

ESG Day Q&A

Date/Time: March 15, 2024, 11:00am-12:00pm JST
Location: Live online streaming
Presenters: Osamu Fujikawa, Corporate Executive Vice President and CFO
(Chief Financial Officer)
Daisuke Horikawa, Corporate Executive Vice President and CHRO (Chief Human Resources Officer) (Executive Officer)

Questioner A

Q :

You have significantly expanded mid-career recruitment over the past few years. What are the benefits, effects, and challenges of this? In addition, engagement scores have been steadily increasing, but are there any trends specific to mid-career hires, and if so, what are they?

A :

Our overall turnover rate within the first three years of employment is 3%, but it is just under 5% for mid-career hires. To help employees become effective contributors more quickly, we are expanding programs for them immediately after hiring and strengthening support from the departments that receive them. We are also working to strengthen the retention rate by conducting questionnaires and interviews at three months and nine months after joining. There is no significant difference between the engagement scores for new graduates and those of mid-career hires.

Questioner B

Q :

Currently, EBITDA accounts for a large portion of performance-linked remuneration for Directors and Executive Officers, but capital efficiency improvement will become more important in the future. Is it possible to include capital efficiency in the evaluation of remuneration for Directors and Executive Officers?

A :

Because of our commitment to the current Mid-term Management Plan 2025, we currently use EBITDA and engagement scores for short-term incentives and Total Shareholder Return (TSR) for medium- to long-term incentives. We recognize the importance of capital efficiency, so we will continue to discuss this at Compensation Committee meetings.

Questioner C

Q :

What was the reasoning behind establishing a department that specializes in mid-career recruitment? Also, how do you plan to balance the training of mid-career and new graduate hires?

A :

The hiring process and factors to consider when making hiring decisions differ between new graduate hires and mid-career hires, as the latter are expected to be immediate assets. The acquisition of digital transformation (DX) talent is particularly competitive, so it is important to make NEC stand out as the superior option among numerous competitors in order to be chosen. When we hold monthly dialogue meetings with newly hired employees, for example, most are surprised to learn of NEC's unique initiatives. We believe that proactively disseminating this kind of information outside the company will be a factor that makes us stand out in attracting top talent. Furthermore, in order to hire people that can immediately contribute, we acquire the most suitable personnel that meet the needs of each site through direct sourcing without an intermediary, including employee referral (introduction and recommendation) hiring.

Questioner D

Q :

What are the challenges you face in promoting human resource measures? Also, you said that the turnover rate for personnel acquired through mid-career recruitment is slightly higher than the overall rate, but can we expect improvement in the turnover rate by fully shifting to job-based human resource management?

A :

To improve engagement, it is important to provide an environment in which employees can produce high results in the job they want to do, and we will promote this by transitioning to job-based human resource management. As new recruits are joining every month, a desire is being fostered to take on new challenges, even among employees who have been with the company for a long time since joining as new graduates. If we can utilize the right employee at the right place and the right time, and if each one can achieve high results in the job they want to do, we believe their engagement scores will also steadily increase.

Questioner E

Q :

Could you please tell us NEC's outlook for electricity consumption in its business activities, and tell us its CO₂ emission reduction initiatives?

A :

NEC has set a goal of becoming carbon neutral (zero greenhouse gas emissions) by 2040, and we are working to improve electricity consumption through the use of green energy and other measures. We are also developing solutions to reduce electricity consumption at data centers and are working on various initiatives to generate cash flow, such as adopting these solutions first at NEC and then selling them externally.