

Messages from an Outside Director and an Audit & Supervisory Board Member

Communication is Fundamental

Corporate Governance is ultimately for the sake of improving efficiency, maintaining soundness, and ensuring transparency for achieving these ends.

The basis for corporate governance is putting in place an environment in which each employee can play an active and energetic role through smooth communication. This is the prime mission of organizations' leaders. Thoroughly communicating to share organizational strategies and information allows each employee to fully demonstrate their skills and fulfill their individual roles. As a result, each employee can have a sense of personal achievement and can contribute to realizing the organization's targets.

Communication is also fundamental for ensuring thorough compliance. I believe that in an organization that achieves smooth communication vertically and horizontally, compliance violations do not occur. If, by chance, a violation should occur, proper communication ensures that top management is promptly informed and appropriate steps for resolution are quickly taken. To achieve smooth communication, it is important that leaders personally communicate policies and strategies with members, gain members' understanding, listen to their input, and reflect that input in strategies of the organization. Continually implementing these steps leads to an organization with a positive atmosphere. To that end, daily awareness is important, as is keeping up constant communication, and it starts with a daily greeting every morning.

I believe that a good company is one in which every employee can work actively and energetically. I have high expectations that all NEC employees will be able to work in this way under a sound governance system.

Outside Director
Motoyuki Oka



Implement Compliance Management and Expand Business

I was appointed outside A&SBM just after the Corporate Governance Code was enacted in June 2015. A little more than one year has passed since then.

What is characteristic of NEC is that discussions in meetings of the Board of Directors, and the comments of Outside Directors in particular, are extremely vigorous. With six Inside Directors and five Outside Directors, questions and opinions voiced by Outside Directors are outspoken and range across the topics of overall management policies, finances, marketing, and the handling of individual projects. A wealth of information is shared in meetings of the A&SB, stemming from intimate connections with the Internal Auditing Division, and many fruitful discussions are held. I think that NEC management sufficiently follows the general tenets of the Corporate Governance Code.

It is not necessarily easy to share this level of debate and spread these results across all of the companies in a large, consolidated Group with some 100,000 employees. In order to do so, efforts are moving forward in NEC's Internal Control system to build out a framework to communicate messages inside the Group, offer training, ensure the availability of reporting systems when trouble occurs, and to quickly discover and work to prevent compliance-related issues.

In order to achieve the targets of the Mid-term Management Plan 2018 announced in April 2016, growing international sales will be essential. International business is accompanied by risks from competition laws, bribery, corruption and other issues of which we must be especially vigilant under foreign laws and regulations.

From this perspective, and from an outside perspective, I will continue to do my utmost so that NEC can appropriately manage and avoid risks, fulfill compliance responsibilities, and achieve business growth.

Outside Audit & Supervisory Board Member (KANSAYAKU)
Takeshi Kikuchi

