

NEC's Human Capital Management

Transforming People and Culture to Foster Continuous Change
Drive Future Growth

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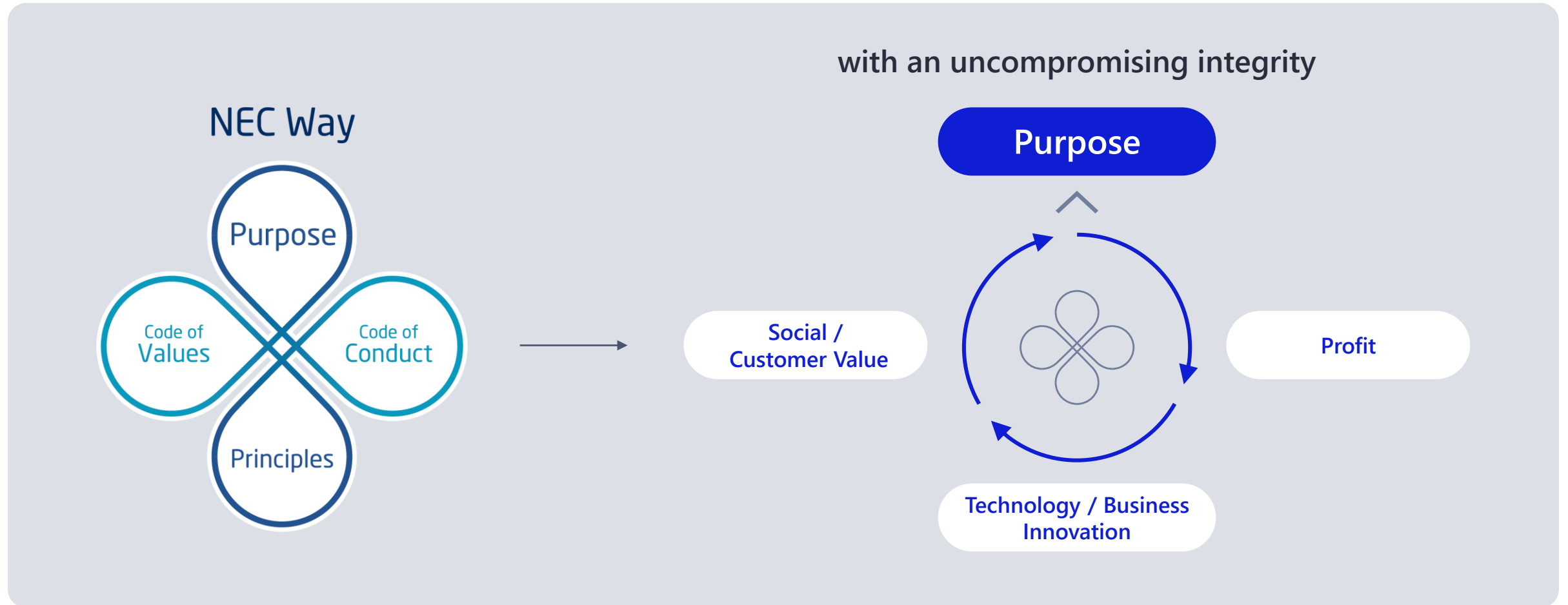
NEC Corporation

\Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency
to promote a more sustainable world
where everyone has the chance to reach their full potential.

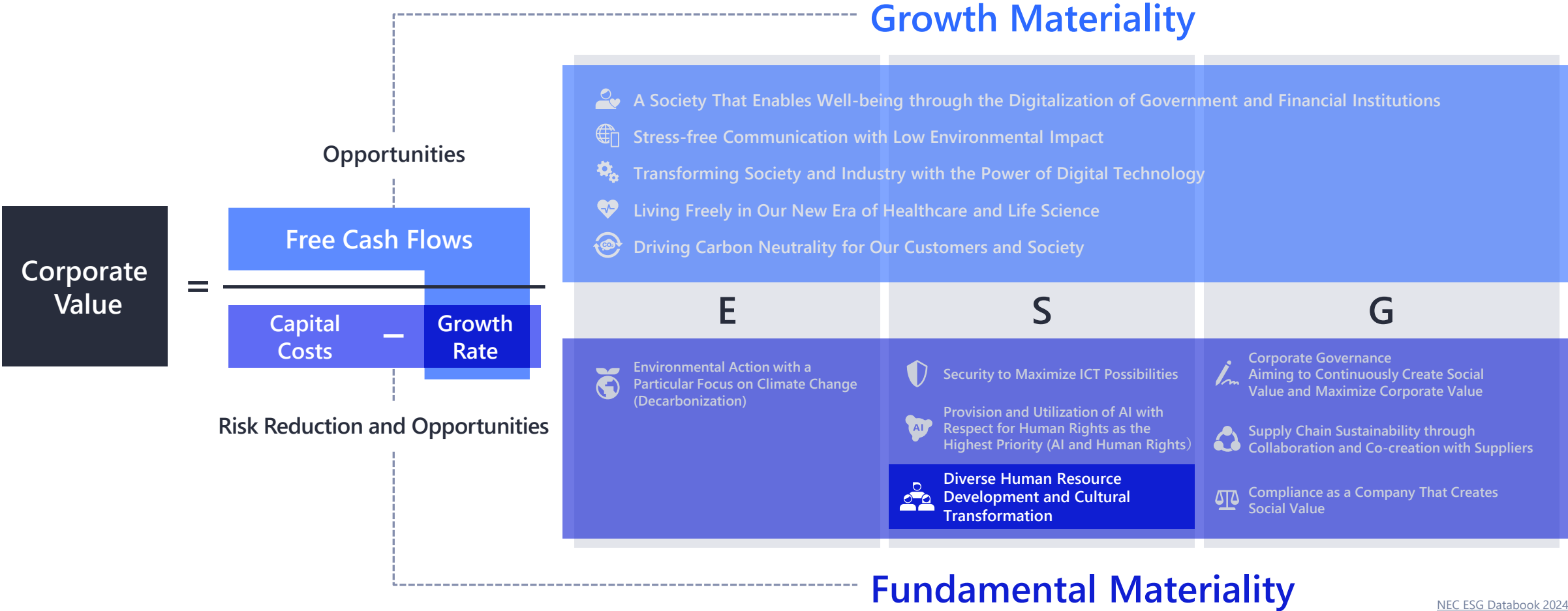
Create social value by doing our best to keep changing

The 110,000 diverse employees align under the NEC Way, do our best to keep changing through the cycle of value creation and aim to realize our Purpose.



Promote Purpose-driven Management Clearly Linking Financial and Non-financial Issues

Environmental initiatives play a crucial role in both mitigating risks and creating opportunities. By leveraging our strong track record, we unlock new business opportunities and drive corporate value.



With a purpose-oriented strategically and culturally integrated initiative, we are making steady progress toward the Mid-term Management Plan 2025 transforming into an organization that can continuously create value and generate profits.

Purpose

Strategy : 9% Annual average EBITDA growth rate

IT service business

- NEC BluStellar drives the growth of our IT business in Japan
- On track to achieve targets with ongoing revenue and profit growth, plus additional gains

Social infrastructure business

- Increased Aerospace and National Security (ANS) sales growth with increased national defense budget

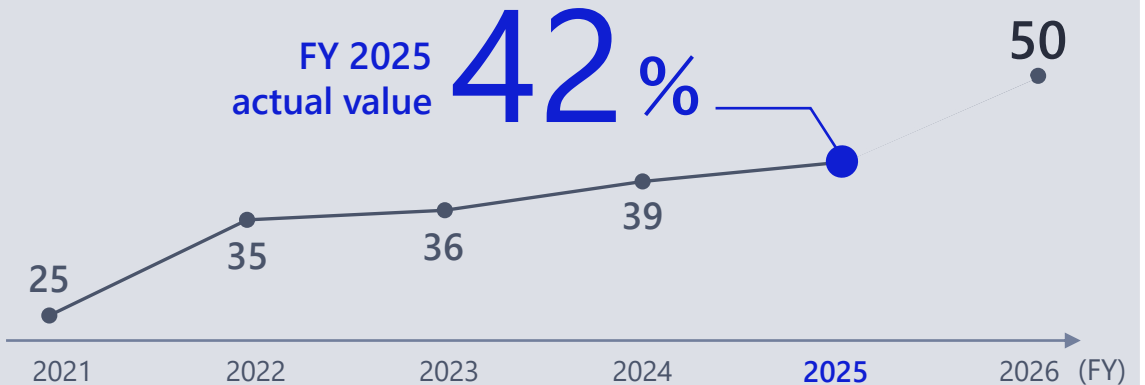
DX talent acquisition

- Achieved the goal of 10,000 people in 3 years, goal adjusted upward to 12,000 people

FY 2025 Human Capital Management Key Theme

Achieve enhanced DX talent and talent mobility within the group

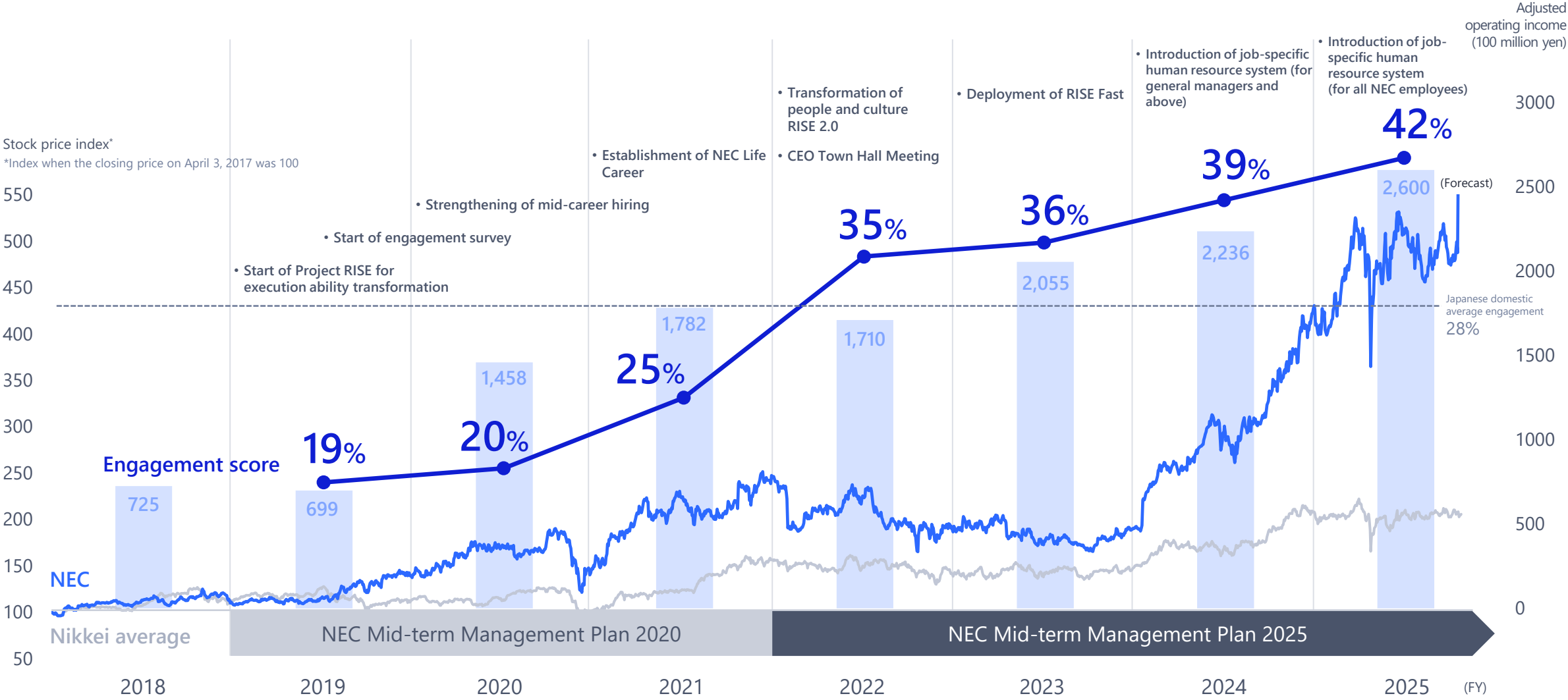
Culture : 50% Engagement score



FY 2025 Human Capital Management Key Theme

Implement measures based on engagement score correlation

Stock and corporate value continue to climb, market evaluations and expectations rise



To achieve our Purpose, we are enhancing our global competitiveness by advancing job-specific human resource management through the integration of strategy and culture

Toward achieving our Purpose



Business and revenue growth / Enhanced global corporate competitiveness

Strategy

Enhancing the ability to execute strategy
by realizing an optimal talent portfolio

Culture

Transformation of people and culture
to draw out the maximum potential of employees

Define the ideal employee profile based on business strategy/Implement a compensation system aligned with competitiveness and job importance/Establish a common framework across the group

Job-specific human resource management

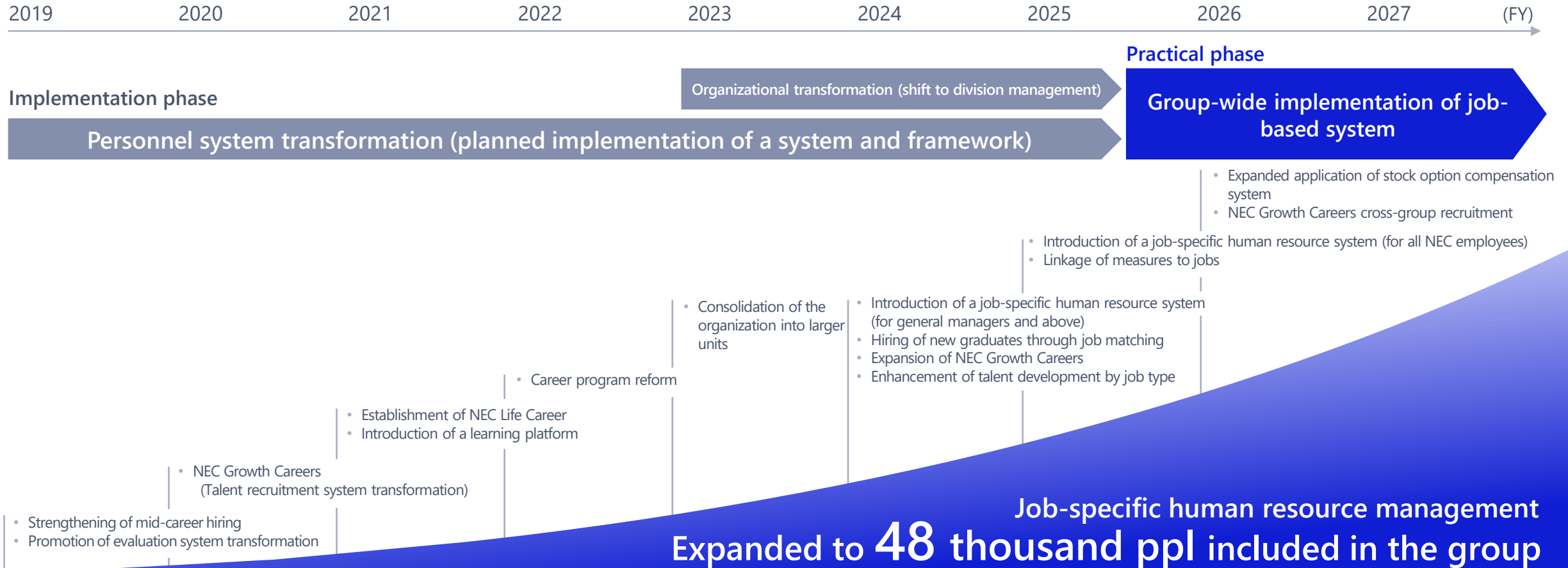
Design the organization to maximize performance, set the necessary jobs within that structure, and assign the right people to those jobs from within and outside the company beyond the boundaries of the country or organization.

Job-specific Human Resource Management and Strategy



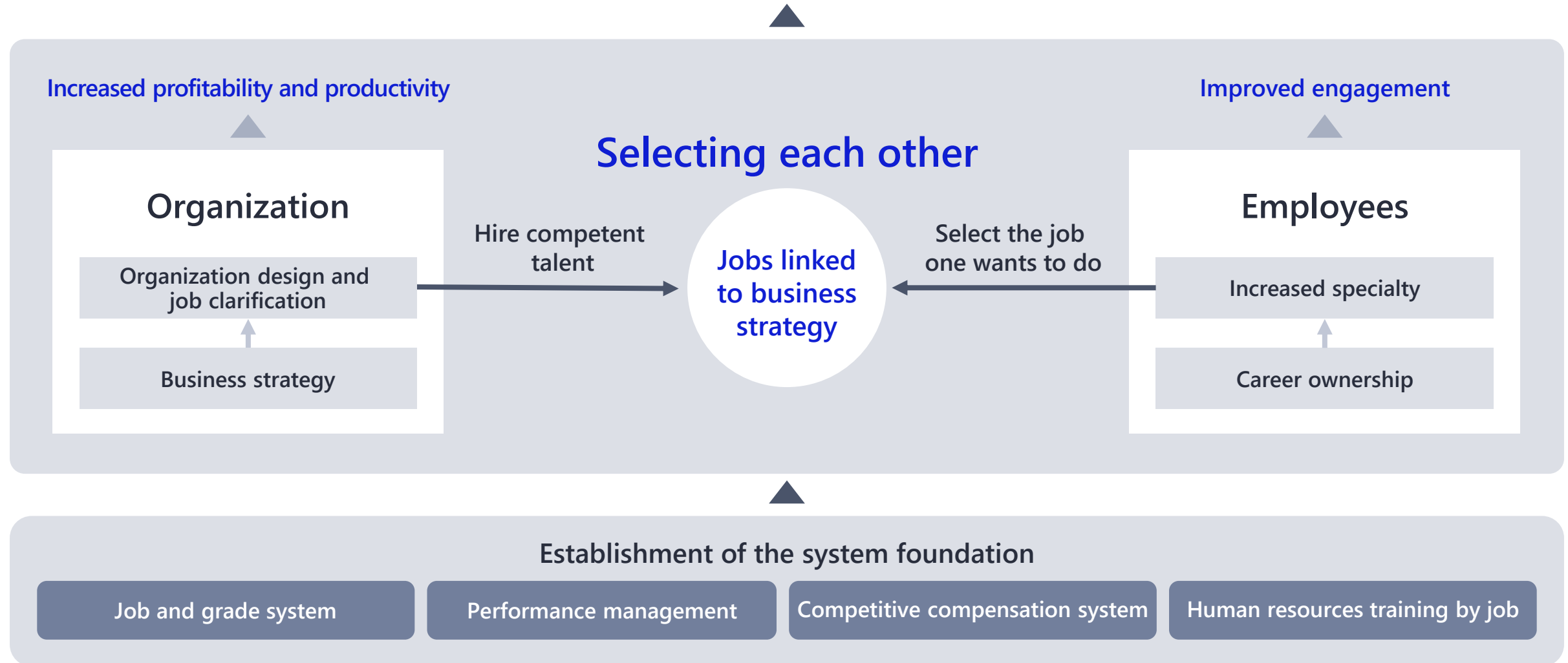
The evolution of job-specific human resource management

Implemented in stages, the foundation for job-specific human resource management is by and large complete. From April 2025, a common foundation, including compensation, will be deployed for 6 group companies. NEC will enact a system that assigns the right person in the right job at the right time.



Job-specific human resource management system overview

Business and revenue growth/Enhanced global corporate competitiveness

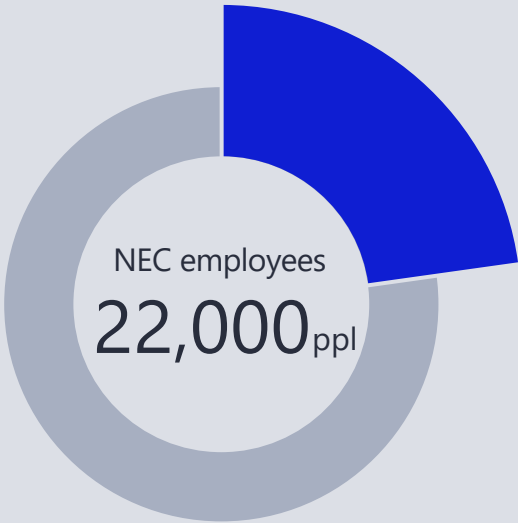


First-year results : Accelerated placement of the right people in the right roles at the right time to support strategy execution

FY2025 results:
Of the 22,000 NEC employees

approx. **5,000** people were mobile

Includes 686 new graduate hires and 662 mid-career hires

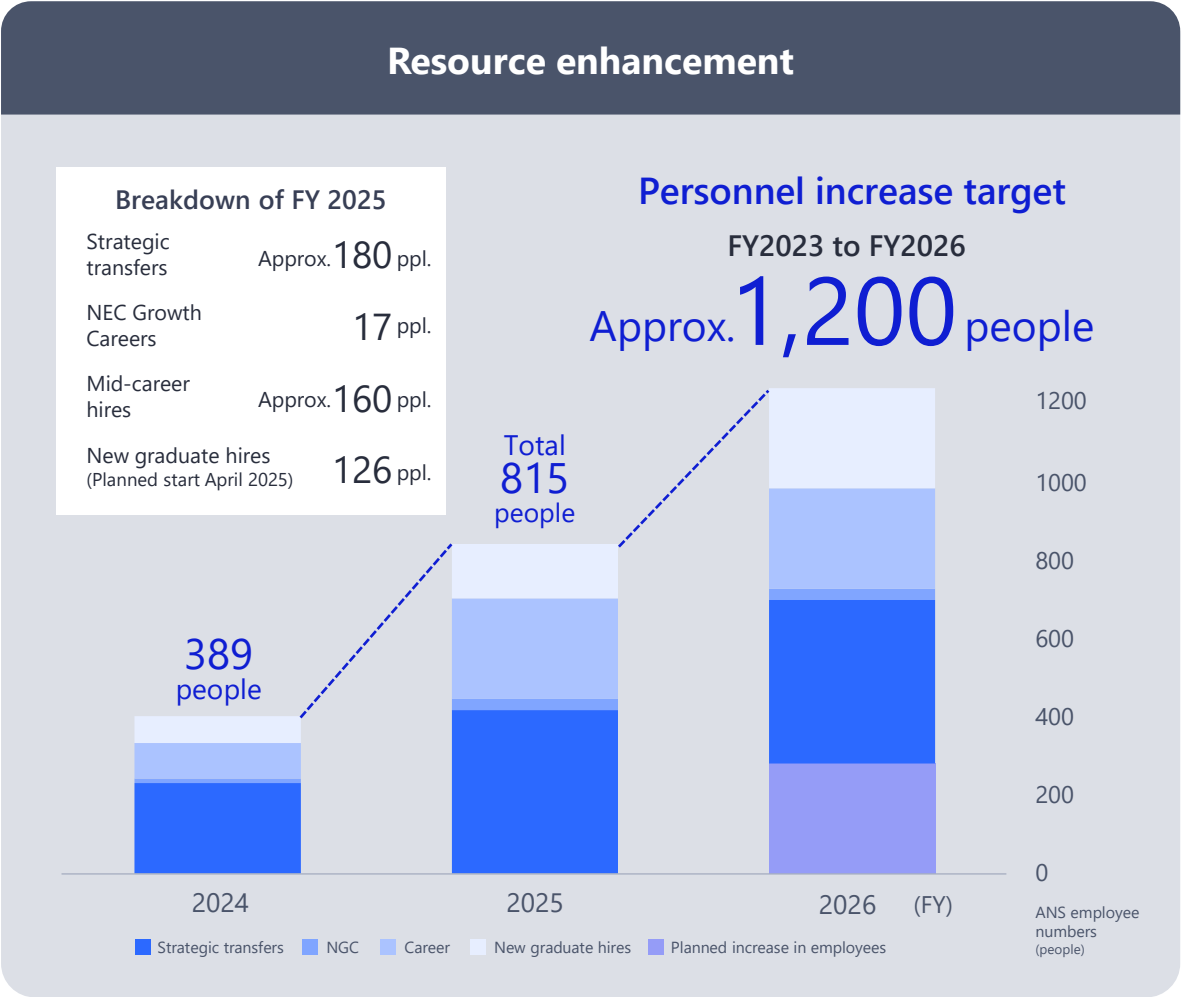
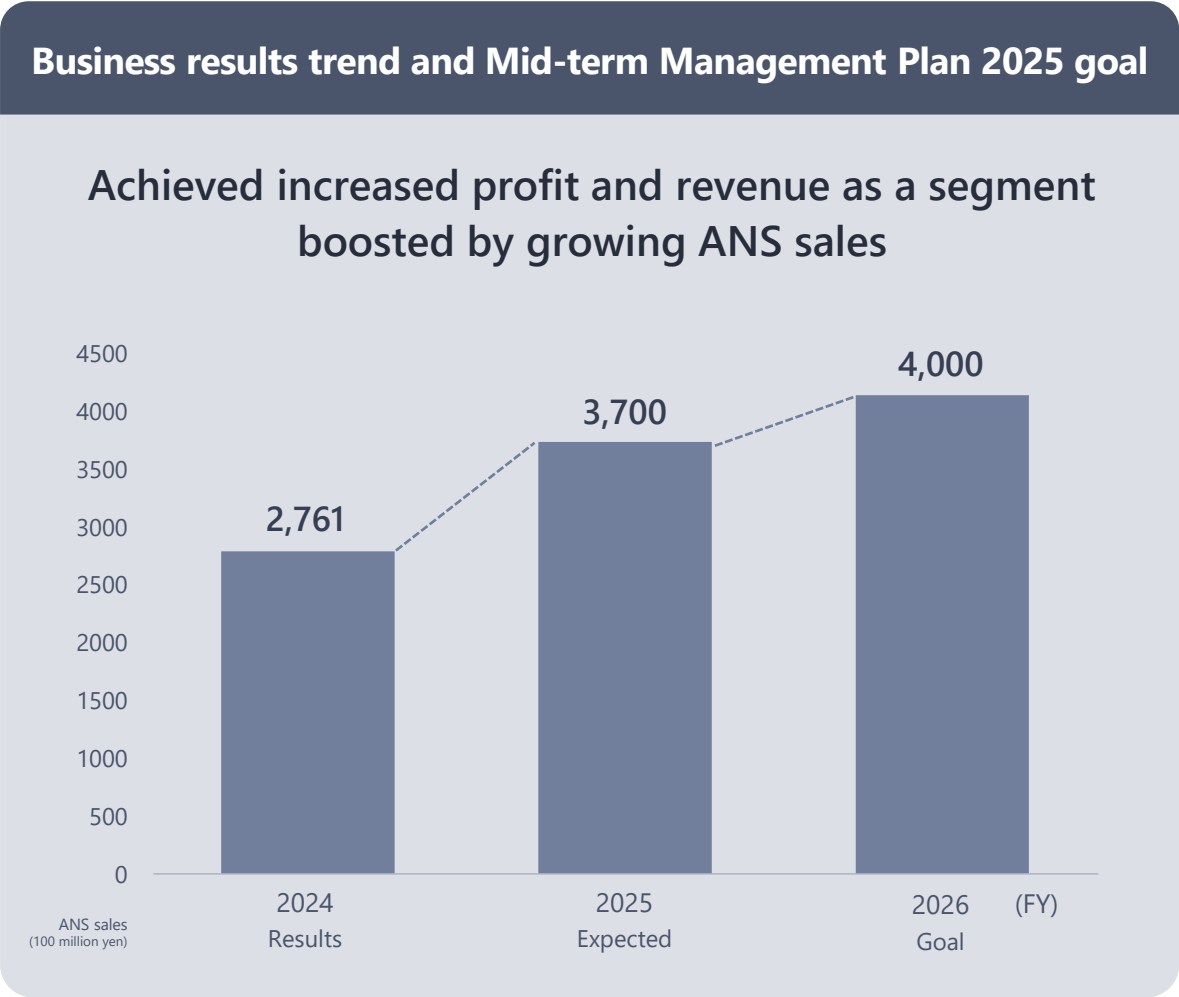


Internal systems were leveraged to promote mobility

NEC Growth Careers	Ownership of career formation through inter-group recruitment Hiring numbers: 270 people *Results for April 2024 to January 2025
Individual Matching	Cross-organizational human resource supply and demand coordination Matching numbers: 351 people *Results for April 2024 to January 2025
Re-Skilling Program	Accelerating the updating of skills and behavior transformation Participation numbers: 261 people *Results for April 2024 – January 2025
AI Career Consultation and Coaching	Employees career ownership and support for experience-based learning *AI career consultation is scheduled to be implemented from FY2026

Social infrastructure business: Enhanced ANS resources

Achieved sales and revenue growth through resource enhancement based on business strategy and jobs.



IT service businesses: Acquisition of DX Talent

Group-wide acceleration of acquisition of external human resources. The upwardly revised goal is to have a DX talent of 12,000 people by fiscal year 2026.

Acquisition

IT service
mid-career hires

FY2025

1,034 ppl

Breakdown by group company

NEC
*IT service field 337 ppl

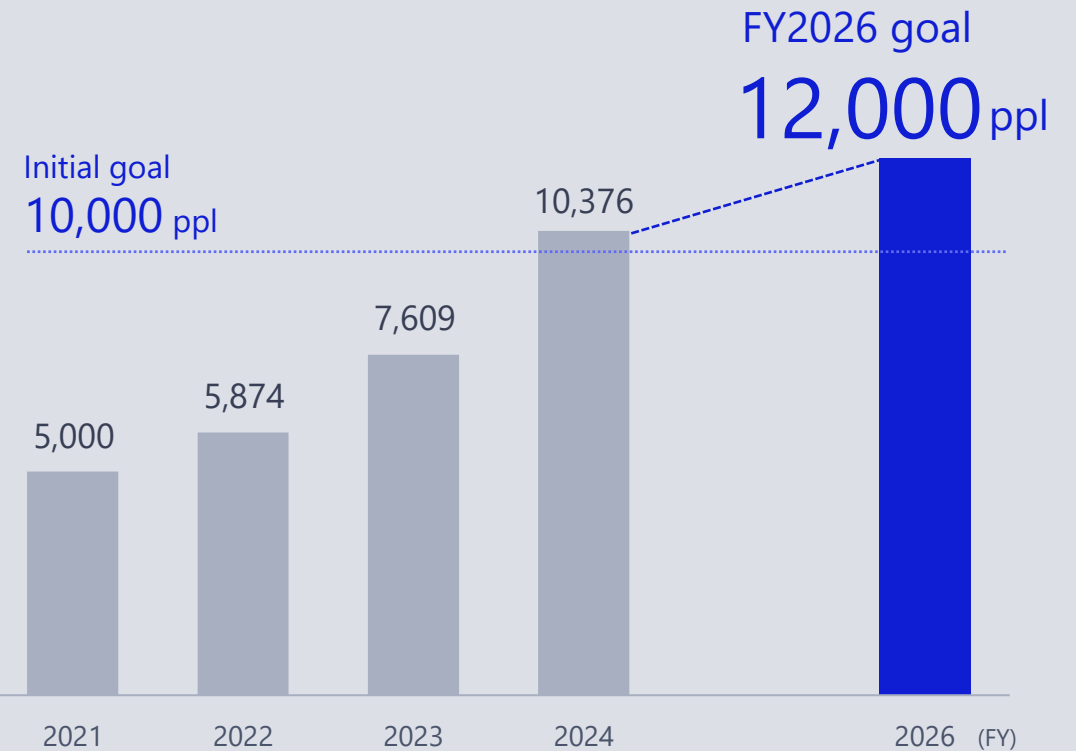
NEC
Solution Innovator 378 ppl

ABeam
Consulting 319 ppl

- Through the implementation of job-specific human resource management, referral hiring, and direct sourcing, we have been able to acquire optimal human resources and assign them to optimal positions.
- We will continue to enhance the acquisition of specialized human resources, such as project managers, who can immediately contribute upon hiring.

Goal number of DX talent

*Including acquired and training



IT service businesses: Training DX Talent

The establishment of frameworks and programs to continue producing high level DX talent

FY 2025

IT service human resources
retention rate

approx. **97%**

DX talent design and definition

Clarification of the 8 DX talent
and their requirements

DX talent

Consultants

Agile engineers

Architects

Cloud-based
human resources

Service
designers

Biometric authentication
and video analysis
human resources

Data
scientists

Cyber security
human resources

Training system establishment

Developed by NEC adding unique
elements to the Ministry of Economy,
Trade and Industry framework

Basic programs

DX fundamental knowledge
Mindset and culture transformation

Specialized programs

More than 200 types in 8 fields

Data visualization

Constant understanding of
training status

Granting of digital certification
to DX talent

Regular publication of DX talent
numbers by organization

NEC has announced the NEC BluStellar value creation model as a key driver for growth, actively led by a cross-company team

Customers

Cross-Industry
Business Unit

DGDF
Business Unit

Public Solutions
Business Unit

Enterprise
Business Unit

Telecom Services
Business Unit

Aerospace and
National Security
Business Unit

Digital Platform Business Unit

Approx. 34,000 ppl

NEC BluStellar

Business Promotion Department (newly established April 2024)

Approx. 400 ppl

Consulting

Products and Services

Delivery

Marketing

Global Innovation Business Unit (R&D)

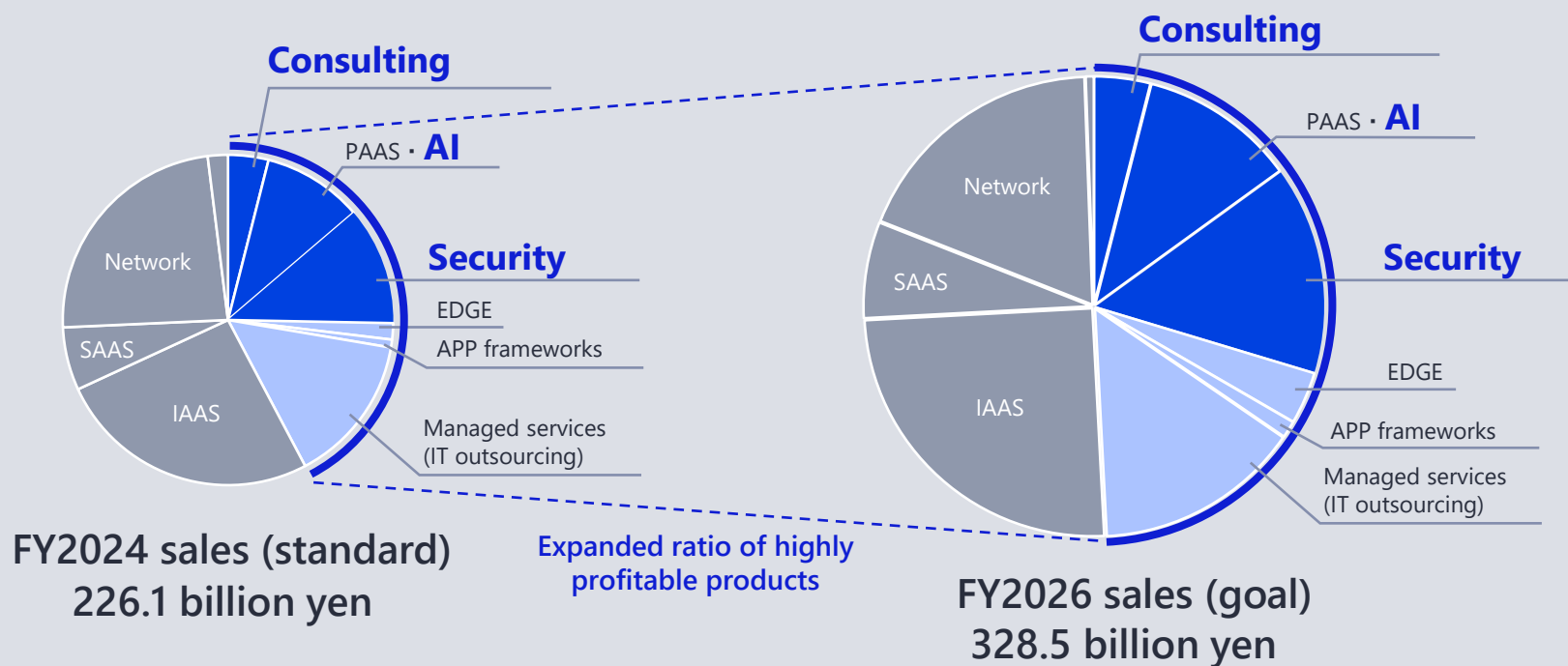
Corporate

NEC BluStellar's main strategy: Shift toward highly profitable projects

Strengthening human resources in each field toward the expansion of consulting, AI, and security-related highly profitable projects

NEC BluStellar Sales Composition Ratio

Implementation support services for each product are advancing the progress of increased profitability



Strengthening strategy consulting talent

Strategy consulting is integrated with data science to rapidly implement data-driven strategy proposals

Acquisition and training of strategy consulting talent

FY2024
Approx. 700 ppl

FY2026
1,000 ppl

100 AI consultants

Utilizing data science expertise to formulate concepts for customers

ABeam Consulting

8,300 consultants in Japan and overseas

NEC's strategic consulting strengths

- Long years of data science technology expertise to formulate data-driven concepts
 - Integrating 100 data scientists to differentiate from other companies
- Strategy consulting

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Data science
- High added value proposals in concept formulation
 - Enhancing skills and work efficiency for consultants
 - The capability to swiftly transition into the implementation phase (service delivery) of digital strategic concepts

Strengthening AI talent

Program started in June 2024 with the goal of training 1,000 people in generative AI

Generative AI talent training program: Generative AI SkillUP STUDIO

450* students have taken the course in 5 months, and the number is expected to expand to 1,000 in the future *unique number

Adding skills related to generative AI

Sales



Systems Engineering



Consulting



Services



Generative AI Sales reps

- Proposal activities
- Customer success

Generative AI Consultants

- Formulating strategies for using generative AI
- Studying generative AI use cases

Generative AI Coordinators

- Promoting the generative AI project
- Project Management Office (PMO)

Generative AI Experts

- Introducing AI agents and LLM (preparing prompts)
- Index maintenance (RAG: Retrieval-augmented generation)

Generative AI Engineers

- Defining requirements
- Constructing and operating generative AI systems

Strengthening security talent

NEC is developing a group of experts to be the best in Japan, including those with internationally recognized CISSP qualifications and extracting security issues are from data to provide international support for the safety and security of our customers from both the technical and management perspectives.



**Job-specific human resource management
to realize an optimal talent portfolio tailored to the characteristics of each business segment**

Strategy

Build the optimal talent portfolio to enhance capability to carry out strategy

Social infrastructure business

Accelerate the performance of growth businesses with the right people in the right place at the right time

By FY2026

ANS talent +1,200 Target

Cumulative total for FY2023 to 2025

+815

IT service business

Acquire, develop, and utilize DX talent

By FY2026

DX talent +12,000 Target

Total in FY2025

+1,034

*NEC, NEC Solution innovators, and ABeam

BluStellar

Shared talent base to strengthen talent in consulting, AI, and security

Job-specific Human Resource Management

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Culture



Say, Stay, and Strive, the three key outcomes that measure employee engagement

Stay and Strive are concerns

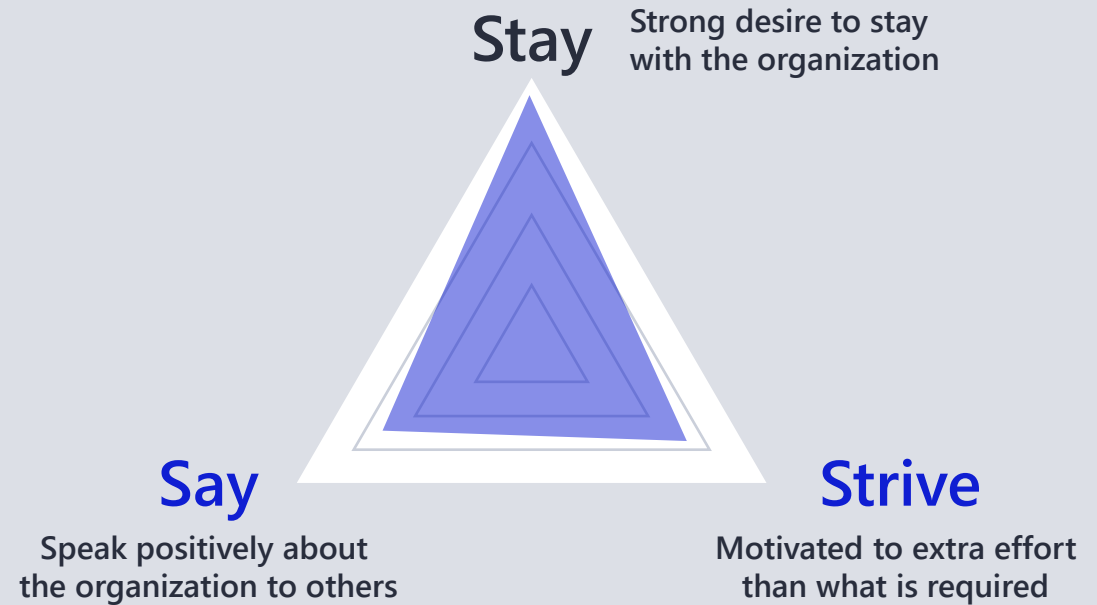
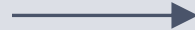
Employee engagement scores

To increase the scores for **Say** and **Strive**

FY2025 actual values

42%

FY2026 target 50%



*Scores are calculated from the answers to two questions in each of the three categories.

Focus on boosting Say and Strive scores to build a culture where employees can take pride in their work and are actively engaged in their roles.

Dissemination of company-wide policy and strategy

Correlation with the Say and Strive scores

Alignment with and practice of the NEC Way

0.60*

Clarification of strategic direction by management

0.64*

Enhance communication to better integrate our strategy throughout the organization

Evaluation, compensation, appointment, and career

Correlation with the Say and Strive scores

Career development

0.64*

Appropriate talent placement

0.63*

Fairness in evaluation

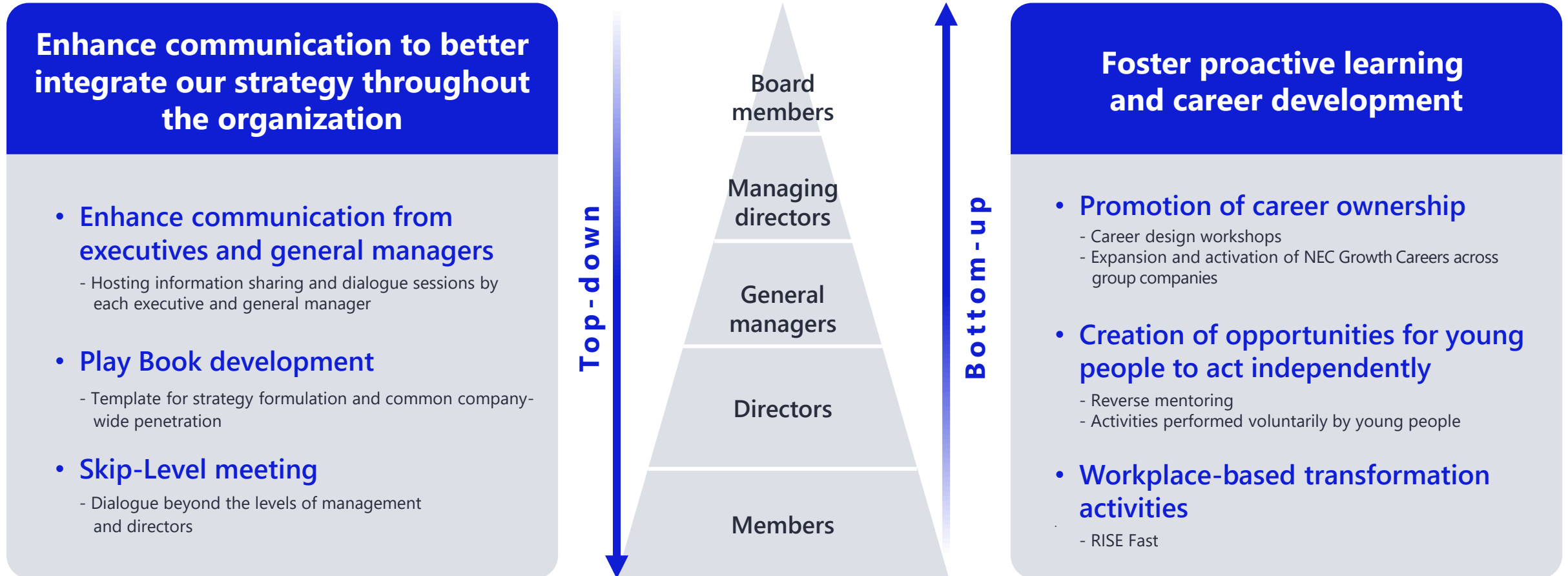
0.65*

* Based on correlation analysis with engagement scores

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

We're combining top-down and bottom-up approaches to help employees internalize our strategies, fostering an environment where they feel excited and empowered to act independently.



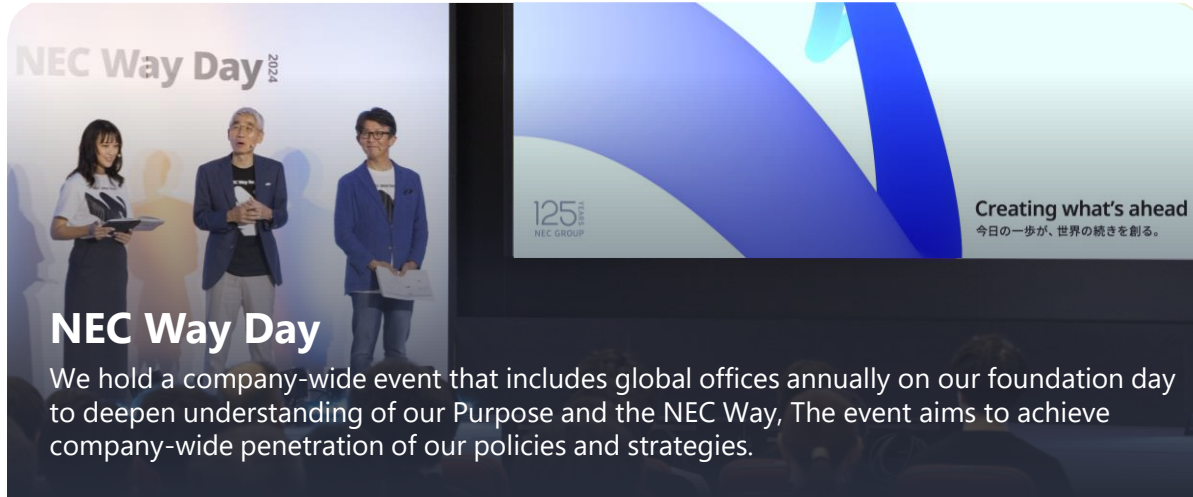
Understanding the NEC Way and putting it into practice

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

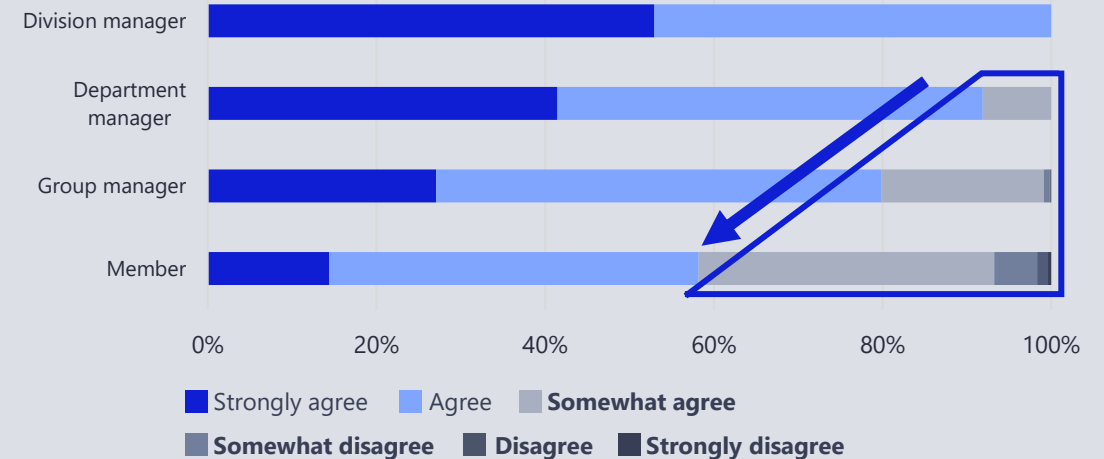
Ensure fair evaluations and offer competitive compensation

Continuously conducting NEC Way Sessions to foster sympathy with the NEC Way and deepening understanding of the NEC Way and its relevance to each organization and putting it into practice.



NEC Way session survey

Q. I felt that it is possible to achieve the future I want to create through my team's activities.



Issues

How Purpose and strategy are connected to work and fostering an image of achievement and expectations for the future among those in the member level.

Skip-Level meetings

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

Enhancing narrative communication from executives with directors at NEC, who are key actors in executing strategy.

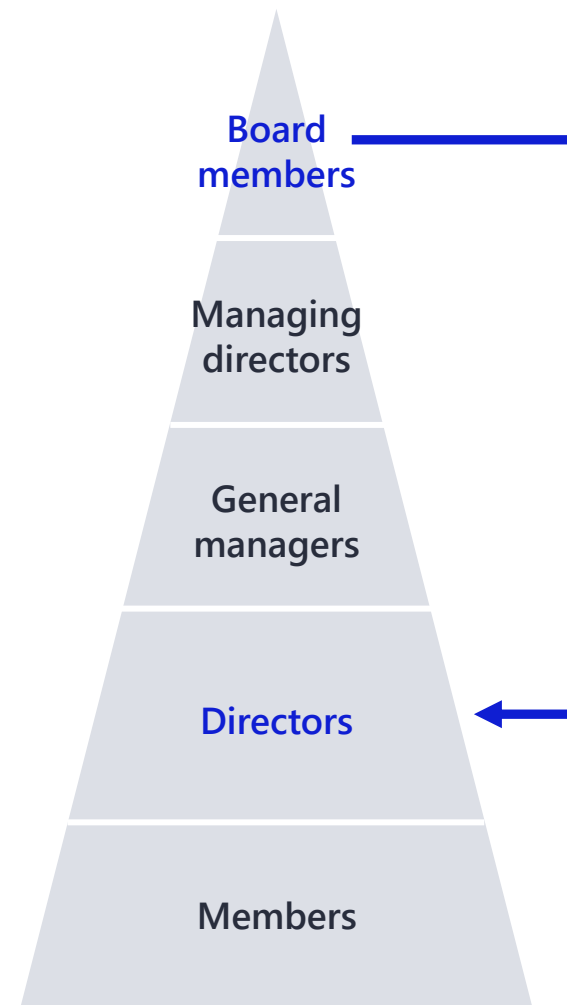
Skip-Level meeting of executives and directors



With the goal of deepening understanding of company-wide policies and strategies and creating opportunities for a sense of ownership and behavior transformation, conversations with approximately 1,500 NEC directors are held on the themes on the past and present status of NEC's transformation.

Effect

- Direct dialogues between executives and directors have led to understanding of the background and essence of policies and measures among directors.
- Reconfirmed awareness of their role leading teams in making changes starting with themselves.
- Continuously holding these meetings has led to further behavioral transformation geared toward enhancing execution capabilities.



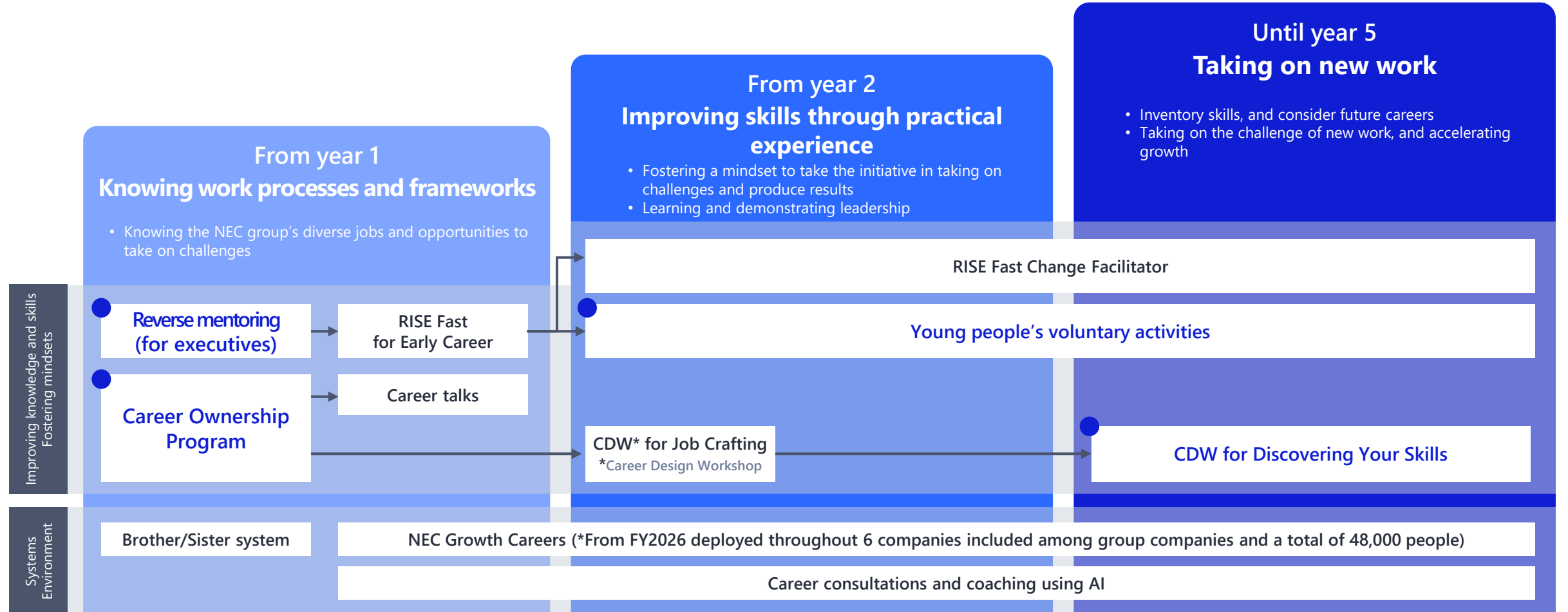
Creating more opportunities for young people to learn and take on challenges

Aiming to create a culture where young people take the initiative to make change and raise each other up, leading to the growth of both individuals and the organization.

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation



● Candidate system initiative

Creating more opportunities for young people to learn and take on challenges: Illustrative case

Opportunities to put transformation into practice are given to new graduates in their first and second years of work, leading to enhanced problem-solving skills and making adaptation to continuous change a habit.

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

Year 1: Reverse mentoring session



Executives learn from newly-hired employees

New hires take on the challenge of developing an application while taking the lead and mentoring with the goals of “taking on challenges and company transformation” and “transforming the mindset of executives and management.”

Year 2: RISE Fast for Early Career

Fast, with a goal of within 90 days!

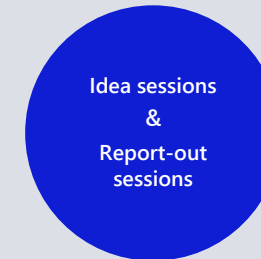
PLANNING

Issue definition and team organization



MEETING

Formulating solutions and decision-making



FOLLOW-UP

Solution execution and assessment



The employee transformation promotion program develops into 2nd year training

The RISE Fast process is applied to the traditional training for 2nd year employees aiming to enhance problem-solving skills through the standardization of framework language and to foster learning and a flat organizational culture through collaboration with others.

Compensation system supporting strategic and cultural initiatives (1/3)

The establishment a competitive compensation system based on the market value of jobs and treatment based on performance

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

NEC Group Compensation Policy

Pay for Performance

Differentiated treatment based on individual contributions and achievements with respect to expected roles.

Pay for Job

Compensation standards and structure based on appropriately assigned job grades and the well-defined work content and responsibility that entails.

Market-Competitive Compensation

Market competitive compensation standards and structure to be chosen as a workplace by the talent we need.

Compensation system supporting strategic and cultural initiatives (2/3)

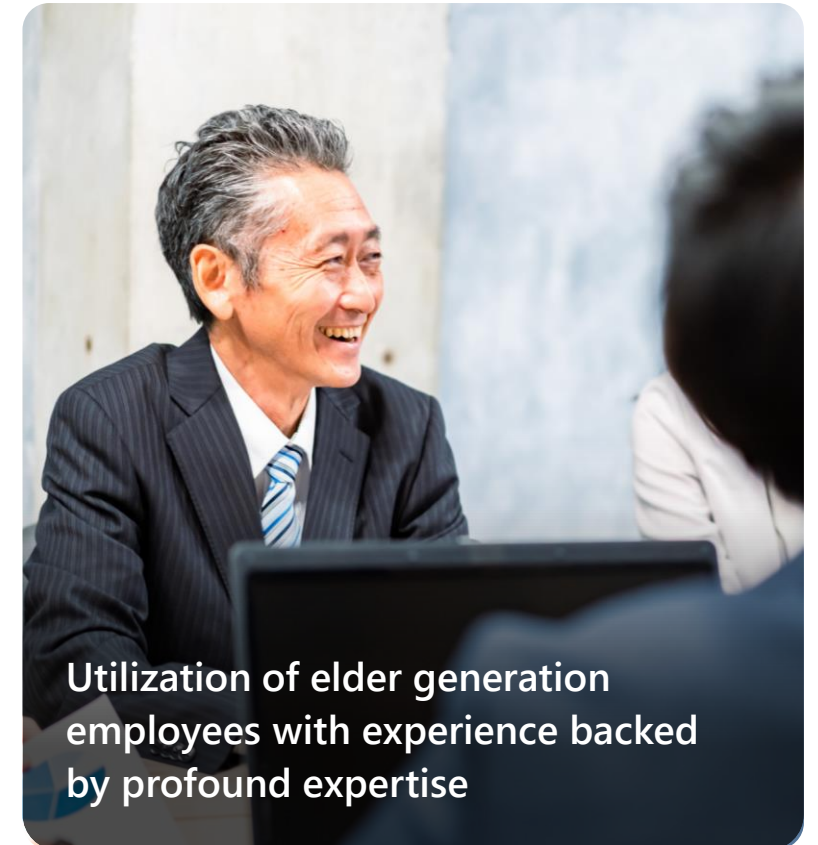
Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

Strategy

Achieving a highly competitive compensation system that supports the strategic execution of acquiring, assigning, and promoting optimal talent.



Compensation system supporting strategic and cultural initiatives (3/3)

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

Ensure fair evaluations and offer competitive compensation

Culture

Creating a culture in which all group employees work together to improve corporate value:
Introduction of a stock-based compensation system

NEC Group Stock Compensation Plan

NEC Value Shares*

Sharing the common values that the NEC Group values with our employees and aiming to improve our corporate value over the medium to long term as a united team.

- Plan to strategically grant stock-based compensation to more than 6,000 employees who are expected to make significant contributions to the company over the medium to long term.
- Begin granting stock-based compensation to approximately 400 employees in strategic positions from FY2026.
- Plan to grant company shares free of charge to approximately 60,000 employees through an employee shareholding association, along with the next medium-term plan (FY2027).

*Trademark registration pending

Performance management: Evaluations and appointments

Enhance communication to better integrate our strategy throughout the organization

Foster proactive learning and career development

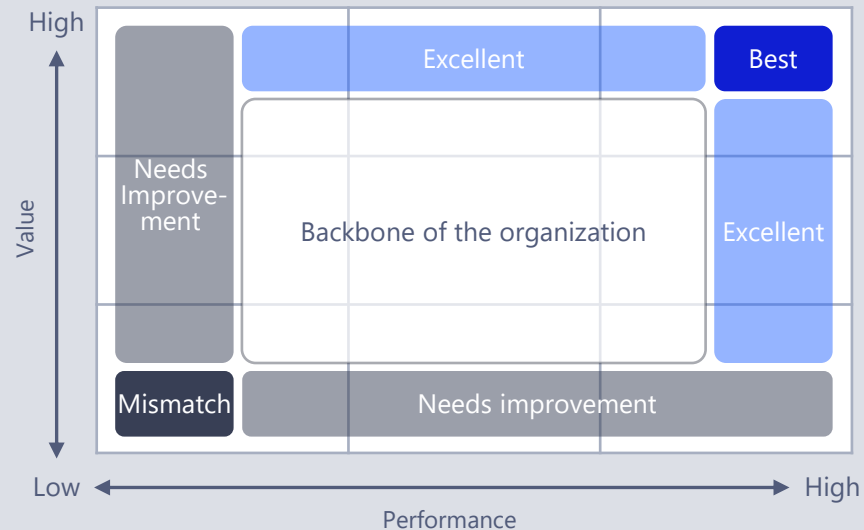
Ensure fair evaluations and offer competitive compensation

Appropriate evaluations of talented and motivated human resources regardless of other attributes, providing positions where employees can demonstrate their abilities to their maximum potential.

Evaluations

Satisfying evaluations with the nine-block model

Promoting appropriate feedback and improvement in alignment with employees' current position in terms of their annual performance and application of the NEC Way.



Appointment

Human resources uninfluenced by age or other attributes

Regardless of attributes such as age, gender, or nationality, superior talent is assigned to positions where they can demonstrate their performance to their full potential.

Youngest person promoted to management

FY 2025 **27** years old
* FY 2024 31 years old

The proportion of new managers under the age of 34 in the total

FY 2025 **9**%
* FY 2024 6%

FY 2025 Male to female ratio of newly appointed managers

Male **69**% Female **31**%
* FY 2024 Male 72% Female 28%

Activities by diverse talent

It is important to create an attractive image of a leader and to develop and promote people accordingly
Regardless of age, gender or other attributes, the job-specific human resource management promotes people with the ability and motivation



Summary

Purpose-based human capital management strategy and moving toward the growth phase

Realizing our Purpose

Integrated strategic and cultural initiatives for business and revenue growth and enhanced global corporate competitiveness

Strategy

Achieving an optimal talent portfolio to increase our strategy execution capabilities

Social infrastructure businesses

The right people for the right jobs at the right time to expand our growth businesses

IT service businesses

Training and acquisition of DX talent

BluStellar

Enhanced AI, consulting, and security personnel as a common human resources foundation

Culture

Transformation of people and culture for a highly engaged work environment

Company-wide policies and strategy penetration

Enhanced strategy penetration communication

Evaluation, compensation, appointment, careers

Proactive learning and career development

Fair evaluations and appointments with highly market-competitive compensation

job-specific Human Resources Management

Designing an organization that maximizes performance, setting up the jobs needed to achieve that, and assigning the right talent to those jobs from within and outside the company beyond the borders of country or organization.

Unchangingly continuing to change

NEC

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