

# STRENGTHEN RISK MANAGEMENT AND ENFORCE COMPLIANCE

The NEC Group believes that compliance is essential for a company to coexist with society and fulfill the expectations of stakeholders. The NEC Group is working to strengthen risk management and compliance practices through ongoing activities to raise awareness, the establishment of internal consultation and reporting systems, the selection of priority risks, and other activities\*. In this section, the NEC Group introduces some activities to achieve global business expansion.

## Promoting Fair Trading

Countries around the world have enhanced enforcement of competition laws and anti-bribery regulations in recent years. Since 2008, NEC has encouraged overseas companies within the NEC Group to establish Competition Policy. NEC has for some time had a compliance manual to accommodate the Antimonopoly Act of Japan. It additionally formulated a Competition Law Compliance

Policy in October 2011 mindful of complying with overseas competition laws as well. NEC has also established the Rules for Contacts with Competitors and the Basic Rule on Anti-bribery. The NEC Group will continue to pursue fair trade going forward, including through training for its employees worldwide.

## On-site CSR Assessment in Supply Chains

To date, NEC has used its Supply-Chain CSR Check Sheet in conducting written surveys of overall CSR activities to encourage CSR initiatives among suppliers.

In fiscal 2013, NEC prioritized human rights and occupational health and safety, areas which written surveys had revealed as insufficient, in launching the CSR-PMR (CSR Process Management Review) assessment. This on-site CSR assessment program is designed to improve suppliers'



A meeting with NGO experts in Hong Kong.

management practices. NEC chose one domestic and one Chinese manufacturing contractor to conduct a trial of this multi-faceted assessment, which included interviews with their employees.

A key feature is that assessments are not consigned to external auditors or other third parties, but are conducted by trained in-house employees who visit supplier sites for direct observations and discussions. Assessments are not unilateral, but are based on NEC and suppliers mutually understanding one another's circumstances in keeping with a commitment to the concept of Co-Capacity Building in CSR, which seeks to raise respective CSR capabilities.

Before instituting the program, NEC exchanged views with several non-government organizations and experts and confirmed the appropriateness of methodologies and tools. NEC will continue leveraging CSR-PMR to promote CSR initiatives in its supply chain.

\* Please visit the internal control (compliance and risk management) link below for further details.

 <http://www.nec.com/en/global/csr/>