

# 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 work to create an environment where employees can work with ease and comfort and thereby display a high level of performance.

Aiming to realize fair assessments, NEC has established a system that evaluates employees based on their contributions 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 a retirement lump-sum plan and a defined contribution 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 rewarding 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.

 Target Engagement Score

## Implementation Framework

The Human Resources Division and business units play a leading role in liaison and coordination between workers and management. Making reference to the various guidelines put forth by the International Labour Organization (ILO) and other bodies, the NEC Group Human Rights Policy acknowledges employees' three primary labour rights—the right to organize, the right to collective bargaining, and the right to collective action. In addition, 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 2022 Activities

### ■ Promoting Smart Work 2.0

NEC is working to create an environment where employees can work with ease and comfort and thereby display a high level of performance. In particular, to facilitate business continuity and spur performance amid the COVID-19 pandemic free of the requirement of commuting to the workplace, we have implemented a hybrid workstyle that combines remote and on-site workstyles.

Establishment of workplaces	<ul style="list-style-type: none"> <li>Since fiscal 2020, we have established internal "BASE" co-working spaces at the NEC head office building and the Tamagawa, Fuchu, and Abiko plants, and have expanded operations to 400 external satellite offices across Japan.</li> <li>Expanded operations of BASE co-working spaces to 400 external satellite offices across Japan</li> <li>Since fiscal 2022, we have shifted away from a workstyle that assumes the idea of commuting to a workplace and are redefining the value of the office by expanding our Communication Hubs and Innovation Hubs.</li> <li>Innovation Hub FIELD has been established as a space that combines meal and office settings, and transcends the lines between the Company and its external partners and between organizations.</li> </ul>
Introduction of super flex	<ul style="list-style-type: none"> <li>In October 2019, we introduced a flextime system without core working hours ("super flex").</li> <li>This system, used in combination with telework, encourages individual employees to design their work hours and location autonomously. We expect individuals and teams to achieve better productivity as a result.</li> </ul>
Establishment of guidelines for long-distance work	<ul style="list-style-type: none"> <li>In fiscal 2021, we established guidelines for long-distance work to facilitate a workstyle for people who reside in locations far from their traditional workplace.</li> <li>From fiscal 2022 onward, this will be available regardless of whether there is a "reasonable reason" for wanting to reside in a distant location.</li> </ul>

### Five Star Rating in the Nikkei Smart Work Survey

NEC received a five star rating in the 2021 Nikkei Smart Work Survey in recognition of its implementation framework for promoting diversity and flexible workstyles. Of the 807 companies that responded to the survey, only 21 companies were awarded a five star rating.

### ■ Evaluations That Promote Personal Growth

NEC conducts two-way dialogues between managers and their supervisors to serve as the basis for personnel evaluation and development. These one-on-one meetings, which are held between all employees and their supervisors help align the goals of each employee in their roles with the goals of the Company's business strategy. Presently, about half of NEC employees have these one-on-one meetings at least once a month.

- To achieve business goals, supervisors provide coaching aimed at business management and help employees with growth and career development.
- In fiscal 2018, 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 increased emphasis on conduct.
- The Company introduced "Feedback from Others," a system for receiving multifaceted, 360-degree feedback. We provide managers with training to increase their managerial capabilities and help them to elicit independence, creativity, motivation, and autonomy from the members of their team and maximize team performance.

In cases other than employee preference, where it is necessary for work, workplaces and workstyles 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.

### ■ Introduction of "Thanks/Praise" Platform

In November 2021, we introduced the "Thanks/Praise" platform, which is aimed at facilitating light, positive feedback in an effort of fostering a culture of mutual acknowledgment and enhancement.

### ■ Work-Life Balance

At NEC, labour and management are working together to implement flexible workstyles, prevent overwork, and encourage employees to take leave in compliance with the relevant legal systems of each country.

Fiscal 2016 onward	<ul style="list-style-type: none"> <li>Following workers union and management deliberations, NEC Corporation and affiliated companies in Japan strengthened their initiatives to prevent excessive work by revising the standard for overtime, requiring a health check at 70 hours of overtime work, down from the previous 80 hours.</li> <li>We have also created systems that enable employees to have consultations with an industrial physician of their own volition, even if they have not exceeded the above standard.</li> <li>Work status is confirmed by workers union-management committees in each business unit and office and efforts are made to shorten work hours through workstyle reforms, ensure employee health, and encourage workers to use paid leave.</li> </ul>
2018	<ul style="list-style-type: none"> <li>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 allow them to receive medical treatment or recover from cancer and other intractable diseases.</li> </ul>
April 2019	<ul style="list-style-type: none"> <li>NEC Corporation and affiliated companies in Japan updated their work hour management systems in line with the revision of the Labour Standards Act.</li> <li>The Company put systems in place to properly ascertain work hours, rigorously manage overtime, identify potential risks that could lead to accidents during work hours at an early stage, and implement countermeasures as necessary to prevent such accidents.</li> </ul>

\* One day a week is predetermined as a non-work day, on which employees are allowed time off from work.

## Employee Data

Average annual salary of employees	¥8,144,905
Average length of service	18.5 years
Average overtime per month	21.6 hours

### Employee data (Data collection)

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, we increased the penetration of existing systems and encouraged their use by introducing popular, oft-used plans, among other efforts. We also expanded the user base of the Group's *NEC Karada Care* healthcare service and its FIELD service. These measures were part of our efforts to better meet the needs of our employees. As of March 31, 2022, approximately 21,000 people applied for these services online.

We provide employees who are providing childcare and nursing care with special points that are separate from their basic earned points.

## NEC Pension Plan

In October 2020, NEC switched to a single defined contribution pension plan. Defined contribution pension plans have grown in importance due to recent revisions to the pension law and a review of the pension system. Therefore, we have worked to organize our existing defined contribution investment products by formulating a basic policy for selecting products—one that pursues profits for its beneficiaries—and reviewing a portion of these products based on the policy.

As part of this review, we made efforts to improve investment literacy and foster autonomous asset formation among employees by utilizing online training to provide them with a summary of the review and its purpose, as well as product information and an explanation of investment methods. We are also working to improve existing investment education to meet diversifying employee needs as they relate to asset formation. These efforts include education for creating a financial plan for one's senior years, which has been newly established for employees middle-aged and older.

In addition, meetings of the NEC Group Defined Contribution Pension Committee are convened by the labour-management councils of the Company to ensure continuous, employee-oriented monitoring over the provision of defined contribution investment products.

## Benefits and Welfare System

In April 2020, NEC Corporation launched a new "cafeteria-style" benefits and welfare system called "Will be." It allows employees, including contract, temporary, and part-time workers, to select and design their own benefits rather than following a benefits and welfare system prepared by the Company based on an assumed model life plan. Under this benefits and welfare system, employees

## Support for Childcare

NEC Corporation supports employees who are balancing work with childcare with benefits such as childcare leave and reduced working hours. In addition to these benefits and 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. As a result of these measures, NEC Corporation acquired the "Platinum Kurumin" certification in 2018.

### Evaluations from external organizations

## Nursing Care Support

To support employees to balance work and nursing care, we have established systems such as nursing care leave, shorter working hours, and shorter working days.

In addition, a nursing care plan has been set up within "Will be," the "cafeteria-style" benefits and welfare system, to provide employees with a variety of support to meet their needs as they balance nursing care and work. Please refer to the link below to see trends related to users utilizing childcare and nursing care leave.

From fiscal 2020, the number of employees working reduced hours to fulfill their childcare and nursing care responsibilities will decrease. We believe that this is because the spread of telework and super flextime has led to an increase in the number of employees who are able to balance work without having to work shorter hours for childcare or nursing care. In addition, as a result of encouraging male employees to take childcare leave, the number of male employees taking childcare leave is increasing.

### Healthy work-life balance (Data collection)

## Initiatives to Design and Grow Your Own Career

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 the name Career Design Workshop. Moreover, with the aim of strengthening our ability to support employees' career ownership, we established NEC Life Career, Ltd., in 2020.

## Human Resource Development and Training

## Number of People Utilizing Childcare and Nursing Care Leave

		FY2022
Childcare leave	Men	83
	Women	283
	Total	☑ 366
Reduced working hours for childcare	Men	7
	Women	482
	Total	489
Nursing care leave	Men	9
	Women	7
	Total	☑ 16
Reduced working hours for nursing care	Men	0
	Women	7
	Total	7

Scope: NEC Corporation

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