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 years ended March 31, 2016 and March 31, 2017 to prevent 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 a global leading consolidated provider which provides (i) system integration, maintenance and support, outsourcing / cloud services and system equipment to the government and public sector, and finance, healthcare and manufacturing industry, (ii) network infrastructure and services and management solutions to the telecom carriers, (iii) hardware (e.g. servers, mainframes, supercomputers, storages, business PCs), software (e.g. integrated operation management, application servers, security and database software) and services (e.g. data center infrastructure, maintenance and support) and (iv) biometric solutions (e.g. face recognition, fingerprint identification, surveillance). NEC, the ultimate parent company of NEC Group, was established in 1899 and is headquartered in Tokyo, Japan. As of March 31, 2017, NEC Group had over 100,000 employees and operated in more than 160 countries. NEC Group’s annual turnover for the fiscal year ended March 31, 2016 is 2,824 billion yen and for the fiscal year ended March 31, 2017 is 2,665 billion yen. Further details about NEC Group’s business can be found at: http://www.nec.com/en/global/about/profile.html

NEC Group has procured component, device and other platforms, as well as software, maintenance and other solutions from suppliers all over the world. The ratio of the amount of the procured platforms to the amount of the procured solutions is 50/50. NEC Group has procured 80% from Japan, and the remaining 20% from outside of Japan. Of the non-Japanese procurement, 40% are from China, 30% from APAC (Asia Pacific), and 10% in each from North America,
Latin America and EMEA (Europe, the Middle East and Africa).

2. NEC Group’s policies and controls

NEC Group is committed to conduct NEC Group’s business ethically and to ensure that there is no slavery or human trafficking in NEC Group’s 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 or preventing such risks to the best of NEC Group’s abilities.

As a global company, NEC strives to uphold international standards for the protection of all human rights as enshrined in the United Nations’ (UN) International Bill of Human Rights¹, the ILO (International Labor Organization) Declaration of Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact². NEC promotes CSR-driven management based on ISO26000, a set of standards providing international guidance for social responsibility. NEC will help to promote the realization of Sustainable Development Goals (SDGs). NEC Group will promote improvements of human rights, labor and other social responsibility through its procurement activities, with the cooperation of its supply-chain partners, for the pursuit of sustainable and ethical procurement.

NEC has a variety of policies and procedures that affirm NEC Group’s position against slavery:

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

(2) NEC Group Code of Conduct asserts the respect of human rights and dignity

¹ Collectively refers to the Universal Declaration of Human Rights and international human rights treaties adopted by the UN General Assembly including the International Covenant on Economic, Social and Culture Rights and International Covenant on Civil and Political Rights.

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.
of any individual.

(3) **NEC Group Human Rights Policy** confirms the NEC Group’s zero tolerance approach to any abuse of human rights within any part of its business or supply chain, as well as NEC Group’s commitment to take allegations of such abuse seriously. The NEC Group’s approach on managing related concerns is disclosed on the NEC Group website.

(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 provide customer-valued products and services.

(5) **NEC Group Supply-Chain CSR Guidelines** helps suppliers understand the CSR activities at NEC Group and requests suppliers to understand the CSR activities which NEC Group requests suppliers to promote. In the guidelines, NEC Group sets human rights as one of the risk management priorities of the CSR activities, and requests suppliers to take actions for preventing forced labor, child labor and human trafficking.

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

3. **NEC Group’s due diligence process and audits of suppliers and supply chain**

Since the fiscal year ended March 31, 2013, NEC Group has implemented CSR Process Management Review Assessment as an on-site diagnostic program to improve weaknesses in suppliers’ management by focusing on human rights as well as industrial safety and health. In this program, onsite audits are conducted in various ways, including hearings of suppliers’ top management and employees, and factory visits. The features of the program are as detailed below:

- NEC Group’s employees, accompanied by external local experts providing solutions for local issues, visit suppliers’ manufacturing facilities to have direct discussions with suppliers.
- In contrast to a unilateral audit, this program is been built on the theme
of "Co-Capacity Building" with an aim of increasing the CSR capabilities of both NEC Group and its suppliers through mutual understanding of their respective situations.

Such onsite audits were conducted at four (4) and two (2) Chinese EMS / ODM suppliers in the fiscal years ended March 31, 2016 and March 31, 2017, respectively. NEC Group has recommended remedial actions to be taken by the suppliers on the issues identified through such onsite investigations, and monitored the progress of such improvement.

4. NEC Group's training

In the fiscal years ended March 31, 2016 and March 31, 2017, NEC Group promoted compliance training targeted on its overseas subsidiaries, and raised awareness of the importance of human rights and child / forced labor prevention through such compliance training.

Further, in its Web training on human rights provided to all employees in the fiscal year ended March 31, 2017, NEC presented global trends in business and human rights, showing some case studies of child / forced labor, while educating employees to give consideration to human rights in various aspects of business operations (e.g., new partnering). NEC has also provided materials for such Web training to NEC Group companies in Japan, and twenty (20) of them have conducted Web training for their employees using such materials. Further, for employees who were unable to access such Web training, several NEC Group companies in Japan provided such materials on a hard-copy basis or conducted group training using such materials.

5. 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 human slavery and trafficking occurs in its own business activities and supply chains around the world. NEC Group is committed to the mitigation or prevention of the actual or potential negative impact of its business activities and supply chains on human rights, including the prevention of human slavery and trafficking.
This statement was approved by the Board of Directors of NEC Corporation.

Takashi Niino
President and CEO
NEC Corporation
September 28, 2017