

Management for Sustainability

NEC aims at realizing a sustainable society where everyone has the chance to reach their full potential. Our management approach entails conducting dialogues and co-creation with many different stakeholders while advancing business activities that help address social issues. Moreover, we not only fulfill our responsibility to comply rigorously with laws, regulations, and sound corporate ethics but also proactively lower risks attendant on activities that have potentially negative effects on society or the environment.

NEC is promoting management for sustainability in accordance with the following basic principles: “contribute to solving social issues through our business activities,” “strengthen risk management and enforce compliance,” and “promote communication with stakeholders” based on the United Nations Global Compact (UNGC). In 2005, we became a signatory to the UNGC, which calls for corporate activities based on 10 principles pertaining to the four fields of human rights, labour, the environment, and anti-corruption. Revised in 2020, the NEC Way defines our Purpose and Principles as a company while advocating a Code of Conduct* and a Code of Values for everyone at NEC—from executives through to employees. Achieving fulfillment of the NEC Way is our basic management policy for sustainability.

* Formal name: The NEC Group Code of Conduct

Our Journey toward Sustainability 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 the U.S. city of Atlanta, then-chairman of NEC Koji Kobayashi presented a new concept, “C&C,” referring to the integration of computers and communications.

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 the 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 executives to employees. Announced in April 2020 following a resolution by the Board of Directors, the NEC Way presents the connections between the Company’s Purpose, its Principles, and each individual in a clear, simple way.

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.



Founder: Kunihiko Iwadare

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.”



Announcement of C&C at INTELCOM 77

2013

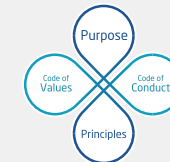
Transformation into a Social Value Innovator

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 the Mid-term Management Plan 2015 by declaring our intention to transform into a Social Value Innovator.

2020

NEC Way

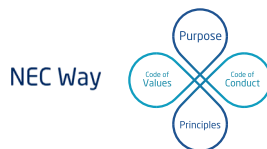


To mark the 120th anniversary of its founding, we defined our “Purpose” within the NEC Way as “NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.” NEC will redouble its business activities inspired by social issues, aiming to contribute to the achievement of the Sustainable Development Goals (SDGs) in 2030.

NEC Way

A common set of values that forms the basis for how the entire NEC Group conducts itself, the NEC Way comprises four components.

At workshops designed to instill the NEC Way, each executive and employee of the NEC Group compares their values with those of the NEC Way, confirms where they overlap or resonate, and uses this combination of values to work in their own particular way.



Every year on July 17, the anniversary of our foundation, we hold NEC Way Day events, which give all the NEC Group employees an opportunity to think about the NEC Way, review their duties, and set goals for the future.

As a result, the recognition rate of the NEC Way among NEC Corporation employees was 99% as of January 2021. Going forward, we will extend the reach of the NEC Way to include abroad subsidiaries, thereby heightening recognition of it throughout the NEC Group.

● 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, ICT could potentially help in addressing many different issues. For this reason, we believe that we can contribute significantly to all of the targets set out in the SDGs by drawing on our leading-edge technologies in such fields as biometrics, AI, and 5G and our competence in R&D and implementation as we engage in dialogue and co-creation with a range of stakeholders.

NEC actions to achieve the SDGs

● Principles

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

● 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.

Code of Values

Code of Conduct

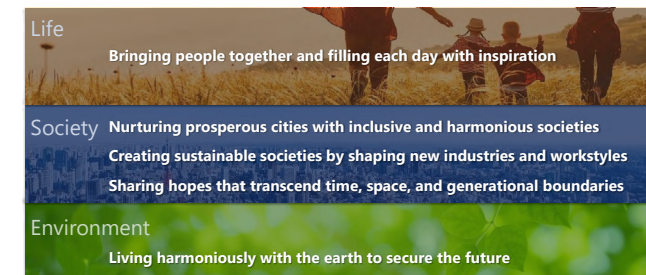
NEC 2030VISION

In preparing the Mid-term Management Plan 2025, which begins from fiscal 2022, the year ending March 31, 2022, we formulated a vision of the kind of society that people will want to live in approximately 10 years from now, which we call the NEC 2030VISION. Our vision comprises three layers: the *environment*, serving as a base for society's endeavors;

society, underpinning people's lifestyles; and daily *life* that gives each individual a sense of well-being.

Based on NEC 2030VISION, we will not only improve financial performance but also achieve business management and business creation that produces positive social and environmental impacts.

NEC 2030VISION



NEC 2030VISION

Our Approach to Sustainability and ESG under the Mid-term Management Plan 2025

NEC's Mid-term Management Plan 2025 calls on the Company to realize its Purpose by implementing business and financial strategies and reforming corporate culture.

With respect to business strategies, in the areas of *life* and the *environment* set out in the NEC 2030VISION, we aim to help realize the kind of society that consumers of 2030 are likely to want by creating and developing healthcare and life science businesses as well as businesses related to carbon neutrality.

As for financial strategies, we will advance non-financial initiatives, which will become financial initiatives in the future, centered on priority management themes from an environmental, social, and governance (ESG) perspective—materiality. By disclosing the details of these initiatives in a timely and appropriate manner, we aim to be continuously included in ESG indices, which are used for ESG investment and other purposes. This is our aim because we believe that inclusion in ESG indices is a sign that we are earning trust from society and capital markets.

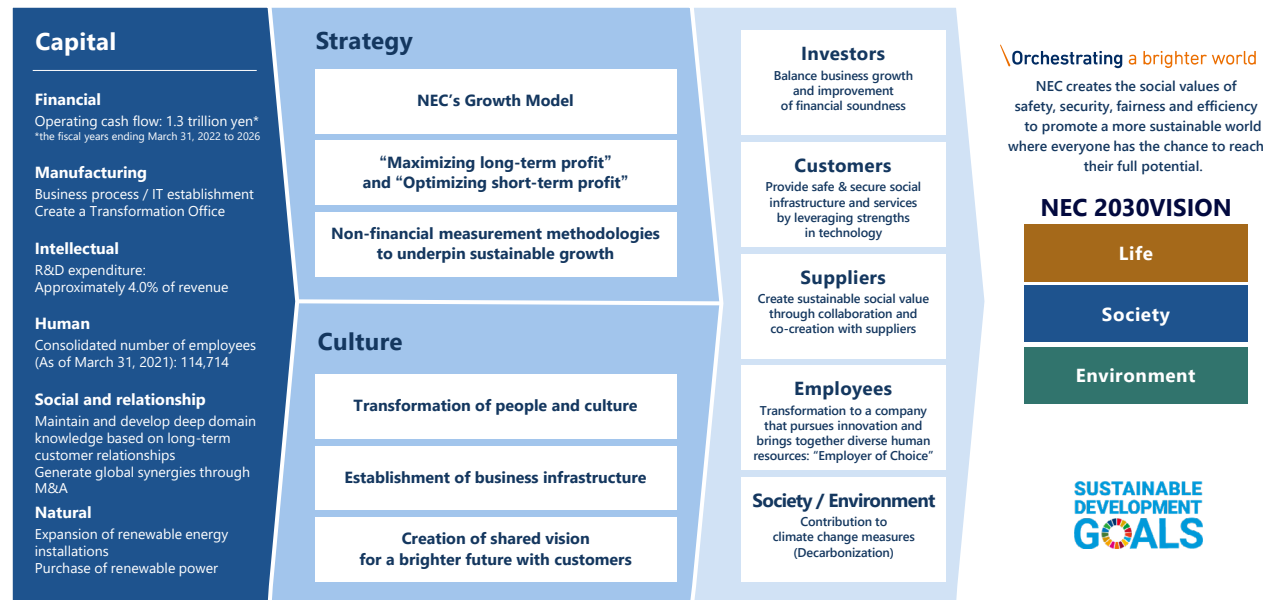
In the area of corporate culture reform, NEC will advance such initiatives as diverse human resource development and cultural transformation—one of its materiality tasks—and step up workstyle reform with the aim of raising the Company’s employee engagement score to 50.0% by fiscal 2026.

- Mid-term Management Plan 2025
- [Priority Management Themes from an ESG Perspective—Materiality](#)
- External Ratings and Evaluation (inclusion in ESG indices)

Value Creation Process

NEC capitalized on the preparation of its Mid-term Management Plan 2025 as an opportunity to revise its value creation process in the context of management that promotes sustainability. With reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and value co-creation guidance, NEC arranged the following factors as presented in the chart below.

NEC’s Value Creation Process



1. What type of economic, social, and environmental value does NEC aim to create?
2. What type of value does NEC aim to provide to its stakeholders?
3. What is NEC’s management strategy to enhance its corporate value?
4. How does NEC allocate its resources to accelerate its management strategy?

Going forward, we will give further clarity to our Purpose, by making visible more-specific details of the social and environmental value that we want to create through businesses and by making visible the progress of initiatives.

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

Management Implementation Framework for Sustainability

NEC’s sustainability management is promoted by corporate divisions such as the Corporate Strategy, IR, Human Resources and General Affairs, Human Resource Organization Development, Compliance, Management Information Systems, Environment, Customer Service, Quality Assurance, Procurement, and Communications divisions, as well as laboratories, business divisions, and Group companies around the world. We also undertake initiatives in coordination with business partners.

In April 2021, we established the Sustainability Promotion Division as a dedicated organization for the advancement of sustainability. NEC has established this new division because, in an era of increasing uncertainty, the effect of ESG initiatives on corporate finances will become even greater and because a trend of calling on corporations to make more-concrete commitments to a sustainable society is gathering momentum worldwide.

Key matters for promoting sustainability management are discussed as necessary by corporate officers and managers of related divisions, and matters approved by the Board member in charge of sustainability promotion are reported and discussed periodically within the Board of Directors. Further, Companywide organizational development and human resource development, based on practical implementation of the NEC Way, and priority management themes from an ESG perspective—materiality—are clearly stated in job descriptions of all in-house directors. These factors have also been incorporated into the key performance indicators used to evaluate officers. In such ways, we are advancing initiatives.

NEC’s Management Implementation Framework for Sustainability

