

NEC Group Modern Slavery and Human Trafficking Statement

This statement is made pursuant to section 54 (1) of the United Kingdom Modern Slavery Act 2015 and section 13 of the Modern Slavery Act 2018 of Australia. It identifies the steps that NEC Corporation ("NEC") and its consolidated subsidiaries (collectively, "NEC Group") have taken during the fiscal year ended March 31, 2020 to prevent modern slavery and human trafficking from occurring in the NEC Group's supply chains or business. Although not all the NEC Group companies are subject to these acts, NEC has undertaken a group-wide approach to commitments by the NEC Group on human rights, and makes this statement on behalf of all the NEC Group companies.

1. The NEC Group's structure, business and supply chain

The NEC Group is focusing on solutions for society businesses that utilize the strengths of ICT to create the social value of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential. The NEC Group's primary business consists of five business segments: the Public Solutions, Public Infrastructure, Enterprise, Network Services, and Global Businesses. The followings are major products and services of each of such business segments.

- The Public Solutions Business
systems integration (systems implementation, consulting), maintenance and support, outsourcing / cloud Services, and system equipment for public, healthcare and regional industries
- The Public Infrastructure Business
systems integration (systems implementation, consulting), maintenance and support, outsourcing / cloud services, and system equipment for government and media
- The Enterprise Business
systems integration (systems implementation, consulting), maintenance and support, outsourcing / cloud services, and system equipment for manufacturing, retail and services, finance
- The Network Services Business
network infrastructure (core network, mobile phone base stations, optical transmission systems, routers / switches) and systems integration (systems implementation, and consulting), and services & management (OSS*1/BSS*2, Service Solutions)
- The Global Business

safer cities (public safety, digital government), software services for service providers (OSS*1/BSS*2), network infrastructure (submarine systems, wireless backhaul), system devices (displays, projectors), and energy storage system

*1 OSS: Operation Support System *2 BSS : Business Support System

NEC, the ultimate parent company of the NEC Group, was established in 1899 and is headquartered in Tokyo, Japan. As of March 31, 2020, the NEC Group had over 110,000 employees and operated in more than 160 countries. The NEC Group's annual revenue for fiscal year ended March 31, 2020 is 3,095.2 billion yen. Further details about the NEC Group's business can be found at: <https://www.nec.com/en/global/about/profile.html>

The NEC Group has procured components, devices and other platforms, as well as software, maintenance and other solutions from suppliers all over the world. Japan accounts for 72% of the total procurement amount. Among the following four regions, Asia accounts for the highest amount at 13% of the total. For the remainder, North America accounts for 12%, EMEA (Europe, Middle East, and Africa) accounts for 2% and Central and South America account for 1% each.

2. The NEC Group's policies in relation to slavery and human trafficking

The NEC Group is committed to conduct its business ethically and to prevent modern slavery or human trafficking in its organization and supply chain. The NEC Group is aware that coerced labour can occur in many forms, including but not limited to, child labour, forced labour and workplace abuse and believes that the NEC Group has a corporate responsibility to identify and help mitigating and preventing such risks to the best of the NEC Group's abilities.

NEC upholds the United Nations' ("UN") International Bill of Human Rights¹, the International Labour Organization ("ILO") Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact². NEC also seeks to improve its in-house initiatives on respect for human rights

¹ It refers collectively to the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights which were adopted by the UN General Assembly.

² NEC has been a member since 2005. The Ten Principles of the UN Global Compact are based on global agreements such as the Universal Declaration of Human Rights and ILO's Declaration on Fundamental Principles and Rights at Work and include items such as support for the protection, maintenance and respect for human rights, eradicate forced labour and ban child labour.

by taking into account trends in international standards and laws, such as the UN's Guiding Principles on Business and Human Rights and Sustainable Development Goals. The NEC Group aims to contribute to the progression of human rights and promotes compliance with human rights related requirements, as well as with other social responsibility related expectations, pursuing sustainable and ethical procurement activities with the cooperation of its supply-chain partners.

NEC has a variety of policies and procedures that support the NEC Group's position against modern slavery;

- (1) The NEC Way is a common set of values that form the basis for how the entire NEC Group conducts itself. It articulates "Purpose" and "Principles" as a company as well as the expected behaviors, "the Code of Values" and "the NEC Group Code of Conduct", that all of the members comprising the NEC Group are expected to demonstrate. NEC's "Principles", which are the basis for the NEC Group's actions, defines "Uncompromising Integrity and Respect for Human Rights". "The NEC Group Code of Conduct" defines "Respect of Human Rights" as one of the basic position that NEC Group officers and employees should comply with.
- (2) The NEC Group Human Rights Policy confirms that NEC Group will never accept child labour or forced labour, under any and all circumstances. In addition, The NEC Group expects its business partners and other parties in the value chain to apply the same level of respect for human rights and to address any existing measures that would be recognized insufficient. The NEC Group's approach on managing related concerns is disclosed on the NEC Group website. Where national laws are in conflict with internationally recognized human rights, the NEC Group will seek solutions that support the respect of the principles of international human rights.
- (3) The NEC Group Procurement Policy provides that the NEC Group is committed to procuring all goods and services with competitive quality, cost and delivery conditions from the global supply market under fair business terms while observing all applicable laws and regulations so that the NEC Group will contribute to providing customer-valued products and services. The policy also confirms that the NEC Group shall not purchase items which may be associated with modern slavery and

human trafficking concerns, involving potential or existing first tier supply-chain partners and/or second and upper-stream suppliers.

- (4) The Guidelines for Responsible Business Conduct in Supply Chains supports the development of responsible corporate activities among the NEC Group's suppliers by helping them understand more deeply about the NEC Group's sustainable management. These Guidelines require the suppliers to respect the human rights of their workers and prohibit the suppliers from making use of forced or bonded labour, inhumane prison labour, slavery or human trafficking, employing children who are below the minimum working age, subjecting their workers to inhumane treatment, and engaging in discrimination or harassment. In July 2020, NEC revised the NEC Group Supply-Chain CSR Procurement Guidelines, the name of which has also been changed to the Guidelines for Responsible Business Conduct in Supply Chains, and added the descriptions of considerations for young workers under 18 years of age.

NEC requires that all the NEC Group employees comply with the NEC Way, the NEC Group Code of Conduct, the NEC Group Human Rights Policy and the NEC Group Procurement Policy. The NEC Group communicates the Guidelines for Responsible Business Conduct in Supply Chains; to its business partners, including suppliers in order to promote sustainability activities.

3. The NEC Group's due diligence process in relation to slavery and human trafficking in the NEC Group's business and supply chain

- (1) Promotion framework

Promoting effective actions to prevent modern slavery and human trafficking as a task force comprised of NEC's Legal Division, Supply Chain Management Division, People and Organization Development Division, and Sustainability Promotion Office.

- (2) Risk assessment

NEC is taking steps to promote due diligence on human rights with a view to increasing the efficacy of the NEC Group activities to address human rights issues. In the fiscal year ended March 31, 2019, NEC worked with Ernst & Young ShinNihon LLC to conduct a quantitative human rights impact evaluation of the main businesses of the NEC Group in conformance with United Nations Guiding Principles on Business and Human Rights. Moreover,

to ensure that the NEC Group can continue to play a role as a resilient of the rapidly changing ICT industry, in the fiscal year ended March 31, 2020, NEC created a list of human rights issues by referred to the human rights risk data of the international NPO, Business for Social Responsibility (BSR). The list of human rights issues identified the potential risks associated with human rights, including supplier labour standards, forced labour, modern slavery and child labour. NEC had opinions and comments regarding the content of the list from NPOs, an international organizations working on solving human rights and a legal specialist in February 2020.

(3) Working with suppliers

Sustainable procurement activities of the entire NEC Group are under the responsibility of the Chief Supply Chain Officer. Decisions related to sustainable procurement are discussed at the Procurement Steering Committee chaired by the General Manager of Purchasing Division.

The NEC Group defines suppliers who account for a large procurement amount, suppliers of rare products, and suppliers who cannot be easily replaced with others as critical suppliers in order to promote sustainable procurement in cooperation with these suppliers.

In the fiscal year ended March 31, 2020, The NEC Group implemented the following actions;

- NEC revised NEC Group Supply-Chain CSR Guidelines to The Guidelines for Responsible Business Conduct in Supply Chains to reflect changes in society's demands. NEC created a draft of the new declaration that has a wider scope covering all of the Guidelines for Responsible Business Conduct in Supply Chains, including human rights and labour practices. In fiscal year ended March 31, 2021, NEC will formulate the declaration, and request each regional headquarters to obtain the declarations from critical suppliers at the Global SCM Leaders Session.
- NEC requested each regional headquarters to conduct risk assessment of human rights issues in each region, including the "Supply Chain Human Rights Survey Sheet", a self-assessment questionnaire focusing specifically on the detecting of the risks of abuse of human rights at the Global SCM Leaders Session held in May 2019. In the fiscal year ended March 31, 2020, regional headquarters in China, EMEA, and the United States implemented this survey sheet to some of critical suppliers, and

NEC Asia Pacific Pte. Ltd. and its subsidiaries conducted various risk assessment including human rights issues to new suppliers at the request of NEC. As a result, the NEC Group implemented Supply Chain Human Rights Survey Sheet to 204 Critical Suppliers.

- NEC implemented the "Supplier Visit Record", NEC Group's assessment tool covering sustainability issues, such as human rights, safety and health. The NEC Group incorporated inspection points relating to the presence of coerced labour for "Supplier Visit Records". In the fiscal year ended March 31, 2020, we collected data on 104 sites.

For NEC Europe's statements, please refer to;

https://uk.nec.com/en_GB/emea/about/policy/modern_slavery_and_human_trafficking_statement.html

For NEC Australia's statements, please refer to;

<https://www.nec.com.au/about/legal/modern-slavery-statement>

4. Key performance indicators to measure effectiveness of steps being taken

The NEC Group measure the effectiveness of our initiatives through Supplier Visit Record, Supply Chain Human Rights Survey Sheet and anonymous grievance mechanism (Human rights Hotline Desk, Compliance Hotline and Customer Communications Center) which are available for suppliers, employees, customers and communities.

During the fiscal year ended March 31, 2020, no issues or concerns relating to modern slavery in the NEC Group operations were found in Supplier Visit Record or Supply Chain Human Rights Survey Sheet.

Furthermore, no issues or concerns relating to modern slavery in the NEC Group's operations were reported in our anonymous grievance mechanism.

5. Training and capacity building

E-learning regarding "Business and Human rights" is held every other year and the attendance is required for all the employees at NEC and some of its consolidated subsidiaries.

NEC and NEC Europe are corporate members of the Working Group on Human Rights Due Diligence run by the United Nations Global Compact. We will endeavor to improve and enhance its own global initiatives based on the latest information regarding trends and cases on human rights obtained through participation to the Working Group.

6. Consultation with NEC's consolidated subsidiaries

NEC hosts the Global SCM Leaders Session every year. This session is a meeting with its main consolidated subsidiaries including its regional headquarters, in order to recognize issues for promoting sustainable procurement in accordance with the NEC Group's policies and guidelines and to work together in solving these issues. The results of this session in the fiscal year ended March 31, 2020 is described in the "3. (3) Working with suppliers" of this statement.

7. Looking ahead, our plan

In addressing the greater challenges of human rights, the NEC Group believes that such challenges should be tackled on an ongoing basis to ensure that no violation of human rights, such as modern slavery and human trafficking occurs in its own business activities and supply chains around the world. The NEC Group is committed to the mitigation and prevention of the actual or potential negative impact of its business activities and supply chains on human rights, including the prevention of modern slavery and human trafficking.

The NEC Group will continue to conduct risk assessment regularly, considering high-risk issues, regions, businesses and suppliers and strengthen the framework for human rights due-diligence to respond swiftly and sincerely to any human rights violations.

As a global company, The NEC Group is committed to highly transparent disclosure of the process and results.

Furthermore, NEC will continue to exercise vigilance and to strengthen human rights due diligence especially in a wider context where relationships between health, social and environmental issues such as pandemics, economic pressure and climate change may create an imbalance in the wider supply chain potentially increasing risks with regards to working conditions.

This statement was approved by the Board of Directors of NEC held on September 29, 2020.



Takashi Niino

President and CEO

NEC Corporation

September 29, 2020