

CSR Report 2012

The Realize an Information Society
Friendly to Humans and the Earth



To Realize an Information Society Friendly to Humans and the Earth

NEC's strengths lie in its outstanding technologies capable of contributing to the development of society, such as sensing, identification, surveillance, control and cloud platforms. By taking full advantage of these technologies, NEC will create new value together with customers by supporting four networks underpinning society, namely energy, information, transportation and distribution, and social networks.

Top Message



To Realize an Information Society Friendly to Humans and the Earth

CSR Management

At NEC, we consider CSR initiatives to be inseparable from corporate activities. We aim to ensure the sustainable development of society and the NEC Group by implementing The NEC Way, with corporate governance as our foundation.

Help to Solve Social Issues Through Business Activities

- ▶ Address Climate Change and Environmental Preservation
- ▶ Establish a Safe and Secure Society
- ▶ Include Everyone in the Digital Society

Organizational Governance

- ▶ Corporate Governance
- ▶ Internal Control (Compliance and Risk Management)
- ▶ Business Continuity
- ▶ Information Security
- ▶ For Shareholders and Investors

Human Rights

- ▶ Respecting Human Rights

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- ▶ Promoting Diversity
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- ▶ Fair Trading
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- ▶ Universal Design Friendly to Humans and the Earth

Community Involvement and Development

- ▶ Help to Solve Social Issues Through Business Activities
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Stakeholder Engagement

- ▶ Stakeholder Review
- ▶ Stakeholder Communication

Consistency With International Initiatives

- ▶ Global Reporting Initiative
- ▶ Global Compact
- ▶ ISO 26000

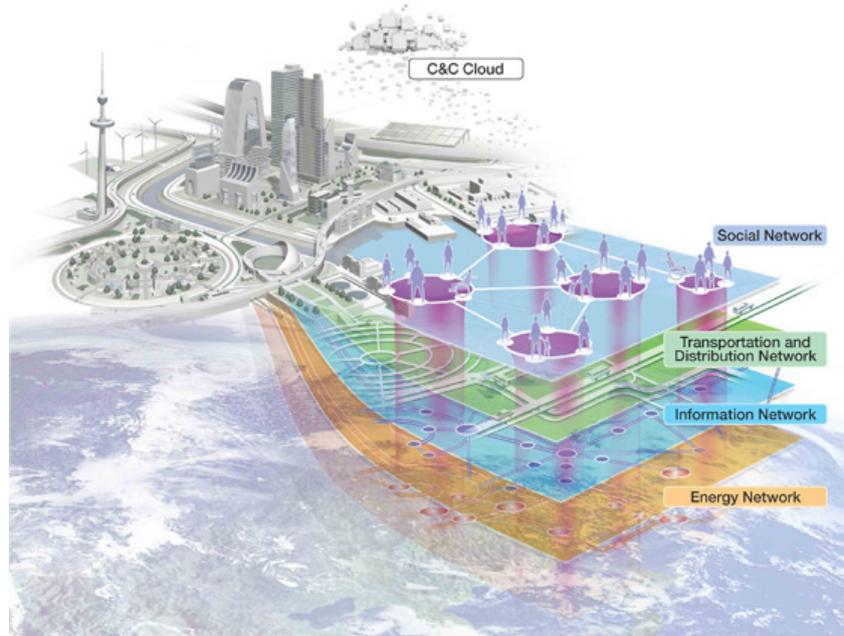
Editorial Policy

To Realize an Information Society Friendly to Humans and the Earth

Intelligence for Cities and Communities, and the World

NEC's strengths lie in its outstanding technologies capable of contributing to the development of society, such as sensing, identification, surveillance, control and cloud platforms.

By taking full advantage of these technologies, NEC will create new value together with customers by supporting four networks underpinning society, namely energy, information, transportation and distribution and social networks.



The world is changing dramatically. Looking back, the 20th century was an age when astonishing scientific and technological progress enabled people to lead enriched lifestyles. However, the trends of mass production, mass consumption, and mass waste disposal brought about by the development and concentration of technologies on an industrial scale, combined with other factors, have triggered various problems related to sustainability, such as environmental issues and rapid population growth, as well as the depletion of resources. These trends have also magnified regional disparities.

The 21st century is an age when solutions to these social issues must be found. The quest for these solutions has spawned new business opportunities for enterprises. Accordingly, enterprises will be expected to take a new approach going forward. They will need to pursue both the sustainable growth of their own businesses and society, by creating new value that will solve issues faced by society.

As society becomes increasingly complex, enterprises must listen earnestly to the voice of customers and other stakeholders.

Doing so will be vital to enterprises as they seek to create new value while managing and mitigating a diverse array of risk. The key to building a brighter future will be for enterprises to work together with all stakeholders, while closely communicating with them, in an effort to solve issues facing society.

Promoting the "C&C Cloud Strategy" to Realize an Information Society Friendly to Humans and the Earth

Based on this recognition, NEC has established the NEC Group Vision 2017 as follows: "To be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth."

What sort of society does NEC mean by "an information society friendly to humans and the earth"? NEC defines this concept as "a society where people around the world can lead enriched lifestyles that are safe, secure and convenient through services accessible by anyone, anytime, and anywhere." At the same time, this society must "enable sustained development in harmony with the environment by utilizing finite resources efficiently."

To help realize such a society, NEC is implementing its "C&C Cloud Strategy." In essence, the "cloud" refers to providing customers with IT services over networks. Meanwhile, "C&C" is the central concept of NEC's Corporate Philosophy. The meaning of "C&C," which stands for integration of Computers and Communications, has changed over the years. The "C&C" concept now embodies NEC's aspirations to create new value by linking people together, with the view to enhance the abilities of people and realize our vision.

Under the "C&C Cloud Strategy," NEC will leverage its strengths to provide a total service spanning the following three elements of the cloud:

1. Services provided via the cloud
2. IT/Network platforms for delivering and processing data within the cloud
3. Terminals and various sensors needed to collect various forms of data, or needed by end users to access various services.

Through the "C&C Cloud Strategy," NEC will coordinate four networks underpinning society, namely energy, information, transportation and distribution, and social networks. The goal is to enable accurate monitoring of current conditions and predictions of future changes. Moreover, NEC seeks to share and combine people's information, knowledge, insights, emotions and thoughts by linking enterprises and organizations across different sectors. By creating new value through this process, NEC aims to realize "an information society friendly to humans and the earth."



In recent years, we have seen global issues become increasingly serious. Examples include tightening supplies of food and other resources in step with population growth, and the onset of global warming. Looking more closely at the food problem, although global food production must be increased 1.7-fold by the year 2050, when the world's population is projected to surpass 9 billion, some estimates show that roughly one-third of the world's current food production is either disposed of or lost.

To efficiently utilize the earth's finite resources that are vital to our daily lives, such as energy, water and food, we must develop smart social infrastructure that fully harnesses the power of information and communications technology (ICT).

Under the NEC Group Vision 2017, we aspire "to be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth." To realize this vision, while constantly remaining highly aware of the need to solve issues on a global scale, we intend to provide new forms of value to customers, guided by the basic perspectives of being "friendly to humans" and "friendly to the earth."

Main Initiatives in Fiscal 2012

In fiscal 2012, NEC focused on three key initiatives:

(1) Focus on the "C&C Cloud Strategy," (2) Expand global business, and (3) Create new business. We made significant strides on each front.

Looking at the first initiative, focus on the "C&C Cloud Strategy," we delivered solutions to numerous customers in fiscal 2012. These solutions leveraged our strengths in providing total end-to-end cloud-based solutions, making the most of a distinctive feature of NEC—our ability to provide everything from services to platforms and terminals. For example, we provided a unified communication system as a cloud-based service for Ishigaki City and Taketomi Town in Okinawa Prefecture. This system supports teleconsultation and information sharing with respect to a host of topics such as community life, education, child raising, and healthcare. Through this system, NEC helped to solve various issues related to the provision of public services for residents, given the geographical factors of this locality, where residents are spread out across different villages on multiple islands.

Next is our initiative to expand global business. Led by regional headquarters established in five key overseas regions, namely North America, Latin America EMEA(Europe, Middle East, and Africa), Greater China, and APAC (Asia Pacific), NEC provided a broad range of network equipment, cloud-based services, and public safety systems, among other products and services. In South America, the local authorities in Brasilia, the capital of Brazil, have expanded their use of the NEC Automated Fingerprint Identification System (AFIS), which boasts the world's highest matching accuracy of more than 99.9%.

This has enabled the Institute of Identification of the Civil Police of the Federal District to issue civil identity documents accurately and efficiently to even more people. This technology has been adopted by the police forces, judicial agencies and immigration control authorities of more than 30 countries around the world. In addition to enabling rapid and efficient public services, the technology has also proven useful in criminal investigations. It has thus made an immense contribution to building safe, secure and highly user-friendly social infrastructure systems.

Finally, looking at our initiatives to create new business, we strove to expand the energy business, centered on storage batteries. With the aim of developing sustainable social infrastructure that can both utilize energy efficiently and tackle global warming, we developed smart energy solutions combining energy storage systems, energy management systems (EMS) and electric vehicle (EV) charging infrastructure. In addition to these solutions, we made progress on one of our long-standing priorities—developing energy-efficient equipment. Here, we actively upgraded and expanded our range of eco-friendly products.

One highlight was the development of a server that can operate at a high temperature of 40°C, which will contribute tremendously to power conservation at data centers.

Supporting the Recovery From the Great East Japan Earthquake

NEC is committed to supporting the recovery from the Great East Japan Earthquake. Our assistance began immediately after the earthquake struck. We have provided extensive support, ranging from restoration of infrastructure to a wide array of assistance utilizing ICT systems and cloud-based services. In addition, we have continued to implement various social contribution activities, including volunteer programs by employees in the affected regions. Various efforts are also under way to help revitalize the affected regions and develop new towns. For example, using digital terrestrial television, we provided a system that facilitates communication among residents living in temporary housing shelters.

Striving to Make a Larger Contribution to Customers and Society

In fiscal 2012, NEC was unable to deliver satisfactory business results amid the continuation of a challenging business environment shaped by the flooding in Thailand, the yen's historic appreciation and other developments.

In light of these conditions, we are restructuring challenged business areas, to ensure that we generate stable profits based on the current level of sales. These measures are directed at transforming NEC into a profitable enterprise.

Specifically, while promoting cost reductions through restructuring, NEC will focus on four businesses where it is strong, namely the IT Services, Carrier Network, and Social Infrastructure businesses in addition to the Energy business. Through this approach, we aim to lay a solid foundation for future growth.

In fiscal 2013, we intend to focus business execution on three priorities: "CS No.1," "Global First," and "One NEC." Let's look at "CS No.1" first. We will reaffirm the fact that the activities of every employee, irrespective of business division, always have a bearing on customer satisfaction (CS), as we constantly endeavor to make improvements in this area. We will constantly aim for "Better Products, Better Services" by striving to create new forms of value through innovation focused on the customer. We will continue to make every effort to deliver customer satisfaction.

Next is "Global First." We must constantly review our activities from a global perspective. We will strive to improve our activities to the level where they are positively recognized on a global level.

Finally, the third priority is "One NEC." Every member of the NEC Group will do their utmost to deliver customer satisfaction through the creation of new value across the boundaries of Group companies and business divisions.

The goal is to contribute to the markets with all our assets and maximize the corporate value of NEC.

CSR-Driven Management at NEC

NEC has been a signatory to the United Nations Global Compact (UNGC) since 2005. We have been working not only to uphold the universal principles of the UNGC within the Group, but also to step up the extension of the principles to the suppliers that make up our supply chains.

These principles concern issues such as human rights, labor standards, environmental protection and anti-corruption measures. In fiscal 2012, we continued to implement a Stakeholder Review based on the ISO 26000 international standard for social responsibility. This review provides the basis for CSR-driven management at NEC. The results of the review can be found in the "Stakeholder Review" section of this report.

Looking ahead, the NEC Group will remain focused on its goal of becoming an enterprise that is admired by customers.

To this end, we will continue to create new forms of value by listening earnestly to the requests and expectations of all stakeholders, while staying attuned to changes in society's values and signs of emerging issues.

We look forward to your continued understanding and support as we endeavor to reach our goals.

CSR Management

- ↓ [Approach to CSR Management and ISO 26000](#)
- ↓ [CSR Management Basic Policies and Promotion Framework](#)
- ↓ [NEC's Seven CSR Initiatives](#)
- ↓ [Main Activities and Results \(Fiscal 2012\)](#)
- ↓ [Monitoring and Improvement](#)
- ↓ [External Ratings and Reviews](#)
- ↓ [Participation in Activities of External Organizations](#)
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Approach to CSR Management and ISO 26000 -Fulfilling Social Responsibilities Through Stakeholder Engagement-

At NEC, we consider CSR initiatives to be inseparable from corporate activities. We aim to ensure the sustainable development of society and the NEC Group by implementing The [NEC Way](#), with corporate governance as our foundation.

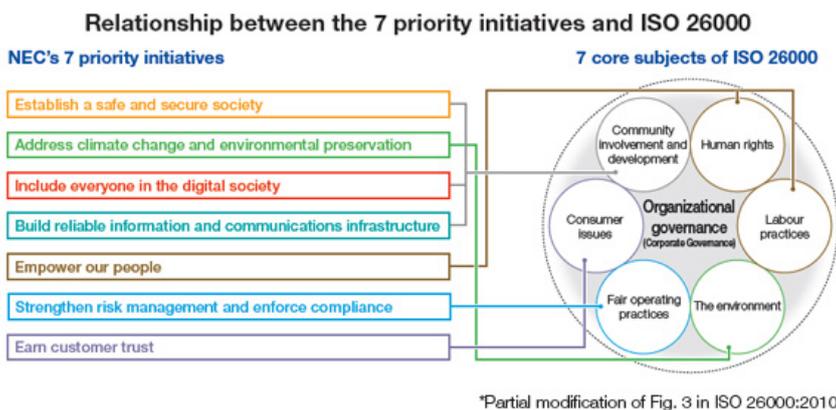
Under this premise, each organization at the NEC Group has established and is working toward medium-term goals, with the aim of realizing an "information society friendly to humans and the earth," as set forth in NEC Group Vision 2017 based on its Corporate Philosophy.

In the course of daily operations, every officer and employee rigorously adheres to corporate ethics and compliance standards, and strives to practice the NEC Group Core Values (what we value and base our behavior on). Our important responsibilities also include ensuring full accountability through the active disclosure of information on the results of our CSR initiatives and related issues, and communicating with stakeholders to improve our corporate activities and build relationships of trust.

In 2010, NEC introduced ISO 26000 as the foundation for these activities, and has worked to expand this standard to the whole organization. The NEC Group has promoted CSR activities based on the following three basic CSR policies: "Strengthen risk management and enforce compliance," "Contribute to solving social issues through business activities," and "Promote communications with stakeholders."

These policies are based on the same approach as that expected by ISO 26000, namely "fulfilling social responsibilities through stakeholder engagement." NEC considers CSR-driven management to be management based on the foregoing approaches.

For the purpose of conducting CSR activities, NEC has selected 7 priority initiatives that are important to both society and NEC and is giving precedence to these initiatives. The relationship between the 7 priority initiatives and ISO 26000 are shown in the diagram below.



CSR Management Basic Policies and Promotion Framework

Basic Policies

1. Strengthen risk management and enforce compliance

NEC is strengthening risk management and compliance within its own organization as well as at Group companies and suppliers, to ensure that NEC products or services, employee actions or other factors do not result in incidents or wrongdoing that cause problems for customers or other stakeholders.

2. Contribute to solving social issues through business activities

NEC seeks to solve issues that affect customers and society through innovation in its business activities and through social contribution programs undertaken as a good corporate citizen.

3. Promote communications with stakeholders

NEC actively discloses everyday activities to stakeholders and society at large in publications such as the CSR Report to fulfill its accountability to them by explaining such activities. Furthermore, by continuously implementing improvement measures through PDCA cycles based on feedback from society, NEC will build relationships of trust with stakeholders.

Promotion Framework

CSR Promotion Committee

Chaired by the executive with responsibility for CSR, this committee has as its principal members the president, senior executive vice president, the heads of each Business Unit (BU) and the executives responsible for NEC Corporation corporate staff divisions. Meeting as a rule twice a year, it is a forum for discussions on important matters relating to the promotion of CSR-driven management.

Risk Control and Compliance Committee

This committee has as its principal members the executives responsible for NEC Corporation corporate staff divisions. Meeting as a rule every month, it is a forum for studying and discussing key matters relating to the promotion of risk management and compliance across the NEC Group. Important matters discussed by both of these committees are reported to the Executive Committee and to the Board of Directors.

Global development framework

NEC has appointed CSR Promoters to regional management companies (regional headquarters) in five key overseas regions, namely North America, Latin America, Greater China, APAC (Asia Pacific), and EMEA (Europe, Middle East, and Africa).

CSR Functions

The Internal Control Division, the Export Control Division, and the CSR and Environmental Management Promotion Division are responsible for the promotion and coordination of CSR across the entire NEC Group. The CSR and Environmental Management Promotion Division promotes CSR-driven management through close cooperation with each divisional CSR function together with related divisions, departments and offices responsible for business planning, corporate communications, information systems, human resources, business support, materials procurement and other areas.



NEC's Seven CSR Initiatives

Initiatives for Solving Issues Faced by Society and Addressing People's Needs through Business Activities

Establish a safe and secure society

Global society faces various safety and security issues, including addressing natural disasters, responding to burgeoning healthcare and medical needs, enhancing information security and ensuring human security.

By harnessing cutting-edge IT and network solutions, NEC aims to help establish a society where people can lead safer and more secure lives.

Address climate change and environmental preservation

Human activities are now recognized worldwide as a cause of climate change in the form of global warming. The significant link between economic activities and CO2 emissions has become a particularly serious social issue.

NEC is not only reducing internal CO2 emissions, but also working to supply IT-driven solutions that help to lower CO2 emissions across society. Efforts are also directed at preserving ecosystems and biodiversity, as well as promoting recycling and conservation of resources.

Include everyone in the digital society

The digital society will highlight economic and digital divides that prevent some people from deriving benefits from its realization of convenient, affluent lifestyles.

Through the application of information and network technologies, NEC will remain a good corporate citizen by helping to ensure that the benefits of the digital society enhance the lives of all people irrespective of their circumstances, including seniors, people with disabilities and citizens of developing nations.

Build reliable information and communications infrastructure

NEC aims to solve various social issues, including addressing climate change and environmental preservation, including everyone in the digital society, and establishing a safe and secure society. Highly reliable information and communications infrastructure is essential to achieving this goal. NEC seeks to apply innovation to develop highly reliable information and communications infrastructure to support an "information society friendly to humans and the earth."

Initiatives for Internal Management in Support of Business Activities

Earn customer trust

NEC considers customer value from a social perspective and seeks to work with customers to find solutions to social issues. Accomplishing this goal requires strong customer relationships built on trust. NEC is continually focused on building customer trust through initiatives targeting increased customer satisfaction (CS), quality and security.

Empower our people

NEC is working to promote quality workplaces that respect diversity, and to cultivate HR on a global basis. Programs to maintain the health and safety of employees are ongoing. NEC also encourages employees to participate in local volunteer activities to promote greater consideration of the relationship with society and sensitivity to social needs.

Strengthen risk management and enforce compliance

NEC must strengthen risk management and compliance practices to ensure that business management is always sound from the standpoint of society. To this end, we will develop more secure internal systems and procedures across the NEC Group, and strengthen supply chain initiatives.

Main Activities and Results (Fiscal 2012)

CSR-driven management initiatives during fiscal 2012 are outlined below under each of the three basic policies.

1. Strengthen Risk Management and Enforce Compliance

The reinforcement of risk management and compliance have been high-priority issues within NEC's CSR-driven management approach since April 2004, when NEC took steps to strengthen the CSR promotion framework (such as by establishing the CSR Promotion Unit and the CSR Promotion Committee). In April 2007, NEC revised the promotion framework to upgrade risk management and compliance across the NEC Group. These measures included establishing the Risk Control and Compliance Committee and the Risk Control and Compliance Division as a dedicated division. NEC Corporation selects priority risks that may significantly impact the NEC Group's continuity, and implements countermeasures focused on these risk factors.

Please refer to the following links for information about main activities during fiscal 2012.

- ▶ [Internal Control \(Compliance and Risk Management\)](#)
- ▶ [Business Continuity](#)
- ▶ [Information Security](#)
- ▶ [Partnering with Suppliers](#)

2. Contribute to Solving Social Issues Through Business Activities

To ensure the sustainable development of customers, society and the NEC Group, it is important for operating divisions within the NEC Group to help actively solve issues faced by society and customers through their respective business activities, while harnessing these activities to sharpen NEC's competitive edge.

Please refer to the following links for information about main activities during fiscal 2012.

- ▶ [Address climate change and environmental preservation](#)
- ▶ [Establish a safe and secure society](#)
- ▶ [Include everyone in the digital society](#)

To promote business activities that help to solve the foregoing social issues, NEC is pressing ahead with the following activities.

CSR Promotion Committee

• Meetings held in October and December; Theme: Earn Customer Trust

CSR Convention 2011

· Held in the NEC Headquarters auditorium on July 25, 2011. Attended by approx. 400 individuals, including 15 NEC officers and employee-award recipients.



Speech by Mr. Keiji Aritomi, Advisor, Yamato Holdings Co., Ltd.



Keynote speech by Mr. Endo, NEC President

· Speech titled "CSR and Corporate Value at Kuroneko (a black cat, which symbolizes YAMATO HOLDINGS) " by Mr. Keiji Aritomi, Advisor, Yamato Holdings Co., Ltd., and Keynote speech by Mr. Endo, NEC President along with NEC CSR AWARDS 2011 presentation ceremony.

Presentation of NEC CSR AWARDS Grand Awards

Customer Satisfaction Category:

Establishing Trust With a Customer Through the "Quality Technology Training Seminar " for NTT DOCOMO and Helping NEC Become No.1 in Mobile Phone Customer Satisfaction through VOC Activities

- NEC Saitama, Ltd.

Environment Category:

Development of space-saving ATM (3rd Generation ATM) in pursuit of environmental performance (Space-saving ATM development project)

- Application Appliance Division, ATM Group (Representative)
- 1st Financial Solutions Division
- NEC System Technologies, Ltd.
- NEC Computertechno, Ltd.
- Nagano Branch Division, NEC Soft, Ltd.

Social Contributions:

<Overseas>

Community-based Integrated Waste Conversion Providing Biogas as an Alternative Energy Source-Livestock Waste Conversion

- PT. NEC Indonesia

<Japan>

NEC Tohoku's Forest

- NEC Network Products, Ltd. — Ichinoseki Plant

3. Promote Communications With Stakeholders

Activities by stakeholder group

Individual divisions within NEC use a variety of methods to communicate on a daily basis with a range of stakeholders, including customers, shareholders and other investors, suppliers, NPOs and NGOs, local communities, and employees. For details on communications with each targeted stakeholder group, please visit the web pages listed below.

- ▶ [Customers](#)
- ▶ [Shareholders and other investors](#)
- ▶ [Suppliers](#)
- ▶ [Local communities and NGOs/NPOs](#)
- ▶ [Employees](#)
- ▶ [The environment](#)

Activities for all stakeholder groups

Information disclosure via the CSR Report

NEC has published a CSR Report on an annual basis since fiscal 2005. The report helps NEC to fulfill its accountability to explain CSR-related activities to all stakeholders while at the same time boosting transparency. Since fiscal 2008, NEC has separated the CSR Report into web and print editions with the aim of supplying information to two targeted sets of readers.



CSR Report (Web Version)



CSR Report Digest (Booklet / PDF Versions)

- CSR Report (Web Version) The CSR Report emphasizes detailed coverage of information to ensure conformance with international reporting initiatives such as GRI, while taking into account the needs of CSR professionals such as SRI research institutes, the news media, universities and NPOs/NGOs.
- CSR Report Digest (Booklet / PDF Versions) As the digest version of the Web-based report, the CSR Report Digest emphasizes ease of reading, targeting readers such as customers, suppliers, employees and the general public.

Response to evaluation by SRI research, media and other organizations

Each year NEC receives questionnaires from numerous SRI research, media and other organizations to assess CSR-related activities. We treat these as important requests for CSR-related information from society as a whole. After completing the questionnaires, we present issues to the relevant divisions and encourage them to make improvements in order to make ongoing internal improvements and enhance the results of external evaluations of NEC. Please see the following "[External Ratings and Reviews](#)" section for details on external rating and reviews in fiscal 2012.

Response to customer requests to address CSR-related issues

As a supplier, NEC receives various requests from customers (companies and government agencies, etc.) to address CSR-related issues relating to supply chain management, including human rights, occupational health and safety, the environment, and corruption prevention measures, through such means as questionnaires as well as demands to observe customer codes of conduct that apply to suppliers. NEC believes that it is important to respond properly and promptly to such requests, particularly from the perspective of customer satisfaction. In fiscal 2012, NEC actively responded to such requests from customers based in Japan and overseas, and in the process convinced these customers that NEC is a trustworthy partner.

Disclosure of CSR-related information to employees

From November 2010, a Web-based in-house magazine for NEC Group employees in Japan "NEC LIFE" began carrying CSR-related articles in a section entitled "CSR: Gateway to Humans and the Earth." The articles give employees information about global CSR-related trends, NEC activities, external evaluation and other topics, providing information for use in daily business and helping to boost motivation.

In fiscal 2012, various topics were explained in a simple and clear format, such as volunteer activities in areas directly affected by the Great East Japan Earthquake, the NEC Group's CSR activities in various regions (NEC China and NEC Europe) and global human rights issues, with the view to increasing understanding among employees. In addition, from the September 2011 issue, we have made the English version available to promote sharing of information with employees of overseas Group companies.



"NEC LIFE" (English Version) , a global Web-based in-house magazine for NEC Group employees

Monitoring and Improvement

We regard the NEC CSR Report as a useful tool for promoting improvements in internal CSR-related activities.

NEC lists in the CSR Report the objectives, achievements and progress, degrees of completion, and other elements for overall CSR management and each CSR-related policy initiative (compliance, risk management, business continuity, information security, the environment, human rights, diversity, human resources development, occupational health and safety, customer satisfaction, quality, universal design, and social contributions, etc.) in the previous year, and clarifies issues, leading to new objectives for next year. In line with this approach, we believe that ensuring the steady execution of the PDCA (Plan-Do-Check-Act) management cycle is vital to enhancing CSR management.

It is equally important to incorporate the viewpoints of a diverse array of stakeholders, not only the corporate perspective, in this process to identify CSR management issues and effectively achieve improvements through PDCA cycles. NEC has adopted the approach of ISO 26000 (guidance on social responsibility), which was published in November 2010.

Based on this approach, NEC has introduced stakeholder reviews in partnership with the CSR Review Forum (CRF) made up of specialized NGOs in each field, in order to reinforce monitoring.

This is one of the actions required in the "C" (Check) part of the PDCA cycle. The CSR Promotion Division and divisions in charge of activities for each CSR-related policy initiative conduct lively discussions with the specialized NGOs from CRF based on the ISO 26000 approach. These discussions help NEC to take notice of issues and improvements that will lead to the sustainable development of society and the NEC Group. What is learned from the discussions is used to promote improvements in activities in the following fiscal year.

Please follow this [link](#) to view the stakeholder review webpage.

External Ratings and Reviews

The main results of external ratings and reviews of NEC's CSR-related activities for fiscal 2012 are listed below.

Please refer to this [page](#) for details of NEC's inclusion in SRI (Socially Responsible Investment) indices and SRI funds (mutual fund, etc.).

Participation in Activities of External Organizations

United Nations Global Compact

In 2005, NEC became a signatory to the United Nations Global Compact. The Global Compact commits enterprises to uphold ten principles of business activities relating to human rights, labor, the environment and anti-corruption.

NEC frequently participates in activities as a member of the Global Compact Network Japan, the local UNGC network in Japan. In fiscal 2012, NEC took part in subcommittees related to CSR reports, SRI, the UN Millennium Development Goals (MDGs), BOP business and social business.

Furthermore, NEC participated as a panelist in a panel discussion of the China-Japan-Korea Roundtable held in Tokyo on November 24-25, 2011, taking part in global CSR discussions. For details, please follow this [link](#).

JEITA Responsible Minerals Trade Working Group

NEC has participated as a leading corporate member in the Responsible Minerals Trade Working Group organized by the Japan Electronics and Information Technology Industries Association (JEITA), and is promoting activities to address the conflict minerals issue in concert with the industry. For details, please follow this [link](#).

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objectives	<ul style="list-style-type: none"> ▪ Establish a global CSR promotion network (in Japan and five regions overseas) ▪ Promote the dissemination of information (CSR reports, etc.) throughout the NEC Group on a consolidated basis, and enhance external evaluations ▪ Enhance ISO 26000-based activities ▪ Promote businesses that contribute to the realization of "an information society friendly to humans and the earth"
Fiscal 2012 Objective 1	<ul style="list-style-type: none"> ▪ Strengthen global CSR governance and information sharing (Apply the NEC Group Guidelines on Disclosure of CSR-related Information on a Group-wide basis and enhance CSR promotion functions at core regional management companies, among other measures)
Achievements and Progress	<ul style="list-style-type: none"> ▪ Appointed CSR Promoters at regional management companies (regional headquarters) in 5 key regions around the world (Already appointed at NEC Europe and NEC China)
Degree of Completion	Some progress
Fiscal 2012 Objective 2	<ul style="list-style-type: none"> ▪ Promote improvements in internal initiatives originating from the stakeholder review based on the ISO 26000 approach.
Achievements and Progress	<ul style="list-style-type: none"> ▪ Continued to implement a stakeholder review based on the ISO 26000 approach and promoted improvements in key issues, such as starting to build a system for human rights due diligence. ▪ Maintained inclusion in the following 4 major SRI indexes. <ul style="list-style-type: none"> – Dow Jones Sustainability World Index (DJSI) – FTSE4Good Global Index – Ethibel Excellence – MS-SRI Morningstar Socially Responsible Investment
Degree of Completion	Achieved
Fiscal 2012 Objective 3	<ul style="list-style-type: none"> ▪ Promote businesses that contribute to the realization of "an information society friendly to humans and the earth"
Achievements and Progress	<ul style="list-style-type: none"> ▪ Promoted various initiatives, including providing remote islands with a unified communication system as a cloud service, to support teleconsultation and information sharing on topics such as community life, education, child raising, and health (friendly to people). Another initiative was developing smart energy solutions combining energy storage systems and energy management systems (EMS), as well as electric vehicle charging infrastructure (friendly to the environment).
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	<ul style="list-style-type: none"> ▪ Continuously implement stakeholder reviews based on the ISO 26000 approach and make continuous improvement in key issues (including human rights, diversity, occupational health and safety, supply chain CSR)
Fiscal 2013 Objective 2	<ul style="list-style-type: none"> ▪ Develop a platform for Group-wide and global expansion (including information gathering and dissemination on a consolidated basis).
Fiscal 2013 Objective 3	<ul style="list-style-type: none"> ▪ Continuously promote CSR-based business operations (initiatives to solve social issues faced by communities and measures in the environmental and energy fields).

Objectives and Achievements of CSR Promotion Activities (A list of progress with CSR promotion activities)

 [A list of progress with CSR promotion activities PDF \(346KB\)](#)

Help to Solve Social Issues Through Business Activities

Address Climate Change and Environmental Preservation

Human activities are now recognized worldwide as a cause of climate change in the form of global warming. The significant link between economic activities and CO2 emissions has become a particularly serious social issue. NEC is not only reducing internal CO2 emissions, but also working to supply IT-driven solutions that help to lower CO2 emissions across society. Efforts are also directed at preserving ecosystems and biodiversity, as well as promoting recycling and conservation of resources.

▶ [Annual Environmental Report 2012](#)

Establish a Safe and Secure Society

Global society faces various safety and security issues, including addressing natural disasters, responding to burgeoning healthcare and medical needs, enhancing information security and ensuring human security. By harnessing cutting-edge IT and network solutions, NEC aims to help establish a society where people can lead safer and more secure lives.

Include Everyone in the Digital Society

The digital society will highlight economic and digital divides that prevent some people from deriving benefits from its realization of convenient, affluent lifestyles. Through the application of information and network technologies, NEC will remain a good corporate citizen by helping to ensure that the benefits of the digital society enhance the lives of all people irrespective of their circumstances, including seniors, people with disabilities and citizens of developing nations.

Build Reliable Information and Communications Infrastructure

NEC aims to solve various social issues, including addressing climate change and environmental preservation, including everyone in the digital society, and establishing a safe and secure society. Highly reliable information and communications infrastructure is essential to achieving this goal.

NEC seeks to apply innovation to develop highly reliable information and communications infrastructure to support an "information society friendly to humans and the earth."

Establish a Safe and Secure Society

Since the Great East Japan Earthquake that occurred on March 11, 2011, NEC has provided support for disaster-affected regions in a variety of ways. In fiscal 2012, NEC focused on accelerating its support for disaster recovery, working to establish a safe and secure society while placing value on communication with the people of the region.

Accelerating Support for Recovery

To accelerate its efforts to support disaster recovery, in November 2011 NEC established the Revival Support Promotion Office. The office consists of a company-wide, cross-organizational team from NEC's sales, business planning, product, service, and CSR divisions, as well as team members on the ground in three Tohoku prefectures (Iwate, Miyagi and Fukushima) and support staff in Tokyo working together to promote various activities.

NEC is pushing ahead with recovery support from the perspective of the affected regions, focusing on the areas shown in the below chart, including disaster prevention and reduction, energy, and local communities.

NEC's ICT solutions for supporting recovery

Category	Solution (Product/Service)
Disaster Prevention/Reduction	<ul style="list-style-type: none">● Next-generation disaster prevention system (damage information collection, ad hoc networks, safety status verification, decision support, information distribution, etc.)
Energy	<ul style="list-style-type: none">● Energy storage systems (business/home use)● Energy conservation systems● Energy management system (xEMS)● EV charging infrastructure
Local Communities	<ul style="list-style-type: none">● Disaster-resistant networks● System for distributing information to local communities and evacuees● Regional IT applications (information sharing, warning systems, monitoring services, etc.)
Healthcare and Welfare	<ul style="list-style-type: none">● Network service for community healthcare cooperation (ID-Link)● SaaS-based electronic patient records service● Post-disaster medical care continuity support service● Remote data management solutions
Government Services	<ul style="list-style-type: none">● Cloud services for local governments● Support for establishment of BCPs for local government administrative systems● System for maintaining registers of those requiring care after disasters
Business Continuity for Enterprises	<ul style="list-style-type: none">● Business continuity plans (BCP)● Information sharing● Communication● Client● Networks● Data centers● Disaster recovery system● Facility● Risk finance● Cloud services (various operations)

Following are some specific examples of these initiatives.

Strengthening Bonds between Residents in Temporary Housing

In March 2012, in cooperation with the town of Wataricho (Miyagi Prefecture) and the Institute of Cultural Affairs, Japan (ICA), an NPO, NEC began test broadcasting of a community development support system (known as the "Kizuna Channel") over terrestrial digital-compatible televisions, targeting 85 families living in temporary housing.

With this system, local governments and residents themselves create content useful for their everyday lives, which can then be distributed using super-compact transmitters, for easy viewing over terrestrial digital televisions in each home. Content is simple to create using consumer-grade video cameras and personal computers. Because it can be made available over the same televisions people use every day, everyone—from the elderly to the young—can participate in communicating and sharing information free of any digital divide.



Residents enjoy a healthy exercise program broadcast over the Kizuna Channel

This, in turn, deepens and strengthens the bonds between residents, who may have come from many different regions, and provides an impetus for the rejuvenation of disaster-affected areas and new community development.

Supporting Recovery of Salt-Water-Damaged Farmland

Since August 2011, NEC has worked with My Farm Co., Ltd. to support the recovery of farmland damaged by salt water following the tsunami.

My Farm Co., Ltd. provides farmers with a newly developed soil remediation material which uses microorganisms to break down the salt in seawater-damaged soil. NEC has installed sensors which measure temperature, humidity, salt concentrations in soil and other parameters on farmlands, then uses its CONNEXIVE M2M Service Platform (*) to measure the effectiveness of the soil remediation material. According to measurements taken by My Farm, salt concentrations fell from 2.6% in June 2011, prior to application of the material, to 0.7% (a level at which tomato cultivation becomes possible) in August, two months later, verifying the effectiveness of the treatment.



Sensors installed on farmland

NEC will continue working with My Farm in contributing to the revitalization of salt-water-damaged farmlands in Tohoku.

Making Radiation Levels Visible for Regional Safety

Since December 2011, NEC has been providing its CONNEXIVE Radiation Measurement Solution, which contributes to making radiation levels more visible by measuring, displaying, and transmitting information on atmospheric radiation in real time.

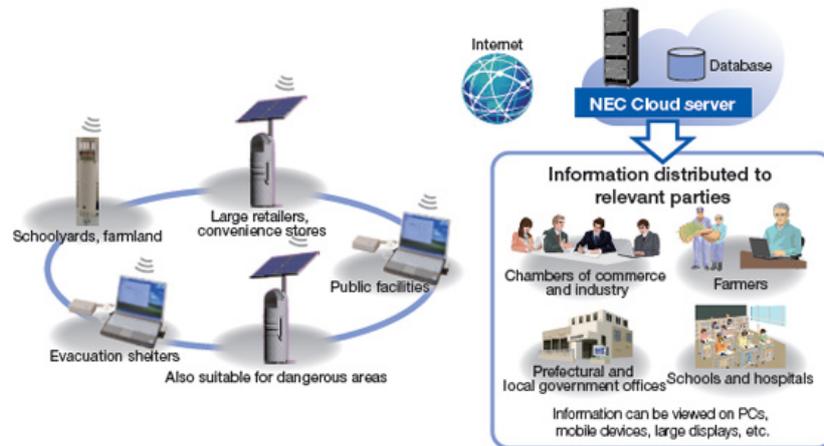
This solution enables users to easily view data collected by radiation sensors installed in schools, hospitals, and parks. The data is regularly delivered to cloud servers and thereby made conveniently accessible from PCs, smartphones, and mobile phones.

Between January and March 2012, the solution was also used as part of radiation monitoring information provided by the Ministry of Education, Culture, Sports, Science and Technology, with monitoring posts containing sensors installed in over 500 locations in Fukushima Prefecture, including kindergartens, schools, and parks.



Monitoring post installed in Fukushima Prefecture

By continuing to provide technology that makes radiation levels more visible, NEC will contribute to regional safety.



Depiction of the CONNEXIVE Radiation Measurement Solution

(*)CONNEXIVE M2M Service Platform

M2M is short for "machine to machine," and refers to technology with which devices and machinery which previously lacked the ability to communicate can connect to a communication network. This enables devices to communicate with each other directly and without human intervention, automating management, monitoring, and data collection between devices, and it provides services through them. A massive number of devices exist as potential targets for M2M, both in Japan and around the world, with a wide variety of functions across diverse fields. Connecting these devices through M2M communication is expected to bring significant progress in every field, creating new services, bringing innovation to processes, and making business more efficient. CONNEXIVE is a platform for providing the services to do these things.

Contributing to Disaster Preparedness and Mitigation through Submarine Earthquake and Tsunami Observation

Since 1979, NEC has installed cabled submarine earthquake and tsunami observation systems in 9 locations around Japan. NEC is currently building equipment for new systems to be installed off the coasts of East Japan and Shikoku. To date, all of the systems delivered by NEC have continued to operate normally without any breakdowns. When the Great East Japan Earthquake struck, these observation systems continuously transmitted valuable data to observation centers onshore.

In November 2011, NEC completed the installation of an integrated ocean observation system for the Central Weather Bureau of Taiwan. This was NEC's first ocean floor observation project for an overseas buyer. In addition to observing earthquakes and tsunami, the system is designed to enable integrated ocean environment observation, including monitoring of the submarine environment.



Ocean observation system off the coast of Taiwan

In March 2012, NEC was chosen to deliver ocean survey and submarine equipment for the ocean bottom seismic and tsunami network along the Japan Trench to the National Research Institute for Earth Science and Disaster Prevention (NIED). This will be a large-scale submarine earthquake and tsunami observation network enabling seismic and tsunami observation across an extensive area of ocean ranging from waters off the coast of the Boso Peninsula to Nemuro, as well as the outer areas of ocean along the Japan Trench axis.

NEC will continue to support the enhancement of earthquake and tsunami observation systems, with the aim of contributing to disaster preparedness and mitigation around the world.

In addition to these business activities, social contributions and employees volunteering are posted [here](#).

Aiming for New Town Development



Hiroshi Higashihara
Associate Senior Vice President and in charge of Revival Support Promotion Office,
NEC Corporation

Besides assisting with the rapid recovery of disaster-affected regions, NEC will also develop new town development proposals such as smart cities from a medium- and long-term perspective.

Following the Great East Japan Earthquake, the issues faced by communities over the years have become apparent. To solve these issues, we would like to put the collective weight of the entire NEC Group behind providing "new ICT solutions." We also plan to extend innovative examples of such solutions across Japan and overseas.

▶ [Include Everyone in the Digital Society](#)

Include Everyone in the Digital Society

NEC aims to ensure that all people on earth are included in the digital society by helping to solve social issues through information and communications technology (ICT). Our innovations include fingerprint identification technology for government services, satellites, microwave communication systems, and undersea cables. Though many of these technologies remain largely unseen, NEC uses them to support and improve the lives of people every day.

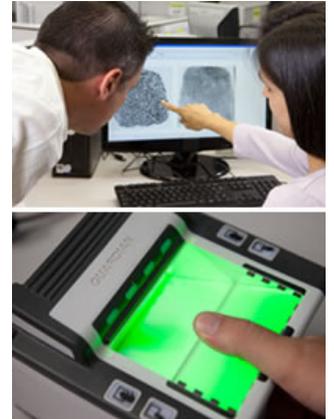
The NEC Automated Fingerprint Identification System (AFIS): Improving Quality of Life for the People of Brasília

Brasília is the capital of Brazil, South America's largest country, and is home to a population of approximately 2.5 million. In Brasília, the Institute of Identification of the Civil Police of the Federal District (Instituto de Identificação da Polícia Civil do Distrito Federal) issues civil identity documents that support the daily lives of residents. The issuance of civil identity documents was previously performed manually. However, as the population increased, the issuance of accurate civil documents had become a challenging priority for the Institute.

NEC's Automated Fingerprint Identification System (AFIS) was the answer. Offering the world's highest level of comparison accuracy of more than 99.9%, this technology has been adopted by the police forces, judicial agencies and immigration control authorities of more than 30 countries around the world.

In Brasília, civil identity documents are essential to people's daily lives when using public services and in other situations. The civil identification system is also used as a database for criminal investigations. In 2011, 249,000 new identity documents were issued, with the number of people holding these documents increasing by around 40% compared with 2008. Through the use of this system, people are able to rapidly receive public services. The system has also contributed immensely to promptly solving criminal investigations including theft, burglary, and homicide cases.

NEC's automated fingerprint authentication technology will continue to help enrich the quality of people's lives and their security.



Fingerprint identification system

► [For more details \(text and video\)](#)

Leading the Way to a Safe and Secure Future: Positioning Signal Technology for Quasi-Zenith Satellite "MICHIBIKI"

From June 2011, NEC has participated in the provision of positioning signal technologies for the first Quasi-Zenith Satellite "MICHIBIKI" operated by the Japan Aerospace Exploration Agency (JAXA).

NEC is in charge of the development, manufacture and system integration of a "High Accuracy Positioning Experiment System" (positioning system), which comprises mission critical devices fitted to "MICHIBIKI" and ground stations, and a "Tracking & Control Ground System," which is used to control the satellite from the ground.

This Quasi-Zenith Satellite system is designed to provide high accuracy positioning signal services covering almost all of Japan, without any interference in the shadows of mountains, buildings and other obstacles. By making higher accuracy positioning signal information available, the satellite system will help to improve the safety and security of daily life in public sector areas such as transportation control and surveying, while helping to prevent crime and traffic accidents, as well as aiding rescue efforts. In these and other ways, the satellite is expected to find a broad range of uses as a platform for national land information.



Quasi-Zenith satellite "MICHIBIKI"

Supporting Rapid Growth of Global Data Traffic

Global data communications traffic is projected to increase 10- to 20-fold over the next five years, driven primarily by advances in cloud computing, the popularization of smartphones and tablet devices, and an increase in video content distribution. Telecom carriers are working to stay on top of this rapid growth of data traffic through such means as introducing new communications standards and adopting larger-capacity communications networks.

NEC is engaged in various businesses to answer this demand. From among these businesses, this section looks at PASOLINK and iPASOLINK, as well as submarine cable systems.

PASOLINK and iPASOLINK

NEC launched business operations related to PASOLINK, an ultra-compact microwave communications system, in the early 1980s. Ever since, mobile communications has expanded rapidly and PASOLINK has been widely adopted as a microwave communications system for mobile backhaul linking base stations. As of May 31, 2012, NEC had shipped a total of 1.88 million PASOLINK units to 147 countries around the world. Mobile phones play a tremendous role in supporting communications in people's daily lives. No more is this true than in developing countries, where fixed telephone infrastructure is underdeveloped.

In September 2010, NEC launched the iPASOLINK series—the new generation of PASOLINK products—to address new mobile communication standards enabling communications at even faster speeds. iPASOLINK is designed to meet the new communications standards introduced by various telecom carriers, such as 4G and LTE. NEC has already shipped 200,000 iPASOLINK units to 85 countries worldwide.

Furthermore, in February 2012, NEC successfully developed a new microwave transmission technology that will deliver a per-channel capacity increase of up to 40% compared with systems commonly in operation today. The latest breakthrough enables the world's highest microwave transmission efficiency.



PASOLINK

Submarine Cable Systems

NEC has built up a leading track record in the global market for submarine cable systems over the past 40 years.

In 2011, NEC won orders for major submarine cable system projects. Projects included the approximately 7,200 km-long Asia Submarine-cable Express (ASE) linking Japan, Singapore, Hong Kong, the Philippines, and Malaysia, as well as the roughly 8,900 km-long South-East Asia Japan Cable (SJC) linking Japan, Singapore, China, Hong Kong, the Philippines and Brunei. Another major project was the upgrade installation on the Asia Pacific Cable Network 2 (APCN2), which consists of approximately 19,000 km of cable linking Japan, China, South Korea, Taiwan, Malaysia, Singapore and the Philippines. This was the first that the 40 Gb/s dense wavelength division multiplexing (DWDM) terminal equipment for submarine cable systems developed by NEC had been used in a large-scale project.



Installation of submarine cable

NEC will continue to develop high-speed, large-capacity, and high-quality communications infrastructure going forward.

- ▶ [Establish a Safe and Secure Society](#)

Organizational Governance

Corporate Governance

NEC recognizes that strengthening corporate governance is essential to the maximization of corporate value. Accordingly, NEC is committed to achieving its basic policies for strengthening corporate governance: assurance of transparent and sound management, realization of prompt decision making and business execution, clarification of accountability, and timely, appropriate and fair disclosure of information.

Internal Control (Compliance and Risk Management)

To ensure systematic risk management throughout the Company, every year NEC selects risks that require group-wide priority countermeasures from a management perspective, examines those risks, and implements countermeasures. Each division reinforces its risk management activities based on individual activities it has engaged in to date.

Business Continuity

NEC provides numerous information and communications systems that support social infrastructure. Accordingly, NEC has a social responsibility to maintain those systems in the event of a natural disaster, as well as fulfill its responsibility to help maintain supply chains that have become increasingly complex and technically advanced. To this end, the NEC Group as a whole is systematically formulating business continuity plans (BCPs) and conducting business continuity management (BCM) to maintain and improve BCPs.

Information Security

NEC recognizes that it must protect the information assets it keeps for its customers and business partners as well as its own information assets, in order to contribute to society through the provision of better products and services. Accordingly, NEC has built an information security management system by establishing the [NEC Information Security Statement](#).

For Shareholders and Investors

Shareholders and other investors constitute one of NEC's most important stakeholder groups.

By raising the transparency of management through timely, appropriate, and fair disclosure, NEC aims to deepen the investment community's understanding of its corporate value.

Internal Control (Compliance and Risk Management)

↓ [Policies and Rules](#)

↓ [Framework](#)

↓ [Main Activities and Results \(Fiscal 2012\)](#)

↓ [Participation in Activities of External Organizations](#)

Policies and Rules

NEC has established the [Basic Policy on Internal Control Systems](#) as a guideline for developing systems for ensuring that the performance of directors' duties complies with laws and regulations and NEC's Articles of Incorporation, and systems for ensuring the appropriateness of other operations. (Article 362, Paragraph 4, Item 6 of the Company Law of Japan, etc.) Furthermore, NEC conducts annual evaluations of the establishment and operation of the internal control systems under this basic policy, as well as implementing the measures necessary for its improvement. In addition, NEC conducts consistent reviews of this basic policy in response to changes in the business environment and other developments. In this way, NEC confirms that the internal control systems have been established and are operating effectively. Two key themes with respect to internal control systems are compliance and risk management.

NEC believes that compliance is essential for a company to coexist with society and fulfill the expectations of stakeholders. Moreover, the [NEC Group Charter of Corporate Behavior](#) sets forth key corporate activities required of members of the NEC Group from the perspective of fulfilling the NEC Group's social responsibilities. Furthermore, the [NEC Group Code of Conduct](#) specifies the behavior expected of each and every officer and employee of the NEC Group. The NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct have been established at all consolidated subsidiaries in Japan and overseas, and are positioned as the foundation of all of the NEC Group's business activities.

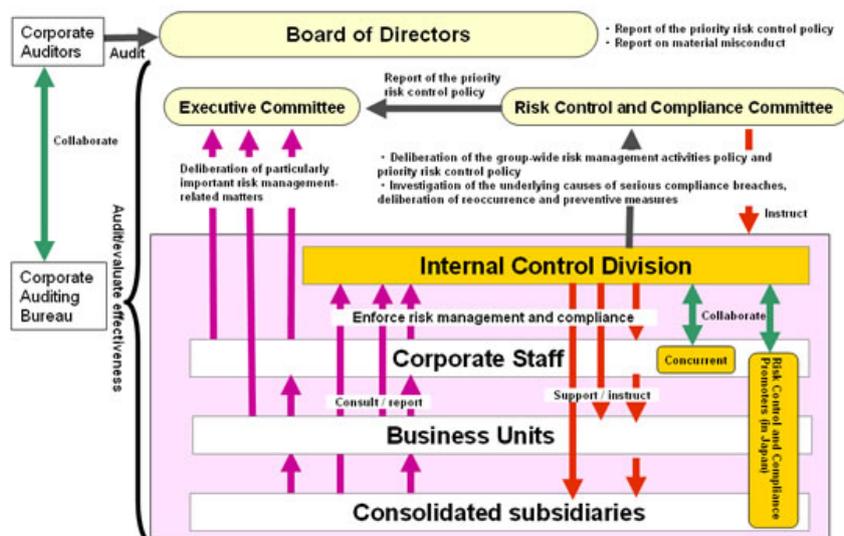
Guided by the key concepts of "awareness" and "information sharing," the NEC Group's basic approach to implementing compliance is to foster an awareness among every officer and employee so that irregularities are recognized as "abnormal," and to encourage officers and employees to consult with supervisors, related departments and the Compliance Hotline without brushing under the carpet any issues they may have noticed, with the view to resolving and improving those issues collectively as an organization.

Furthermore, NEC Corporation has established the Rules of Basic Risk Management. Under these rules, NEC effectively and comprehensively conducts risk management on the basis of an integrated, group-wide policy. Each division reinforces its risk management activities based on individual activities it has engaged in to date. For the company as a whole, every year NEC selects risks that require group-wide priority countermeasures (referred to as "Priority Risk") from a management perspective, examines those risks, and implements countermeasures.

Framework

To enforce compliance and implement effective risk management, NEC Corporation conducts activities led by the Risk Control and Compliance Committee, the Internal Control Division and the Risk Control and Compliance Promoters.

- The Risk Control and Compliance Committee, whose members are officers, investigates the underlying causes of serious compliance breaches, studies related preventive measures, and discusses policies for risk management activities and measures to select and address priority risks.
- The Internal Control Division exchanges opinions on various occasions with designated employees in corporate staff and other divisions specializing in matters described in the NEC Group Code of Conduct as concurrent assignment staff, and plans, formulates and implements various initiatives designed to enforce compliance, including instilling knowledge of the NEC Group Code of Conduct. In addition, the Internal Control Division provides necessary support and coordination, as well as guidance, to ensure that risk management at business divisions and corporate staff divisions is implemented systematically and effectively.
- The Risk Control and Compliance Promoter system is a Company-wide framework designed to rigorously enforce compliance and risk management among all NEC Group employees. Risk Control and Compliance Promoters assigned to business divisions (415 people*) and NEC Group subsidiaries in Japan (139 people*) serve as points of contact for the Internal Control Division. (* As of March 31, 2012)
- The Executive Committee deliberates important risks related to NEC's management strategies.
- Given its oversight role with respect to business execution, the Board of Directors receives reports related to material misconduct along with reports on priority risks.
- The Corporate Auditing Bureau and Corporate Auditors perform internal audits according to each of their roles to check whether there are any problems in the execution of business operations by NEC Corporation and NEC Group companies from the viewpoints of accounting and legal compliance.



Main Activities and Results (Fiscal 2012)

Compliance

Education and Awareness-Raising Programs

We offer annual web-based compliance training programs to all officers and employees of NEC Corporation. Risk Control and Compliance Promoters encourage participation in each business division. Almost all of our employees participated in the training within the allotted period of time, with 97% completing the training in fiscal 2012. In addition, we have put in place an environment in which even employees unable to complete the web-based training during the allotted period can engage in self-study over the NEC intranet at any time.

NEC subsidiaries in Japan also use the program. In fiscal 2012, approximately 29,000 employees at 34 NEC Group companies participated in the training, with 97% of those employees completing the training during the fiscal year. In addition, other NEC Group companies have offered their own compliance training programs with reference to this program. In this manner, compliance training programs are being actively implemented across the entire NEC Group.

NEC also uses opportunities provided by new graduate recruit programs, programs specific to rank, and training upon promotion to management positions to impress upon its employees the importance of complying with the NEC Group Code of Conduct. Moreover, once a year, the Company holds the NEC Business Ethics Forum. In 2011, NEC President Nobuhiro Endo gave the keynote address at the eleventh NEC Business Ethics Forum, where he stressed the importance of compliance in the context of global business expansion under the theme of "Addressing Compliance and Global Business Expansion."

NEC is also striving to improve internal communications. A section of the NEC intranet is dedicated to the latest compliance issues. NEC has posted 150 realistic case studies of possible incidents on this intranet site titled "What Would You Do If You Were Involved?" (in Japanese only). This initiative continuously raises compliance awareness by familiarizing employees with case examples of ethical and legal issues that could arise during everyday work. In addition to disclosure on the intranet, NEC distributes booklets containing 150 case studies to new employees each year for training purposes. The booklets are also used as educational materials for training employees upon promotion to management posts.

At certain overseas NEC Group companies, the booklet is being used as a reference for internal training purposes. Every quarter, NEC prepares a compliance quiz that is posted on the NEC intranet. The compliance quiz is designed to increase employees' familiarity with compliance issues by having them casually answer compliance-related quiz questions.

From 2012, NEC began distributing "Compliance News," a monthly internal e-mail newsletter covering topics related to risk and compliance both within and outside the company.

Disclosure of Information and Prevention of Incident Reoccurrence

From the standpoint of preventing the reoccurrence of incidents, NEC has developed materials that use charts and illustrations to easily explain past incidents of improper transactions and accounting practices within the NEC Group. These materials have been disclosed internally via e-mail and the intranet to make these incidents known to all NEC Group officers and employees, and raise their awareness of such incidents.

Addressing Global Business Expansion

As global business expansion proceeds, the enforcement of compliance at overseas business sites has become an ever more urgent priority. For this reason, NEC has helped to raise compliance awareness among employees of overseas NEC Group companies by conveying messages from top management, such as by distributing transcripts of the NEC president's keynote address at the NEC Business Ethics Forum to overseas subsidiaries. Moreover, NEC has provided individual compliance guidance to personnel who will be stationed at overseas subsidiaries as senior executives. NEC strives to ensure that these personnel are well aware of warnings specific to the regions where they will be stationed.

In addition, NEC presents a list of examples of high-risk issues as regards compliance at meetings of presidents of overseas subsidiaries, with the view to preventing compliance breaches. At the meetings, countermeasures for each issue and other related topics are discussed.

In 2004, NEC established the NEC Group Code of Conduct for overseas consolidated subsidiaries. Through various measures, NEC has striven to rigorously enforce compliance at overseas Group companies.

From fiscal 2012, NEC began developing compliance systems at its five regional headquarters around the world, in order to further strengthen how it addresses compliance in step with global business expansion. For example, NEC has delegated internal audit, compliance and legal affairs functions to the regional headquarters after clarifying once again the job descriptions for each of these three functions. Moreover, NEC has clarified the system for escalating information to headquarters in Japan by developing escalation channels to be followed in the event of a compliance issue arising, at each regional headquarters.

Furthermore, given that regulations regarding bribery prevention and enforcement have been tightened in various countries, NEC established the Basic Rule on Anti-bribery (basic guidelines on prevention of bribery) in October 2011, with the view to developing and building systems to address this issue. NEC is also working to increase knowledge of this issue through implementing measures such as holding presentations.

Compliance Hotline (Whistle-blowing system for employees and business partners)

NEC believes that creating a positive working environment for all is important to enforcing compliance. Accordingly, we are raising employee awareness so that they can discuss any issues that may arise in the workplace with their superiors, colleagues, and people from related divisions. At the same time, the Corporate Auditing Bureau has established the Compliance Hotline to provide a system that is easy for all employees to consult in cases of known or suspected violations of the NEC Group Code of Conduct.

NEC has also established an additional contact point for the Compliance Hotline at a third-party institution in order to enhance convenience and to address a broader range of risks at an early stage. This contact point fields consultations and reports from not only NEC officers and employees, but also NEC Group companies and suppliers in Japan.

In fiscal 2012, the number of cases reported to the Compliance Hotline contact points reached 65. Also, to ensure that officers and employees know that the system is functioning effectively, we post on the NEC intranet examples of cases where consultations and reports with the system triggered fact-finding inquiries that led to the correction of problems. As in Japan, internal consultation and reporting systems have been set up at NEC Group companies overseas. Third-party consultation and reporting systems have also been established in North America, Australia, and Europe and have been made available to officers and employees of multiple overseas subsidiaries in these regions.

Survey on Corporate Ethics Initiatives

NEC Corporation conducts online surveys on an annual basis to gauge ethical awareness among officers and employees and to evaluate the status of information sharing on this important subject. The results are put to good use in developing and implementing business ethics policies.

According to the results of the survey conducted in fiscal 2012, a large number of respondents noted that compliance has become well entrenched within the company. We disclose information to NEC Group officers and employees by posting some of the survey results on the NEC intranet.

Risk Management

Selecting Priority Risks and Countermeasures

Every year, the Internal Control Division identifies group-wide important risks, selected on the basis of risk assessments for each organization obtained through a questionnaire-based risk management survey and interviews, the risk management effectiveness evaluation by the Corporate Auditing Bureau, findings of the corporate auditors and accounting auditors, and other information. The Internal Control Division additionally considers perspectives including the need for countermeasures, the magnitude of impact on business continuity, and the impact on society.

From among group-wide important risks, NEC Corporation selects priority risks following deliberations by the Risk Control and Compliance Committee and the Executive Committee on risks deemed to require new countermeasures, including improvement of existing countermeasures, and on risks that may significantly impact the NEC Group's continuity. The division nominated by the Risk Control and Compliance Committee then takes the lead in devising countermeasures.

Risk Management Activities

NEC Corporation verifies the status of risk management in all divisions using the risk management survey. Specifically, (1) with respect to the risks that each division prioritized in a given fiscal year, we verify risk countermeasures and divisional self-evaluations of implementation status and (2) with respect to risk to be prioritized in the subsequent fiscal year, we confirm scheduled risk countermeasures, including those already implemented or begun.

The Internal Control Division regularly feeds back the survey results to various divisions, with the aim of sharing information on improving and enhancing risk management activities. The Division also interviews core divisions every six months to verify the progress and effectiveness of measures reported in the risk management survey. Furthermore, the Risk Control and Compliance Committee receives quarterly reports on the status of examining specific priority risk countermeasures and progress of implementation from each division in charge. Through these reports, the committee supervises the group-wide implementation of risk management by verifying the implementation status of countermeasures, related improvements and remaining issues, schedules and other matters, and by issuing instructions as necessary on the direction of improvement measures.

NEC Corporation believes that one issue going forward is to continuously enhance the quality of risk management activities, which vary across internal divisions and its subsidiaries.

Through the annual risk management survey for each division at NEC Corporation and interviews with subsidiaries in and outside Japan, NEC Corporation will strive to gauge the extent to which risk management is an integral part of each division, while offering continuing support to divisions, including subsidiaries, chiefly by providing them with its extensive expertise. In this manner, NEC Corporation aims to bolster the entire group's risk management capabilities.

Participation in Activities of External Organizations

Business Ethics Research Center

NEC Corporation has been a member since the center was established in 1997. We participate in a variety of study groups and committees, where we strive to absorb knowledge of examples of the ethics activities of various companies, while introducing examples of NEC's ethics activities.

Caux Round Table-Japan

NEC Corporation has been a member of this committee since it was established in 2000. At the round table, NEC exchanges information and collaborates in promoting the spread of CSR in Japan. In addition, these meetings help in proposing measures to promote CSR activities in NEC.

- ▶ [Business Continuity](#)
- ▶ [Information Security](#)
- ▶ [For Shareholders and Investors](#)

Business Continuity

- ↓ Policy
- ↓ Framework
- ↓ Business Continuity Management System (BCMS)
- ↓ Main Activities and Results (Fiscal 2012)
- ↓ Monitoring and Improvement
- ↓ Objectives and Achievements

Policy

NEC provides numerous information and communications systems that support social infrastructure. Accordingly, NEC has a social responsibility to maintain those systems in the event of a natural disaster, as well as fulfill its responsibility to help maintain supply chains that have become increasingly complex and technically advanced. To this end, the NEC Group as a whole is actively and systematically formulating business continuity plans (BCPs) and conducting business continuity management (BCM) to maintain and improve BCPs.

The NEC Group has three common policies governing BCP formulation:

1. Protect the lives and safety of employees and other people (including onsite contract workers and visitors)
2. Fulfill the social duties expected of NEC:
Maintain and rebuild critical systems in areas such as communications, public infrastructure, traffic, defense and finance
3. Minimize any economic damage caused by business disruptions

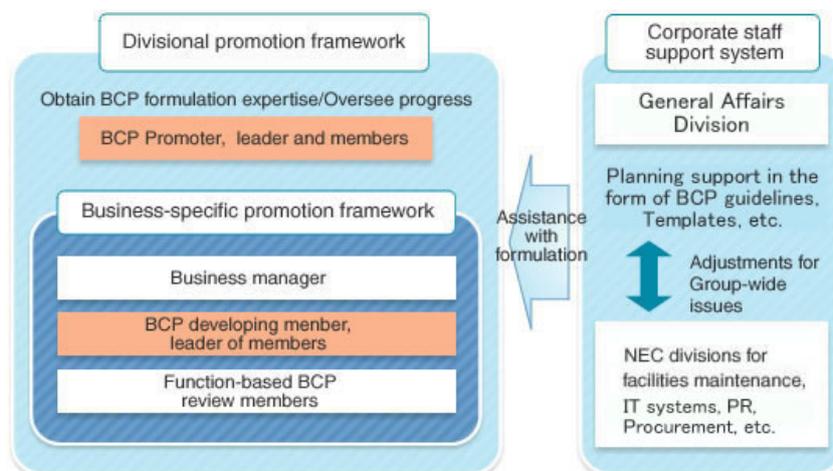
Based on these policies, each individual enterprise within NEC formulates specific policies to guide BCP development according to the characteristics of the business.

Framework

The NEC Group has clarified its framework for promoting BCP formulation by assigning "BCP Promoters" and "BCP Developing Members," as follows.

- BCP Promoter: Assigned to each business division, namely business units, subsidiaries and affiliates, and responsible for obtaining expertise on BCP formulation and for guiding the preparation of a BCP and overseeing progress at the entire assigned business division.
- BCP Developing Member: Assigned to each business subject to BCP formulation, and responsible for performing a business impact analysis (BIA) and preparing a BCP for the business.

The General Affairs Division of NEC Corporation provides expertise on BCP formulation to assist business divisions with BCP formulation. By cooperating with other corporate staff, the Division provides assistance with any issues that cannot be solved at the business division level.

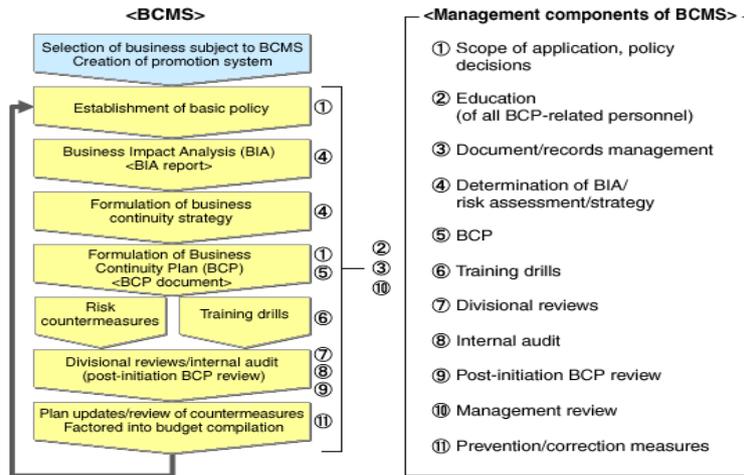


Internal BCP formulation guidelines for NEC were developed, covering know-how related to plan development along with disaster scenarios. The guidelines were distributed and communicated to all BCP formulation personnel, including BCP Promoters and BCP Developing Members. An internal website was also created to enable the teams to access sample BIA/BCP documents and other templates for use during each phase of formulation. Through these and other measures, NEC worked to share information on the BCP formulation process. The number of BCP formulation personnel with whom know-how and information have been shared in this manner has surpassed 2,000 individuals among the NEC Group.

Business Continuity Management System (BCMS)

From fiscal 2008, NEC has phased in the creation of BCPs for earthquakes by all business divisions at NEC Group consolidated subsidiaries in Japan. By March 31, 2009, NEC had created BCPs for approximately 400 businesses. In addition, in fiscal 2009, we began working to obtain third-party certification via the BSI (British Standards Institution) standard BS25999-2, primarily in businesses where BCP creation is required by customers worldwide as a precondition for doing business. This UK standard has become the de facto global standard in the BCMS field until the transition to an ISO standard is complete.

Since fiscal 2009, in accordance with the BCMS (Business Continuity Management System) stipulated in BS25999-2, NEC has been implementing a management system based on a continuous PDCA cycle to govern all BCP-related activities from plan formulation, document management and education to training drills, internal audit, management review and system upgrades.



Main Activities and Results (Fiscal 2012)

Activities in Japan

Company-wide Review of BCPs After the Great East Japan Earthquake

Inspection of BCPs in the wake of the Great East Japan Earthquake has highlighted discrepancies with disaster scenarios and the need to reassess vulnerabilities. In response, NEC has reestablished disaster scenarios as a first step, while working to identify vulnerabilities in each business division. Issues that are difficult to solve at the divisional level have been identified as company-wide issues.

Among these company-wide issues, those related to internal infrastructure, such as buildings and facilities, IT systems, and logistics, are fundamental to business continuity. To address these vulnerabilities related to internal infrastructure, the relevant corporate staff divisions have explored measures to reduce damage from disasters, such as seismic reinforcement and spreading out infrastructure, based on the scenario of a disaster that causes damage over an extensive area.

In fiscal 2013, each business division will work to improve BCPs by reviewing action plans and measures for restoring businesses, based on the aforementioned measures to address internal infrastructure.

Training drills

From fiscal 2009, NEC has conducted joint group training drills to determine the effectiveness of businesses that have completed the BCP formulation process. In fiscal 2012, NEC conducted one group training drills, as shown in the following table. In the morning, first-response training drills were conducted all at once, including assembling key personnel, establishing a response headquarters and escalating information. In the afternoon, each business division implemented business restoration simulation drills based on scenarios prepared by each individual division.

Date	Participating division/personnel numbers	Disaster scenario	Drill overview
October 11, 2011	Drill oBusiness divisions: 240 response headquarters, approx. 3,400 individuals	Earthquake of upper-6 seismic intensity (JMA intensity scale) Affected regions depend on division	First-response coordination + resume operations

Each participating division compiled the points of improvement from the training drills into reports, and held follow-up meetings to make improvements.

Internal audit

In fiscal 2012, NEC conducted internal audits of all BCPs that have already been completed and put into operation. The internal audits were conducted from the viewpoint of verifying the proper implementation of business continuity management (BCM).

When implementing internal audits, NEC selected a total of roughly 200 internal auditors for each business unit and subsidiary, and provided training for these individuals through internal audit seminars. The internal auditors performed the internal audits by reviewing related documents and interviewing relevant personnel using implementation guidelines and check sheets prepared by the General Affairs Division.

BS25999-2 certification gained

In fiscal 2012, NEC underwent testing for 1 additional BCP, in addition to ongoing testing of 56 BCPs certified in the previous fiscal year. As a result, NEC was granted an expanded scope of certification on February 2, 2012.

- Name of standard : BS25999-2:2007
- Certificate number : BCMS539922
- Certified organization : NEC Group
- Certification scope (as of fiscal 2012)

Total of 57 BCPs in the SI/Software Development Business, Carrier Network Business, Platform Business and Mobile Terminal Business



Activities Outside Japan

In various overseas regions, there have been frequent occurrences of natural disasters, accidents, infectious disease outbreaks and other such events, along with burgeoning geopolitical risk due to complex international affairs. Meanwhile, the NEC Group's supply chains have become increasingly complex and technically advanced as the Group has promoted the globalization of its business operations. This has led to concerns about the possible impact of global risk factors on the NEC Group's business operations. Under these circumstances, the NEC Group's overseas subsidiaries first created BCPs for the possible outbreak of a highly pathogenic new strain of influenza in fiscal 2010. In fiscal 2011, overseas subsidiaries continued to formulate other BCPs for natural disasters and similar events. In 2011, overseas subsidiaries continued to formulate these BCPs.

During the Thai floods that occurred in 2011, some of NEC subsidiaries' plants were flooded. Countermeasures were discussed after launching BCPs, gathering information on damage at an alternate office, and escalating information about the situation to the response headquarters in Japan. Although plant operations were suspended for several months, these operations have been resumed following the restoration of plant sites or relocation of plants.

Based on the lessons learned from this event, various overseas subsidiaries will closely reexamine disaster scenarios, measures to reduce damage and other details, with the view to revising and raising the effectiveness of BCPs.

BCP formulation

Overseas subsidiaries subject to BCP formulation* developed BCP formulation frameworks by appointing BCM Practitioners, who are responsible for formulating BCPs and promoting BCM. The General Affairs Division and business divisions presiding over overseas subsidiaries provided guidelines and training materials to BCM Practitioners to assist with BCP formulation.

Each overseas subsidiary formulates BCPs by identifying threat factors specific to the host country's circumstances, including natural disasters, political unrest, and terrorism, while establishing disaster scenarios.

(*)Based on the NEC Group's common policies governing BCP formulation, each business division presiding over overseas subsidiaries identifies subsidiaries subject to BCP formulation, focusing mainly on systems operation service, maintenance, manufacturing and logistics companies, while giving due consideration to the necessity for BCPs.

Establishing a System for the Escalation of Information

To ensure that information about the status of damage can be grasped and shared promptly after a disaster occurs, NEC has clarified rules and channels for the escalation of information, as well as the personnel responsible for reporting and points of contact, among other details. In March 2012, in order to verify and familiarize personnel with the actual procedures, almost all overseas subsidiaries conducted training drills on the escalation of information about the status of damage envisaged in their disaster scenarios to their respective response headquarters in Japan.

Monitoring and Improvement

Divisions formulating BCPs upload formulated or updated BCPs to the management site of a dedicated website. The General Affairs Division confirms the uploaded plan, and provides feedback to the division that formulated the plan when improvements are necessary.

Furthermore, the divisions formulating BCPs prepare implementation reports after conducting training drills and internal audits, and upload these reports in the same manner. The General Affairs Division has confirmed the implementation status of training drills and internal audits in fiscal 2012, and has identified company-wide points of improvement based on these reports.

In fiscal 2012 (2nd half), a Coordination Meeting will be held to report and share information about company-wide BCM implementation and points of improvement among BCP Promoters in every division, while encouraging improvements in each division.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Revise and raise the effectiveness of BCPs throughout the NEC Group (both in Japan and overseas) based on issues highlighted by responses to the earthquake disaster and other developments. Instill a strong awareness of business continuity in the organization's culture by instituting BCM activities.
Fiscal 2012 Objective 1	Maintain and institute BCP and BCM activities spurred by issues arising from the Great East Japan Earthquake at NEC Corporation and subsidiaries in Japan
Achievements and Progress	<ul style="list-style-type: none">▪ NEC re-identified issues in each business division and corporate staff division, and explored countermeasures. In fiscal 2013, NEC will continue to implement specific improvements to BCPs based on the results of this review.▪ NEC continued to promote BCM activities, including training drills and internal audits.
Degree of Completion	Mostly achieved
Fiscal 2012 Objective 2	Develop a system for BCM activities at overseas subsidiaries.
Achievements and Progress	<ul style="list-style-type: none">▪ BCPs were formulated by specified overseas subsidiaries subject to BCP formulation.▪ Training drills on the escalation of information were conducted as part of BCM.
Degree of Completion	Mostly achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Continuously improve BCPs and BCM activities at NEC Corporation and its subsidiaries in Japan based on issues and measures arising from the Great East Japan Earthquake.
Fiscal 2013 Objective 2	Review and improve BCPs that have already been formulated and conduct BCM activities at overseas subsidiaries.

▶ [Internal Control \(Compliance and Risk Management\)](#)

▶ [Information security](#)

▶ [For Shareholders and Investors](#)

Information Security

- ↓ Policy
- ↓ Framework
- ↓ Main Activities and Results (Fiscal 2012)
- ↓ Monitoring and Improvement
- ↓ Objectives and Achievements
- ↓ Privacy Protection Measures

Policy

NEC recognizes that it must protect the information assets it keeps for its customers and business partners as well as its own information assets, in order to contribute to society through the provision of better products and services. NEC has codified this duty in the [NEC Information Security Statement](#). Moreover, we will establish an information security promotion framework and information security management systems (the formulation, operation, review, and improvement of policies and measures to maintain and improve information security) and put in place information security infrastructure. Through these measures, NEC will strive to fulfill the duty set forth in the NEC Information Security Statement.

Framework

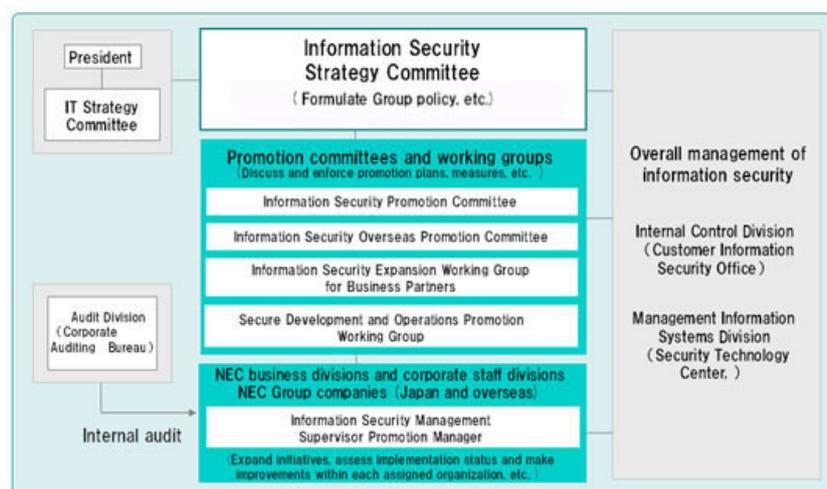
NEC's information security implementation framework consists of the Information Security Strategy Committee and its subcommittees, as well as the promotion systems of each organization. The Information Security Strategy Committee and its subcommittees determine the direction of the NEC Group's information security policies encompassing Japan and overseas, along with business partners. In addition, the efforts of the overall NEC Group are directed and managed by the Security Technical Center (STC) of the Management Information Systems Division and the Customer Information Security Office of the Internal Control Division. The STC and the Customer Information Security Office implement and manage activities at each organization through the Information Security Strategy Committee and its subcommittees, while working closely with Informat on Security Management Supervisors and Promotion Managers appointed to each business division, corporate staff division and Group company.

Information Security Strategy Committee

Aiming to decrease the number of information security incidents throughout the NEC Group, this committee deliberates important issues such as the decision, assessment, and improvement of information security reinforcement measures, the clarification of the causes of major incidents and decision on measures to prevent reoccurrence, and the formulation of strategies for transferring achieved results into NEC's own information security business. (Chairperson: Senior Executive Vice President)

Promotion Committees and Working Groups

There are four sub-committees of the Information Security Strategy Committee, namely two promotion committees and two working groups. These sub-committees perform various tasks in order to maintain and improve the information security of the NEC Group as a whole. Tasks include discussion and coordination of implementation plans and measures to be executed, as well as enforcing directives and monitoring progress on various measures. By sharing information about incidents and monitoring the situation and issues faced by each organization, the sub-committees strive to enhance the effectiveness, efficiency, and feasibility of various security measures.



Information Security Promotion Framework

Main Activities and Results (Fiscal 2012)

NEC attained an even higher level of information security management by drastically reducing the number of information security incidents through continuous, stringent enforcement of security measures centered on information leaks. Another measure was putting in place global security infrastructure and a secure environment utilizing cutting-edge IT. For customers, NEC contributed to businesses by improving the quality of security with respect to products, services and systems through the promotion of secure development and operation.

Principal Activities for Internal Security

- Maintained and improved recognition and awareness of information security NEC held web-based information security training for NEC Group officers and employees in Japan and domestic partners of NEC Group companies who have access to NEC's intranet. NEC also rigorously enforced compliance with the "Basic Rules for Customer Related Work and Trade Secret" through an electronic pledge system. Another measure was to stream the video content of an awareness-raising DVD (access count of 44,000). Through these measures, NEC sought to improve recognition and awareness of information security.
- Instituted a global service authentication platform NEC worked to institute the operation of a platform for managing the ID data of all overseas subsidiaries linked to the NEC intranet (70 companies and approx. 16,000 employees as of March 31, 2012). This measure has enabled timely maintenance of the ID data of overseas subsidiaries, and access control based on ID data at the global level.
- Establish a platform for global computer security measures NEC built a management platform that enables the visualization of the status of PCs (including application of security patches and malware countermeasures, etc.) at overseas subsidiaries. NEC completed the implementation of the platform in North America and China in fiscal 2012, and will steadily phase in the platform in the Asia-Pacific region, Latin America and EMEA (Europe, Middle East and Africa) from fiscal 2013. NEC has begun exploring considerations for achieving device control functions (USB memory, etc.) and network quarantine functions, which are planned to be rolled out going forward.
- Establish a global platform for information leakage countermeasures NEC has put in place and implemented infrastructure for encrypting PC hard disks and files at overseas subsidiaries. This has enabled reliable encryption measures to be implemented at business sites where the strict enforcement of encryption measures was previously difficult. As a result, NEC has improved the level of security.
- Develop external secure environments utilizing the latest IT NEC has expanded its external secure environment by enhancing the variation of thin client terminals, which are utilized as a security measure for work performed outside the company. Specifically, NEC developed thin client terminals compatible with new operating systems as a standard in-house PC model and promoted the transition to these terminals. NEC also began providing "soft" thin client terminals utilizing existing PCs. Furthermore, NEC developed a "trusted PC" with enhanced security features, including functions to remotely disable the use of PCs, delete specific data, and counter unknown vulnerabilities, as well as encryption. The goal is both to reduce the risk and increase the convenience of work performed outside the company. Looking ahead, NEC will promote the switch of PCs removable from business premises to "trusted PCs."

Principal Activities for Suppliers

- Reinforce information security at suppliers NEC worked to implement continuous training related to confidential information management (for approx. 2,400 companies), share examples of information security from operations, issue guidelines for achieving information security requirements and standards. NEC also worked to tighten enforcement of the "Basic Rules for Customer Related Work" at suppliers (including training of in-house instructors, and enforcement of compliance through submission of pledges).
- Strengthening information security measures for offshore outsourcing NEC expanded the same information security measures requested of suppliers in Japan ("Basic Rules for Customer Related Work," confidential information management, pledges, subcontracting management, etc.) to suppliers in China. Going forward, NEC plans to expand the scope of these measures to English-speaking regions.

Initiatives Concerning Solutions for Customers

- Strengthen the implementation system for secure development and operation NEC has put in place the Working Group for Promotion of Secure Development and Operation (determines company-wide policy) and the Coordinating Committee for Promotion of Secure Development and Operation (enforces knowledge of measures) as a company-wide framework. NEC has assigned Secure Development and Operation Promotion Managers (approx. 300 employees in product, systems and service development and operation divisions). Through these measures, NEC has strengthened the Group-wide implementation system for secure development and operation.
- Establish secure development and operation environments NEC has established Secure Development and Operation Implementation Standards as the basis for secure development and operation. These standards set forth the minimal measures that members of the NEC Group must take into consideration, such as collection of the latest vulnerability information and application of patches, implementation of vulnerability assessments and development based on checklists. In addition, NEC has promoted rigorous enforcement of the foregoing standards, while incorporating secure development processes based on ISO/IEC15408 into divisional development standards. (NEC has finished incorporating these secure development processes into the development standards of major business units.)
- Train personnel specializing in secure development and operation NEC has provided training on secure development to Secure Development and Operation Promotion Managers and developers in divisions that develop and operate products, systems and services. NEC strove to promote and institute mastery of expertise needed to implement secure development across the company as a whole. (Total number of training participants: 1,570).

Monitoring and Improvement

- Information security assessment activities The NEC Group verifies the implementation of information security measures at each Group company using a common Group-wide assessment system. The Group has continuously formulated and executed improvement plans every year if there are any measures that are improperly implemented. In fiscal 2012, we conducted information security assessments of 101 Group companies in Japan. In addition, we conducted assessments of individual roles (individual assessment), where general employees and the manager responsible for each information security measure verify the implementation status of each measure. Through this format, we endeavored to achieve more effective improvements by accurately gauging actual worksite conditions. In fiscal 2012, we conducted these individual assessments at 50 companies (around 82,000 people). Moreover, we performed assessments centered on organizational assessments of 90 overseas subsidiaries, where the information security management promotion managers of each organization verify the entire organization's status. By providing specific feedback to each overseas subsidiary, we worked to make detailed improvements.
- Assessment of suppliers and offshore contractors Based on the NEC Group Information Security Standards for Suppliers and the Basic Rules for Customer Related Work and other guidelines, we conducted assessments and evaluations of the implementation status of information security measures by suppliers (on-site assessments: approx. 100 companies; written assessments: approx. 2,400 companies), with the view to raising the level of information security. In addition, we rigorously enforced information security measures by performing security assessments of suppliers in China that are the same as those required of suppliers in Japan (written assessments: approx. 150 companies, on-site assessments: approx. 50 companies).

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Implement comprehensive security measures from the standpoint of management, systems and human resources development. Protect information assets entrusted to NEC by customers and suppliers as well as NEC's own information assets. As a provider of IT products, services and solutions, deliver even more secure and reliable products, services and solutions to customers.
Fiscal 2012 Objective 1	Develop global security infrastructure <ul style="list-style-type: none"> ▪ Establish a global service authentication platform ▪ Establish a platform for global computer security measures ▪ Establish a global platform for information leakage countermeasures
Achievements and Progress	<ul style="list-style-type: none"> ▪ Instituted the operation of a personal ID management platform of all overseas subsidiaries linked to the NEC intranet. ▪ Built a management platform that enables the visualization of the status of PCs (application of security patches and malware countermeasures, etc.) at overseas subsidiaries. ▪ Put in place and implemented infrastructure for encrypting PC hard disks and files as a global platform for information leakage countermeasures.
Degree of Completion	Achieved
Fiscal 2012 Objective 2	Develop external secure environments utilizing the latest IT <ul style="list-style-type: none"> ▪ Convert portable PCs into thin clients
Achievements and Progress	<ul style="list-style-type: none"> ▪ Strengthened information security and improved convenience by enhancing the variation of thin client terminals (Windows 7-based SS7, "soft" thin client terminals). ▪ Developed a "trusted PC" with enhanced security features, including functions to remotely lock PCs and delete specific data, as well as encryption functions and countermeasures for unknown vulnerabilities.
Degree of Completion	Achieved
Fiscal 2012 Objective 3	Promote secure development and operation in solutions for customers <ul style="list-style-type: none"> ▪ Strengthen the implementation systems for secure development and operation ▪ Establish secure development and operation environments ▪ Train personnel specializing in secure development and operation
Achievements and Progress	<ul style="list-style-type: none"> ▪ Strengthened the NEC Group's secure development and operation framework by developing implementation systems for the Company as a whole and business divisions. ▪ Formulated secure development and operation standards and promoted the incorporation of secure development processes based on ISO/IEC15408 into divisional development standards. ▪ Enhanced personnel training focused on secure development and operation promotion managers and developers.
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Develop global information security infrastructure <ul style="list-style-type: none">Enhance security service functionsExpand security infrastructure to more regions
Fiscal 2013 Objective 2	Develop external secure environments utilizing the latest IT <ul style="list-style-type: none">Expand the internal use of "trusted PCs"Expand usage of thin client terminals (Windows 7 version)
Fiscal 2013 Objective 3	Implement secure development and operation <ul style="list-style-type: none">Expand secure development and operation implementation standards and enable visualization of implementation statusPromote the inclusion of secure development and operation standards in standards within the organizationConduct regular assessments of secure development and operation status

NEC has issued an Information Security Report, which presents the NEC Group's measures in regard to information security. Please follow the link below for further details on information security activities.

▶ [Information Security Report 2012](#)

Privacy Protection Measures

Since establishing the [NEC Privacy Policy](#) in July 2000, NEC has been enhancing measures to protect personal information. In October 2005, NEC obtained Privacy Mark certification*. Ever since, we have worked to protect personal information using management systems that are fully compliant with the Japan Industrial Standards Management System for the Protection of Personal Information (JIS Q 15001) and with Japan's Personal Information Protection Law.

Construction and Operation of a Privacy System

Because NEC's major business operations include the integration, operation, and maintenance of information systems, the company is involved in the handling and management of personal information provided by customers, including corporations and organizations. To address this issue, approximately 250 heads of divisions and departments throughout NEC's businesses implement a variety of measures and appoint an employee to be in charge of or responsible for each way in which personal information is handled. In addition, a Privacy Promoter is appointed for each business division (approximately 1,000 promoters throughout the company). Every effort is being made to protect privacy through the establishment and operation of this management system.

To this end, NEC has established and operates the ledger-based "Personal Identifiable Information Control System" for registering, keeping track of and visualizing personal information.

NEC has documented clear company-wide policies for the management of personal information, and has also instituted and rigorously enforces operational rules for specific business divisions and types of personal information, as necessary.

Regarding privacy protection training, NEC conducts mainly web-based programs to train all employees about privacy-related issues. All employees receive training on these issues every year. NEC also requests its contractors to provide their employees with similar training.

Furthermore, all NEC business divisions are subject to regular audits by the Corporate Auditing Bureau, an internal division that conducts rigorous internal audits.

(*In October 2005 NEC Corporation obtained certification of privacy procedures under the Privacy Mark validation scheme for private sector firms operated by the Japan Information Processing Development Corporation (JIPDEC). As of March 31, 2012, a total of 43 NEC Group companies in Japan had also obtained Privacy Mark validation. NEC is continually working to ensure that a common level of security standard shall be applied to all members of the NEC Group.

▶ [Internal Control \(Compliance and Risk Management\)](#)

▶ [Business Continuity](#)

▶ [For Shareholders and Investors](#)

For Shareholders and Investors

↓ Policy

↓ Main Activities and Results (Fiscal 2012)

↓ External Ratings and Evaluation

↓ Objectives and Achievements

Policy

Shareholders and other investors constitute one of NEC's most important stakeholder groups. By raising the transparency of management through timely, appropriate, and fair disclosure, NEC aims to deepen the investment community's understanding of its corporate value.

Main Activities and Results (Fiscal 2012)

Shareholder Meetings

We regard shareholder meetings as an important forum for communication with shareholders. To make it easier for more shareholders to participate, we avoid scheduling meetings on peak days when the shareholder meetings of other companies are concentrated.

When voting rights are to be exercised, we make efforts to ensure that all shareholders fully understand matters on the agenda through steps including mailing notices of shareholder meetings as early as possible while posting these notices on our website.

In fiscal 2012, we enhanced information provided to shareholders who could not attend the shareholder meeting. For example, we posted the voting agenda and other materials on our website on the day of the shareholder meeting. Voting results were announced on our website the day after the meeting. We also made a webcast of the shareholder meeting and presentation materials available for a certain period.

We provide the means for shareholders to exercise their votes when they are unable to attend a shareholder meeting on the day it is held-in addition to voting by mail, shareholders may also exercise their votes over the Internet.

Direct Dialogue with Investors and Securities Analysts

In order to facilitate greater understanding of our business operations, financial trends, and strategies, we hold management-led earnings briefings, as well as briefings on specific business operations and other presentations.

In fiscal 2012, NEC held management-led earnings presentations (4 presentations a year; including presentations in May and October 2011 and January 2012 by the president of NEC), briefings on operations by the executives in charge of business units (April 2011, October 2011 and March 2012), and a presentation on Research " Development at NEC (December 2011).

With emphasis on direct dialogue with securities analysts and institutional investors, NEC management and IR staff actively visited investors in Japan and overseas.

As in the previous fiscal year, NEC IR staff continued to hold briefings for individual investors at the branch offices of securities firms, in order to enhance information provided to this group of investors (held 5 times in fiscal 2012).

IR Website

NEC provides shareholders and other investors with a variety of information through its IR website, in order to deepen their understanding of its business operations. In fiscal 2012, we continuously upgraded our IR website with the aim of making it easier for visitors to use and understand. The IR website is outlined as follows:

- To help visitors find desired information more efficiently, we collect data on frequently visited webpages and reflect the results in the Top 5 Most Viewed Webpages feature we have created on our website (Japanese site only). We have reorganized a diverse array of content, including IR Library, Financial Data, Stock and Bond and other sections of our website by category and posted this information on the website. In this way, we have structured the website to allow users to easily find needed information.
- We strive to provide the latest financial data, press releases and other information in a timely manner. There is also an IR E-mail distribution service that provides updated information on a timely basis to subscribers via email. Schedules for planned earnings presentations and various other events, as well as plans to post publications on the website, are announced on the IR Calendar of Events as soon as details are determined.
- In order to ensure fair disclosure of information disclosed at presentations for institutional investors and securities analysts to the general public, we post presentation materials and Q&A details on the website in a timely manner. Audio streaming of presentation details is also provided promptly. From fiscal 2011, we also started posting summary versions of certain presentation materials, as part of efforts to develop website content that is easier to understand.
- We upgraded our webpage for individual investors (Japanese site only) with new content, including announcements of briefings for individual investors launched in fiscal 2011 and reports on the briefings. We also posted presentation materials handed out at the briefings, along with main questions and answers.
- There is also a FAQ section that helps to immediately answer questions or clear up uncertainties about NEC. We also have an Inquiry Form, which makes it easy to ask questions. We also provide a Website Questionnaire form on our site to gather opinions from visitors that helps us to develop an IR website that is easier to use and understand.

Please follow this [link](#) for information for shareholders and other investors.

Annual Report

The annual report contains a message from the president, NEC's management strategies, business trends by segment and financial statements.

Please follow this [link](#) to view our annual reports.

External Ratings and Evaluation

Socially Responsible Investment (SRI)

NEC holds discussions with SRI research companies and investment firms who manage SRI funds, and otherwise strive to facilitate greater understanding of our CSR activities.

As a result of these efforts, NEC stock has been included in the following SRI indices and SRI funds:

Major SRI indices

- Dow Jones Sustainability World Index
SAM Bronze Class
- FTSE4Good Global Index
- Ethibel Excellence (universe)
- MS-SRI Morningstar Socially Responsible Investment Index



Major SRI funds in Japan

▪ Eco Partners – Midori no Tsubasa (Green Wings)	As of January 2012
▪ Nikko Eco Fund	As of August 2011
▪ Sompo Japan SRI Open–Kizuna (Ties)	As of August 2011
▪ Fukoku SRI (Social Responsible Investment) Fund	As of April 2012
▪ Mitsubishi UFJ SRI fund--Family Friendly	As of November 2011

Others

NEC's investor relations (IR) website has earned acclaim, ranking 10th overall (previously 52nd) in the Gomez IR Website Ranking 2011 by Gomez Consulting Co., Ltd. (currently Gomez Consulting Business Department of Morningstar Japan K.K.), as announced in April 2011.

NEC's IR website ranked 5th overall in the 2011 Excellent Corporate Website Ranking for all listed companies by Nikko Investor Relations Co., Ltd. (previously 10th), as announced in November 2011. NEC also received the Grand Prize Award for Best Corporate Internet IR and Best Company 2011 (after receiving the Award for Best Corporate Internet IR 2010) from Daiwa Investor Relations Co., Ltd. in December 2011.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Proactively provide information to shareholders and investors based on the Mid-Term Growth Plan
Fiscal 2012 Objective 1	Enhance disclosure of information about each specific business operation
Achievements and Progress	NEC endeavored to enhance direct dialogue with investors and securities analysts by continuing to hold various management-led business briefings.
Degree of Completion	Mostly achieved
Fiscal 2012 Objective 2	Enhance IR activities for individual investors
Achievements and Progress	NEC continued to hold briefings for individual investors on the company and step up disclosure of information through the IR website.
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Continuously provide information regarding management reforms (promotion of restructuring and transformation to an enterprise focused on cash flows).
Fiscal 2013 Objective 2	Enhance IR activities for individual investors

- ▶ [Internal Control \(Compliance and Risk Management\)](#)
- ▶ [Business Continuity](#)
- ▶ [Information security](#)

Human Rights

NEC has pledged its commitment to respecting human rights in the [NEC Group Charter of Corporate Behavior](#) and [NEC Group Code of Conduct](#), and this approach is implemented throughout the NEC Group.

The NEC Group, which aims to expand business globally, sees global human rights issues as an important priority. Here, we put the spotlight on internal activities to solve these issues, as well as activities within local communities and at suppliers.

Respecting Human Rights

Respecting Human Rights

- ↓ [Policies and Rules](#)
- ↓ [Framework](#)
- ↓ [Main Activities and Results \(Fiscal 2012\)](#)
- ↓ [Monitoring and Improvement](#)
- ↓ [Objectives and Achievements](#)

Policies and Rules

NEC has pledged its commitment to respecting human rights in the [NEC Group Charter of Corporate Behavior](#) and [NEC Group Code of Conduct](#), and this approach is implemented throughout NEC Corporation and the NEC Group.

- Respect human rights in all its corporate activities, never accepting any discriminatory practices, child labor or forced labor
- Do not discriminate on the basis of race, beliefs, gender, age, social position, family origin, nationality, ethnicity, religion, the presence of a disability or other factors, or take actions that offend the dignity of the individual.

Framework

NEC Corporation has established a company-wide Human Rights Awareness Committee, chaired by the officer with responsibility for personnel affairs, as well as a Business Unit Human Rights Awareness Committee, chaired by the corporate planning head of each business unit. The Company is building a system to investigate and formulate basic initiatives relating to human rights awareness activities and to promote training within the Company. In addition, similar frameworks have been established at Group companies in Japan as well.

* NEC Corporation is a signatory to the Global Compact advocated by the United Nations. The ten principles of the Global Compact are based on universally accepted principles including those set forth by the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. They include support and respect for the protection of human rights, the elimination of forced and compulsory labor, and the effective abolition of child labor.

 [Global Compact](#)

Main Activities and Results (Fiscal 2012)

NEC's fiscal 2012 objective for human rights activities was to "expand due diligence for ensuring respect for human rights on a global basis." To this end, NEC implemented the following initiatives.

In Japan, NEC implemented a mandatory e-learning program for all employees, including tier-specific training for all levels from newly recruited employees to officers. NEC continued to implement multifaceted human rights initiatives, including related activities at consolidated subsidiaries. Examples included human-rights training courses for Human Rights Awareness Committee members, who have been assigned at NEC Corporation (for each worksite) and at NEC Group companies (for each company). Other measures included awareness-raising activities using pamphlets and Web sites, and inviting submissions of human-rights catchphrases. Furthermore, the NEC Human Resources Development Division organized a global human rights training course (lecture) by Amnesty International Japan, in order to foster greater awareness of international human rights issues.



A lecture was given by Mr. Wakabayashi,
executive director of Amnesty
International Japan

Number of people attending human rights awareness group training : [Scope: NEC Corporation]

FY2010	FY2011	FY2011
4,587	2,796	2,926 *

* Besides group training, the number of employees who participated in e-learning programs was 24,600.

Overseas, NEC has long conducted human rights awareness training as part of training related to the NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct.

In fiscal 2012, NEC conducted training at various business sites in the EMEA (Europe, Middle East and Africa) region with a stronger emphasis on increasing awareness of its human rights policy (prohibition of discrimination, child labor and forced and compulsory labor).

NEC plans to expand this training to other overseas business sites from fiscal 2013. When implementing this training, NEC holds a series of discussions with CSR personnel and managers of personnel divisions in various overseas regions in an effort to develop training materials that are better suited to each region. The goal is to increase understanding of respect for human rights so that it is perceived as a global standard of conduct.

We also believe it is important for employees to learn about human rights not only through in-house programs, but also through experiences in local communities. We are deepening understanding of human rights issues by encouraging employees to participate in local social contribution activities. For instance, we hold the NEC IT Communications Support Course for People with Severe Disabilities to enable patients with severe incurable diseases to communicate through using IT. We also support wheelchair tennis tournaments, which help people with disabilities participate more fully in society through sports. In these and other ways, employees learn how to relate to human rights.

Another important theme at NEC is ensuring respect for human rights at suppliers. NEC has prepared policies, guidelines and check sheets related to all aspects of CSR, including respect for human rights, and uses these materials to confirm the activities of suppliers. Please click [here](#) for details.

Monitoring and Improvement

Human Rights Hotline Desk

NEC changed the name of the Equal Treatment Consultation Desk, which is a consultation station for sexual harassment, power harassment and related issues, to the Human Rights Hotline Desk, for the purpose of clarifying the nature of consultations and expediting responses.

Consultation desks have been set up at the Human Resources Development Division of NEC Corporation and at each business unit. Staff members assigned to the consultation desk provide consultations. The system is designed to protect the privacy of those who consult with the desk, while ensuring that they receive no disadvantageous treatment.

NEC provided training to staff members newly appointed to the consultation desk, covering training on the role of the desk, as well as consulting approaches and methodologies. NEC made the Human Rights Hotline Desk known to employees by displaying posters aimed at preventing social harassment with information about the hotline desk.

Personnel and Labor Management Audit

NEC verified that similar human rights awareness initiatives to those at NEC Corporation are being conducted at domestic affiliated companies through personnel and labor management audits and other methods.

Objectives and Achievements

Fiscal 2012 Objectives, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Fiscal 2012 Objectives	Expand due diligence for ensuring respect for human rights on a global basis
Achievements and Progress	<ul style="list-style-type: none"> ▪ Formulated a human rights policy in line with the global human rights concept ▪ Conducted meetings with CSR personnel and managers of personnel divisions in various overseas regions to ensure understanding of global human rights ▪ Organized a global human rights training course (lecture) for the NEC Group in Japan. ▪ Conducted human rights training in the EMEA region as the first step in providing global human rights training for the NEC Group worldwide
Degree of Completion	Mostly achieved

Fiscal 2013 Objective

Fiscal 2013 Objective	<ul style="list-style-type: none"> ▪ Conduct global human rights training outside the EMEA region ▪ Implement monitoring of compliance and respect for human rights globally
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Labour Practices

The NEC Group, which develops business globally, has business sites in various regions around the world. In order to implement appropriate management of labor practices at each site, it is essential to understand the differences in lifestyle, social rules and labor practices in each region. Key themes for maintaining communication include promoting diversity, along with ensuring the safety and health of employees and developing human resources at each worksite.

Promoting Diversity

The NEC Group believes that promoting diversity will become increasingly important to addressing globalization, achieving innovation and creating new value. The NEC Group has defined "Respect each individual," as a key principle of action for promoting diversity within the NEC Group Core Values.

Health & Safety

Based on the fundamental principle that "NEC will maintain and enhance comfortable and supportive workplaces to ensure the health and safety of all people working at its business sites," NEC implements various activities with emphasis on preventive health programs. The General Affairs Division, which oversees occupational health and safety (OH&S), the Health Care Centers, and OH&S management organizations at business sites at NEC Corporation lead and coordinate these initiatives.

Human Resources Development

Based on a self-development approach (an approach where employees take the initiative to develop their own skills), NEC aims to develop human resources who contribute to businesses by implementing The NEC Way.

Communication With Employees

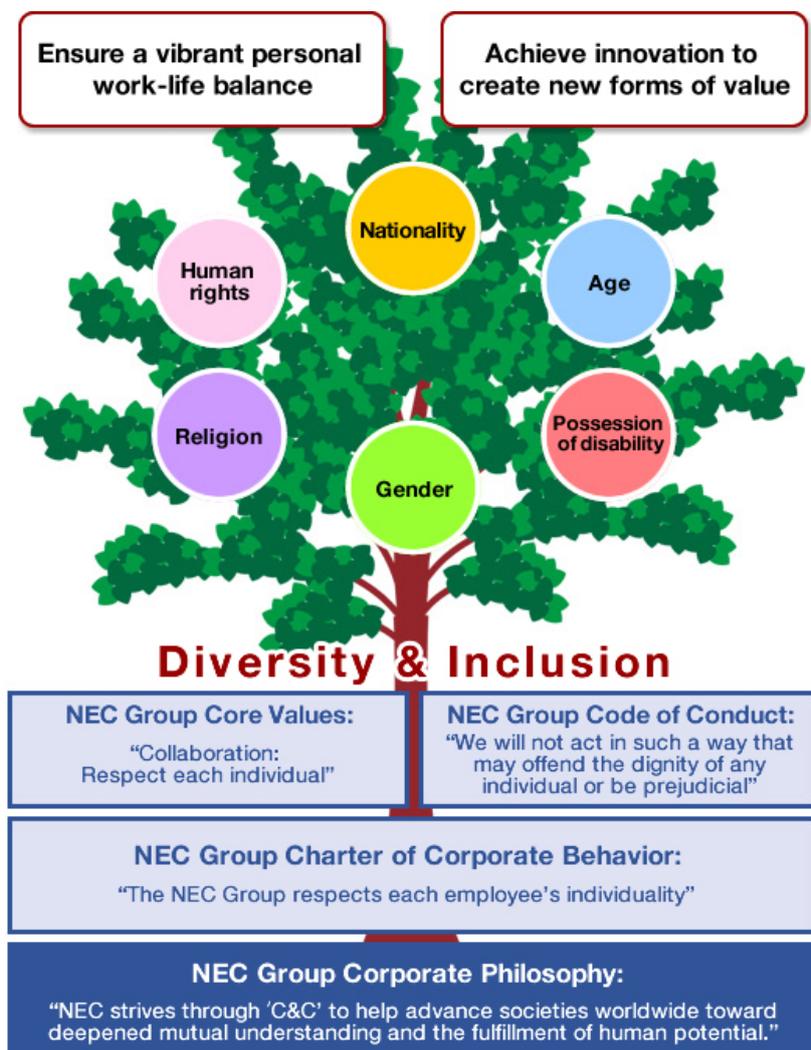
By listening to employees and establishing two-way communication, the NEC Group tries to reflect employee thinking in its business activities and in measures to revitalize the organization.

Promoting Diversity

- ↓ Policy
- ↓ Framework and Systems
- ↓ Main Activities and Results (Fiscal 2012)
- ↓ Objectives and Achievements

Policy

The NEC Group believes that diversity will become increasingly important to addressing major upheaval in the business environment, achieving innovation and creating new value. The NEC Group has defined “Respect each individual,” as a principle of action for promoting diversity within the NEC Group Core Values. NEC aims to create a fair, diverse and high-quality working environment that allows all employees to demonstrate their abilities and shows respect for each individual, without facing discrimination by gender, age, nationality, ethnicity, religion, disability, or other parameters.



Framework and Systems

Promoting a Diverse Working Environment

Promoting global recruitment of human resources

NEC Corporation is working to recruit non-Japanese individuals who possess the skills and specialized knowledge needed by the Company in the areas of research, technology, sales and corporate administration, with the view to achieving global business expansion. Through these efforts, NEC strives to increase the quality of its workforce and promote diversity in each area. NEC Corporation has proactively provided opportunities for employees of overseas subsidiaries to work at NEC Headquarters to facilitate interaction with these personnel and develop human resources.

Women's success in the workplace

NEC has appointed and promoted personnel irrespective of gender. Women have also been appointed to senior management positions and have proven highly successful in these roles. Examples of such positions include Division leader and branch manager. Going forward, NEC will continue to promote these efforts to mobilize female employees as part of its management strategy for maximizing the abilities of all personnel.

Promoting Employment of People with Disabilities

NEC Corporation has established a central committee to promote hiring of people with disabilities, chaired by the officer with responsibility for personnel affairs. The Company is building a system to deliberate and formulate basic initiatives relating to recruiting people with disabilities and promote their employment. In addition, NEC Friendly Staff, Ltd, established in March 2003, is a specialized company for employing people with disabilities. This company actively employs people with intellectual disabilities and had hired 22 such people as of the end of March 2012. Its main business entails providing administrative support services at offices within the NEC Fuchu Plant, cleaning and greenification services, and support services for social contribution activities.

Supporting Diverse Work Styles for Seniors

NEC Corporation has implemented systems that enable employees to individually choose their career support programs or to extend their employment beyond retirement age. These systems are designed to meet the diverse array of needs among employees seeking to start a new career outside the company or those approaching retirement age.

For employees voluntarily planning and preparing for new careers outside the Company, NEC Corporation has provided systems that support these sorts of proactive life planning initiatives by providing assistance with the associated financial and time requirements. Since 1998 NEC Corporation has developed three systems that provide support by granting periods of leave to employees aged 45 or over for skills training and development, providing financial assistance for post-retirement career support, and subsidizing the costs of related skills training. In addition, NEC Corporation provides a system that enables employees who wish to work beyond the age of 60 or older to extend their employment up to the maximum age of 65. The system is provided from the standpoint of giving highly motivated and skilled personnel the opportunity to continue to succeed on the job.

Promoting a Healthy Work-life Balance

NEC Corporation strives to enhance various schemes that can be utilized by both male and female employees to support them in achieving a balance between work, childcare and nursing care.

NEC Corporation has offered childcare and nursing care leave systems ahead of other companies and before such systems were mandated by law. Since fiscal 2006, NEC Corporation has implemented various policies based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

As a result, in fiscal 2008 NEC Corporation obtained the "Kurumin" certificate for its childcare support programs for the next generation of children.

Moreover, the population of seniors and the number of persons requiring long-term care and persons requiring support are increasing year by year in Japan. In this context, NEC believes that nursing care for the parents of the current generation of employees will become increasingly important. Therefore, NEC has worked to enhance nursing care support operations, with the aim of supporting employees' self-reliant efforts to balance work and nursing care responsibilities.

Specifically, NEC has implemented three main initiatives. First, NEC has introduced the "Nursing Care Relocation Expense Subsidies" system, under which NEC will provide subsidies for relocation expenses incurred by employees who have their parents move in with them or move nearby so that they can provide nursing care.

Second, NEC Corporation has implemented a "Nursing Care Setting Development Assistance Payment" system to help alleviate the financial burden of nursing care. Under this system, NEC provides subsidies for large costs incurred by employees due to changes in nursing care methods for parents requiring a high degree of nursing care support, such as home renovations, or relocation into nursing homes.

Third, NEC Corporation has launched a nursing care support website to help reduce any feelings of isolation or frustration experienced by nursing care providers. The website is a portal site mainly providing in-depth nursing care-related information and a forum for nursing care providers to share their views in their own words.

History of introduction of systems to support balance of work with childcare or nursing care of NEC Corporation

FY	Systems Introduced
2007	<ul style="list-style-type: none"> ▪ Reduced working hours extended—to third graders, in special circumstances ▪ Applicable period for telecommuting system extended—to end of third grade ▪ Family-friendly leave extended to employees with morning sickness or undergoing fertility treatment ▪ Extended leave for employees in fertility treatment
2008	<ul style="list-style-type: none"> ▪ Expanded services subject to fee subsidies payable to employees using local public childcare support services and extended subsidy period—to end of third grade ▪ Introduction of financial support system for fertility treatment (up to 200,000 Japanese yen) a year
2009	<ul style="list-style-type: none"> ▪ Retiree re-entry system—a re-employment system for people who have left the Company for reasons such as spouse relocation, childcare and nursing care, provided certain requirements are met. ▪ Elimination of eligibility requirements for childcare reduced working hours and childcare leave systems—Enabled employees to utilize these systems even if they have a spouse or parents who are able to devote themselves to childcare ▪ Expanded child nursing leave—Employees can obtain up to 5 days multiplied by the number of children
2011	<ul style="list-style-type: none"> ▪ Introduced nursing care leave—Employees can obtain up to 5 days multiplied by the number of family members requiring nursing care ▪ Added reasons of sickness prevention for children before entering elementary school to the Family Friendly Leave system ▪ Exempted employees raising children younger than the age of 3 from overtime work ▪ Increased the number of times childcare leave can be obtained—up to twice per child ▪ Offered subsidies for relocation expenses incurred to provide nursing care ▪ Provided a subsidy program for expenses (up to 200,000 Japanese yen) a year related to changes in nursing care methods, such as home renovations or relocation into a nursing home ▪ Launched a nursing care support website
2013	<ul style="list-style-type: none"> ▪ Add reasons of special days off due to substitute holidays of schools and temporary class closures to the Family Friendly Leave system ▪ Extend applicable period for telecommuting system —Extend from the end of third grade to the end of sixth grade ▪ Extend applicable period for subsidies for family support service usage fees —Extend from the end of third grade to the end of sixth grade ▪ Enhance childcare support system —Revise requirements for the application of the system to "daycare centers providing childcare until 20:00"

* For details on activities in years prior to the above, please follow this [link](#).

Main Activities and Results (Fiscal 2012)

Promoting Employment of People with Disabilities

NEC Corporation has been continuously engaged in the recruitment of people with disabilities. In order to step up the recruitment of people with disabilities at NEC Group companies in Japan, we held NEC Group job fairs for people with disabilities, while providing assistance such as consultations with NEC Group companies on a case-by-case basis. In fiscal 2012, the ratio of employees with disabilities was 2.04% at NEC Corporation and 1.91% on average for domestic consolidated subsidiaries.

As part of efforts to train and to continue employing people with disabilities, NEC arranges sign language interpreters and PC-based text interpreting for training and recruitment seminars held by the Company or its Group companies when trainees with hearing disabilities are in attendance. Moreover, in the course of daily work at the company, NEC gives consideration to commuting via automobiles and addresses facility and equipment improvements where possible to allow people with disabilities to commute normally to work.

Promoting a Healthy Work-life Balance

NEC has implemented measures to promote a better work-life balance by focusing on the premises of a good work-life balance, including reforming work styles and reducing extensive working hours. In addition, as a new initiative, NEC has commenced "Work Style Innovation" activities.

This program aims to drive innovation in business processes and reform work styles with the view to advancing the NEC Group to new growth. As part of implementation measures, NEC aims to share the kaizen (improvement) activities carried out at the individual, team and worksite levels throughout the company. Best practices will be utilized as benchmarks to expand the circle of activities, in an effort to promote actions that lead to a change in awareness of every employee and higher operating efficiency. In other areas, NEC will present on its website examples of improvement both inside and outside the company, the status of activities, and information useful to improving work styles, including training.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Promoting a diverse working environment

Medium-Term Objective	Achieve the statutory ratio of employees with disabilities at all NEC consolidated subsidiaries in Japan
Fiscal 2012 Objective	Promote the employment of people with disabilities at NEC Corporation and its consolidated subsidiaries in Japan
Achievements and Progress	<ul style="list-style-type: none"> ▪ NEC Corporation achieved a ratio of employees with disabilities at the 2% level. ▪ The ratio of employees with disabilities at domestic consolidated subsidiaries surpassed 1.9% on average.
Degree of Completion	Mostly achieved

Promoting a healthy work-life balance

Medium-Term Objective	Further promote a healthy work-life balance
Fiscal 2012 Objective	Further strengthen efforts to reduce extensive overtime
Achievements and Progress	<ul style="list-style-type: none"> ▪ Achieved reductions in average overtime hours and the number of employees who have worked long hours, and an increase in usage of annual paid leave days ▪ Commenced "Work Style Innovation" activities
Degree of Completion	Achieved

Fiscal 2013 Objectives

Promoting a healthy work-life balance

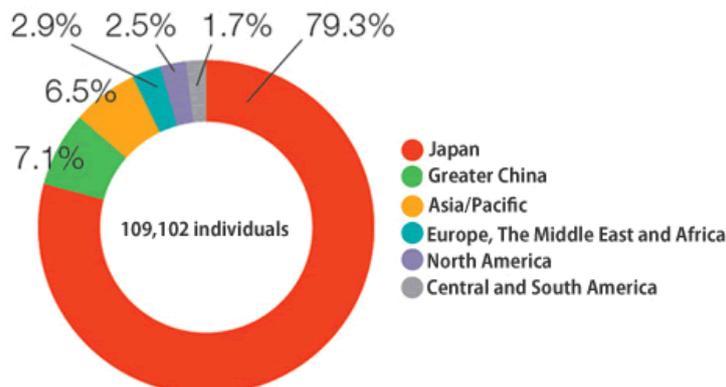
Fiscal 2013 Objective	Further strengthen activities to reduce extensive overtime hours
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Promoting a diverse working environment

Fiscal 2013 Objective	<p>(1) Ratio of employees with disabilities NEC Corporation: Maintain a ratio of employees with disabilities at the 2% level Domestic consolidated subsidiaries: Achieve the statutory ratio of employees with disabilities at all consolidated subsidiaries</p> <p>(2) Recruitment of non-Japanese individuals (new graduate recruits) Conduct recruitment activities targeting non-Japanese recruitment at 10% of the planned total number of recruits.</p>
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Data

Ratio of employees by region as of March 31, 2012 [Scope: NEC Corporation and Consolidated Subsidiaries]



The NEC Group must unavoidably cut around 10,000 jobs, including external human resources. These job cuts are intended to ensure a profitable business structure that will allow the NEC Group to continue its business operations by contributing to the markets. When implementing these job cuts, NEC will comply with the laws and regulations of each country, while endeavoring to show the utmost respect for the labor practices of each country.

Workforce by gender [Scope: NEC Corporation]

	FY2010	FY2011	FY2012
Male	20,433	19,641	19,663
Female	4,438	4,294	4,305
Total	24,871	23,935	23,968

Number of female managers and ratio of female managers to the total number of managers (%) [Scope: NEC Corporation]

	FY2010	FY2011	FY2012
Managers	367(4.6%)	372(4.8%)	368(4.7%)
General manager or higher	67	75	86

Number of people utilizing systems [Scope: NEC Corporation]

	FY2010	FY2011	FY2012
Childcare leave	456	436	415
Childcare reduced working hours	758	773	772
Nursing care leave	13	24	28
Nursing care reduced working hours	19	23	18

Annual paid leave usage rate for unionized employees[Scope: NEC Corporation]

FY2010	FY2011	FY2012
77%	76%	78%

Ratio of employees with disabilities [Scope: NEC Corporation, domestic consolidated subsidiaries]

	FY2010	FY2011	FY2012
NEC Corporation	1.96%	1.99%	2.04%
Domestic consolidated subsidiaries(average)	1.90%	1.83%	1.91%

[▶ Health & Safety](#)[▶ Human Resources Development](#)[▶ Communication With Employees](#)

Health & Safety

↓ Policy

↓ Framework

↓ Main Activities and Results (Fiscal 2012)

↓ Objectives and Achievements

Policy

Based on the fundamental principle that "NEC will maintain and enhance comfortable and supportive workplaces to ensure the health and safety of all people working at its business sites," NEC provides various preventive health programs. The General Affairs Division and the Health Care Centers, which oversees occupational health and safety (OH&S), and OH&S management organizations at business sites at NEC Corporation lead and coordinate these initiatives.

【Fundamental Principle】

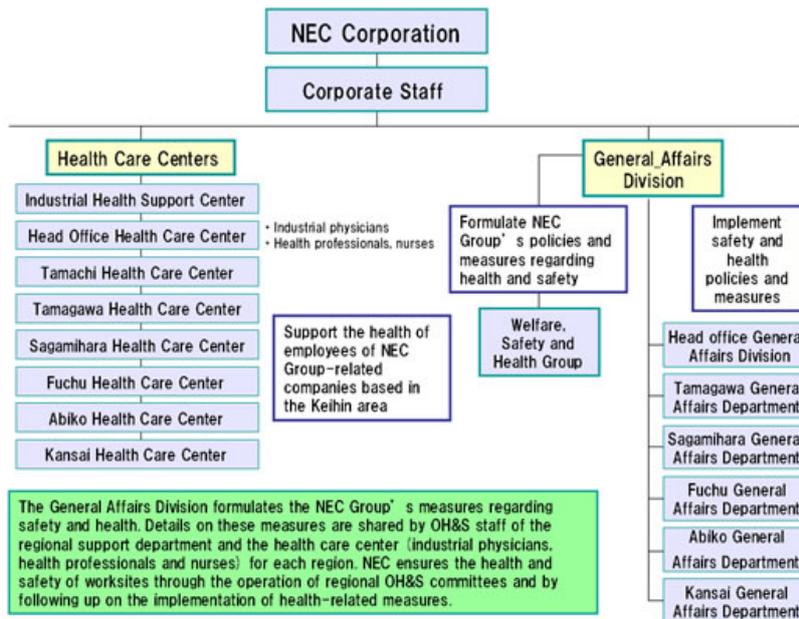
Company-wide Occupational Health & Safety (OH&S) Policy

NEC will maintain and enhance comfortable and supportive workplaces to ensure the health and safety of all people working at its business sites.

【Action Guidelines】

From fiscal 2013, the foregoing fundamental principle and policies will be shared across the NEC Group, with the aim of strengthening corporate governance and the NEC Group's platform for OH&S activities, in addition to activities within the Company. At the same time, NEC is striving to enhance the quality of OH&S activities at various NEC Group companies, by clearly indicating the scope and methodology of OH&S activities through the addition of an OH&S category to the NEC Group Management Policy, which has been established separately.

1. Improve OH&S management systems by continuously and efficiently implementing OH&S activities.
2. Promote the identification of sources of danger, as well as risk assessment and risk management, with the aim of reducing labor accidents to zero.
3. Comply with laws and regulations, and other rules and decisions regarding OH&S.
4. Strive to make OH&S obligations known to ensure understanding and fulfillment of these obligations.
5. Actively provide disclosure of information regarding OH&S activities.
6. Endeavor to enhance the mental and physical health of workers and develop comfortable workplaces.
7. Ensure the appropriateness and effectiveness of these policies and OH&S management systems through regular reviews.



With regard to the OH&S management framework, NEC Corporation has established at each worksite regional OH&S committees comprising overall OH&S managers, occupational safety managers, sanitation managers and industrial physicians in accordance with the Japanese Occupational Health and Safety Law. Site-based occupational health and safety activities are conducted at each worksite to bolster daily OH&S management.

As a voluntary initiative, at each business site we have organized an Expanded OH&S Committee in which NEC Group and partner companies located within the business site participate in OH&S activities encompassing the entire business site. Furthermore, in order to share information on safety and health within NEC Corporation, since fiscal 2009 we have regularly held meetings where industrial physicians, the business line personnel managers and the safety and sanitation managers from each region meet to exchange information.

Looking at activities spanning the entire NEC Group, in order to address OH&S issues and various other risks, from fiscal 2010, NEC has held information exchange meetings where OH&S managers from NEC Group companies gather together to share information on OH&S, health management and other topics. This is in addition to existing information sharing schemes centered on a conference of the general affairs managers of NEC Group companies in Japan, and the NEC International Emergency Safety Measures Headquarters abroad. Looking ahead, NEC will continue to promote such global initiatives based on these programs.

Main Activities and Results (Fiscal 2012)

Occupational Health and Safety (OH&S)

NEC Corporation conducts OH&S activities at the business site level. The Company addresses company-wide OH&S issues as well as issues reflecting unique conditions faced by individual business sites.

In fiscal 2011, continuing from the previous year, we returned to basics, making reinforcement of daily workplace inspections and OH&S cross-checks, priority tasks. In addition to these tasks, another priority was the introduction of an OH&S management system.

In fiscal 2010, NEC obtained OHSAS 18001 certification, an international OH&S management system specification, with the Sagami-hara plant as a model case. In fiscal 2011, this certification was also obtained at the Abiko plant of NEC. In fiscal 2012, OHSAS certification was also obtained at the Tamagawa Plant and the Fuchu Plant. NEC is also preparing to obtain this certification or implement equivalent systems at other worksites.



OHSAS 18001 Specification Certificate

Furthermore, at NEC Group companies, including those overseas, NEC has reassessed OH&S management systems focusing on companies with production lines or exposure to similar risk, while selecting companies that should obtain OHSAS certification or implement equivalent systems as necessary. Preparation for introducing these systems is currently under way.

NEC is exploring the development of a system for centrally managing global labor accident data.

Through these activities and the development of expertise, NEC will continue working to enhance the quality of its OH&S management systems.

Prevention of health impairment due to overwork

Industrial Health

NEC manages workplaces to make sure that workers are not working too many hours based on agreements between labor and management. Specifically, such efforts include using a work management system to ascertain the number of hours employees are working on a daily basis at worksites and personnel affairs divisions, and automatically issuing a monthly alarm e-mail from the system to workers who may be working long hours.

For employees who have worked long hours, based on the Comprehensive Program for the Prevention of Health Impairment Due to Overwork by the Ministry of Health, Labour and Welfare, we use a Web-based interview sheet (health check sheet) to ascertain accumulated fatigue. The Health Care Centers select employees for compulsory follow-up on the basis of the working hours (long hours) and health check (regular checkup and metabolic syndrome examination) data, and have them consult with an industrial physician/health professional, and restrict work hours, among other measures.

Mental health care initiatives

NEC Corporation positions mental health care as a key health care priority. Accordingly, NEC conducts measures focused on prevention and is creating healthy workplaces by maintaining the mental health of employees.

In February 2005, NEC Corporation introduced the Mental Health Support Program. This program consists of three elements: 1) early stage support focused on early identification and treatment of mental disorders; 2) follow-up support for people receiving treatment for mental disorders; and 3) a return-to-work support program that helps people on leave make a smooth return to work.

In fiscal 2011, NEC worked to enhance initiatives to help employees on leave smoothly return to work. This was achieved by clarifying the process and standards for determining whether an employee on leave may return to work through revision of the return-to-work support program. By making these sorts of programs known, early stage consultations from individual employees and their worksite supervisors have increased, instilling a stronger recognition of mental health care within NEC.

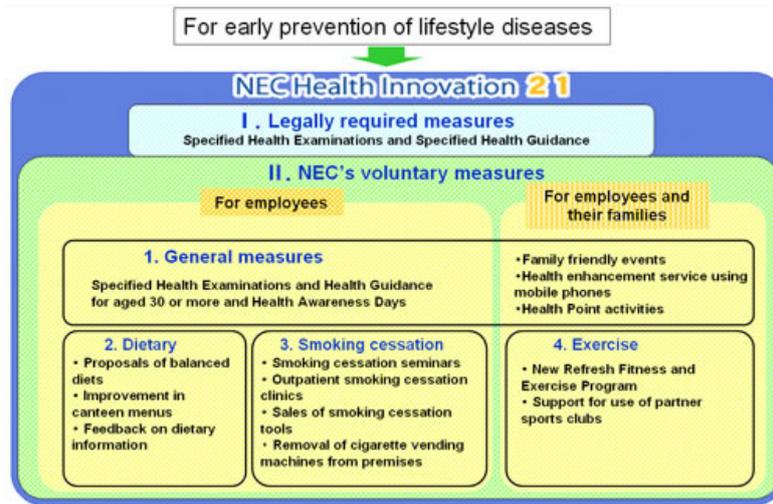
In fiscal 2012, NEC began implementing primary care training for management-level employees as a prevention measure. This training program is designed to enable management-level employees themselves to consider how to provide care and manage their staff in order to prevent mental health impairment and disorders, including increasing communication, building even better human relationships, and developing worksite environment conducive to consultation. These considerations formed the basis for the participants to devise future action plans.

Moreover, NEC has put a system in place where employees and their supervisors can promptly consult with someone when they notice an irregularity, comprising consultation desks both in-house and outside the company. The in-house consultation desks are staffed by industrial physicians and health professionals using dedicated internal telephone lines called the "Mental Health Consultation Hotline" installed at the health care center of each business site. The external consultation desk is provided by a specialist external institution based on an agreement with the NEC Health Insurance Association. It provides a system for employees themselves as well as their families (dependents) to consult on mental health via the telephone and other means.

NEC Corporation has focused attention on metabolic syndrome since 2004. For employees* with many risk factors for cerebrovascular or heart disease, we have provided lifestyle improvement advice.

Furthermore, from April 2008, partly in response to Specified Health Examinations and Specified Health Guidance accompanying the amendment of laws, we have been enhancing NEC Health Innovation21 (NHI21), a program of activities designed to prevent metabolic syndrome.

* Persons who have four or more of the six risk factors (obesity, high blood pressure, hyperlipemia, diabetes, smoking, and age) in the danger range, based on questions and test results from health examinations.



In fiscal 2012, we rigorously enforced metabolic syndrome countermeasures, in addition to enhancing and continuing previous measures. Furthermore, in order to improve the implementation rate for legally required Specified Health Examinations, we implemented the following two key initiatives.

(1) Implemented walking activities based on the health enhancement service using mobile phones as a health enhancement measure utilizing IT
Working closely with health care centers, the NEC Group has long encouraged walking activities as a form of exercise that anyone can undertake easily and safely. In fiscal 2012, NEC conducted walking activities that effectively utilize the health enhancement service using mobile phones, which was introduced in fiscal 2010, and the NHI21 Portal, both of which are platforms for health enhancement activities for NEC Group employees and their families. In fiscal 2012, approximately 6,000 people participated in these walking activities across the NEC Group.

(2) Implemented the NEC Health Fair as a health promotion event
In fiscal 2012, NEC held the NEC Health Fair as a health promotion event at three locations in the Chubu, Kansai and Kofu areas. Approximately 600 employees and their families attended these events. The goal of this initiative is to ensure that NEC meets the Specified Health Examination and Specified Health Guidance targets established by the Ministry of Health, Labour and Welfare. Accordingly, the events were designed to provide the opportunity for dependents of employees in rural regions of Japan, in addition to the Tokyo metropolitan area, to receive Specified Health Examinations, while fostering an awareness of the importance of promoting health.

The foregoing NHI21 activities are reported regularly to executives at meetings they attend, where opinions on these activities are exchanged. The executives take the initiative to execute the activities themselves to make NHI21 activities an integral part of NEC. Looking ahead, we will continue working to maintain and improve the health of employees and their families through the foregoing NHI21 activities.

Major Employee Training and Awareness Raising Initiatives in Fiscal 2012

- Implementation of education of new recruits and health consultations for all new recruits (health guidance based on results of health examination results provided when joining the company)
- Education of OH&S Committee members (held at individual business sites)
- Web-based mental health education (for all employees)*
- Mental health training for applicable personnel based on role and grade (for managers with subordinates who have mental health disorders)
- Mental health training for applicable personnel based on role and grade (primary care)
- Work-life balance training (career training courses for employees aged 30, 40, and 50 aimed at realizing a good work-life balance)
- Lifestyle disease seminar (conducted by business site, for certain designated ages or by request)
- Example: the Fuchu business site has health improvement programs aimed at people 25, 30, and 35 years of age
- (incorporating lectures, stretching, physical fitness measurement, etc.).
- Smoking cessation seminar (conducted separately by business site for smokers or people who wish to quit)

* Group courses in all cases except web-based mental health education

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objectives	<p>OH&S: Establish OH&S management systems at each NEC worksite. Enhance the OH&S management system for the NEC Group as a whole.</p> <ul style="list-style-type: none"> ▫ Industrial health: Achieve a Specified Health Examination implementation rate(*) of 80% in fiscal 2013 and a Specified Health Guidance completion rate of 50% in fiscal 2013. <p>(*) Targets for fiscal 2013 are calculated on the same basis as the rates of Specified Health Examination implementation and Specified Health Guidance completion for the Ministry of Health, Labour, and Welfare.</p>
Fiscal 2012 Objective 1	<ul style="list-style-type: none"> ▫ OH&S: Obtain OHSAS certification at Tamagawa Plant. Conduct on-site disaster readiness and safety inspection interviews at affiliated companies in Japan. Monitor occupational accidents at overseas sites.
Achievements and Progress	<ul style="list-style-type: none"> ▫ Achieved OHSAS certification at Fuchu Plant, in addition to the Tamagawa Plant. ▫ Disaster readiness and safety: Completed surveys prior to on-site disaster readiness and safety inspection interviews. ▫ Selected candidate overseas companies that should introduce OH&S management systems. ▫ Currently, exploring survey methods for occupational accident surveys at overseas sites.
Degree of Completion	Achieved
Fiscal 2012 Objective 2	<ul style="list-style-type: none"> ▫ Industrial health: Achieve a Specified Health Examination implementation rate of 99%; and a Specified Health Guidance completion rate of 45%.
Achievements and Progress	<ul style="list-style-type: none"> ▫ Achieved a Specified Health Examination implementation rate of 98.9% ▫ Specified Health Guidance completion rate 39.6% (*) <p>(*) Progress report in May 2012, fiscal 2012 Specified Health Guidance finishes on March 31, 2013</p>
Degree of Completion	Some progress

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Introduce OH&S management systems at NEC Group companies
Fiscal 2013 Objective 2	<ul style="list-style-type: none"> ▫ Achieve a Specified Health Examination implementation rate(*) of 80% ▫ Achieve a Specified Health Guidance completion rate of 50% <p>(*) Targets for fiscal 2013 are calculated on the same basis as the rates of Specified Health Examination implementation and Specified Health Guidance completion for the Ministry of Health, Labour, and Welfare.</p>

Labor Accidents and Disasters [Scope: NEC Corporation, figures for results in parentheses represent domestic NEC Group companies]

Labor accidents at NEC Corporation are mostly minor, such as tripping on stairs at train stations or falling in the street during business trips or sales calls. There have been no major disasters. Looking ahead, in order to raise awareness concerning occupational safety, the Company intends to continue conducting OH&S Committee activities, daily workplace inspections and cross-checking, while aiming to reduce the number of labor accidents and disasters.

	FY2010	FY2011	FY2012	FY2013 (target)
NEC frequency rate (*1)	0.89	Actual : 0.89 (0.40)	Target : 0.40	0.90
			Actual : 1.09 (0.36)	
Nationwide manufacturing sector (100 or more employees) frequency rate	1.13	0.98	—	—
NEC severity rate (*2)	0.00	Actual : 0.00 (0.03)	Target : 0.00	0.00
			Actual : 0.00 (0.00)	
Nationwide manufacturing sector (100 or more employees) severity rate	0.10	0.09	—	—

(*1) Frequency rate:

Number of deaths and injuries due to industrial accidents divided by total working hours times one million

(*2) Severity rate:

Number of lost working days divided by total working hours times one thousand

- ▶ [Promoting Diversity](#)
- ▶ [Human Resources Development](#)
- ▶ [Communication With Employees](#)

Human Resources Development

- ↓ Policy
- ↓ Framework
- ↓ Systems
- ↓ Main Activities and Results (Fiscal 2012)
- ↓ Monitoring and Improvement
- ↓ Objectives and Achievements

Policy

Based on a self-development approach (an approach where employees take the initiative to develop their own skills), NEC aims to develop human resources who contribute to businesses by implementing [The NEC Way](#).

To this end, NEC implements various human resources (HR) development programs, which are organized around the three core objectives of "strengthening operational capabilities," "cultivating professionals" and "developing management personnel."

Framework

The executive-led HR Development Promotion Committee discusses and determines shared Company-wide HR development issues and training initiatives. Based on Company-wide policies determined in this way, HR development activities are implemented through cooperation among the HR Development Division of NEC Corporation, the divisions responsible for HR development within each Business Unit (BU) and NEC Group company, and NEC Learning, Ltd., an NEC Group company that specializes in promoting human resource development across the NEC Group.

In order to promote human resources development according to the business characteristics of each business unit, the HR Development Promotion Committee is convened for each business unit including NEC Group companies.

Systems

Common and Job-specific Training

Our training organization, which plays an important part in achieving the above objectives, is comprised of common training courses that all employees of NEC Corporation take or select from and job-specific courses that are developed for each different type of occupation to hone job-specific professional skills.

A wide range of common training courses is offered, from those aimed at employees throughout the company, to courses taken upon promotion or for which employees are specifically selected. Job-specific courses fall into the category of enhancement of expertise for those employees seeking to become professionals in a specific field. The following is a description of some of the key programs and related policies in each of these categories.

HR Development Programs

Global cultivation of human resources

NEC conducts business around the world, and implements a variety of programs for the development of global human resources. For domestic employees, these include management training for staff targeted for key management positions at overseas subsidiaries; a global personnel expansion program, designed to develop staff capable of promoting global business; and the "EI-1 Grand Prix," an English-language program to give staff an interest in and basic skills for doing business overseas. NEC also proactively provides overseas training assignments and study abroad opportunities to employees. For employees at overseas locations, in addition to programs provided in each country, a common global e-learning system is used to provide company-wide common training programs, beginning with sharing the NEC Group Vision and Core Values. E-learning content covering technical and management skills is also available to be shared worldwide.

In recent years, NEC has also been upgrading programs to provide local staff at overseas subsidiaries with job training at the head office in Japan.

NEC certified professional (NCP) system

Recognizing that people are the most significant resource in its IT solutions and hardware products business, the NEC Group believes it is important to develop highly specialized professionals who can deliver true value to customers. The NEC Certified Professional (NCP) system was introduced for this purpose. Approximately 13,000 individuals have been certified as career professionals under the NCP system as of the end of March, 2012.

For each personnel category such as SE or service personnel, the NCP system divides qualifications into four grades that define increasing degrees of specialization corresponding to higher market value. Within each grade, separate personnel qualifications are defined for each category based on an analysis of which business processes are critical to a field. Qualifications specify in detail the levels of skills and performance required for certification at that grade.

ISIES, an HR development information management system

NEC is currently promoting the domestic roll-out of its Self Innovation and Empowerment System (SIES), an information management system for HR development that serves as a platform for all HR development activities. The system is now in use at 34 Group companies.

The number of training days per employee registered in SIES for fiscal 2012 was 3.4 days and 3.5 days for employees of the parent company and NEC Group companies, respectively.

HR Utilization Programs

Selecting NEC Group key positions (GKPs) and developing executive-level personnel

To promote the selection of the right people for the right jobs in key positions across the Group, whether domestically or abroad, NEC identifies certain key positions, systematically recruiting employees to fill those positions while also nurturing their successors.

Internal Recruitment System

NEC's internal recruitment system helps to promote dynamism in the organization by providing independent career support to individual employees while enabling greater diversity in personnel assignments.

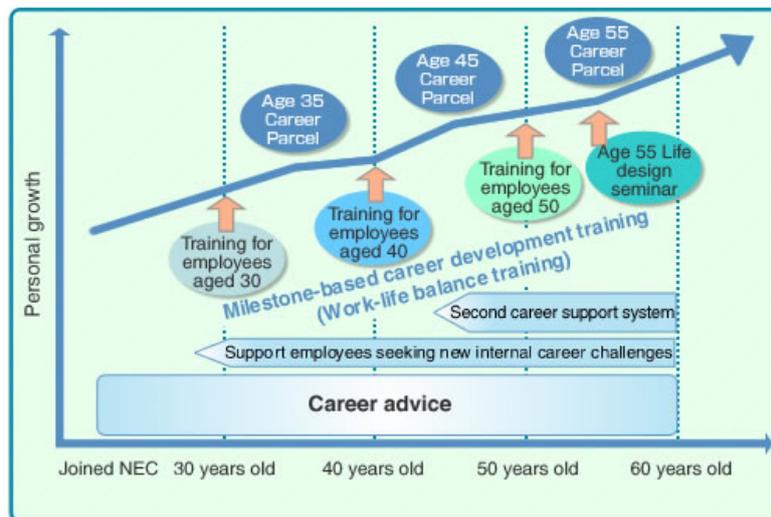
Under the system, recruiting divisions provide information on vacant positions, including related duties, conditions and other terms over the NEC intranet. Employees who wish to apply for such positions based on personal career aspirations may do so without having to consult a superior. Selection is based on materials submitted to and interviews conducted by the recruiting divisions. Selection leads to transfer within the organization.

Career Development Support Programs

Lifetime Career Support

Independent growth at the level of individual employees requires a continual process of self-analysis, personal change and skills development. NEC Corporation introduced the lifetime career support system (career design support) in 2002 with the aim of helping individual employees to take independent actions to promote career-long personal growth.

Work-life balance training targets NEC employees at the important career milestones of ages 30, 40 and 50 years (see below for details). The Career Parcel® system of career development-related information packages aims to help employees reaching the intermediate milestone ages of 35, 45 and 55 (see below). NEC Corporation has also appointed specialist career advisors to provide career-related advice to employees.



Milestone-based career development training

NEC organizes work-life balance training for employees reaching career milestones at the ages of 30, 40, and 50 years. This training offers opportunities for employees to reevaluate their own careers and set skill development goals. For example, in addition to reviewing career progress, training for those aged 30 looks at actions necessary for long-term career development. In fiscal 2012, approximately 1,100 employees participated.

Career Parcel

NEC's Career Parcel system delivers information via e-mail that provides an opportunity for employees reaching the key intermediate milestone ages of 35, 45, and 55 years to take a new look at their career paths. By offering career-related and other information appropriate to each age group, Career Parcel gives these employees the chance to consider their future careers and life planning. To employees aged 55, NEC has also begun offering the Life Design Seminar Course, a self-guided Web-based training course on retirement benefits and pension plans.

Mid-career leave and career planning allowances

As part of efforts to provide employees with both time-based and financial assistance related to career development, NEC Corporation offers short, mid-career leave to employees at each career milestone at 30, 40 and 50 years of age. Employees aged 50 are also eligible to receive special "career design" allowances as financial assistance to support further career planning and development.

Career advice

Since 2002, NEC has implemented an internal system to provide employees with career advice as a way of supporting self-guided career development. A dedicated team of advisors provides specialist advice to individual employees to assist with career planning and development. The advice covers topics such as work-life balance and making objective, value-based career-related decisions. Approximately 600 employees each year receive career-related advice from NEC's seven (as of March 2012) career advisors.

Main Activities and Results (Fiscal 2012)

In fiscal 2012, we implemented the following measures based on the four key themes of our medium-term HR development targets (fiscal 2011 to fiscal 2013).

Development of Training System for NEC Group Key Position (GKP) Candidates

Revisions to NEC Management Academy (Pool-2 Training)

- As part of putting in place a system for HR development targeting GKP candidates, NEC has revised its existing NEC Management Academy (Pool-2 training) to further target the pool of potential candidates to head business units in coming years. The program is comprised of management lectures, business strategy classes and sessions on 360 degree self-assessments and leadership, as well as group-based and individual business research and proposals. It is designed to nurture a leadership perspective and mindset in these management candidates, and strengthen the knowledge and skills they will need to manage and create business. The new program began February 2012, with participants selected from each division.

Start of organizational leadership training

- In the second half of fiscal 2012, NEC began a new organizational leadership development training program designed to focus on nurturing management professionals, with the goal of developing future GKP candidates. Course content was set up to emphasize use of case studies based on existing NEC special MBA courses, with participants selected from across the organization working in groups to develop and present business plans. While the intensive courses were held over a short period of just four months, they were well-received by those participating, garnering an average satisfaction rating of 4.8 points out of a possible 5.0. The business plans developed in the course of the sessions were also presented to and reviewed by the heads of each business unit, and the relevant divisions are currently evaluating how they might be utilized going forward.

Redevelop Tier-specific Training Programs to Reinforce Management Capabilities

Start of the 100 Day Plan training program for newly appointed general managers

- NEC has begun a new 100 day plan training program for newly appointed general managers, with the goal of quickly developing strong leaders capable of devising their own vision and driving business. In the first half of fiscal 2012, new general managers began training on the day of their appointment, starting with a one-to-one discussion with the president of NEC, and continuing for approximately 100 days, with work including a reevaluation of their own businesses and organizations, and restructuring of business plans. The process of polishing their organizational strategies and plans gave these leaders opportunities for discussions with course instructors and with their subordinates. Participants gave the program high marks, noting that it provided an excellent opportunity for thinking about how to develop their own, new styles of leadership.

Revisions to training for newly appointed senior managers

- Since fiscal 2010, NEC has continued to provide training for newly appointed senior managers, focusing on how to establish and implement their own initiatives for change within their respective businesses and organizations. Participants work in groups of five, with an executive officer acting as a mentor for each group to support individual initiatives for change. With the revamping of personnel systems in fiscal 2012, a new program was begun targeting newly promoted senior managers, and continues today. To accelerate the speed of change, the original program was shortened from one year to six months, and new sessions were added covering formulation of strategy, and organizational and human resource management. NEC is working to further enhance the program by making revisions that will strengthen the commitment of senior employees to the program.

Make Global Professionals More Visible and Train These People

To further support its global growth from the personnel side, in fiscal 2011 the NEC Group began building a framework for developing professionals based on what is optimal for the global organization.

NEC has set out a global standard human resources and skills framework, intended to provide a common global scale for gauging human resources. The system involves use of a Web-based SaaS-style human resource and skill management tool to improve the visibility of personnel at overseas subsidiaries with professional skills, and their utilization across the global organization. In fiscal 2012, NEC set out the first version of this global standard human resources and skills framework, completed its SaaS-based human resources and skills management tool, and has implemented and continues to manage a skills assessment program in some of its most strategically important overseas subsidiaries.

In fiscal 2013, NEC will expand this program, primarily targeting overseas subsidiaries in the Asia-Pacific region and greater China, and also plans to expand the number of personnel targeted for the program to approximately 2,500 employees.

Redevelopment of Global Web-based Training Platform

NEC also redeveloped its "LearningDoor" Web-based training platform, which serves as a common human resource development platform for One NEC globally, and in June 2011, launched a new version for use by overseas subsidiaries in five key regions. Launch in Japan was scheduled for April 2012.

In March 2012, NEC began offering customer satisfaction training, a common requirement for all employees worldwide, using this global Web-based training platform.

Cultivation of Key Global Personnel

Developing new employees into key global personnel through the "Global Track to innovator (GTI) " program

Since fiscal 2009, NEC has offered its Global Track to Innovator (GTI) program, a training program designed to foster globally viable innovators by stationing new employees overseas for a period of one to two years. In fiscal 2012, NEC revised the process for selecting individuals for this program, and worked to improve communication between participants stationed overseas and its offices in Japan.

To date, NEC has sent a total of 60 employees to 26 countries, and plans to continue offering this program every year going forward.



Trainee stationed in Nairobi (far left) and
NEC local employees

Program overview

- Selection of new employees with potential to become a key part of future global operations
- Global business skills training conducted in Japan for about 20 days (all in English)
- Participants transferred to overseas operational training for 1–2 years at overseas subsidiary or office from around one year after joining NEC (involving working alongside local overseas employees in the participant's area of expertise)

Comments by training program participants

- The program expanded my horizons and gave me confidence. Before I was stationed overseas, I did not really understand NEC's overseas operations. However, after actually going abroad, I was able to understand the situation on the ground for the first time. I also became familiar with English by using it overseas, so I now feel that I have room to breathe
- The program made me think deeply about how to support overseas business sites. After returning to Japan, I was able to envision the background to questions from overseas sites. I can now propose supportive solutions without talking at length with overseas personnel.
- I was impressed with differences in proper communication from country to country. One of my challenges will be to make the most of this experience in future.
- Before I was stationed overseas, I could see only the overseas salespeople in charge of customer accounts. Having worked overseas, I now have a better understanding of details. For example, I now appreciate where requests to Japan are coming from, in terms of the circumstances faced by overseas customers, and what issues are faced by overseas personnel on the ground.

EI-ONE GRAND PRIX

NEC started the EI-ONE Grand Prix program ("EI" is from the Japanese word "eigo," meaning "English.") to encourage all employees to improve their English skills and develop a global mindset. It also aims to promote self-help and collaboration, and inject dynamism into internal communications. Approximately 2,500 NEC Group employees participated in fiscal 2012. Employees form their own teams and spend five months working to improve their English in study groups and through individual study. The program offers contests to compete for the most improved TOEIC score, seminar-based training, and other events in an effort to encourage greater self-motivated activities and regular practice. Other events, coordinated with the help of foreign nationals working at NEC, are designed to encourage global communications across divisions and provide opportunities for better understanding of foreign cultures. Participants win points based on team and individual study activities and on participation in the various seminars and events, and teams compete for total points won during the program, further encouraging participants to study.

Monitoring and Improvement

Various meetings are held within NEC to ensure that the needs of each business division are reflected in HR development programs. Programs are also evaluated and improved based on the needs of each job category.

In addition, in cooperation with NEC Learning, Ltd., an NEC Group company responsible for group-wide HR development, NEC seeks to evaluate and revise training courses periodically based on evaluations by course participants.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objectives	<ul style="list-style-type: none"> ▪ Cultivate human resources who will execute the "C&C Cloud Strategy" ▪ Cultivate human resources who will advance global businesses ▪ Cultivate human resources across organizational boundaries ▪ Enhance worksite capabilities by enhancing management skills
Fiscal 2012 Objective 1	Create HR development systems to help train candidates for NEC Group Key Positions
Achievements and Progress	<ul style="list-style-type: none"> ▪ Key positions were established, and NEC began identifying successors on a global basis. ▪ The NEC Management Academy was revised, with a new program offered beginning in February 2011. ▪ Organizational leadership training program planned and conducted (October 2011 through January 2012). ▪ Program for early development of management personnel received high marks.
Degree of Completion	Achieved
Fiscal 2012 Objective 2	Redevelop tier-specific training programs to reinforce management capabilities
Achievements and Progress	<ul style="list-style-type: none"> ▪ The 100 Day Plan training program for newly appointed business unit managers was implemented, supporting the appointment of approximately 40 new business unit managers, and received high marks. ▪ Revisions were made to training for newly appointed general managers, including enhancements to input sessions and support structures, along with shortening the period for reforms (from one year to six months).
Degree of Completion	Achieved
Fiscal 2012 Objective 3	Make Global Professionals more visible and train these people
Achievements and Progress	<ul style="list-style-type: none"> ▪ Established a common global human resources and skills framework. Began conducting skills assessment and management at certain overseas subsidiaries using a Web-based human resources management tool. ▪ In preparation for expanding the scope of overseas subsidiaries to be targeted in fiscal 2013 and beyond, NEC is currently conducting joint reviews with subsidiaries in the Asia-Pacific region and greater China.
Degree of Completion	Mostly achieved
Fiscal 2012 Objective 4	Implement global Web-based training systems
Achievements and Progress	NEC reformulated its Learning Management System (LMS), a common worldwide training management system that serves as a global HR development platform for One NEC. The system was launched for use by overseas subsidiaries in five major regions in June 2011. (Launch in Japan scheduled for April 2012.)
Degree of Completion	Achieved
Fiscal 2012 Objective 5	Support global business expansion by training and utilizing a diverse array of human resources
Achievements and Progress	NEC Corporation increased the number of countries from which it will accept foreign trainees (to include Spain, India, and others).
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Build and develop an overall training system for developing management leaders focused on NEC Group Key Position candidates
Fiscal 2013 Objective 2	Redevelop tier-specific training designed to rapidly train management personnel
Fiscal 2013 Objective 3	Make global professionals more visible
Fiscal 2013 Objective 4	Upgrade and expand the development of the global Web-based training platform

▶ [Promoting Diversity](#)

▶ [Health & Safety](#)

▶ [Communication With Employees](#)

Communication With Employees

↓ [Policy](#)

↓ [Framework](#)

↓ [Main Activities and Results \(Fiscal 2012\)](#)

Policy

By listening to employees and establishing two-way communication, the NEC Group tries to reflect employee thinking in its business activities and in measures to revitalize the organization.

Framework

One NEC Survey

Every year, the NEC Group conducts the One NEC Survey, an opinion survey targeting the employees of NEC Group companies. The Company uses the survey materials to identify issues and devise action plans for conducting Group-wide management and performing evaluations based on NEC Group Vision 2017 and Core Values. The survey materials are also used to comprehensively understand employee thinking at each Group company about the company, workplaces, duties and other matters, and consider the need and direction for personnel initiatives and measures to revitalize the organization.

The Company discloses survey results in terms of compiled data and analyses to all employees via the NEC intranet, and provides feedback on survey results compiled for each organization in the form of an "Organizational Diagnosis." This information is put to good use in promoting increased understanding of strategy and revitalizing communication within the organization.

Labor-Management Councils

At these councils, NEC Corporation explains its business policies, business conditions, and other matters to the union representatives and listens to their opinions. The Central Labor-Management Council and the labor-management councils of business units are each held twice yearly. In addition to the labor-management councils, a "Work System Study Group" meets several times a year. This Work System Study Group serves as a forum for labor and management to study working-level matters, primarily concerning the adoption and restructuring of various systems.

Overseas Group companies have also put in place policies that foster communication between labor and management as well as between employees themselves. For example, in Europe, NEC Europe Ltd., the regional headquarters for this area, holds a European Forum (Labor-Management Council in Europe) each year.

Main Activities and Results (Fiscal 2012)

One NEC Survey

In fiscal 2012, NEC Corporation conducted the One NEC Survey from July to September 2011, and gained responses from 57,636 employees, who accounted for 82% of eligible respondents. In fiscal 2012, the survey continued to cover the penetration of NEC's Mid-Term Growth Plan V2012, in addition to the NEC Group Vision 2017 and Core Values, along with the areas of improvement that must be addressed to achieve these priorities. The survey was implemented to gauge these issues from the standpoint of employee awareness. We surveyed and provided feedback on the understanding of the NEC Group and the NEC Group's policies, management of organizations, management of subordinates, and the activity level of individuals, among other topics.

Labor-Management Councils

The Central Labor-Management Council was held in July 2011 and February 2012. At these events, NEC Corporation explained to labor union representatives various matters including current business results and future management policies, and conducted a lively exchange of views on these and other matters. Similarly, each business unit carried out two labor-management councils, explaining and exchanging views on business-unit policies, strategies, initiatives and other matters.

In addition, the European Forum was held in November 2011 in Europe.

Global Town Meeting

In July 2011, NEC held the Global Town Meeting in 6 locations around the world, including Japan. The meetings were attended by around 500 people.

The Global Town Meeting is intended to share a deeper understanding of NEC Group Vision 2017 and Core Values through dialogue among employees worldwide. At the same time, these meetings clarify "What is needed to contribute more to customers and realize the Vision," and "What must be changed," among other issues. Global Town Meeting was held to ensure that all employees work to address these priorities as "One NEC."



In Japan, the Global Town Meeting was attended by the V2012 promoters of each business unit and affiliated company along with Mr. Endo, the president of NEC. The participants shared information on the status of activities in each division and discussed various topics including the next course of action needed to drive reforms. Overseas, the Global Town Meeting was held in the 5 host cities of NEC's regional headquarters: Beijing, Singapore, London, Dallas and São Paulo. Every meeting was attended by an executive from Japan, who engaged in dialogue with local employees to foster a shared awareness of the "One NEC" concept. Key discussion themes included the challenging tasks necessary to realize the Vision's goal of making NEC "a leading global company," as well as the NEC Group Core Values (what we value and base our behavior on).

Participants expressed the following views about the meetings:

"What inspires me most is NEC's concern about society and the planet. I hope to contribute even more to the company's growth."

"When we have an open mind, new ideas come out. When we forget our positions and everybody speaks and listens, we can collaborate with each other."

"The Vision should be translated for individuals working within their own Business Unit."

- ▶ [Promoting Diversity](#)
- ▶ [Health & Safety](#)
- ▶ [Human Resources Development](#)

The Environment

NEC will achieve its social responsibilities as an enterprise by reducing the environmental impact of its own business activities, and we will strive towards creating a sustainable society, through our environmental management that will contribute to reducing the environmental impact of society as a whole, by providing environmentally sound products and services.

For the Environment

Fair Operating Practices

The foundations of fair business practices lie in observing and promoting ethical standards of conduct. To ensure that the NEC Group continues to fulfill the expectations of stakeholders and suruvi as part of society, it conducts business activities with a "Compliance First" philosophy foremost in mind. NEC also promotes CSR throughout its value chains.

Fair Trading

Compliance is essential to the continued existence of enterprises in society. In this section, we present NEC's fair trading activities, focusing on education and awareness-raising activities designed to prevent the materialization of risk factors, such as anti-corruption measures, as NEC expands business globally, as well as the Compliance Hotline, which serves as a consultation and reporting line for employees, suppliers and others.

Partnering With Suppliers

NEC has established the [NEC Group Procurement Policy](#) and is using this policy to develop internal controls for CSR and expand them to suppliers. NEC has surveyed the status of CSR-related activities at a suppliers using the supply-chain CSR check sheet since fiscal 2007.

Partnering With Suppliers

- ↓ [Policy and Guidelines](#)
- ↓ [Framework](#)
- ↓ [Main Activities and Results \(Fiscal2012\)](#)
- ↓ [Monitoring and Improvement](#)
- ↓ [Objectives and Achievements](#)

Policy and Guidelines

NEC Group Procurement Policy

NEC has formulated the [NEC Group Procurement Policy](#) and is using this policy to develop internal controls for CSR and expand them to suppliers. Regarding purchasing ethics and other forms of internal control, NEC has established the Basic Rules for Procurement and ensures that all employees remain in compliance with the regulations. To strengthen procurement-related internal controls, we have established specific business regulations in the purchasing process, and are striving to make all staff members involved in purchasing activities fully aware of them by holding regular training sessions. In fiscal 2012, NEC revised the NEC Group Procurement Policy to encourage suppliers to promote CSR activities among their upstream suppliers based on ISO 26000, the international standard for CSR.

Supply-Chain CSR Guidelines

NEC has formulated [Supply-Chain CSR Guidelines](#) to promote CSR-related activities together with its suppliers. Using these guidelines and the Supply-Chain CSR Check Sheet, we are continuing to make efforts to nurture partnerships from a long-term perspective so that steady progress is made while deepening mutual understanding. In fiscal 2012, NEC revised its guidelines to encourage suppliers to proactively manage their upstream suppliers with emphasis on three themes: tackling the conflict mineral issue, addressing RoHS and REACH standards, and ensuring business continuity.

Framework

NEC's CSR activities in the area of procurement are carried out by staff members responsible for purchasing. The Supply-Chain CSR Subcommittee and the Consolidated Procurement Management Meeting are convened every six months to propose and promote specific measures in this area. In fiscal 2012, the committees examined issues including the selection of suppliers subject to CSR questionnaire surveys, management of survey progress, and measures to support independent CSR activities by suppliers.

Main Activities and Results (Fiscal2012)

Communication with Suppliers

CSR-related activity status surveys of suppliers

NEC has surveyed the status of CSR-related activities at suppliers since fiscal 2007. The survey uses the Supply-Chain CSR Check Sheet based on the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). The survey mainly covers suppliers with whom NEC has large transaction amounts in the outsourcing field and overseas production contractors (in China and the Southeast Asian region), in such areas as mechanical and engineering components and product assembly. In fiscal 2012, we surveyed 37 suppliers. NEC issued feedback reports showing strengths, weaknesses and points for improvement to every respondent. We analyzed survey data from a total of 248 suppliers, including the 37 suppliers surveyed in fiscal 2012 and 211 suppliers who previously filled out self-check sheets. The results of the analyses are outlined below. NEC is using these results to plan future communications with suppliers.

Compliance-related status

All of the 37 suppliers reported zero compliance breaches with respect to the six priority risk categories (product quality/safety, the environment, information security, fair trading, occupational health and safety, and human rights).

Analysis by priority risk category

The greatest advances in CSR-related activities among suppliers were in the fields of product quality/safety and the environment. The results of this analysis showed a similar trend compared with the previous year.

Analysis by CSR management item

We found that awareness of CSR norms and the CSR promotion structure were almost satisfactory at all of the 37 suppliers. However, they could still improve their ability to monitor the actual compliance status and to ensure rigorous internal enforcement. The results of this analysis also showed a similar trend compared with the previous year.

Supporting suppliers' CSR improvements

From an analysis of the feedback report of the previous year, we found that suppliers' measures are lagging in the fields of human rights, occupational health and safety, and fair trading. We also learned that the suppliers' measures to monitor the actual compliance status and to ensure rigorous internal enforcement tend to be weak. That said, we find it difficult to fully grasp the actual conditions of suppliers through written replies alone.

In response, in fiscal 2012, NEC started studying a scheme to confirm the status of suppliers' CSR activities from these perspectives through on-site visits. From fiscal 2013, NEC is preparing to launch an on-site assessment program. The goal of this program is to enable suppliers to more independently implement CSR activities through CSR assessments by NEC and advice reflecting actual conditions.

Education and Training

Corporate ethics training for purchasing staff

NEC strives to maintain proper business execution by holding regular training sessions on procurement transactions for purchasing staff. In fiscal 2012, we held corporate ethics training in June and November 2011.

Web-based training for onsite contracting and dispatch staffing

NEC conducts web-based training when it accepts employees from partner companies through on-site contracting or dispatch staffing. The training is designed to ensure that managers at each workplace understand the relevant requirements. By the end of fiscal 2007, NEC had completed training of all management personnel. Since fiscal 2008, all newly appointed management personnel have taken part in web-based training every year. In fiscal 2012, NEC provided web-based training from November to March to all newly appointed management personnel.

Initiatives Addressing Individual Issues

Promoting green procurement

Since fiscal 1998, NEC has operated a green certification system based on the Green Procurement Guidelines that covers the procurement of not only hardware, but also software and services.

We have maintained a green procurement rate of 100% for product-related materials, excluding some supplies for internal use.

To comply with chemical substances regulations around the world, notably the European RoHS (Restriction on Hazardous Substances) Directive, China RoHS and European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation, we continuously conduct chemical substance content surveys covering purchased items. For details, please follow [link](#).

Strengthening information security

To strengthen information security, NEC has implemented measures including holding seminars on confidential information management, conducting rigorous management of subcontracting, carrying out assessments of implementation status, and organizing seminars for information security instructors. Going forward, NEC will continue to support the enhancement of the systematic capabilities (capacity building) of suppliers. For further details, please follow this [link](#).

Addressing the issue of mineral resources that fuel conflict

Certain mineral resources, such as gold, columbite-tantalite (coltan), cassiterite, and wolframite, mined in the Democratic Republic of the Congo in Africa and adjoining countries have been reportedly used to help finance armed groups. These mineral resources may thus be responsible for triggering a rash of problems including tribal conflict, human rights abuses, and environmental destruction.

To tackle the conflict mineral issue, NEC has joined the Responsible Minerals Trade Working Study Group organized by JEITA and is promoting activities in concert with the industry. JEITA's Working Group is coordinating its activities with the EICC-GeSI project*, which has implemented pioneering activities to address the conflict minerals issue. Furthermore, in November 2011, NEC and its overseas regional headquarters examined the global policy on addressing conflict minerals. As a result, NEC clarified its global policy for the Group as a whole. The Group's policy is to ensure that no mineral resources obtained illegitimately in conflict regions shall be procured or used in NEC's products. The NEC Group has also sought the understanding and cooperation of its suppliers in this regard by establishing the [Conflict Minerals Guidelines \(for Suppliers\)](#). Going forward, by continuing to pursue even higher levels of transparency in the supply chain, the NEC Group will make every effort to ensure that customers can use its products with peace of mind.

(* A global initiative by the electric machinery, electronics and telecommunications industries through cooperation between the Electronics Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI).

 [EICC\(Electronics Industry Citizenship Coalition\)](#)

Promoting business continuity plan

Amid the increasing complexity and sophistication of supply chains, NEC must fulfill its social responsibility to continuously supply goods and services. To this end, actions on two fronts are vital. NEC must implement preparedness measures while suppliers must promote business continuity plans (BCPs).

In the event that a damaging accident occurs in the supply chain, based on its business continuity plan (BCP), NEC will post "Information about Damage at Suppliers (operational status of plants, information on difficult-to-obtain materials, etc.)," which is gathered by each procurement division from suppliers, on an information-sharing database accessible to the entire company. NEC will make effective use of this database to exchange information so as to stabilize the procurement of materials, with the view to minimizing the impact of damage on its business operations

Meanwhile, NEC has distributed the Supply-Chain BCP Guideline (for Suppliers) to promote BCPs at suppliers. NEC has also conducted surveys of BCP implementation measures using the Supply-Chain BCP Check Sheet. NEC had surveyed a total of 181 suppliers through fiscal 2012. Through these activities, NEC will remain focused on encouraging suppliers to enhance their ability to ensure business continuity.

Monitoring and Improvement

Compliance Hotline (for Suppliers)

The [Compliance Hotline](#), a point of contact for compliance consultation and reporting, has been made available to suppliers since 2003. This mechanism provides an independent channel for transaction-related complaints and consultation by suppliers. The Compliance Hotline has been made easily accessible from NEC's website.

Internal Auditing for Onsite Contracting and Dispatch Staffing

We continued to conduct internal auditing activities in fiscal 2012 to further promote appropriate onsite contracting and dispatch staffing practices. Audits conducted at each division of NEC Corporation and the NEC Group revealed no major problems pertaining to onsite contracting and dispatch staffing practices.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Enhance suppliers' risk and compliance management capabilities
Fiscal 2012 Objective 1	Promote questionnaires based on the Supply-Chain CSR Check Sheet (Selection of suppliers subject to CSR questionnaire surveys, distribution and collection, analysis and feedback)
Achievements and Progress	Combined with the 37 suppliers surveyed in fiscal 2012, NEC completed surveys of a total of 248 suppliers.
Degree of Completion	Achieved
Fiscal 2012 Objective 2	Disseminate information within the NEC Group and formulate policy measures with respect to necessary items and actions in light of CSR-related industry developments and a review based on ISO 26000 (Examples include human rights, conflict minerals, CSR audits and environmental preservation)
Achievements and Progress	<ul style="list-style-type: none">▪ NEC revised the NEC Group Procurement Policy and the Supply-Chain CSR Guidelines▪ NEC established the Conflict Mineral Response Guideline (for Suppliers).
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Formulate the on-site CSR assessment program for suppliers (human rights, labor, the environment and anti-corruption)
Fiscal 2013 Objective 2	Promote activities in concert with the industry to address the conflict mineral issue, while disseminating information within the Group and tackling this issue

Consumer Issues

A large number of NEC's businesses are made up of business-to-business (B2B) operations targeting enterprises and other business operators. Based on the concept of "Better Products, Better Services" since its foundation, NEC is seeking to address "consumer issues" in B2B operations, as well as in business-to-consumer (B2C) operations.

To this end, NEC is promoting business activities from the perspective of general consumers through a "business-to-business-to-consumer" approach. In the process, NEC aims to help to solve social and environmental issues together with customers.

For Customers

NEC believes that improving customer satisfaction (CS) is vital to building relationships of trust with customers.

Based on feedback obtained through customer satisfaction surveys and customer consultation centers, NEC investigates the cause of problems and examines measures to address them. Through internal enhancement activities, NEC strives to enhance customer satisfaction.

Ensuring Quality and Safety

NEC will continuously provide high-quality and safe products based on the motto of "Providing Better Products, Better Services; Putting Customer Satisfaction First." NEC strives to enforce rigorous adherence to this approach, which has been established as a core quality and safety principle.

Universal Design Friendly to Humans and the Earth

In a society where IT and networks are becoming increasingly integrated, devices, services and systems that are easy to use are needed to ensure that many different people can have greater access to information. NEC is promoting universal design (UD) across the NEC Group as part of realizing the Group Vision of "an information society friendly to humans and the earth."

For Customers

- ↓ [Basic Policy](#)
- ↓ [Framework](#)
- ↓ [Making Improvements by Listening to Customer Feedback](#)
- ↓ [Employee Education and Awareness](#)
- ↓ [Objectives and Achievements](#)

Basic Policy

Since its founding in 1899, NEC has been developing a corporate culture under the "Better Products, Better Services," in which we create products and services that are more valuable to customers, and in which every one of us understands, considers, and quickly responds to what our customers expect in order to make NEC a company that is trusted and chosen by customers.

* The word "Better" in our "Better Products, Better Services" embodies our desire to "continuously make improvements to achieve our very best." With this desire, we conduct business activities from the point of view of consumers and citizens, and work with customers to solve social and environmental issues.

Related Link

- ▶ [Customer Satisfaction Management Concept](#)

Framework

NEC believes that improving customer satisfaction is vital to building relationships of trust with customers.

NEC's CS improvement activities are mainly led by Quality Promoters (QPs) (There were 1,200 QPs as of March 31, 2012.) The basic role of QPs is to examine the company's activities from the viewpoint of customers and continually promote improvements that enhance the value of business activities.

Related Link

- ▶ [Entire Workforce in Pursuit of Higher Quality](#)

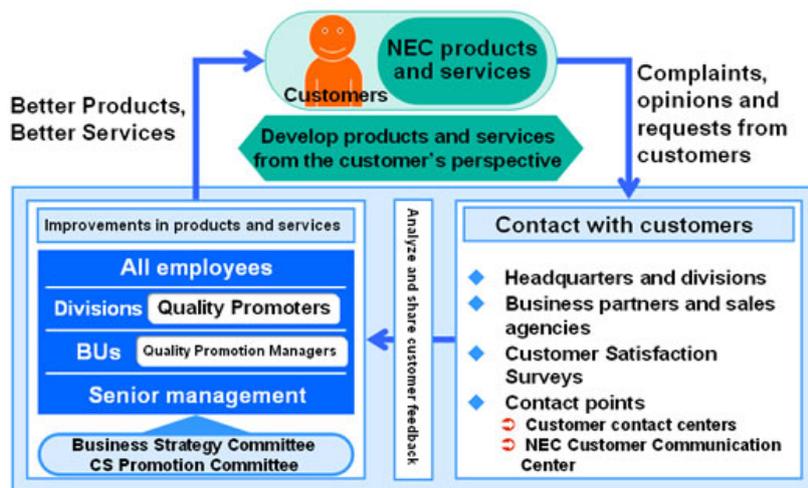
Surveys are not the only source of customer feedback: we also receive information from customers through a variety of systems and activities. We have established separate specialized contact points for each key product and service where customers can ask questions, provide opinions and make requests. One of these contact points is BIGLOBE Customer Support, where we field technical inquiries concerning services, administrative procedures, settings and so forth for BIGLOBE, NEC's Internet service provider. Another is the Aterm Information Center, which is a contact point that specializes in the usage of wireless LAN products and related technologies. From these highly specialized contact points, we strive to respond to customers based on their feedback.

Related Link

- ▶ [List of Inquiry Contact Points](#)

Because of its involvement with a diverse array of businesses and products, NEC has seen certain cases in which customers are unsure about who to contact. In response, we have established the NEC Customer Communication Center (CCC) as a general contact point for people experiencing these or other difficulties to consult, as well as voice their opinions or requests to NEC.

The CCC first strives to listen carefully to customers' opinions and requests and accurately understand the nature of their inquiries. It then promptly collaborates with the relevant business divisions to solve their issues.



Making Improvements by Listening to Customer Feedback

At NEC, one of the ways we improve the level of customer service is to use customer feedback from CS surveys and customer contact points to identify issues and study ways to improve them, thereby leading to improvements in the related business divisions.

Customer Feedback From Customer Satisfaction Surveys

Business customers (corporate, public and other sectors)

The NEC Group Customer Satisfaction Questionnaire is an annual survey of corporate and public sector clients in Japan that is designed to find out how these clients evaluate NEC. Around 2,000 clients were surveyed in fiscal 2012. In this survey, sales divisions immediately take the lead in following up with the customer through an on-site visit after questionnaire responses have been received. The content of the responses is verified and then reflected in improvement activities.

To reduce human error, which is cited as one of the most frequent reasons for problems in the survey results, we continuously implement training that highlights areas where employees need to take particular care, based on analyses of such factors as behavior patterns that can easily lead to human error. In fiscal 2012, this training was offered to approximately 500 individuals in 13 divisions. Based on analysis of a questionnaire survey implemented after the training, we found that the main reason for human error among younger employees was "mistakes in judgment" whereas the main reason for older employees was "forgetfulness." Looking ahead, NEC will implement training that more closely reflects actual conditions by incorporating this information into training materials. Moreover, at a systems engineering-related affiliate, NEC nurtured its own instructors and offered training to the affiliate's entire staff of approximately 600 employees. As a result, NEC received a positive evaluation in customer satisfaction surveys indicating that fewer problems were arising from human error.

NEC has examined changes in responses to survey categories from year to year from fiscal 2010 to fiscal 2012, while making a point of not drastically changing these survey categories. As a result, we found that the share of customers indicating disapproval with NEC in terms of the "supply of information" and "proposals" has decreased. We believe that this reflects an increase in the number of new proposals we could offer customers, as a result of commencing activities designed to generate new proposals from customer and employee feedback across the company. However, we also received considerable customer feedback indicating greater expectations for the supply of information and proposals, such as a desire for more ambitious proposals. Therefore, we believe that we must further strengthen proposal-based activities from the customer's perspective.

Furthermore, we have also learned that NEC has been unable to respond to customer inquiries and requests in line with customer expectations. In response, the entire company has returned to basics and has started a drive to discuss and confirm various issues among business divisions, such as whether or not we are responding to customer inquiries based on misguided assumptions.

From fiscal 2011, NEC has continued to implement "prevention and improved responses to problems" as a company-wide theme. In regard to this theme, according to the results of surveys conducted by external agencies in fiscal 2012, the "rate of problems experienced in the past year" by customers decreased. We believe that this is the result of activities in upstream processes emphasizing the bug detection rate, as part of trouble prevention measures. However, as there is still room for improvement, NEC will continue to implement company-wide activities.

Individual customers (consumers and citizens)

In addition to customer feedback received through questionnaires and call centers, NEC interviews employees of retail stores, who are closest to customers, to gauge customer satisfaction with retail products. Based on this feedback, NEC continued to focus on the pursuit of better product usability in fiscal 2011.

Smartphone model featuring a 1,700 mAh long-lasting battery*1 with a continuous standby battery life of approximately 630 hours

Responding to customer feedback indicating a desire for smartphones with longer-lasting batteries, the docomo STYLE series™ MEDIAS PP N-01D has been fitted with a long-lasting battery that has a continuous standby battery life of approximately 630 hours. Consequently, customers can now use their smartphones with peace of mind in business or private situations without worrying about how much battery power is remaining.

In addition, the power conservation features of this smartphone have been upgraded. The model has an "eco mode" which enables customers to switch between various settings, such as screen brightness and time display, to power saving settings with one simple operation. Customers can easily select their power saving settings by choosing from three options: "Auto," "eco preferences mode" and "Intensive eco mode."

According to a CS survey*2 implemented in January 2012 after this model went on sale, nearly 80% of customers indicated that they were satisfied with the model.

*1 "Long-lasting battery" refers to batteries with a continuous standby battery life of 600 hours or more.

*2. The CS survey is based on the results of a questionnaire survey conducted by NEC CASIO Mobile Communications, Ltd. on the MEDIAS NAVI portal site for the MEDIAS smartphone (based on the portion of questionnaire results aggregated from January 12-17, 2012).

- docomo NEXT series is a trademark of NTT DOCOMO, INC.
- MEDIAS is a trademark of NEC CASIO Mobile Communications, Ltd.



Mobile WiMAX router Aterm WM3600R: Up to 10 hours of continuous communication with the industry's thinnest and most compactly designed device

One of the most important aspects of mobile routers, which are essential communication products, is continuous battery life. NEC has developed a mobile router model featuring approximately 10 hours of continuous communication, one of the longest in the industry. Effective battery power usage is also possible when the router is not used for continuous communication through a waiting feature and power-off feature.

Moreover, these mobile routers feature the industry's thinnest profile (as of product announcement) of approximately 12.8 mm and a compact size with a weight of approximately 110 g. The router can be carried for long periods without getting in the way, providing better portability and user friendliness for customers.

In addition, NEC has provided features that allow customers to use this mobile router conveniently. For example, the model is the first mobile WiMAX router to support public wireless LAN access. It can also be used as a home WiMAX router or access point by fitting the unit into the model's specially designed cradle (stand). Applications for smartphones and tablets are also available.



Aterm Rakuraku QR Start: Easy to connect smartphones and tablets to networks using QR code

In recent years, the demand for connecting to networks via wireless LAN has increased on the back of the rapid penetration of smartphones and tablets. However, NEC has received many comments from customers indicating that manually changing wireless LAN settings is bothersome, and indeed difficult for beginners.

In response to this customer feedback, NEC Access Technica, Ltd. began providing the Aterm Rakuraku QR Start application at no charge to smartphone and tablet users. Customers can now easily access wireless networks by simply installing the application in their smartphone or other device, and reading the QR code enclosed with the wireless LAN router Aterm.

- Aterm is a registered trademark of NEC Corporation.
- QR code is a registered trademark of DENSO WAVE INCORPORATED

Improvement initiatives overseas

NEC has established five regional headquarters, namely in Greater China, Asia Pacific, EMEA (Europe, Middle East, Africa), North America and Latin America. Through this global network of five regional headquarters, NEC aims to expand overseas businesses.

From the standpoint of promoting CS activities as it strengthens its global network, NEC has assigned regional quality promoters to each of the five regional headquarters to lead the CS improvement activities for each region as a whole. This is in addition to the quality promoters who have traditionally been assigned to each individual country.

Furthermore, NEC has conducted a CS Activity Survey targeting the quality promoters assigned to each region and country. The results showed that CS-related training for employees of overseas subsidiaries was needed, so NEC developed a CS training program. This program will be successively implemented in the Asian region and elsewhere from fiscal 2013.

In this training program, employees will learn about the detailed and prompt customer service that reflects Japan's unique spirit of hospitality, about approaches to working as a professional, and about other topics through a case study format. Employees will study the correct approaches and specific actions that lead to improved CS.

Overseas, there are many differences in language and culture, as well as a diverse array of values and perspectives on work. Even so, the training program aims to foster a CS mindset among employees of overseas subsidiaries and encourage actions from the standpoint of customers. This will be achieved by instilling the spirit of "Better Products, Better Services," which NEC has valued since its founding, and through recognition of the importance of customer satisfaction.

Employee Education and Awareness

People are the basis of developing and supplying products and services that deliver high customer satisfaction. At NEC, we offer various kinds of education and training by occupation and grade so that we can develop employees capable of taking notice of issues and making improvements independently. Moreover, NEC implements measures to recognize CS improvement initiatives undertaken from the standpoint of the customer, as well as the "customer beyond the customer" (i.e., as general public and as consumers), with the aim of further motivating employees.

Please follow [this link](#) for further details on NEC's CS education and training.

People-centered Education to Foster a Customer-oriented Mindset

In order to enhance customer satisfaction, it is important to take notice of customers' interests and concerns in advance. To this end, it is critical to review our work by asking questions like "Have we provided products and services that exceed customer expectations?" and "Have we truly impressed our customers?" At NEC, we keep track of what companies in other industries are doing to satisfy customers, and structure training programs so that employees can not only learn about their efforts, but also emulate them. Below is one example of a training session held in fiscal 2012.

Customer-oriented mindset seminar



In addition to its traditional customer-oriented mindset seminar where participants learn from activities at Tokyo Disneyland, NEC launched a new practical version of the customer-oriented mindset seminar as a means of providing more practical training. The new seminar was held 11 times, and was attended by 549 employees.

In this seminar, participants study what kinds of words and attitudes lead to customer dissatisfaction, as well as how to think and behave to ensure customer satisfaction.

Specifically, the training program classifies sales activities into three types: "sales with which customers are unhappy," "sales that satisfy customers," and "sales that truly impress customers." Then participants confirm which type they currently fall under, while considering what is necessary to improve to "sales that truly impress customers" through role playing and group discussion.

Furthermore, to ensure that training does not end with just a single training session, questionnaires on the implementation of self-improvement are conducted after the training, along with "Re-Mind Activities" designed to remind participants of what they have learned. A large number of participants expressed comments such as "My mindset towards work before and after the training changed," and "The training heightened my awareness of customer satisfaction." In this way, the seminar has proven effective in planting the seeds of reform in the mindset of employees.

Internal Awards for Outstanding CS Activities

NEC has established an internal awards system, with the aim of fostering a corporate culture where employees find it worthwhile to help customers and share the joy of helping customers within the NEC Group. NEC provides internal awards to business groups and individuals who work from the customer's standpoint and are applauded by customers. The awards are granted once a year, with criteria including the extent of collaboration with other divisions and the difficulty of activities.

An example of awards

Establishing Trust With a Customer Through the "Quality Technology Training Seminar" for NTT DOCOMO and Helping NEC Become No.1 in Mobile Phone Customer Satisfaction through VOC Activities

CS Promotion Department, NEC Saitama, Ltd.



Unlike PCs and certain other products, mobile phones are not a product for which NEC provides services and support directly to customers. Accordingly, since 1998, the CS Promotion Department of NEC Saitama, Ltd., which develops, designs and manufactures mobile phones, has provided direct technical consultations related to customer inquiries and quality through onsite visits to NTT DOCOMO shops, with which the department interacts on a daily basis.

Moreover, since fiscal 2002, the department has continued to hold study sessions called "Quality Technology Seminars" on new product functions and features for shops and call center staff. As the functions of mobile terminals have become increasingly versatile in recent years, the department has correspondingly contributed to improving the skills of staff members and enhancing the quality of aftermarket services.

Looking ahead, the department will continue to coordinate closely and exchange information on the MEDIAS smartphone model, while striving to develop mobile terminals that further increase the satisfaction of ordinary customers who are the end users.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	NEC gives top priority to providing products that can be used by customers with peace of mind. We therefore strive to improve the quality of employees, products and services, and business processes from the customer's point of view, with the aim of becoming the industry No.1 in CS.
Fiscal 2012 Objective 1	Establish a customer-based corporate culture: Promote the development of the "One NEC" framework so that all Group activities in Japan and overseas are based on customer needs, bolster Group teamwork and foster a customer-oriented mindset among employees.
Achievements and Progress	<ul style="list-style-type: none"> ▪ In preparation for the development of a global network of five regional headquarters, NEC assigned regional quality promoters to each of the five regional headquarters. This is in addition to the quality promoters who have traditionally been assigned to each individual country. ▪ NEC held 11 training seminars to foster a customer-oriented mindset. These seminars incorporated more practical training and were attended by 549 employees.
Degree of Completion	Mostly achieved
Fiscal 2012 Objective 2	Steady execution of improvement initiatives based on CS surveys and opinions received from consumers: Enhance ability to address problems, strengthen sales capabilities, improve product usability, etc.
Achievements and Progress	<ul style="list-style-type: none"> ▪ Enhanced ability to address problems: the "rate of problems experienced in the past year" by customers decreased from the previous year, according to the results of surveys conducted by external agencies. Moreover, NEC conducted training on ways to reduce human error, which is one cause of problems. Approximately 1,100 employees received this training across the NEC Group. ▪ Strengthened sales capabilities: NEC commenced activities designed to generate new proposals from customer and employee feedback. These proposals led to an increase in opportunities for NEC to communicate with customers. As a result, the share of customers expressing dissatisfaction with the "supply of information" and "proposals" decreased. ▪ Improved product usability: NEC had received feedback from customers regarding requests to improve the battery life of smartphones. In response, NEC fitted the docomo NEXT series™ MEDIAS PP N-01D with a long-lasting battery that has a continuous standby life of approximately 630 hours. According to a CS survey implemented in January 2012 after this model went on sale, nearly 80% of customers replied that they were satisfied with the model.
Degree of Completion	Mostly achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Execution of improvement initiatives based on CS surveys and opinions received from consumers: Enhance ability to address problems, improve responses and improve proposal-making capabilities.
Fiscal 2013 Objective 2	Establish a customer-based corporate culture: Foster a customer-oriented mindset among employees so that all Group activities in Japan and overseas are based on customer needs.

▶ [Ensuring Quality and Safety](#)

▶ [Universal Design Friendly to Humans and the Earth](#)

Ensuring Quality and Safety

↓ [Basic Policy](#)

↓ [Framework and Systems](#)

Basic Policy

NEC has established the following Quality and Safety Philosophy, and Action Guidelines, and strives to rigorously enforce them.

Quality and Safety Philosophy

NEC will continuously provide high-quality and safe products based on the motto of "Providing Better Products, Better Services; Putting Customer Satisfaction First."

Action Guidelines

1. Quality management
 - 1) Take action from the customer's perspective.
 - 2) Maintain and develop the NEC brand
 - 3) Strive to improve quality on an individual basis
 - 4) Ensure compliance with laws and regulations concerning products
2. Safety management
 - 1) Recognize the importance of product safety on an individual basis
 - 2) Strive to ensure product safety
 - 3) Respond sincerely to problems concerning product safety

Framework and Systems

Quality and Safety Risk Management System

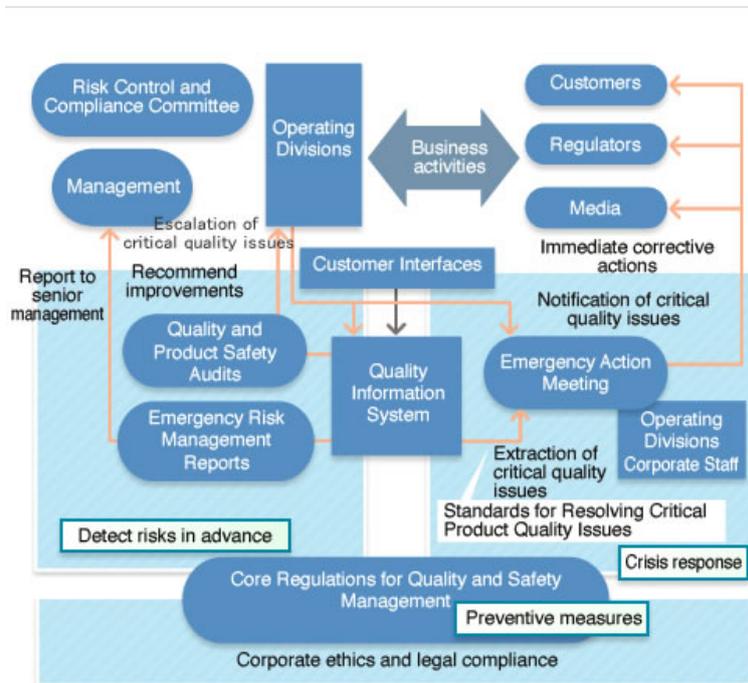
NEC views its readiness to address quality and safety risks associated with products, systems and services as a key issue. In October 2000, NEC reconstructed its company-wide quality and safety risk management system and constantly enhances the operation of this system.

Specifically, to clarify the management framework for this area, NEC has established company-wide rules and standards and has appointed managers responsible for safety and quality management at each business division to ensure that the mechanisms and systems for legal compliance, especially those related to product quality and safety, have been properly established and are being operated appropriately. Based on quality and safety risk management action policies, NEC has instituted programs to prevent serious quality issues, and their recurrence. These efforts include improving safety and reliability technologies, standardizing critical components and conducting programs to share expertise.

NEC is prepared to respond to serious systems disruptions and serious product incidents that have a large societal impact. In these cases, NEC will issue an urgent risk management report (via rapid escalation to management) along with holding Emergency Action Meetings to formulate responses in terms of communication with customers and regulators, the mass media and the general public, and so forth. These meetings will be attended by not just the relevant business divisions, but also the principal corporate staff divisions. In this way, NEC has established a framework for determining company-wide policy in response to such serious issues by promptly deliberating responses. Furthermore, quality and safety management systems are monitored and audited internally by the internal auditing division based on company-wide rules and standards.

In October 2010, NEC revised its rules for responding to serious systems disruptions and serious product incidents at customers' sites by requiring the relevant business divisions to ensure the direct escalation of information to management. The goal is to strengthen the escalation of critical quality issues that have occurred at customers' sites. With this step, we have begun operating a system that assures a rapid response as "One NEC."

Quality and Safety Risk Management System



Safety Education (HR development for realizing safety and security)

Skills training programs and other types of human resource development are a vital part of our ongoing efforts to raise the quality and safety of NEC products. Therefore, in-house training in this area is organized in 16 courses by role and by field of specialization, with the aim of helping participants acquire basic and specialist knowledge of quality/safety management standards and related technical standards, and to improve practical skills in the fields of design and manufacturing. In particular, NEC managers responsible for safety and quality management are crucial to quality and safety risk management. Accordingly, all of these managers receive specialized training courses. NEC also nurtures a large number of safety technology experts by providing safety technology training using actual devices.

Award Systems

NEC has held an in-house essay contest since the 1960s for the purpose of presenting essays on quality control (QC) circle initiatives and various production process innovation activities. From fiscal 2006, the contest has been reestablished as the "Monozukuri Essay Contest." The contest is held to present essays on daily manufacturing process innovation activities, or essays on activities and results in such fields as product technology or production technology development, and to present awards for these essays. Participants include employees from not only NEC Corporation (Business Divisions and Corporate Staff Divisions) but also many employees from NEC Group companies (33 companies in fiscal 2012), including overseas subsidiaries. Through this program, we aim to enhance the sharing and accumulation of know-how, bolster problem solving skills, and improve documentation capabilities within the NEC Group.

Ensuring Safety and Compliance with International Standard, Relevant Laws and Regulations

From the standpoint of customer safety, the NEC Group strives to ensure the safety of hardware products based on the IEC 60950 international standard of safety. IEC 60950 is an international safety technology standard that is broadly recognized as the global standard for IT equipment. We also add any necessary voluntary safety measures to the IEC 60950 standard and apply them to products as the NEC Group's safety standard. Through these measures, we strive to prevent product safety incidents. Compliance with relevant laws and regulations is essential to our business. NEC ensures detailed compliance of products with various domestic laws and regulations, including the Electrical Appliance and Materials Safety Act, Voluntary Control Council for Interference by Information Technology Equipment (VCCI) regulations, the Radio Law and the Telecommunications Business Act. Products for overseas markets must also comply with the detailed laws and regulations of each overseas country. To this end, we have established a framework within NEC for ensuring compliance with technical laws and regulations, as we work to prevent the breach of such laws and regulations.

- ▶ [For Customers](#)

- ▶ [Universal Design Friendly to Humans and the Earth](#)

Universal Design Friendly to Humans and the Earth

↓ [Policy](#)

↓ [Framework and process](#)

↓ [Main Activities and Results \(Fiscal 2012\)](#)

↓ [Objectives and Achievements](#)

Policy

NEC has promoted universal design (UD) across the NEC Group as part of realizing "an information society friendly to humans and the earth" of the Group Vision. In a society where IT and networks are becoming increasingly integrated, there is a growing need for devices, services and systems that are easy to use so that many different people can have greater access to information anytime, anywhere.

Based on UD principles, NEC aims to supply products and services that a wide variety of people can use ("accessibility"), that are easier to use ("usability"), and that deliver original value to customers while also being attractive ("innovation"). NEC is promoting the creation of products and services that offer greater value to customers through the promotion of development processes that incorporate "user-centered design" (UCD).

* Please follow [this link](#) for details.

Framework and process

In October 2007, NEC Corporation established an internal organization to help promote universal design friendly to humans and the earth. Universal design is a key priority throughout the entire NEC Group. NEC aims to conduct product development that takes into account a more diverse array of customers. To that end, we have registered a wide range of customers, including senior citizens, people with poor vision, people hard of hearing, and people with physical handicaps as "Universal Design Monitors," and they are cooperating with us in product development.

Moreover, in the realization of universal design friendly to humans and the earth, development processes are extremely important. At the planning and survey stage, we observe the environment of targeted customers, listen to their frank opinions, and accurately grasp their needs. Next, at the development and design stage, we build prototypes based on various ideas. We then have customers evaluate these ideas and prototypes, and we send feedback on the results of findings to development divisions. By implementing this kind of "user-centered design," we are able to produce products with excellent accessibility and usability.

* For details on the UD Development Process, please follow [this link](#)

Main Activities and Results (Fiscal 2012)

Universal Design Products

TWINPOS 5500 touch screen POS terminal

Point-of-sale (POS) terminals are used at supermarket checkouts and other retail stores to read the barcodes on items and facilitate payments by customers.

In the design of the TWINPOS 5500 series, NEC paid special attention to the back of the terminal, which had not been done in the past. The smooth form of the terminal's rear surface helps to prevent a customer's belongings or shopping trolley from hitting or getting caught on the POS unit. The compact design featuring a tapered stand also helps to reduce the perceived distance between the sales assistant and the customer.

The glossy pearl white finish helps the unit to blend with the in-store surroundings. It is also easy to wipe down, which promotes a cleaner environment around the checkout. The angle of the barcode scanner can easily be adjusted, making it easier for the sales assistant to operate the scanner at the desired height.

The design of the user interface in the POS system*1 fitted to each TWINPOS 5500 unit features a screen layout that takes the hand and eye movements of the sales assistant into account. This enhances operability while reducing user fatigue.

During the planning phase, a prototype of the unit was displayed at the Retail Tech Japan trade fair for logistics and IT systems. Event attendees operated the prototype and were impressed. The unit was introduced into retail stores from February 2012.

Going forward, NEC will continue to develop POS systems to better serve the needs of stores, retail staff and shoppers alike.

*1 DCMSTORE-POS (used in POS systems for mass-market retail chains)



Tablet-style panel computers (for commercial use)

Responding to market needs, NEC launched new tablet-style panel computers in fiscal 2012 that aim to promote convenience within a secure environment, based on the shared usage of tablets or mobile applications.

The key feature of this product is the ability to establish personalized usage settings for multiple users on one device using original NEC technology. To switch settings, users simply hold an NFC*2-compatible card over a card reader on the screen's right hand side.

The product can be customized extensively. Optional features include IP54 protection against dust and splashing water, a camera, NFC capabilities, different casing colors, and a custom-designed cradle. The glossy exterior finish helps to prevent the device from getting dirty, making it useful in a range of settings such as stores, factories, warehouses and nursing care support, or for applications such as telemedicine. In fiscal 2012, the product was adopted for use as in-store customer service tools at electronics retailers and as handheld devices by visiting sales representatives.

The optional cradle, which supplies power as well as USB and cable LAN interfaces, can easily be attached or detached with one hand. This means the user does not need to plug in these three connections.

Going forward, NEC plans to expand and upgrade the lineup of panel computers to offer customers greater convenience, security and reliability.

*2 Near Field Communication, a standard for next-generation wireless communications over short distances



Examples of Other Initiatives

"User-centered design" certification system

To promote UD within the NEC Group, NEC has created a new internal system to enable staff to obtain certification in user-centered design development methods. A special test assesses related practical knowledge gained over a period of about one year. A specially created evaluation panel of internal and external experts is overseeing the testing and certification process. As of March 2012, a total of 226 staff had obtained this qualification since the system began in November 2011.

The Japanese NPO Human Centered Design Organization certifies a specialist external qualification in human-centered design. Five specialists working in the NEC Group were awarded this qualification in fiscal 2012.

Universal design support framework

Working in close cooperation with related business divisions in the NEC Group, we have designed and developed a support framework for projects that require universal design principles and "user-centered design," with the aim of improving the process of developing products and services that incorporate universal design principles.

In fiscal 2012, NEC addressed accessibility standards for websites to be introduced by local government organizations and public network systems, while providing consultations on improving the usability of commercial information systems.

Employee Education and Awareness Raising

From fiscal 2009, NEC has been conducting Web-based "Universal Design Training," a training program designed for all NEC Group employees (including temporary staffing and seconded employees) at NEC Corporation. In fiscal 2012, NEC continued to offer the Web-based "Universal Design Training," to new graduate and mid-career recruits, as well as temporary staffing. This program was also offered as follow-up training for returning seconded employees from NEC Group companies. The total number of participants was 1,292 employees.

Furthermore, we held in-house seminars for participants to study various "user-centered design" techniques, and learn about development processes from outstanding examples within the Group. In this manner, we strove to enhance the awareness and skills of employees centered on software and hardware development personnel.

Fiscal 2012 Results

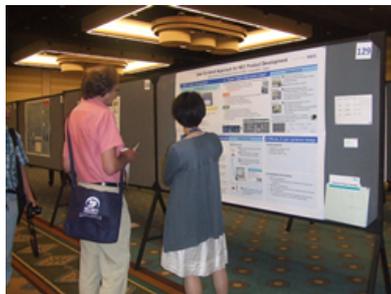
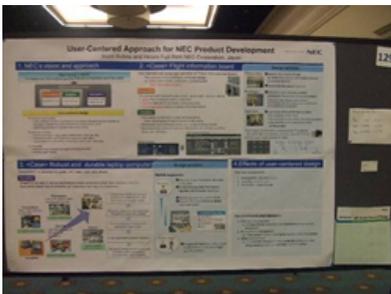
	Times	Division / Occupation
Universal design training (Web-based)	1	NEC Group employees (1,292 employees)
Seminar for product planning and development personnel	5	NEC Group employees (approx. 430 employees)
"User-centered design" in-house certification holders	Year-round	NEC Group employees (226 employees)

Stakeholder Communication

Presenting NEC product examples through external lectures and seminars

NEC Technical Journal carried a special feature on developing products friendly to humans and the earth through "user-centered design," which discussed universal design initiatives within the NEC Group. Examples of the use of "user-centered design" at NEC have been introduced at a number of lectures and seminars in Japan, and at international conferences. In addition to publicizing the Group's efforts in this area, these events provide an opportunity to gain feedback from lecture audiences and seminar participants as well as various stakeholders.

Many of the comments from stakeholders concerned the importance of reducing total cost of ownership (TCO) for the operation and maintenance of computing systems by improving ease-of-use, boosting operational efficiency, and reducing time needed to gain familiarity with systems. This information has been used as development feedback. Some of the customers attending the lecture on the use of UD at NEC were interested in receiving assistance from NEC in trying to incorporate UD thinking into their products and services. This generated consulting opportunities for NEC.



International Conference on Human-Computer Interaction

Participation in activities of outside organizations

During fiscal 2012, NEC representatives contributed to the UD Working Group of the Design Committee of the Communications and Information Network Association of Japan (CIAJ). NEC is a regular member of CIAJ.

The UD Working Group was established in fiscal 2000 with the aim of making ICT more accessible to a wide range of users, including people with disabilities and seniors. In fiscal 2012, the working group conducted various field tests in stations, airports and other public spaces to investigate UD issues relating to sound.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Build systems (regulations, guidelines, management system and training, etc.) for continuously developing innovative products and services based on outstanding universal design
Fiscal 2012 Objective 1	Apply universal design and "user-centered design" principles to actual projects and create a development process framework in collaboration with development worksites and the development process management divisions, with the view of promoting universal design and "user-centered design" implementation and greater related awareness within the NEC Group
Achievements and Progress	<ul style="list-style-type: none"> ▫ Basic design rules for user interfaces were created. ▫ Work began on standardizing internal QA criteria for ease-of-use. Internal research was conducted on accessibility and usability.
Degree of Completion	Mostly achieved
Fiscal 2012 Objective 2	Summarize actual examples of universal design and "user-centered design" activities within the NEC Group and determine the benefits. Strive to share this information within the NEC Group through presentations mainly through events for NEC Group employees and via the NEC intranet, while actively disseminating information outside the Company.
Achievements and Progress	<ul style="list-style-type: none"> ▫ Internal NEC Group case studies of actual "user-centered design"-based development processes and related results were compiled and shared between relevant divisions. This helped to boost the effectiveness of "user-centered design" in development divisions and raised awareness of the need to understand its importance in increasing customer satisfaction. ▫ External communication initiatives to raise awareness of NEC Group efforts in the areas of universal design and "user-centered design" included the publication of a special feature on developing products friendly to humans and the earth through "user-centered design" in NEC Technical Journal, lectures and seminars in Japan, and presentations at international conferences. Information on ease-of-use issues provided by participants at these events was used as internal feedback.
Degree of Completion	Achieved
Fiscal 2012 Objective 3	Upgrade the "user-centered design" training curriculum by adding courses to internal training programs; improve skills of product developers by holding study sessions led by guest instructors from inside and outside the NEC Group.
Achievements and Progress	<ul style="list-style-type: none"> ▫ Five seminars were held for new employees, software and hardware developers, and other employees engaged in product planning and development. This served to promote "user-centered design" inside the NEC Group. ▫ A new system to certify "user-centered design" qualifications was established. A total of 229 people gained this "user-centered design" qualification.
Degree of Completion	Achieved

Fiscal 2013 Objectives

Fiscal 2013 Objective 1	Incorporate universal design and "user-centered design" into development processes in collaboration with the relevant development process management division (Create corporate SI solution design rules, build into development environment, develop accessibility criteria for whole of NEC)
Fiscal 2013 Objective 2	To promote adoption of universal design and "user-centered design" within the NEC Group, study the effectiveness of using concepts in actual projects and undertake related cross-development
Fiscal 2013 Objective 3	Improve skills of development personnel in area of "user-centered design" (Revise and upgrade content of internal training materials; organize seminars held by guest instructors from inside and outside the NEC Group; develop e-learning materials, and training for new employees and development personnel, etc.)
Fiscal 2013 Objective 4	Promote adoption of information on universal design and "user-centered design" activities within the NEC Group, and actively disseminate this information externally (exhibit at the 4th International Universal Design Conference in 2012)

* Related Link: [NEC's universal design](#)

▶ [For Customers](#)

▶ [Ensuring Quality and Safety](#)

Community Involvement and Development

As a company that develops business globally, NEC believes that participating in communities worldwide and contributing to community development is one of its important social responsibilities.

The followings are case studies to help to solve social issues through business activities and social contributions activities as a good corporate citizen.

Help to Solve Social Issues Through Business Activities

For Communities

For Communities

- ↓ [Basic Policy](#)
- ↓ [Main Activities and Results \(Fiscal 2012\)](#)
- ↓ [Monitoring and Improvement](#)
- ↓ [Objectives and Achievements](#)

Basic Policy

NEC will seek to accurately grasp social issues through dialog with stakeholders including local communities, as it promotes social contribution activities that solve those issues. At the same time, it will fulfill its social responsibilities as a "good corporate citizen."

From among such social issues, we have established the following specific medium-term themes, with the aim of realizing "an information society friendly to humans and the earth."

- Eliminating the Digital Divide
 - Helping to solve poverty issues in developing countries (BOP)
 - Improving accessibility (consideration for socially vulnerable groups, etc.)
- Social innovation developed by entrepreneurs
- Youth education that cultivates creativity
- Protecting the environment and showing consideration for biodiversity
- Realizing a diverse & thriving society

Specific programs are developed based on a number of fundamental policies, including the effective use of resources, partnership with NPOs and NGOs, alliances with NEC Group companies and employee participation, and ensuring programs contribute to improving corporate image and reputation. A wide range of initiatives are then implemented in line with each theme.

NEC has established an assessment index to ensure the effective management ongoing improvement of these programs, and each program is reviewed at the end of every fiscal year.

Please follow [this link](#) for further details.

Main Activities and Results (Fiscal 2012)

In March 2011, the Great East Japan Earthquake struck.

Providing support to the regions ravaged by this unprecedented disaster became an opportunity for NEC to recognize anew the potential behind its social contribution activities, which falls into the following four areas.

1. Social contribution activities can be accelerated through alliances with NPOs and NGOs. (Partnerships with NPOs/NGOs greatly enhance the effectiveness of social contribution activities, and lead to building the trust of local communities.)
2. Social contribution activities can become a starting point for business. (Conducting social contribution activities in disaster-affected regions leads to the realization that local communities have diverse social issues and needs, many of which can be solved through use of information and communications technology (ICT).)
3. Social contribution activities can raise the level of social awareness among employees. (Leads to the development of employees with a high degree of social awareness and the ability to take in and incorporate the true desires and expectations of ordinary people; these employees then increase the potential for (2), above.)
4. Social contribution activities can instill among employees a spirit of loyalty to the company. (Employees begin to feel pride in and affection for their company.)

Through its awareness of these areas of potential, NEC reaffirmed its belief that the policies it had established in fiscal 2011, specifically the following two, were indeed correct.

- To provide ongoing support for recovery from the Great East Japan Earthquake;
- To promote strategic social contribution activities which foster both business and human resource development.

The following sections will examine some of these programs in greater detail, including the NEC "TOMONI" Project (support for disaster-affected regions); the BOP development project in India (eliminating the digital divide); the Pro Bono Social Entrepreneurship School (nurturing entrepreneurs who can contribute to social innovation); the NEC Teachers' Science Laboratory (nurturing creativity through youth education); and the NEC Make-a-Difference Drive (MDD).

Please refer to the web site below for information on other activities.

Related Link

- ▶ [Activities for Contributing to Society](#)

NEC "TOMONI" Project

"TOMONI" literally means "together," and in July 2011, NEC established the NEC "TOMONI" Project in support of those regions affected by the Great East Japan Earthquake. Coming "together" as one NEC, Group companies will work "together" with the members of those communities to implement ongoing recovery and reconstruction initiatives in the affected regions.

This project is comprised of two programs, one involving volunteer activities in support of the disaster-affected regions, and the other social contribution initiatives supporting recovery and reconstruction.

(1) Volunteer activities in support of disaster-affected regions

Support for disaster-affected regions was led by MDD coordinators from various NEC Group companies, who formed a task force and worked together as One NEC. Task force members plan and conduct recovery and reconstruction study sessions and regular volunteer activities in the affected regions.

Between July 2011 and March 2012, a total of seven volunteer activity projects were conducted in the affected regions, in which a total of 358 officers and employees participated.



Then- Senior Executive Vice President Iwanami participated as a volunteer.

One of the most heavily-attended volunteer events was held December 1-3, 2011, with 110 officers and employees contributing their efforts.

Some of the responses from employees participating as volunteers included: "I saw for myself the situation the disaster victims and their region are facing, and I think it's important that we all think carefully about what we each should do." "Most of the fishing equipment and other rubble required more than two hands to clean up, which meant we had to be ingenious and work together. This experience really nurtured our teamwork." "I learned to like my company." "Isn't there a way to use the skills of our employees to help deliver information (through Web sites, SNS, even individual blogs) to disaster victims unable to return to Minamisanriku, who've had to relocate outside the prefecture or to other regions?" "I think in the process of developing stronger communications with the disaster-affected regions, there must be ways we can propose implementing LifeTouch (a multi-function mobile device) or the Mimamori-tai (wireless monitor camera) system in temporary housing and other places."



Participants removed rubble in Minamisanriku Town.

NEC believes that participation in volunteer activities has nurtured employees with a higher degree of social sensitivity and fostered teamwork, along with enhancing the trust of stakeholders, namely those living in the disaster-affected regions.

Of the seven volunteer activities held, NEC worked particularly closely with the Togura Reconstruction Support Organization (Currently "Lamb's"), an NPO in Miyagi Prefecture's Minamisanriku Town, on the last four.

Comments from a stakeholder

Members of the Togura Reconstruction Support Organization joined the fiscal 2012 class of NEC's Social Entrepreneurship School, with the philosophy of building a project to create employment in Miyagi Prefecture's Minamisanriku Town through regionally-themed products and tourism. Since December 2011, NEC has worked with us on volunteer activities, and while the road to reconstruction has proven a difficult one, we are gradually making progress. We hope NEC will continue to provide this kind of close community support in the disaster-affected areas.

Katsuyoshi Kuriya, Representative, Togura Reconstruction Support Organization



Mr. Kuriya (left) and then-Senior Executive Vice President Iwanami

Comments from an NEC officer who participated in volunteer activities in the affected regions

After participating in the "TOMONI" Project as a volunteer, I spent some time visiting several areas affected by the disaster, and with other members of the Revival Support Promotion Office*, also visited the municipal office in Minamisanriku Town. There, we learned that they were struggling because of a loss of communication capabilities, and that they had strong expectations for ICT companies like ours. There are some things you just can't learn without actually visiting these places. The "TOMONI" Project emphasizes going out into the community, seeing the situation for oneself, thinking about what each individual can contribute, and then putting those ideas into action. The NEC Group will continue carefully pondering the experiences of "3.11," expanding on its efforts toward the reconstruction and recovery of the Tohoku region, both in terms of business and its social contributions.

*The Revival Support Promotion Office is an organization that crosses all NEC Group companies, established in July 2011 with the goal of proposing reconstruction support initiatives from the viewpoint of the affected regions.

(2) Social contribution programs tied to support for restoration and recovery

16 programs were implemented between April 2011 and February 2012, focusing on people with disabilities, children, and other socially vulnerable groups, and utilizing existing programs.

Some of the programs held in the affected regions included the NEC Guide Dog Caravan, which supports training of guide dogs for the blind, the NEC Galileo Club, which offers hands-on science classes for children, and the NEC IT Workshop for Mothers.

BOP Business Development in India (Eliminating the Digital Divide)

ICT has the potential to solve social issues and meet needs globally, including emerging and developing countries.

BOP business development refers to solving social issues faced by the world's impoverished people (Base of Pyramid (BOP): people living on an annual income of less than \$3,000) mainly in emerging and developing countries through business activities. In order to promote the sustainable development of such projects, Win-Win business models must be developed that help to improve the lives of disadvantaged people while also ensuring business continuity. To construct sound business models, it is vital to develop strong partnerships with local NGO/NPOs well versed in local social issues.

India faces a wide range of social issues attributable to poverty. With the impoverished comprised nearly entirely of farmers, the development of farming communities ties directly into resolving this problem. At the same time, NEC seeks to expand its business in emerging countries. In particular, expectations are high for significant growth in demand in India's ICT market.

By 2015, NEC plans to use its ICT to help deliver a stable supply of electricity to farming villages, and by promoting the industrialization of farming, create new employment opportunities for the women of those villages. In turn, selling the safe, fresh fruits and vegetables produced through this new business directly to the wealthy will raise farming village incomes. That income growth will enable farmers to purchase ICT from NEC, helping to eliminate the digital divide among farming villages. This will lead to enhanced education for young people, improved hygiene awareness, and the creation of new businesses in farming villages using ICT, all of which NEC believes will help break the chain of poverty that has repeated itself over generations.

With this goal in mind, in fiscal 2012 NEC joined the Japan External Trade Organization's (JETRO) BOP Business Partnership Support Program, completed local surveys, and began selecting local partner candidates from industry, the government, and academia.

NEC Social Entrepreneurship School, Pro Bono (Social Innovation Developed by Entrepreneurs)

Social entrepreneurs seek to solve social and environmental issues through businesses. These entrepreneurs are attracting more and more attention for their ability to play a leading role in solving social and environmental issues through businesses.

NEC was among the first to focus on this trend, and in fiscal 2003 launched the NEC Social Entrepreneurship School in cooperation with ETIC, an NPO, as a program for nurturing young social entrepreneurs.

In fiscal 2011, this time working with the International Center for Social Entrepreneurship (another NPO), NEC began providing support for a social entrepreneur business plan competition, targeting foreign students in Japan mainly from developing nations. Additionally, in fiscal 2012 NEC began working with another NPO, the Japan Philanthropic Association, on a new program; The NEC Takumi Juku (Master Class) is designed to support the development of social entrepreneurship among middle-aged and elderly people, further enhancing NEC's overall support for social entrepreneurs.

In fiscal 2012, the NEC Social Entrepreneurship School Business Supporters (NEC's Pro Bono) saw results in the form of the human resource development impact on employees who participated.

Some of the opinions from employees who participated in this program included, "Participating directly in social issues expanded my world view," "Being exposed to social issues gave me new ideas and hints for ways to create services and solutions to resolve those issues," and "I learned many things and picked up on many issues I would not have a chance to learn about through my everyday work." NEC believes that human resource development through these kinds of social contribution activities leads to the creation of new businesses that take the ordinary citizen's point of view. By enhancing these programs going forward, NEC hopes to further promote the ties between social contribution activities and human resource development.



Related link

- ▶ [NEC Social Entrepreneurship School Business Supporters](#)

NEC Teachers' Science Laboratory (Nurturing Creativity Through Youth Education)

NEC has sponsored its NEC Galileo Club since 1996, with the goal of resolving the move of young people away from the sciences.

A survey of the most recent participants showed that while a move away from the sciences is often talked about, many of the children responded that they in fact like science. Further research into the cause of the trend revealed that of those teaching science, approximately half considered themselves to be either "bad" or "not very good" at it. (Survey by the JST Center for Promotion of Science Education.)

In addition, an assessment of this program revealed that more ingenuity and inventiveness would be needed to expand the program's impact from a social viewpoint.

Accordingly, in fiscal 2012, NEC started the NEC Teachers' Science Laboratory, a hands-on science lab for teachers established with the goal of helping them overcome their lack of confidence about teaching science, one of the issues that came up in the review of fiscal 2011's activities. Specifically, the program introduces teachers to key points for managing lab equipment, easy-to-conduct science demonstrations, and other techniques for making science class exciting for their students. The program has been well-received by the teachers who have participated.

By helping teachers feel more comfortable with science, their science classes become more interesting, and NEC hopes that in turn, this will help students who take those classes enjoy science even more.



Related link:

▶ [NEC Teachers' Science Laboratory](#)

NEC Make-a-Difference Drive (MDD)

Based on the motto of "Think Globally, Act Locally," the "NEC Make-a-Difference Drive" is a corporate citizenship program directed at local communities in which all NEC Group employees participate on a global basis.

Based on the slogan "Nature, Education, Community" that uses the letters in the company name for the three key words, NEC MDD has happened every year since 1999. Through NEC MDD, NEC Group employees around the world volunteer to take part in activities that make a valuable social contribution to local communities. This helps employees to discover something new on a personal level, while helping to cultivate stronger group cohesiveness as "One NEC" and a corporate mindset of high social commitment. In turn this helps NEC to achieve the goal of creating enhanced corporate value.

In fiscal 2012, proactive participation by NEC Corporation and domestic and overseas group companies resulted in 729 participating sites organizing 2,829 programs, with roughly 132,075 participants on a cumulative basis donating a total of 128,783 hours of their time. The entire NEC Group worked to implement biodiversity preservation programs, resulting in participation by 8,032 individuals.

In fiscal 2013, we will continue to conduct activities centered on providing support for recovery efforts from the Great East Japan Earthquake, as well as implementing biodiversity preservation programs.

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of sites	953	956	729
Number of programs	3,873	3,887	2,829
Number of participants	174,370	174,478	132,075
Volunteer time (hours)	153,788	153,871	128,783

Awards are given for particularly outstanding MDD activities, based on criteria such as business relevance, the sustainability of activities, and the plan's novelty. The best activities are recognized through two Grand Awards (social contribution category) as part of the CSR Awards - one for an NEC Group site in Japan and one for an overseas site. Other domestic/overseas pairs of MDD awards are also given, such as the Business Oriented Award, Ongoing Efforts Award, and the Biodiversity Award, as well as the Best PR Award and Best Newcomer Award. In fiscal 2012, there were 2,829 MDD programs eligible for selection. The two winners of the Grand Award were as follows.



Donation of herbal candles and folded cranes with flower seeds for the victims of Great East Japan Earthquake in Fukushima
NEC Soft, Ltd.



Help and donation of to flood victims at Ayutthaya and Arg-Thorg Province
NESIC(Thailand) Ltd.

Related link:

▶ [NEC Make-a-Difference Drive](#)

Monitoring and Improvement

Each year, NEC evaluates the effectiveness of its social contribution programs from two points of view, that of society and that of NEC. This is done to clarify any issues for the following year's activities, and improve the programs.

In fiscal 2012, the criteria for evaluating CSR activities from society's point of view were improved to provide a more concrete assessment of the impact of those activities on society. The current evaluation criteria are as follows:

Point of view for evaluation	Evaluation criteria
Society's point of view	<ul style="list-style-type: none"> ▪ Public interest: Social inclusion (consideration for socially vulnerable groups), etc. ▪ Effectiveness: Output, outcome and impact, etc.
NEC's point of view	<ul style="list-style-type: none"> ▪ Strategy: Collaboration with NPOs ▪ Effectiveness: Contribution to business, contribution to human resources development, and improvement in corporate image, etc.

Objectives and Achievements

Objectives for the Medium Term (From Fiscal 2011 to Fiscal 2013) and Fiscal 2012, Achievements and Progress, and Degree of Completion

(Degree of completion: achieved/mostly achieved/some progress/no progress)

Medium-Term Objective	Promote programs that contribute to solving social issues based on the following themes (To make these themes even easier to understand, from fiscal 2013, the five existing themes were revised to the following three themes:) <ul style="list-style-type: none"> ▪ Eliminating the Digital Divide ▪ Nurturing diverse human resources ▪ Addressing climate change and environmental protection
Fiscal 2012 Objective 1	Implement two new voluntary programs unique to NEC through the use of IT or other means.
Achievements and Progress	Implemented BOP business development in India and the NEC Teachers' Science Laboratory
Degree of Completion	Achieved
Fiscal 2012 Objective 2	Implement programs that assist with earthquake reconstruction efforts mainly from the standpoints of "focusing on socially vulnerable groups, such as people with disabilities, children and the elderly," and the "utilization of existing programs."
Achievements and Progress	Held 16 programs, including the NEC Guide Dog Caravan in Ishinomaki City.
Degree of Completion	Achieved
Fiscal 2012 Objective 3	Further energize NEC MDD activities <ul style="list-style-type: none"> ▪ Increase the number of participants: implementation rate: 60% ▪ Increase the number of participants in biodiversity preservation programs. Target: 10% year-on-year increase
Achievements and Progress	<ul style="list-style-type: none"> ▪ MDD program implementation rate was held to 44%. ▪ The number of participants in biodiversity preservation programs increased 29% year on year to 8,032.
Degree of Completion	Mostly achieved

Fiscal 2013 Objectives

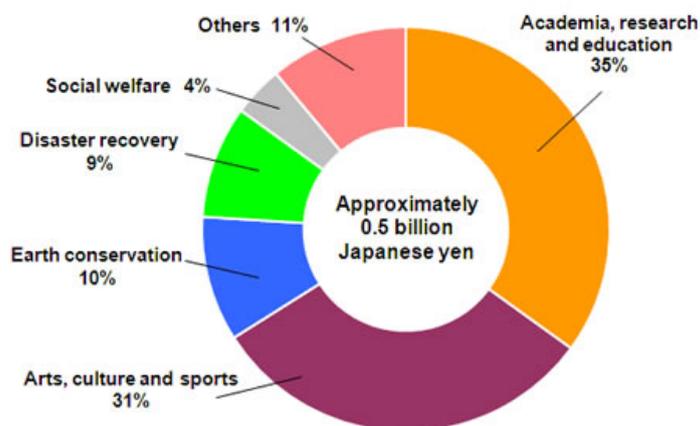
Fiscal 2013 Objective 1	<p>Promote the NEC "TOMONI" Project (reconstruction support activities)</p> <ul style="list-style-type: none"> Execute support measures focused on people with disabilities, children and the elderly
Fiscal 2013 Objective 2	<p>Promote innovative activities that support both business activities and human resources development</p> <ul style="list-style-type: none"> Encourage top management support Expand best practices of business collaboration internally (utilize in-house seminars and other means)

Community Contributions

In fiscal 2012, the NEC Group's total social contribution expenses were approximately 5 billion Japanese yen. We conducted activities in various regions around the world in four main areas, including Academia, Research and Education; and Arts, Culture and Sports.

Social contribution expenses include the following:

1) financial assistance, 2) charitable donations of products (quoted on a unit price basis), 3) public use of NEC facilities (converted into monetary amounts based on the unit price of using equivalent external facilities, to quantify the cost of using NEC facilities for socially beneficial purposes)



FY2010	FY2011	FY2012
Approx. 0.8 billion Japanese yen	Approx. 0.5 billion Japanese yen	Approx. 0.5 billion Japanese yen

Stakeholder Engagement

The NEC Group values the process of improving the effectiveness of CSR management based on feedback from dialogue and other forms of engagement with stakeholders. Following are some examples of these initiatives.

Stakeholder Review

Following fiscal 2011, NEC continued to implement a dialogue session with the CSR Review Forum and a review in fiscal 2012. The results are disclosed in the "Stakeholder Review" section of this CSR Report. The NEC Group will continue to promote CSR management based on the ISO 26000 standard going forward.

Stakeholder Communication

Through communication with NPOs, NGOs and a variety of other stakeholders, NEC works to gain an accurate understanding of social issues and to promote CSR activities that lead to their resolution.

In this section, NEC presents examples of activities conducted in cooperation with some of the NPOs and NGOs that were among the first to carry out support activities in the affected regions in order to assist with recovery and restoration following the Great East Japan Earthquake that occurred on March 11, 2011

Stakeholder Review

The NEC Group is promoting CSR management based on ISO 26000, an international standard providing guidelines on social responsibility. In fiscal 2012, NEC continued to implement a Stakeholder Review based on the ISO 26000 approach.

Given that the Stakeholder Review forms the basis of CSR management, NEC will strive to make continuous improvements to its activities by referring to the matters pointed out in the review.

Stakeholder Review

Continuing on from fiscal 2011, in fiscal 2012, the CSR Review Forum-Japan, an alliance of NGOs and NPOs, consumer organizations, and labor representatives, undertook a review of the CSR management policies, structures, and measures of the NEC Group, based on the ISO 26000 standard.

The review focused on the progress of initiatives to tackle issues identified in the fiscal 2011 review, while also broadly examining the Group following the seven core subjects of the ISO 26000 standard.

The forum's opinions on CSR management in general and on each of the seven core subjects were as follows:

1. CSR Management

1) The NEC Group's corporate philosophy

Recently, it is not uncommon to hear that people no longer have a clear picture of what it is that the NEC Group does. Through its corporate philosophy, NEC has indicated that its goal as follows: "NEC strives through 'C&C' (Computers and Communications) to help advance societies worldwide toward deepened mutual understanding and the fulfillment of human potential." Today, while the NEC Group faces the urgent task of rebuilding its business, we hope that NEC is going straight to C&C.

2) Global CSR management

3) Due diligence

Globalization is an important issue for the NEC Group, both in business and in CSR management. As it works to build a global management structure encompassing its five worldwide business regions and Japan, we expect that the NEC Group will also work to put in place structures for promoting information gathering and other comprehensive, company-driven efforts in each region regarding key issues such as human rights and occupational safety. Over the medium term, we believe that the NEC Group must engage in dialogue with stakeholders in each region.

The ISO 26000 standard requires companies to understand the negative impacts they have on society. A company's impact on society can come back to it in the form of risk, and overall responsibility for managing that risk lies with the Internal Control Promotion Division. At the same time, the company must also understand the negative impacts it has on society that may not immediately manifest themselves as risk, and work to develop a mechanism for avoiding or mitigating such impacts. We expect that the NEC Group will work to spread its approach to due diligence internally and move ahead to build the necessary structures.

4) Diversity

Like most Japanese companies, the NEC Group continues to lack of diversity. And yet, respect for diversity is an essential strategy as NEC moves forward with global management. We expect the Group to lay out a vision for promoting diversity, and to establish concrete short- and long-term goals.

NEC also has experience in testing options for telecommuting, and we hope they will demonstrate to society at large their plans for advocating and encouraging diverse work styles.

5) Partnerships between the CSR division and other relevant divisions

One point of improvement from last year is the progress made in the alliance between the CSR division and other relevant divisions. The CSR division works in close partnership with the human resources (human rights), general affairs (occupational safety) and the materials divisions (supply chain CSR), and we would like to laud their effectiveness in developing mechanisms and raising awareness. We look forward to seeing these efforts extended in other areas.

2. Organizational Governance

1) Reflecting societal feedback in management

Under ISO 26000, stakeholder demands are expected to be reflected in management, and we believe that interviews with outside directors and others are important to these reviews.

2) Internal control and risk management, business continuity

The NEC Group has built a sophisticated system of internal controls, based on the key elements of compliance and risk management. Following the Great East Japan Earthquake in fiscal 2012, the company made progress in reviewing its disaster planning on a company-wide level, and we look forward to seeing a whole picture of its rebuilt BCP in next year's report.

3. Human Rights

The [NEC Group Charter of Corporate Behavior](#) and [NEC Group Code of Conduct](#) both lay out provisions respecting human rights, and to avoid harm to human rights, the company is working to build a basic mechanism for human rights due diligence.

As part of spreading this awareness, the NEC Group has established robust training in human rights domestically. Going forward, we expect that the NEC Group will establish a vision for the kind of global company it wishes to become, and goals for achieving that vision, and continue to take the incremental steps necessary to ensure those goals are reached.

4.Labour Practices

Our review of labour practices in fiscal 2012 focused on occupational health and safety (OH&S). We give high marks to the NEC Group for its efforts to build a mechanism for monitoring the status of OH&S at its overseas sites around the world, and for introducing an OHSAS 18001-based management system at the 11 companies in its global manufacturing group.

5.The Environment

The NEC Group Environmental Management Action Plan 2017/2030 continued to show solid results in fiscal 2012. Going forward, as the environmental management systems and energy storage systems developed by the NEC Group see wider use across society, we expect this will help to build a low-carbon society. In addition, we are convinced that the environmental technology and expertise the NEC Group has accrued to date will not only contribute to resolving issues of global warming and energy, but will become a major weapon in the company's business strategy. "Ecology through IT" is also a key phrase in terms of strategy. It would be a waste to identify energy alone as a business priority for fiscal 2013, and we believe the NEC Group's strategy should represent both its outstanding environmental solutions and its energy business.

6. Fair Operating Practices

1) Supply chain management

In surveying its suppliers, the NEC Group has conducted surveys in writing, focusing primarily on domestic suppliers, but this alone is inadequate for gaining a grasp of the real situation. We laud the company for its plans to put in place a framework for on-site inspections of its suppliers in China, India, and other locations. In last year's review, we asked the NEC Group to expand management to secondary suppliers, and we appreciate that this has been reflected in the survey guidelines. In terms of response to the issue of conflict minerals, we believe the NEC Group has made reasonable progress in putting mechanisms in place in preparation for rules to be established by the U.S. Securities and Exchange Commission.

7.Consumer Issues

1) Customer satisfaction, product quality and safety, Universal Design (UD), information security

The NEC Group has established policies and rules in each area, put the necessary structures in place, and has a variety of awards systems to provide incentive; its approach to developing its people is clear.

2) New areas of consumer concern

Sustainable consumption and consumer education are among the important social issues for consumers and citizens at present. As a leading company, we expect the NEC Group to engage in proactive initiatives to address these issues. And, to respond to the needs of consumers and citizens, it is important that NEC, as a business-to-business-to-consumer organization, identify and engage in dialogue with those stakeholders on which it has the greatest impact. Its advanced process for UD development could become a model for these efforts.

8.Community Involvement and Development

The NEC Group has made solid progress in this area, with the establishment of the Revival Support Promotion Office to provide ongoing support for post-disaster recovery in the Tohoku region and enhancement of its program to provide support to social entrepreneurs. It has also begun work on BOP businesses, and implemented self-assessments based on a system for evaluating social contribution programs. In the coming year, we expect the NEC Group to disclose the social (and regional) impact of its activities. At the same time, the effects of the flooding in Thailand and other events have reduced the implementation rate for the Make-a-Difference Drive. Viewed overall, the MDD program is one of the NEC Group's treasures, and the company should work to ensure that as many employees as possible become involved.

June 23, 2012
CSR Review Forum-Japan

Review Panel

Chief Reviewer: Tomohiko YAMAGUCHI CSR Review Forum-Japan

Sachiko KISHIMOTO CSR Review Forum-Japan/Center for Public Resources Development

Kenichi KUMAGAI The Japan Association for Advancement of ILO Activities

Hideki WAKABAYASHI Amnesty International Japan

Kimiko HORII Research Institute of Self-Esteem

Saburo KATO Japan Association of Environment and Society for the 21st Century

Konoe FUJIMURA Japan Association of Environment and Society for the 21st Century

Kaori KURODA CSO Network Japan

Yukiko FURUYA Nippon Association of Consumer Specialists



Stakeholder Communication

Through communication with its local communities and a variety of other stakeholders, NEC works to gain an accurate understanding of social issues and to promote CSR activities that lead to their resolution.

Specifically, in fiscal 2012, to assist with recovery and restoration following the Great East Japan Earthquake that occurred on March 11, 2011, NEC met with some of the NPOs and NGOs that were among the first to carry out support activities in the affected regions, asking them to describe their efforts there and exchanging ideas.

This section also describes NEC's participation in the China-Japan-Korea Roundtable as a signatory to the United Nations Global Compact.

Recovery and Restoration Following the Great East Japan Earthquake

Understanding conditions in the affected regions (April 26, 2011)

Mr. Ryota Yamauchi of the NPO ETIC was invited to attend a meeting with 17 NEC staff, including the head of the CSR department, representatives of various business divisions, and staff from Group companies. The NEC staff heard a briefing from Mr. Yamauchi about conditions in the region affected by the disaster.

Immediately following the disaster, ETIC began working at evacuation centers in Minamisanriku Town, listening to the needs of the elderly (those requiring nursing care), the disabled, and other vulnerable victims, and connecting them with other NPOs with specific expertise. After hearing about conditions immediately following the disaster, and the aftermath, NEC began looking at ways its technology might be helpful in communities where telecommunications had been cut off.



Considering the present and future of the affected regions (October 4, 2011)

NEC invited Kaori Neki of Civic Force, a public interest corporation, to speak.

Civic Force has brought a great sense of speed and a high level of quality to its post-disaster support efforts, which included procuring and delivering supplies immediately following the earthquake, and even delivering a ferry to the island of Oshima—part of the city of Kesennuma—which had lost its ferry service in the wake of damage from the tsunami. Ten members of NEC's CSR department, which is in charge of "NEC TOMONI" project for disaster recovery support, participated in the discussion. It was agreed that NEC should continue to provide support, not just on its own from the standpoint of a single company, but in cooperation with government, administration, and the local communities.



Contributing to recovery through social business (February 20, 2012)

Yusuke Ohashi of the Sendai Miyagi NPO Center, a non-profit organization, was invited to meet with more than 40 NEC Group employees who had expressed an interest in social business and post-disaster recovery support. The earnest discussion that followed focused on topics related to supporting recovery through social business, including how ICT can contribute to recovery efforts, what is needed for new ventures to succeed, what things are most important to the disaster-affected regions, and what recovery really means in communities already suffering from depopulation.



Related Links

- ▶ [NPO ETIC](#)
- ▶ [Public interest corporation Civic Force](#)
- ▶ [Non-profit organization Sendai Miyagi NPO Center \(Japanese\)](#)

Participating in a Global Discussion

On November 24 and 25, 2011, the China-Japan-Korea Roundtable hosted by Global Compact Network Japan was held in Tokyo.

The China-Japan-Korea Roundtable provides an opportunity for dialogue between the UN Global Compact and members of local Global Compact networks in the three countries, with a focus on social responsibilities in East Asia and the promotion of initiatives in line with the ten principles of the Global Compact.

The Roundtable was held in South Korea in 2009, followed by China in 2010. NEC's participation in the 2011 meeting follows its attendance at the 2010 Roundtable in China.

The 2011 Roundtable included a panel discussion facilitated by George Kell, Executive Director of the UN Global Compact, on the topic of "Current Roles and Future Directions of CSR and GC Local Networks: From East Asian Perspectives," which was attended by staff from NEC's CSR Promotion Division.

Other topics discussed during the Roundtable included understanding the importance of stakeholder engagement, an issue emphasized under ISO26000, balancing global standards with the regional characteristics of East Asia, and resolving social issues through innovation.

As a signatory to the Global Compact, NEC will continue to participate in these global discussions, working proactively to enhance communication with its stakeholders.



Panel discussion



(Then) General Manager of NEC Corporate Social Responsibility Promotion Division, Hitoshi Suzuki, participating as a panelist.

Related Link

- ▶ [Global Compact Network Japan \(Japanese\)](#)

Through Communication with Stakeholders

In working to achieve "an information society friendly to humans and the earth," NEC believes it is important to acknowledge and incorporate the needs of local communities and society as a whole, through dialogue with a wide range of stakeholders.

NEC will continue to reflect these discussions with a variety of stakeholders, and the opinions expressed through them, in efforts to promote its CSR activities.

- ▶ [Stakeholder Review](#)

Consistency With International Initiatives

In the course of preparing the NEC CSR Report 2012, NEC referred to the following international reporting initiatives:

Global Reporting Initiative

This table compares NEC's CSR activities with the international guidelines for sustainability reports issued by the Global Reporting Initiative (GRI). NEC self-declares this report to GRI Application Level B.

United Nations Global Compact

This table compares NEC's CSR activities with the Ten Principles of the United Nations Global Compact advocated by the United Nations. NEC Corporation became a signatory to the United Nations Global Compact in May 2005. NEC supports the Global Compact's Ten Principles in the areas of human rights, labor, the environment and anti-corruption, and implements these principles through its business activities.

ISO 26000

The ISO 26000 standard sets forth seven core subjects that all organizations should practice. Each core subject comprises 36 issues related to social responsibility. NEC has classified its CSR activities based on the core subjects of ISO 26000, and has created a table comparing these activities with each of the seven core subjects.

Global Reporting Initiative

We considered the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3.1) when preparing this report. NEC self-declares this report to GRI Application Level B, as stated in the table below.

 [GRI=Global Reporting Initiative](#)

Please follow [this link](#) on the Environmental Performance.

GRI no.	GRI indicator	Corresponding page on NEC website
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	▶ Top message
1.2	Description of key impacts, risks, and opportunities.	 Annual Securities Report (Japanese) ▶ CSR management ▶ Risk management ▶ Corporate governance
2. Organizational Profile		
2.1	Name of the organization.	▶ Corporate profile
2.2	Primary brands, products, and/or services.	▶ Business outline
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	▶ NEC organization ▶ Corporate profile
2.4	Location of organization's headquarters.	▶ Corporate profile
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	▶ NEC worldwide
2.6	Nature of ownership and legal form.	 Annual Securities Report (Japanese)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	 Annual Securities Report (Japanese)
2.8	Scale of the reporting organization, including <ul style="list-style-type: none"> ▪ Number of employees; ▪ Net sales (for private sector organizations) or net revenues (for public sector organizations); ▪ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ▪ Quantity of products or services provided. 	 Corporate facts
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> ▪ The location of, or changes in operations, including facility openings, closings, and expansions; and ▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	▶ Annual Securities Report (Japanese)
2.10	Awards received in the reporting period.	▶ SRI evaluations ▶ Recognition and awards on the environmen
3. Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	▶ Editorial policy of CSR Report
3.2	Date of most recent previous report (if any).	▶ Editorial policy of CSR Report

GRI no.	GRI indicator	Corresponding page on NEC website
3.3	Reporting cycle (annual, biennial, etc.)	▶ Editorial policy of CSR Report
3.4	Contact point for questions regarding the report or its contents.	▶ Contact
Report Scope and Boundary		
3.5	Process for defining report content, including: <ul style="list-style-type: none"> ▪ Determining materiality; ▪ Prioritizing topics within the report; and ▪ Identifying stakeholders the organization expects to use the report. 	▶ CSR management
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	▶ Editorial policy of CSR Report ▶ Scope of Environmental Report
3.7	State any specific limitations on the scope or boundary of the report.	▶ Editorial policy of CSR Report ▶ Scope of Environmental Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	 Annual Securities Report (Japanese)
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	▶ Environmental management information systems
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No re-states of information
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	▶ NEC Group Environmental Management Action Plan 2017/2030
3.12	Table identifying the location of the Standard Disclosures in the report.	This page
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	▶ Editorial policy of CSR Report ▶ Stakeholder review ▶ Independent review on Environmental Report
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	▶ Corporate governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	▶ Corporate governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	▶ Corporate governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	▶ Corporate governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	▶ Corporate governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	▶ Corporate governance

GRI no.	GRI indicator	Corresponding page on NEC website
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	 Corporate Governance Report (Japanese)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<ul style="list-style-type: none"> ▶ The NEC Way ▶ CSR management
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<ul style="list-style-type: none"> ▶ Corporate governance ▶ CSR management
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	 Corporate Governance Report (Japanese)

Commitments to External Initiatives

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> ▶ Tackling environmental problems ▶ Compliance with REACH and RoHS
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<ul style="list-style-type: none"> ▶ United Nations Global Compact, JEITA ▶ ISO26000 ▶ Challenge 25% Campaign
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> ▪ Has positions in governance bodies; ▪ Participates in projects or committees; ▪ Provides substantive funding beyond routine membership dues; or ▪ Views membership as strategic. 	<ul style="list-style-type: none"> ▶ United Nations Global Compact, JEITA

Stakeholder Engagement

4.14	List of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> ▶ Stakeholder engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	<ul style="list-style-type: none"> ▶ CSR management ▶ Stakeholder engagement ▶ Guidelines for coordination with NPOs(social contributions)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<ul style="list-style-type: none"> ▶ Stakeholder engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<ul style="list-style-type: none"> ▶ Stakeholder review ▶ Independent review on Environment Report

Management Approach and Performance Indicators

GRI no.	Performance Indicators: Core (C) / Add (A)	
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Economic

Management Approach	 Annual Securities Report (Japanese)
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Economic Performance

(C) EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	 Annual Securities Report (Japanese) <ul style="list-style-type: none"> ▶ Community contributions ▶ Environmental accounting
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GRI no.	GRI indicator	Corresponding page on NEC website
(C) EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	▶ Global warming prevention
(C) EC3	Coverage of the organization's defined benefit plan obligations.	No Coverage
(C) EC4	Significant financial assistance received from government.	No Coverage
Market Presence		
(A) EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	No Coverage
(C)EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	▶ Partnering with suppliers
(C)EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	No Coverage
Indirect Economic Impacts		
(C)EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	▶ Help to solve social issues through business activities ▶ Activities for contributing to society
(A)EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	▶ Help to solve social issues through business activities ▶ Activities for contributing to society
Labor Practices and Decent Work		
Management Approach		▶ Labour practices
Employment		
(C)LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	▶ Promoting diversity
(C)LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	No Coverage
(A)LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	No Coverage
(C)LA15	Return to work and retention rates after parental leave, by gender.	No Coverage
Labor/Management Relations		
(C)LA4	Percentage of employees covered by collective bargaining agreements.	 Annual Securities Report (Japanese)
(C)LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	No Coverage
Occupational Health and Safety		
(A)LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	No Coverage
(C)LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	▶ Health and safety
(C)LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	▶ Health and safety
(C)LA9	Health and safety topics covered in formal agreements with trade unions.	▶ Health and safety

GRI no.	GRI indicator	Corresponding page on NEC website
Training and Education		
(C)LA10	Average hours of training per year per employee by gender, and by employee category.	▶ Human resources development
(A)LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	▶ Human resources development
(A)LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	▶ Human resources development
Diversity and Equal Opportunity		
(C)LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	▶ Corporate governance ▶ Number and ratio of female managers
Equal Remuneration for Women and Men		
(C)LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	No Coverage
Human Rights		
Management Approach		▶ Respecting human rights
Investment and Procurement Practices		
(C)HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	No Coverage
(C)HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	▶ Partnering with suppliers
(A)HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	▶ Respecting human rights
Non-Discrimination		
(C)HR4	Total number of incidents of discrimination and corrective actions taken.	No Coverage
Freedom of Association and Collective Bargaining		
(C)HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated at significant risk, and actions taken to support these rights.	No Coverage
Child Labor		
(C)HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	▶ Respecting human rights ▶ Partnering With Suppliers
Forced and Compulsory Labor		
(C)HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	▶ Respecting human rights ▶ Partnering With Suppliers
Security Practices		
(A)HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	No Coverage
Indigenous Rights		
(A)HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	No Coverage

GRI no.	GRI indicator	Corresponding page on NEC website
Assessment		
(C)HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	No Coverage
Remediation		
(C)HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	No Coverage
Society		
Management Approach		<ul style="list-style-type: none"> ▶ CSR management ▶ Internal control ▶ For communities
Community		
(C)SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<ul style="list-style-type: none"> ▶ Help to solve social issues through business activities ▶ Tackling environmental problems
(C)SO9	Operations with significant potential or actual negative impacts on local communities.	▶ Handling of Accidents and Complaints
(C)S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	▶ Handling of Accidents and Complaints
Corruption		
(C)SO2	Percentage and total number of business units analyzed for risks related to corruption.	▶ Risk management
(C)SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	▶ Training on NEC Group Code of Conduct
(C)SO4	Actions taken in response to incidents of corruption.	▶ Compliance
Public Policy		
(C)SO5	Public policy positions and participation in public policy development and lobbying.	<ul style="list-style-type: none"> ▶ Challenge 25% Campaign ▶ Complying with the REACH Regulations ▶ Issue of mineral resources that fuel conflict
(A)SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No Coverage
Anti-Competitive Behavior		
(C)SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	No Coverage
Compliance		
(C)SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No Coverage
Product Responsibility		
Management Approach		▶ Ensuring quality and safety

GRI no.	GRI indicator	Corresponding page on NEC website
Customer Health and Safety		
(C)PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	▶ Ensuring quality and safety
(A)PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	▶ Important information from NEC (Japanese)
Product and Service Labeling		
(C)PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	▶ Environmentally friendly products and services
(A)PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No Coverage
(A)PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	▶ Customer satisfaction survey
Marketing Communications		
(C)PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	▶ NEC Group Code of Conduct
(A)PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	No Coverage
Customer Privacy		
(A)PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No Coverage
Compliance		
(C)PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No Coverage

▶ [Global Compact](#)

▶ [ISO26000](#)

Global Compact

This table compares NEC's CSR activities with the Ten Principles of the Global Compact advocated by the United Nations.

Item	Principles	Corresponding Item
Human rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> ▶ Respecting Human Rights ▶ Promoting Diversity ▶ Partnering With Suppliers
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses	
Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> ▶ Communication With Employees ▶ Health & Safety ▶ Promoting Diversity ▶ Respecting Human Rights
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour	
	Principle 5 Businesses should uphold the effective abolition of child labour	
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	
The environment	Principle 7 Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> ▶ Annual Environmental Report ▶ Environmental Activities
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> ▶ Internal Control (Compliance and Risk Management)

▶ [Global Reporting Initiative](#)

▶ [ISO26000](#)

ISO 26000

This is the comparison table of seven core subjects and 36 issues of ISO 26000 and CSR activities of NEC.

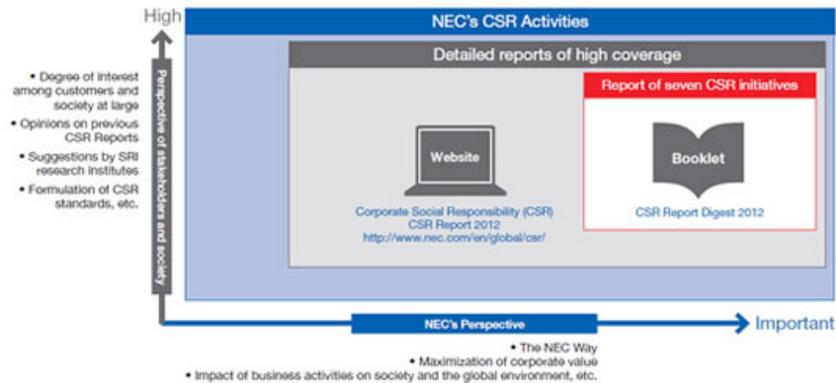
ISO 26000 Core Subjects	Issues	Page on CSR Report
Organizational Governance	Organizational Governance	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ CSR Management ▶ Internal Control (Compliance and Risk Management) ▶ Business Continuity ▶ Information Security ▶ For Shareholders and Investors
Human Rights	<ol style="list-style-type: none"> 1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work 	<ul style="list-style-type: none"> ▶ Respecting Human Rights ▶ Internal Control (Compliance and Risk Management) ▶ Partnering With Suppliers
Labour Practices	<ol style="list-style-type: none"> 1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace 	<ul style="list-style-type: none"> ▶ Promoting Diversity ▶ Health & Safety ▶ Human Resources Development ▶ Communication With Employees
The Environment	<ol style="list-style-type: none"> 1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats 	<ul style="list-style-type: none"> ▶ Environmental Management ▶ Environmentally Friendly Products and Services ▶ Environmental Risk Management ▶ Activities toward Ecosystem and Biodiversity Preservation ▶ Environmental Communications
Fair Operating Practices	<ol style="list-style-type: none"> 1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights 	<ul style="list-style-type: none"> ▶ Internal Control (Compliance and Risk Management) ▶ Partnering With Suppliers
Consumer Issues	<ol style="list-style-type: none"> 1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness 	<ul style="list-style-type: none"> ▶ For Customers ▶ Ensuring Quality and Safety ▶ Universal Design Friendly to Humans and the Earth
Community Involvement and Development	<ol style="list-style-type: none"> 1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment 	<ul style="list-style-type: none"> ▶ Help to Solve Social Issues Through Business Activities ▶ For Communities

▶ [Global Reporting Initiative](#)

▶ [Global Compact](#)

Editorial Policy

- NEC views the CSR Report as an important communication tool essential to earning the trust of all stakeholders.
- The NEC CSR Report 2012 discloses information about NEC's activities and achievements mainly for fiscal 2012 (the fiscal year from April 1, 2011 to March 31, 2012) in line with the core subjects of ISO 26000, focusing on NEC's seven priority initiatives.
- The seven priority initiatives have been selected with emphasis on the results of stakeholder engagement from both standpoints of "Stakeholder Interests and Social Concerns" and "NEC's Perspective." The initiatives comprise four "Initiatives for Solving Issues Faced by Society and Addressing People's Needs through Business Activities" and three "Initiatives for Internal Management in Support of Business Activities."



Scope of Report

The content solely relates to NEC Corporation in certain sections, but also includes subsidiary companies in other sections. For information covering a specific set of NEC and subsidiary companies, the scope of such information has been explicitly defined in each relevant section. Unless noted otherwise, NEC refers to NEC Corporation and its subsidiary companies in this report.

Disclosure Format

CSR Report (Web Version)

The CSR Report emphasizes detailed coverage of information to ensure conformance with international reporting initiatives such as GRI, while addressing the needs of CSR professionals such as SRI research institutes, the news media, universities and NPOs/NGOs.

CSR Report Digest (Booklet / [PDF Versions](#))

The CSR Report Digest is designed to summarize the content of the Web version with emphasis on providing information that is easy to read. It addresses the needs of customers, suppliers, employees, and the general public.

Reference Guidelines

With the aim of achieving conformance with international reporting initiatives, NEC reports on CSR activities with reference to the following guidelines:

- GRI's Sustainability Reporting Guidelines 3.1 (International guidelines for sustainability reports issued by the Global Reporting Initiative (GRI))
- United Nations Global Compact
- ISO26000:2010

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Other CSR-Related Report

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