

NEC's Business Model

NEC, for Those Who Seek Challenge

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

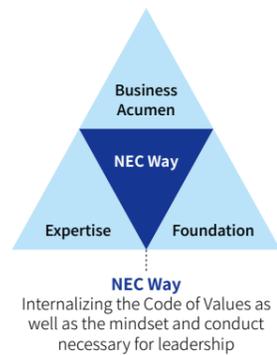


NEC, for those who seek challenge.

- Diverse opportunities for challenge**
Our guiding principle is right time, right position, right person. Diverse opportunities for challenge are provided, which employees can take advantage of to flexibly build their own careers.
- Unlimited growth opportunities**
If your outlook is ambitious, you can continue improving your skills and growing as a professional.
- Fair appraisal and progressive rewards**
Performance is evaluated fairly and rewarded with the appropriate pay and subsequent growth opportunities and positions.
- Work environments and culture that bring out your best**
Systems support good work environments and culture in addition to a fulfilling quality of life, allowing employees to dedicate themselves to taking on challenges.

Initiatives to Train Human Resources

Policy for Training Human Resources



Measures

We are striving to instill a business mindset and foster expertise, as well as the ability to drive transformation in each and every employee. Moreover, we aim to increase employees' ability to manage and take ownership while enhancing individual and team capabilities.



Human Resource Training Platform



Cultural Transformation and Inclusion and Diversity

Cultural Transformation

- Code of Values
The Code of Values embodies the values and behaviors that all employees must demonstrate every day.
- Employee surveys conducted every quarter
Check the progress of measures and use today's feedback to effect tomorrow

Code of Values

Look outward. See the future.
Think simply. Display clear strategies.
Be passionate. Follow through to the end.
Move fast. Never miss an opportunity.
Encourage openness. Stimulate the growth of all.

Active Participation of a Wide Range of Talented People: Diversity and Inclusion

We believe that by creating a place where people of all genders, generations, and backgrounds can actively participate—a place where they can share and build upon each other's strengths—we can create a new world. NEC is working to bring together people with different talents from all over the world to create opportunities to maximize performance and foster creativity. This will ensure that NEC continues its development going forward.

FY2020 Target

Female/Non-Japanese officers	Female managers
20%*	20%*

* Target values are for NEC HQ alone.

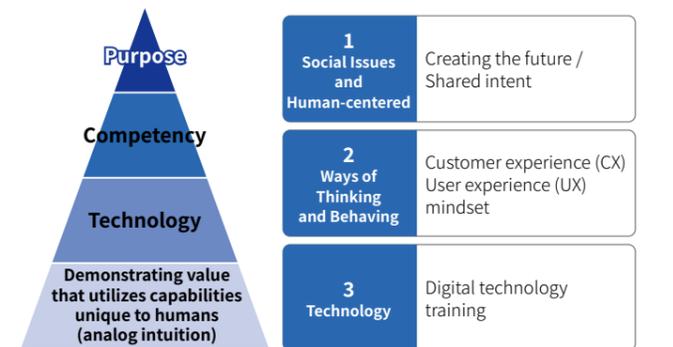
For more details, please refer to the section "Inclusion and Diversity" on page 53 of *Sustainability Report 2021*.

Talent Management: Human Resources Training

In order to realize NEC's aim for a world that embraces DX, we absolutely must enhance the skills and talents of our human resources. We are also working to enhance our mid-level managers, as the human resources who manage people will play a very important role when it comes to increasing the level of communication.

Specific Initiatives

- Training the next generation of leaders
- Training human resources involved with DX



Utilizing the Right Person at the Right Place and the Right Time with Job-based Management

Specific Initiatives

- NEC Growth Careers
- Increase in mid-career hiring and referral recruitment
- Establishment of NEC Life Career
Services that help each and every employee develop their careers while promoting reskilling and updating their knowledge

- Active efforts to appoint young people and top-notch human resources from outside the Company through a new system that provides compensation commensurate with job duties
Examples: Established post for research fellow, with no upper limit on compensation
Established Selective Compensation Program for Professional Researchers, with no upper limit on compensation for non-managerial employees in an effort to acquire and develop top-level R&D talent

For more details, please refer to the section "Human Resource Development and Training" on page 58 of *Sustainability Report 2021*.

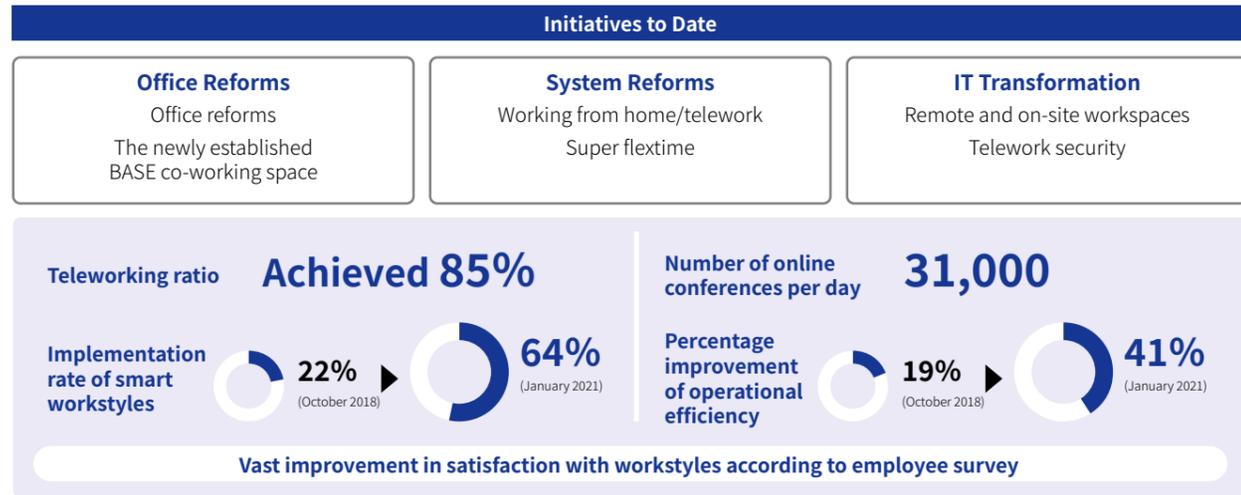
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Workstyle and Office Reforms with Smart Work 2.0

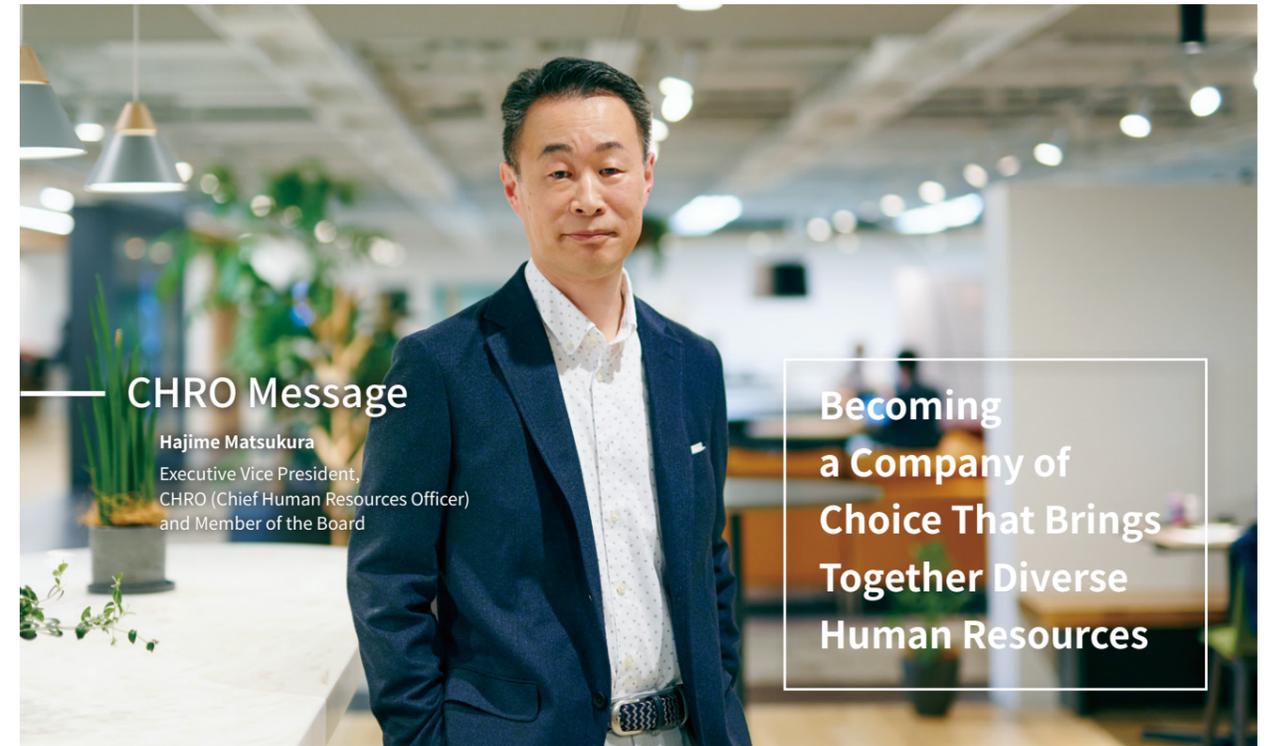
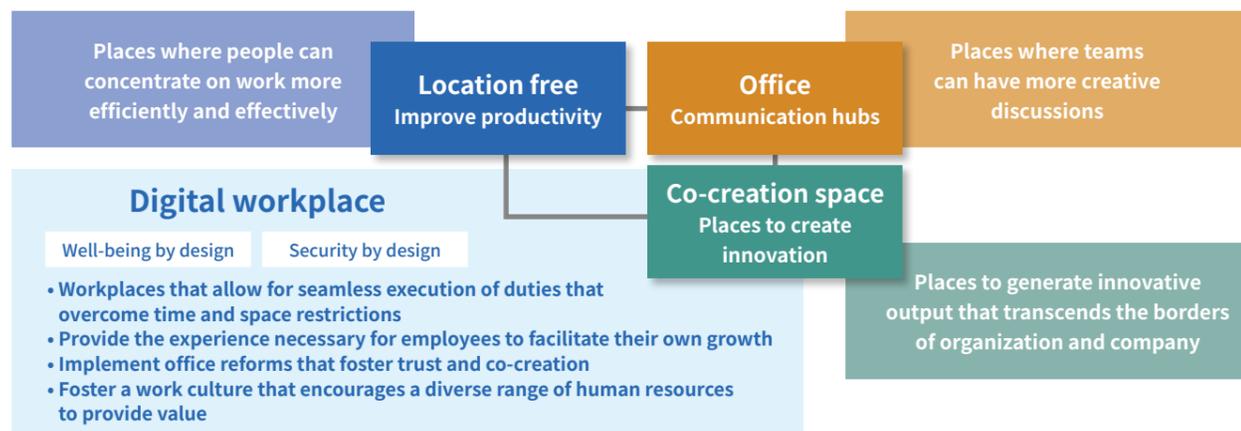
Moving Our Focus from Ease of Work to Improving Job Satisfaction

We are working to implement a model that focuses on creating job satisfaction. This model loops four elements—trust, challenge, growth, and pride—and provides a motivating work environment where it is possible for employees to design their careers autonomously.



Office Reforms

Establish conditions that provide the optimal place and optimal time in order to elicit optimum performance
 Improve quality and quantity within work experience loop



Continuing the drive forward to embrace the vision
 “NEC, for those who seek challenge.”

Why have we made such earnest efforts to transform our human resources and corporate culture? Over the past decade, there have been times when we fell short of the goals of our mid-term management plan and were unable to achieve growth. One of the major reasons for this shortfall was an emphasis on a defensive stance and a lack of ability to execute. Recognizing this, we have been working to “restructure our execution capabilities,” which is one of the management strategies laid out in the Mid-term Management Plan 2020. The launch of Project RISE—an initiative aimed at transforming human resources and our corporate culture across the Company—sent a strong message from those at the helm, saying simply “the top management team ourselves will change.” More importantly, though, as we put this message into action, it is creating a shift in the Company culture, making it known that these efforts toward change are sincere.

However, people tend to return to their old ways. Unless we keep our foot on the accelerator and keep going forward, we will not be able to improve our ability to adapt to the drastically changing external landscape, and our organization will be left behind on the global stage. To maintain our momentum, we have set a target under the Mid-term Management Plan 2025 to achieve an engagement score of 50%, in line with our goal to “transform ourselves into a company that pursues innovation and brings together diverse people under the NEC Way” and to become an “employer of choice.” To achieve this goal, every employee needs to transform their manner of thinking and their behavior, and to take action that will lead to changes in the workplace as a whole. To that end, we have established a human resources policy titled “NEC, for those who seek challenge.” To carry out this policy, members of top management deliver this message in their own

words at monthly town hall meetings. In addition, members of management hear the voices of employees through employee surveys conducted once every three months. These efforts help to bridge the gap between management and employees and lead to a more open, constructive culture.

So, the ideal human resources are those who act proactively to uphold the Code of Values embedded in the NEC Way. We are trying to improve our day-to-day activities by infusing the Code of Values into every aspect of our human resources system, including hiring, the fostering of personnel, and evaluation. Ninety percent of employees already take part in regular one-on-one meetings with their supervisor, and we would like to challenge ourselves to enhance the substance of these meetings even further and include honest and frank feedback and serious career consultations.

For NEC to display its potential and reach a level where it can win on the global stage where people, who are diverse in every way—be it by gender, nationality, experience, age, or some other attribute—can exchange ideas, it is from this exchange that innovation emerges. This energy gets amplified when people acknowledge each other and utilize each other’s skills, as opposed to simply gathering in one place. People will naturally converge on a company like this. It is important that employees take pride in their work, take pride in NEC, and take on challenges that are more exciting than the last challenge. When each and every one is fully focused on achieving their dreams, these dreams intertwine and each becomes involved and engaged with the other—this generates value that has a real impact on the world, which leads us toward a stronger connection with the future. It is this shape that I want to achieve.

NEC's Business Model

Messages from Employees

We have established an HR policy under the banner “NEC, for those who seek challenge.” Under this policy, we are promoting human- and culture-centric reforms to optimize employee potential. Here, we will share some messages from a few of our employees who are working to create social value.



Chris White

President
NEC Laboratories America

Achieving Disruptive Innovations That Address Human Needs

Meaningful innovation addresses human needs through the removal of critical barriers to create entirely new markets and inspire new business opportunities. This kind of disruptive innovation is the core mission of industrial laboratories like NEC Laboratories America. NEC Corporation, with its long history of both broad and deep technological expertise, is uniquely positioned to commercialize these disruptive innovations on a global scale. The new NEC mid-term management plan anticipates the approaching technological revolution and positions NEC to lead in the creation of new technologies, new platforms, and new applications.

Although NEC is positioned to lead, realizing these goals will require clear communication, strong collaboration, and relentless speed in execution. Communication with customers, with governments, with universities, and with ourselves about the challenges we face and the potential solutions leads to greater understanding, a sharper focus, and clarity of thought. Collaboration leverages NEC's global workforce to tackle big, hard problems with diverse perspectives to find novel solutions for “impossible” problems. Finally, we need to execute end-to-end with speed and quality across all business and R&D stages, converting difficult challenges into novel solutions, comprehensive platforms, innovative products, and ultimately happy customers.

As a researcher, you always want your research results to make an impact. You want to work for companies like NEC with the perfect combination of great customers, a vision for the future inspired by new technologies, and a willingness to support R&D to tackle hard problems. For all of these reasons, I personally feel lucky to work for NEC and I am excited to see what we can achieve.

Solving the Issues of Local Governments and Creating Safe and Secure Cities

I am involved in a project called “*Kurumie* for Cities” that uses a combination of dash cam* data and AI to automatically detect surface deterioration on roads owned by local governments. I originally worked on car dash cams as a tool to support safe driving, but I wanted to take up a bigger challenge and try something new. So, when the chance came to work on this new business, which was developed out of an existing one, I transferred to the position I am in now.

This solution can solve road maintenance issues facing several local governments. In the past, local governments had to budget a lot of time and money toward comprehensive inspections of roads under their management, but with our solution they can take advantage of dash cams on ordinary cars, as opposed to dedicated vehicles, which allows for efficient inspections and preventive maintenance. We are taking on challenges every day, and our next challenge for the future is expanding our business into detecting deterioration on airport runways.

As a beneficiary, as well as someone whose family and friends use the roads and highways, it makes me happy knowing that they are able to enjoy the value of our service. Our goal is to create a safe and secure city, but we also want to grow the area where we provide this value, not just in Japan but all around the world.

* Dashboard-mounted CCTV system



Kaori Iwafuchi

Manager
System Platform Business Unit
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Saori Tsubakino

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Global Business Unit
Global Relations Division

A Project to Create Social Value in Developing Countries with NEC's Biometric Authentication Technology

I am working with international organizations to promote a vaccination project that utilizes child fingerprints. The project aims to improve child vaccinations by using fingerprint authentication technology in developing countries that are facing difficulties in vaccination record management. Although child fingerprint authentication is extremely challenging, we have developed the world's first child fingerprint authentication achieving actual utilization with NEC's superior biometric technology.

When I studied abroad, I saw with my own eyes many children who bore the brunt of undeveloped social infrastructures. I then decided to involve myself in developing projects that would reinforce social infrastructures because I thought it would enable me to create a win-win relationship for both developing countries and companies. Eventually, I joined NEC and am now involved in this project.

While developing countries require funds for development, NEC, a for-profit company, needs to generate profit to maintain sustainable operations. We need to consider to work with governments and international organizations to garner the financial support to get these developing countries on the right track. My previous work experience in a financial institution has been useful to my current work.

NEC creates social value through technology. We listen to people who are facing real challenges and can co-create solutions together. This is NEC's strength.

Launching a New Business That Provides Safe and Secure Infrastructure

I joined NEC as a new employee in 2020, and I am launching a business that involves installing 5G transmitters on traffic lights and other structures in order to determine the situation at traffic intersections, support autonomous driving, and help prevent accidents. The hard part of our day-to-day work is that the path to our goals is not straightforward. As we search for this path, we need to be able to look ahead and reverse engineer our steps. We also need to think how we can monetize our business, as opposed to simply commercializing it.

Ever since I was a student, I was interested in local revitalization and sustainability, and I joined NEC due to its ability to work with the national government. Before joining, I thought of NEC as a rather conventional company, so when I got there, I didn't expect to see all the hustle and bustle with so many people actively working around me. I feel, though, that this will help me gain a lot of experience as I face one challenge after another. As a first step, I am working to launch this business to provide safe and secure infrastructure and to use collected data to further reduce traffic congestion. In the future, I will use the experience gained in launching this business and be involved in solving issues in fields such as tourism and agriculture with the aim of revitalizing local areas.



Nozomi Matsumoto

Cross-Industry Unit
Cross-Industry Business
Development Division



Eiki Momotani

Managing Executive
Digital Business Platform Unit
DX Strategic Consulting Division

Helping Customers Achieve Their Future Visions through Consulting

I joined NEC in March 2020 and have found collaboration within the Company to be much more active than I expected. When you look at NEC's people and technology, the possibilities seem infinite. NEC continues to develop technology on its own, and for this reason, it is able to have a good grasp on the future, but there is a lot more that NEC could do to contribute to society and to its customers. I believe that the Company needs to be ready to put forth potential “hypotheses” that will help customers achieve success at an earlier stage, so the Company needs to deliver this value with speed, even if its initial proposals are not a 100% match with requirements. In this sense, the existence of consulting services as a part of NEC is greatly significant.

We believe that our role is to help customers create the value that is part of their future vision and help them realize the fruits of their endeavors. Creating value does not only mean promoting differentiation or producing added value—it also means amplifying that created value upon itself. A company can actualize its “reason for being” in a sustainable manner by taking advantage of digital technology, both to update its value and contribute to society. For example, more effective use of investment resources and assets can increase the efficiency of the value chain, which not only lowers costs but also helps reduce the loss of resources and brings us closer to carbon neutrality, all of which contributes toward a sustainable society. In addition, these efforts will lead to the creation and increase of added value for customers and, ultimately, their beneficiaries. NEC will think, together with its customers, on how to resolve the issues that stand in their way from realizing their vision for the future, make efforts to resolve them based on current technology and future possibilities, accumulate results, and then realize growth.