

Stakeholder Engagement

The NEC Group is carrying out reforms aimed at becoming a social value innovator capable of continuously contributing to society for over 100 years. To this end, it is important for the Group to be sensitive to societal trends and expectations.

Through communications with various stakeholders, the Group will continue to work with them to find solutions to social issues.



Dialogs with Shareholders and Investors

Shareholders and other investors constitute one of NEC's most important stakeholder groups. By raising the transparency of management through timely, appropriate, and fair disclosure, NEC aims to deepen the investment community's understanding of our corporate value.

Dialogs with shareholders (interviews) are primarily conducted by the Investor Relations Office (IR Office), the department within the Corporate Strategy Division responsible for investor relations. The Company president and CFO also meet with key shareholders. However, before members of senior management meet with the shareholders, they talk with the IR Office, Corporate Communications Division, Accounting Division, Finance Division, Legal Division, and other relevant internal divisions. The reason for these prior meetings is to ensure a shared understanding of both the management strategies and the overall operating performance to disclose. This is an effective way of preventing the disclosure of what could be considered "insider information". In addition, officer(s) from the IR Office always sit in on meetings between shareholders and members of senior management, and later report on the details of the meeting to relevant NEC managers. In principal, more than one IR Office officer will attend the meetings with shareholders, thereby ensuring mutual checks to control the information disclosed. During the fiscal year under review, the Company held 440 meetings (88 more than in the previous fiscal year) with securities analysts and institutional investors inside and outside of Japan. In this way, we engaged in dialog with more than 800 people representing approximately 700 companies.

In addition to individual meetings, members of senior management hold management briefings and quarterly financial-result briefings for the media, securities analysts, and institutional investors. Also, executives responsible for individual businesses have briefings on their businesses, including tours of facilities and briefings on research progress. During the fiscal year under review, management conducted financial-result briefings such as:

- the president speaking at briefings in April and October,
- a tour of our Fuchu Plant's Satellite Integration Center in July,
- an R&D briefing in December, and
- a seminar on business related to Japan's upcoming Social Security and Tax Number System in March.

Members of senior management also engage in dialog with shareholders through the General Meeting of Shareholders. Additionally, the IR Office holds briefings for individual investors several times a year at branches of securities companies. During the fiscal year under review, approximately 350 people attended such briefings, which were held in seven cities across Japan.

Shareholders' opinions and the ideas gained through these IR activities are regularly provided as feedback to senior management. Then, once each quarter, the CFO reports on shareholders' opinions and ideas at a Board of Directors Meeting.



Identifying Reform Issues through Dialogs with "CSR Review Forum-Japan" (an NPO) to Become a Social Value Innovator

From mid-May to early June 2015, NEC held discussions with CSR Review Forum-Japan (CRF), which is an alliance of NGOs, NPOs, consumer groups, and labor groups.

CRF and various individual NEC divisions had talks to review their own activities about core issues based on ISO 26000, a standard providing international guidance for social responsibility. This review process has been ongoing since 2011.

As in the previous year, Senior Executive Vice President Takashi Niino participated and talked about making changes to become a social value innovator, as reflected in the Company's mid-term management policy. He discussed developments such as the NEC Vision books and the new brand message "Orchestrating a brighter world," which were released during the fiscal year under review. In this way, there was meaningful dialog on how to foster a better corporate culture as well as on current progress.

After the various discussions, CRF commented as follows:



- "We hope that NEC's "Solutions for Society" is added to the next mid-term management plan."
- "In resolving social issues, we would like Japanese companies to further leverage their special attributes. Japanese companies are conscientious, precise, and friendly to the weak, which are qualities that many non-Japanese companies do not possess as much."
- "The social issues that the world faces cannot be solved by one private-sector company alone. The issues are too large and will take a long time to solve. Consequently, it is important that a number of companies form a network to solve them."
- "It is important for companies to tell shareholders and investors that they wish to also be evaluated on their long-term social value creation, not just on their business results."

NEC assured CRF that it will continue to deepen discussions about the importance of linking our businesses to social issues. Among other approaches, we will also explore more ways to inform the public about the "Solutions for Society," selecting assessment indicators to measure the extent to which social issues are being resolved.

Dialogs on Contributions by Business Sector to the UN's Millennium Development Goals

In April 2015, "The 15th Infopoverity World Conference" was held at the United Nations' headquarters. It was held by the Observatory for Cultural and Audiovisual Communication (OCCAM), a non-governmental organization registered with the United Nations Economic and Social Council and the Department of Public Information. People representing various countries took part.

Mr. Masahiro Ikeno, vice president of NEC's Global Business Unit, represented the Company to share its "Solutions for Society" (such as an ID system using NEC's biometric identification technology and a broadband network system) to promote NEC's ability to improve safety, security, efficiency, and social equality with information and communication technologies.

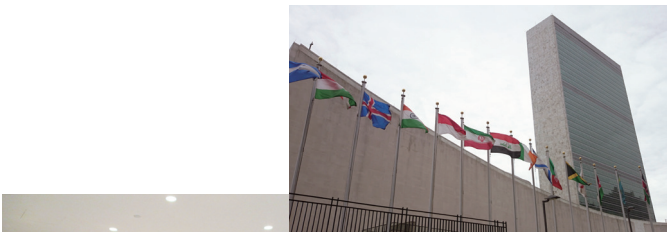
A participant's comment: "NEC has such excellent solutions and successful cases, which I learned about for the first time. We would like to maintain regular contact with them."

OCCAM's comment: "We can develop policy guidelines and give advice on what the international community should do for governments. However, we also need the involvement of private companies to implement practical solutions for each government. We hope NEC can continue to be involved in these efforts."

Since the adoption of the UN's MDGs*, the conference has been held every year, starting in 2001. A variety of stakeholders such as governments, companies, and NGOs have been taking part in the conference and share innovative solutions with each other. As a result,

many solutions have been implemented over the past 14 years. This has been done in collaboration with 1,800 public and private sector organizations from more than 60 countries.

NEC will continue to generate stakeholder dialogs with the UN, NGOs, and representatives of governments around the world to propose additional solutions.



* MDGs: Millennium Development Goals. They were adopted at the UN's headquarters in New York. They range from halving extreme poverty rates to eradicating poverty and hunger by the target date of 2015.