

Human Resource Development and Training

Policy

Viewing people as its greatest management resource, NEC has been investing in them by transforming systems and improving environments in ways that maximize the capabilities of the Company's personnel and organization. To be an employer of choice that is always the preferred option not only of markets and customers but also of workers, we have been reforming our workplace environment and culture. The aim of these efforts is to ensure that each employee has a range of opportunities to take on challenges and grow and receives fair evaluations. Moreover, we are creating an atmosphere in which proactive employees can shine. The aforementioned reform initiatives are based on our Human Resources (HR) Policy "NEC, for Those Who Seek Challenge," established in 2019.

The foundation of the reforms is the NEC Way, which outlines the NEC Group's Purpose and Code of Values. We have defined our Purpose as the creation of 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. With our sights set on realizing this Purpose, we are developing our organizational climate and culture while fostering personnel who have the passion and ambition to create new businesses, the capabilities to take on challenges beyond organizational boundaries, and the perseverance to accomplish initiatives.

Through these reform efforts, we hope to raise the employee engagement score to 50% by fiscal 2026.*

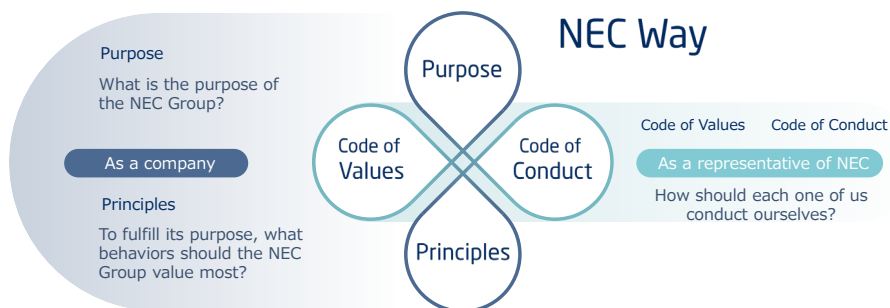
* Based on a survey conducted by the global human resource consulting company Kincentric, a 50% score is in Tier 1, which approximately corresponds to the top 25th percentile of companies globally.

Implementation Framework

With a view to realizing our HR Policy, we are rapidly responding to change and accelerating the establishment of systems that enable the timely assignment of personnel to suitable positions.

Structure of the NEC Way

The NEC Way clearly indicates not only NEC's Purpose and principles as a company but also our values and the way in which each one of us as representatives of NEC should conduct ourselves.



● Human Resource for Driving Transformation

We are reorganizing the roles of the Human Resources Division, which spearheads the human resource strategies that support business strategies. We have prepared a human resource model and defined the roles and responsibilities of each human resource business partner, shared service, and center of excellence. The center of excellence function plays a leading role in formulating human resource strategies and establishing optimal programs, systems, and policies and works with human resource business partners to implement measures for human resource development and training throughout the Company.

● Training System for Heightening Expertise

We are conducting human resource development to strengthen the expertise of our workforce. These efforts are based on the Human Resources Management Committee—a cross-organizational body that plans, implements, and follows up on measures for specific job types, thereby contributing to the improvement of professional skills in the NEC Group.

● Human Resource Foundations for One NEC

To realize the HR Policy, the NEC Group must unify its human resource foundations in-house, including those in Japan and abroad. Since 2019, the Company has unified human resource evaluations by conducting performance development at NEC Group companies as well as at NEC. Performance development encourages growth and changes in behavior by providing feedback that uses a system of nine blocks based on performance and the Code of Values, goal management, and one-on-one meetings between supervisors and their team members. Further, in fiscal 2021 we partially introduced a new human resource information system. Plans call for the full introduction of the system to NEC and NEC Group companies beginning from fiscal 2022 and fiscal 2023, respectively.

HR Policy "NEC, for Those Who Seek Challenge"



NEC, for those who seek challenge.

Diverse opportunities for challenge

Our guiding principle is right time, right position, right person. Diverse opportunities for challenge are provided, which employees can take advantage of to flexibly build their own careers.

Unlimited growth opportunities

If your outlook is ambitious, you can continue improving your skills and growing as a professional.

Fair appraisal and progressive rewards :

Performance is evaluated fairly and rewarded with the appropriate pay and subsequent growth opportunities and positions.

Work environments and culture that bring out your best

Systems support good work environments and culture in addition to a fulfilling quality of life, allowing employees to dedicate themselves to taking on challenges.

Measures and Main Fiscal 2021 Activities

● Talent Acquisition

Initiatives to Acquire Diverse Talents to Supplement the En Masse Hiring of New Graduates as Regular Employees

We have introduced a system that entails hiring new graduates for specific jobs. Rather than paying talented new employees starting salaries based on their academic background, the new system provides remuneration based on the roles the new employees assume.

Further, targeting leading young researchers, including new graduates, NEC has introduced a Selective Compensation Program for Professional Researchers, which takes market value into account and sets no upper limit on compensation.

Increase in Mid-career Hiring (400 People in Fiscal 2021) and Introduction of Referral Recruitment

To realize timely assignment of personnel to appropriate positions, we are making bold changes to the way we utilize human resources. One such change is our increased utilization of external human resources. Specifically, we are hiring more mid-career personnel, who enable us to implement businesses strategies immediately. In fiscal 2021, to supplement our use of recruitment agencies, we launched a referral recruitment system that uses the personal networks of NEC employees. Five people joined NEC through this system in the same fiscal year.

● Develop Talents

Next-generation Leadership Development

Human resource discovery

We have clarified the target profiles of next-generation leaders as well as the capabilities they are likely to need and compiled a list of approximately 1,000 promising personnel from our operations worldwide. Our aim is to accelerate the achievement of business results and maximize the effectiveness of training. To these ends, we hold Talent Talks, in which corporate officers discuss promising personnel, and People & Organization Discussions, which focus on reflecting business strategy in organizational design and personnel assignment. Furthermore, we assign promising personnel to “hot” positions that simultaneously meet business and training needs.

Global human resource development

We have developed a global leadership program to ensure that we assign the most globally competent personnel to leadership positions. With respect to our Senior Leader Program, 15 people from nine regions and countries participated, while 21 people from 10 regions and countries participated in the Rising Leader Program.

Training program involving corporate officers

We have begun group mentoring conducted by corporate officers who are not only from Japan but from a range of other backgrounds. Eight corporate officer mentors conducted the program, in which 48 mentees participated.

Development of Line Managers

We believe that the role of line managers is important in realizing our HR Policy, “NEC, for Those Who Seek Challenge.” Accordingly, we have launched management training focused on optimizing performance by maximizing both team cohesion as well as the initiative, creativity, passion, and autonomous behavior of each employee. In fiscal 2021, 20% of the managers belonging to the rank targeted by this program participated. Approximately 70% of responses to a questionnaire of participants and their superiors and subordinates conducted after the training indicated changes in the participants’ behavior.

Development of Personnel Conversant with Digital Technologies

In partnership with Keio University, we have developed a training program aimed at fostering personnel who are conversant with digital technologies. The program focuses on the concepts and behavior patterns needed for DX as well as the methodology and techniques of value creation. Further, the program includes project-based training in which trainees incorporate the knowledge they have acquired into activities aimed at generating ideas for new businesses. In fiscal 2021, 85 people participated in the program.

Provision of Diverse Learning Opportunities through LinkedIn Learning

NEC has introduced LinkedIn Learning, an online-video service providing all NEC employees with a range of learning opportunities that can be availed of at any time or location and tailored to the needs of individual employees.

Social Issue Experience Human Resource Development Programs (SENSE)

SENSE is a group of leadership development programs that cultivates leadership skills by providing personnel with opportunities to visit areas that have social issues and experience them with all five senses. In fiscal 2021, 40 employees participated in the programs.

● Utilize Talents

Establishment of NEC Life Career

In October 2020, NEC established NEC Life Career, Ltd., which specializes in services that help employees take the initiative in developing their own careers. This type of career development provides a foundation that allows each employee view changes in the business environment positively and grow and mature as a professional. The new company will accelerate the strengthening of various measures related to developing the careers and skills of employees and accelerate the timely assignment of personnel to suitable positions, which is aimed at increasing the Group’s ability to implement business strategies.

My Career Design and Career Design Workshop

We are enhancing the My Career Design group of programs, which help employees take greater ownership of and realize their career plans. Moreover, based on the career design concept, in December 2020 we introduced a new career training program, the Career Design Workshop. We have completely overhauled the previous career training program, which was generation-based and began when employees reached the age of 30. Aiming to offer employees career development support, opportunities, and options at an earlier stage, we reorganized the program so that it encompasses employees in all generations—from those in their 20s through to those in their 50s.

Introduction of an AI-enabled Recommendation Service to the NEC Growth Careers (Employee and Position Matching) System

In the past, our system for matching employees and positions entailed employees reading job descriptions of published vacancies and then applying for positions that interested them. Alternatively, the personnel manager of a department with a vacancy would search published resumes and contact personnel who met the position’s requirements. In fiscal 2021, NEC began using its AI capabilities to generate job candidate recommendations. Specifically, we use machine learning to match the content of resumes with that of published vacancies. As well as giving

employees more opportunities to take on challenges and grow and discover potential they did not know they had, the new service helps the personnel managers of departments with vacant positions efficiently select, secure, and assign the most suitable personnel.

● **Developing Talents in Key Focus Areas**

At NEC, we are developing human resources in our key business areas, in order to strengthen the core technologies that contribute to solutions for society, as well as to sustain these technologies and solutions into the future.

● **Innovation Management “Human Resource Development Aimed at Strengthening Core Technologies and Enhancing Diversity”**

Development of Information Security Professionals

NEC puts serious effort into developing cyber security professionals. For instance, NEC’s system integration service not only incorporates security from the implementation phase but utilizes the “security by design” practice in the early system requirements design phase.

Recognizing the importance of incorporating security from the early design phase—an approach known as “security by design”—since fiscal 2020, we have been fostering specialists who implement security by design and assist the security managers of business divisions. These specialists play a pivotal role in efforts to oversee all processes related to system development and implement appropriate security without fail—enabling us to deliver safe and secure systems to our customers.

Further, we use a dedicated virtual environment that simulates an e-commerce website and thereby provides a location where system engineers can practice taking practical security measures and acquire skills that increase the robustness of systems at their construction phase.

In fiscal 2021, we introduced remote services, which allowed our engineers to strengthen the security technologies that underpin our clients’ systems even during the COVID-19 pandemic.

Also, we are developing highly skilled cyber security personnel. In fiscal 2021, we launched the NEC Cyber Security Analyst Program, which is a more practical version of the NEC Chief Information Security Officer Aide Training Program. With the aim of enhancing the capabilities of our leading cyber security professionals even further, personnel well versed in cyber security technologies undergo an intensive six-month program to acquire the technical skills needed in the provision of advanced cyber security services, such as the work performed by the Computer Security Incident Response Team (CSRT) and risk hunting.

We are also focusing efforts on widening our pool of cyber security human resources. To raise the overall level of security skills across our workforce, we offer web-based training on the basic cyber security knowledge required by sales personnel and system engineers. In addition, since fiscal 2016 NEC has been holding the NEC Security Skill Challenge, an in-house “capture the flag” competition for all employees. Accounting for more than 5,000 voluntary participants to date, the competition is helping to broaden the base of the Group’s cyber security workforce.

Moreover, we strongly encourage employees to acquire public security qualifications, such as the internationally recognized CISSP qualification and the Registered Information Security Specialist national qualification. This way, we have prepared a framework so that cyber security professionals can provide customers with system integration and services.

● **Initiatives Aimed at Heightening Motivation with Respect to Career Development**

NEC Corporation has prepared retirement allowances and defined contribution pension plans as retirement benefit and pension programs. These respond to changes in lifestyle and employment type at different ages, while also providing motivation for people to develop their careers with a long-term perspective.

Outcomes

● **Initiative Outcomes Revealed by the One NEC Survey**

Our annual One NEC Survey of NEC Group employees showed the following improvements in human resource-related scores versus those of fiscal 2020.

