NEC Group Modern Slavery and Human Trafficking Statement

This statement is made pursuant to Section 54 (1) of the United Kingdom (UK) Modern Slavery Act 2015 and identifies the steps that NEC Corporation (“NEC”) and its consolidated subsidiaries (collectively, “NEC Group”) have taken during the fiscal year ended March 31, 2019 to prevent modern slavery and human trafficking from occurring in NEC Group’s supply chains or business. Although not all NEC Group companies are subject to the UK Modern Slavery Act 2015, NEC has undertaken a group-wide approach to commitments by NEC Group on human rights, and makes this statement on behalf of all NEC Group companies.

1. NEC Group’s organization and supply chain
   NEC Group is focusing on Solutions for Society businesses that utilize the strengths of ICT to create the social value of safety, security, efficiency and equality that is necessary for people to live more prosperous lives. NEC Group’s primary business consists of five business segments: the Public, Enterprise, Network Services, System Platform, and Global Businesses. The followings are major products and services of each of such business segments.
   - The Public Business
     system integration, maintenance and support, outsourcing / cloud services and system equipment for the government and public sector, healthcare and media industry
   - The Enterprise Business
     system integration, maintenance and support, outsourcing / cloud services for the manufacturing, retail and services, and finance industry
   - The Network Services Business
     network infrastructure, systems integration, services and management (e.g. operation support system, business support system, service solutions) and enterprise network solutions
   - The System Platform Business
     hardware (e.g. servers, mainframes, supercomputers, storages, business PCs, POS, ATMS, control equipment, wireless LAN routers), software (e.g. integrated operation management, application servers, database software), and maintenance and support
   - Global Business
     safer city (e.g. public safety, digital government), software services for service providers (e.g. operation support system, business support system,
software-defined network, network functions virtualization), network infrastructure, system devices (e.g. displays, projectors), and energy storage system.

NEC, the ultimate parent company of NEC Group, was established in 1899 and is headquartered in Tokyo, Japan. As of March 31, 2019, NEC Group had over 110,000 employees and operated in more than 160 countries. NEC Group’s annual turnover for fiscal year ended March 31, 2019 is 2,913.4 billion yen. Further details about NEC Group’s business can be found at: https://www.nec.com/en/global/about/profile.html

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 90% of the total procurement amount. Among the other regions, Asia accounts for the highest amount at 6% of the total. For the remainder, EMEA (Europe, the Middle East, and Africa) accounts for 2% and North America and Central and South America account for 1% each.

2. NEC Group’s policies and controls

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

NEC upholds the United Nations’ (UN) International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact. NEC also seeks to improve its in-house initiatives on respect for human rights by taking into account trends in international standards and laws, such as the UN’s

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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 labor and ban child labor.
Guiding Principles on Business and Human Rights and Sustainable Development Goals (SDGs). 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 NEC Group’s position against modern slavery;

1. NEC Group Charter of Corporate Behavior prohibits the use of child or forced labor and promotes NEC Group companies commitment to ensure responsible conducts in their corporate activities.

2. NEC Group Code of Conduct asserts respect for human rights and dignity of any individual.

3. NEC Group Human Rights Policy confirms that NEC Group will never accept child labor or forced labor, under any and all circumstances. In addition, 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. NEC Group’s approach on managing related concerns is disclosed on NEC Group website. Where national laws are in conflict with internationally recognized human rights, NEC Group will seek solutions that support the respect of the principles of international human rights.

4. NEC Group Procurement Policy provides that NEC Group is committed to procuring all goods and services with competitive quality, price and delivery conditions from the global supply market under fair business terms while observing all applicable laws and regulations so that NEC Group will contribute to providing customer-valued products and services. The policy also confirms that 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.

5. NEC Group Supply-Chain CSR Guidelines helps suppliers understand the CSR requirements which they are encouraged to promote. The guidelines provide that NEC Group supports to prevent modern slavery and human trafficking, and shall not purchase items which may be associated with such concerns. In particular, NEC Group requests suppliers to establish the
management system to prevent modern slavery and human trafficking, and also requests them to cascade prevention to upstream tier suppliers.

NEC requires that all NEC Group employees comply with the NEC Group Charter of Corporate Behavior, NEC Group Code of Conduct, NEC Group Human Rights Policy and NEC Group Procurement Policy. NEC Group communicates the NEC Group Supply-Chain CSR Guidelines to its business partners, including suppliers, in order to promote CSR-related activities.

3. NEC Group’s due diligence process and audits of suppliers and supply chain
   In the fiscal year ended March 31, 2019, NEC Group implemented the following actions:
   (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, Human Resources and General Affairs Division, and Sustainability Promotion Office.
   (2) Risk assessment
       NEC conducted a risk assessment with an external expert based on the types of products and services, business activities, and geographical factors.
   (3) Working with suppliers
       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.
       - Starting the implementation of the “Supplier Visit Record” which NEC has developed as an assessment tool covering CSR issues, such as human rights, safety and health. NEC Group incorporated inspection points relating to the presence of coerced labor for “Supplier Visit Records” and conducted a survey to some of the critical suppliers.
       - Starting the implementation of the “Supply Chain Human Rights Survey Sheet” a self-assessment questionnaire focusing specifically on the detecting of the risks of abuse of human rights. In the fiscal year ended March 31, 2019, NEC Group conducted this survey to 200 critical suppliers.

   NEC held a meeting relating to CSR and Information Security for suppliers (12 times in total at 11 venues throughout Japan), and explained the
objectives and contents of the UK Modern Slavery Act, and the NEC Group’s response, and NEC requested prevention of modern slavery to such suppliers.

(4) Examples of the activities at overseas affiliates

In APAC, NEC’s subsidiaries including NEC Asia Pacific Pte. Ltd. and NEC Australia Pty Ltd. have implemented their general terms and conditions for their purchase of the goods and services that requires the prevention of modern slavery and human trafficking in supply chains.

NEC Europe Ltd. ("NEC Europe"), NEC Group’s regional headquarters in EMEA and all of its subsidiaries have implemented a due diligence process to determine whether the transaction with a new supplier will be allowed. The process assesses the degree of risk for corruption, information security, labor conditions, human rights, the environment, and health and safety, based on the types of products and services supplied, business activities, and geographical factors. If a new supplier conducts business in regions where there is a high risk of modern slavery, NEC Europe implements a more detailed due diligence process.

4. Assessment of effectiveness

During the fiscal year ended March 31, 2019, no issues or concerns relating to modern slavery in 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 NEC Group’s operations were reported in our anonymous grievance mechanism (Human rights Hotline Desk and Compliance Hotline).

5. NEC Group’s training

E-learning “Business and Human rights” is held every other year and the attendance is required for all the employees. For corporate management and global business unit management, NEC invited an external expert to give a lecture on trends in global society around business and human rights, and the responses to be required by companies.

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
endeavors 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. Looking ahead

In addressing the greater challenges of human rights, 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. 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.

NEC Group will continue to conduct risk assessment regularly, considering high-risk regions, businesses and suppliers and create a framework for human rights due-diligence to respond swiftly and sincerely to any human rights violations. Moreover, as a global company, NEC Group is committed to highly transparent disclosure of the process and results.

This statement was approved by the Board of Directors of NEC.

Takashi Niino
President and CEO
NEC Corporation
September 30, 2019