

# Creating a Diverse Workstyle Environment

## Policy

To realize corporate growth and personal growth and happiness in accordance with its HR Policy, NEC develops and fairly evaluates personnel, who drive the growth of its businesses. We also promote the creation of productive, comfortable working environments.

Aiming to realize fair assessments, NEC has established a system that evaluates employees based on their contribution to businesses, regardless of such attributes as age or gender. We pay appropriate wages and bonuses according to employees' roles and results based on various laws and regulations, labour agreements, and internal regulations. In addition, we have introduced medium- to long-term incentives, including defined contribution pension plans, an employee shareholding association, and a corporate pension. Further, bearing in mind the import of laws pertaining to equal pay for equal work, we have enabled fixed-term contract employees and other non-regular employees to use some of the systems established for regular employees.

In addition to these systems, we are bringing about a friendly work environment through discussions and by cooperating with the workers union and management on issues covering the personnel system, benefit programs, the realization of work-life balance, and a workstyle 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 have led other companies in the establishment of a teleworking system, which we introduced as early as 2000. Through these and other initiatives, we are working to create an environment where diverse personnel can play a part. Also, by advancing the aforementioned initiatives, we aim to raise our employee engagement score to 50% by fiscal 2026. Moreover, with reference to the various guidelines of the ILO and other bodies, the NEC Group Human Rights Policy states that we recognize employees' right to organize, bargain collectively, and act collectively.

## Implementation Framework

The Human Resources Division and business units play a leading role in liaison and coordination between workers and management. The labour agreement that NEC has concluded with NEC labour unions guarantees the right of workers to bargain collectively and stipulates that management must consult with workers if any changes are to be made to important labour conditions, such as wages and work hours. To provide a venue for such discussions, a central labour and management council meeting is held biannually.

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

## Measures and Main Fiscal 2021 Activities

### ● Promoting Flexible Workstyles

The NEC Group has implemented a range of measures aimed at advancing flexible workstyles and continuing business operations amid the COVID-19 pandemic.

### Further Promotion of Teleworking

NEC Corporation has established roughly 50 internal and external satellite offices in Japan. Also, we have been establishing BASE co-working spaces, designed to enable Group employees to fully realize their abilities and continuously promote new value creation. We established these co-working spaces inside the NEC head office building in fiscal 2020 and at the Tamagawa Office and the Fuchu Plant in fiscal 2021. BASE allows employees to design their own workstyles independently, while taking care of their own mental and physical health. It aims to promote collaboration between various organizations and enable people to work more creatively.

As more than 80% of our employees were teleworking by the end of March 2020, we were able to transition smoothly to a teleworking-based workstyle and continue our business operations when Japan's government issued a state of emergency declaration in May 2020. While giving first priority to the safety and peace of mind of employees and their families, we advanced a hybrid workstyle that optimally combines remote and on-site work.

We utilized IT to design environments for particular jobs and duties and to further increase efficiency and productivity in teleworking-based workstyles. In recognition of these efforts, in fiscal 2021 we received the Telework Promotion Award—Chairperson's Special Award from the Japan Telework Association, following on from the Chairperson's Award received from the association in the same award category in the previous fiscal year.

### Introduction of Super Flex

From October 2019, NEC Corporation abolished core time and introduced a flextime 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 style of making their own choices on the most appropriate clothing to wear for each day's workstyle throughout the year. As a company that provides cutting-edge ICT, we expect this casual attire approach 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. One-on-one meetings between supervisors and their team members help align the goals of individual employees in their roles with the goals of the organization. Further, supervisors prepare and implement development plans, taking into consideration training that heightens the capabilities, capacities, and skills needed to reach these goals as well as each employee's career aspirations. We then provide feedback on degrees of achievement and growth to enable further individual growth and career development.

In fiscal 2019, the Group adopted the Code of Values as a shared standard of conduct. Since then, in one-on-one meetings, supervisors have been providing feedback and coaching that, while focused on results, places greater emphasis than before 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 labour agreement stipulates that the labour union must be notified at least seven days in advance.

The average annual salary of employees is 8,294,708 yen, with no difference by age or gender. In addition, the average length of service is 18.9 years. (Both figures are as of March 31, 2021.)

## ● Work-Life Balance

At NEC, the workers union and management cooperate to implement flexible workstyles, 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 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 workstyle 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\* to enable them to receive medical 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 hour management systems and took other steps to properly ascertain work hours and rigorously manage overtime 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 work hours.

As a result of these initiatives, average overtime was 19.9 hours per month, a slight increase from the 19.0 hours of the previous fiscal year. We will strive to reduce overtime by further encouraging employees to autonomously design their own working times and spaces.

\* One day a week is predetermined as a non-work day, on which employees are allowed time off from 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 number 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, health improvement services, assistance for use of childcare and nursing care services, purchase of time-saving home appliances, and so forth. In fiscal 2021, aiming to promote the growth and well-being of each employee by increasing their awareness and utilization of these benefits, we issued a Quick Manual and distributed a video that explains the "cafeteria-style" benefits and welfare system in three minutes. As of January 31, 2021, approximately 19,000 employees had logged on to our benefits and welfare service application website.

NEC Corporation has offered childcare and nursing care leave systems ahead of other companies and before such systems were mandated by law. The new benefits and welfare 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.

## Revision of the NEC Pension Plan

Until recently, the NEC pension plan entailed accumulation through the combined use of a defined benefit pension plan and a defined contribution pension plan. However, to reflect changes in the environment, such as employment mobility and career diversification, we integrated the two plans into a single defined contribution pension plan in October 2020.

While the previous defined contribution pension plan was premised on long-term employment, the revised pension plan allows employees to pursue asset formation without any fear of limiting the range of career options open to them.

Moreover, before revising the pension system, to establish a defined contribution pension plan management system trusted by employees and to offer educational opportunities that encourage employees to pursue asset formation autonomously, we established the NEC Group Defined Contribution Pension Committee. Also, we have monitored products and provided investment education to employees on an ongoing basis.

In recognition of these efforts, NEC received the DC Excellent Company Award at the 9th Japan DC Forum in fiscal 2021.

## Support for Childcare

NEC Corporation supports employees who are balancing work with childcare by providing systems such as childcare leave and reduced work hours for childcare. In addition to the aforementioned benefits and welfare 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 work 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

		FY2019	FY2020	FY2021
Childcare leave	Men	33	40	67
	Women	348	314	307
	Total	☉ 381	☉ 354	☉ 374
Reduced working hours for childcare	Men	21	14	5
	Women	824	767	760
	Total	845	781	765
Nursing care leave	Men	9	7	8
	Women	15	8	4
	Total	☉ 24	☉ 15	☉ 12
Reduced working hours for nursing care	Men	4	10	5
	Women	19	16	15
	Total	23	26	20

Scope: NEC Corporation

Note: The data marked with a check ☉ has been verified by a third party.

In fiscal 2021, the number of people using reduced work 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 work hours for childcare, or nursing care leave.

## ● Initiatives to Design and Grow Your Own Career

In the current era of “100-year lives,” attitudes to work are changing dramatically. As changes in industrial structures and the business environment gather pace, the key to competitiveness for both companies and employees is to have core competencies—strengths and expertise—and to proactively upgrade them in step with changes. In such an era, each person must achieve career “ownership” by independently examining their values, expertise, and strengths; envisioning what they want to be; and taking concrete action to achieve the goal, without being bound by the existing frameworks of their job or the company.

To enable each employee to grow and be happy by pursuing a career in line with their values, NEC provides an environment where employees can think about and act on career plans. We have put in place systems that support and encourage the efforts of employees to take the initiative in improving their skills and in pursuing challenging professional roles. Specifically, in fiscal 2021 we renewed and reorganized a set of training programs and systems aimed at self-starting career development and relaunched our career training curriculum under a new banner: My Career Design. Moreover, with the aim of strengthening our ability to support employees’ career ownership, we established NEC Life Career, Ltd., in 2020.