NEC, for Those Who Seek Challenge

Viewing people as its greatest management resource, NEC has been promoting investment in people in order to maximize the capabilities of our people and organization through system and environmental transformation.

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 transforming 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 as well as receive fair and honest recognition. Moreover, we are working to change our environment and culture so that employees who are up to the challenge can do their best. The aforementioned transformations are based on our Human Resources (HR) Policy, “NEC, for those who challenge,” established in 2019.

Transformation of Culture and How We Work

Enhance Employee Engagement—People and Culture Transformation

We aim to be a company that pursues innovation and brings together diverse people under the NEC Way and become the company of choice for potential 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 workstyles that support diverse talent. To accelerate our diversity efforts, we will specifically focus on actively recruiting and systematically developing diverse talent, including female and non-Japanese employees. In addition, Smart Work 2.0 and other initiatives are aimed at further upgrading our NEC Digital Workplace with a view to changing the mindset of employees toward workstyles; enhancing engagement; and transforming the role of our offices, which were previously used as our primary workspace.

We will also accelerate job-based human resource management, which aims to strategically fill each position with the “Right Person at the Right Place and the Right Time,” and also further enhance talent management including DX talent and skills.

HR Policy

Engagement Score

**Fiscal 2026 target: Engagement score of 50%**

Note: Roughly within the global top 25 percentile

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>20%</td>
</tr>
<tr>
<td>2022</td>
<td>36%</td>
</tr>
<tr>
<td>2025</td>
<td>50%</td>
</tr>
</tbody>
</table>

Four Key Initiatives and KPIs

Four Pillars of NEC’s Mid-term Plan for Human Resource Management 2025

The Mid-term Plan for Human Resource Management 2025 sets forth four key initiatives and KPIs for accelerating diversity, which serves as a source of innovation, and advancing workstyles in order to provide a better workplace for a diverse array of individuals.

**Active Participation of Diverse Talent**

- **Female and non-Japanese corporate officers**: 20%* (For NEC Corporation on a non-consolidated basis)
- **Female managers**: 20%* (Forimproving productivity)

**Reform of Workstyle Mindset**

- **Location free**: Transforming the role of our offices from a primary workspace to a space for communication and innovation

**Utilizing the Right Person at the Right Place and the Right Time**

- Job-based human resource management

**Talent Management**

- Training leaders and DX talent

- Active participation of diverse talent
- Utilization of the right person at the right place and the right time
- Talent management
- Reform of workstyle mindset

* Goal for March 31, 2026 (including transfers decided on April 1, 2026) (For NEC Corporation on a non-consolidated basis)
* Goal for fiscal 2026
* 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 innovation.

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 an in-house culture by proposing and implementing measures to enable these kinds of diverse internal employees to make full use of their individuality and uniqueness in order to work and participate at their full potential.

Diversity among Executives

Appoint diverse officers in terms of gender, nationality, age, and experience

Increase the ratio of women in all management positions

Giving Everyone a Voice

Ensure psychological safety by enabling the expression of opinions regardless of gender, age, career path, or job title

All-inclusive Community

Utilize Employee Resource Groups

Specific Initiatives Related to Inclusion and Diversity

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

Promoting Diversity among Executives

NEC is promoting diversity in terms of gender and nationality among its executives. In 2023, we are making steady progress toward greater diversity through such measures as increasing the number of female executives to seven in total and appointing two top-level managers at overseas regional headquarters to strengthen global management.

| 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. |

Evolution in Hiring Ratio (NEC HQ only)

<table>
<thead>
<tr>
<th>Fiscal 2019</th>
<th>Fiscal 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>New graduate hires</td>
<td>11%</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>89%</td>
</tr>
</tbody>
</table>

Note: Figures for 2023 are as of July 30, 2023. Figures for 2021 and 2022 are as of June 30 of the corresponding year.

1 Number of corporate officers, corporate SEVPs, corporate EVPs, and corporate SVPs.
2 Calculated excluding executives who also serve as directors.
**Talent Management: Human Resource Training**

**Policy for Training DX Personnel and Framework for Initiatives**

**Policy for People Development**

- **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.

1. **Enhance people and organizational management capabilities to win in the global market**
   - Boost skills of people managers
   - Ramp up development of the next generation of leaders

2. **Pursue professional development to foster a successful business transformation**
   - Make necessary changes in ways of thinking and behavior to adapt to the digital shift
   - Reskill employees

3. **Enhance the mindset and skills that form the basis for stronger teams**
   - Reinforce implementation of the Code of Values
   - Instill the ability to leverage diversity (Facilitation, team building, diversity management)

**Support Learning and Career Autonomy with Digital Methods**

Provide career opportunities and opportunities for personal development.

**NEC Way**

Internalizing the Code of Values as well as the mindset and conduct necessary for leadership.
Develop Next Generation of Leaders
We have developed a next-generation leadership development program to systematically and purposefully provide growth opportunities through challenging assignments and training to around 140 particularly promising participants from a group of approximately 1,300 promising employees. The aim of this program is to strengthen leadership development and management capabilities to ensure continued success in the global marketplace and transcend boundaries within the Group.

Top of Top
- Next-generation leadership development program
- Around 140 particularly promising employees

Top Talent
- Selected from each layer of management
- Approximately 1,300 promising employees

Road Map
2019–2021 (Introduction period)
- Clarification of the vision for, and potential requirements of, next-generation leaders and the drafting of a list of 1,000 promising employees
- Development of mechanisms for annual personnel and organizational reviews (Talent Talk/People & Organization Discussion)
- Strengthening of leadership programs
- Increase of talent engagement through active involvement of CEO and management-level employees

2022–2024 (Expansion period)
- Enhancement of individual development plans and stepping up of challenging, cross-divisional assignments
- Clarification of talent development issues through assessment and thorough feedback
- Joint planning for clarification and development of talent pools, including group and global talent pools

2025 onward (Integration period)
- Introduction and implementation of globally unified talent management pool
- Strategic formulation of key global positions and diversity-focused succession planning

Career Ownership: Workshops to Support Employees in Shaping Their Own Careers
For a company and its employees to be on equal footing, it is essential that employees not only listen to opinions from management but also shift their mindsets to proactively think and act with regard to their own individual careers. Initially, we offered an extensive range of workshops for employees in their 50s and older, but we have now expanded the target age range, with approximately 5,000 people attending our career design workshops each year. If participants wish to discuss their careers further, career consultants are on hand to meet with them on a one-on-one basis, where they can discuss their individual career with a third party whose perspectives differ from those of their supervisors. This process enables employees to take greater ownership of their careers.

Career Design Workshop
- Exploration of self-understanding and self-direction
- Job crafting (reconceptualizing work)
- Enhancement of self-understanding and self-direction
- Clarification of career direction
- Expansion of self-potential
- Broadening of horizons relating to life and work and creating a direction for one’s medium-to-long-term career
- Realization of individual potential developed through experience
- Expansion of career potential from both life- and work-related perspectives
- Reaffirmation of personal roots and life-values
- Concretization and promotion of life and career activities beyond the age of 60
Job-based Human Resource Management: The Right Person at the Right Place and the Right Time

In order to achieve the goals of the Mid-term Management Plan 2025, NEC is focusing its efforts on ensuring its diverse people 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. By focusing on such measures to invest in people, NEC aims to be a company that continues to be chosen not only by the market and its customers but also by those who wish to work for the NEC Group.

Job-based Human Resource Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Performance development that maximizes personal growth and achievement</td>
</tr>
<tr>
<td></td>
<td>• Goals and expectations in line with role</td>
</tr>
<tr>
<td></td>
<td>• Consistency as a team</td>
</tr>
<tr>
<td></td>
<td>• Evaluation and compensation that is fair and transparent</td>
</tr>
<tr>
<td>2020</td>
<td>Organization and position design based on business strategy</td>
</tr>
<tr>
<td></td>
<td>• Workforce planning (Position x Numbers)</td>
</tr>
<tr>
<td></td>
<td>• Defining of human resources and the requirements for each position</td>
</tr>
<tr>
<td>2021</td>
<td>Human resource information system (HRIS) and operations that reflect NEC’s philosophy</td>
</tr>
<tr>
<td></td>
<td>• Simple and highly productive operations</td>
</tr>
<tr>
<td></td>
<td>• HRIS that works in tandem with measures</td>
</tr>
<tr>
<td>2023 onward</td>
<td>Compensation based on market and organizational logic</td>
</tr>
<tr>
<td></td>
<td>• Compensation that corresponds with job</td>
</tr>
<tr>
<td></td>
<td>• Contracts between companies and individuals</td>
</tr>
</tbody>
</table>

Job-based Human Resource Management Structure

- **Business strategies**
  - Design and definition of roles necessary to achieve strategies
  - Jobs
  - Assign right person
- **The right time**
  - Allocate the most suitable people to the most optimal place in a timely manner in line with business strategies
- **The right place**
  - Design the best organizations and positions for business growth
- **The right people**
  - Assign, develop, and utilize the best people in the most suitable places

Expansion of Mid-career Recruitment

In its pursuit of utilizing the right person in the right place at the right time, NEC will expand mid-career recruitment (approximately 600 hired in fiscal 2023) to promote the immediate implementation of its business strategies, including the use of external talent, as part of efforts to review the way it uses human resources. Through such initiatives, the ratio of new graduates to mid-career hires will be roughly 1:1, and efforts to implement job-based human resource management will continue to gain pace.

NEC Growth Careers, NEC’s Internal Job Posting System

NEC has introduced NEC Growth Careers, a career matching system in which employees’ work profile and open positions are posted on an internal platform in an aim to support employees in finding the ideal career by fully utilizing their own experience and skills. The system is in use year-round, and successful matches resulting in transfers are made every month. Previously, career opportunities (open positions) were disclosed twice a year. By implementing the system year-round, we have succeeded in accelerating growth for both individual employees and the organization.
Transformation of Workstyle Mindset: A Workplace Where Employees Can Demonstrate Their Creativity

The NEC Group launched Smart Work in 2018 and has developed a comfortable work environment through its offices, systems, and IT facilities. We will continue to step up activities to increase job satisfaction by ensuring that each employee practices the Code of Values.

Smart Work: Creating Comfortable Working Environments That Increase Job Satisfaction through Tools, Systems, and Spaces

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

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.

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

The first issue addressed in NEC’s “transformation of people and culture” initiative was communication between top-level management and employees. Based on previous management’s concern regarding the distance between management and the front lines, NEC has been working to bridge this gap through extensive communication, which it considers to be of utmost importance in the aforementioned transformation of people and culture. We have also made full use of digital technology, holding monthly dialogue sessions with the president through town hall meetings and NEC Way Days. In addition, we are actively promoting mass media exposure as one of our communication strategies. We believe that these efforts are critically important in aligning the vectors of management and the front lines. The president discusses both positive and negative information with employees in a frank and direct manner, and such dialogues have helped employees in understanding the changes that NEC is undergoing, which is a factor in the increase in our engagement score.

CEOs.h Town Hall Meeting
A dialogue session between President Morita and employees

Fiscal 2023

Domestic: 11 town hall meetings held monthly, with 120,000 participants in total
Overseas: 9 town hall meetings held in different regions and time zones, with 11,000 participants in total
Employee satisfaction rate: Over 95%

Number of participants on the day:
22,300 (40,800 including global participants)
Feedback: 98% of employees’ responses were positive, stating that they had gained a better understanding of the NEC Way through the event

NEC Way Day
An opportunity for all NEC Group employees to renew their understanding of the NEC Way and accelerate its implementation in each of their respective organizations and teams

Employees

Design and develop workstyles for individuals and teams that will put the Code of Values into practice

NEC

Fully commit to encouraging employees to regularly practice the Code of Values and provide the environment and opportunities to do so