
Environmental Report *2012*

Fiscal Year 2011 ended March 31, 2012



NEC Networks & System Integration Corporation

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Scope of this Report

- ◆ Period of report coverage: April 1, 2011 to March 31, 2012 (Numerical data)
- ◆ Organizations covered: The environmental management activities of the entire organization (excluding overseas and consolidated subsidiaries) are covered by this environmental report. Some content, including the organization chart, has been updated.
- ◆ Businesses covered: Head office and 5 business offices in the Tokyo metropolitan area, 4 regional divisions, 13 regional offices, and 29 sales offices
- ◆ URL for environmental activities of the Company: <http://www.nesic.co.jp/csr/environment.html>
- ◆ Issuing department/contact information:
Environment Promotion Group, CSR Promotion Division, NEC Networks & System Integration Corporation: : 03-6699-7004
- ◆ Publication Manager: Shoichi Fukaya, Associate Senior Vice President
- ◆ Editing Manager: Naoharu Hatama, General Manager, CSR Promotion Division
- ◆ Report issue date: August 31, 2012 Next scheduled issue date: August 31, 2013
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1. On the occasion of the Publication of this Environmental Report

Last year was marked by the Great East Japan Earthquake of March 11, 2011 and the accompanying nuclear power plant accident, as well as unprecedented floods in Thailand, which affected huge numbers of people and dealt a tremendous blow to numerous companies. In view of the widespread repercussions of these disasters, we believe that it is necessary to consider measures from a wider perspective with regard to energy demand and business continuity.



NEC Networks & System Integration Corporation relocated its head office to Bunkyo-ku (Iidabashi First Tower) in Tokyo in October 2010, deploying on that occasion EmpoweredOffice (a revolutionary information and communication technology-based office innovation solution provided by the Company) to all floors. To maximize energy saving, resource saving (paperless operations), and space saving, the office environment was thoroughly redesigned to incorporate various efficiency-promoting innovations. Changes in work styles and the implementation of various other innovations, such as the introduction of a “slim office” design eliminating the waste of space, “smart work” using ICT, and “paperless operations” through the digitization of documents and information transmission and notification using digital signage, have led to the elimination of traditional office desks and filing cabinets in offices, so that entire office floors can be only minimally affected during times of disaster and thus continue operating. And thus, the EmpoweredOffice is also an office that is strong against disasters.

Along with focusing on the creation of a system for achieving radical cost reform, energy saving, and business continuity improvements through the reform of work styles, NEC Networks & System Integration Corporation is also working to further raise awareness about the problem of global warming and achieve a low carbon society by offering environmental and energy-saving solutions, implementing measures to prevent global warming, and contributing to the reduction of CO2 emissions through the EmpoweredOffice.

This report provides an overview of the Company’s “environmental activities” in the fiscal year ended March 31, 2012. Through such activities, we will further create information provision and communication opportunities as we grow our capabilities as a trusted network system integrator.

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

August 2012

Shoichi Fukaya

Associate Senior Vice President

* NEC Networks & System Integration Corporation’s CSR homepage
<http://www.nesic.co.jp/english/corporate/csr.html>



2. Corporate Profile

Corporate Profile

Corporate Name: NEC Networks & System Integration Corporation

Established: November 26, 1953

Capital: 13.1 billion yen (as of March 31, 2012)

Head Office: 2-6-1 Koraku, Bunkyo-ku, Tokyo

URL: <http://www.nesic.co.jp/english/>

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 Network As of July 1, 2012

Regional Divisions: 4 Network Total Operation Centers: 2

Regional Offices: 13 Service Centers: 21

Sales Offices: 29

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
 * Environment Examination organization: Japan Audit and Certification Organization for 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
 October 2011 Industry classification of the Company's share at the Tokyo Stock Exchange changed (from "Construction" to "Information and Communication")

Consolidated Financial Data

Years ended	March 2008	March 2009	March 2010	March 2011	March 2012
[Consolidated Financial Data]					
Net sales (Millions of yen)	258, 212	249, 070	217, 727	217, 948	204, 658
Net income (Millions of yen)	4, 412	5, 154	5, 806	4, 747	4, 593
Number of employees	5, 817	5, 906	5, 998	5, 939	5, 936
Capital (Millions of yen)	13, 122	13, 122	13, 122	13, 122	13, 122

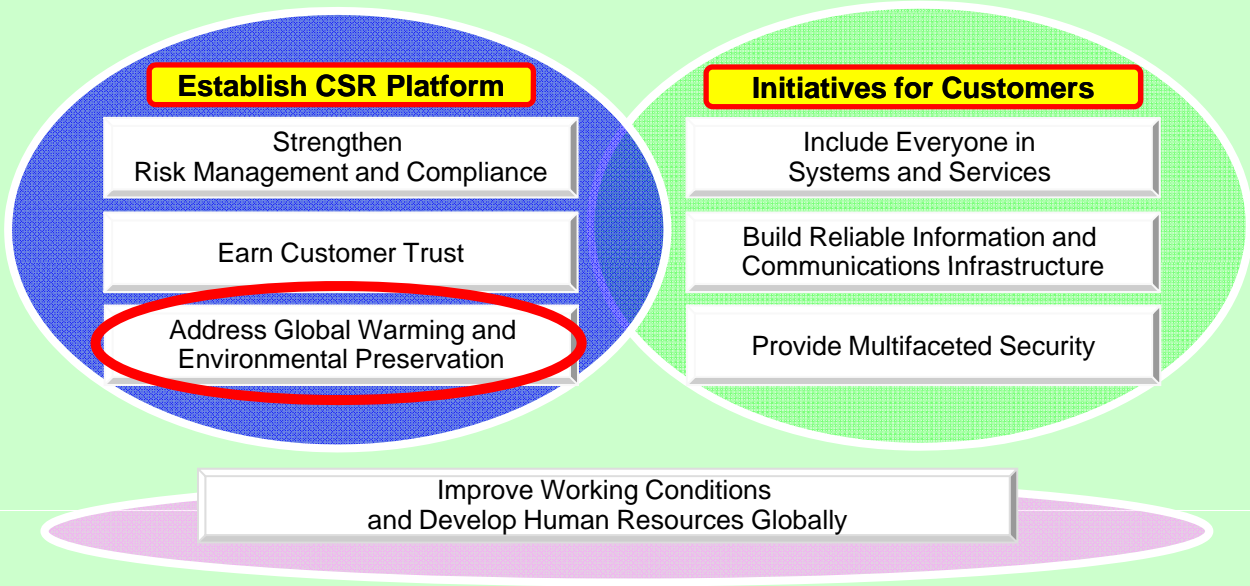
3. CSR Policy and Environmental Policy

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.



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 all persons working at the Company participate 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.

Masao Wada
President

Establishment March 1, 1996
Revision April 2, 2012

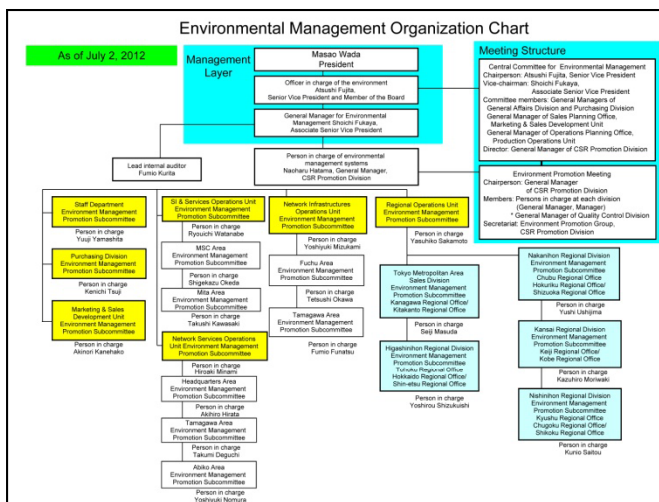
4. Environmental Management Systems

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 July 2012



ISO 14001 Certification Status

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

In fiscal 2011, the Company underwent a renewal audit for ISO 14001 in combination with ISO 9001 between November 7 and November 16 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, 2014
- 4 Registration number: JQA-EM0640
- 5 Company name
NEC Networks & System Integration Corporation
2-6-1 Koraku, Bunkyo-ku, Tokyo



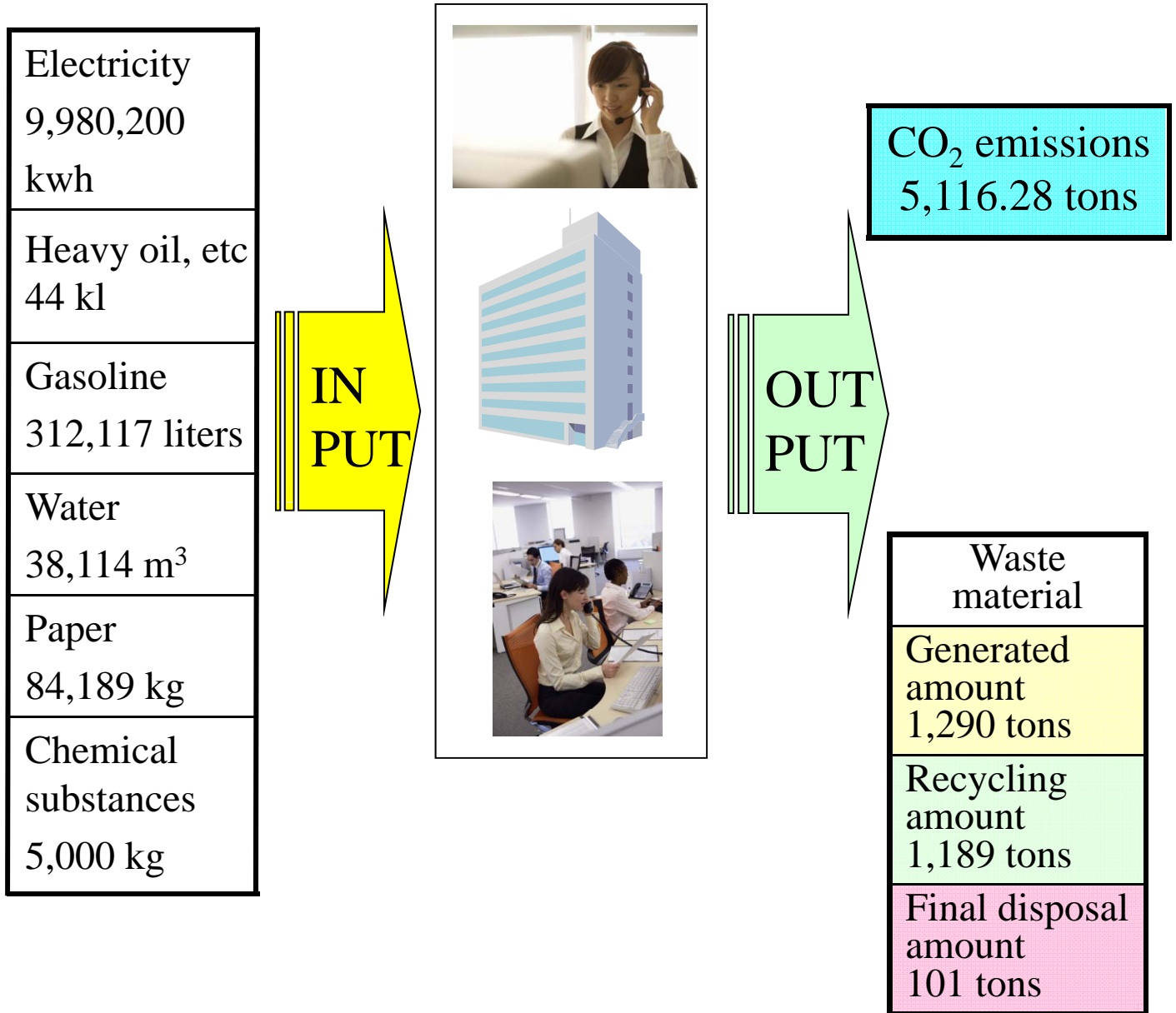
Status of Certification of Affiliated Companies

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

Business activities



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

CO₂ emissions: Amount of carbon dioxide emissions resulting from use of energy such as electric power and city gas
 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. FY2011 Activities

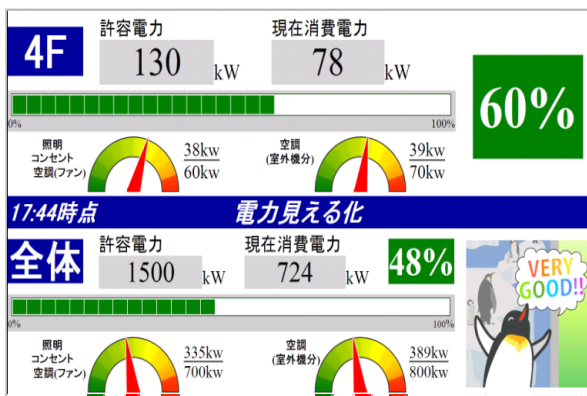
Enhancements to the EmpoweredOffice on All Floors of the Head Office

In October 2010, our head office was relocated from Shinagawa to Iidabashi and we introduced the EmpoweredOffice (office innovation) solution on all floors at the new location. Since then, EmpoweredOffice has continued to evolve through the application of new environmental and energy-saving solutions.

Through the introduction of a meeting solution (SmoothMeeting) that uses tablet terminals such as the iPad™ and the digitization of paper documents used heretofore at meetings, as well as document lookup on tablet terminals, meeting preparations and the storage and retrieval of documents after meetings has been made easier, contributing to more efficient meetings and reduced paper consumption.



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



If the power consumption rises above 100% of the allowable power, the pilot lamp lights up and the buzzer sounds

Global Warming Prevention Measures

Through procurement through the J-VER Credit scheme, NEC Networks & System Integration Corporation contributes to the prevention of global warming, the conservation of biodiversity, the revitalization of forestry in Japan, and disaster relief. These efforts have resulted in significant reduction of CO2 emissions (10 tons) by the kitchen of the head office cafeteria.

Furthermore, using "Green Power Certificate," a part (24,000 kWh) of the power used by the kitchen of the head office cafeteria is now provided by green energy generated from sunlight, with a CO2 emissions reduction effect of approximately 9 tons a year.

Oodate Kita-Akita Forest Thinning Promotion Project (Earthquake disaster reconstruction assistance project)



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 FY2011, we conducted internal audits of twenty sites between July 5, 2011 and October 26, 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
20 sites	36 items	0 items	3 items	19 items	40 items

Environmental Accounting









FY2011 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	1,000	4,986	32,489
	Effective utilization of resources	Effective utilization of resources	0	0	7,079
	Resource recycling activities	Costs of waste disposal	0	30,288	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	43,818	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			1,000	84,910	39,568

8. Environmental Objectives, Targets and Achievements

Major Initiatives and Achievements in FY2011

	Environmental objectives, targets	FY2011 plan	FY2011 result	Evaluation	Compared to preceding year
1	Improvement in recycling rate of industrial waste	90%	91%		5% improvement
2	Improvement in recycling rate of general waste	100%	100%		100% maintained
3	Reduction in power consumption Reduction of 1% compared with previous fiscal year	(MWH) 6,421	(MWH) 6,265		3% improvement
4	Reduction in purchases of copy paper Reduction of 10% compared with previous fiscal year	90 tons	84 tons		16% reduction
[Promotion of environmental improvements through business operations (eco-solutions)]					
5	Promotion of sales of environmentally sound products (Eco symbol products)	95 units	103 units		7 units increase
[Awareness raising]					
6	NEC Environmental Awareness Survey "Over 60% in Eco Excellence zone"	99%	100%		1% improvement
[Automotive & logistics measures]					
7	Improvement in average fuel economy through promotion of eco-driving (km/liter) Target vehicles (240)	15.0	15.1		Improvement of 0.4 km/liter
8	Improvement in metropolitan charter freight consolidation item ● Reduction in environmental impact of logistics by raising the number of shipping items per truck	2.50	2.56		10% improvement

*1: Power consumption

From FY2011, we have revised the basic unit of the machine room of the Esaka Office Service Center and begun PUE management. Therefore, the electricity use of the machine room of the Esaka Office Service Center is not included in the above table.

*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.

Major Initiatives in FY2011

Index	Initiatives
Prevention of global warming	Reduction in power usage, introduction of company-owned eco-cars and promotion of eco-driving, reduction of the environmental impact of logistics, improvement of the recycling rate through the implementation of thermal recycling of industrial waste, and compliance with the Law concerning the Rational Use of Energy (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, and collection and recycling of NEC information and communications equipment (PCs, computers, communications equipment, etc.) under certification for wide-area industrial waste product processing by the Minister of the Environment
Promotion of eco-solutions	Promotion of the EmpoweredOffice office innovation solution for energy saving and paperless operations
Human resources development and awareness raising	Expansion of number of people with high environmental awareness through the implementation of environmental awareness surveys, and raising of awareness about environmental conservation through the implementation of hands-on nature experience programs

9. Ecosystem and Biodiversity Conservation Activities

In line with the NEC Group's Action Guidelines for Biodiversity Conservation and based on the recognition that biodiversity is an important foundation for a sustainable society, NEC Networks & System Integration Corporation actively promotes employee activities that contribute to biodiversity and the proposal of IT solutions along with reducing as much as possible the impact that business activities and the lives of employees have on the environment.

We also conduct environmental awareness education for our employees to enable them to conduct proactively biodiversity-friendly activities at the personal, company, and household levels, by deepening their understanding of biodiversity conservation and making them more aware.

Habitat Conservation Lectures and Hands-on Miso Making

On February 25, 2012, NEC Networks & System Integration Corporation jointly held with NEC a biodiversity conservation event at the NEC Abiko plant.

The first part consisted in a lecture by an expert on habitat conservation for endangered species (*Copera tokyoensis*, etc.) that live in four ponds on the plant's premises, and rare insects found in the Tokatsu area, and the second part consisted in hands-on making of miso paste using rice and soybeans harvested during the NEC Rice Paddy Cultivation Project.

The participants were able to experience the relationship with the ecosystem on the plant's grounds and were made aware of the necessity of environmental conservation.



Social Contribution to the Community

• Chubu Regional Office "Clean Campaign in Nagoya!"

We participated in the Nagoya Higashiyama Forest Event of the Clean Campaign being held in various locations throughout Japan, a relief system to support the people affected by the Great East Japan Earthquake under the motto of "Let's all pick up! Let's all support!"



• Shizuoka Regional Office "Shizuoka Rivers Cleaning Volunteers"

We participated in an initiative led by Shizuoka City to pick up trash from the river banks of the Abe River, Warashina River, and Okitsu River within Shizuoka City as an environment beautification volunteer activity to make the rivers beautiful again, learning about the environment and developing an attachment to rivers in the process.



[Numerical Data]

	Unit	FY2009	FY2010	FY2011
Electricity (revision of scope from FY2009) ※1	KWH	9, 662, 125	10, 356, 091	9, 980, 200
Electricity (air conditioning portion estimate) ※1	GL	56, 765	47, 605	34,316
City gas (usage up to second half of FY2010) ※2	m ³	(185, 950)	(89, 893)	—
Kerosene (added from FY2009)	kl	21	21	23
Bunker A (added from FY2009)	kl	22	20	21
CO2 emissions	t・CO₂	6, 174	5, 631	5, 116
Gasoline	Liter	300, 467	316, 942	312, 117
Water	m ³	57, 021	44, 365	38, 144
Copy paper	kg	117, 150	99, 964	84, 189
Amount of generated industrial waste ※3	Ton	2, 331. 98	2, 078. 48	1,211. 39
Amount of generated general waste ※4	Ton	191. 51	194. 51	78. 53
Amount of generated waste	Ton	2, 523. 49	2, 272. 99	1,289. 92
Recycling amount of industrial waste	Ton	2, 137. 10	1, 793. 29	1110. 60
Recycling amount of general waste	Ton	191. 51	194. 51	78. 53
Recycling amount of waste	Ton	2, 328. 61	1, 987. 80	1189. 13
Disposal amount of industrial waste	Ton	194. 88	285. 19	100. 79
Disposal amount of general waste	Ton	0. 00	0. 00	0. 00
Disposal amount of waste	Ton	194. 88	285. 19	100. 79
Recycling rate of waste ※5	%	92. 3	87. 5	92. 2

*1 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 reduction of on-site work execution amount.

*4 The amount of generated general waste in FY2010 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. However, the FY2011 recycling rate picked up markedly in the second half of 2011 through thermal recycling of waste plastic including PVC.

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