our own great vision, and we have now realized that we should also establish plans and have standards for measurement.

Promote the Use of ICT and AI that Contribute to Respect for Human Rights

Furuya NEC has included privacy as one of its materiality issues. But in some ways, the Company appears to be focusing too much on negative aspects. Consideration for privacy is an area that can contribute significantly to NEC’s business. I think the Company would benefit from approaching it in a more positive way.

On the other hand, the arrival of an unexpected pandemic can lead to fears that human rights breaches may be tolerated. I think it is desirable to balance both positive and negative aspects of the issue.

Arai Investors have recognized data security and governance as essential issues as the volume of data exchanged between companies has significantly increased. NEC needs to share its view with other companies on how to handle data security and human rights issues to avoid risks.

How Does NEC’s Existence Contribute to Society

Pedersen How will the Company build a value creation model that is distinctive to NEC? How will this model improve NEC’s business? How will it improve society? NEC should engage in initiatives that highlight the ways that its existence contributes to society.

Matsukura (NEC) The COVID-19 problem is not a short-term one, and will change our world view considerably. Going forward, we need to create a sustainable world, and I believe that NEC has the potential to contribute to this. Therefore, everyone, from officers to employees, needs to have a shared awareness, and a long-term outlook is necessary to achieve that. I could really see that we need to start by setting 2030 as the Company’s scope, then back-casting from there to consider what the Company should engage in.

In our dialogue last year, we were advised to make the NEC Way a core component of our foundation. We revised the NEC Way and management decided to make the Purpose our primary axis moving forward. With the Purpose as our axis, we will draw up a clear vision for how we can contribute looking ahead to 2030.