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Creating a Diverse Work Style Environment

Policy

To realize “the growth of the Company” and “personal growth and happiness” under our Human Resources (HR) Policy, NEC develops and fairly evaluates human resources, who play such an active and important role in our growth. We also promote the creation of productive, comfortable working environments.

NEC has established a system that evaluates employees based on their contribution to business. We pay appropriate wages and bonuses according to employees’ roles and results based on various laws and regulations, labor contracts, and internal regulations. In addition, we have established defined contribution pension plans, an employee shareholding association, and a corporate pension, and so forth, and introduced medium- to long-term incentives.

In addition to these systems, we are bringing about a friendly work environment through discussions and by working with the workers union and management on issues covering the personnel system, benefit programs, the realization of work-life balance, and a work style by which all employees have the opportunity to reach their full potential.

In particular, we have childcare and nursing care systems that exceed statutory minimums and led other companies in the introduction of a telecommuting system in 2000. Through these and other initiatives, we have worked to create an environment where diverse human resources can play a part.

Moreover, in the NEC Group Human Rights Policy, we have referenced various guidelines presented by the International Labor Organization (ILO) and we have clearly stated that we support the basic rights of individuals and workers, including the three rights of workers (the right to organize, the right to collective bargaining, and the right to collective action).

Promotion Framework

The Human Resources Development Division and business unit are leaders in coordinating the workers union and management. In management and labor relations, the labor agreement states that labor and management must consult together if any changes are to be made in important labor conditions, such as wages and working hours, and the

central labor and management council meeting is held twice a year to provide a venue for such discussion.

In addition, at NEC Corporation, the labor agreement states that all employees are labor union members, except for certain general employees who conduct management duties or designated operations.

Strategies and Main Activities and Results for Fiscal 2020

Promoting Flexible Working Styles

In fiscal 2020, the NEC Group took the following measures to promote flexible working styles in response to changing times and diversity in human resources.

Further Promotion of Teleworking

NEC Corporation has established around 40 internal and external satellite offices in Japan. In May 2019, we established a co-working space called BASE inside the NEC head office building. It is designed to enable Group employees to demonstrate their full abilities and continuously promote new value creation. BASE allows employees to design their own workstyles independently, while taking care of their own mental and physical condition. It aims to promote collaboration between various organizations and enable people to work more creatively.

In the summer of 2019, we participated in “Telework Days 2019,” a national movement in Japan to reform working styles, where all NEC Corporation employees, in principle, undertook one week of continuous teleworking. During this period, around 40,000 employees at all Group companies in Japan carried out telework. This effort was recognized with the “Tokyo Smooth Biz Promotion Grand Award” and the “Japan Telework Association Telework Promotion Award” – Chairman’s Award.

By gaining experience at telework through this trial, many employees were able to transition quickly to telework during the planned suspension of public transportation that happened during the Boso Peninsula typhoon that struck in the autumn of 2019, minimizing the impact on business.

Introduction of Super Flex

From October 2019, NEC Corporation abolished core time and introduced a flex time system without core time (super flex), aiming to transition to a style of working that is devised by the workplace in line with the business and the situation of the workplace members, rather than following a uniform style presented by the Company. By combining this system with telework, we encourage individual employees to design their work hours and locations autonomously. We expect this to enable individuals and teams to achieve better productivity.

Promoting Dress Code-Free Style

In October 2019, NEC Corporation started to encourage employees to autonomously design their working time and space, and to adopt a dress code-free free style of making their own choices on the most appropriate clothing to wear for each day’s working style throughout the year. As a Company that provides cutting-edge ICT, we expect this casual attire to promote free thinking and a flat environment with open communication that encourages collaboration between employees.

Evaluations that Promote Personal Growth

NEC has previously introduced a system for personnel evaluation and development based on two-way dialogue between managers and their team members. By having a conversation, the managers and team members set goals for all employees that align the organization targets with the subjective ideas and future career goals of each individual. We then provide feedback on the degree of achievement and evaluation results to enable individual growth and career formation.

In addition, in fiscal 2019, the Group adopted the Code of Values, a new shared standard of conduct for the Group, and has strengthened feedback and coaching focused not only on results, but also on conduct. To facilitate this, we reiterated the importance of conduct evaluation to management and conducted training to strengthen coaching and feedback.

In cases other than employee preference, where it is necessary for work, workplaces and work types may be changed or employees may be transferred or sent on assignment. However, in these cases, the labor contract

stipulates that the labor union must be notified at least 7 days in advance.

The average annual salary of employees is 8,148,125 yen, with no difference by age or gender. In addition, the average length of service is 20.0 years. (Both figures are as of March 31, 2020).

Work-Life Balance

At NEC, the workers union and management cooperate to implement flexible working styles, prevent overwork, and promote time off from work, while observing the relevant legal systems in each country.

In addition, following workers union and management deliberations, in fiscal 2017 NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime work requiring a health check from 80 to 70 hours a month. We also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the standard. The status of these efforts is confirmed by workers union-management committees in each business unit and office to shorten work hours through work style reforms and ensure employee health while also promoting time off from work.

In 2018, we established the "Guideline for Balancing Treatment and Work" for employees. The guideline indicates that employees can make use of systems such as short-time work or short-day work*¹ to enable them to receive treatment or recover from cancer and other intractable diseases. This provides a system that enables employees to continue working with peace of mind.

Furthermore, in April 2019, NEC Corporation and affiliated companies in Japan renewed their work hours management systems and took other steps to properly grasp work hours and rigorously manage overtime work in line with the revision of the Labor Standards Act. We have put systems in place to enable early identification of potential risks and implementation of countermeasures as needed to prevent any incidents arising due to working hours.

As a result of these initiatives, the rate of taking paid leave at NEC Corporation for fiscal 2020 was 67.6%, which was a little higher than the previous year (67.5%).

The average amount of overtime was 19.0 hours per month, a slight increase from the previous fiscal year (16.2 hours). We will work to reduce overtime by further encouraging employees to autonomously design their own working times and spaces.

*1 One day a week is predetermined as a non-work day, on which employees are allowed not to work.

Introduction of Independent-Type Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows employees to select and design their own benefits rather than benefits and welfare prepared by the Company based on an assumed model life plan. Under this benefits and welfare system, employees are granted a certain amount of points, and they can select various benefits and welfare services within the scope of their points, according to their needs. There are a wide range of options to meet employees' various needs, such as self-investment for growth, assistance for use of relaxation facilities, assistance for use of childcare and nursing care services, purchase of time-saving home appliances, and so forth.

NEC Corporation has offered childcare and nursing care leave systems ahead of other companies since before such systems were mandated by law. The new welfare and benefits system also includes an allocation of childcare and nursing care points for employees engaged in childcare and nursing care, separate from the basic points, as part of the Company's ongoing efforts to support employees balancing work with childcare or nursing care.

Support for Childcare

NEC Corporation supports employees who are balancing work with childcare by providing systems such as childcare leave and reduced working hours for childcare.

In addition to the abovementioned welfare and benefits system, we conduct management training on supporting work-life balance and skills improvement training for employees on childcare leave. These initiatives enabled NEC Corporation to acquire the "Kurumin" Next-generation Support Certification Mark in 2007, 2012, and 2015. We implemented a series of measures, even including measures that are not incorporated in the action plan, and further improved the work-life balance of our employees. Through these measures, NEC Corporation acquired the "Platinum Kurumin" certification in 2018.

Nursing Care Support

NEC Corporation supports employees who are balancing work with nursing care by providing systems such as nursing care leave and reduced working hours for nursing care.

The number of employees with family members who require nursing care is expected to increase going forward. We have therefore been working at expanding our care support system with the aim of supporting workers who have to balance their caregiving and work responsibilities.

NEC Corporation has established the following systems:

- (1) A "Nursing Care Relocation Expense Subsidies" system, under which NEC will provide subsidies for relocation expenses incurred by employees who have to move to live with or nearby their parents so that they can provide nursing care.
- (2) A "Care Environment Maintenance Funding" system whereby financial support is made available when an employee has to incur major expenditures, such as making structural modifications to the family home or moving to a long-term care facility as a result of a care review of a parent with a high level of nursing requirements.
- (3) A "Nursing Care Support Website" where detailed information is provided and opinions and thoughts are shared to help reduce any feelings of isolation or frustration of caregivers.

Number of People Utilizing Childcare and Nursing Care Leave

[Scope: NEC Corporation; Unit: People]

		FY2018	FY2019	FY2020
Childcare leave	Men	25	33	40
	Women	333	348	314
	Total	<input checked="" type="checkbox"/> 358	<input checked="" type="checkbox"/> 381	<input checked="" type="checkbox"/> 354
Reduced working hours for childcare	Men	17	21	14
	Women	865	824	767
	Total	882	845	781
Nursing care leave	Men	13	9	7
	Women	19	15	8
	Total	<input checked="" type="checkbox"/> 32	<input checked="" type="checkbox"/> 24	<input checked="" type="checkbox"/> 15
Reduced working hours for nursing care	Men	5	4	10
	Women	20	19	16
	Total	25	23	26

In fiscal 2020, the numbers of people using reduced working hours for childcare leave and taking nursing care leave decreased. This reflects the uptake of telework and super flex, which enabled employees to balance their work without using systems such as reduced working hours for childcare, or nursing care leave.