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# Environmental Report *2011*

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Fiscal Year 2010 ended March 31, 2011



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### Scope of this Report

- ◆ Period of report coverage: April 1, 2010 to March 31, 2011
- ◆ Organizations covered: The environmental management activities of the entire organization (excluding overseas and consolidated subsidiaries) for the fiscal year ended March 31, 2011 are covered by this environmental report.
- ◆ URL for environmental activities of the Company  
<http://www.nesic.co.jp/english/corporate/csr.html>
- ◆ Issuing department/contact information  
Environment Promotion Group, CSR Promotion Division, NEC Networks & System Integration Corporation  
03-6699-7004
- ◆ Publication Manager: Shogo Minami, Senior Vice President
- ◆ Editing Manager: Naoharu Hatama, General Manager, CSR Promotion Division

# 1. Regarding the Publication of this Environmental Report

NEC Networks & System Integration Corporation relocated its head office to Bunkyo-ku (Iidabashi First Tower) in Tokyo 2010, in October, deploying on that occasion EmpoweredOffice (a revolutionary information and communication technology-based Office Innovation solution heretofore partially applied to the Shinagawa head office) to all floors.



To maximize energy saving, resource saving (paperless operations), and space saving at the new head office location, the office environment was thoroughly redesigned to incorporate various efficiency-promoting innovations. Furthermore, great consideration was given to radical cost reform through work style innovations, as well as the creation of systems for energy saving and improved business continuity.

However, owing to the impact of the March 11 Great East Japan Earthquake and nuclear power plant accident, we believe that reforms from an even wider viewpoint are needed with regard to energy demand and business continuity. To this end, the Company, which had thus far been working on EmpoweredOffice (Office Innovation) solutions and environment and energy-saving solutions as part of efforts to address the issues of global warming and energy conservation, will be increasingly contributing on energy demand (energy saving designs) through cloud service operations.

This report provides an overview of the Company's "environmental activities" in the fiscal year ended March 31, 2011. Through such activities, we will further create information provision and communication opportunities as we grow our capabilities as a genuine and trusted network system integrator.

We look forward to your continued support as we work toward this goal.

September 2011

Shogo Minami  
Senior Vice President and  
Member of the Board

\* NEC Networks & System Integration Corporation's CSR homepage

<http://www.nesic.co.jp/english/ir/message.html>



## 2. Corporate Profile

### Corporate Profile

Corporate Name: NEC Networks & System Integration Corporation  
 Established: November 26, 1953  
 Capital: 13.1 billion yen (as of the end of March, 2011)  
 Head Office: 2-6-1 Koraku, Bunkyo-ku, Tokyo  
 URL: <http://www.nesic.co.jp/english/index.html>

### Business Outline

Provision of planning, consulting, design, and installation of ICT system with a core of networks and 24-7 maintenance, operation, monitoring, and outsourcing services from more than 300 support service stations nationwide

Domestic Service Network

As of October 1, 2011

Regional Divisions: 4 Network Total Operation Centers: 2

Regional Offices: 13 Service Centers: 21

Sales Offices: 33

### Corporate History

November 1953 Establishment of Nippon Electric Installation Company  
 December 1980 Company name changed to "NEC System Integration & Construction, Ltd."  
 December 1983 Listing on Second Section of the Tokyo Stock Exchange  
 July 1990 Opening of Isehara Technical Center in Isehara City, Kanagawa Prefecture, as a technical training and research facility  
 September 1992 Transfer of some shares to First Section of the Tokyo Stock Exchange  
 July 1993 Relocation of head office to Shinagawa-ku, Tokyo  
 July 1999 Acquisition of ISO 14001 certification  
 \* Examination organization: Japan Audit and Certification Organization for Environment and Quality (JACO)  
 October 2005 Company name changed to "NEC Networks & System Integration Corporation"  
 April 2006 NEC Telenetworx, Ltd. became a group company  
 April 2007 Merger with NEC Telenetworx, Ltd.  
 July 2007 ISO 14001 certification scope changed, integration with ISO certification of NEC Telenetworx, Ltd.  
 July 2007 Commercialization of total office solution "EmpoweredOffice"  
 April 2008 Nichiwa Co., Ltd. (Kobe City, Hyogo Prefecture) taken over as a subsidiary  
 April 2008 Opening of Network Total Operation Center in Tokyo  
 November 2008 Opening of Parts Delivery Operation Center in Tokyo  
 October 2010 Relocation of head office to Bunkyo-ku, Tokyo  
 December 2010 DAIICHI AD SYSTEM CO., LTD. (Shibuya-ku, Tokyo) taken over as a subsidiary

### Consolidated Financial Data

Years ended	March 2007	March 2008	March 2009	March 2010	March 2011
[Consolidated Financial Data]					
Net sales (Millions of yen)	254,641	258,212	249,070	217,727	217,948
Net income (Millions of yen)	3,476	4,412	5,154	5,806	4,747
Number of employees	6,407	5,817	5,906	5,998	5,939
Capital (Millions of yen)	13,122	13,122	13,122	13,122	13,122

Organization covered in the above financial data : The entire organization of NEC Networks & System Integration Corporation except affiliated companies (overseas-related business activities are not included)

Businesses subject to reporting : Head office and 5 business offices in the Tokyo metropolitan area, 4 regional divisions, 13 regional offices, and 33 sales offices

Period of report coverage : April 1, 2010 to March 31, 2011

Report issue date: October 1, 2011

Next scheduled issue date : October 2012

Reference for environmental report : Environmental Reporting Guidelines, Ministry of the Environment

Department in charge of report preparation : Environment Promotion Group, CSR Promotion Division

Contact information : 03-6699-7004

Changes in reporting scope: None

### 3. Environmental Policy and CSR Policy

#### Environmental Policy

#### Basic Principles

As a system integrator for the information society, NEC Networks & System Integration Corporation contributes to the realization of an affluent society while aiming to be a company in harmony with nature where every employee participates in earth-friendly business activities.

#### Guidelines for Action

At NEC Networks & System Integration Corporation, all persons working at the Company promote the following environmental conservation activities, upholding harmony with the environment as one of our key management issues.

- (1) Through a whole range of activities, products and services that integrate a wide variety of aspects from communication and information systems consulting to planning, design, procurement, software provision, implementation, and operation and maintenance, we work to improve the environment as much as possible both technologically and economically, based on awareness of environmental impact.
- (2) Along with the prevention of environmental pollution, we aim for continuous improvement.
- (3) We manage activities, products and services that may affect the environment with strict observance of environment-related laws and regulations, agreements, and other relevant requirements.
- (4) In deploying management activities based on environmental policies, we set annual goals and targets, promoting resource and energy saving at all stages of our activities, products, and services, along with the reduction of waste products and biodiversity conservation, among other things. We also execute the measures as part of our environmental management program as we aim for broad-ranging improvements.
- (5) Along with documenting environmental policies to keep all persons working at the Company apprised, we implement and maintain environmental management systems.
- (6) Along with broadly disclosing our environmental policies, we contribute to our community.

April 1, 2007

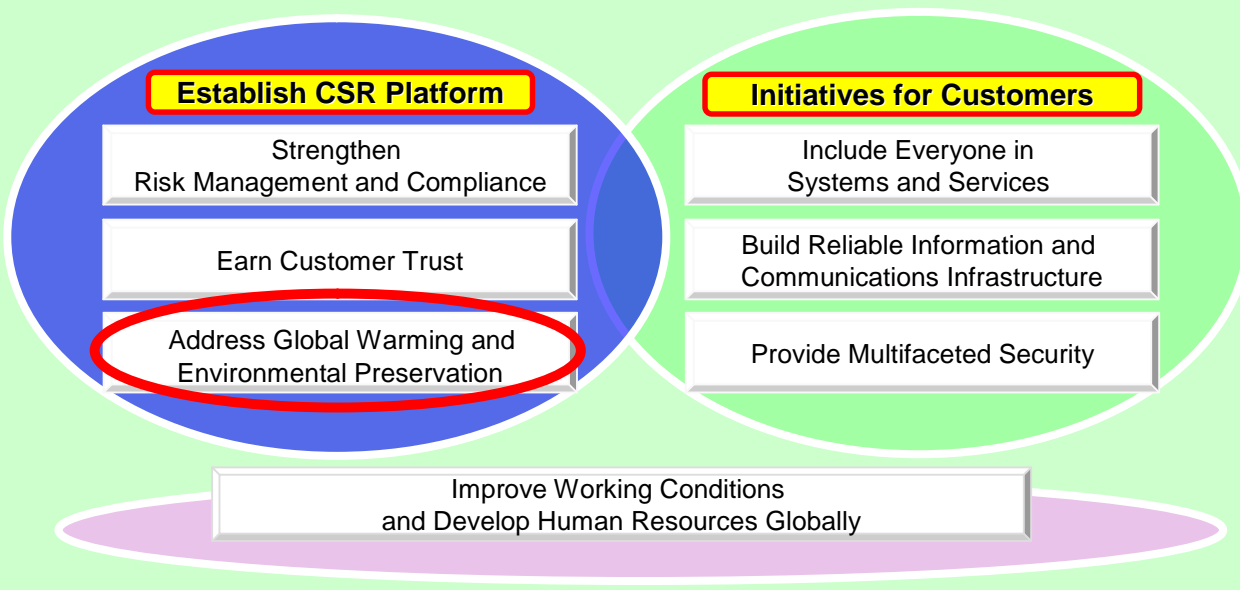
Masahiko Yamamoto  
President

#### CSR Policy

The Company builds trusting relationships with its stakeholders by putting compliance first, working to solve social issues through business activities, and soundly improving and returning profits to society.

#### Seven CSR Initiatives

We identified the most relevant and significant issues and themes for stakeholders and society as a whole and selected seven CSR initiatives.



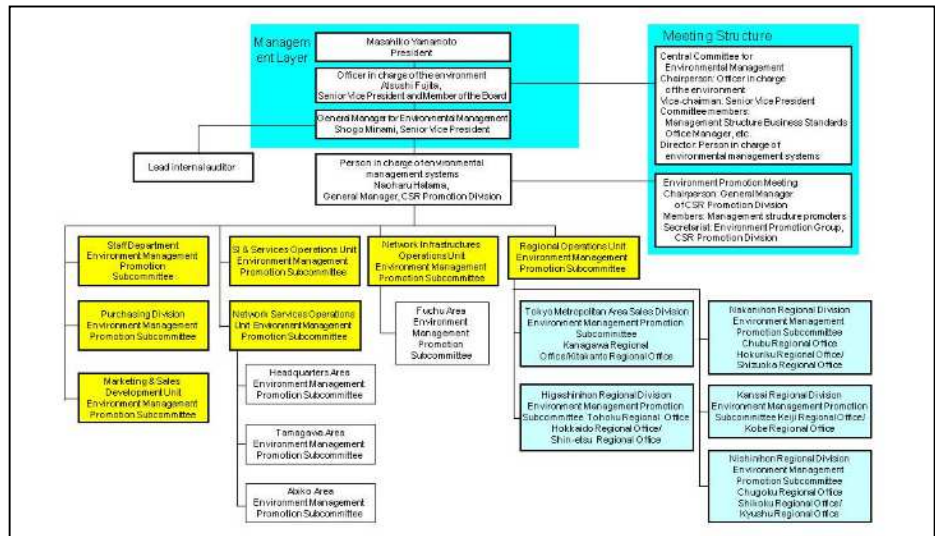


# 4. Environmental Management Systems

## Management Structure

As environmental management is one of our most important issues, NEC Networks & System Integration Corporation has been strengthening its mechanisms and structure for environmental management promotion. Specifically, through our Central Committee for Environmental Management (Chairperson: Officer in charge of the environment), we discuss and determine the company's environmental strategies and policies, and follow up on major issues. Furthermore, as a subordinate organization, we hold also monthly Environment Promotion Meetings chaired by the General Manager of CSR Promotion Division (person in charge of environmental management systems) for the purpose of promoting environmental management activities.

### Environmental Management Organization Chart As of April 2011



## ISO 14001 Certification Status

NEC Networks & System Integration Corporation obtained ISO 14001 certification of its environmental management system on July 28, 1999.

In fiscal 2010, the Company underwent a renewal audit for ISO 14001 in combination with ISO 9001 between November 8 and November 12 and its environmental management system was judged to continue being effective based on the ISO 14001:2004 Standard.

- 1 Examination organization: Japan Quality Assurance Organization (JQA)
- 2 Registration date: December 17, 1999
- 3 Expiration date: December 16, 2011
- 4 Registration number: JQA-EM0640
- 5 Company name  
NEC Networks & System Integration Corporation  
2-6-1 Koraku, Bunkyo-ku, Tokyo

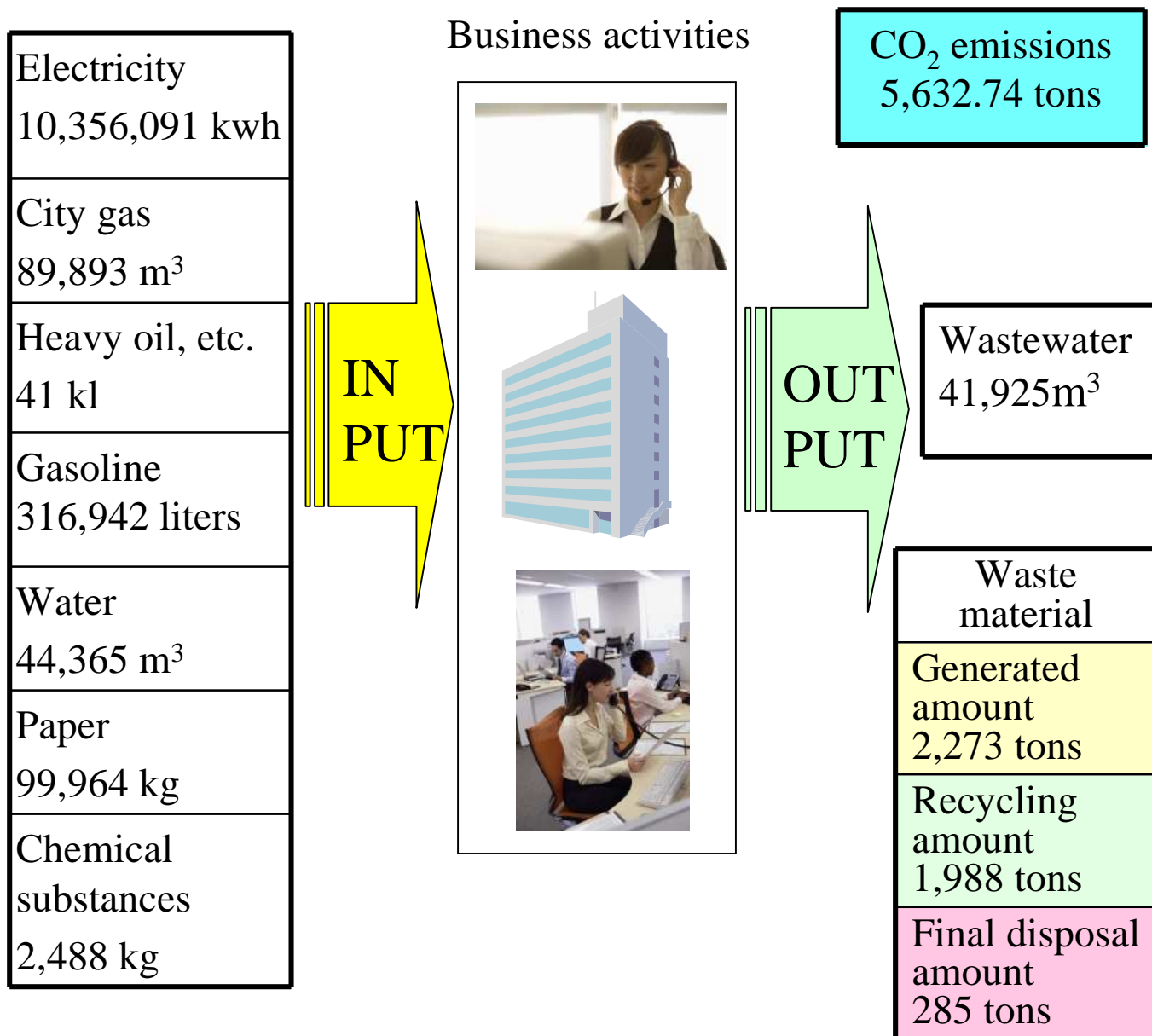
### Status of Certification of Affiliated Companies

Company name	Examination organization
Toyo Networks & System Integration Co., Ltd.	DNV
TOYO ALPHANET CO., LTD.	DNV
Nichiwa Co., Ltd.	JQA

\* DNV: Det Norske Veritas AS DNV BUSINESS ASSURANCE JAPAN K.K.



## 5. Environmental Impact



### Explanatory notes INPUT

Electricity: Power consumption of offices  
 Gas: City gas consumption for office air conditioning  
 Water: Drinking water consumption of offices  
 Paper: Consumption of copy paper at offices  
 Chemical substances  
 Lead solder, paints, adhesives

### OUTPUT

CO<sub>2</sub> emissions: Amount of carbon dioxide emissions resulting from use of energy such as electric power and city gas  
 Wastewater: Domestic wastewater from offices  
 Amount of generated waste: Total amount of general waste + industrial waste  
 Recycling amount: Total amount of recycled waste  
 Disposal amount: Total amount of waste disposed of by incineration or landfill disposal

## 6. New Activities in FY2010

### Conversion of all head office floors to EmpoweredOffice

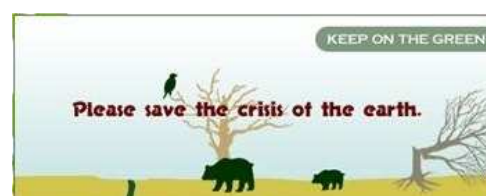
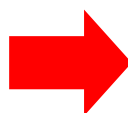
The Company's head office was relocated from Shinagawa to Iidabashi in October 2010. At that time, the following measures were implemented as part of the conversion of all floors to the EmpoweredOffice design.

- Promotion of awareness toward paperless operations (working without the use of paper) through the reduction of document storage in archives and cabinets
- Reduction of number of multifunction printers and shredders
- Promotion of teleconferencing through the installation of additional videoconferencing system terminals
- Reduction of time losses through the use of stand-up meetings
- Reduction of power consumption of PC terminals through promotion of thin clients
- Introduction of energy-saving air conditioning for switch rooms

A 22% reduction of future power consumption (second half of 2009/second half of 2010 comparison, excluding air conditioning) was aimed for through the above measures.



Moreover, we installed digital signage on all floors, displaying power usage amounts in real time to promote awareness of energy conservation among employees.



When power usage grows large and enters the "Caution" zone, the displayed graphic changes to a scene depicting a withered forest that looks desolate and barren.



## 7. Regulatory Compliance Status, Internal Audits, and Environmental Accounting

### Regulatory Compliance Status

Regulatory compliance is of paramount importance for management, and thus we have been promoting the development of an internal system for corporate ethics along with related educational activities.

As part of these activities, on the occasion of the relocation of our head office in FY2010, we conducted a thorough review of our energy usage in greater detail than ever before.

With respect to waste management, we carried out in a planned manner manifest management, administrative reporting, and on-site checks of waste disposal companies, among other things.

As a result of the above-mentioned and other activities, there were no incidents or accidents of significant impact on the environment around our various facilities, nor violations of environmental laws, nor cases of administrative guidance.

### Internal Audits

In FY2010, we conducted internal audits of thirteen sites between July 21, 2010 and February 4, 2011, with the following results. The results of these internal audits were reported to the General Manager for Environmental Management, and improvements and other modifications were made to our management systems as needed.

Number of audit sites	Number of evaluation points	Major non-conformance	Minor non-conformance	Observations	Request
13 sites	35 items	0 items	7 items	7 items	21 items

### Environmental Accounting

FY2010 results are as follows.

(Unit: 1,000 yen)

Large classification	Middle classification	Small classification	Investments	Costs	Economic effect
Business area costs	Prevention of global warming	Global warming prevention measures	0	4,452	13,357
	Effective utilization of resources	Effective utilization of resources	0	0	38,333
	Resource recycling activities	Costs of waste disposal	0	76,568	0
	Risk management	Legal compliance and management of chemical substances	0	360	0
Upstream and downstream costs	Design of environmentally sound products	Design of environmentally sound products	0	300	0
Costs of management activities	Management activities	Personnel costs related to environmental activities, costs for maintenance of ISO certification and environmental audits	0	40,566	0
Research and development costs	Research and development	Costs related to research and development	0	0	0
Social activities costs	Social activities	Contributions to society and information disclosure	0	5,158	0
Costs of environmental damage	Other	Other	0	0	0
Total			0	127,404	51,690

## 8. Environmental Objectives, Targets and Achievements

### ◆ Major Initiatives and Achievements in FY2010

Achieved: ○ Not achieved:

	Environmental objectives, targets	FY2010 plan	FY2010 result	Evaluation	Compared to preceding year
1	Improvement in recycling rate of industrial waste	90%	86%		5% reduction
2	Improvement in recycling rate of general waste	100%	100%		100% maintained
3	Reduction in power purchases Reduction of 1% compared with previous fiscal year	(MWH) 7.106	(MWH) 10.356 (6.825)		(5% improvement)
4	Reduction in purchases of copy paper Reduction of 30% compared with FY2008	93 tons	100 tons		25% reduction (compared with FY2008)
[Promotion of environmental improvements through business operations (eco-solutions)]					
5	Promotion of sales of environmentally sound products (Eco symbol products)	125 units	96 units		29 units decline
[Awareness raising]					
6	NEC Environmental Awareness Survey "Over 60% in Eco Excellence zone"	95%	99%		2% improvement
[Automotive & logistics measures]					
7	Improvement in average fuel economy through promotion of eco-driving (km/liter) Target vehicles (240)	14.0	14.7		Improvement of 0.5 km/liter
8	Improvement in metropolitan charter freight consolidation rate (item) ● Reduction in environmental impact of logistics by raising the number of shipping items per truck	2.50	2.30		21% improvement

\*1: Power purchases

The figure reported in the periodic report specified under the Revised Energy Conservation Law based on actual results for FY2010 is listed. Moreover, the figure (in parentheses) that factors in power consumption for air conditioning following the head office's relocation in October 2010 to reflect the switch from city gas to electricity is also provided for reference purposes.

\*2: NEC Environmental Awareness Survey

In order to build a sustainable society that is in harmony with nature and raise the environmental awareness of each and every employee, the NEC Group has been conducting an environmental awareness survey of all employees once a year, and the FY2010 survey indicated that almost 100% of NEC Group employees belong to the high environmental awareness category (Eco Excellence).

### ◆ Major Initiatives in FY2010

Index	Initiatives
Prevention of global warming	Reduction in power usage, introduction of company-owned eco-car and promotion of eco-driving, reduction of the environmental impact of logistics, compliance with the Revised Energy Conservation Law (preparation and submission of periodic reports and medium- and long-term plans)
Effective utilization of resources	Digitization of printed information through the use of digital multifunction printers, promotion of paperless meetings, donation and sale of office equipment on occasion of the relocation of the head office
Promotion of eco-solutions	Promotion of the EmpoweredOffice office reform solution for energy saving and paperless operations
Human resources development and awareness raising	Expansion of number of employees who have high environmental awareness through environmental awareness surveys

## 9. Social Contribution Activities

To promote the development of a sound society as a responsible corporate citizen, NEC Networks & System Integration Corporation is actively engaged in social contribution activities, such as international cooperation and disaster recovery support, for all our stakeholders, including local communities, under the slogan “Little by Little, Starting Where We Can.”

### International Contributions through Collection Programs, Donations, etc.

Collected Articles	Intended Use of Proceeds	Donation Recipient
Unusable postcards	Literacy education for people in developing countries as “World Terakoya Movement”	National Federation of UNESCO Associations in Japan
Used prepaid cards	Health maintenance activities for expectant and nursing mothers in developing countries	Japanese Organization for International Cooperation in Family Planning
Used stamps	Overseas dispatch of healthcare workers	Japan Overseas Christian Medical Cooperative Service
Plastic bottle caps	Vaccination of children overseas to prevent infectious diseases	Japan Overseas Christian Medical Cooperative Service

### Great East Japan Earthquake Support Activities

As support activities for the areas devastated by the Great East Japan Earthquake of March 11, 2011, with the cooperation of the company’s labor union, we solicited funds from employees, provided monetary and other assistance to employees who suffered losses in the disaster, made donations to the Japanese Red Cross Society.

### Symbiosis with the Local Community

NEC Networks & System Integration Corporation carries out various activities that affirm the value we place on ties with the local community.

Activities
We launched the in-house retail of bakery goods produced by Workshop Yamadori, a facility in Bunkyo Ward, Tokyo, that supports people with disabilities (twice a month starting in February 2011)
On the occasion of the relocation of our head office and the resulting centralization of previously scattered offices, we donated excess disaster contingency stockpiles to the local Minato-ku Shibaura-Konan Regional City Office. The donated emergency food supplies were displayed at an exhibit of disaster relief goods held by the Minato-ku Shibaura-Konan Regional City Office on Disaster Prevention Day, and residents who visited the exhibit had the opportunity to taste them. Moreover, some of the donated items were sent to the city of Iwaki in Fukushima Prefecture, which suffered greatly from the Great East Japan Earthquake, and thus were of actual use.
On the occasion of the relocation of the head office, we streamlined all our office floors and donated the excess furniture, etc., to welfare facilities in Shinagawa Ward, where the old head office was located.

Further details about the social contribution activities of the company are available at <http://www.nesic.co.jp/english/corporate/csr.html>

# Numerical Data

	Unit	FY2008	FY2009	FY2010
Electricity (revision of scope from FY2009)	1 KWH		9,662,125	10,356,091
Electricity (air conditioning portion estimate)	1 GJ		56,765	47,605
City gas (usage up to second half of FY2010)	2 m3		(185,950)	(89,893)
Kerosene (added from FY2009)	kl		21	21
Bunker A (added from FY2009)	kl		22	20
<b>CO2 emissions</b>	<b>t · CO<sub>2</sub></b>		<b>6,174</b>	<b>5,631</b>
Gasoline	Liter	277,205	300,467	316,942
Water	m3	53,964	57,021	44,365
Copy paper	kg	132,689	117,150	99,964
Amount of generated industrial waste	3 Ton	2,711.70	2,331.98	2,078.48
Amount of generated general waste	4 Ton	181.77	191.51	194.51
<b>Amount of generated waste</b>	<b>Ton</b>	<b>2,893.47</b>	<b>2,523.49</b>	<b>2,272.99</b>
Recycling amount of industrial waste	Ton	2,340.13	2,137.10	1,793.29
Recycling amount of general waste	Ton	181.77	191.51	194.51
<b>Recycling amount of waste</b>	<b>Ton</b>	<b>2,521.90</b>	<b>2,328.61</b>	<b>1,987.80</b>
Disposal amount of industrial waste	Ton	371.57	194.88	285.19
Disposal amount of general waste	Ton	0.00	0.00	0.00
<b>Disposal amount of waste</b>	<b>Ton</b>	<b>371.57</b>	<b>194.88</b>	<b>285.19</b>
Recycling rate of waste	5 %	87.2	92.3	87.5

- \*1 The scope was expanded from FY2009 to cover all offices and include the electricity consumption (air conditioning included) of sales offices and other workplaces for which data was not previously collected.  
Following the relocation of the head office in October 2010, the energy source for air conditioning was changed from city gas to electricity. Therefore, electricity consumption in FY2010 marked a year-on-year increase, but as the city gas usage of the head office until then was calculated as included in the electricity consumption (air conditioning portion estimate), the total electricity usage amount declined.
- \*2 City gas consumption (values in parentheses) was calculated as part of electricity consumption (air conditioning portion estimate) and thus are reference values.
- \*3 The amount of generated industrial waste is on a decreasing trend along with the amount of on-site work execution amount.
- \*4 The amount of generated general waste increased slightly as the result of archive sorting work accompanying the relocation of the head office.
- \*5 The recycling rate in FY2009 rose above the usual level owing to a larger amount of debris during that year.

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