

# Ensuring Compliance

NEC considers compliance to include not only legal compliance, but also compliance with the expectations and demands of society, such as social norms and common sense. Also, from the perspective of risk management, ensuring compliance such as complying with laws on competition and preventing bribery is extremely important. NEC recognizes compliance as an important issue that relates to the very existence of a company and continues to promote company-wide efforts that include top management.

## Reviewing and Enhancing Internal Systems for Implementing Fair Trade

NEC formulated Rules for Contacts with Competitors in 2011. They define the rules to prevent unnecessary contact with competitors. These rules have been strengthened and clarified based on the facts of on-site inspections conducted by the Japan Fair Trade Commission previous fiscal year and this fiscal year. More specifically, this entailed the addition and adjustment of matters regarding contact with competitors that require prior consultation. It also included the addition of precautions to reduce

the risk of becoming involved in bid-rigging at the initiative of government agencies. The name of these rules was accordingly changed to Rules for the Prevention of Cartels and Bid-rigging.

A manual on the rules was also created. It includes detailed information on matters that require prior consultation, how to respond when offered entry into a cartel or bid-rigging, and precautions for reducing the risk of becoming involved in bid-rigging at the initiative of government agencies.

## Reviewing and Enhancing Internal Measures for Preventing Bribery

Anti-corruption such as preventing bribery is one of the ten principles of the UN Global Compact and a common concern around the world.

NEC has formulated Basic Rules on Anti-bribery. They define a bribery-prevention system including basic actions to be taken by executives and employees to ensure that bribery is prevented in its business activities.

NEC has also created an Anti-Bribery Manual for Business Divisions based on the Basic Rules on Anti-bribery. The manual outlines the roles that the heads of business divisions play and specific methods for preventing bribery. It includes the methods of bribery risk evaluations and third-party due diligence implemented for NEC business operations. The rules and manual were revised this fiscal year in response to the latest guidance issued by government agencies.

## Compliance Training and Awareness Building

In addition to the systems above, NEC and its Japan subsidiaries have been conducting web training on compliance once a year for all executives and employees. Because ensuring global compliance has become more important than ever, this training was made multilingual (in English, Spanish, Portuguese, and Chinese) this fiscal year and is being conducted for overseas subsidiaries. The latest information regarding compliance is also shared with Group companies worldwide on NEC's intranet.

Moreover, an NEC Business Ethics Forum is held annually to improve compliance awareness via lectures by external experts and messages from NEC's president about the importance of compliance. The theme of this year's forum was items that employees (including managers) have to take care of, mainly regarding competition laws. The training of new employees and

stratified training, etc., are also utilized to ensure employees recognize the importance of working according to the NEC Group Code of Conduct.

