

NEC's Business Model

NEC, for Those Who Seek Challenge

Human Resources Strategy

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.

Transformation of Culture and How We Work

Increasing Employee Engagement—Transforming People and Culture

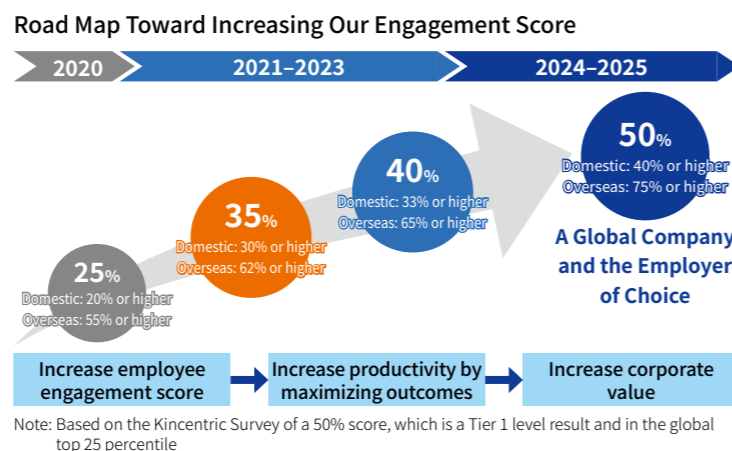
We aim to be a company that pursues innovation and brings together diverse human resources under the NEC Way, and become the company of choice for employees.

Therefore, we are hard at work toward our fiscal 2026 goal of an employee engagement score of 50%.

As a pillar of this transformation, we are engaged in efforts to bolster diversity as a source of innovation and implement workstyle reforms that support diverse talent.

To accelerate our efforts toward diversity, we will specifically focus on actively recruiting and systematically developing diverse talent, including female and non-Japanese employees. Our offices, which were previously used as our main work space, will now be utilized as a hub for communication and joint creation of innovation through the further refinement of our NEC Digital Workplace and improvements toward location-free productivity. These measures will help us reform workstyles and mindsets which will then improve our engagement score.

We will also engage in job-based management, which aims to fill each position with the right person for the job at the right place and the right time, and human resource development that emphasizes the cultivation of digital talent.



HR Policy: NEC, for Those Who Seek Challenge

HR policies for developing highly capable people and teams

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.

Four Key Initiatives and KPIs

Active participation of diverse talent	<ul style="list-style-type: none"> Ratio of female or non-Japanese to Directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers: 20%*1 (9.4% as of June 30, 2022) Ratio of female to all managers*1: 20% (8.1% as of April 1, 2022)
Utilization of the right person at the right place and the right time • Job-based management	• Percentage of key positions filled
Talent management • Training leaders • Training DX talent	<ul style="list-style-type: none"> DX talent: 10,000*2 (5,000 as of April 2020) Talent pool*3: Training coverage ratio
Workstyle reforms	Employee survey scores on work fulfillment, productivity, and physical and mental well-being

*1 Goal for April 1, 2026
*2 Goal for fiscal 2026
*3 High-potential human resources, including young people and female and non-Japanese employees, working at all levels and hired with consideration for diversity

Promoting Active Participation of Diverse Talent While Embracing Inclusion and Diversity

NEC's goal is to become an organization that can overcome challenges by making inclusion and diversity an integral part of its culture and continuing to foster new innovation.

Employees	<ul style="list-style-type: none"> Every employee is professional and shows respect for the diverse talents of others. A diverse group of human resources work in a way that suits them to carry out their responsibilities.
Organization	<ul style="list-style-type: none"> The organization respects and utilizes diverse perspectives as something truly vital. The organization has an even playing field, is resilient to change, and can win on the global stage.

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.

Three Key Concepts and Numerical Targets for Inclusion and Diversity

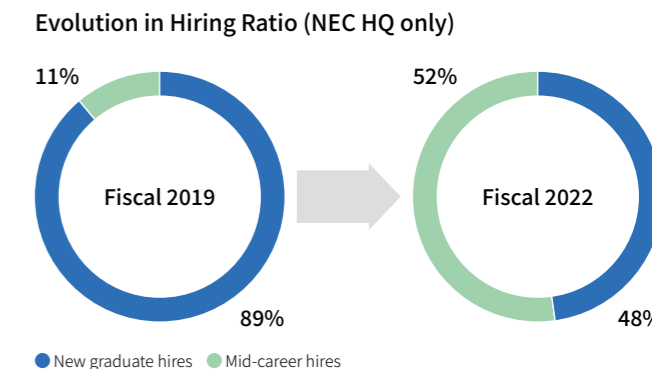
The Inclusion & Diversity Group, led by a corporate executive, works with related departments within NEC to promote a variety of measures, which include providing support for and promoting the understanding of women's career advancement and active participation, and the employment of people with disabilities and sexual minorities (LGBTQ). This group is also engaged in measures related to smooth onboarding of non-Japanese employees working in Japan and mid-career hires. In this way, we are fostering our in-house culture by proposing and implementing measures to enable these kinds of diverse internal human resources make full use of their individuality and uniqueness to work and participate at their full potential.

Concept	Fiscal 2024 Goals	Fiscal 2026 Goals
Diversity among Executives Appoint diverse officers in terms of gender, nationality, age, and experience Increase the ratio of women in all management positions	Continue to appoint multiple female officers	Ratio of female or non-Japanese to Directors, Audit & Supervisory Board Members (KANSAYAKU), and corporate officers*4: 20%
Giving Everyone a Voice Ensure that opinions can be expressed without fear of discrimination, regardless of age, career path, or job title	One NEC Survey Diversity Score: 30%	Ratio of female to all managers*4: 20% Ratio of female to all employees*4: 30%
All-inclusive Community Utilize Employee Resource Groups	One NEC Survey Diversity Score: 40%	One NEC Survey Diversity Score: 40% Domestic average (34%)

*4 As of April 1, 2026 (NEC HQ only)

Specific Initiatives Related to Inclusion and Diversity

- Promotion of women's empowerment and success
- Employment of people with disabilities
- Diverse workstyles for seniors
- LGBTQ initiatives
- Inclusion of mid-career hires
- Initiatives in local communities worldwide



For more details, please refer to the "Inclusion and Diversity" section on page 53 of Sustainability Report 2022.

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

In order to achieve the goals of the Mid-term Management Plan 2025, NEC is focusing its efforts on ensuring its diverse human resources can play an active role throughout the Group. A part of these efforts involves job-based human resource management that puts the right person in the right place at the right time, and decides on a recruitment plan that will bolster diversity as a source of innovation.

Job-based Human Resource Management

2018	Performance development that maximizes personal growth and achievement	<ul style="list-style-type: none"> Goals and expectations in line with role Consistency as a team Evaluation and compensation that is fair and transparent
2020	Organization and position design based on business strategy	<ul style="list-style-type: none"> Workforce planning (Position x Numbers) Defining of human resources and the requirements for each position
2021	Human resource information system (HRIS) and operations that reflect NEC's philosophy	<ul style="list-style-type: none"> Simple and highly productive operations HRIS that works in tandem with measures
2023 onward	Compensation based on market and organizational logic	<ul style="list-style-type: none"> Compensation that corresponds with job Contracts between companies and individuals

Road Map to Achievement and Specific Initiatives

In fiscal 2019, NEC transitioned to a job-based human resource management system for officers that clarifies their duties and responsibilities. Our goal is to expand this system in stages until it applies to all employees.

Enhancing Our Management Base to Promote Job-based Human Resource Management

Initiatives under the Mid-term Management Plan 2020		Phase 1 Enhance management base (thorough goal management and evaluation)	Phase 2 Build and clarify job system Transition to autonomous career building	Phase 3 Establish career tracks for each type of work and job-specific compensation
Personnel planning Job setting	Position-based personnel plan (Mid-term Management Plan 2020 onward)	Design positions and conduct personnel planning to achieve the next mid-term management plan	Reconstruct job system to align with business transformation goals and update personnel plan	
Flow of human resources	Stronger mid-career hiring (2019 onward) Expansion of job posting system (NEC Growth Careers)	Identify and mobilize optimal human resources	Ramp up recruitment strategies by job Encourage autonomous career development	Establish job-specific hiring, training, and placement with a path toward a specialized career
Goal management Evaluation	Evaluation reform (2018 onward) <ul style="list-style-type: none"> Strengthened commitment of executives Staged introduction of "9 Blocks" and one-on-one evaluation systems 	Implement and entrench evaluation reforms <ul style="list-style-type: none"> Strengthen commitment of executives Conduct suitable evaluation Simplify system and conduct thorough feedback 		
Compensation	Introduction of individual job-based compensation for select positions and ranks <ul style="list-style-type: none"> Researchers (2019 onward) and senior specialists (2020 onward) New graduate and mid-career hires (2020 onward) 	Ensure transparency and well-balanced treatment (Bonuses and salary increases)		Develop a market-competitive compensation system

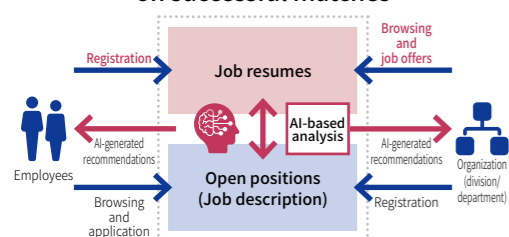
Introduction of NEC Growth Careers, NEC's Internal Job Posting System

In fiscal 2020, we revised our existing job posting system and introduced NEC Growth Careers (NGC), a year-round career matching system that follows an open recruitment model. In fiscal 2021, we introduced AI-generated job recommendations powered by machine learning technology developed by NEC.

Increasing the number of employees who take advantage of this system is a crucial part of increasing career ownership. To this end, we encourage employees to adjust their mindset and utilize the system through one-on-one talks, career interviews, and other means. This will facilitate stronger efforts among employees to develop their careers.

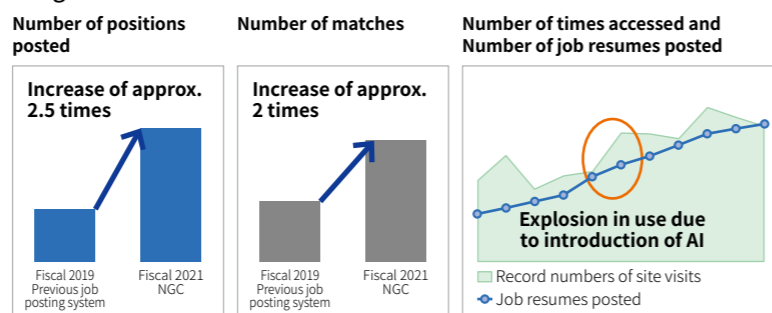
Job-matching System Powered by AI

Always-available information Transfers implemented every month based on successful matches



Note: Items in red denote differences from the previous job posting system.

Usage and Results of NEC Growth Careers

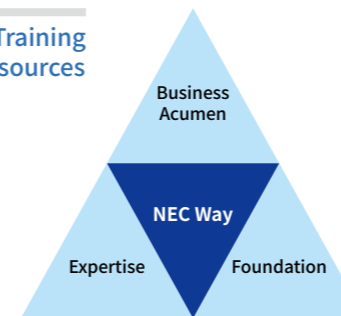


■ The introduction of NGC has increased the number of open positions and the number of positions filled, encouraging employees to take on career challenges and promoting job mobility.
■ The number of users has increased significantly due to the introduction of AI. In the future, we will verify the effectiveness and accuracy of AI matching.

Talent Management: Human Resource Training

Policy for Training DX Personnel and Framework for Initiatives

Policy for Training Human Resources



Internalizing the Code of Values as well as the mindset and conduct necessary for leadership

Business Acumen

Understanding NEC's business and movements in the global market and learning about the greater business environment, trends, and strategies in order to apply them to strategies and measures in one's area of responsibility

Foundation

Acquiring a common set of capabilities required of a professional

Expertise

Leading business growth by planning and executing measures that have never been tried before by learning and applying the latest trends and practices in one's specialized field

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.

<p>1</p> <p>Enhance human and organizational management capabilities to succeed on the global stage</p> <ol style="list-style-type: none"> 1. Boost the skills of those who manage people 2. Ramp up development of the next generation of leaders 	<p>2</p> <p>Pursue professional development to foster a successful business transformation</p> <ol style="list-style-type: none"> 1. Make necessary adjustments in ways of thinking and behavior to adapt to the digital shift 2. Reskill employees 	<p>3</p> <p>Enhance the mindset and skills that form the basis for stronger teams</p> <ol style="list-style-type: none"> 1. Reinforce implementation of the Code of Values 2. Instill the ability to leverage diversity (Facilitation, team building, diversity management)
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Support Learning and Career Autonomy with Digital Methods

Provide career opportunities and opportunities for personal development

Human Resource Training Platform



DX Personnel Training Program

Social issues / Human-centered	Creating the future / Shared intent	DX Organizer Program		Project-based Learning by STARS*2	
		Cloud	AI (NEC Academy for AI)	Security	Biometrics / Video Analysis
Mindset / Behavior	CX/UX*1 mindset	<ul style="list-style-type: none"> Training Self-learning (sandbox) environment Container platform On-the-job training Cloud SE development program 	<ul style="list-style-type: none"> Training Self-learning (sandbox) environment On-the-job training Contest: NEC Analytics Challenge Cup Ideathon Community 	<ul style="list-style-type: none"> Training Self-learning (sandbox) environment Contest: NEC Cybersecurity Competition Practice at the NEC Cybersecurity Training Site 	<ul style="list-style-type: none"> Training Biometrics and video analysis technology, Basics and applications Self-learning (sandbox) environment On-the-job training
		<ul style="list-style-type: none"> SI-Service Framework Training Agile development and other approaches Self-learning (sandbox) environment DevOps, etc. On-the-job training (support) Practice lab 	<ul style="list-style-type: none"> Training Linux, Kubernetes, etc. Self-learning (sandbox) environment 	<ul style="list-style-type: none"> Training Service design training using NEC's design mindset framework On-the-job training (support) 	<p>Number of Trainees in Fiscal 2022 (NEC Group)</p> <p>21,305</p>
Technology	Digital technology				

*1 Customer Experience/User Experience

*2 Self Transformation And Reform based on System design and management

*3 Future Creation Design

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Workstyle and Office Reforms with Smart Work 2.0

Achievements to Date

Our Work Environment		Establishment of system, office, and IT-based infrastructure	Proof of concept and other implementation opportunities for employees
Office Reforms Office reforms BASE co-working space Newly established BASE co-working space		System Reforms Working from home/telework Super flexitime	
<ul style="list-style-type: none"> Renovated office floor at NEC Headquarters FIELD, a space for co-creation over a meal Renovated domestic bases Concierge desk 		<ul style="list-style-type: none"> Telework days Smart Work Week Dress code-free environment Long-distance work capabilities Thanks/Praise system for fostering a culture of mutual acknowledgement and enhancement Certified as a Health and Productivity Management Organization 	
IT Transformation Remote and on-site workspaces Telework security		<ul style="list-style-type: none"> Value through digital IDs Digital signatures and contracts (without the need for official seals) Stress checks and health management Operational efficiency via AI-powered digital assistants Social distancing through flexible seat planning and IT tools Workstyle analysis, etc. 	

Teleworking Ratio

Up to 85%

As of April 2020
22% in October 2018, up to 55% in September 2022

Number of Online

35,000

September 2022

Conferences per Day

35,000

September 2022

Vast improvement in satisfaction with workstyles according to employee survey

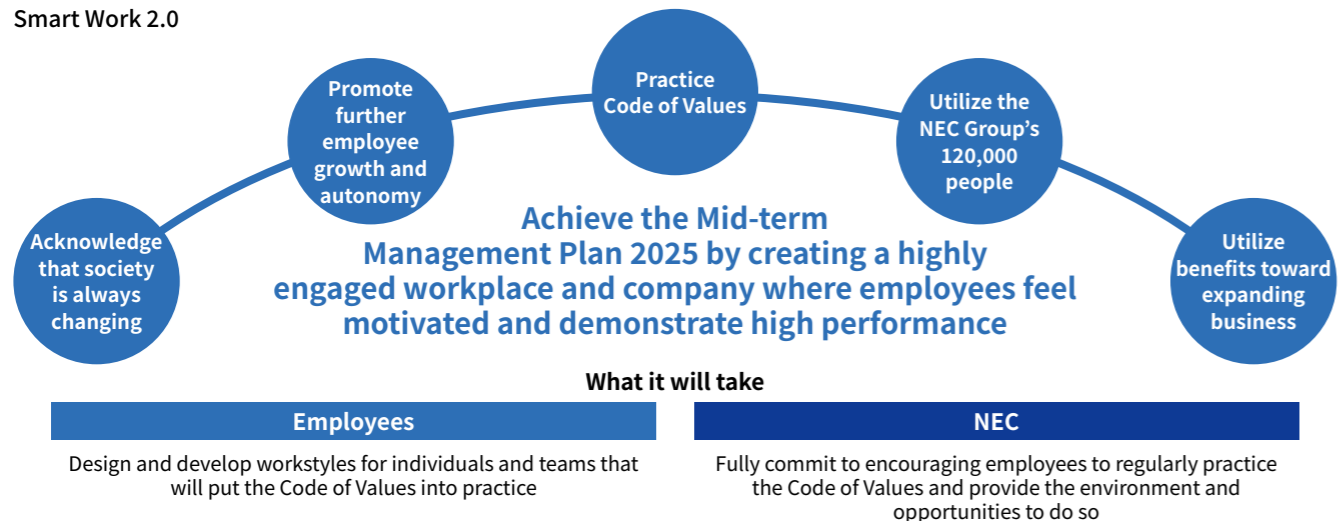
Initiatives Going Forward

Smart Work 2.0 is a concept based on the principle of being “location free.” As such, employees are encouraged to design their own workstyle, with locations, work hours, and other variables that best suit them. We have redefined the office as a place where people gather, making the office a “communication hub,” a home base where employees combine their forces, and an “innovation hub” where customers, partners, and other people from inside and outside NEC can come together. We intend to help employees stay motivated as they perform their duties by providing them with working systems based on the idea of combining cutting-edge technology with hybrid workstyles that take elements from “location free,” “communication hub,” and “innovation hub” concepts.

Smart Work 2.0, a workstyle that brings together these three concepts, embodies the “Code of Values” that expresses the shared values of NEC Group employees. We believe that through the spread of Smart Work 2.0, employees will put the Code of Values into practice and draw motivation from experiences that make them proud to be part of the NEC Group.

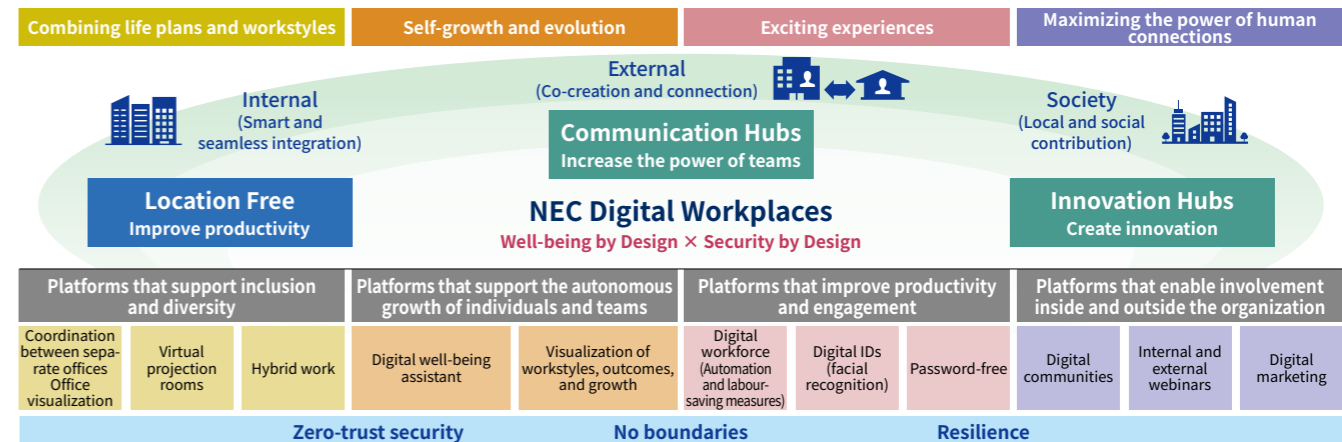
In addition, as a company that pursues innovation fueled by a diverse pool of talent, coupled with the ability to respond flexibly in the face of social change, NEC will be able to leverage the power of digital technology to help society and leverage the power of co-creation to promote a more sustainable society where everyone has the chance to reach their full potential.

Smart Work 2.0

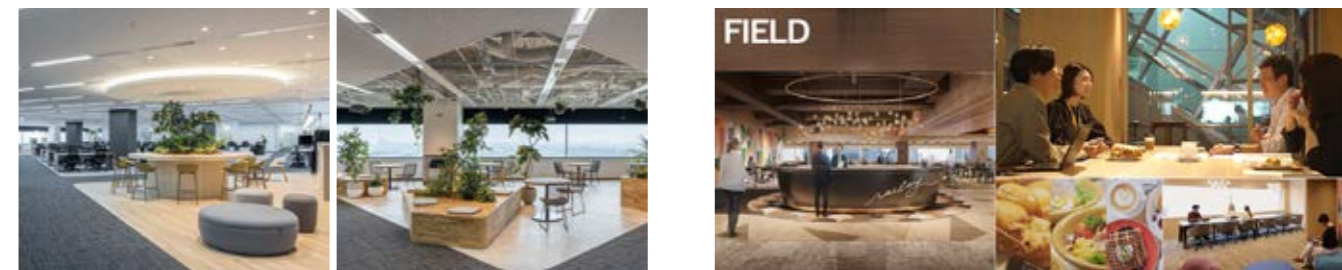


NEC's Digital Workplace—A Platform That Provides the Optimal Place and Optimal Time to Elicit Optimum Performance

NEC's Digital Workplace is rooted in the concepts of Well-being by Design and Security by Design. We plan to employ it at NEC so that the Company can evolve as a workplace that can support a hybrid work culture, and then leverage the know-how gained from this process to provide the NEC Digital Workplace to society.



The Office, Redefined for the Future



Increasing team cohesion
Communication Hubs

The traditional office will be a “communication hub” where the energy of the team can be brought together without fear of discrimination. Using an unassigned seating system, we will evolve the office into the perfect space for open-minded communication with an optimum size.

Extending and strengthening connections beyond teams, to outside the Company and greater society
Innovation Hubs

We want customers, partners, and other people inside and outside NEC to interact with one another so that every day we are nurturing an ecosystem that will generate innovation. With this in mind, we have redefined meeting rooms and cafeterias as “innovation hubs.” To coincide with this new definition, we have redesigned these rooms, expanding them to eight times their original size.

Efforts to Improve Engagement—Getting Senior Management and Frontline Workers Moving in the Same Direction

NEC is actively promoting communication strategies that include town hall meetings, NEC Way Days, and exposure to mass media with the goal of improving employee engagement scores. Thanks to these efforts, the “management” and “employer as a brand” category scores improved by eight points each, raising the overall engagement score.



Town Hall Meeting
President Morita and an employee in a dialogue session

Domestic:	10 town hall meetings held monthly in fiscal 2022, with 118,500 participants in total
Overseas:	26 town hall meetings held in fiscal 2022, once every six months per region, with a total of approximately 22,000 participants
Job satisfaction:	Over 95% satisfaction rate



NEC Way Day
An event for all employees celebrating the NEC Group's founding. Spreading the NEC Way and cultivating a sense of global unity

Global unity:	Event held at 15 bases across Japan and overseas
Participants:	52,000 worldwide
Excitement over event:	93% positive responses

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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.

Entering the Global Market with a Positive Outlook on the Challenges That Come Our Way

In previous years, I was in charge of overseas sales for countries in Europe and the ASEAN region, and now I am in charge of NEC's Global 5G Business.

This business is said to be NEC's first venture-based business in the global market. When launching a new business, things do not often go according to plan, but you will never move forward if you get discouraged with every single setback. Instead, you need to go in knowing that there will be challenges that come your way and to see the day-to-day snags as interesting experiences. Thankfully, we have a diverse team that can do just that.

Our members in the United States and Europe have a particularly strong desire to flourish in the global market. When I asked them why they chose NEC instead of other global companies, many said that living up to NEC's standard of trust and integrity backed by its quality gave them motivation. I believe that the presence of these sort of people is one of the strengths of the organization.

The entire team is on an even playing field, so anyone can ask anybody for help if they run into trouble. Of course, as leader of the team I bear the ultimate responsibility for what goes on, but everyone is held accountable for their actions, regardless of their position, and the other members of the team will let me know when I am doing something wrong. This has a positive effect, and I feel that everyone takes ownership of themselves while fighting on as a team.

When I returned to Japan from abroad as a high school student, the positives of Japanese society really stood out to me, but I also felt that the people and industry in general could play a more active role globally. To make that wish a reality, I want to contribute to the development of the world market under the banner of Japan, and do so with confidence, fairness, and openness. That is what motivates me. I hope to draw upon the strengths of NEC's substantial quality and transparency that engenders the trust of society as well as its commitment toward improving not only its standing within Japanese industry but the position of Japanese industry in the world market.



Mayuko Tatewaki

Senior Vice President in charge of Global 5G Business



Naonobu Amari

Director
Digital Finance Department

Working with Financial Institutions to Connect One Company to Another

I joined NEC in 2008, straight out of university, and am now in charge of sales targeting major financial institutions. A real turning point for this line of work came around 2016, when fintech started drawing attention, and NEC, like other companies, started creating businesses with customers involving financial institutions. Previously, we would make technology-based proposals to the systems divisions of our customers, but in our effort to create business partner relationships we began approaching front office divisions. Through these dealings, we learned that there was some overlap in the issues our customers were facing with some of the areas NEC was looking to venture into, which ultimately led to the launch of Biz-Create, a business-matching service that allows companies to search for business partners online at their own will.

Financial institutions had already been involved in business matching for quite some time, but this service allows for matching across different customer bases. This solved existing problems that financial institutions had previously dealt with, namely, the limited number of matches that could be conducted by human beings, and the limited number of matches available within a single customer base. In the third year of its operation, the number of companies using Biz-Create exceeded 14,000, facilitating more than 1,500 business negotiations every month.

I think that financial institutions are looking for new challenges as well, but there is no room for error. The same caveat goes for NEC, but I believe the reason we can guarantee safety, security, and quality while still trying new things is because NEC has built up so much knowledge over time.

What motivates me is my desire to roll up my sleeves and work alongside these financial institutions as business partners, and to celebrate our successes together. I hope that sharing the joy of co-creation with a great number of people will lead to the creation of major business.

Using the Power of Digital Technology to Create Stores Everyone Can Enjoy

I joined NEC as a new graduate hire in 2004. After gaining experience in sales for major telecom carriers, I shifted to sales aimed at retailers. Now, we are developing DX solution services for retailers that utilize video.

Retail needs to be able to respond to change more than any other industry, so much so that we call it a change-responsive industry. This means that vendors have to provide flexible systems that can withstand these changes.

I have noticed some major themes appear in recent years, specifically the improvement of operations and of customer experience. I believe that there is great potential in using imaging in addition to numerical information to ascertain a greater understanding of the sales floor, which can help shorten work time. I also see great potential in using visualization and analyses of customer purchasing habits to better match their interests and preferences.

Previously, most of our business was conducted by listening to customer concerns and addressing them on a one-to-one basis, but to succeed in the future, NEC needs to make its technology-based services simpler, with wider access. We repeatedly step up our services by thoroughly interviewing a variety of customers about what they need, verifying these needs, and then addressing them.

Above all, what's important is that you enjoy what you do. This is no different for shoppers or the people working at the stores. Customers will come if the people behind the counter enjoy what they do. I hope we can achieve this with the power of technology.



Yuji Tahara

Product Manager
Smart Retail Department

What Changing Careers Has Taught Me

I am currently involved in customer DX strategy and business process improvement as part of the Strategy Consulting Division. After joining NEC, I worked in corporate sales, but as I took on projects, I saw more and more cases of NEC weakness on the upstream side, such as strategic planning and framework creation. These experiences led me to try my hand at upstream projects via the NEC Growth Careers program.

After two years, I think I have acquired three “powers.” The first is goal-oriented thinking—instead of asking how something will get done, I think of what needs to be done and why. The second is critical thinking—I keep asking myself questions while keeping the goal in mind. Finally, the third is the power of project management—the ability to design and manage processes that will get us to our goal.

When we offer strategically important upstream services alongside our existing system integration services, we increase the chances to interact with our customers at the management level. As a result, we have had more opportunities than ever before to experience the high standards that customers associate with NEC. Once, one of the executive officers of a client company personally shook my hand and said, “Thank you for getting this project done right!” It's moments like these that I truly feel I am providing customers with even more value than when I was a sales rep.

The division I work in is only three years old, but I think we offer a new power to NEC, in that we support the Company in going beyond the “how” so that it can focus on the “what” and the “why.” It would make me happy if the people working at NEC could use this power to inspire change in themselves.

Ryoichi Sonezaki

Assistant Manager
Operation Consulting



Resolving Social Issues with Data Analysis and AI

Ever since joining NEC, I have worked in my role as a data scientist to solve problems using customer data. I joined NEC because I had majored in machine learning and data analysis as a student and wanted to help solve real-life problems, and at the time, it was one of the few places where I could find work as a data scientist. In addition, NEC's AI technology is not a black box. Instead it uses proprietary, white box technology that makes it possible to understand how a certain result was obtained. I think this is an appealing point for customers and one of the reasons they recommend us to new customers.

To me, NEC's strengths are its proprietary technologies, the employees, who are active in a wide range of areas outside the Company, and the deep well of knowledge and expertise that the Company has built up through the people who have come through its doors.

Right now, we are extending our range beyond data analysis to support system integration in light of customer issues. We are also trying to address an issue that has come to light in recent years, specifically, the issue of developing human resources. The belief among many companies is that there is a particular need for personnel with DX literacy, so we are proposing educational consulting to help these companies learn how to develop such competency. I find work like this to be very meaningful in that we are not just verifying the validity of AI, but we are actually putting it into practice.

I would like people to feel more comfortable with AI in the future. I think that for this to happen, we need to get AI to a place where it can play an active role in benefiting our lives, in places we wouldn't think of, and in ways we don't notice. I'm also interested in AI applied to law enforcement and other areas related to safety and security. I would also like to see AI used for disaster prevention, partly because Kyushu, where I'm from, has had a lot of flood damage in recent years. I believe, if used right, AI could save lives.



Saki Nagaki

Data Scientist
AI Analytics Department